Enterprise Community Partners, Inc.
and its Subsidiaries and Affiliates

Consolidated Financial Statements and
Independent Auditor's Report

December 31, 2015 and 2014

Enterprise Community Partners, Inc. and its Subsidiaries and Affiliates

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Independent Auditor's Report

The Board of Trustees
Enterprise Community Partners, Inc. and its Subsidiaries and Affiliates

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Enterprise Community Partners, Inc. ("Partners") and its Subsidiaries and Affiliates, which comprise the consolidated statements of financial position as of December 31, 2015 and 2014, and the related consolidated statements of activities, changes in net assets, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Enterprise Community Partners, Inc. and its Subsidiaries and Affiliates as of December 31, 2015 and 2014, and the changes in their consolidated net assets and their consolidated cash flow for the years then ended in accordance with accounting principles generally accepted in the United States of America.

CohnReznick LLP

Bethesda, Maryland
May 11, 2016

Enterprise Community Partners, Inc. and its Subsidiaries and Affiliates

Consolidated Statements of Financial Position
December 31, 2015 and 2014

($ in thousands)

Assets

	2015	2014
Cash, cash equivalents and investments	$ 110,415	$ 84,085
Restricted cash, cash equivalents and investments	84,058	78,661
Contributions receivable, net	16,858	15,065
Accounts and other receivables, net	116,733	88,003
Bridge loans to unconsolidated partnerships	6,630	18,408
Loans receivable, net	117,753	122,097
Mortgage loans held for sale	119,762	31,403
Derivative assets	10,031	10,379
Real estate held for sale	6,009	3,539
Investments in operating properties	15,569	3,266
Investments in unconsolidated partnerships	19,376	43,748
Other assets, net	15,354	13,765
Deferred tax assets, net	8,447	10,863
Mortgage servicing rights, net	30,574	26,283
Property and equipment, net	17,959	17,318
Goodwill	9,543	3,765
Total assets	$ 705,071	$ 570,648

Liabilities and Net Assets

	2015	2014
Liabilities		
Accounts payable and accrued expenses	$ 44,798	$ 38,008
Capital contributions payable	15,658	35,536
Funds held for others	11,157	7,673
Derivative liabilities	6,289	4,181
Indebtedness	332,341	215,422
Losses in excess of investments in unconsolidated partnerships	3,902	3,389
Mortgage servicing obligations, net	56	39
Deferred revenue and other liabilities	25,864	32,143
Total liabilities	440,065	336,391
Commitments and contingencies	-	-
Net assets		
Unrestricted, controlling interest	170,221	156,077
Unrestricted, noncontrolling interest	26,365	17,957
Temporarily restricted	68,420	60,223
Total net assets	265,006	234,257
Total liabilities and net assets	$ 705,071	$ 570,648

See Notes to Consolidated Financial Statements.

Enterprise Community Partners, Inc. and its Subsidiaries and Affiliates

Consolidated Statements of Activities
Years Ended December 31, 2015 and 2014

($ in thousands)

	2015			2014		
	Unrestricted	Temporarily restricted	Total	Unrestricted	Temporarily restricted	Total
Revenue and support						
Gains from mortgage banking activities	$ 47,469	$ -	$ 47,469	$ 32,693	$ -	$ 32,693
Syndication and consulting fees	37,406	-	37,406	38,590	-	38,590
Grants and contracts	30,036	3,653	33,689	33,316	2,000	35,316
Contributions	1,154	23,620	24,774	845	18,713	19,558
Asset management fees	22,457	-	22,457	22,179	-	22,179
Sales of real estate	15,647	-	15,647	4,163	-	4,163
Interest income	13,610	-	13,610	10,812	-	10,812
Loan servicing fees	4,687	-	4,687	3,233	-	3,233
Development and construction management fees	4,637	-	4,637	6,283	-	6,283
Operating properties rents	1,240	-	1,240	1,812	-	1,812
Investment income	44	(79)	(35)	827	1,145	1,972
Other revenue	5,384	-	5,384	3,378	-	3,378
	183,771	27,194	210,965	158,131	21,858	179,989
Net assets released from restrictions	18,997	(18,997)	-	18,132	(18,132)	-
Total revenue and support	202,768	8,197	210,965	176,263	3,726	179,989
Expenses						
Program activities	157,808	-	157,808	138,419	-	138,419
General and administrative	17,207	-	17,207	8,881	-	8,881
Interest	7,069	-	7,069	5,633	-	5,633
Fundraising	3,959	-	3,959	2,449	-	2,449
Cost of real estate sold (including impairment of $0 and $1,145, respectively)	3,685	-	3,685	5,128	-	5,128
Operating properties activities	949	-	949	1,594	-	1,594
Income tax (benefit) expense	(4,540)	-	(4,540)	924	-	924
Total expenses	186,137	-	186,137	163,028	-	163,028
Changes in net assets	16,631	8,197	24,828	13,235	3,726	16,961
Changes in net assets, attributable to noncontrolling interest	(3,221)	-	(3,221)	(3,025)	-	(3,025)
Changes in net assets, attributable to controlling interest	$ 13,410	$ 8,197	$ 21,607	$ 10,210	$ 3,726	$ 13,936

See Notes to Consolidated Financial Statements.

Enterprise Community Partners, Inc. and its Subsidiaries and Affiliates

Consolidated Statements of Changes in Net Assets
Years Ended December 31, 2015 and 2014

($ in thousands)

	Unrestricted			Temporarily restricted				
	Controlling	Noncontrolling	Total	Program activities	Cullman Challenge Grant	Terwilliger Fund	Total	Consolidated net assets
Balance, December 31, 2013	$ 145,195	$ 12,975	$ 158,170	$ 39,067	$ 13,122	$ 4,308	$ 56,497	$ 214,667
Distributions	-	(2,443)	(2,443)	-	-	-	-	(2,443)
Acquisition of Towle	672	4,400	5,072	-	-	-	-	5,072
Change in net assets	10,210	3,025	13,235	3,211	513	2	3,726	16,961
Balance, December 31, 2014	156,077	17,957	174,034	42,278	13,635	4,310	60,223	234,257
Distributions	-	(4,300)	(4,300)	-	-	-	-	(4,300)
Contribution related to Spyglass	-	4,289	4,289	-	-	-	-	4,289
Acquisition of Capital Advisors	734	5,198	5,932	-	-	-	-	5,932
Change in net assets	13,410	3,221	16,631	8,948	(753)	2	8,197	24,828
Balance, December 31, 2015	$ 170,221	$ 26,365	$ 196,586	$ 51,226	$ 12,882	$ 4,312	$ 68,420	$ 265,006

See Notes to Consolidated Financial Statements.

Enterprise Community Partners, Inc. and its Subsidiaries and Affiliates

Consolidated Statements of Cash Flows
Years Ended December 31, 2015 and 2014

($ in thousands)

	2015	2014
Cash flows from operating activities		
Changes in net assets	$ 24,828	$ 16,961
Adjustments to reconcile changes in net assets to net cash used in operating activities:		
Depreciation and amortization expense	6,538	5,694
Deferred tax expense	1,941	641
Equity in net income from unconsolidated partnerships	(604)	(430)
Recovery of bad debt	-	(87)
Net change in allowance for loan losses	(310)	(1,244)
Impairment of homebuilding inventory	-	1,145
Net realized and unrealized loss (gain) on investments	40	(1,161)
Trading gain on mortgage loans held for sale	(1,010)	(100)
Origination of mortgage servicing rights	(9,037)	(3,724)
Amortization of mortgage servicing rights	6,323	5,614
Changes in operating assets and liabilities:		
Increase in contributions receivable	(1,793)	(1,754)
Increase in accounts and other receivables	(3,928)	(15,249)
Decrease (increase) in bridge loans to unconsolidated partnerships	11,778	(5,436)
Increase in mortgage loans held for sale	(87,232)	(15,428)
Decrease (increase) in derivative assets	348	(10,379)
Decrease in real estate held for sale	529	1,057
Decrease in investments in other unconsolidated partnerships	4,409	12,495
Decrease in other assets	670	1,370
Increase (decrease) in accounts payable, accrued expenses, and other liabilities	831	(1,809)
Increase in funds held for others	3,484	674
Increase in derivative liabilities	2,108	4,181
Net cash used in operating activities	(40,087)	(6,969)
Cash flows from investing activities		
Advances on loans receivable	(60,293)	(73,168)
Repayments of loans receivable	64,482	63,329
Advances on notes receivable	(38,731)	(39,887)
Repayments of notes receivable	14,699	15,000
Net sales (purchases) of investments	2,140	(10,812)
Purchases of property and equipment	(5,574)	(5,466)
Purchase of limited partner interests in unconsolidated partnerships	(263)	(1,169)
Purchase of Towle	-	(2,600)
Purchase of Capital Advisors	(3,661)	-
Net cash from Spyglass purchase	982	-
Purchase of partnerships, net of cash acquired	-	991
Capital contributions to unconsolidated partnerships	(666)	(430)
Distributions from investments in unconsolidated partnerships	1,097	241
Net cash used in investing activities	(25,788)	(53,971)

Enterprise Community Partners, Inc. and its Subsidiaries and Affiliates

Consolidated Statements of Cash Flows - Continued
Years Ended December 31, 2015 and 2014

($ in thousands)

	2015	2014
Cash flows from financing activities		
Proceeds from loans payable	186,947	117,003
Loan payable repayments	(82,865)	(51,438)
Distributions to noncontrolling interest holders	(4,300)	(2,443)
Net cash provided by financing activities	99,782	63,122
Net increase in cash and cash equivalents	33,907	2,182
Cash and cash equivalents, beginning of year	110,189	108,007
Cash and cash equivalents, end of year	$ 144,096	$ 110,189
Supplementary disclosure of cash flow information:		
Cash paid for interest during the year	$ 6,678	$ 5,681
Income taxes (refunded) paid, net	$ (7,208)	$ 307
Supplementary disclosure of significant noncash investing and financing activities:		
Commitments to make capital contributions to unconsolidated partnerships	$ 15,658	$ 34,750
Transfers of investments in unconsolidated partnerships	$ 35,536	$ 50,620
Transfer of assets from investments in operating properties to real estate held for sale	$ 3,268	$ 944
Disposal of fully depreciated property and equipment	$ 3,095	$ 214
Fully allowed loans and notes receivable written off	$ 262	$ 219
Recovery of loans presented as a loan repayment	$ 555	$ -

See Notes to Consolidated Financial Statements.

Note 1 - Organization and nature of operations

Basis of presentation

The consolidated financial statements include the accounts and transactions of Enterprise Community Partners, Inc. ("Partners"), our subsidiaries and affiliates (collectively, "we", "Enterprise", or "us") in which we have a majority voting interest and control, including Enterprise Community Investment, Inc. ("Investment"), Enterprise Community Loan Fund ("Loan Fund") and Bellwether Enterprise Real Estate Capital, LLC ("Bellwether"), among others. Our consolidated financial statements have been prepared on an accrual basis and include the accounts of Partners and all for-profit subsidiaries and not-for-profit affiliates it controls. Our consolidated financial statements also include variable interest entities ("VIEs") where our for-profit subsidiaries are deemed to be the primary beneficiary. The ownership interests of other parties in entities we consolidate are presented as noncontrolling interest in our consolidated financial statements. We use the equity method to account for the interests in entities we do not control and in VIEs which our for-profit subsidiaries are not the primary beneficiary. Significant intercompany balances and transactions are eliminated in consolidation.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") require management to make estimates and judgments that affect the reported amounts of assets and liabilities and disclosures of contingencies at the date of the financial statements and revenue and expenses recognized during the reporting period. Significant estimates are inherent in the preparation of these consolidated financial statements in a number of areas, including revenue recognition, determination of the fair value of certain restricted contributions, evaluation of the collectability of accounts and other receivables and contributions receivable, assessment of the value of investments and real estate held for sale, estimation of the cost of real estate sold, valuation of mortgage loans held for sale ("MLHS"), derivative assets and liabilities and mortgage servicing rights ("MSRs"), estimation of potential losses relating to loans and development cost overruns, measurement of uncertain tax provisions and determination of certain income tax assets and liabilities and associated valuation allowances for our taxable entities, and evaluation of guarantee obligations. Actual results could differ from our estimates.

Organization and business

Partners is a 501(c)(3) and 509(a)(1) not-for-profit publically supported charitable foundation. Our mission is to create opportunities for low and moderate-income people through fit, affordable housing and diverse, thriving communities. Partners and its subsidiaries and affiliates, primarily Investment, Loan Fund and Bellwether accomplish this mission by providing local communities technical assistance, training and financial resources. Our support comes principally from fees for services, contributions, grants and contracts, interest income from loans and sales of real estate.

Investment is a stock based, 501(c)(4) social welfare organization. Investment supports Partners' mission by providing investment capital and development services for affordable housing and community revitalization efforts. Investment's core business strategy involves working in partnership with developers and corporate investors to invest and manage equity and debt investments in affordable housing and catalytic commercial projects in low-income and emerging communities throughout the United States. These investments may qualify for low-income housing tax credits ("LIHTC"), historic tax credits, and/or new markets tax credits ("NMTC"). In support of our core strategy, Investment provides asset management and consulting services, offers debt financing products to affordable residential and commercial projects, and provides development and management expertise relating to the construction of affordable housing projects.

Loan Fund is a 501(c)(3) publically supported not-for-profit and a 509(a)(3) supporting organization to Partners. Loan Fund is also a community development financial institution ("CDFI"). Loan Fund provides innovative financial products and technical assistance to support community organizations in the acquisition, development and rehabilitation of decent, affordable housing for low and moderate-income families and to assist in the revitalization of their communities. Loan Fund's support comes principally from interest income on loans, contributions, grants and investment income.

Bellwether originates permanent loan opportunities for a wide range of institutional investors, including life insurance companies, pension funds, government agencies and banks. Bellwether also manages mortgage loan servicing for these institutional investors. Bellwether is a Federal Housing Administration ("FHA") Title II Non-supervised Mortgagee and is an approved Government National Mortgage Association ("Ginnie Mae") issuer of mortgage-backed securities. Bellwether is also an approved Freddie Mac Program Plus lender, and an approved seller/servicer under the Freddie Mac Targeted Affordable Housing ("TAH") program. Through April 30, 2015, Bellwether was a Special Affordable Housing Lender in the Federal National Mortgage Association ("Fannie Mae") Delegated Underwriting and Servicing ("DUS") program. Effective May 1, 2015, Bellwether was named a full DUS Lender. Accordingly, Bellwether is now authorized by Fannie Mae to underwrite, close and deliver most loans without Fannie Mae pre-review. Bellwether and its subsidiaries are required to maintain financial eligibility and adhere to financial reporting requirements under these programs (see Note 22).

Donor restrictions

Net assets, revenue, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

- Unrestricted net assets - Net assets not subject to donor-imposed restrictions.

- Temporarily restricted net assets - Net assets subject to donor-imposed restrictions that will be met by our actions and/or the passage of time.

- Permanently restricted net assets - Net assets subject to donor-imposed restrictions that must be maintained permanently by us.

Revenue is reported as increases in unrestricted net assets unless the uses of the related assets are limited by donor-imposed restrictions. Investment proceeds and realized/unrealized gains and losses (investment returns) are reported as changes in unrestricted net assets unless specifically restricted by donor-imposed restrictions. Both the Cullman Challenge Grant and the Terwilliger Fund investment returns have this restriction. Expenses are reported as decreases in unrestricted net assets. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

Acquisition of limited partner interests in LIHTC funds

On December 31, 2014, we acquired Fannie Mae's limited partner interests in 16 LIHTC investment funds (known as "Fannie Funds") that we previously owned general partner interests in. Of the 16 limited partner interests acquired, four were interests in single-investor Fannie Funds, 11 were interests in multi-investor Fannie Funds, and one was a 50% interest in a joint venture that was formed with the sole purpose of holding a limited partner interest in an investment fund. Each of these Fannie Funds holds investments in operating partnerships that are either beyond the tax

credit delivery period, or that have de minimus tax credits remaining. The total purchase price was $3.0 million. This acquisition is expected to provide efficiencies in managing these older Fannie Funds and the operating partnerships held by the Fannie Funds through disposition.

As of December 31, 2014, four of the Fannie Funds acquired were wholly-owned by us and were therefore consolidated into these financial statements. During 2015, one of these Fannie Funds was dissolved, and accordingly, as of December 31, 2015, three Fannie Funds are consolidated into these financial statements. Our investment in the remaining 12 Fannie Funds which are not wholly-owned by us are accounted for using the equity method of accounting.

The acquisition had a significant impact on our consolidated financial statements. The initial purchase price entries recorded in 2014, including acquisition related expenses and various non-cash assets and liabilities acquired and assumed as part of the acquisition are summarized as follows ($ in thousands):

Cash paid	$	(3,079)
Cash acquired		148
Restricted cash		2,679
Investment in unconsolidated partnerships		1,169
Accrued expenses		(17)
Capital contributions payable		(11)
Deferred gain		(963)
Acquisition related expenses		74

Acquisition of Towle

On September 16, 2014, we acquired Towle Acquisition Partners, LLC ("Towle"), a privately held commercial real estate mortgage banking company headquartered in Minneapolis, Minnesota. Towle originates and services primarily multifamily loans for a number of investors, with the majority being life insurance companies. We accounted for this transaction in accordance with business combinations accounting guidance.

Through the Bellwether merger that occurred in 2012, we owned 65% of the combined operations of Bellwether and our previously wholly-owned mortgage business. The former principals of Bellwether owned the remaining 35% interest in the combined operations. As consideration for the Towle acquisition, a 6.08% ownership interest in the combined mortgage business of Bellwether and Towle was provided to the former principals of Towle, along with $4.0 million in cash. Of this amount, 65%, equal to $2.6 million, was provided by us based on our previous ownership interest in Bellwether, and the remaining 35% was provided by the other owner of Bellwether, Bellwether Real Estate Capital Holdings, LLC. This acquisition was therefore dilutive to our ownership interest in Bellwether. In accordance with a proration agreement entered into at the time of the acquisition, profits, losses and cash flow were allocated 61.05% to us, 32.87% to the former principals of Bellwether and 6.08% to the former principals of Towle. In 2014, disproportionate distributions were made to members, and as a result, corrective distributions were made in 2015. After these corrective distributions were made, the ending equity account balance of each member was in proportion to their ownership interest.

The combined operations are conducted under the existing Bellwether name, and the combined results are consolidated into our financial statements. The acquisition had a significant impact on our consolidated financial statements. The initial purchase price entries recorded in 2014, including

acquisition related expenses and various non-cash assets and liabilities acquired and assumed as part of the acquisition are summarized as follows ($ in thousands):

Cash paid	$	(2,836)
Accounts receivable		3
Fixed assets		11
Mortgage servicing rights		2,357
Intangible assets - borrower relationships		1,400
Intangible assets - trade names		200
Intangible assets - non-compete agreements		150
Intangible assets - goodwill		3,878
Deferred tax liabilities		(327)
Acquisition related expenses		236
Change to our share of equity		(672)
Noncontrolling interest in consolidated venture		(4,400)

Acquisition of Capital Advisors
On July 1, 2015, we acquired Capital Advisors, Inc. ("Capital Advisors"), a privately held mortgage company that specializes in securing and servicing long-term, non-recourse debt for commercial real estate with operations based in the southeast United States. We accounted for this transaction in accordance with business combinations accounting guidance.

As a result of the Bellwether merger that occurred in 2012 and Towle acquisition that occurred in 2014, we owned 61.05% of the combined operations of Bellwether and our previously wholly-owned mortgage business. The former principals of Bellwether and Towle owned the remaining 38.95% interest in the combined operations. As consideration for the Capital Advisors acquisition, a 4.58% ownership interest in the combined mortgage business of Bellwether, Towle and Capital Advisors was provided to the former owners of Capital Advisors, along with a cash payment of $6.0 million (our share was $3.7 million). This acquisition was dilutive to our ownership interest in Bellwether, which stands at 58.25% as of December 31, 2015. In accordance with a proration agreement entered into at the time of the acquisition, profits, losses and cash flow are allocated 58.25% to us, 31.37% to the former principals of Bellwether, 5.8% to the former principals of Towle and 4.58% to the former principals of Capital Advisors. In 2015, disproportionate distributions were made to members, and as a result, corrective distributions were made in 2016. After these corrective distributions were made, the ending equity account balance of each member was in proportion to their ownership interest.

The combined operations are conducted under the existing Bellwether name, and the combined results are consolidated in our financial statements. The acquisition has had a significant impact on our consolidated financial statements. The initial purchase price entries recorded in 2015, including acquisition related expenses incurred and various non-cash assets and liabilities acquired and assumed as part of the acquisition are summarized as follows ($ in thousands):

Cash paid	$	(3,896)
Accounts receivable		76
Prepaid expenses		52
Security deposits		20
Fixed assets		39
Mortgage servicing rights		1,677
Intangible assets - borrower relationships		2,300
Intangible assets - non-compete agreements		370
Intangible assets - goodwill		5,665
Other obligations		(200)
Deferred tax liabilities		(406)
Acquisition related expenses		235
Change to our share of equity		(734)
Noncontrolling interest		(5,198)

Acquisition of Spyglass

On September 3, 2015, Spyglass at Cedar Cove, LLC ("Spyglass") was formed for the sole purpose of acquiring and operating a 152 unit multifamily rental housing project located in Lexington Park, Maryland. We hold a 0.01% Class A Administrative Member controlling interest and a 14.99% Class B Member interest in Spyglass, while an unconsolidated related party owns the remaining 85% Class B Member interest. We have a $0.9 million capital commitment and the related party Class B Member has a $5.0 million capital commitment to Spyglass. We accounted for this transaction in accordance with business combinations accounting guidance.

On October 30, 2015, Spyglass acquired the aforementioned rental housing project. At settlement of the rental housing project, we made a cash payment to Spyglass in the amount of $0.8 million and the other owner made a cash payment to Spyglass of $4.3 million. Spyglass entered into a note agreement with a lender whereby it borrowed $13.4 million in conjunction with the settlement on the property acquired. The proceeds of the loan were used, among other things, to pay off the seller's existing note.

The results of Spyglass are consolidated in our financial statements. The acquisition has had a significant impact on our consolidated financial statements. The initial purchase price entries recorded in 2015, including acquisition related expenses incurred and various non-cash assets and liabilities acquired and assumed as part of the acquisition are summarized as follows ($ in thousands):

Cash paid, net of operating cash acquired	$	201
Restricted cash (escrow accounts)		335
Prepaid expenses		141
Property and equipment		15,656
Deferred financing costs		194
Intangible assets - in-place leases		774
Note payable		(13,392)
Miscellaneous liabilities		(66)
Noncontrolling interest		(4,289)
Acquisition related expenses		446

Note 2 - Significant accounting policies

Revenue recognition and related matters

Revenue is recognized when earned and realized pursuant to the following:

Gains from mortgage banking activities

Gains from mortgage banking activities are recognized when we enter into a commitment to originate a loan with a borrower and when we enter into a corresponding commitment to sell that loan to an investor. We do not enter into commitments to make loans to borrowers until we have the corresponding commitment from an investor to purchase the loans. The commitments are recognized at their fair values, which reflect the fair value of the contractual loan origination related fees and sale premiums, net of co-broker fees, and the estimated fair value of the expected net cash flows associated with the servicing of the loan. Also included in gains from mortgage banking activities are changes to the fair value of loan commitments, forward sale commitments, and loans held for sale that occur during their respective holding periods. Upon sale of the loans, no gains or losses are recognized as such loans are recorded at fair value during their holding periods. MSRs are recognized as assets upon the sale of the loans. Additionally, placement fees are recorded as gains from mortgage banking activities when we directly arrange commitments between a permanent investor and a borrower. Placement fees are recognized as revenue when all significant services have been performed.

Gains from mortgage banking activities were approximately 23% and 18% of total revenue and support for 2015 and 2014, respectively.

Syndication and consulting fees

We earn syndication fees for services relating to forming limited partnership investment funds (“Investment Funds”), selling interests in the Investment Funds to investors and acquiring interests in affordable housing projects that are expected to generate a stream of low-income housing tax credits. Syndication fees from the sale of partnership interests to investors and related acquisitions of interests in projects are recognized as the partnerships acquire property interests, provided that various criteria relating to the terms of the transactions and any subsequent involvement by us with the interests sold are met. Revenue relating to transactions that do not meet the established criteria

is deferred and recognized when the criteria are met. All syndication fees earned represent market rates.

We may elect to defer the collection of a portion of the fees earned for syndication services. If deferral is elected, we record the related revenue and receivables based on the estimated date of collection using appropriate discount rates. Accretion of interest is included in syndication fees in the consolidated statements of activities.

Consulting fee revenue is recognized under the terms of the related agreements, when services are performed and collectability is reasonably assured. A liability is recognized for advance payments received under multi-year agreements, and revenue is recognized when services are performed.

Syndication and consulting fees were approximately 18% and 21% of total revenue and support for 2015 and 2014, respectively.

Grants and contracts

Grants and contracts funded from government sources are generally cost reimbursement contracts where revenue is recognized at the time costs are incurred. Additionally, certain grants and contracts provide for reimbursement of indirect costs, generally based on a specific percentage of direct costs. The revenue related to direct and indirect costs are recorded as an addition to unrestricted net assets.

Grants and contracts were approximately 16% and 20% of total revenue and support for 2015 and 2014, respectively. Approximately 93% and 88% of the grants and contract revenue was derived from federal funding in 2015 and 2014, respectively.

Approximately 69% and 96% of the federal expenditures, which include grants, contracts and loans, were provided by the U.S. Department of Housing and Urban Development ("HUD") in 2015 and 2014, respectively.

Contributions

Contributions that are unconditional promises to give are recognized as revenue in the period received. Contributions with donor-imposed restrictions and unconditional promises to give with payments due in future periods are recorded as increases to temporarily or permanently restricted net assets and are reclassified to unrestricted net assets at the time the restriction is met. Unconditional promises to give with payments due in future periods where the donor has explicitly permitted for their use in the current period and the promise to give is otherwise free of a donor-imposed purpose restriction are recorded as increases in unrestricted net assets. Conditional promises to give are not recognized as revenue until the conditions on which they depend are substantially met.

Contributions recognized that are to be received after one year are recorded at their fair value based on the income approach whereby future amounts expected to be collected are discounted to their present value at a rate commensurate with the risk involved. This rate is based on our assessment of current market expectations plus a reasonable risk premium. The average discount rate for 2015 and 2014 was 3.32% and 3.56%, respectively. Amortization of the discount is recorded as additional contribution revenue and used in accordance with donor-imposed restrictions, if any, on the contributions. Contributions of assets other than cash are recorded at estimated fair value at the date of the gift.

An allowance for uncollectible contributions receivable is made based upon our judgment, based on other factors such as prior collection history, the type of contribution and other relevant factors. Contributions were 12% and 11% of total revenue and support for 2015 and 2014, respectively.

Restricted contributions from the top five contributors comprise approximately 29% and 28% of total contributions for 2015 and 2014, respectively.

Asset management fees
We earn asset management in providing oversight and management services relating to the investments held by the Investment Funds. Revenue is recognized under the terms of the related agreements, when services are performed and collectability is reasonably assured. Fees for such services are generally billed and recognized as services are provided. However, certain syndication fees are associated with asset management services to be performed throughout the life of the limited partnerships and these fees are deferred and recognized as a component of asset management fees over the periods that the services are performed. Advance payments received under multi-year agreements are recorded as deferred revenue and recognized as revenue when services are performed.

Asset management fees were approximately 11% and 12% of total revenue and support for 2015 and 2014, respectively.

Sales of real estate
We build single family and townhouse residences that we sell to the ultimate home owners. Revenue relating to such sales is recognized at the time title to the completed units is transferred to the customer. Additionally, we may sell operating properties that we own. Income related to such sales is recognized upon transfer of legal ownership of the real estate.

Interest income
Interest income on loans is accrued on the principal balance outstanding at the contractual interest rate. Interest income on cash balances is accrued when earned. Direct loan origination costs are offset against related origination fees and the net amount is amortized over the life of the loan as a component of interest income.

Loan servicing fees
Loan servicing fees represent income earned for servicing loan portfolios owned by permanent investors, net of amortization of capitalized MSRs. Loan servicing fees are generally calculated on the outstanding principal balance of the loan serviced and recognized as income when received. Loan servicing costs are charged to expense as incurred.

Development and construction management fees
We recognize development and construction management fees primarily relating to low-income housing rental projects that we assist in developing. For low-income housing rental projects where we are not the general partner, we initially recognize a portion of our fee equal to our deferred internal effort in connection with an executed developer services agreement. The remainder of the developer fee, net of any deferral for anticipated support obligations, is recognized using the percentage of completion method. The percentage of completion method is measured by the percentage of direct general contractor costs incurred to date to management's estimated total general contractor costs to be incurred. Any deferred fee is recognized after all support obligations have been relieved. We review the contract price and cost estimates periodically as the work progresses, and reflect adjustments proportionate to the percentage of completion in revenue in the

period when estimates are revised. Billings recorded and cash received in excess of revenue recognized under the percentage of completion method are accounted for as deferred revenue and revenue recognized in excess of billings recorded and cash received are accounted for as unbilled receivables.

For projects in which we are the general partner, profits on development fees are deferred until construction is complete and a specified percentage of lease-up is attained, at which time profits are recognized net of any deferral for anticipated support obligations. Any deferred fee is recognized after all support obligations have been relieved.

Under certain of our development fee agreements, we are responsible for costs that are in excess of an agreed maximum amount. In these cases, we recognize revenue under the percentage of completion method, as described above. However, if a current estimate of total contract costs indicates that costs are expected to be incurred in excess of the agreed upon maximum amount, a loss is recognized in full in the period such excess costs are determined.

Operating properties rents

Operating properties rents relate primarily to short-term leases with individual tenants in housing units. Rental income is recognized as rents become due. Rental payments received in advance are deferred until earned.

Investment income

Investment proceeds with donor-imposed restrictions are reported as investment income and added to temporarily or permanently restricted net assets. Changes in market value on investments with donor-imposed restrictions are reported as net realized and unrealized gains and losses and added to or deducted from temporarily or permanently restricted net assets.

Cash, cash equivalents and investments

Our investment policies define authorized investments and establish various limitations on the credit quality, amounts and maturities of investments held. Authorized investments include money market funds, certificates of deposit, banker's acceptances, repurchase agreements, corporate and U.S. agency bonds and notes, corporate debt and equity securities, all with an equivalent rating of A2/P2 or higher. The carrying value of such investments approximates their fair value. Investments with maturities at dates of purchase of three months or less are considered to be cash equivalents.

Investments consist primarily of marketable securities and alternative investments. Investments in marketable securities consist of certificates of deposit, fixed income securities and corporate and foreign securities, and are carried at fair value. The original basis of such investments is the purchase price. Investment income is recorded when earned as an addition to unrestricted net assets unless restricted by donor. Realized and unrealized gains and losses are recorded in the accompanying consolidated statements of activities as an increase or decrease in unrestricted net assets unless restricted by donor. Alternative investments consist primarily of investments in limited partnerships. These investments are carried at fair value, which is the monthly net asset value made available by the fund manager or administrator prior to the valuation date.

We also invest in mutual funds selected by the participants in our nonqualified deferred compensation plan and long-term equity sharing plan. The investments in such mutual funds are classified as trading securities and are measured at fair value with changes in value recorded as an offset to the corresponding liability at the end of each reporting period.

Restricted cash, cash equivalents and investments
Restricted cash, cash equivalents and investments consist of funds held for lending activity, restricted contributions and funds held for others under escrow, partnership and fiscal agent agreements.

Accounts and other receivables and related allowance
Accounts and other receivables, which are comprised of fees receivable, contracts receivable, and notes receivable, are reported net of an allowance for doubtful accounts. We routinely evaluate our accounts and other receivables balances and allow for anticipated losses based on our best estimate of probable losses.

Loans receivable
We make loans to community-based not-for-profit and for-profit mission aligned affordable housing developers, community organizations and certain affiliates for the purpose of supporting low-income communities. We have two segments of loans in our portfolio - housing loans and other loans. Housing loans are primarily for the purpose of acquiring, renovating and/or constructing multi-family residential housing. Our other loans generally provide financing for a variety of community development needs, including community facilities, such as charter schools and health care centers, as well as loans that encourage community development through the support of growth and operating needs of organizations in low-income communities. Our loans are generally collateralized by real estate. The majority of the loans have repayment terms requiring a balloon payment when construction or permanent financing on the underlying property is secured, the property is sold, or at the stated maturity date.

We may modify loans for a variety of reasons. Modifications include changes to interest rates, principal and interest payment terms, loan maturity dates, and collateral. Some modifications are in conjunction with a troubled debt restructure when a loan is no longer performing under the current loan terms. These modifications may include the types of modifications noted above and/or a forbearance agreement. We also enter into loan participation agreements with other organizations. If certain conditions are met, these loan participations are accounted for as sales by derecognizing the participation interest sold. No gain or loss on sale is incurred. If the conditions are not met, we continue to carry the full loan receivable in our consolidated financial statements and reflect the participation component of the loan as a liability. We retain the servicing rights on participations and provide loan servicing on other loan arrangements as well. Since the benefits of servicing approximate the costs, no servicing asset or liability is recognized.

During the loan approval process, underwriting criteria varies by portfolio segment. Criteria considered for housing loans includes an analysis of the market, sponsor and repayment sources. For other loans, the borrower's business plan, cash flows from operations, loan takeout options, and collateral are all considered. Once loans are approved, our monitoring processes are consistently applied across portfolio segments. As a result of these monitoring processes, we generally group our loans into three categories:

- Performing - Loans are performing and borrower is expected to fully repay future obligations.

- Monitored - Loans are performing but require monitoring due to change in market, sponsor or other factors that has the potential to impact the borrowers potential to repay future obligations.

- Impaired - The primary source of repayment is questionable and the value of the underlying collateral has declined, increasing the probability that we will be unable to collect all principal and interest due.

For impaired loans, we discontinue the accrual of interest income in our consolidated statements of activities. Interest payments received on these loans are recognized as either a reduction of principal, or if it is determined that principal can be fully repaid irrespective of collateral value, as interest income. Interest accrual is resumed when the quality of the loan improves sufficiently to warrant interest recognition.

Loans are carried at their unpaid principal balance, less an allowance for loan losses to reflect potentially uncollectable balances including potential losses relating to impaired loans. The allowance for loan losses is based upon management's periodic evaluation of the underwriting criteria used to initially underwrite the loan as well as other credit factors, economic conditions, historic loss trends and other risks inherent in the overall portfolio such as geographic or sponsor concentration risks. The allowance is increased through a provision for loan losses which is charged to expense and reduced by charge-offs, net of recoveries. Loans are charged off when repayment is not expected to occur. When a third party guarantees loss coverage on a loan and a charge-off occurs, the amount received is netted against the charge-off for reporting purposes.

Mortgage loans held for sale
We originate or acquire MLHS to investors. Our holding period for these MLHS is generally one month, and the MLHS are sold to investors at an amount equal to their carrying basis. We generally obtain the MSRs or obligations upon sale. We measure our MLHS at fair value. The fair value is estimated by using current investor commitments to purchase loans, adjusted for the value attributable to obtained MSRs or obligations to approximate the value of a whole loan.

Derivative assets and liabilities
We enter into interest rate lock commitments with borrowers on loans intended to be held for sale and enter into forward sale commitments with investors. These commitments are not entered into on a speculative basis as each commitment to lend has a corresponding commitment from an investor to purchase. These commitments are considered freestanding derivative instruments and, as such, must be reflected at fair value within our consolidated financial statements. Fair value of derivatives related to these loan commitments includes the effects of interest rate movements between the time of the commitment and the time of the loan funding and investor purchase, any loan origination fees and premiums on the anticipated sale of the loan, net of co-broker fees, and the fair value of the expected net cash flows associated with the servicing of the loan as part of the fair value of the underlying commitments.

Real estate held for sale
We develop affordable housing in the Mid-Atlantic region. Homebuilding inventory is stated at cost unless the inventory is determined to be impaired, in which case the impaired inventories are written down to fair value. The cost of developed lots and uncompleted homes includes financing costs, direct costs, such as construction costs, real estate taxes and salaries, and overhead expenses. Selling, general and administrative costs are expensed as incurred. Cost of home sales is computed by multiplying the actual sales price of a sold home by a cost ratio that is determined by dividing the estimated cost of the project by its estimated revenue. Any revisions resulting from a change in the estimated number of homes to be constructed or in estimated costs subsequent to the commencement of delivery of homes are applied prospectively. Homebuilding inventory is carried at cost reduced for impairment losses, where appropriate.

Operating properties deemed to have met held for sale accounting criteria are also included in real estate held for sale.

Impairment of real estate held for sale is included as a component of cost of real estate sold.

Investments in operating properties

Investment in operating properties consists of land, building and improvements, net of accumulated depreciation, and is carried at cost reduced for impairment losses, where appropriate, based on estimated undiscounted future cash flows. Costs of significant improvements, replacements and renovations at operating properties are capitalized, while costs of maintenance and repairs are expensed as incurred. Certain financing costs are capitalized as deferred costs and amortized over the terms of the financing. Depreciation of operating properties is computed using the straight-line method over the estimated useful lives of the related assets, approximately 30 years.

Investments in unconsolidated partnerships

Investments in unconsolidated partnerships include our general partner or managing member interests of between 0.005% and 1.0% in Investment Funds that acquire investments in real estate project projects that receive and distribute tax credits to investors. We may also directly acquire interests in the real estate projects and subsequently transfer our interests to the Investment Funds. Our holding period for these investments is generally three to nine months. In limited instances, we may also assume a direct general partner or managing member interest in a real estate project pursuant to our fiduciary role in protecting the tax benefit of the Investment Fund.

On December 31, 2014, we acquired limited partner interests in certain Investment Funds. Each of these Investment Funds held investments in operating partnerships that are either beyond the tax credit delivery period, or that have de minimus tax credits remaining. During 2015, one of these Investment Funds was dissolved. Accordingly, as of December 31, 2015, three investment Funds are wholly owned and included in our financial statements on a fully consolidated basis. We determined that the remaining entities in which we are the general partner, managing member and/or limited partner are VIEs, but that we are not the primary beneficiary. Accordingly, we account for our interest in these Investment Funds on the equity method.

In 2013, we closed on our first non-tax credit affordable housing investment fund. The fund provides returns to investors through cash flow and residual proceeds, with an expected investment holding period of approximately seven years. We hold a 5% managing member interest in the fund. We determined this entity is not a VIE and that we do not control the entity. We account for our interest in this entity on the equity method.

We have subsidiaries subject to not-for-profit consolidation principles, and subsidiaries subject to for-profit consolidation principles. We evaluate entities in which we hold an interest to determine if they are VIEs. If the entities are determined to be VIEs, we then make a determination as to whether or not we are the primary beneficiary. The primary beneficiary is the party with both the power to direct the activities of a VIE that most significantly impacts its economic performance and the obligation to absorb losses or right to receive benefits of the VIE that could potentially be significant to the VIE. We consolidate VIEs in which we are the primary beneficiary and account for our noncontrolling interests in VIEs and other entities we do not control using the equity method of accounting. Under the equity method, the initial investment is recorded at cost, increased by our share of income and contributions, and decreased by our share of losses and distributions. As a general partner, our investment balance may be reduced below zero. Distributions we receive in excess of our investment are recognized as income.

We have determined that certain of the above entities in which a for-profit subsidiary holds interests are VIEs and that we are not the primary beneficiary of any of these VIEs. We account for these entities and the other entities that we do not control under the equity method.

If events or circumstances indicate an other than temporary decline in value, the carrying amount of our investment in the unconsolidated partnership is written down to fair value as a charge to impairment.

Deferred financing costs
Deferred financing costs are amortized over the term of the loan using the straight-line method. In accordance with GAAP, deferred financing costs are to be amortized over the term of the loan using the effective yield method; however, the effect of using the straight-line method is not materially different from the results that would have been obtained under the effective yield method. Deferred financing costs, net are included in other assets on the consolidated statements of financial position. Amortization expense for the years ended December 31, 2015 and 2014 was $9,000 and $3,000, respectively. Estimated amortization expense for each of the ensuing years through December 31, 2020 is $9,000.

Mortgage servicing rights and mortgage servicing obligations
MSRs are recognized as separate assets when purchased, when the servicing is contractually separated from the underlying mortgage loans by sale or securitization of the loans with servicing rights retained, or when the right to service a loan originated by others is assumed. Whenever we obtain an obligation to service a loan, we assess whether a servicing asset or liability should be recognized. A servicing asset is recognized whenever the compensation for servicing is expected to exceed current market servicing prices. Likewise, servicing liabilities are recognized when servicing fees to be received are not expected to adequately compensate us for our expected cost. The servicing rights are initially recognized at fair value based on the expected future net cash flow to be received over the estimated life of the loan discounted at market rates. Subsequently, the mortgage servicing assets or liabilities are amortized in proportion to, and over the period of, estimated servicing income. The amortization expense is included as a reduction of loan servicing fees in the consolidated statements of activities.

The fair value of MSRs is estimated using an internal valuation model. This model determines fair value by estimating the present value of anticipated future net servicing cash flows. Estimates of the fair value involve assumptions, including discount rates, servicing costs, and other economic factors which are subject to change over time.

Changes in the underlying assumptions could cause the fair value of MSRs to change significantly. To the extent that the carrying value of MSRs exceeds fair value, the asset is considered to be impaired and a valuation reserve is recorded as a reduction of servicing income in current earnings. Valuation reserves are adjusted to reflect changes in the measurement of impairment. At both December 31, 2015 and 2014, no valuation reserve was necessary.

MSRs are also reviewed for other-than-temporary impairment. Other-than-temporary impairment exists when the recoverability of a recorded valuation allowance is determined to be remote, taking into consideration historical and projected interest rates and loan pay-off activity. When this situation occurs, the unrecoverable portion of the valuation allowance is applied as a direct write-down to the carrying value of the MSRs. Unlike a valuation allowance, a direct write-down permanently reduces the carrying value of the MSR and the valuation allowance, precluding

subsequent recoveries. For the years ended December 31, 2015 and 2014, no impairment charge was recorded.

Property and equipment and intangible assets
Property and equipment and intangible assets are stated at cost less accumulated depreciation and amortization. Generally, we capitalize the purchase of items individually costing $1,000 or more provided an item meets our basic criteria to be capitalized. Additionally, upon meeting certain criteria, we capitalize external direct costs incurred and payroll and payroll-related expenses for employees who are directly associated with developing or obtaining software applications and related upgrades and enhancements. If events or circumstances indicate that the carrying amount is not recoverable, the related asset is tested for impairment and written down to the fair value, if impaired. As of December 31, 2015 and 2014, we have not recognized any reduction in the carrying value of property and equipment. The cost of property and equipment and intangible assets is depreciated or amortized using the straight-line method over the estimated useful lives of the related assets, which range from three to ten years. Leasehold improvements are capitalized and amortized over the shorter of their useful lives or lease term.

Goodwill
Goodwill is not amortized; rather, it is reviewed for impairment annually, and whenever a triggering event occurs.

Funds held for others
We hold assets, primarily cash and cash equivalents, for third parties pursuant to fiscal agency and similar contractual arrangements. The assets held are classified as restricted and the liability is included in funds held for others.

Allowance for loan loss sharing
We bear a portion of the risk of loan losses for certain mortgages we originate and service based on the terms set forth in our agreements with investors. We maintain an allowance for loan loss sharing for loans at a level that, in management's judgment, is adequate to provide for estimated potential losses. This judgment is based upon various risk assessments including the value of the collateral, the operating results of the properties, the remaining years of available tax credits, the borrower's financial condition and our loss experience with similar loans.

Guarantee obligations
We account for our potential exposure to losses under guarantees by recording a liability equal to the estimated fair value of the guarantee based on the facts and circumstances existing at the time that the guarantee is undertaken. Determining the estimated fair value of a contingent liability requires us to make significant estimates and assumptions, including among others, market interest rates, historical loss experience on similar guarantees, total financial exposure, probability of loss, and severity and timing of possible losses. The guarantee obligation is reduced as identified risks are deemed to have expired based upon the satisfaction of applicable measures or milestones, which reduce or eliminate the guarantee exposure.

Income taxes
Partners and certain subsidiaries consolidated in these financial statements are exempt from income taxes with respect to their charitable activities, except for unrelated business income. These tax exempt entities did not have any unrelated business income during the years ended December 31, 2015 and 2014. We are liable for federal and state income taxes with respect to some of our for-profit subsidiaries. These subsidiaries are primarily involved in our mortgage, development, LIHTC

asset management and non-tax credit affordable housing investment fund activities. Accordingly, the provision for or benefit from income taxes has been recorded on the accompanying consolidated financial statements.

We use the asset and liability method to account for deferred income taxes. Under this method, assets and liabilities are recognized for the future tax attributable to differences between the financial statement carrying amounts and their respective tax basis. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rate is recognized in the period that includes the enactment date. We only recognize deferred tax assets to the extent that it is more likely than not that they will be realized based on consideration of available evidence, including tax planning strategies and other factors.

We recognize the financial statement impact of a tax position when it is more-likely-than-not that the position will be sustained upon examination. If the more-likely-than-not threshold is met, the tax position is to be measured at the largest amount of the benefit that is greater than 50% likely of being realized upon ultimate settlement.

Expense allocation
Expenses by function have been allocated among program activities, general and administrative, interest, cost of real estate sold, fundraising, operating properties activities, and income taxes on the basis of an analysis performed by us.

Fair value of financial instruments
The carrying amount of investments in marketable securities, MLHS, derivative assets and liabilities and alternative investments, are recorded at fair value. The carrying amount of other financial instruments approximate their fair values.

Business combinations
Upon acquisition of an entity, we allocate the purchase price of the entity based upon the fair value of the assets acquired.

Transaction costs related to acquisitions, such as broker fees, transfer taxes, legal, accounting, valuation, and other professional and consulting fees, are expensed as incurred.

Reclassifications
Reclassifications have been reflected in the current year presentation for prior year balances. Such reclassifications are for comparative purposes only and do not restate the prior year consolidated financial statements.

Note 3 - Cash, cash equivalents and investments

Cash, cash equivalents and investments at December 31 consist of the following ($ in thousands):

	2015		
	Unrestricted	Restricted	Total
Cash and cash equivalents	$ 101,621	$ 42,475	$ 144,096
U.S. Government agency obligations and fixed income securities	5,638	20,130	25,768
Corporate and foreign equity securities	3,156	21,015	24,171
Alternative investments	-	438	438
Total	$ 110,415	$ 84,058	$ 194,473

	2014		
	Unrestricted	Restricted	Total
Cash and cash equivalents	$ 75,294	$ 34,895	$ 110,189
Certificates of deposits	-	2,773	2,773
U.S. Government agency obligations and fixed income securities	5,587	20,057	25,644
Corporate and foreign equity securities	3,204	20,699	23,903
Alternative investments	-	237	237
Total	$ 84,085	$ 78,661	$ 162,746

The following summarizes the components of investment return and their classifications in the consolidated statements of activities for the years ended December 31 ($ in thousands):

	2015	2014
Investment income	$ 5	$ 811
Realized loss, net	(3)	-
Unrealized (loss) gain, net	(37)	1,161
Total	$ (35)	$ 1,972

Investment returns detailed above are net of investment fees of $78,000 and $28,000 for the years ended December 31, 2015 and 2014, respectively.

Note 4 - Contributions receivable, net

Contributions receivable at December 31 are summarized as follows ($ in thousands):

	2015	2014
Unconditional promises expected to be collected in:		
Less than one year	$ 12,855	$ 7,195
One year to five years	4,242	8,339
	17,097	15,534
Less unamortized discount	(239)	(469)
Total	$ 16,858	$ 15,065

Note 5 - Accounts and other receivables, net

Accounts and other receivables, net at December 31 are summarized as follows ($ in thousands):

	2015	2014
Fees receivable, net	$ 53,042	$ 51,109
Contracts receivable, net	8,919	6,064
Notes receivable, net	54,772	30,830
Total	$ 116,733	$ 88,003

Fees receivable, net includes fees due from unconsolidated partnerships, loans receivable, development fees receivable, and other receivables.

Fees due from unconsolidated partnerships are primarily attributable to syndication and asset management fees earned related to Investment Funds in which we hold a general partner or managing member interest. The receivables are due on demand; however, we may elect to defer collection. At December 31, 2015 and 2014, fees due from unconsolidated partnerships totaled $31.0 million and $30.0 million, respectively, and $19.2 million and $16.0 million, respectively, of the receivables due from these entities have been deferred.

At December 31, 2015 and 2014, loans receivable of $9.4 million and $13.0 million consist of short-term loans made by Bellwether to borrowers that are awaiting permanent mortgage financing, bear interest at the greater of 5.75% or 5.50% plus LIBOR, or the greater of 5.50% or 5.20% plus LIBOR, respectively, and mature no later than June 16, 2016. The loans are secured by the respective underlying properties.

Development fees receivable includes unbilled amounts related to the percentage of completion method of revenue recognition of $5.9 million and $5.3 million at December 31, 2015 and 2014, respectively.

The majority of our other receivables are due from unconsolidated partnerships for syndication and asset management services and must be funded by the limited partners in those partnerships. As

the entities that hold the limited partnership interests are generally highly-rated financial institutions, we do not expect that any of the limited partners will fail to meet their obligations and we believe that credit risk with respect to these receivables is not significant. At December 31, 2015 and 2014, other receivables include four and one, respectively, short-term predevelopment loans totaling $3.5 million and $0.5 million, respectively. These loans bear interest at a rate of 4.90% to 5.00% and are generally due within twelve months of the loan date.

For both of the years ended December 31, 2015 and 2014, the allowance for loss on fees receivable was $0.1 million.

Contracts receivable consists of amounts due from government sources.

Notes receivable, net consist mainly of secured notes to housing projects. As of December 31, 2015, ten notes were outstanding with a balance due from the borrowers of $48.9 million. These notes are secured by a first lien on the respective properties, are to mature on various dates through August 30, 2018 and bear interest at rates ranging from one-year LIBOR plus 2.25% to 5%. As of December 31, 2014, seven notes were outstanding with a balance receivable of $24.9 million. These notes were secured by a first lien on the respective properties were to mature on various dates through February 19, 2017 and bore interest at rates ranging from one-year LIBOR plus 2.25% to 5%. During 2015, three of these notes were paid off, and six new notes were originated. The related interest income earned on these notes amounted to $1.3 million and $0.9 million for the years ended December 31, 2015 and 2014, respectively.

The allowance for loss on notes receivable was $8.2 million and $8.1 million as December 31, 2015 and 2014, respectively.

Note 6 - Bridge loans to unconsolidated partnerships

Bridge loans to unconsolidated partnerships consist of short-term, unsecured loans with maturity dates of six months or less. At December 31, 2015 and 2014, bridge loans of $6.6 million and $18.4 million, respectively, are non-interest bearing. There were no interest-bearing bridge loans at December 31, 2015 and 2014.

Bridge loans are due from unconsolidated partnerships and are repaid through capital contributions from the limited partners in those partnerships. As the entities that hold the limited partnership interests are generally highly-rated financial institutions, we do not expect that any of our limited partners will fail to meet their obligations and we believe that credit risk with respect to these bridge loans is not significant.

Note 7 - Loans receivable, net

Since 1981, we have closed approximately $1.43 billion of loans to various community organizations. The sources of funds used and anticipated to be used to originate such loans are loans payable and private contributions. As of December 31, 2015 and 2014, $57.1 million and $67.9 million, respectively, of loans receivable are due within one year. Loans are typically secured by liens placed on the underlying real estate or the assignment of developer fees or assets of the business. The loans bear interest at varying rates which in the aggregate, approximate 5.4% and 5.7% at December 31, 2015 and 2014, respectively. In accordance with historical practices, it is expected that some of these loans will be extended at maturity. Our loan policy dictates that loans

can only be extended if there is no material adverse change in the credit and repayment is not threatened.

Loan participations outstanding totaled $23.6 million and $20.3 million at December 31, 2015 and 2014, respectively.

As of December 31, the loan portfolio consists of the following ($ in thousands):

	2015	2014
Loans receivable	$ 124,397	$ 129,361
Allowance for loan losses	(6,644)	(7,264)
Loans receivable, net	$ 117,753	$ 122,097

Allowance for loan loss activity by portfolio segment for the years ended December 31, is summarized as follows ($ in thousands):

	2015			2014		
	Housing	Other	Total	Housing	Other	Total
Allowance for loan losses:						
Balance at beginning of year	$ (5,687)	$ (1,577)	$ (7,264)	$ (7,518)	$ (1,193)	$ (8,711)
Net change in allowance for loan losses	426	(26)	400	1,628	(384)	1,244
Write-offs	237	-	237	219	-	219
Recoveries	(17)	-	(17)	(16)	-	(16)
Balance at end of year	$ (5,041)	$ (1,603)	$ (6,644)	$ (5,687)	$ (1,577)	$ (7,264)

As of December 31, loans by credit quality indicator and portfolio segment consist of the following ($ in thousands):

	2015			2014		
	Housing	Other	Total	Housing	Other	Total
Performing	$ 91,149	$ 25,619	$ 116,768	$ 86,784	$ 25,232	$ 112,016
Monitored	3,879	-	3,879	9,530	1,442	10,972
Impaired:						
With an increased allowance for loan losses	900	1,995	2,895	3,234	2,226	5,460
Without an increased allowance for loan losses	855	-	855	913	-	913
Total	$ 96,783	$ 27,614	$ 124,397	$ 100,461	$ 28,900	$ 129,361
Average investment in impaired loans	$ 3,406	$ 2,069	$ 5,475	$ 4,725	$ 2,321	$ 7,046

The allowance for loan losses related to impaired housing loans was $0.7 million and $1.4 million at December 31, 2015 and 2014, respectively. The allowance for loan losses related to impaired other loans was $0.3 million for both years ended December 31, 2015 and 2014. We discontinue the accrual of interest income on all impaired loans. Payments received for such loans are either recorded as principal reductions or interest income pursuant to our accounting policy. On a cash basis, we recognized interest income on impaired housing loans of $17,000 and $16,000 for the years ended December 31, 2015 and 2014, respectively. During the year ended December 31, 2015, two housing loans were modified through troubled debt restructuring with balances at

restructuring of $8.7 million. As of December 31, 2015, these loans have not defaulted. No loans were restructured during 2014.

An aging of past due loans by portfolio segment as of December 31 is as follows ($ in thousands):

	2015			2014		
	Housing	Other	Total	Housing	Other	Total
Past due:						
31-60 days	$ -	$ -	$ -	$ -	$ -	$ -
61-90 days	-	-	-	-	-	-
Over 90 days	250	1,969	2,219	2,222	-	2,222
Total	250	1,969	2,219	2,222	-	2,222
Current	96,533	25,645	122,178	98,239	28,900	127,139
Total	$ 96,783	$ 27,614	$ 124,397	$ 100,461	$ 28,900	$ 129,361

All loans 90 or more days past due were no longer accruing interest.

Note 8 - Mortgage loans held for sale

At December 31, 2015 and 2014, we held 18 and four MLHS, respectively, and these loans were recorded at fair value. The unpaid principal balance at December 31, 2015 and 2014 of these loans was $117.2 million and $31.0 million, respectively, and all of the loans are current. The difference between the carrying amount of the MLHS and the unpaid principal balance consists of trading gains and gains on originated MSRs, both included in gains from mortgage banking activities on the accompanying consolidated statements of activities ($ in thousands):

	2015	2014
Unpaid principal of MLHS	$ 117,225	$ 31,025
Trading gains on MLHS	1,010	100
Gains on MSRs	1,527	278
Total	$ 119,762	$ 31,403

The loans were sold at amounts equal to their carrying value subsequent to year end, less amounts attributable to the fair value of MSRs obtained by us.

Note 9 - Gains from mortgage banking activities

Gains from mortgage banking activities consist of the following for the years ended December 31 ($ in thousands):

	2015	2014
Contractual loan origination and related fees, net	$ 28,439	$ 14,933
Originated MSRs	9,037	3,724
Trading gains	7,925	7,838
Derivative gains on outstanding commitments	2,068	6,198
Total	$ 47,469	$ 32,693

Note 10 - Derivative instruments

Derivative assets and liabilities consist of the following at December 31 ($ in thousands):

December 31, 2015	Asset	Liability	Net
Interest rate	$ 6,289	$ 6,289	$ -
Accrued fees	1,933	-	1,933
Mortgage servicing rights	1,809	-	1,809
Total	$ 10,031	$ 6,289	$ 3,742

December 31, 2014	Asset	Liability	Net
Interest rate	$ 4,181	$ 4,181	$ -
Accrued fees	3,893	-	3,893
Mortgage servicing rights	2,305	-	2,305
Total	$ 10,379	$ 4,181	$ 6,198

The interest rate component of the net derivative relates to a forecasted movement in interest rates between the time of the commitment and the time of the loan funding and investor purchase. As we do not enter into speculative commitments, it is assumed that our interest rate exposure is perfectly hedged with respect to these commitments. The accrued fees relate to origination fees and trading gains that we expect to collect related to the commitments. The MSRs relate to the expected servicing rights that will be realized upon the sale of the loans to the investor. Income related to these derivatives is included in gains from mortgage banking activities on the accompanying consolidated statements of activities. Subsequent to year end, we have collected $0.7 million of the total derivative asset, related to accrued fees.

Derivative instruments are classified as Level 3 in the fair value hierarchy (see Note 25). A roll forward of derivative assets and liabilities, net, is as follows ($ in thousands):

	2015	2014
Balance at beginning of year, net	$ 6,198	$ -
Effect of change in accounting policy as of January 1, 2014	-	1,237
Realized gains recorded in earnings	26,498	17,817
Unrealized gains recorded in earnings	2,068	5,860
Settlements	(31,022)	(18,716)
Balance at end of year, net	$ 3,742	$ 6,198

Note 11 - Real estate held for sale

Real estate held for sale consists of the following at December 31 ($ in thousands):

	2015	2014
Homebuilding inventory	$ 2,741	$ 2,605
Held for sale property	3,268	934
Total	$ 6,009	$ 3,539

Homebuilding inventory includes capitalized costs from one development project, Renaissance Square. Homebuilding inventory at December 31, 2015 and 2014 consists of: 1) real estate held for sale, which consists of two completed model homes as of December 31, 2015; and two completed homes and two completed model homes as of December 31, 2014; and 2) real estate held for production and in-process construction costs, inclusive of capitalized internal efforts. Additionally, capitalized interest incurred on project borrowings of $0.3 million and $0.2 million during the years ended December 31, 2015 and 2014, respectively, is included in homebuilding inventory.

The land for Renaissance Square was conveyed by Baltimore County per an agreement of sale dated August 16, 2007. Upon conveyance, we determined that the land had no value. Additionally, Baltimore County has agreed to contribute $4.1 million toward land development costs. This contribution is expected to cover the total cost of land development at Renaissance Square. The Baltimore County contribution will be provided proportionally at the beginning of each of the three phases of the project. As a result of the land conveyance and Baltimore County contribution, there are no land costs or land development costs in homebuilding inventory as of December 31, 2015 and 2014. The total amount of land development costs contributed by Baltimore County was $4.0 million and $2.9 million as of December 31, 2015 and 2014, respectively.

As of December 31, 2015, Renaissance Square is expected to produce 115 units, of which 44 units are still to be sold. Of these 44 units, 21 will receive soft second mortgages to reduce the cost to buyers earning up to 115% of the Area Median Income ("AMI"). The remaining 23 units are market rate. Market rate buyers under 120% of AMI could qualify for down payment and settlement assistance. Market rate buyers over 120% AMI will not receive assistance for down payments. In addition to providing affordable housing units, Renaissance Square is critical to community revitalization efforts being undertaken by Baltimore County. During 2014, certain issues were

identified by management which created an uncertainty as to recoverability. These included increased vertical construction costs from the original budget and poor real estate market conditions which have led to unit sales at Renaissance Square being slower than expected. This has led to higher than expected holding costs and increased marketing costs which have been necessary to stimulate sales. As a result, management analyzed the projected future net cash flows anticipated to be received from the development and concluded that the carrying value of the asset was impaired and had to be reduced to its fair market value. Accordingly, an impairment loss of $1.1 million was recorded during the year ended December 31, 2014 to reduce the carrying value to the fair market value as determined by management, and was included in cost of home sales on the consolidated statements of activities. This fair market value was based on the anticipated remaining cash flows, an understanding of the Renaissance Square marketplace and applying a discount rate consistent with similar development projects. A similar analysis was performed at December 31, 2015 and management found that no impairment was necessary. Management will continue to assess the carrying value of the project if market conditions or other relevant factors change. It is anticipated the sale of housing units in this development will be completed in 2018.

Held for sale property includes operating properties which are classified as held for sale. Such held for sale properties are presented at the lower of cost or fair value. As of December 31, 2014, one property was included in real estate held for sale with a carrying value of $0.9 million. This property was sold in 2015, and upon sale, no gain or loss was recognized. As of December 31, 2015, one property was included in real estate held for sale, as a sale of the property is expected to occur in 2016. The carrying value of this property at December 31, 2015 was $3.3 million.

Note 12 - Investments in unconsolidated partnerships

Investments in unconsolidated partnerships at December 31 are summarized as follows ($ in thousands):

	2015	2014
Held for sale investments	$ 16,491	$ 40,778
Other investments	2,885	2,970
Total	$ 19,376	$ 43,748

Held for sale investments

We purchase and hold interests in projects for sale to tax credit partnerships. Such projects are multi-family low-income housing tax credit properties that are under construction. Their balance sheets consist primarily of real estate land, building, and construction in progress balances, as well as any related mortgage debt. Operating activities are minimal.

At December 31, 2015 and 2014, we held for sale interests in two and six projects, respectively. The balance consists of future capital contributions to these projects in the amount of $15.7 million and $35.5 million at December 31, 2015 and 2014, respectively, with the remaining balance relating to cash investments and other adjustments. The capital contributions payable are reflected as a liability on the consolidated statements of financial position.

We acquire limited partnership interests (generally 99%) in these properties that are expected to earn tax credits and transfer those interests to Investment Funds for the investor(s) benefit. Our holding period for these investments is generally three to nine months and, during that period, we

account for our interest using the equity method of accounting. Typically, due to the short holding period, the carrying amount of the investments approximate their fair value. However, if events or circumstances indicate that the carrying amount exceeds its estimated fair value, an investment will be written down to the lower value. No impairment charges were recorded for the years ended December 31, 2015 and 2014.

Other investments
We hold general partner or managing member interests of between 0.005% and 1.0% in Investment Funds. These entities invest in affordable housing and commercial projects that qualify for income tax credits. We determined that certain of these entities were VIEs, and that we were not the primary beneficiary. We account for our interest in these entities and other entities that we do not control on the equity method.

We obtained our first interest in one of these tax credit Investment Funds in 1988 and typically obtain an interest in several new entities each year. The limited partners in these entities are generally financial institutions that contribute committed capital to fund investments and meet working capital reserve requirements. Most of the real estate projects in which these partnerships invest must meet certain requirements to be eligible for tax credits. Once the credits are fully earned and tax compliance requirements are met, it is anticipated that the partnerships will be dissolved. Due to the funding obligations of our limited partners, management believes our exposure to loss relating to these partnerships to be insignificant. However, under the equity method of accounting, we are required to record our share of losses from these entities, and our share of losses exceeds our nominal contributions resulting in negative investment balances in these entities. These negative balances are classified as losses in excess of investments in unconsolidated partnerships in the liability section of our consolidated statements of financial position. As the majority of losses from these tax credit partnerships relate to non-cash charges, such as depreciation expense, we believe that this liability generally will not result in a funding requirement by Enterprise and will likely reverse at dissolution of the partnership.

On December 31, 2014, we acquired limited partner interests of between 7.7% and 30.9% in 11 Fannie Funds. We also acquired a 50% interest in a joint venture that was formed with the sole purpose of holding a 33.8% limited partner interest in a Fannie Fund. During 2015, we acquired an additional 15.9% interest in one of these Fannie Funds, bringing our interest in that Fannie Fund to 46.8%. Each of these Fannie Funds holds investments in operating partnerships that are either beyond the tax credit delivery period, or that have de minimus tax credits remaining. We determined that these entities are VIEs, but that we are not the primary beneficiary. Accordingly, we account for our interest in these Fannie Funds on the equity method. The balance of our investment in these Fannie Funds was $0.9 million and $1.2 million at December 31, 2015 and 2014, respectively.

At December 31, 2015 and 2014, we also held direct general partnership or co-general partnership interests of between 0.1% and 1.0% in three and six low-income affordable housing projects, respectively. We agreed to assume the general partnership interest in some of these entities pursuant to our fiduciary role in tax credit Investment Funds that hold a majority limited partnership interest in the underlying real estate project. We account for these entities on the equity method due to significant variable interests and related rights held by lenders, investors and other parties and due to our limited exposure to the variability in operating activities.

We consider our exposure to loss relating to these partnerships to be insignificant. As our share of losses from these investments exceeds our nominal contributions, we classify our negative investment balances in these entities as losses in excess of investments in unconsolidated

partnerships in the liability section of our consolidated statements of financial position. During the years ended December 31, 2015 and 2014, we made payments of $0.2 million and $0.3 million, respectively, to these entities.

In 2013, we closed on our first non-tax credit affordable housing investment fund. The fund provides returns to investors through cash flow and residual proceeds, with an expected investment holding period of approximately seven years. We hold a 5% managing member interest in the fund. We determined this entity is not a VIE and that we do not control this entity. We account for our interest in this entity on the equity method, subject to the specified investment period of the fund. Our investment in this fund totaled $0.9 million and $0.4 million as of December 31, 2015 and 2014, respectively. As of December 31, 2015 and 2014, the fund held seven and five investments, respectively.

At December 31, 2014, other investments also included, among other things, our interest in one affordable housing operating property located in Bethesda, Maryland. As of December 31, 2014, our investment in this property totaled $0.8 million. In June 2015, we sold our interest in this property, and as a result, realized income of $12.3 million, which is included in sales of real estate on the consolidated statements of activities.

Note 13 - Income taxes

As described in Note 1, Investment is a 501(c)(4) social welfare organization. While Investment's LIHTC syndication and NMTC activities are exempt from income taxes, other activities are taxable including mortgage, development, LIHTC asset management and non-tax credit affordable housing investment fund activities. Investment's taxable and tax exempt increase (decrease) in net assets before income taxes was $10.9 million and ($1.9) million for the year ended December 31, 2015, and $5.4 million and $3.0 million for the year ended December 31, 2014, respectively.

The income tax provision consists of the following for the years ended December 31 ($ in thousands):

	2015	2014
Current tax (benefit) expense	$ (6,481)	$ 283
Deferred tax expense	1,941	641
Total	$ (4,540)	$ 924

Current income tax (benefit) expense includes tax refunds as well as interest and penalties relating to income tax obligations. We benefit from the allocation of tax credits from certain tax credit partnerships in which we hold an interest. This allocation of tax credits reduces our current income tax expense. Income tax expense is reconciled to the amount computed by applying the federal corporate income tax rate of 34%, as follows ($ in thousands):

	2015	2014
Tax at statutory rate on income before taxes	$ 3,061	$ 2,842
State income tax (benefit), net of federal income tax benefits	(13)	124
Tax at statutory rate on income not subject to federal taxes	662	(1,016)
Tax at statutory rate on income related to noncontrolling interest	(1,092)	(1,050)
Tax refunds	(6,468)	-
Tax credits and other	(690)	24
Income tax (benefit) expense	$ (4,540)	$ 924

Deferred tax assets, net consist of the following at December 31 ($ in thousands):

	2015	2014
Total deferred assets	$ 24,840	$ 23,857
Total deferred liabilities	(16,393)	(12,994)
Deferred tax assets, net	$ 8,447	$ 10,863

The deferred tax assets relate primarily to deferred compensation, deferred revenue and operating loss carry forwards. Deferred tax liabilities consist primarily of the tax effects of MSR revenue and amortization expense, which are recognized for book purposes but not for income tax purposes until the related servicing activities are performed in subsequent years, accelerated depreciation for tax purposes and deferred fees. At December 31, 2015, we have federal and state net operating loss carry forwards of $8.2 million and $11.8 million, respectively. These loss carry forwards begin to expire in 2033 for federal purposes and 2034 for state purposes. A valuation allowance of $0.4 million and $0.3 million has been established as of December 31, 2015 and 2014, respectively, due to the uncertainty of realizing certain of these carry forwards and certain other deferred tax assets. Based on projections of future taxable income, management believes that it is more-likely-than-not that the deferred tax assets, net of valuation allowance, will be realized. The amount of deferred tax assets considered realizable could be reduced if estimates of future taxable income are reduced.

Uncertain tax positions

We conduct business throughout the United States and, as a result, we file income tax returns in federal and various state jurisdictions. Although there are currently no ongoing examinations by state jurisdictions, the statute of limitations has not yet expired on several of our tax filings. In 2014, we filed amended tax returns for 2008 through 2010 seeking a refund relating to a taxable loss incurred on a transaction that closed in 2010. Due to the uncertainty in realizing this benefit, we had not recorded an asset in our consolidated financial statements as of December 31, 2014. During 2015, the IRS processed the amended returns and issued a tax refund in the amount of $5.9 million. This tax refund is included in income tax benefit in our consolidated statement of activities. During 2015, we also remitted $1.4 million of this refund to a third party that was involved in the original transaction. This expense is included within other general and administrative expenses in our consolidated statement of activities. We also remain subject to examination of all of our federal

income tax returns for 2012 and subsequent years. We also generally remain subject to the examination of our various state income tax returns for a period of four to five years from the date the return was filed. Our most significant state tax exposure is within Maryland, the location of our headquarters.

The filing of the federal and state tax returns requires us to assess and measure uncertain tax positions. Upon examination of tax positions taken, Investment concluded that all positions taken on its tax returns exceeded the more-likely-than-not threshold and expects to realize the benefit of all positions if examined by a taxing authority. As a result, we concluded that there were no uncertain positions that required measurement in or adjustment to our consolidated financial statements.

Note 14 - Mortgage servicing rights and obligations, net

As of December 31, 2015 and 2014, we were servicing 2,353 and 1,758 loans, respectively, with outstanding principal balances of approximately $11.8 billion and $8.0 billion, respectively.

MSRs and servicing obligations are carried at their adjusted cost basis, which consist of the following at December 31 ($ in thousands):

	2015	2014
MSRs	$ 30,574	$ 26,283
Servicing obligations	(56)	(39)
MSRs, net	$ 30,518	$ 26,244

Changes in the carrying value of the MSRs consist of the following for the years ended December 31 ($ in thousands):

	2015	2014
Net MSR beginning balance	$ 26,244	$ 25,816
MSRs originated, net of obligations recognized	9,037	3,724
MSRs acquired from Towle	-	2,357
MSRs acquired from Capital Advisors	1,677	-
Settlement of prior year derivatives to MSRs	1,071	-
Amortization expense and write-offs of MSRs	(6,323)	(5,614)
Change related to MLHS	(1,188)	(39)
Net MSR ending balance	$ 30,518	$ 26,244

Included in the $30.5 million and $26.2 million net MSR balances above are servicing contracts related to private/equity loans that are cancellable within 30 to 90 days and existed as of the merger/acquisition dates. Such loans have a net book value of $5.9 million and $6.5 million at December 31, 2015 and 2014, respectively. For financial statement presentation, these assets are

classified with MSRs, as they are being amortized and accounted for similar to other MSRs in the overall pool.

We determine the value of MSRs and servicing obligations by considering factors such as net future cash flows and discount rates. We use industry trends and portfolio data to make certain assumptions in determining discount rates that are commensurate with risks involved in the portfolio, market assumptions, prepayment and default rates and other relevant factors. We amortize the initial carrying value of MSRs and servicing obligations over the expected servicing period, generally 10 years, and assess for impairment or increased obligation annually, unless we have specific information giving rise to the need to make adjustments on a more current basis. At December 31, the fair value and key economic assumptions used to estimate the fair value of MSRs were as follows ($ in thousands):

	2015	2014
Beginning of Year	$ 39,202	$ 38,071
Ending of Year	$ 53,906	$ 39,202
Weighted average discount rate	13%	13%
Weighted average servicing life	136 months	137 months
Weighted average term to payoff	260 months	253 months

For the years ended December 31, 2015 and 2014, we have not provided for impairment on any MSRs.

Note 15 - Property and equipment, net

Property and equipment, net, consist of the following at December 31 ($ in thousands):

	2015	2014
Office equipment	$ 3,584	$ 3,955
Software applications	28,056	25,333
Furniture and fixtures	2,760	2,599
Leasehold improvements	2,641	2,603
	37,041	34,490
Accumulated depreciation and amortization	(19,082)	(17,172)
Total	$ 17,959	$ 17,318

The software applications asset consists primarily of investments made in proprietary software applications developed for use in providing asset management services for our affordable housing portfolio.

Depreciation expense was $5.1 million and $4.2 million for the years ended December 31, 2015 and 2014, respectively.

Note 16 - Intangible assets, net and goodwill

We acquired intangible assets of $6.7 million related to the Bellwether merger that occurred in 2012, $1.8 million related to the Towle acquisition that occurred in 2014, $2.7 million related to the Capital Advisors acquisition that occurred in 2015 and $0.8 million related to the Spyglass acquisition that occurred in 2015. Amortization expense of $1.6 million and $1.1 million for the years ended December 31, 2015 and 2014, respectively, was recorded related to these assets. At December 31, the intangible assets, net balance is included in other assets, net on the statements of financial position and consists of the following ($ in thousands):

	2015		2014	
Borrower relationships	$	6,248	$	4,646
Trade name		533		896
Non-compete agreements		185		217
In-place leases		645		-
Total	$	7,611	$	5,759

Future amortization expense with respect to intangible assets is estimated as follows ($ in thousands):

2016	$	2,006
2017		984
2018		813
2019		813
2020		813
Thereafter		2,182
Total	$	7,611

We also acquired goodwill of $3.9 million related to the Towle acquisition in 2014 and $5.7 million related to the Capital Advisors acquisition in 2015. Goodwill was recognized due to expected synergies from combining operations of Towle and Capital Advisors with that of Bellwether. Goodwill is not amortized, rather it is reviewed for impairment annually, and whenever a triggering event occurs.

Note 17 - Indebtedness

A summary of indebtedness at December 31 is as follows ($ in thousands):

	2015		2014	
Loans payable	$	154,181	$	145,432
Fixed rate mortgage payable		2,544		2,613
Credit line agreement		175,616		67,377
Total	$	332,341	$	215,422

Loans payable bear interest at rates which vary from 0% to 4.1% and are repayable through 2043. Most of our loans payable are unsecured, but two of our loans payable under two different government programs require us to pledge the underlying loans receivable to borrowers as collateral. These particular secured loans payable were $12.5 and $0.7 million as of December 31, 2015 and 2014, respectively. Loans payable also includes a mortgage note agreement entered into by Spyglass on October 30, 2015 whereby it borrowed $13.4 million in conjunction with the settlement on the property acquired. This loan bears interest at a rate of 4.06%. Under the terms of the note, interest-only payments are due for the first two years. Beginning December 1, 2017, monthly principal and interest payments will commence and will continue until November 1, 2022, the note's maturity date at which time a final balloon payment of $12.1 million is due. The loan is secured by a deed of trust, which constitutes a first lien on property held by Spyglass. Total interest cost under this note was $0.1 million for the year ended December 31, 2015. Most of our other loans payable reflect borrowings which have been restricted by the lender for lending to various community development organizations. Some borrowings are further restricted for use in certain locations or in certain sectors and/or initiatives. Some of our loans payable may be utilized for working capital purposes. Additionally, certain of these loans payable contain covenants that require Loan Fund to provide reporting on a periodic basis and to meet and maintain specific financial ratios. As of December 31, 2015 and 2014, Loan Fund is in compliance with these covenants.

The fixed rate mortgage payable bears interest at 7.875%, is secured by a deed of trust on the rental property and is due in installments through 2016.

We have entered into various credit line agreements. The credit line agreements restrict the use of the borrowings to the acquisition or origination of multi-family and commercial mortgages and pre-development loans, and the funding of loans receivable for acquisition and predevelopment costs. Certain of our credit facilities also allow us to borrow on an unsecured basis for general purposes or letters of credit. The credit facilities in effect at December 31, 2015 have a total borrowing capacity of $207 million and expire on dates ranging from March 2016 through May 2018. The credit facilities have interest rates varying from LIBOR plus 1.9% up to 7%. The credit facilities impose limitations on the borrowers. The most restrictive of these limits the level of debt that Investment may incur and requires Investment to maintain specified minimum levels of debt service coverage and net worth. These restrictions have not limited Investment's normal business activities. We expect to extend the majority of these credit line agreements at similar terms before their expiration dates.

Future contractual maturities of indebtedness are summarized as follows ($ in thousands):

2016	$ 178,690
2017	37,370
2018	15,093
2019	22,318
2020	24,642
Thereafter	54,228
Total	$ 332,341

The debt due in 2016 consists primarily of borrowings related to loan facilities that are used to fund loans receivable and MLHS. We expect to make payments at or before the scheduled maturity dates of the related loans from proceeds from the collection of loans receivable and the sale of

MLHS. We may also refinance existing loan facilities, borrow under other corporate credit facilities or use our operating cash to make the required payments.

Note 18 - Deferred revenue and other liabilities

Deferred revenue

Deferred revenue consists mainly of amounts we have recorded related to our asset management services or other obligations to be performed in future periods. In general, revenue deferrals with respect to the syndication fees consist of estimated costs expected to be incurred and paid by us in managing tax credit Investment Funds in which we own a 0.005% to 1.0% general partner or managing member ownership interest. Our exposure could be greater than the amount of revenue deferred. Such deferred revenue was $19.1 million and $26.1 million at December 31, 2015 and 2014, respectively. During 2015, we were able to recognize significant cost reductions resulting from both our investment in technology over the past several years and from the implementation of process improvements. These cost reductions significantly reduced our estimated future costs for managing the Investment Funds, which is the primary driver of the decrease in our deferred revenue. During the years ended December 31, 2015 and 2014, we amortized $1.7 million and $1.9 million of syndication deferred revenue into asset management fees.

We provide asset management and other services to third parties with respect to affordable housing and commercial real estate in emerging and under-served communities. Some of these fees are prepaid by the third parties for services to be performed in the future, primarily related to services we provide in connection with NMTC transactions. At December 31, 2015 and 2014, prepaid NMTC asset management fees totaled $0.3 million and $0.6 million, respectively. The remaining deferral of asset management and other fees consists of various advisory service agreements.

Allowance for loan loss sharing

As a Fannie Mae DUS lender, Bellwether assumes responsibility for a portion of any loss that may result if borrowers default on loans it originated and service. Under a loss sharing formula with Fannie Mae, Bellwether is generally responsible for funding 100% of the mortgagor's delinquency up to the first 5% of the unpaid principal balance and a portion of any additional losses to a maximum of 20% of the original principal balance.

Allowance for loan loss sharing was $3.5 million and $2.9 million at December 31, 2015 and 2014, respectively, and is included in deferred revenue and other liabilities in the consolidated statements of financial position. At December 31, 2015 and 2014, there were no reserves related to specific loans included in our allowance for loan loss sharing provision.

Note 19 - Related party transactions

We provide syndication, asset management and other advisory services to Investment Funds in which we own an interest. These Investment Funds are investors in real estate projects. We are compensated for these services by the Investment Funds. For the years ended December 31, 2015 and 2014, we recorded revenue of $51.4 million and $53.7 million, respectively, for such services.

We also manage credit facilities on behalf of the Investment Funds. In 2013, we closed a $60 million credit facility on behalf of select tax credit Investment Funds that are admitted as borrowers to the facility. Borrowings are secured by capital commitments payable from the investors in Investment Funds with repayments to come from investor capital contributions. We manage this facility on behalf of the Investment Funds but are not considered a borrower. As such, our assets

are not provided as collateral for the facility and we do not provide a guarantee for repayment of borrowings. However, we have agreed to pay all interest and fees associated with this facility. The interest rate related to borrowings is LIBOR plus 2.20%. The credit facility is set to expire on December 14, 2016. Total outstanding borrowings under the facility were $55.9 million and $37.2 million as of December 31, 2015 and 2014, respectively. The total costs incurred by us for this facility totaled $0.5 million for both of the years ended December 31, 2015 and 2014. These costs are included in general and administrative expenses in the accompanying consolidated statements of activities.

Note 20 - Restrictions and limitations on net assets

During the years ended December 31, 2015 and 2014, net assets released from temporary donor restrictions and the events and transactions which caused the restrictions to expire total $19.0 million and $18.1 million, respectively, for expenses incurred for donor specified purposes or expiration of time restrictions.

Temporarily restricted net assets at December 31 consist of the following ($ in thousands):

	2015	2014
Gifts and other unexpended revenue restricted to specific programs or locations	$ 49,016	$ 45,158
Contributions receivable due in future periods, net	16,858	15,065
Contracts receivable	2,546	-
Total	$ 68,420	$ 60,223

As of December 31, 2015 and 2014, we had no permanently restricted net assets.

Note 21 - Pension and savings plans

We sponsor a qualified defined contribution plan available to substantially all our employees. This plan allows employees to make pre-tax contributions pursuant to Section 401(k) of the Internal Revenue Code. We match eligible participants' contributions, as defined, after one year of employment, based on a formula set forth in the plan and may make additional contributions, subject to certain limitations, at the discretion of the Board of Trustees. Participants are immediately vested in their contributions and matching contributions are vested over a three-year period. We made matching contributions of $1.8 million and $1.5 million during the years ended December 31, 2015 and 2014, respectively.

The plan also includes a defined contribution provision, whereby we contribute an amount equal to a percentage, as defined by the plan, of the gross compensation of each employee. These contributions vest after six years. After six years or service, all future contributions are automatically vested. Total expenses under this plan totaled $2.3 million and $2.1 million for the years ended December 31, 2015 and 2014, respectively.

We also have a nonqualified deferred compensation plan covering certain of Investment's employees. This plan provides for employer annual discretionary contributions. Covered employees were previously able to make pre-tax contributions of up to $25,000 annually. Under this plan, contributions made prior to 2011 are not paid to the covered employees until their separation from

Enterprise. Beginning in 2011, employer contributions now vest after three years and upon vesting, the employer contributions are paid to the covered employees. Such payments from plan assets to covered employees began in 2014. Additionally, employees are vested and paid immediately if they are at least 55 years old and have five years or more of service to Enterprise. We also have a nonqualified long-term equity sharing plan covering senior executives. Annual benefits under this plan vest after four years and are paid to participants. For 2010, and thereafter, we made no additional contributions to this separate plan, and a final distribution of funds occurred in 2014. Our expense under these plans was approximately $1.0 million and $0.7 million for the years ended December 31, 2015 and 2014, respectively.

Compensation deferrals and employer contributions are invested on behalf of the participants in various investment options. The investments amounted to $5.6 million and $6.3 million at December 31, 2015 and 2014, respectively, and are included in cash, cash equivalents and investments on the consolidated statements of financial position. Obligations to the plan participants at December 31, 2015 and 2014 totaled $6.5 million and $7.1 million, respectively, and are included in accounts payable and accrued expenses in the consolidated statements of financial position. The vested amounts of these obligations were $4.3 million and $4.5 million at December 31, 2015 and 2014, respectively.

Note 22 - Commitments and contingencies

Commitments and contingencies not reflected in the consolidated statement of financial position at December 31, 2015 are indicated below:

Net worth and liquidity requirements

As discussed in Note 1, Bellwether is an FHA Title II Non-Supervised Mortgagee, and as such, is required under this program to maintain adjusted net worth of $2.5 million, of which no less than 20% must be liquid assets. At December 31, 2015, Bellwether met this requirement with an adjusted net worth of $33.3 million.

As a GNMA issuer of mortgage-backed securities, the adjusted net worth required is $1 million plus 1% of the outstanding principal balance of securities and commitment authority in excess of $25 million up to $175 million, plus 0.2% in excess of $175 million, which equated to $4.3 million at December 31, 2015. At December 31, 2015, Bellwether met these requirements with an adjusted net worth of $33.8 million. The FHA program also requires liquid assets of 20% of the adjusted net worth. As of December 31, 2015, Bellwether had $12.2 million of such assets available to meet the liquidity requirement.

Additionally, under the Fannie Mae DUS program, Enterprise Mortgage Investments, LLC (a wholly owned subsidiary of Bellwether) ("EMI") is required to maintain acceptable net worth and liquidity. Bellwether guarantees the performance of EMI on all of EMI's obligations under the FNMA DUS program. EMI's net worth requirement at December 31, 2015, which is a function of its portfolio balance of $982 million, is $11.1 million. At December 31, 2015, EMI had adjusted net worth of $19.8 million and therefore met the requirement. At December 31, 2015, EMI's operational liquidity requirement was $1.4 million and the restricted liquidity requirement was approximately $3.8 million. We had $2.5 million and $3.9 million of such assets to meet the operational and restricted liquidity requirements, respectively. The restricted liquidity requirement is calculated monthly by Fannie Mae's custodian, U.S. Bank, N.A., and is based upon current portfolio size and types of collateral. The requirement is classified as restricted cash, cash equivalents and investments on the accompanying consolidated statements of financial position.

EMI is also required to meet minimum production volume goals on an annual basis per the Delegated Underwriting and Servicing Agreement with Fannie Mae. A fee equal to 20 basis points multiplied by the shortfall in production will be assessed. As of December 31, 2015, we assessed the current FNMA production and concluded that no loss contingencies exist.

Bellwether is an approved seller/servicer under Freddie Mac's TAH program. Under this program, it is required to maintain acceptable net worth and liquidity. At December 31, 2015, Bellwether's required net worth was $5.0 million and its required liquidity was $0.5 million. At December 31, 2015, Bellwether met these requirements with net worth of $54.1 million and liquid assets totaling $12.2 million.

Grants and contracts
At December 31, 2015, we had commitments under grants and contracts from federal and various state governments of $48 million. This amount will be received through 2019 as we provide services under the terms of the grants and contracts.

Loans
At December 31, 2015, we have commitments to fund loans to various community development organizations of approximately $58 million. We also have additional commitments for debt to assist in funding these loans of approximately $102 million. The commitments for additional debt include $38 million from the Federal Financing Bank through a Qualified Issuer as part of the Department of the Treasury's CDFI Bond Guarantee Program.

Minimum equity requirement
Pursuant to certain partnership agreements of entities managed by us, we are required to maintain a minimum equity amount that is generally stated as a fixed amount or a percentage of the investment partnership's invested equity. This requirement is less restrictive than a similar requirement in our credit facilities (see Note 17) and has not limited our ability to conduct our business.

Loan origination commitments
Commitments for the origination and subsequent sale and delivery of loans to an investor or agency represent those mortgage loan transactions where the borrower has locked an interest rate and scheduled closing and we have entered into a mandatory deliver commitment to sell the loan to an investor or agency. As of December 31, 2015, we have entered into commitments to originate loans totaling $145.3 million and commitments to sell loans of $262.5 million, $117.2 million of which is included in MLHS on the accompanying consolidated statement of financial position. As discussed in Note 2, we account for these commitments as derivatives recorded at fair value.

Escrow accounts
The servicing of mortgage loans includes collection of loan and escrow payments from commercial mortgagors, deposit of these collections into restricted trust accounts, periodic remittance of principal and interest to investors, payment of property taxes and insurance premiums, and periodic inspection of certain properties. As of December 31, 2015, we held fiduciary funds of $247.0 million representing undisbursed collections from mortgagors. These trust funds and the corresponding fiduciary trust liability are not included in the accompanying consolidated financial statements, as they do not represent assets or liabilities of the Company.

We hold, on behalf of prospective borrowers, various amounts in escrow at the time of loan placement until the disbursement of loan proceeds. Upon funding of the loan, these escrow

amounts are fully refundable to the borrower. As of December 31, 2015, deposits and escrows totaled $5.3 million.

During 2015, we held funds in an agency capacity through custodial accounts for a participation program. The cash and corresponding liability of $0.3 million at December 31, 2015 is not reflected in the accompanying consolidated financial statements.

Office leases

We, as a lessee, have entered into operating leases, primarily for office space, expiring at various dates through 2026. Rent expense was $6.2 million and $5.2 million for the years ended December 31, 2015 and 2014, respectively.

Annual minimum rent payments due under operating leases in effect at December 31, 2015 are as follows ($ in thousands):

2016	$	5,447
2017		6,064
2018		5,685
2019		4,842
2020		3,855
Thereafter		11,812
Total	$	37,705

New markets tax credits

The NMTCs are contingent on our ability to maintain compliance with various rules and regulations of the CDFI Fund and applicable sections of Section 45D of the Internal Revenue Code. Failure to maintain compliance could result in recapture of previously taken NMTCs and the loss of future NMTCs.

Litigation

In the ordinary course of business, we are involved in a number of lawsuits, claims and assessments. We believe that the result of these claims will not have a material impact on our consolidated financial statements.

Government contracting

We recognize revenue from grants and contracts from government agencies based on actual costs incurred and reimbursable expenses from the granting agencies. These costs are subject to audit by the Office of the Inspector General, and ultimate realization of revenue recognized is contingent upon the outcome of such audits. In our opinion, adequate provisions have been made on the accompanying consolidated financial statements for adjustments, if any, which may result from an audit.

Joint venture arrangement

We entered into a joint venture arrangement with three other not-for-profit organizations to provide services to stabilize distressed residential mortgage loans. The joint venture has borrowed monies from housing agencies to provide the program services. We believe that the obligation to repay these loans are an obligation to the joint venture and not recourse to the members. With respect to one housing agency, this position has been challenged. We believe that we have strong legal arguments and other facts in our favor to support our position. However, at this stage of the joint venture activities, the range of loss is estimated to be between $0 and $6.3 million, depending on outcomes and the value of remaining assets held by the joint venture. Any potential liability would be joint and several among the joint venture partners. As such, we believe that any required payment would not have a material effect on our consolidated financial position.

Matching requirements

We were awarded various four-year Capacity Building grants by HUD. These awards require us to either directly provide qualified matching program services and costs or obtain the matching program services and costs from third parties on a 3:1 basis within four years of the award date on amounts expended which could be less than the award amount. Should we not achieve the committed 3:1 matching requirement from third parties, we would be required to provide the matching program services or accept alternative corrective action.

The awards, outstanding at any time during 2015, the related matching commitments, amounts expended and matching program services and costs achieved as of December 31, 2015 are summarized as follows ($ in thousands):

Capacity Building Grant	Award Year	Award Amount	Required Matching Commitments	Amount Expended	Matching Commitment Achieved
CB 13	2009	$ 14,836	$ 44,509	$ 14,836	$ 44,509
CB 14	2011	25,289	75,867	25,289	75,867
CB 15	2011	19,728	59,183	19,728	59,183
CB 16	2012	15,649	46,948	13,178	46,948
CB 17	2013	14,512	43,535	9,381	34,747
CB 18	2014	15,888	47,665	1,742	6,002
CB 19	2015	14,635	43,904	-	-

Note 23 - Guaranty obligations

We enter into certain guarantees in the ordinary course of business. The guarantees and obligations are described below.

We provide construction completion, operating deficit and/or tax credit guarantees to investors related to our performance under various development agreements. The maximum future payments we could be required to pay under these guarantees range from a fixed amount to unlimited based on the nature of the guarantee. However, in management's judgment, there are several factors that reduce or limit loss exposure, including requiring general contractors to post construction completion bonds. After considering our risk management strategies, we have determined that our risks are not significant with respect to these guarantees.

We have letters of credit relating to certain partnerships for which we provide syndication and/or development services, including $3.9 million and $4.0 million issued through one of our credit facilities at December 31, 2015 and 2014, respectively. The estimated maximum exposure to loss under these guarantees is $4.6 million at December 31, 2015 and 2014, and management believes that there is sufficient collateral from partnership assets to support these instruments and, therefore, no risk of loss has been recognized in these consolidated financial statements. In addition, we have $0.4 million $0.1 million in restricted assets that serve as collateral on these letters of credit as of December 31, 2015 and 2014, respectively (see Note 3).

Beginning in 2015, we also provide guarantees to Ohio Housing Finance Agency ("OHFA") related to certain LIHTC projects which have received a Housing Development Loan ("HDL") from OHFA. The intent of the HDLs is to bridge a portion of the investor equity that would typically be paid during construction or at completion over a ten year period in order to increase the value of the LIHTCs. Our guaranty serves as collateral for the loan's repayment to OHFA. The guaranty is in the amount of the outstanding principal and interest on the HDL, and remains in place until the HDL is fully repaid. As payments are made over the term of the HDL, the guaranty is effectively reduced by the amount of the payments. The estimated maximum exposure to loss under these guarantees is $1.1 million at December 31, 2015. As the source of repayment for the HDL is investor capital contributions which are deemed to be highly probable based on history and the financial health of the investors, we have determined that our risk is not significant, and as such, no related liability has been recorded.

Note 24 - Risks and uncertainties

Our cash and cash equivalents are primarily invested in checking accounts, money market accounts and certificates of deposit with carefully selected financial institutions. While at times, deposits may exceed federally insured limits, we have not experienced any losses with respect to our cash and cash equivalents balances. Accordingly, we do not believe that we are exposed to significant credit risk with respect to cash and cash equivalents.

Our invested assets consist of commercial paper, corporate and U.S. agency obligations and notes, and diversified funds which invest in fixed income securities, equities and alternative investments. Investment policy and guidelines are established by our investment committee of the board of trustees and approved by the applicable boards. These investments are exposed to various risks, such as interest rate, market and credit. Due to the level of uncertainty related to changes in interest rates, market volatility and credit risks, it is at least reasonably possible that changes in these risks could materially affect the fair value of investments reported in the consolidated

statement of financial position as of December 31, 2015. The investment policy and guidelines consider liquidity and risks for each entity and each pool of assets and attempt to diversify asset classes to mitigate risks over the applicable time horizons.

Note 25 - Fair value measurements

Fair value of assets or liabilities measured on a recurring basis is determined based on the price we would receive to sell an asset or pay to transfer a liability in an orderly transaction with a market participant at the measurement date. In the absence of active markets for the identical assets or liabilities, such measurements involve developing assumptions based on market observable data and, in the absence of such data, internal information that is consistent with what market participants would use in a hypothetical transaction that occurs at the measurement date.

Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect market assumptions. Preference is given to observable inputs. These two types of inputs create the following fair value hierarchy:

Level 1 - Quoted prices for identical instruments in active markets.

Level 2 - Quoted market prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations whose inputs are observable or whose significant value drivers are observable.

Level 3 - Significant inputs to the valuation model are unobservable.

We maintain policies and procedures to value instruments using the best and most relevant data available. Additionally, we routinely perform various risk assessments that review valuation, including independent price validation for certain instruments. Further, in other instances, we retain independent pricing vendors to assist in valuing certain instruments. The following table presents the fair value of assets and liabilities measured on a recurring basis at December 31 ($ in thousands):

December 31, 2015	Level 1	Level 2	Level 3	Net balance
Assets:				
Investments in marketable securities	$ 49,939	$ -	$ -	$ 49,939
Mortgage loans held for sale	-	119,762	-	119,762
Derivative assets	-	-	10,031	10,031
Alternative investments	-	-	438	438
Total	$ 49,939	$ 119,762	$ 10,469	$ 180,170
Liabilities:				
Derivative liabilities	$ -	$ -	$ 6,289	$ 6,289
Total	$ -	$ -	$ 6,289	$ 6,289

December 31, 2014	Level 1	Level 2	Level 3	Net balance
Assets:				
Investments in marketable securities	$ 49,547	$ -	$ -	$ 49,547
Mortgage loans held for sale	-	31,403	-	31,403
Derivative assets	-	-	10,379	10,379
Alternative investments	-	-	237	237
Total	$ 49,547	$ 31,403	$ 10,616	$ 91,566
Liabilities:				
Derivative liabilities	$ -	$ -	$ 4,181	$ 4,181
Total	$ -	$ -	$ 4,181	$ 4,181

Investments in marketable securities can consist of U.S. Government agency obligations, fixed income securities and corporate and foreign securities. Marketable securities are carried at fair value based on quoted prices. MLHS are measured using current purchase commitments from investors, plus the value of mortgage servicing obtained by us, to approximate the fair value of a whole loan. These loans were sold subsequent to December 31, 2015 and 2014, respectively, for amounts that approximated their fair values less the value of the mortgage servicing rights obtained by us. Derivative instruments consist of interest rate lock commitments and forward sale agreements. These instruments are valued using a discounted cash flow model based on changes in the U.S. Treasury rate and other observable market data for similar instruments. Alternative investments consist primarily of investments in limited partnerships. These investments are carried at fair value, which is the quarterly net asset value made available by the fund manager or administrator prior to the valuation date.

There were no transfers between any levels of the fair value hierarchy during 2014 or 2015.

A summary of the changes in fair value of derivative assets and liabilities can be found in Note 10. The following table provides a summary of changes in fair value of alternative investments, as well

as the portion of gains or losses included in income attributable to realized and unrealized gains or losses that related to those assets held at December 31 ($ in thousands):

	January 1, 2015	Realized/ unrealized gains (losses) included in earnings	Purchases, issuances and settlements	Transfers in and/or out of Level 3	December 31, 2015
Assets:					
Alternative investments	$ 237	$ 1	$ 200	$ -	$ 438
Total	$ 237	$ 1	$ 200	$ -	$ 438

	January 1, 2014	Realized/ unrealized gains (losses) included in earnings	Purchases, issuances and settlements	Transfers in and/or out of Level 3	December 31, 2014
Assets:					
Alternative investments	$ -	$ -	$ 237	$ -	$ 237
Total	$ -	$ -	$ 237	$ -	$ 237

With respect to our derivative assets and liabilities, significant increases (decreases) in counterparty credit risk may lead to significantly lower (higher) fair value measurements. Given the credit quality of our counterparties, the short duration between funding the loan to the borrower and subsequent sale of the loan to the investor, and our historical experience with the agreements, the risk of nonperformance by our counterparties is not considered to be significant.

Non-recurring fair value measurements

We evaluate mortgage servicing rights and obligations, our investments in unconsolidated partnerships and homebuilding inventory annually for impairment. We estimate the fair value of mortgage servicing rights and obligations as described in Note 14. We estimate the fair value of investments in unconsolidated partnerships using market yields to investors as of the measurement date. These valuations represent Level 3 fair value measurements due to significant unobservable inputs. We recognize impairment to the extent transferring the unconsolidated partnerships to the investment partnership will result in a loss to us. As discussed in Note 11, an impairment loss of $1.1 million was recorded against homebuilding inventory during the year ended December 31, 2014, and is included in unrestricted net assets. No other impairment losses were recognized during the years ended December 31, 2015 and 2014.

Note 26 - Subsequent events

Events that occur after the consolidated statement of financial position date but before the consolidated financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the consolidated statement of financial position date are recognized in the accompanying consolidated financial statements. Subsequent events which provide evidence about conditions that existed after the consolidated statement of financial position date require disclosure in the accompanying notes. We evaluated our activity through May 11, 2016 (the date the consolidated financial statements were available to be issued) and concluded that no subsequent events have occurred that would require recognition in the consolidated financial statements or disclosure in the notes to the consolidated financial statements.

On March 30, 2016, a purchase agreement was executed whereby our affiliate, Cornerstone Housing Corporation's interest in an affordable housing property, was agreed to be sold to the Housing Authority of the City of Fort Worth, Texas. The purchase price is $3.4 million and the closing is set to take place on or before August 1, 2016.