

MMA CAPITAL MANAGEMENT, LLC
Form 10-K
March 15, 2016
UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2015

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number 001-11981

MMA CAPITAL MANAGEMENT, LLC
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation or organization)
3600 O'Donnell Street, Suite 600

52-1449733
(I.R.S. Employer Identification No.)

Baltimore, Maryland
(Address of principal executive offices)

(443) 263-2900
(Registrant's telephone number, including area code)

21224
(Zip Code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Shares, no par value	Nasdaq Capital Market

Securities registered pursuant to Section 12(g) of the Act: None

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Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files) Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer

Non-accelerated filer Smaller reporting company

Note: The registrant became an accelerated filer on December 31, 2015, but remains eligible to use the scaled disclosure standards available to smaller reporting companies in this filing pursuant to Item 10(f)(2)(i) of Regulation S-K.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The aggregate market value of our common shares held by non-affiliates was \$80,828,999 based on the last sale price as reported in the over the counter market on June 30, 2015.

There were 6,411,436 shares of common shares outstanding at March 3, 2016.

Portions of the registrant's Proxy Statement to be filed on or about April 7, 2016 have been incorporated by reference into Part III of this report.

MMA Capital Management, LLC
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Cautionary Statement Regarding Forward Looking Statements

This 2015 Annual Report on Form 10-K (this “Report”) contains forward-looking statements intended to qualify for the safe harbor contained in Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Forward-looking statements often include words such as “may,” “will,” “should,” “anticipate,” “estimate,” “expect,” “project,” “intend,” “plan,” “believe,” “seek,” “would,” “could,” and other expressions and are made in connection with discussions of future operating or financial performance.

Forward-looking statements reflect our management’s expectations at the date of this Report regarding future conditions, events or results. They are not guarantees of future performance. By their nature, forward-looking statements are subject to risks and uncertainties. Our actual results and financial condition may differ materially from what is anticipated in the forward-looking statements. There are many factors that could cause actual conditions, events or results to differ from those anticipated by the forward-looking statements contained in this Report. They include the factors discussed in Item 1A. Risk Factors.

Readers are cautioned not to place undue reliance on forward-looking statements in this Report or that we make from time to time, and to consider carefully the factors discussed in Item 1A. Risk Factors in evaluating these forward-looking statements. We have not undertaken to update any forward-looking statements.

PART I

Item 1. BUSINESS

MMA Capital Management, LLC, the registrant, was organized in 1996 as a Delaware limited liability company. Unless the context otherwise requires, when used in this report, the “Company,” “MMA,” “we,” “our” or “us” refers to MMA Capital Management, LLC and its subsidiaries.

Unless otherwise noted, the description below is of our business as it exists on the date of this Report.

Organization

The Company partners with institutional capital to create and manage investments in affordable housing and renewable energy. Beginning in 2015, the Company operated through three reportable segments – United States (“U.S.”) Operations, International Operations and Corporate Operations.

U.S. Operations

Our U.S. Operations segment consists of three business lines: Leveraged Bonds, Low-Income Housing Tax Credits (“LIHTC”) and Energy Capital and Other Investments (previously referred to as “Other Investments and Obligations” in the Company’s 2015 Quarterly Reports on Form 10-Q).

In our Leveraged Bonds business line, we primarily own and manage bonds that finance affordable housing and infrastructure in the U.S. Within this business line, we manage the vast majority of the Company’s bonds and associated financings. The bond portfolio is comprised primarily of multifamily tax-exempt bonds, but also includes other real estate related bond investments.

In our LIHTC business line, we primarily own and manage limited partner (“LP”) and general partner (“GP”) investments in affordable housing communities in the U.S. We provide asset management and administrative services to a limited liability company formed by the Company and a commercial bank (our “LIHTC Partnership”), and have provided a limited guarantee of the expected tax credits to be generated by the LIHTC Partnership’s portfolio of investments. As part of this business line, we have made other guarantees to third parties related to the receipt of tax credits and the

performance of the underlying assets and we have loan receivables from, and an option to purchase, a tax credit asset manager.

In our Energy Capital and Other Investments business line, we primarily provide project capital necessary to develop and build renewable energy systems through a joint venture that we have with an alternative asset manager (our “Solar Joint Venture”) and that provides custom solar financing solutions offered by MMA Energy Capital. These financing solutions include debt investments to be used as late stage development capital to bring projects through the development phase and into construction, as well as capital to construct these projects and place them in operation. Within this business line, we also manage our solar and non-solar legacy assets.

International Operations

We manage our International Operations segment through a wholly owned subsidiary, International Housing Solutions S.à r.l. (“IHS”). IHS’s strategy is to raise, invest in and manage private real estate funds that invest in residential real estate. IHS currently manages three funds: the South Africa Workforce Housing Fund (“SAWHF”), which is a multi-investor fund and is fully invested; IHS Residential Partners I, which is a single-investor fund targeted at the emerging middle class in South Africa; and IHS Fund II, which is a multi-investor fund targeting investments in affordable housing, including green housing projects, within South Africa and Sub-Saharan Africa. During the second quarter of 2015, IHS and a South African property management company formed a company in South Africa, IHS Property Management Proprietary Limited (“IHS PM”), to provide property management services to the properties of IHS-managed funds. IHS owns 60% of IHS PM and the third party property manager owns the remaining 40%.

Corporate Operations

Our Corporate Operations segment is responsible for accounting, reporting, compliance and planning, which are fundamental to our success as a global fund manager and publicly traded company in the U.S.

Competition

Within our U.S. Operations, we face competition from various financial institutions, including banks, government-sponsored enterprises, mutual funds and asset management companies, related to the debt and equity that we manage or invest in real estate related assets. We also face competition from banks and other solar lenders related to our business that provides project capital necessary to develop and build renewable energy systems.

In our International Operations, our primary activity is making workforce housing investments in South Africa for the funds and ventures we invest in and manage. We compete against other investors, developers and companies that also acquire, develop and manage similar housing investments. We also compete against other asset managers in raising capital and making investments.

Employees

At December 31, 2015, we had 55 employees, which included 25 employees in our U.S. and Corporate Operations and 30 employees in our International Operations (the latter headcount excludes employees of IHS PM). None of these employees are party to any collective bargaining agreements.

Other

This Report contains and omits certain disclosures in accordance with the scaled disclosure standards applicable to “smaller reporting companies.” Because the market value of our common shares held by non-affiliates on June 30, 2015 exceeded \$75 million, we were considered to be an “accelerated filer” as of December 31, 2015. As a consequence of this designation, we are required to follow the accelerated filer deadline for this Report and we will be required to cease relying on the scaled disclosure standards for smaller reporting companies beginning with our Quarterly Report on Form 10-Q for the period ending March 31, 2016.

Our principal office is located at 3600 O’Donnell Street, Suite 600, Baltimore, MD 21224. Our telephone number at this office is (443) 263-2900. Our corporate website is located at www.mmacapitalmanagement.com, and our filings under the Exchange Act are available through that site, as well as on the U.S. Securities and Exchange Commission (“SEC”) website at www.sec.gov. The information contained on our corporate website is not a part of this Report.

Item 1A. RISK FACTORS

Investing in our securities involves various risks and uncertainties. The risks described in this section are among those that could, directly or indirectly, have a material adverse effect on our business, financial condition or results of operations, as well as on the value of our common shares.

Risks Related to Our Business

Increases in interest rates and credit spreads may adversely affect the fair value of our financial assets, our results of operations and our net worth.

Our bonds and other financial assets as reported on our Consolidated Balance Sheets expose us to changes in interest rates and credit spreads.

Interest rates can fluctuate for a number of reasons, including changes in the fiscal and monetary policies of the federal government and its agencies. Federal Reserve policies directly and indirectly influence the yield on our interest-earning assets. Interest rates can also fluctuate as a result of geopolitical events or changes in general economic conditions, including events or conditions that alter investor demand for Treasury or other fixed-income securities.

Changes in market conditions, including changes in interest rates, liquidity, prepayment and/or default expectations, and the level of uncertainty in the market for a particular asset class, may cause fluctuations in credit spreads.

Our financial results and net worth can be significantly affected by changes in interest rates and credit spreads, especially results driven by financial instruments that are measured at fair value. These instruments include our investments in bonds, loans held-for-sale and loans for which we elected the fair value option.

If long-term rates increase or credit spreads widen, the fair value of our bonds and other financial assets will generally decline and these declines could be significant. Because most of our bonds are secured by multifamily rental properties, increasing interest rates that lead to higher mortgage rates may make it more difficult for buyers of multifamily properties to obtain mortgage financing and, as a result, may depress prices that buyers are willing to pay for such properties. Accordingly, changes in interest rates and credit spreads may adversely affect the fair value of collateral that secures our bonds.

The Company uses total return swaps (“TRS”) for financing and other purposes that expose us to certain risks.

A TRS is an agreement that requires one party to make interest payments based on either fixed or floating rate of interest in exchange for payments from its counterparty that are based on the return of referenced asset that is typically an index, a loan or a bond. All payments under these agreements are calculated based upon contractually-specified notional amounts. In our typical TRSs, we are required to make interest payments that are based on a floating rate and our counterparty is required to make payments to us that reflect the total return associated with a referenced asset. Cash flows associated with such agreements are subject to the risks associated with the referenced asset (in most cases real estate related risks) and to credit risk of both the obligor on the referenced asset and the counterparty on our TRSs. As a result, to the extent the associated referenced assets lose value, we are at risk of having to provide additional collateral. If we were unable to post such additional collateral, the referenced asset might be sold at a time when its full value could not be achieved and our existing collateral would be at risk.

Changes in interest rates may increase our borrowing costs and decrease our cash flows and net income.

As short-term rates rise, our borrowing costs will increase and our net income will decline as our bond and other lending income is fixed and a significant portion of our debt is variable and tied to short-term rates. At December 31, 2015, we had \$177.7 million notional amount of bond related TRSs (accounted for as either debt or derivatives) tied to the Securities Industry and Financial Markets Association (“SIFMA”) 7-day municipal swap index and \$23.5 million notional amount of loan related TRSs (accounted for as derivatives) tied to the London Interbank Offer Rate (“LIBOR”) 1-month index plus a spread. We also had \$95.4 million (unpaid principal balance (“UPB”)) of subordinated debt at December 31, 2015 tied to the LIBOR 3-month index plus a spread.

Changes in capitalization rates and interest rates may adversely affect the value of our real estate-related investments.

The carrying value of our real estate is at fair value when initially recorded and is then evaluated for impairment or carried at the lower of cost or fair value depending on its balance sheet classification. The fair value of both our direct real estate holdings and real estate that collateralizes our bond investments will generally decline if capitalization and discount rates rise. Furthermore, the value of our real estate-related interests in our LIHTC business line is dependent on the residual value of multifamily rental properties. The residual value of these rental properties will generally decline if capitalization and discount rates rise in the markets where these properties are located. These rates vary from market to market and our real estate in some markets could be more affected than our real estate in other markets.

The cash flows and value from our bond portfolio and all other real estate-related interests that we have are dependent upon the quality of the related real estate collateral and can be impacted by the risks related to real estate.

Because a substantial portion of our assets are secured by real estate, or consist of real estate or investments in entities that own real estate, the value of our assets is subject to the risks associated with investments in real estate. Most of these investments are directly or indirectly secured by multifamily rental properties, and therefore the value of these investments may be adversely affected by macroeconomic conditions or other factors that adversely affect the real estate market generally, or the market for multifamily real estate and bonds secured by these properties in particular. These possible negative factors include, among others: (i) increasing levels of unemployment and other adverse economic conditions, regionally or nationally; (ii) decreased occupancy and rent levels due to supply and demand imbalances; (iii) changes in interest rates that affect the cost of our capital, the value of our bonds or the value of the real estate we own or have an interest in or that secures the bonds; and (iv) lack of or reduced availability of mortgage financing.

Most of our investments derive their value from the cash flows generated by tenant leases. The majority of the properties which we have financed or have invested in have rent limitations that could adversely affect the ability to increase rents, as well as tenant income restrictions that may reduce the number of eligible tenants and, thus,

occupancy rates at such properties. If, because of general economic conditions, local market conditions or property specific conditions, the tenants move out or cannot pay the rents charged on the specific units they lease, the owners (our borrowers and partners) may not be able to lease the units to replacement tenants at full rent (or at all), in which case the cash flows from the properties may not be sufficient to pay interest on our bonds or loans, which would cause the value of our investments to decline. Real estate may also decline in value because of market conditions, environmental problems, casualty losses for which insurance proceeds are not sufficient to cover the loss, or condemnation proceedings.

The value of our assets and our ability to conduct business may be adversely affected by changes in local or national laws or regulatory conditions that affect significant segments of the real estate market, especially the multifamily housing market, including environmental, land use and other laws and regulations that affect the cost of maintaining and operating the properties in which we have an interest.

We may from time to time enter into agreements to reduce our interest rate exposure, but such arrangements themselves have risk.

We may from time to time enter into contracts intended to reduce our interest rate risk. For example, we may enter into interest rate swaps whereby we agree to pay a fixed rate of interest and the counterparty agrees to pay us a floating rate of interest in order to create fixed rate debt to better match assets that pay on a fixed rate basis. We also may enter into interest rate caps whereby we pay the counterparty on the interest rate cap a premium upfront and the counterparty pays us if the benchmark rate on the cap reaches a certain level. Interest rate swaps and caps have the risk that the counterparty fails to meet its payment obligations. There is also a risk that these contracts do not perform as expected and may cost more than the benefits received. In the case of interest rate swaps, we also have the risk of collateral calls depending on changes in interest rates as compared to the benchmark rate on the interest rate contract.

We need to make new investments that grow shareholder value over the long term.

There is a risk that we will not be able to deploy our cash and or expand our leverage to make investments that generate risk-adjusted returns that sufficiently grow shareholder value. Also, because there are no restrictions as to the nature of our investments, our investments in the future may result in additional or new risks that we do not face today.

We face risks associated with our renewable energy finance business.

Our renewable energy finance business makes development and construction loans for the purpose of building commercial scale solar facilities. This business is subject to construction risk, permanent financing and repayment risk, collateral risks (such as value and ability to foreclose), and the risk of a change in certain current laws that incentivize construction of clean energy facilities. In this regard, our ability to fund our development or construction loan commitments is currently and may become increasingly dependent upon the repayment of other, similar loans that we originated. Repayment of such loans are often dependent upon permanent loans whose funding are outside of our control since, among other factors, lenders of permanent loans may be subject to having access to the credit markets. Although we have previously had some experience in this business, we cannot be certain we have identified and adequately prepared for all of the risks associated with re-entering the business at this time.

We have been, and may continue to be, directly and indirectly affected by disruptions in credit markets.

Our business was significantly affected by the disruptions in the credit markets during the global financial crisis. Disruptions in credit markets may cause significant deterioration in the market for tax-exempt mortgage revenue bonds and other debt instruments that are a major part of our assets and likely to play a significant role in our reinvestment strategy. This has in the past and may in the future result in our having to reduce the carrying value of our bonds and other receivables associated with our lending activities. We are also dependent upon our capital partners to extend existing credit facilities upon their maturity. If we were unsuccessful in renewing existing facilities, we may be forced to create liquidity in an unfavorable market which could have a material adverse effect on our business.

Virtually all of our non-cash assets are illiquid and may be difficult to sell at their reported carrying values.

Our bonds, our direct and indirect investments in real estate, and our other debt investments are illiquid and difficult to value. As to our bonds in particular, they are unenhanced and unrated and, as a consequence, the purchasers of our bonds are generally limited to accredited investors and qualified institutional buyers, which results in a limited trading market. This lack of liquidity complicates our ability to ascertain the fair value of our bonds and other debt investments as there is limited information on trades of comparable bonds and debt investments. Therefore, there is a risk that if we need to sell any of these assets, the price that we are able to realize may be lower than the carrying value.

Some of our bonds are 30 or more days past due in principal and/or interest and others are at risk of becoming 30 or more days past due in principal and/or interest.

As of December 31, 2015, the aggregate UPB of bonds that were 30 or more days past due in either principal and/or interest was \$50.8 million, or approximately 16% of all bonds in which we have an economic interest. We report our defaulted bonds at their fair value, which considers an issuer default. However, amounts realized by us could be even less than such estimates if foreclosures were pursued or if our borrowers filed for bankruptcy protection. Additionally, properties collateralizing certain performing bonds have net operating income (as represented in operating statements provided by the borrowing partnerships), which is less than the debt service owed to us. These bonds are at risk of default if the partners of the borrowing partnerships are unable or unwilling to continue to cover the shortfall in order to pay the full debt service.

The value of our tax-exempt bonds and renewable energy investments could be adversely affected by changes in tax laws.

There is a risk that the government will pass legislation that could adversely affect the value of our tax-exempt bonds. The government could make changes in tax or other laws, such as affordable housing incentive programs that while not directly affecting our tax-exempt bonds, could make them less valuable to investors. For example, if the federal government were to lower marginal federal income tax rates, or phase out the tax-exempt nature of the interest income for all or higher income taxpayers, our bonds would likely decline in value. Congress could also pass laws that make competing investments more attractive than tax-exempt bonds, which would also make our bonds less valuable.

Federal and State governments have established various incentives and financial mechanisms to accelerate the adoption of renewable energy. The incentives include tax credits, tax abatements and rebates among others. These incentives help catalyze private sector investments in solar energy. Changes in government incentives could adversely affect our renewable energy investments.

Our bonds may not retain their tax-exempt status.

On the date of initial issuance of any tax-exempt bond that we hold, bond counsel or special tax counsel has rendered its opinion that interest on the bond is excludable from gross income for federal income tax purposes. However, under certain circumstances, our bonds could lose their tax-exempt status subsequent to issuance. While we take steps to ensure that these circumstances do not occur, there can be no guarantees that the tax-exempt status will be maintained. If our bonds were to lose their tax-exempt status, then the fair value of those bonds would decline, and to the extent that the bond was the referenced asset in a TRS financing, the TRS would terminate causing us to reacquire the bonds at the then fair value plus any difference required to pay-off the related financing. If we did not purchase the bonds, they could be sold and if the value at inception of such agreements were not realized, our TRS collateral would be at risk.

Executing TRSs are important to our U.S. Operations.

Currently, our TRSs are with one financial institution. At least in the near term, entering into new TRSs or rolling over existing agreements, is a significant part of our U.S. Operations. To the extent we are unable to execute these types of agreements in the future, we may not be able to achieve our near term goals and our financial position could suffer significantly.

We could lose the tax benefit of our Net Operating Losses (“NOLs”).

We have significant deferred tax assets that are currently offset by a valuation allowance on our balance sheet. The most significant deferred tax asset is our federal NOL that can be used to offset federal taxable income for the foreseeable future. However, there are events that could cause us to lose or to otherwise limit the amount of NOLs available to us. For example, our NOLs could be lost if we suffer a change of control event as defined by the Internal Revenue Code. A change of control event may occur when a shareholder, or a collection of shareholders, owning at least five percent of our shares, acquire more than 50% of our outstanding shares within a three-year period. The Company adopted a Tax Benefits Rights Agreement on May 5, 2015 (“Rights Plan”) in an attempt to avoid a change of control event as defined by the Internal Revenue Code, although the Company cannot guarantee the effectiveness of the Rights Plan.

In addition to limitations that a change in control have on our NOLs, our NOLs are subject to a 20-year carryforward limitation that limits the time that we have to generate the income necessary to fully utilize our NOLs. It is possible that some of the NOLs will become permanently impaired if the Company is unable to generate the income required to utilize our NOLs before their expiration period begins in 2027.

If we become subject to the Investment Company Act of 1940 (the “Investment Company Act”), we could be required to sell substantial portions of our assets at a time when we might not otherwise want to do so, and we could incur significant losses as a result.

We continuously monitor our activities to be sure we do not become subject to regulation as an investment company under the Investment Company Act. We currently rely on an exemption from the Investment Company Act for companies that are “primarily engaged in the business of purchasing or otherwise acquiring mortgages and other liens on and interests in real estate.” Because of changes in the nature and number of companies relying on this exemption and because most of the guidance surrounding this exemption comes from “no action” letters issued by the SEC staff, the SEC on August 31, 2011 issued a concept release requesting comment directed to the scope and use of this

exemption. We do not know what action, if any, the SEC may take in response to the comments that it receives. If we were to become regulated as an investment company under the Investment Company Act, either due to a change in the SEC's interpretation of that Act or due to a significant change in the value and composition of our assets, we would be subject to extensive regulation and restrictions. Among other restrictions, we would not be able to incur borrowings, which would limit our ability to fund certain investments. Accordingly, either we would have to restructure our assets so we would not be subject to the Investment Company Act or we would have to change materially the way we do business. Either course of action could require that we sell substantial portions of our assets at a time when we might not otherwise want to do so, and we could incur significant losses as a result. Any of these consequences could have a material adverse effect on our business, financial condition and results of operations.

We have provided guarantees with respect to certain of the tax credit equity funds and properties, and if we were to become obligated to perform on those guarantees our financial condition and results of operation could suffer.

Within our LIHTC business line, we have provided a limited guarantee of the expected tax credits to be generated by limited partnership investments held by our LIHTC Partnership. We have also guaranteed minimum yields on investment to investors in guaranteed LIHTC funds in which we sold our GP interests ("Guaranteed Funds") and agreed to indemnify the purchaser of our GP interests in such funds from investor claims related to those guarantees. We have also agreed to indemnify specific investors in certain non-Guaranteed Funds related to the performance on certain lower tier property partnerships ("LTTPs"). We continue to be obligated on our guarantees to the investors (or purchasers) in these funds and we could be required to make substantial payments with regard to these guarantees. In order for the investors in the Guaranteed Funds and the LIHTC Partnership to benefit from low-income housing

tax credits, the LTPPs in which these entities invest must operate affordable housing properties in compliance with a number of requirements in the Code and the regulations under it. Failure to comply continuously with these requirements throughout a 15-year recapture period could result in loss of the right to those low-income housing tax credits, including recapture of credits that were already taken, potentially creating liability under our guarantees. If we were to become obligated to perform on these guarantees our financial condition and results of operation would be negatively impacted and the impact could be significant.

Our ability to grow our business would be adversely affected if we are unable to raise capital from third-party investors.

Our growth depends, at least in part, on our ability to raise capital from third-party investors, which in turn depends on a number of factors, including certain factors that are outside our control. Additionally, we need to identify and attract new investors in order to increase the number and size of funds or other businesses that we manage or will manage. There can be no assurances that we can find or secure commitments from those new investors. The failure to raise capital in sufficient amounts could result in a decrease in management and other fee revenue or a decline in the rate of growth of such fees, any of which could adversely impact our revenues, cash flows and financial condition.

The value of our International Operations investments and cash flows could fluctuate with changes in the relative value of the dollar and South African rand (“rand”) as well as with changes in benchmark interest rates.

The net assets and operations of IHS are denominated in various currencies. In addition, our co-investments in the SAWHF and the IHS Residential Partners I are denominated in rand and the majority of our co-investment in the IHS Fund II is denominated in rand. We do not hedge these foreign currency exposures and may experience losses as the value of our holdings in IHS, SAWHF, IHS Residential Partners I and IHS Fund II fluctuates with changes in foreign exchange rates relative to the dollar. In addition, the SAWHF borrows money in U.S. dollars from the Overseas Private Investment Corporation, resulting in the SAWHF itself having dollar to rand currency risk. The SAWHF also enters into contracts in an effort to hedge the foreign currency risk associated with its dollar denominated debt. These borrowings and hedges could adversely impact the SAWHF’s results and the value of our investment. We expect IHS Fund II to have similar risks. Additionally because there are financing arrangements in place for the IHS managed funds as well as the properties in which the funds have invested, the cost associated with the financing arrangements will change as the respective benchmark interest rate changes. Furthermore, interest rates affect the availability of mortgage financing which is important for the successful disposition of the funds’ investments. These interest rate changes could adversely impact the value of our International Operations investments and cash flows.

The value of investments and cash flows of our U.S. and International Operations are dependent on the quality of the management of the underlying properties.

The performance of the properties in which the funds that we manage have invested can be adversely impacted by the quality of the property management. To the extent property managers are not able to provide quality property management, the value of our investments and the cash flows from these investments will suffer. IHS PM manages a substantial portion of the properties in funds that we manage in our International Operations, thereby giving us a significant degree of control over the quality of the management of the underlying properties.

Our International Operations are subject to foreign government risk and stability risk.

Foreign governments have different laws and policies than the U.S. government. They may change their laws and policies in ways that harm or limit our operations. Such actions may include, but are not limited to, directly competing with us and nationalizing our operations without providing us with fair compensation. They also may enact laws that make it more difficult for foreign companies to do business, thereby giving local competitors an advantage. South Africa and other countries impose exchange controls that regulate how money enters and leaves the country. These laws could be changed in ways that are adverse to us. Our ability to anticipate, control or counteract

these risks is very limited.

Foreign countries have social and economic stability risks that are different than the U.S. South Africa has experienced some social unrest in the past and if that were to continue our operations and investments there could be adversely affected.

The application of international tax regimes could substantially affect our after tax results from International Operations.

Income we earn abroad is subject to an entirely different set of tax risks than income we earn domestically. We are subject to the laws of the various jurisdictions in which we earn income, or through which our income must move in order for us to receive it in the U.S. International treaties also govern these tax consequences. If any of these laws or treaties changes, it could adversely impact our projected after-tax results.

Our International Operations are subject to additional real estate risks as compared to our U.S. Operations, including laws and customs related to real estate ownership and finance.

The SAWHF, IHS Residential Partners I and IHS Fund II invest in real estate in South Africa. While many of the risks are similar to investing in U.S. real estate, there are legal and market differences that result in higher risks, which may adversely impact our operations and our results. In addition, the IHS Fund II may invest in countries outside of South Africa. We have limited experience outside of South Africa and we might face additional risks which we have not identified and which we are not sufficiently prepared to address.

Our International Operations include investments in funds that have investments in for-sale units, meaning adverse conditions in the mortgage market could affect the value of those units.

The SAWHF, IHS Residential Partners I and IHS Fund II investments include for-sale units. If buyers have difficulty obtaining mortgages or other financing, unit sales and, therefore, the value of our interests in these ventures, could be adversely affected.

We are at risk of key employee turnover.

We are vulnerable to key talent turnover and our business operations could suffer if we were unable to find suitable replacements on a timely basis. This risk is higher because our employee headcount is relatively small.

Risks Relating to Ownership of Our Shares

Our Rights Plan could depress our share price.

Under the Rights Plan, the acquisition by an investor (or group of related investors) of greater than a 4.9% stake in the Company, could result in all existing shareholders other than the new 4.9% holder having the right to acquire new shares for a nominal cost, thereby significantly diluting the ownership interest of the acquiring person. By discouraging acquisitions of greater than a 4.9% stake in the Company, the Rights Plan might limit takeover opportunities and, as a result, could depress our share price. At December 31, 2015, we have one shareholder with a greater than 4.9% (5.5%) stake in the Company.

Our Board of Directors ("Board") can issue an unlimited number of common or preferred shares, which could reduce our book value per common share and earnings per common share and the cash or other assets available for distribution per common share upon liquidation or otherwise.

Under our Operating Agreement, subject to Nasdaq Capital Market rules imposing some limitations on our ability to issue shares without shareholder approval, our Board can authorize, the issuance of an unlimited number of common shares without obtaining shareholder approval. Issuances of common shares could dilute the book value or the net income per common share or the cash per share available for distribution to common shareholders. Our Board can also authorize, without any requirement of shareholder approval other than those imposed by Nasdaq Capital Market, the issuance of an unlimited number of shares with preferences over the common shares as to dividends, distributions on liquidation and other matters, other than voting. This could reduce the book value and net earnings that would be allocable to our common shares and the cash or other assets that are available for distribution to our common shareholders either periodically or upon our liquidation.

Provisions of our Operating Agreement may discourage attempts to acquire us.

Our Operating Agreement contains at least three groups of provisions that could have the effect of discouraging people from trying to acquire control of us. Those provisions are:

- If any person or group acquires 10% or more of our shares, that person or group cannot, with a very limited exception, (1) engage in a business combination with us (including an acquisition from us of more than 10% of our assets or more than 5% of our shares) within five years after the person or group acquires the 10% or greater interest, unless our Board approved the business combination or approved the acquisition of a 10% or greater interest in us before it took place, or the business combination is approved by two-thirds of the members of our Board and holders of two-thirds of the shares that are not owned by the person or group that owns the 10% or greater interest; or (2) engage in a business combination with us until more than five years after the person or group acquires the 10% or greater interest, unless the business combination is recommended by our Board and approved by holders of 80% of our shares or of two-thirds of the shares that are not owned by the person or group that owns the 10% or greater

interest.

- If any person or group makes an acquisition of our shares that causes the person or group to be able to exercise one-fifth or more but less than one-third of all voting power of our shares, one-third or more but less than a majority of all voting power of our shares, or a majority or more of all voting power of our shares, the acquired shares will lose their voting power, except to the extent approved at a meeting by the vote of two-thirds of the shares not owned by the person or group, and we will have the right to redeem, for their fair market value, any of the acquired shares for which the shareholders do not approve voting rights.
- One third of our directors are elected each year to three-year terms. That could delay the time when someone who acquires voting control of us could elect a majority of our directors.

The above provisions could deprive our shareholders of opportunities that might be attractive to many of them.

Our shares are thinly traded and, as a result, the price at which they trade may not reflect their full intrinsic value.

Although we are traded on Nasdaq Capital Market, our shares are thinly traded and we do not have analysts actively tracking and publishing opinions on the Company and our stock. Additionally, when we repurchase our shares, the number of shares outstanding is reduced, which has the effect over time of further decreasing the trading volume of our shares. Accordingly, the trading price of our shares may not reflect their full intrinsic value.

Item 1B. UNRESOLVED STAFF COMMENTS

Not applicable.

Item 2. PROPERTIES

We do not own any of the real property where we conduct our business. Our corporate headquarters is located in Baltimore, Maryland, where we occupy approximately 6,400 square feet of office space pursuant to a lease that expires in March 2024.

Our International Operations are located in Johannesburg, South Africa where we occupy approximately 8,500 square feet of office space pursuant to a lease that expires in April 2020.

Item 3. LEGAL PROCEEDINGS

We are not, nor are any of our subsidiaries, a party to any material pending litigation or other legal proceedings. Furthermore, to the best of our knowledge, we are not party to any threatened litigation or legal proceedings, which, in the opinion of management, individually or in the aggregate, would be likely to have a material adverse effect on our results of operations or financial condition.

The Company was a defendant in a purported class action lawsuit originally filed in 2008. The plaintiffs claimed to represent a class of investors in the Company's shares who allegedly were injured by misstatements in press releases and SEC filings between May 3, 2004 and January 28, 2008. The plaintiffs sought unspecified damages for themselves and the shareholders of the class they purported to represent. The class action lawsuit was brought in the U.S. District Court for the District of Maryland. The Company filed a motion to dismiss the class action, and in June 2012, the Court issued a ruling dismissing all of the counts alleging any knowing or intentional wrongdoing by the Company or its affiliates, directors and officers. The plaintiffs appealed the Court's ruling and on March 7, 2014, the U.S. Court of Appeals for the Fourth Circuit unanimously affirmed the lower Court's ruling. As a result of these rulings, the only counts remaining in the class action related to the Company's dividend reinvestment.

The parties negotiated a settlement agreement, which was submitted for approval to the U.S. District Court for the District of Maryland. On September 24, 2015, the Court approved the settlement agreement and dismissed the case on September 25, 2015. The settlement provides for a maximum of \$826,820 to cover payments to the class as well as attorneys' fees for the plaintiffs' counsel. The settlement is a claims-made settlement, in which payments will be made only to those plaintiffs who submit a claim and whose claim is approved, thus the final settlement amount to the class could be less than the amount stated above.

The Company will not incur any settlement costs, as all costs will be paid directly by its insurance company. As a result, the Company released its litigation reserve of \$0.5 million during the first quarter of 2015.

Item 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

Item 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED SHAREHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Our common shares currently trade on the Nasdaq Capital Market exchange, operated by Nasdaq, Inc. under the symbol “MMAC.” Prior to October 9, 2014, we traded on the OTC market specifically through the OTCQB marketplace under the symbol “MMAB” and “MMABD.”

The following table shows the high and low sales prices for our common shares during the years ended December 31, 2015 and 2014 as reported by the Nasdaq Capital Market through Nasdaq, Inc. and OTC Market Group through the OTCQB marketplace. All share prices have been adjusted to reflect the one-for-five reverse stock split that occurred on September 29, 2014.

Fiscal Quarter	Common Shares High/Low Prices	
	2015	2014
First.....	\$ 10.12-9.05	\$ 7.75-5.50
Second.....	12.99-9.70	9.75-7.55
Third.....	13.64-11.62	9.65-8.60
Fourth.....	14.50-12.21	10.08-8.20

Our Board has not declared a dividend since the fourth quarter of 2007. It is unlikely that we will pay a dividend in the foreseeable future.

On March 3, 2016, there were approximately 374 holders of record of our common shares.

Recent Sales of Unregistered Securities

None for the three months ended December 31, 2015.

Use of Proceeds from Registered Securities

None for the three months ended December 31, 2015.

Issuer Purchases of Equity Securities

The following table provides information on the Company's common share repurchases during the three months ended December 31, 2015.

(in thousands, except for per share data)	Total Number of Shares Purchased	Average Price Paid per Share	Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet be Purchased Under Plans or Programs (1)
10/1/2015 - 10/31/2015	56	\$ 12.97	56	70
11/1/2015 - 11/30/2015	25	12.73	25	45
12/1/2015 - 12/31/2015	11	13.63	11	600
	92	\$ 12.98	92	

⁽¹⁾ On December 29, 2015, the Company announced the Board's authorization of a 2016 share repurchase program ("2016 Plan"), which permits the repurchase of up to 0.6 million shares. As of December 31, 2015, all previous authorizations had either expired or were completed, therefore only the 2016 Plan of up to 0.6 million shares remains. Between January 1, 2016 and March 3, 2016, we repurchased 104,839 shares at an average price of \$14.60. The maximum price at which management is currently authorized to purchase shares is \$17.43 per share. Unless amended, the plan will terminate once the Company has repurchased the total authorized number of shares or as of December 31, 2016, whichever comes first.

Item 6. SELECTED FINANCIAL DATA

Not applicable.

Item 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Organization

The Company partners with institutional capital to create and manage investments in affordable housing and renewable energy. Beginning in 2015, the Company operated through three reportable segments – U.S. Operations, International Operations and Corporate Operations.

U.S. Operations

Our U.S. Operations segment consists of three business lines: Leveraged Bonds, LIHTC and Energy Capital and Other Investments (previously referred to as “Other Investments and Obligations” in the Company’s 2015 Quarterly Reports on Form 10-Q).

In our Leveraged Bonds business line, we primarily own and manage bonds that finance affordable housing and infrastructure in the U.S. Within this business line, we manage the vast majority of the Company’s bonds and associated financings. The bond portfolio is comprised primarily of multifamily tax-exempt bonds, but also includes other real estate related bond investments.

In our LIHTC business line, we primarily own and manage LP and GP investments in affordable housing communities in the U.S. We provide asset management and administrative services to our LIHTC Partnership and have provided a limited guarantee of the expected tax credits to be generated by the LIHTC Partnership’s portfolio of investments. As part of this business line, we have made other guarantees to third parties related to the receipt of tax credits and the performance of the underlying assets and we have loan receivables from, and an option to purchase, a tax credit asset manager.

In our Energy Capital and Other Investments business line, we primarily provide project capital necessary to develop and build renewable energy systems through our Solar Joint Venture that provides custom solar financing solutions offered by MMA Energy Capital. These financing solutions include debt investments to be used as late stage development capital to bring projects through the development phase and into construction, as well as capital to construct these projects and place them in operation. Within this business line, we also manage our solar and non-solar legacy assets.

International Operations

We manage our International Operations segment through a wholly owned subsidiary, IHS. IHS’s strategy is to raise, invest in and manage private real estate funds that invest in residential real estate. IHS currently manages three funds: the SAWHF, which is a multi-investor fund and is fully invested; IHS Residential Partners I, which is a single-investor fund targeted at the emerging middle

class in South Africa; and IHS Fund II, which is a multi-investor fund targeting investments in affordable housing, including green housing projects, within South Africa and Sub-Saharan Africa. During the second quarter of 2015, IHS and a South African property management company formed a company in South Africa, IHS PM, to provide property management services to the properties of IHS-managed funds. IHS owns 60% of IHS PM and the third party property manager owns the remaining 40%.

Corporate Operations

Our Corporate Operations segment is responsible for accounting, reporting, compliance and planning, which are fundamental to our success as a global fund manager and publicly traded company in the U.S.

Financial Results

Common shareholders' equity increased from \$91.5 million at December 31, 2014 to \$116.2 million at December 31, 2015. In this regard, the Company reported a 39.3% increase in diluted common shareholders' equity per share, which increased from \$12.51 at December 31, 2014 to \$17.43 at December 31, 2015. The majority of the Company's reported growth per share, or \$4.37 per share, was driven by a net increase in the fair value of our bond portfolio and by net income generated during 2015 from net gains on assets, derivatives and extinguishment of liabilities. The balance of such growth, or \$0.55 per share, was attributable to repurchases in 2015 of our common shares at prices below our book value per share.

Balance Sheet Summary – Table 1

The table below summarizes the change in our balance sheet at December 31, 2015 from December 31, 2014. The balance sheet below presents the assets, liabilities and equity attributable to the noncontrolling interest holders of consolidated funds and ventures (“CFVs”) as separate line items. At December 31, 2015, CFVs were comprised of Guaranteed Funds and consolidated property partnerships and at December 31, 2014, CFVs were comprised of Guaranteed Funds. See Notes to Consolidated Financial Statements – Note 16, “Consolidated Funds and Ventures,” for more information.

(in thousands)	At December 31, 2015	At December 31, 2014	Change for 2015
Assets			
1 Cash and cash equivalents	\$ 21,843	\$ 29,619	\$ (7,776)
2 Restricted cash (without CFVs)	17,041	26,003	(8,962)
3 Bonds available for sale	218,439	222,899	(4,460)
4 Investments in partnerships (without CFVs)	82,655	28,218	54,437
5 Investment in preferred stock		31,371	(31,371)
6 Other assets (without CFVs)	39,481	64,118	(24,637)
7 Assets of CFVs (1)	219,612	266,518	(46,906)
8 Total assets	\$ 599,071	\$ 668,746	\$ (69,675)
Liabilities and Noncontrolling Equity			
9 Debt (without CFVs)	\$ 232,212	\$ 283,831	\$ (51,619)
10 Accounts payable and accrued expenses	5,001	5,538	(537)
11 Other liabilities (without CFVs) (1)	19,318	10,039	9,279
12 Liabilities of CFVs	46,319	48,140	(1,821)
13 Noncontrolling equity related to CFVs (2)	180,020	230,111	(50,091)
14 Noncontrolling equity related to IHS (3)		(397)	397
15 Noncontrolling equity related to IHS PM (4)	31		31
16 Total liabilities and noncontrolling equity	\$ 482,901	\$ 577,262	\$ (94,361)
17 Common Shareholders' Equity	\$ 116,170	\$ 91,484	\$ 24,686
18 Common shares outstanding	6,589	7,228	(639)
19 Common shareholders' equity per common share	\$ 17.63	\$ 12.66	\$ 4.97
20 Diluted common shareholders' equity	\$ 121,117	\$ 94,448	\$ 26,669
21 Diluted common shares outstanding	6,948	7,547	(599)
22 Diluted common shareholders' equity per common share	\$ 17.43	\$ 12.51	\$ 4.92

(1) Assets of CFVs exclude \$10.4 million and \$11.7 million as of December 31, 2015 and 2014, respectively, of net assets; and other liabilities of MMA excludes \$10.4 million and \$11.7 million as of December 31, 2015 and 2014, respectively, of net liabilities. These assets and liabilities were eliminated in consolidation and primarily represent prepaid guarantee fees (CFVs) and deferred guarantee fees (MMA).

- (2) Represents the amount of equity attributable to noncontrolling interest holders in the CFVs and reported through Noncontrolling interests in CFVs, IHS and IHS PM on the Company's Consolidated Balance Sheets.
- (3) Represents the amount of deficit equity balance attributable to the noncontrolling interest holder in IHS reported through Noncontrolling interests in CFVs, IHS and IHS PM on the Company's Consolidated Balance Sheets.
- (4) Represents the amount of equity balance attributable to the noncontrolling interest holder in IHS PM reported through Noncontrolling interests in CFVs, IHS and IHS PM on the Company's Consolidated Balance Sheets.

Common Shareholders' Equity – Table 2

The table below summarizes the changes in common shareholders' equity for the periods presented:

(in thousands)	For the year ended		
	December 31,		
	2015	2014	Change
1 Net income allocable to common shareholders (see Table 3)	\$ 17,843	\$ 17,467	\$ 376
2 Other comprehensive income allocable to common shareholders (see Table 4)	11,963	19,793	(7,830)
3 Other changes in common shareholders' equity (see Table 5)	(5,120)	(11,122)	6,002
4 Net change in common shareholders' equity	\$ 24,686	\$ 26,138	\$ (1,452)

Net Income to Common Shareholders – Table 3

The table below summarizes net income allocable to common shareholders' for the periods presented:

(in thousands)	For the year ended		
	December 31,		
	2015	2014	Change
1 Net interest income (see Table 6)	\$ 12,773	\$ 14,487	\$ (1,714)
2 Fee and other income (see Table 7)	13,677	10,656	3,021
Operating and other expenses:			
3 Other interest expense (see Table 8)	(7,293)	(13,776)	6,483
4 Operating expenses (see Table 9)	(30,380)	(25,009)	(5,371)
5 Net gains on assets and derivatives (see Table 10)	31,329	19,367	11,962
6 Net gains transferred into net income from AOCI due to real estate foreclosure (see Table 4)		2,003	(2,003)
7 Equity in income from unconsolidated funds and ventures	865	6,738	(5,873)
8 Net loss allocated to common shareholders related to CFVs (see Table 11)	(3,161)	(15,171)	12,010
9 Net expenses allocated to IHS minority interest holder (see Table 11)		76	(76)
10 Net income allocated to IHS PM minority interest holder (see Table 11)	(31)		(31)
11 Net income (loss) to common shareholders from continuing operations before income taxes	17,779	(629)	18,408
12 Income tax (expense) benefit	(263)	45	(308)
13 Net income to common shareholders from discontinued operations, net of tax	327	18,051	(17,724)
14 Net income allocable to common shareholders	\$ 17,843	\$ 17,467	\$ 376

Other Comprehensive Income Allocable to Common Shareholders – Table 4

The table below summarizes other comprehensive income that is allocable to common shareholders for the periods presented:

(in thousands)	For the year ended		
	December 31,		
	2015	2014	Change
Bond related activity:			
1 Increase in bond values due to market conditions	\$ 13,919	\$ 13,672	\$ 247
2 Increase in AOCI due to equity in losses from LTPPs (see Table 11)	5,338	5,912	(574)
3 Reversal of net unrealized gains on sold bonds	(4,992)	(11,303)	6,311
4 Reclassification of unrealized losses to operations due to impairment	179	113	66
5 Reinstatement of unrealized bond gains due to deconsolidation of consolidated LTPPs		13,975	(13,975)
6 Reversal of unrealized gains from AOCI into net income due to foreclosure (see Table 3)		(2,003)	2,003
7 Other comprehensive income related to bond activity	14,444	20,366	(5,922)
8 Income tax expense		(150)	150
9 Foreign currency translation adjustment	(2,481)	(423)	(2,058)
10 Other comprehensive income allocable to common shareholders	\$ 11,963	\$ 19,793	\$ (7,830)
Other comprehensive income allocable to common shareholders for the year ended December 31, 2015 declined compared to amounts reported for the year ended December 31, 2014 primarily as a result of the reinstatement of unrealized gains on bonds that were recognized in 2014 due to the deconsolidation of consolidated lower tier property partnerships.			

Other Changes in Common Shareholders' Equity – Table 5

The table below summarizes other changes in common shareholders' equity for the periods presented:

(in thousands)	For the year ended		
	December 31,		
	2015	2014	Change
1 Common share repurchases	\$ (7,743)	\$ (8,128)	\$ 385
2 Foreign exchange gains	2,661		2,661
3 Purchases of shares in a subsidiary (including price adjustments on prior purchases)	(547)	(375)	(172)
4 Director and employee share awards	509	197	312
5 Fair value adjustments associated with stock compensation awards previously classified as equity		33	(33)
6 Net change due to consolidation		(2,849)	2,849
7 Other changes in common shareholders' equity	\$ (5,120)	\$ (11,122)	\$ 6,002

Other changes in common shareholders' equity as reported for the year ended December 31, 2015 declined compared to that reported for the year ended December 31, 2014 primarily as a result of the Company's purchase of an additional 13.2% interest in IHS during the second quarter of 2014. As a result of this transaction, the Company transferred the cumulative IHS equity deficit balance of \$2.8 million associated with the acquired shares from the noncontrolling shareholder to common shareholders' equity (reported within line 6 in the above table as "Net change due to consolidation.")

Consolidated Results of Operations

The following discussion of our consolidated results of operations should be read in conjunction with our financial statements, including the accompanying notes. See "Critical Accounting Policies and Estimates" for more information concerning the most significant accounting policies and estimates applied in determining our results of operations.

Net interest income – Table 6

The following table summarizes our net interest income for the periods presented:

(in thousands)	For the year ended		
	December 31,		
	2015	2014	Change
Interest income:			
1 Interest on bonds	\$ 12,728	\$ 16,493	\$ (3,765)
2 Interest on loans and short-term investments	2,383	1,114	1,269
3 Total interest income	15,111	17,607	(2,496)
Asset related interest expense:			
4 Bond related (mainly total return swaps)	(1,336)	(2,392)	1,056
5 Notes payable and other debt, non-bond related	(1,002)	(728)	(274)
6 Total interest expense	(2,338)	(3,120)	782
7 Net interest income	\$ 12,773	\$ 14,487	\$ (1,714)

Net interest income reported for the year ended December 31, 2015 declined compared to that reported for the year ended December 31, 2014 primarily as a result of \$3.0 million of delinquent interest that was collected during 2014 in connection with two non-performing bonds that were restructured during 2014. This decline was partially offset by (i) a \$1.3 million increase in interest income that was attributable to both a bridge loan that we made to a tax credit asset manager during the fourth quarter of 2014 and to solar loans that were originated in the second quarter of 2015 and (ii) a \$1.1 million decline in asset related interest expense that was driven by a termination in the second quarter of 2014 of \$30.3 million of bond financings that carried a weighted average yield of 7.8%.

Fee and Other Income – Table 7

The following table summarizes our fee and other income for the periods presented:

(in thousands)	For the year ended		
	December 31,		
	2015	2014	Change
1 Income on preferred stock investment	\$ 4,353	\$ 5,260	\$ (907)
2 Asset management fees and reimbursements	6,807	3,580	3,227
3 Other income	2,517	1,816	701
4 Fee and other income	\$ 13,677	\$ 10,656	\$ 3,021

Fee and other income reported for the year ended December 31, 2015 increased compared to that reported for the year ended December 31, 2014 primarily as a result of \$2.3 million of asset management fees and reimbursements related to the SAWHF that were recognized during 2015. Asset management fees related to the SAWHF were not recognized as fee and other income in 2014 because SAWHF was consolidated for financial reporting purposes. Consequently, the SAWHF asset management fees and reimbursements of \$2.5 million were reported in 2014 as an allocation of income (refer to line 11 of Table 11 below). The reported increase in fee and other income was also driven in part by \$0.6 million and \$0.4 million of asset management fees and reimbursements relating to IHS PM and our Solar Joint Venture, respectively.

Other interest expense – Table 8

The following table summarizes our other interest expense for the periods presented:

(in thousands)	For the year ended		
	December 31,		
	2015	2014	Change
1 Subordinated debt	\$ (6,040)	\$ (10,332)	\$ 4,292
2 Notes payable and other debt	(1,253)	(3,444)	2,191
3 Other interest expense	\$ (7,293)	\$ (13,776)	\$ 6,483

Other interest expense represents interest expense associated with debt that does not finance interest-bearing assets. Amounts reported for the year ended December 31, 2015 declined compared to that reported for the year ended December 31, 2014 primarily as a result of a decrease in our cost of funding associated with MMA Financial Holdings, Inc. (“MFH”) subordinated debt, which was restructured during the second quarter of 2015. See Notes to Consolidated Financial Statements – Note 6, “Debt,” for more information.

Operating Expenses – Table 9

The following table summarizes our operating expenses for the periods presented:

(in thousands)	For the year ended		
	December 31,		
	2015	2014	Change
1 Salaries and benefits	\$ (15,733)	\$ (12,708)	\$ (3,025)
2 General and administrative	(3,223)	(3,447)	224
3 Professional fees	(3,967)	(5,372)	1,405
4 Other expenses	(7,457)	(3,482)	(3,975)
5 Operating expenses	\$ (30,380)	\$ (25,009)	\$ (5,371)

Operating expenses reported for the year ended December 31, 2015 increased compared to that reported for the year ended December 31, 2014 primarily due to a (i) \$2.2 million increase in employee incentive compensation for the full year ended December 31, 2015, (ii) \$1.8 million increase in foreign exchange losses for the full year ended December 31, 2015 associated with the re-measurement into U.S. dollars of assets and liabilities that were denominated in a foreign currency and (iii) a \$1.6 million impairment loss that we recognized on our co-investment in SAWHF during the third quarter of 2015.

Net Gains on Assets, Derivatives and Extinguishment of Liabilities – Table 10

The following table summarizes our net gains on assets, derivatives and extinguishment of liabilities for the periods presented:

(in thousands)	For the year ended		
	December 31,		
	2015	2014	Change
1 Net gains on bonds	\$ 6,513	\$ 12,293	\$ (5,780)
2 Net gains on loans	150	150	
3 Net gains on derivatives	3,996	4,143	(147)
4 Net gains on real estate	11,253	882	10,371
5 Net gains on investment in preferred stock	5,242		5,242
6 Net gains on extinguishment of liabilities	4,175	1,899	2,276
7 Net gains on assets, derivatives and extinguishment of liabilities	\$ 31,329	\$ 19,367	\$ 11,962

Net gains on assets, derivatives and extinguishments of liabilities that were reported for the year ended December 31, 2015 increased compared to that reported for the year ended December 31, 2014 primarily due to net gains associated with purchases and sales of real estate that included (i) a \$1.3 million bargain purchase gain recognized in connection with the acquisition of real estate in the fourth quarter of 2015 that was reported as a business combination, (ii) a \$4.3 million gain that was recognized in the third quarter of 2015 as a result of a sale of undeveloped land and (iii) a \$5.6 million gain that was recognized during the second quarter of 2015 in connection with the sale of an affordable multifamily property. The reported increase in such net gains was also driven in part by the recognition of a \$5.2 million gain during the fourth quarter of 2015 that was generated by the redemption of the Company's investment in

preferred stock.

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Net Loss from CFVs Allocable to Common Shareholders – Table 11

The table below summarizes the allocable net loss related to funds and ventures that were consolidated for the periods presented:

(in thousands)	For the year ended		
	December 31,		Change
	2015	2014	
1 Revenue from CFVs	\$ 988	\$ 16,494	\$ (15,506)
2 Expense from CFVs	(37,797)	(90,435)	52,638
3 Net gains related to CFVs	853	15,227	(14,374)
4 Equity in losses from LTPPs of CFVs	(22,219)	(32,730)	10,511
5 Net losses due to deconsolidation of CFVs		(23,867)	23,867
6 Net loss from CFVs	(58,175)	(115,311)	57,136