Build America Mutual Assurance Company

Statutory Financial Statements and Supplemental Schedules
For the Years Ended December 31, 2021 and 2020
(With Report of Independent Auditors Thereon)

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Report of Independent Auditors

To the Board of Directors of Build America Mutual Assurance Company:

Opinions

We have audited the accompanying statutory financial statements of Build America Mutual Assurance Company (the "Company"), which comprise the statutory statements of admitted assets, liabilities and capital and surplus as of December 31, 2021 and December 31, 2020, and the related statutory statements of operations and changes in capital and surplus, and of cash flows for the years then ended, including the related notes (collectively referred to as the "financial statements").

Unmodified Opinion on Statutory Basis of Accounting

In our opinion, the accompanying financial statements present fairly, in all material respects, the admitted assets, liabilities and capital and surplus of the Company as of December 31, 2021 and December 31, 2020, and the results of its operations and its cash flows for the years then ended, in accordance with the accounting practices prescribed or permitted by the New York State Department of Financial Services described in Note 1.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Company as of December 31, 2021 and December 31, 2020, or the results of its operations or its cash flows for the years then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 to the financial statements, the financial statements are prepared by the Company on the basis of the accounting practices prescribed or permitted by the New York State Department of Financial Services, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statements of the variances between the statutory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting practices prescribed or permitted by the New York State Department of Financial Services. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supplemental "schedule of investments, schedule of investment risk interrogatories and schedule of reinsurance disclosures" (collectively referred to as the "supplemental schedules") of the Company as of December 31, 2021 and for the year then ended are presented to comply with the National Association of Insurance Commissioners' Annual Statement Instructions and Accounting Practices and Procedures Manual and for purposes of additional analysis and are not a required part of the financial statements. The supplemental schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The supplemental schedules have been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves and other additional procedures, in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental schedules are fairly stated, in all material respects, in relation to the financial statements taken as a whole.

PricewaterhouseCoopers LLP

New York, NY
February 17, 2022

Build America Mutual Assurance Company

Statutory Statements of Admitted Assets, Liabilities and Capital and Surplus

	As of December 31, 2021	As of December 31, 2020
ADMITTED ASSETS		
Bonds	$ 456,342,826	$ 418,216,920
Common stocks	92,000	90,000
Cash, cash equivalents and short-term investments	20,963,369	62,995,040
Receivables for securities	199	5,269
Total cash and invested assets	$ 477,398,394	$ 481,307,229
Investment income due and accrued	2,928,773	3,019,875
Other assets	1,218,738	1,035,126
Total admitted assets	$ 481,545,905	$ 485,362,230
LIABILITIES		
Unearned premiums	$ 49,484,941	$ 45,169,033
Ceded reinsurance premiums payable	-	26,934
Mandatory contingency reserve	101,786,900	86,384,801
Accrued and payable expenses	27,821,568	28,883,355
Payable for securities	3,953,118	-
Deposit liabilities	390,934	190,000
Total liabilities	$ 183,437,461	$ 160,654,123
CAPITAL AND SURPLUS		
Surplus notes	$ 364,607,625	$ 388,227,472
Member surplus contributions	390,943,157	328,718,447
Unassigned funds - surplus (deficit)	(457,442,338)	(392,237,812)
Total capital and surplus	$ 298,108,444	$ 324,708,107
Total liabilities, capital and surplus	$ 481,545,905	$ 485,362,230

See accompanying notes to statutory financial statements.

Build America Mutual Assurance Company

Statutory Statements of Operations

	For the Year Ended December 31, 2021	For the Year Ended December 31, 2020
Premiums earned	$ 3,810,000	$ 2,963,422
Underwriting deductions:		
Other underwriting expenses	44,502,136	45,789,544
Total underwriting deductions	$ 44,502,136	$ 45,789,544
Net underwriting gain (loss)	$ (40,692,136)	$ (42,826,122)
Net investment income	$ (8,739,948)	$ (17,068,835)
Net realized capital gains (losses) (net of capital gains tax of $0 and $0, respectively)	89,376	608,241
Net investment gain (loss)	$ (8,650,572)	$ (16,460,594)
Net income (loss) before federal income tax expense	$ (49,342,708)	$ (59,286,716)
Federal income tax expense incurred	-	-
Net income (loss)	$ (49,342,708)	$ (59,286,716)

See accompanying notes to statutory financial statements.

Build America Mutual Assurance Company

Statutory Statements of Changes in Capital and Surplus
For the Years Ended December 31, 2021 and 2020

	Surplus Notes	Member Surplus Contributions	Unassigned Surplus	Total
Balances as of December 31, 2019	$ 457,616,836	$ 259,821,357	$ (315,056,715)	$ 402,381,478
Net income (loss)	-	-	(59,286,716)	(59,286,716)
Change in nonadmitted assets	-	-	318,349	318,349
Change in surplus notes	(69,389,364)	-	-	(69,389,364)
Change in unrealized loss	-	-	-	-
Change in member surplus contributions	-	68,897,090	-	68,897,090
Change in mandatory contingency reserve	-	-	(18,212,730)	(18,212,730)
Balances as of December 31, 2020	$ 388,227,472	$ 328,718,447	$ (392,237,812)	$ 324,708,107
Net income (loss)	-	-	(49,342,708)	(49,342,708)
Change in nonadmitted assets	-	-	(459,107)	(459,107)
Change in surplus notes	(23,619,847)	-	-	(23,619,847)
Change in unrealized loss	-	-	(612)	(612)
Change in member surplus contributions	-	62,224,710	-	62,224,710
Change in mandatory contingency reserve	-	-	(15,402,099)	(15,402,099)
Balances as of December 31, 2021	$ 364,607,625	$ 390,943,157	$ (457,442,338)	$ 298,108,444

See accompanying notes to statutory financial statements.

Build America Mutual Assurance Company

Statutory Statements of Cash Flows

	For the Year Ended December 31, 2021	For the Year Ended December 31, 2020
Cash from operations:		
Premiums collected, net of reinsurance	$ 8,098,974	$ 8,845,498
Net investment income	(6,806,593)	(15,372,146)
Subtotal	$ 1,292,381	$ (6,526,648)
Commissions and expenses paid	(44,556,411)	(40,397,831)
Net increase (decrease) in cash from operations	$ (43,264,030)	$ (46,924,479)
Cash from investments:		
Proceeds from investments sold, matured or repaid:		
Bonds	$ 93,428,867	$ 131,018,902
Stocks	-	5,100
Net gains on cash, cash equivalents and short-term investments	-	-
Miscellaneous proceeds	3,958,188	3,908,503
Cost of investments acquired:		
Bonds	(133,106,716)	(68,573,407)
Stocks	(2,000)	-
Miscellaneous applications	-	-
Net increase (decrease) in cash from investments	$ (35,721,661)	$ 66,359,098
Cash from financing and miscellaneous sources:		
Cash provided (applied):		
Surplus notes	$ (23,619,847)	$ (69,389,364)
Capital and paid-in surplus	62,224,710	68,897,090
Other cash provided (applied)	(1,650,843)	(982,995)
Net increase (decrease) in cash from financing and miscellaneous sources	$ 36,954,020	$ (1,475,269)
Net change in cash, cash equivalents and short-term investments	$ (42,031,671)	$ 17,959,350
Cash, cash equivalents and short-term investments at beginning of period	62,995,040	45,035,690
Cash, cash equivalents and short-term investments at end of year	$ 20,963,369	$ 62,995,040

See accompanying notes to statutory financial statements.

1. Organization and Basis of Presentation

Organization

Build America Mutual Assurance Company ("Build America" or the "Company") is a New York domiciled mutual financial guaranty insurance company. The Company was capitalized on July 17, 2012 and received its license to write financial guaranty insurance from the New York State Department of Financial Services (the "Department") and commenced operations on July 20, 2012. Build America is also licensed in the District of Columbia and the remaining 49 states. Build America's financial strength and counterparty credit ratings of 'AA/Stable Outlook', from Standard & Poor's Ratings Services, were reaffirmed on June 25, 2021. Build America is not licensed to write financial guaranty insurance in Puerto Rico or any other territory or possession of the United States, and it has no exposure to debt issued in Puerto Rico or any other territory or possession of the United States.

The first mutual bond insurance company, Build America is owned by and operated for the benefit of the cities, states and other municipal agencies—the municipal issuers—that use the Company's 'AA/Stable Outlook' rated financial guaranty to lower their cost of funding in the U.S. municipal market.

Build America collects a payment for every policy that it issues, comprising i.) a risk premium and ii.) a Member Surplus Contribution ("MSC") that is recognized as an addition to other than special surplus funds when collected. An issuer's MSC is creditable to the payment due when Build America guarantees debt that refunds a debt issue insured by the Company. Issuers whose debt is insured by Build America become members of the Company for as long as they have debt outstanding insured by Build America, and as members have the right to vote and to receive dividends, if declared, and other benefits of mutual membership. The Company's policies are issued without contingent mutual liability for assessment.

The Company benefits from both first loss and excess of loss reinsurance protection provided by HG Re, Ltd. ("HG Re"). The first loss reinsurance protection is provided via a reinsurance treaty (the "First Loss Reinsurance Treaty"), whereby HG Re assumes losses in an amount of up to 15% of the par outstanding for each insurance policy. The excess of loss reinsurance treaty (the "Excess of Loss Reinsurance Treaty") provides last dollar protection for exposures on municipal bonds insured by the Company in excess of regulatory single issuer limits, subject to an aggregate limit equal to $75 million.

HG Re's obligations under both First Loss Reinsurance Treaty and Excess of Loss Reinsurance Treaty are secured by, and limited to the value of the assets held in trusts, which include a beneficial interest in the Series 2018 Surplus Notes as well as other high quality assets, which are pledged for the benefit of Build America.

In addition to the reinsurance protection provided by HG Re, BAM is party to two collateralized excess of loss reinsurance agreements with Fidus Re, Ltd. ("Fidus"), a Bermuda based special purpose insurer created solely to provide reinsurance protection to BAM. The Fidus 2018 reinsurance agreement provides prospective reinsurance for 90% of aggregate losses exceeding $165,000,000 on a portion of BAM's financial guarantee portfolio (the "Fidus 2018 Covered Portfolio") up to a total reimbursement of $100,000,000. The Fidus 2018 Covered Portfolio consists of approximately 33% of the total gross par in force for BAM's portfolio of financial guaranty policies as of December 31, 2021. The Fidus 2021 reinsurance agreement provides prospective reinsurance for 90% of aggregate losses exceeding $135,000,000 on a portion of BAM's financial guarantee portfolio (the "Fidus 2021 Covered Portfolio") up to a total reimbursement of $150,000,000. The Fidus 2021 Covered Portfolio consists of approximately 38% of the total gross par in force for BAM's portfolio of financial guaranty policies as of December 31, 2021. The Company uses deposit accounting for the excess of loss reinsurance protection provided by Fidus and HG Re.

The Company became a member of the Federal Home Loan Bank of New York ("FHLB of NY") on June 13, 2019.

Basis of Presentation

The accompanying statutory financial statements have been prepared on the basis of accounting practices prescribed or permitted by the State of New York.

The Department recognizes only statutory accounting practices prescribed or permitted by the State of New York for determining and reporting the financial condition and results of operations of an insurance company for determining its solvency under New York State Insurance Law ("NYSIL"). The National Association of Insurance Commissioners ("NAIC") Accounting Practices and Procedures manual ("NAIC SAP") has been adopted as a component of prescribed practices by the Department.

The Department has the right to permit other specific practices that deviate from prescribed practices. During 2012, the Company received permission from the Department to defer the recognition of the deferred tax liabilities attributable to MSC received until such time as the MSC are included in the Company's taxable income, to the extent that the total gross deferred tax liabilities exceed the total gross admitted deferred tax assets. The Company has the Department's permission to utilize this permitted practice through December 31, 2021. The permitted practice had no effect on net income for the years ended December 31, 2021 or December 31, 2020 and increased surplus by $8,548,974 and $5,995,364 as of December 31, 2021 and December 31, 2020.

Net Income (Loss)	SSAP #	December 31, 2021	December 31, 2020
Build America's state basis		$ (49,342,708)	$ (59,286,716)
State Prescribed Practices:			
None		-	-
State Permitted Practices:			
Deferred tax liability on MSC	101	-	-
NAIC statutory accounting principles		$ (49,342,708)	$ (59,286,716)

Surplus	SSAP #	December 31, 2021	December 31, 2020
Build America's state basis		$ 298,108,444	$ 324,708,107
State Prescribed Practices:			
None		-	-
State Permitted Practices:			
Deferred tax liability on MSC	101	(8,548,974)	(5,955,364)
NAIC statutory accounting principles		$ 289,559,470	$ 318,752,743

Summary of Significant Accounting Policies

Invested Assets

Investments in long-term bonds with an NAIC designation of 1 or 2 that are not backed by loans are reported at amortized cost; amortized cost is computed using the effective interest method. Bonds with an NAIC designation of 3 through 6 are carried at the lower of amortized cost or fair value. For bonds purchased at a price below par value, discounts are accreted over the remaining term of the bond. For bonds purchased at a price above par value, premiums are amortized to the call date that produces the lowest yield, or, if there are no call features, premiums are amortized over the remaining term of the bond.

Loan-backed securities with an NAIC designation of 1 or 2 are reported at amortized cost. Loan-backed securities with an NAIC designation of 3 through 6 are carried at the lower of amortized cost or fair value. Changes in estimated cash flows, including the effect of prepayment assumptions, on loan-backed securities are reviewed periodically. Prepayment assumptions are applied consistently to securities backed by similar collateral. Loan-backed securities are revalued using the estimated cash flows, including new prepayment assumptions, using the retrospective adjustment method. If there is an increase in expected cash flows, the Company will recalculate the amount of accretable yield. If there is a decrease in expected cash flows or if the fair value of the loan-backed security has declined below its amortized cost basis, the Company determines whether an other-than-temporary-impairment ("OTTI") has occurred.

The Company did not hold any bonds with NAIC designations 3 through 6 as of December 31, 2021 or December 31, 2020.

For loan-backed securities for which the fair value has declined below its amortized cost basis and the Company either: (i) has the intent to sell the security, or (ii) does not have the intent or ability to hold security for a period of time sufficient to recover the amortized cost basis, an OTTI shall have occurred. The amount of the OTTI recognized in earnings as a realized loss will equal the entire difference between security's amortized cost basis and its fair value at the balance sheet date.

When an OTTI has occurred because the Company does not expect to recover the entire amortized cost basis of the security, even if the Company has no intent to sell and the Company has the intent and ability to hold, the amount of the OTTI recognized in earnings as a realized loss shall be equal to the difference between the security's amortized cost basis and the present value of cash flows expected to be collected.

The Company has not recorded any OTTI for the years ended December 31, 2021 or 2020. However, because OTTI is based on management's judgment and estimates, there can be no assurance that the Company will not record OTTI in future periods.

Common stock investments are stated at fair value.

Short-term investments are stated at amortized cost and consist primarily of bonds with maturities of less than one year.

Cash and cash equivalents are carried at cost, which approximates fair value, and consists of cash in depository accounts, short-term obligations of the U.S. government and its agencies with original maturities of less than 90 days and money market mutual funds registered under the Investment Company Act of 1940 (the "Act of 1940") and regulated under Rule 2a-7 of the Act of 1940.

Premiums

Upfront written premiums are earned on a basis proportionate to the remaining scheduled periodic maturity of principal and payment of interest to the original total principal and interest insured. Installment premiums are reflected in income pro-rata over the installment period covered. Unearned premiums represent the portion of premiums written that relate to unexpired risk. When an issue insured by the Company has been refunded or called, the remaining unrecognized premium is earned at that time.

Premiums ceded to reinsurers reduce the amount of earned premium the Company recognizes from its insurance policies. Ceded premium is recognized in earnings in proportion to and at the same time the related gross premium revenue is recognized. Ceding commission income is recognized in earnings when due.

Expenses incurred in connection with the acquisition of new insurance business are charged to operations as incurred and are reduced for ceding commissions received or receivable.

Unpaid Loss and Loss Adjustment Expenses

The Company's financial guaranty insurance contracts provide an unconditional and irrevocable guaranty of the payment of the principal and interest of insured obligations when due.

Case basis loss reserves are established in an amount equal to the present value of management's estimate of future claim payments discounted using the average rate of return on admitted invested assets. Case basis loss reserves are established on a contract-by-contract basis when an insured event has occurred or an insured event is expected in the future based upon credit deterioration that has already occurred and has been identified. Subsequent changes to the measurement of loss reserves are recognized as losses incurred in the period of change.

The Company did not have any loss or loss adjustment expense reserves as of December 31, 2021 or December 31, 2020. However, because the reserves are based on management's judgment and estimates, there can be no assurance that the Company will not incur loss or loss adjustment expenses in future periods.

Member Surplus Contributions

MSC payments are recognized as an addition to surplus when collected.

Mandatory Contingency Reserve

The Company is required to establish a mandatory contingency reserve in accordance with NAIC SAP, which is consistent with the requirements of NYSIL. The mandatory contingency reserve is a liability established to protect policyholders against the effect of adverse economic developments or cycles or other unforeseen circumstances.

In 2021, the NAIC adopted revisions to the Preamble to the NAIC SAP (the "Preamble") that address situations where non-domiciliary states prescribe accounting practices that differ from the accounting practices prescribed by the insurer's state of domicile.

The revisions clarified that financial statements filed with the NAIC and subject to independent audit pursuant to Model Law 205: Annual Financial Reporting Model Regulation shall be prepared in accordance with practices prescribed or permitted by the insurer's state of domicile.

Certain states in which Build America is licensed may require the establishment of contingency reserves greater than the amount required by NYSIL. Prior to the NAIC's adoption of the revisions to the Preamble, the Company's accounting policy was to calculate contingency reserves using the requirements of each state in which it is licensed and record a contingency reserve contribution equal to the greatest result. Effective January 1, 2021, the Company changed its accounting policy for contingency reserves to comply with the requirements of NYSIL, which is consistent with NAIC SAP, to calculate and record ongoing contributions to the contingency reserves. This change in accounting policy had no impact on surplus upon adoption, or on net income for the year ended December 31, 2021.

Under NAIC SAP, financial guarantors are required to establish a contingency reserve equal to the greater of 50% of premiums written or a stated percentage of the principal guaranteed based on the category of obligation insured. Contributions under NAIC SAP are made in equal quarterly installments over a period of 20 years for municipal bonds. Such contributions may be discontinued if the total reserve established for all categories exceeds the sum of the stated percentages multiplied by the unpaid principal balance. A guarantor may be permitted to release reserves under specified circumstances in the event that actual loss experience exceeds certain thresholds or if the reserve accumulated is deemed excessive in relation to the guarantor's outstanding guaranteed obligations, with notice to or approval by the Department.

The NAIC SAP mandatory contingency reserve may be released on a first-in, first-out basis through unassigned surplus in the following circumstances:

- In any year where incurred losses exceed 35% of the corresponding earned premiums, with the Department's approval;
- If the reserve has been in existence less than 40 quarters, upon demonstration that the amount is excessive in relation to the outstanding obligations under the Company's financial guarantees, with the Department's approval;
- If the reserve has been in existence more than 40 quarters, upon demonstration that the amount is excessive in relation to the outstanding obligations under the Company's financial guarantees, upon 30 days prior written notice to the Department.

Reinsurance Ceded

Premiums earned, losses and loss adjustment expenses incurred and contributions to the mandatory contingency reserve are reported net of ceded reinsurance. Estimated amounts recoverable on unpaid losses and loss adjustment expenses are determined based on the Company's estimate of losses and loss adjustment expenses and the terms and conditions of the First Loss Reinsurance Treaty. As of December 31, 2021 and December 31, 2020, there were no reinsurance recoverables on unpaid losses.

Reinsurance contracts that have a more than remote probability of significant variations in the amount and timing of net cash flows are generally considered to transfer risk from the cedant to the reinsurer; these contracts are accounted for using reinsurance accounting. Reinsurance contracts that do not meet these criteria are deemed to not transfer risk from the cedant to the reinsurer, and are accounted for as deposits.

Nonadmitted Assets

The assets included in the accompanying statutory statement of admitted assets, liabilities and capital and surplus are stated at amounts consistent with valuation methodologies prescribed by NAIC SAP. Assets designated as nonadmitted are charged directly to unassigned surplus. Nonadmitted assets consist principally of non-operating software, prepaid expenses and furniture and equipment. Nonadmitted assets were $4,697,865 and $4,238,758 as of December 31, 2021 and December 31, 2020, respectively.

Income Taxes

Federal income taxes are recorded as an expense when payable. Deferred federal income taxes are provided for differences between the NAIC SAP financial statement amounts and the tax bases of assets and liabilities, subject to various limitations. Gross deferred tax assets are reduced by a valuation allowance if it is more-likely-than-not that some portion or all of the gross deferred tax assets will not be realized. The Company admits gross deferred tax assets, subject to certain capital requirements, to the sum of: (i) federal income taxes paid in prior years that can be recovered through loss carrybacks for existing temporary differences that reverse during a timeframe corresponding with Internal Revenue Service tax loss carryback provisions, not to exceed three years, and (ii) the lesser of: (a) the amount of adjusted gross deferred tax assets expected to be realized within three years of the balance sheet date, or (b) fifteen percent of statutory capital and surplus as required to be shown on the statutory balance sheet of the Company for its current statement, adjusted to exclude any net deferred tax assets, electronic data processing equipment, operating system software and any net positive goodwill, and (iii) the amount of adjusted gross deferred tax assets that can offset against existing gross deferred tax liabilities. The admissibility of gross deferred tax assets included in item (ii) above are subject to the realization threshold limits prescribed in the Statement of Statutory Accounting Principles No. 101, *Income Taxes – A Replacement of SSAP No. 10R and SSAP No. 10* ("SSAP 101"). Changes in net admissible deferred tax assets are charged or credited directly to unassigned surplus.

Surplus Notes

Surplus notes are reported as surplus on the Company's statutory statement of admitted assets, liabilities and capital and surplus. Surplus note interest payments are reported as a reduction in investment income when approved by the Department. Accordingly, unapproved interest is not reported as a reduction in investment income and is not reported as a liability in the statutory statement of admitted assets, liabilities and capital and surplus.

Property and Equipment

Build America's written policy with respect to the capitalization of prepaid expenses, electronic data processing equipment, software, furniture, fixtures, other equipment and/or leasehold improvements is that purchases of less than ten thousand dollars are not capitalized and are expensed when purchased.

Purchases meeting the capitalization threshold that provide probable future economic benefits to the Company are capitalized. Expenses for the amortization of capitalized assets are recognized over the estimated useful lives of the assets as follows:

Class of Asset	Estimated Useful Life
Personal computers	3 years
Electronic data processing equipment	3 years
Software - operating	3 years
Software - non-operating	5 years
Office equipment	5 years
Furniture and fixtures	10 years
Leasehold improvements[1]	10 years

[1] *The estimated useful life of leasehold improvements is the lesser of 10 years or the remaining term on the lease for the location of the improvements.*

Use of Estimates

The preparation of the statutory financial statements requires the Company's management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the statutory financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ materially from these estimates. The significant estimates used in the preparation of the Company's statutory financial statements, and therefore considered to be critical accounting estimates, include, but are not limited to, unpaid loss and loss adjustment expenses, the valuation of investments and deferred tax assets and liabilities. In addition, estimates are used to evaluate risk transfer for ceded reinsurance transactions. Results of changes in estimates are generally reflected in results of operations in the period in which the change is made.

Going Concern

Management has evaluated the Company's ability to continue as a going concern and does not believe there are conditions or events, considered in the aggregate, that raise substantial doubt regarding the Company's ability to continue as a going concern within one year of the issuance of the statutory financial statements for the years ended December 31, 2021 and December 31, 2020.

Differences from Generally Accepted Accounting Principles in the United States of America

NAIC SAP varies from generally accepted accounting principles in the United States of America ("U.S. GAAP"). The effects on the financial statements of the variances between NAIC SAP and U.S. GAAP, although not reasonably determinable, are presumed to be material. The more significant differences are:

- Under U.S. GAAP, investments are reported at fair value. Unrealized holding gains and losses are included in income. Under NAIC SAP, investment grade bonds are reported at amortized cost and non-investment grade bonds are carried at the lower of amortized cost or fair value. Unrealized holding gains and losses on equity securities and unrealized losses on non-investment grade bonds are recorded as a direct credit or charge to unassigned surplus;

- Under U.S. GAAP, premiums for financial guaranty insurance contracts are earned using a constant yield method based on the insured principal amount outstanding, while under NAIC SAP, upfront premiums written for financial guaranty insurance contracts are earned on a basis proportionate to the remaining scheduled periodic maturity of principal and payment of interest to the original total principal and interest insured and installment premiums are reflected in income pro-rata over the installment period. Additionally, under U.S. GAAP, installment premiums receivable are recorded at the present value of the premiums due over the period of the financial guaranty insurance contract using a discount rate which reflects the risk-free rate at the inception of the financial guaranty insurance contract;
- Under U.S. GAAP, unearned premium reserves are reported gross of amounts ceded to reinsurers, while under NAIC SAP, such amounts are reported net of amounts ceded to reinsurers;
- Under U.S. GAAP, policy acquisition costs and commissions are deferred and amortized or accreted as the related premium is earned, while under NAIC SAP policy acquisition costs and commissions are included in operations as incurred or due only to the extent that the ceding commissions paid do not exceed the anticipated acquisition cost of the business ceded and if exceeded, a liability is established and amortized pro rata over the effective period;
- Under U.S. GAAP, surplus notes are reported as liabilities, while under NAIC SAP, surplus notes are reported in a separate caption within surplus;
- Under U.S. GAAP, interest on surplus notes is accrued as an expense and reported as a liability based on the contractual due dates of the surplus notes, while under NAIC SAP, interest on surplus notes is reported as an expense and reported as a liability when the Department approves payment;
- Under U.S. GAAP, there is no concept of nonadmitted assets and the Company uses judgment and estimates to determine if the carry value of assets has been impaired, while under NAIC SAP, assets designated as nonadmitted assets such as deferred tax assets, furniture and equipment, prepaid expenses and receivable balances more than ninety days overdue are excluded from assets and charged to statutory unassigned surplus;
- Under U.S. GAAP, unpaid losses and loss adjustment expenses are: (i) reported gross of amounts ceded to reinsurers, (ii) are reported net of related unearned premiums and (iii) are discounted at the risk-free rate, while under NAIC SAP such amounts are: (iv) reported net of amounts ceded to reinsurers, (v) are not reported net of related unearned premiums and (vi) are discounted at the rate of return on admitted invested assets;
- Under U.S. GAAP, deferred taxes are reflected in the statement of operations, while under NAIC SAP the admissible deferred income tax assets and deferred tax liabilities and charges in admissible net deferred tax balances are recorded directly to unassigned surplus;
- Under NAIC SAP, a liability for a mandatory contingency reserve is reported and charged directly to unassigned surplus, while no such liability is required under U.S. GAAP; and

- Under NAIC SAP, a liability for unsecured reinsurance recoverables due from unauthorized reinsurers is recorded based on criteria established by the NAIC and charged directly to surplus, while under U.S. GAAP the Company establishes an amount for uncollectible reinsurance recoverables based on the credit quality of the reinsurer and the Company's judgment.

2. Investments

The following are the carrying values of the Company's bonds and common stock and the related fair values:

As of December 31, 2021:

	Carry Value	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Bonds:				
U.S. government	$ 132,343,855	$ 1,118,782	$ (878,213)	$ 132,584,424
Special revenue and special assessment obligations	276,432,913	16,781,080	(1,298,132)	291,915,861
Industrial and miscellaneous	47,566,058	354,446	(50,726)	47,869,778
Total bonds	$ 456,342,826	$ 18,254,308	$ (2,227,071)	$ 472,370,063
Common stocks:				
Industrial and miscellaneous	$ 92,000	$ -	$ -	$ 92,000
Total stocks	$ 92,000	$ -	$ -	$ 92,000
Total bonds and stocks	$ 456,434,826	$ 18,254,308	$ (2,227,071)	$ 472,462,063

As of December 31, 2020:

Bonds:	Carry Value	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
U.S. government	$ 116,987,204	$ 2,900,784	$ (3,529)	$ 119,884,459
Special revenue and special assessment obligations	243,977,658	21,043,800	(2,310)	265,019,148
Industrial and miscellaneous	57,252,058	1,349,322	-	58,601,380
Total bonds	$ 418,216,920	$ 25,293,906	$ (5,839)	$ 443,504,987
Common stocks:				
Industrial and miscellaneous	$ 90,000	$ -	$ -	$ 90,000
Total stocks	$ 90,000	$ -	$ -	$ 90,000
Total bonds and stocks	$ 418,306,920	$ 25,293,906	$ (5,839)	$ 443,594,987

Fair values and unrealized losses on securities held, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position, were as follows:

As of December 31, 2021:

	Fair Value	Unrealized Loss
Less than twelve months		
Bonds:		
U.S. government	$ 87,121,035	$ (857,357)
Special revenue and special assessment obligations	77,726,875	(1,161,519)
Industrial and miscellaneous	3,438,656	(50,726)
Total bonds	$ 168,286,566	$ (2,069,602)
Twelve months or more		
Bonds:		
U.S. government	$ 596,452	$ (20,856)
Special revenue and special assessment obligations	5,489,176	(136,613)
Industrial and miscellaneous	-	-
Total bonds	$ 6,085,628	$ (157,469)
Total unrealized loss		
Bonds:		
U.S. government	$ 87,717,487	$ (878,213)
Special revenue and special assessment obligations	83,216,051	(1,298,132)
Industrial and miscellaneous	3,438,656	(50,726)
Total bonds	$ 174,372,194	$ (2,227,071)

As of December 31, 2020:

	Fair Value	Unrealized Loss
Less than twelve months		
Bonds:		
U.S. government	$ 2,187,157	$ (3,529)
Special revenue and special assessment obligations	4,676,855	(2,310)
Industrial and miscellaneous	-	-
Total bonds	$ 6,864,012	$ (5,839)
Twelve months or more		
Bonds:		
U.S. government	$ -	$ -
Special revenue and special assessment obligations	-	-
Industrial and miscellaneous	-	-
Total bonds	$ -	$ -
Total unrealized loss		
Bonds:		
U.S. government	$ 2,187,157	$ (3,529)
Special revenue and special assessment obligations	4,676,855	(2,310)
Industrial and miscellaneous	-	-
Total bonds	$ 6,864,012	$ (5,839)

The Company routinely reviews its investments to determine whether unrealized losses represent temporary changes in fair value or are the result of an OTTI. The process of determining whether a security is other-than-temporarily impaired is subjective and involves analyzing many factors. These factors include, but are not limited to, the overall financial condition of the issuer, the length and magnitude of an unrealized loss, specific credit events, the collateral structure and credit enhancements that may be applicable to loan-backed securities. The Company also considers its ability and intent to hold a security for a sufficient period of time for the value to recover the unrealized loss, which is based, in part, on current and anticipated future positive net cash flows from operations that generate sufficient liquidity in order to meet the Company's obligations. If it is determined that an unrealized loss on a security is other-than-temporary, the Company recognizes a realized capital loss in the statement of operations in the period the write down occurred. In the case of mortgage-backed securities, the security is written down to the greater of the present value of expected future cash flows or the fair value of the security. All other securities determined to have an OTTI are written down to fair value.

The Company did not record any OTTI for the years ended December 31, 2021 or December 31, 2020.

The carrying values and the related fair market values of bonds, by contractual maturity, are as follows:

As of December 31, 2021	Carrying Value	Fair Value
One year or less	$ 58,667,946	$ 58,997,735
Over one year to five years	102,657,514	102,634,429
Over five years to ten years	74,910,520	81,033,432
Over ten years	114,302,561	123,588,859
Mortgage- and asset-backed securities	105,804,285	106,115,608
Total bonds	$ 456,342,826	$ 472,370,063

Net investment income (expense) is summarized by invested asset class as follows:

Investment Income (Expense)	For the Year Ended December 31, 2021	For the Year Ended December 31, 2020
Bonds	$ 10,762,204	$ 11,992,742
Common stocks	4,261	6,848
Cash, cash equivalents and short-term investments	1,088	168,612
Total investment income	$ 10,767,553	$ 12,168,202
Less: investment expenses	(481,601)	(482,732)
Less: interest expense	(19,025,900)	(28,754,305)
Net investment income (expense)	$ (8,739,948)	$ (17,068,835)

Interest expense on surplus notes was $10,180,154 and $25,710,635 for the years ended December 31, 2021 and December 31, 2020, respectively. Interest expense related to deposit accounting reinsurance was $8,845,746 and $3,043,670 for the years ended December 31, 2021 and December 31, 2020, respectively. There were no amounts of accrued investment income not admitted as of December 31, 2021 or December 31, 2020.

Net realized gains and losses by invested asset class were comprised of the following:

	For the Year Ended December 31, 2021			
	Gross Realized Gains	Gross Realized Losses	Tax (Expense) Benefit	Net Realized Capital Gains (Losses)
Bonds	$ 89,376	$ -	$ -	$ 89,376
Total	$ 89,376	$ -	$ -	$ 89,376

	For the Year Ended December 31, 2020			
	Gross Realized Gains	Gross Realized Losses	Tax (Expense) Benefit	Net Realized Capital Gains (Losses)
Bonds	$ 608,541	$ (300)	$ -	$ 608,241
Total	$ 608,541	$ (300)	$ -	$ 608,241

Proceeds from sales of investments in bonds, excluding maturities and paydowns, during the years ended December 31, 2021 and 2020 were $10,339,246 and $46,453,936, respectively.

As of December 31, 2021 and December 31, 2020, securities with a carrying value of $4,852,588 and $5,071,087, respectively, were on deposit with various state and other regulatory authorities as required by law. As of December 31, 2021 and December 31, 2020, assets with a carrying value of $1,826,253 and $720,000, respectively, were held in trust as collateral for the benefit of reinsurers. As of December 31, 2021 and December 31, 2020, assets with a carrying value of $59,517 and $73,517, respectively, were held by lessors to benefit the lease obligations of the Company.

3. Fair Value Measurements

The fair values of the Company's financial instruments are determined primarily through the use of observable inputs. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from external independent sources. Unobservable inputs reflect management's assumptions about what market participants' assumptions would be in pricing the asset or liability based on the best information available. The Company classifies financial assets in the fair value hierarchy based on the lowest level input that is significant to the fair value measurement. This classification requires judgment in assessing the market and pricing methodologies for a particular security. The fair value hierarchy is comprised of the following three levels:

- Level 1: Valuations are based on unadjusted quoted prices in active markets for identical financial assets or liabilities;
- Level 2: Valuations of financial assets and liabilities are based on prices obtained from independent index providers, pricing vendors or broker-dealers using observable inputs; and
- Level 3: Valuations are based on unobservable inputs for assets and liabilities where there is little or no market activity. Management's assumptions and/or internal valuation pricing models are used to determine the fair value of financial assets or liabilities.

The Company did not carry any assets or liabilities at fair value as of December 31, 2021 or December 31, 2020.

The following inputs, methods and assumptions were used to determine the fair value of each class of financial instrument for which it is practicable to estimate that value:

Bonds

The estimated fair values generally represent prices received from third party pricing services or alternative pricing sources. The pricing services prepare estimates of fair value measurements using their pricing applications, which include available relevant market information, benchmark curves, benchmarking of like securities and matrix pricing. The observable inputs used in the valuation of these securities may include the spread above the risk-free yield curve, reported trades, broker-dealer quotes, bids, prepayment speeds, delinquencies, loss severity and default rates. In cases where specific market quotes are unavailable, interpreting market data and estimating market values require considerable judgment by management. Accordingly, the estimates presented are not necessarily indicative of the amount the Company could realize in the market. In these cases, the fair value measurements are primarily classified as Level 2.

Common Stocks

The Company's common stock investments relate to holdings in the FHLB of NY. FHLB of NY's capital plan prescribes the par value of the capital stock is $100 and all capital stock is issued, redeemed, repurchased or transferred at par value. Since there is not an observable market for the FHLB of NY common stock, it has been classified as Level 3. The fair value of the FHLB of NY's common stock is presumed to equal par as prescribed by SSAP 30R, *Unaffiliated Common Stock*. The fair value of FHLB of NY stock was $92,000 and $90,000 at December 31, 2021 and December 31, 2020, respectively.

Cash, Cash Equivalents and Short-Term Investments

The fair value of cash and short-term investments approximates its amortized cost. The fair value measurements were classified as Level 1.

Investment Income Due and Accrued

The fair value of investment income due and accrued approximates carrying value, and the fair value measurements were classified as Level 1.

Net Financial Guaranty Insurance Contracts

The fair value of net financial guaranty insurance contracts represents the Company's estimate of the cost to Build America to completely transfer its insurance obligations to another financial guarantor under current market conditions. Theoretically, this amount should be the same amount that another financial guarantor would hypothetically charge in the market place to provide the same protection as of the balance sheet date. The cost to transfer these insurance obligations is based on the carrying values of unearned premium reserves and member surplus contributions, which are observable inputs, less estimated ceding commissions, which are not observable inputs. The Company has classified this fair value measurement as Level 3.

The following table presents all financial assets and liabilities by fair value hierarchy:

	Aggregate Fair Value	Admitted Assets	Level 1	Level 2	Level 3
As of December 31, 2021:					
Financial Assets:					
Bonds	$ 472,370,063	$ 456,342,826	$ -	$ 472,370,063	$ -
Common stocks	92,000	92,000	-	-	92,000
Cash, cash equivalents and short-term investments	20,963,369	20,963,369	20,963,369	-	-
Investment income due and accrued	2,928,773	2,928,773	2,928,773	-	-
Total Financial Assets	$ 496,354,205	$ 480,326,968	$ 23,892,142	$ 472,370,063	$ 92,000
Financial Liabilities:					
Net financial guaranty insurance contracts	$ 317,728,920	$ -	$ -	$ -	$ 317,728,920
Total Financial Liabilities	$ 317,728,920	$ -	$ -	$ -	$ 317,728,920
As of December 31, 2020:					
Financial Assets:					
Bonds	$ 443,504,987	$ 418,216,920	$ -	$ 443,504,987	$ -
Common stocks	90,000	90,000	-	-	90,000
Cash, cash equivalents and short-term investments	62,995,040	62,995,040	62,995,040	-	-
Investment income due and accrued	3,019,875	3,019,875	3,019,875	-	-
Total Financial Assets	$ 509,609,902	$ 484,321,835	$ 66,014,915	$ 443,504,987	$ 90,000
Financial Liabilities:					
Net financial guaranty insurance contracts	$ 267,016,547	$ -	$ -	$ -	$ 267,016,547
Total Financial Liabilities	$ 267,016,547	$ -	$ -	$ -	$ 267,016,547

	For the Year Ended December 31, 2021		For the Year Ended December 31, 2020	
	Financial Assets	Financial Liabilities	Financial Assets	Financial Liabilities
	Common stocks	Net financial guaranty insurance	Common stocks	Net financial guaranty insurance
Opening Balance	$ 90,000	$ 267,016,547	$ 95,100	$ 223,912,113
Transfer Into Level 3	-	-	-	-
Transfers Out of Level 3	-	-	-	-
Gains/(Losses) Included in Net Income	-	-	-	-
Gains/(Losses) Included in Surplus	-	-	-	-
Purchases	2,000	-	-	-
Issuances	-	50,712,373	-	43,104,434
Sales	-	-	(5,100)	-
Settlements	-	-	-	-
Ending Balance	$ 92,000	$ 317,728,920	$ 90,000	$ 267,016,547

Transfers of assets and liabilities into or out of Level 3 are recorded at their fair values as of the end of each reporting period, consistent with the date of determination of fair value. During the year ended December 31, 2021 the Company purchased $2,000 of FHLB of NY capital stock that was classified as Level 3. During the years ended December 31, 2021 and December 31, 2020, the Company did not transfer any assets or liabilities into or out of Level 3. The liability for net financial guaranty insurance contracts as of December 31, 2021 and December 31, 2020 had an estimated fair value of $317,728,920 and $267,016,547, respectively.

The Company had no items for which it was not practicable to estimate fair values as of December 31, 2021 or December 31, 2020.

4. Income Taxes

The Company's permitted practice with respect to the deferral of the recognition of deferred tax liabilities ("DTL") on MSC collected increased surplus by $8,548,974 and $5,995,364 for the years ended December 31, 2021 and 2020, respectively.

The components of DTA and DTL are as follows:

	Ordinary	Capital	Total
As of December 31, 2021:			
Gross deferred tax assets	$ 78,240,210	$ -	$ 78,240,210
Less: valuation allowance adjustment	-	-	-
Subtotal - adjusted gross deferred tax assets	$ 78,240,210	$ -	$ 78,240,210
Deferred tax assets non-admitted	-	-	-
Subtotal - net admitted deferred tax asset	$ 78,240,210	$ -	$ 78,240,210
Deferred tax liabilities	78,240,210	-	78,240,210
Total - net admitted deferred tax asset	$ -	$ -	$ -
As of December 31, 2020:			
Gross deferred tax assets	$ 73,310,848	$ -	$ 73,310,848
Less: valuation allowance adjustment	-	-	-
Subtotal - adjusted gross deferred tax assets	$ 73,310,848	$ -	$ 73,310,848
Deferred tax assets non-admitted	-	-	-
Subtotal - net admitted deferred tax asset	$ 73,310,848	$ -	$ 73,310,848
Deferred tax liabilities	73,310,848	-	73,310,848
Total - net admitted deferred tax asset	$ -	$ -	$ -

The admission calculation for deferred tax assets ("DTA") admitted under each component of SSAP 101 paragraphs 11.a., 11.b., and 11.c. is as follows:

As of December 31, 2021:

	Ordinary		Capital		Total
SSAP 101 ¶11.a.:					
Federal income taxes paid in prior years recoverable through loss carrybacks		$ -		$ -	$ -
SSAP 101 ¶11.b.:					
Adjusted gross deferred tax assets expected to be realized (excluding the amount of deferred tax assets SSAP 101 ¶11.a.) after application of the threshold limitation. The lesser of:					
Adjusted gross deferred tax assets expected to be realized following the balance sheet date	$ -		$ -		
Adjusted gross deferred tax assets allowed per limitation threshold	$ -	-	$ -	-	-
SSAP 101 ¶11.c.:					
Adjusted gross deferred tax assets (excluding the amount of deferred tax assets from SSAP 101 ¶11.a. and ¶11.b.) that can be offset by gross deferred tax liabilities		78,240,210		-	78,240,210
Deferred tax assets admitted as a result of application of SSAP No. 101		$ 78,240,210		$ -	$ 78,240,210

As of December 31, 2020:

	Ordinary		Capital		Total
SSAP 101 ¶11.a.:					
Federal income taxes paid in prior years recoverable through loss carrybacks		$ -		$ -	$ -
SSAP 101 ¶11.b.:					
Adjusted gross deferred tax assets expected to be realized (excluding the amount of deferred tax assets SSAP 101 ¶11.a.) after application of the threshold limitation. The lesser of:					
Adjusted gross deferred tax assets expected to be realized following the balance sheet date	$ -		$ -		
Adjusted gross deferred tax assets allowed per limitation threshold	$ -	-	$ -	-	-
SSAP 101 ¶11.c.:					
Adjusted gross deferred tax assets (excluding the amount of deferred tax assets from SSAP 101 ¶11.a. and ¶11.b.) that can be offset by gross deferred tax liabilities		73,310,848		-	73,310,848
Deferred tax assets admitted as a result of application of SSAP No. 101		$ 73,310,848		$ -	$ 73,310,848

The amount of adjusted gross DTA admitted under each component of SSAP 101 are as follows:

	As of December 31, 2021	As of December 31, 2020
Deferred tax assets:		
Ordinary:		
Unearned premiums	$ 1,023,182	$ 997,244
Investments	35,962	-
Compensation and benefit accruals	4,995,500	5,152,816
Net operating loss carryforward	72,016,951	66,961,973
Start-up costs	168,615	198,815
Subtotal - ordinary deferred tax assets	$ 78,240,210	$ 73,310,848
Statutory valuation allowance	-	-
Nonadmitted ordinary deferred tax assets	-	-
Admitted ordinary deferred tax assets	$ 78,240,210	$ 73,310,848
Deferred tax liabilities:		
Ordinary:		
Investments	$ -	$ 44,057
Fixed assets	228,193	212,537
Interest on surplus notes	26,137,870	26,091,340
Member surplus contributions	51,874,147	46,962,914
Ordinary deferred tax liabilities	$ 78,240,210	$ 73,310,848
Net admitted deferred tax asset	$ -	$ -

As of December 31, 2021 and December 31, 2020, the Company has not implemented any tax planning strategies that would affect adjusted gross and net admitted DTA.

The Company generated tax basis ordinary operating losses of $23,284,475 and $18,420,249 for the years ended December 31, 2021 and December 31, 2020, respectively. The Company has an unused ordinary operating loss carryforward of $342,263,522 available to offset against future taxable income. Unused ordinary operating losses of $250,680,383 expire beginning in 2033 through 2038 and unused ordinary operating losses of $91,583,139 may be carried forward indefinitely.

The Company generated tax basis capital gains for the years ended December 31, 2021 and December 31, 2020 of $173,788 and $728,076. The Company does not have any unused capital loss carryforwards at December 31, 2021.

The differences between the expected federal income tax expense computed at the statutory federal rates and the actual federal income tax expenses are as follows:

	For the Year Ended December 31, 2021		For the Year Ended December 31, 2020	
Statutory pre-tax income (loss)	$	(49,342,708)	$	(59,286,716)
Provision computed at statutory rate	$	(10,361,969)	$	(12,450,210)
Increase (decrease) in actual tax reported resulting from:				
Change in valuation allowance		5,030,922		3,720,661
Tax on member surplus contribution		5,562,346		4,769,327
Interest on surplus notes		(46,530)		3,135,126
All other items		(184,769)		825,096
Federal income taxes incurred expense	$	-	$	-
Change in net deferred income tax charge		-		-
Total statutory income taxes	$	-	$	-

5. Unpaid Losses and Loss Adjustment Expenses

Insured obligations are monitored periodically with the objective of identifying emerging trends, updating the external and internal ratings and surveillance categories and avoiding or minimizing losses. The Company classifies each credit in its insured portfolio using the following surveillance categories:

I – Performing – Standard Oversight

Credit is performing well. No losses are expected.

II – Performing – Enhanced Oversight

Credit experiencing financial, legal, or administrative problems, causing overall credit quality deterioration or a breach of one or more covenants or triggers. Issuers in this category are, to the extent possible, taking all necessary remedial actions. For some issuers, factors outside of their control are the cause, at least in part, of the deterioration in their credit profile. Issuers in this category are more closely monitored by Surveillance. Despite the current credit difficulties, BAM does not expect any interruption of debt service payments and no losses are expected.

III – Watchlist – Deteriorated

Credit experiencing financial, legal, or administrative problems, causing overall credit quality deterioration or a breach of one or more covenants or triggers, which if not corrected could lead to a loss on the policy. Issuers in this category are not taking conclusive remedial action or are unable to do so due to external factors, requiring Surveillance to employ enhanced surveillance and loss mitigation procedures. This may include the development of a remediation plan in consultation with internal and/or external attorneys, and/or outside consultants. The objectives of any remediation plan would be to address the problems the issuer is facing and any external factors impacting the credit, as well as ensuring that creditor's rights are enforced and curing any breaches that may have occurred with respect to any credit triggers or covenants. BAM may work with other insurers, bondholders, and/or interested parties on remediation efforts, as applicable. Probability of a loss is remote.

IV – Watchlist – Distressed

A loss is expected or losses have been paid and have not been recovered or are not recoverable. Surveillance is employing enhanced surveillance and loss mitigation procedures, and may include a remediation plan developed in consultation internal and/or external attorneys, and/or outside consultants. Probability of a loss is elevated.

All credits are deemed Performing and have been assigned to either category "I – Performing – Standard Oversight" or "II – Performing – Enhanced Oversight."

The Company did not have any loss or loss adjustment expense reserves as of December 31, 2021 or December 31, 2020.

6. Reinsurance

The following table summarizes unearned premiums and the related commission equity for assumed reinsurance and reinsurance ceded to HG Re via the First Loss Reinsurance Treaty.

	As of December 31, 2021		As of December 31, 2020	
	Unearned Premiums	Commission Equity	Unearned Premiums	Commission Equity
Assumed:				
Affiliated	$ -	$ -	$ -	$ -
Non-affiliated	17,478,736	-	15,285,027	-
Total assumed	$ 17,478,736	$ -	$ 15,285,027	$ -
Ceded:				
Affiliated	$ -	$ -	$ -	$ -
Non-affiliated	(246,065,507)	37,297,926	(215,623,656)	39,016,702
Total ceded	$ (246,065,507)	$ 37,297,926	$ (215,623,656)	$ 39,016,702
Net:				
Affiliated	$ -	$ -	$ -	$ -
Non-affiliated	(228,586,771)	37,297,926	(200,338,629)	39,016,702
Total net	$ (228,586,771)	$ 37,297,926	$ (200,338,629)	$ 39,016,702

The Company's direct unearned premium reserve was $278,071,712 and $245,507,663 as of December 31, 2021 and December 31, 2020, respectively.

7. Insurance In Force

The insurance policies issued by Build America are unconditional and irrevocable guarantees of the payment of the principal and interest when due. The Company's insurance in force represents the aggregate amount of the insured principal on insured obligations, net of reinsurance.

The creditworthiness of each issuer of an insured obligation is evaluated prior to the issuance of insurance and must comply with Build America's underwriting guidelines. These guidelines are based on the aspects of credit quality that Build America deems important for each category of obligation. These include but are not limited to economic trends, financial management, viable tax and economic bases and estimated cash flows.

As discussed in Note 1 - Organization and Basis of Presentation, Build America benefits from reinsurance protection provided by HG Re via the First Loss Reinsurance Treaty and the Excess of Loss Reinsurance Treaty, as well as collateralized excess of loss reinsurance provided by Fidus.

As of December 31, 2021, insurance in force on insured obligations had a contractual maturity range of less than one year to 40 years.

The geographic distribution of in force principal and interest on insured obligations, net of first loss reinsurance, was as follows:

	As of December 31, 2021		As of December 31, 2020	
	Principal and Interest Obligations of Insurance In Force, Net of First Loss Reinsurance[1]	Percentage of Insurance In Force, Net of First Loss Reinsurance[1]	Principal and Interest Obligations of Insurance In Force, Net of First Loss Reinsurance[1]	Percentage of Insurance In Force, Net of First Loss Reinsurance[1]
United States:				
Alabama	$ 3,343,129,812	2.9%	$ 2,953,468,628	2.9%
Arizona	2,008,058,236	1.8%	1,863,844,201	1.9%
Arkansas	1,577,776,705	1.4%	1,447,074,826	1.4%
California	25,550,511,046	22.5%	23,026,199,102	23.0%
Colorado	1,814,067,203	1.6%	1,548,440,830	1.5%
Connecticut	2,044,436,106	1.8%	1,972,153,343	2.0%
District of Columbia	30,944,005	-	1,041,941	-
Delaware	25,913,534	-	26,795,282	-
Florida	3,460,232,244	3.0%	2,377,327,227	2.4%
Georgia	423,556,229	0.4%	304,912,349	0.3%
Hawaii	18,745,305	-	18,745,305	-
Idaho	96,885,961	0.1%	95,065,088	0.1%
Illinois	10,953,606,935	9.6%	9,951,270,332	9.9%
Indiana	2,085,286,185	1.8%	1,603,907,629	1.6%
Iowa	1,274,295,794	1.1%	1,125,499,744	1.1%
Kansas	1,931,423,818	1.7%	1,424,286,915	1.4%
Kentucky	1,232,778,995	1.1%	915,092,074	0.9%
Louisiana	2,270,041,842	2.0%	1,903,508,626	1.9%
Maine	27,415,019	-	30,728,966	0.1%
Maryland	152,206,742	0.1%	87,819,663	0.1%
Massachusetts	434,685,751	0.4%	406,925,925	0.4%
Michigan	2,572,016,679	2.3%	2,274,565,596	2.3%
Minnesota	89,727,012	0.1%	89,224,460	0.1%
Mississippi	870,143,491	0.8%	879,982,069	0.9%
Missouri	635,200,942	0.6%	563,316,182	0.6%
Montana	88,372,686	0.1%	9,328,032	-
Nebraska	13,833,885	-	35,045,497	0.1%
Nevada	838,414,117	0.8%	695,649,982	0.7%
New Jersey	5,097,071,215	4.5%	4,706,128,307	4.7%
New Mexico	257,268,883	0.2%	247,980,684	0.2%
New York	5,400,178,205	4.7%	5,024,892,418	5.0%
North Carolina	285,048,145	0.3%	308,428,003	0.3%
North Dakota	126,375,416	0.1%	98,823,615	0.1%
Ohio	3,639,779,892	3.2%	2,993,995,632	3.0%
Oklahoma	277,724,147	0.2%	307,004,421	0.3%
Oregon	1,008,777,928	0.9%	924,178,944	0.9%
Pennsylvania	13,354,295,476	11.7%	12,195,894,486	12.2%
Rhode Island	240,542,649	0.2%	112,218,918	0.1%
South Carolina	640,113,607	0.6%	647,100,442	0.6%
South Dakota	32,882,838	-	24,294,237	-
Tennessee	438,073,413	0.4%	451,928,946	0.5%
Texas	14,530,676,250	12.8%	12,359,618,866	12.3%
Utah	425,548,152	0.4%	408,891,653	0.4%
Vermont	25,279,226	-	27,674,949	-
Virginia	15,112,580	-	15,365,986	-
Washington	507,844,063	0.4%	515,931,829	0.5%
West Virginia	431,551,232	0.4%	281,193,373	0.3%
Wisconsin	1,105,168,281	1.0%	878,074,990	0.9%
Wyoming	7,291,524	-	144,133,270	0.1%
Total	$ 113,710,309,401	100.0%	$ 100,304,973,783	100.0%

[1] Excludes the benefit of excess of loss reinsurance

The in force principal and interest on insured obligations, net of first loss reinsurance, by type of bond was as follows:

	As of December 31, 2021		As of December 31, 2020	
	Principal and Interest Obligations of Insurance In Force, Net of First Loss Reinsurance[1]	Percentage of Insurance In Force, Net of First Loss Reinsurance[1]	Principal and Interest Obligations of Insurance In Force, Net of First Loss Reinsurance[1,2]	Percentage of Insurance In Force, Net of First Loss Reinsurance[1,2]
Municipal Bonds:				
General obligation	$ 62,170,756,163	54.7%	$ 56,543,315,202	56.4%
Utility	14,881,063,945	13.1%	12,195,715,358	12.2%
Dedicated tax	12,508,612,892	11.0%	12,050,504,784	12.0%
General fund	10,534,553,609	9.3%	9,161,684,242	9.1%
Public higher education	9,036,375,021	7.9%	6,399,483,798	6.4%
Transportation	4,578,947,771	4.0%	3,954,270,399	3.9%
Total	$ 113,710,309,401	100.0%	$ 100,304,973,783	100.0%

[1] Excludes the benefit of excess of loss reinsurance

[2] Certain prior year amounts may have been reclassified for consistency with the current year presentation

The premiums written and earned were as follows:

	For the Year Ended December 31, 2021		For the Year Ended December 31, 2020	
	Written Premium	Earned Premium	Written Premium	Earned Premium
Direct	$ 51,229,548	$ 18,665,498	$ 61,516,296	$ 13,485,277
Assumed	4,508,770	2,315,061	195,157	2,176,750
Gross	$ 55,738,318	$ 20,980,559	$ 61,711,453	$ 15,662,027
Ceded	(47,612,410)	(17,170,559)	(52,892,889)	(12,698,605)
Net	$ 8,125,908	$ 3,810,000	$ 8,818,564	$ 2,963,422

The gross unearned premiums on an undiscounted basis for the entire book of business that would have been reported had all installment premiums been received at inception would have been $306,713,917 as of December 31, 2021.

The table below summarizes future scheduled, contractual earned premium revenue, net of reinsurance, on non-installment contracts in force:

As of December 31, 2021		Net Earned Premium
Three months ended:		
March 31, 2022	$	542,576
June 30, 2022		631,706
September 30, 2022		721,994
December 31, 2022		579,343
Twelve months ended:		
December 31, 2023		2,497,273
December 31, 2024		2,572,120
December 31, 2025		2,678,020
December 31, 2026		2,474,175
Five years ended:		
December 31, 2031		11,861,933
December 31, 2036		9,968,970
December 31, 2041		8,975,955
December 31, 2046		3,330,939
December 31, 2051		1,786,610
December 31, 2056		811,161
December 31, 2061		52,166
Total	$	49,484,941

The table below summarizes future scheduled, undiscounted premiums expected to be collected for installment contracts in force:

As of December 31, 2021	Installment Premium Collections
Three months ended:	
March 31, 2022	$ -
June 30, 2022	6,260
September 30, 2022	354,659
December 31, 2022	6,894
Twelve months ended:	
December 31, 2023	535,847
December 31, 2024	581,655
December 31, 2025	612,261
December 31, 2026	624,109
Five years ended:	
December 31, 2031	2,473,815
December 31, 2036	1,528,278
December 31, 2041	1,019,462
December 31, 2046	666,688
December 31, 2051	423,515
December 31, 2056	186,599
December 31, 2061	9,736
Total	$ 9,029,778

8. Capital and Surplus and Dividend Restrictions

Build America is a mutual insurance company domiciled in New York. NYSIL defines the scope of permitted financial guaranty insurance and governs the conduct of business of all financial guarantors licensed to do business in the State of New York, including Build America. NYSIL also establishes single risk and aggregate risk limits with respect to insured obligations insured by financial guaranty insurers. Single risk limits are specific to the type of insured obligation. Under NYSIL, policyholders' surplus and contingency reserves must be equal to or greater than a percentage of aggregate net liability. The percentage of aggregate net liability is equal to the sum of various percentages of aggregate net liability for various categories of specified obligations. In addition, to the extent applicable, Build America must also comply with the single and aggregate risk limits established by the insurance laws in the other states and jurisdictions the Company is licensed.

On July 17, 2012, the Company issued, for cash, the Series 2012-A Surplus Notes and Series 2012-B Surplus Notes (collectively, the "Series 2012 Surplus Notes") to HG Holdings, Ltd. ("HG Holdings"), a Bermuda holding company, and its wholly owned subsidiary HG Re, in the amount of $203,000,000 and $300,000,000, respectively. During 2017, in order to further support BAM's long-term capital position and business prospects, HG Holdings contributed the $203,000,000

Series 2012-A Surplus Notes to HG Re. HG Re subsequently surrendered the Series 2012-A and Series 2012-B Surplus Notes, and the Company issued surplus notes in the amount of $503,000,000 (the "Series 2017 Surplus Notes") to HG Re in order to consolidate the Series 2012 Surplus Notes into a single series. In 2018, the Series 2017 Surplus Notes were exchanged for Series 2018 Surplus Notes, which mature on April 1, 2042, and reflect all of the unapproved interest from the Series 2017 Surplus Notes.

The Series 2018 Surplus Notes are held in an HG Re sponsored vehicle. HG Re's beneficial interest in the Series 2018 Surplus Notes is pledged for the benefit of Build America. The interest rate on the Series 2018 Surplus Notes is a variable rate equal to the one-year U.S. treasury rate plus 300 basis points. During 2018, Build America exercised its option to extend the variable rate period on the Series 2018 Surplus Notes for three years to December 31, 2021. In January 2020, the expiration on the variable rate interest period was extended from December 31, 2021 to December 31, 2024. Following the expiration of the variable rate period, the interest rate adjusts to the higher of the then variable rate or 8%. The Series 2018 Surplus Notes interest rate was 3.11% and 4.57% for the years ended December 31, 2021 and December 31, 2020, respectively.

The Second Amended and Restated Surplus Note Purchase Agreement (the "Second Amended Surplus Note Agreement") provides for quarterly payments on every March 1, June 1, September 1, and December 1, until all amounts due on the Series 2018 Surplus Notes have been paid, upon: i.) the Company's request for authority to make payment and ii.) the Department's approval of that request. These conditions to the payment of interest due on the Series 2018 Surplus Notes allow for the deferral of interest without the occurrence of a default under the Second Amended Surplus Note Agreement. No interest shall be accrued on deferred interest payments.

As funds become available, they will be used on each payment date to make payments of outstanding principal of the Series 2018 Surplus Notes, plus any accrued interest thereon. All payments in respect of accrued interest on the Series 2018 Surplus Notes shall be paid to the holders of the rights to receive such interest pro rata in proportion to their rights as of the date of any such payment. The Company may not make any payment of principal on any debt subordinated to the Series 2018 Surplus Notes until all interest due and all outstanding principal on all of the Series 2018 Surplus Notes has been paid.

The Series 2018 Surplus Notes are expressly subordinate and junior to the Company's policy obligations and all other liabilities other than distribution of assets to members. Because the Company is a mutual company, there is no liquidation preference for the insurer's common and preferred shareholders, as no such shares exist.

While the scheduled maturity date of the Series 2018 Surplus Notes is April 1, 2042, the Company has the option to pre-pay, in whole or in part, the principal amount of the Series 2018 Surplus Notes at par value prior to such date subject to Department approval and the conditions noted in the previous paragraphs.

Details regarding the Series 2018 Surplus Notes are as follows:

	As of December 31, 2021		As of December 31, 2020	
Carrying value	$	364,607,625	$	388,227,472
Life to date principal paid	$	138,392,374	$	114,772,528
Life to date interest expense recognized	$	50,507,625	$	40,327,472
Unapproved principal and interest	$	522,233,878	$	543,990,611

For the year ended December 31, 2021, the Company made a Surplus Note payment of $33,800,000, consisting of $23,619,846 of principal and $10,180,154 of interest. For the year ended December 31, 2020, the Company made total Surplus Note payments of $95,100,000, consisting of $69,389,365 of principal and $25,710,635 of interest. Surplus Notes interest expense for the years ended December 31, 2021 and 2020 was $10,180,154 and $25,710,635, respectively.

9. Information Concerning Related Party Transactions

During 2014, the Company formed BAM Asset Management, LLC ("BAM AM"), a wholly owned non-insurance limited liability company domiciled in Delaware. The Company utilizes the look-through approach in valuing BAM AM at $1,101. BAM AM's U.S. GAAP basis financial statements are not audited and therefore the Company does not admit the entire investment in BAM AM as of December 31, 2021 and December 31, 2020.

10. Retirement Plans and Deferred Compensation

From January 1, 2021 through September 30, 2021, the Company participated in a multiemployer defined contribution plan (the "MEP Plan") via a co-employment agreement between Build America and a professional employer organization. This agreement was terminated effective September 30, 2021 and eligible participants in the MEP Plan were enrolled as participants in a Company sponsored a defined contribution plan (the "401k Plan"). Under both the MEP Plan and the 401k Plan, Build America makes matching contributions subject to limits set by the Internal Revenue Code. The Company provides a 100% match on employee contributions up to 3% of the employee's base pay. The Company provides a 50% match on employee contributions up to an additional 2% of the employee's base pay. The total cost to the Company for defined contribution plans was $680,114 and $608,514 for the years ended December 31, 2021 and December 31, 2020, respectively.

11. Contingencies and Commitments

Outstanding Commitments for Financial Guaranty

As of December 31, 2021, Build America had commitments to insure obligations with total principal and interest of approximately $535,000,000.

Litigation

In the normal course of operating a business, Build America may be involved in various legal proceedings. The Company is not currently aware of any pending or threatened material litigation or arbitration.

Lease Commitments

The Company leases space in New York and California under operating lease agreements that expire through January 1, 2026.

Rental expense for the years ended December 31, 2021 and 2020 was $1,889,911 and $1,919,420, respectively.

The minimum aggregate rental commitments are as follows:

As of December 31, 2021		
Year ending:		
December 31, 2022	$	2,218,182
December 31, 2023		2,184,646
December 31, 2024		1,832,555
December 31, 2025		1,797,540
December 31, 2026		599,180
Thereafter		-
Total	$	8,632,103

12. Subsequent Events

Subsequent events have been considered through February 17, 2022, the date upon which the audited statutory financial statements were available to be issued.

Build America Mutual Assurance Company

Schedule I – Summary Investment Schedule

As of December 31, 2021

	Gross Investment Holdings		Admitted Assets			
	Amount	Percentage	Amount	Securities Lending Collateral Reinvested	Total Admitted Assets	Percentage
Bonds:						
U.S. Governments:						
U.S. Governments	$ 42,789,780	9.0%	$ 42,789,780	$ -	$ 42,789,780	9.0%
U.S. Governments - Residential Mortgage-Backed Securities	7,871,946	1.6%	7,871,946	-	7,871,946	1.6%
U.S. States, Territories and Possessions (Direct and Guaranteed)	38,899,670	8.1%	38,899,670	-	38,899,670	8.1%
U.S. Political Subdivisions of States, Territories and Possessions (Direct and Guaranteed)	40,940,548	8.6%	40,940,548	-	40,940,548	8.6%
U.S. Special Revenue, Special Assessment	196,592,691	41.2%	196,592,691	-	196,592,691	41.2%
U.S. Special Revenue, Special Assessment - Residential Mortgage-Backed Securities	81,682,131	17.1%	81,682,131	-	81,682,131	17.1%
Industrial and Miscellaneous (Unaffiliated)	27,543,751	5.8%	27,543,751	-	27,543,751	5.8%
Industrial and Miscellaneous (Unaffiliated) - Other Loan-Backed and Structured Securities	20,022,309	4.2%	20,022,309	-	20,022,309	4.2%
Common Stocks:						
Industrial and Miscellaneous (Unaffiliated) - Other	92,000	0.0%	92,000		92,000	0.0%
Receivable for securities	199	0.0%	199	-	199	0.0%
Cash, cash equivalent and short-term investments	20,963,369	4.4%	20,963,369	-	20,963,369	4.4%
Other invested assets	1,101	0.0%	-	-	-	0.0%
Total	$ 477,399,495	100.0%	$ 477,398,394	$ -	$ 477,398,394	100.0%

See accompanying report of independent auditors.

Build America Mutual Assurance Company

Schedule II – Supplemental Investment Risk Interrogatories

For the Year Ended December 31, 2021

Answer the following interrogatories by reporting the applicable U.S. dollar amounts and percentages of the reporting entity's total admitted assets held in that category of investments.

1	Reporting entity's total admitted assets as reported on Page 2 of this annual statement.	$ 481,545,905
2	Ten largest exposures to a single issuer/borrower/investment.	

	1	2	3	4
	Issuer	Description of Exposure	Amount	Percentage of Total Admitted Assets
2.01	FNMA POOL MA3745	Bonds	$ 10,998,449	2.284%
2.02	WISCONSIN ST GEN FUND ANNUAL A SERIES A	Bonds	8,000,000	1.661%
2.03	CITY OF NEW YORK NY SERIES J-12	Bonds	7,750,937	1.610%
2.04	FNMA POOL FM4419	Bonds	7,475,633	1.552%
2.05	NEW YORK ST DORM AUTH REVENUES SERIES B	Bonds	7,325,000	1.521%
2.06	FNMA POOL FM6780	Bonds	7,323,329	1.521%
2.07	FNMA POOL BT0472	Bonds	7,247,512	1.505%
2.08	FHLMC POOL RA3600	Bonds	6,956,791	1.445%
2.09	DISCOVER CARD EXECUTION NOTE T SERIES	Bonds	6,500,828	1.350%
2.10	FHLMC GOLD POOL G18635	Bonds	6,364,934	1.322%

3 Amounts and percentages of the reporting entity's total admitted assets held in bonds and preferred stocks by NAIC rating.

		1	2
	Bonds	Amount	Percent
3.01	NAIC-1	$ 448,029,601	93.040%
3.02	NAIC-2	8,313,225	1.726%
3.03	NAIC-3	-	0.000%
3.04	NAIC-4	-	0.000%
3.05	NAIC-5	-	0.000%
3.06	NAIC-6	-	0.000%

		3	4
	Preferred Stocks	Amount	Percent
3.07	P/RP-1	$ -	0.000%
3.08	P/PR-2	-	0.000%
3.09	P/PR-3	-	0.000%
3.10	P/PR-4	-	0.000%
3.11	P/PR-5	-	0.000%
3.12	P/PR-6	-	0.000%

4 Assets held in foreign investments:

4.01 Are assets held in foreign investments less than 2.5% of the reporting entity's total admitted assets? Yes [X] No [ ]

If response to 4.01 above is yes, responses are not required for interrogatories 5 - 10

		1	2
		Amount	Percent
4.02	Total admitted assets held in foreign investments	$ -	0.000%
4.03	Foreign-currency-denominated investments	-	0.000%
4.04	Insurance liabilities denominated in that same foreign currency	-	0.000%

11 Amounts and percentages of the reporting entity's total admitted assets held in Canadian investments exposure and unhedged Canadian currency.

11.01 Are assets held in Canadian investments less than 2.5% of the reporting entity's total admitted assets? Yes [X] No [ ]

If response to 11.01 above is yes, responses are not required for the remainder of Interrogatory 11.

12 Report aggregate amounts and percentages of the reporting entity's total admitted assets held in investments with contractual sales restrictions

12.01 Are assets held in investments with contractual sales restrictions less than 2.5% of the reporting entity's total admitted assets? Yes [X] No [ ]

If response to 12.01 above is yes, responses are not required for the remainder of Interrogatory 12.

13 Amounts and percentages of admitted assets held in the ten largest equity interests:

13.01 Are assets held in equity interest less than 2.5% of the reporting entity's total admitted assets? Yes [X] No [ ]

If response to 13.01 above is yes, responses are not required for the remainder of Interrogatory 13.

See accompanying report of independent auditors.

Build America Mutual Assurance Company

Schedule II – Supplemental Investment Risk Interrogatories (continued)
For the Year Ended December 31, 2021

14 Amounts and percentages of the reporting entity's total admitted assets held in nonaffiliated, privately placed equities:
14.01 Are assets held in nonaffiliated, privately placed equities less than 2.5% of the reporting entity's total admitted assets? Yes [X] No [ ]
If response to 14.01 above is yes, responses are not required for the remainder of Interrogatory 14.

15 Amounts and percentages of the reporting entity's total admitted assets held in general partnership interests:
15.01 Are assets held in general partnership interests less than 2.5% of the reporting entity's total admitted assets? Yes [X] No [ ]
If response to 15.01 above is yes, responses are not required for the remainder of Interrogatory 15.

16 Amounts and percentages of the reporting entity's total admitted assets held in mortgage loans:
16.01 Are mortgage loans reported in Schedule B less than 2.5% of the reporting entity's total admitted assets? Yes [X] No [ ]
If response to 16.01 above is yes, responses are not required for the remainder of Interrogatory 16 and Interrogatory 17.

18 Amounts and percentages of the reporting entity's total admitted assets held in each of the five largest investments in real estate:
18.01 Are assets held in real estate reported less than 2.5% of the reporting entity's total admitted assets? Yes [X] No [ ]
If response to 18.01 above is yes, responses are not required for the remainder of Interrogatory 18.

19 Amounts and percentages of the reporting entity's total admitted assets held in investments held in mezzanine real estate loans:
19.01 Are assets held in real estate reported less than 2.5% of the reporting entity's total admitted assets? Yes [X] No [ ]
If response to 19.01 above is yes, responses are not required for the remainder of Interrogatory 19.

20 Amounts and percentages of the reporting entity's total admitted assets subject to the following types of agreements:

		At Year-End		Amount at End of Each Quarter		
		Amount	Percent	1st Qtr	2nd Qtr	3rd Qtr
	Description	1	2	3	4	5
20.01	Securities lending agreements (do not include assets held as collateral for such transactions)	$ -	0.000%	$ -	$ -	$ -
20.02	Repurchase agreements	-	0.000%	-	-	-
20.03	Reverse repurchase agreements	-	0.000%	-	-	-
20.04	Dollar repurchase agreements	-	0.000%	-	-	-
20.05	Dollar reverse repurchase agreements	-	0.000%	-	-	-

21 Amounts and percentages of the reporting entity's total admitted assets for warrants not attached to other financial instruments, options, caps and floors:

		Owned		Written	
		1	2	3	4
	Description	Amount	Percent	Amount	Percent
21.01	Hedging	$ -	0.000%	$ -	0.000%
21.02	Income generation	-	0.000%	-	0.000%
21.03	Other	-	0.000%	-	0.000%

22 Amounts and percentages of the reporting entity's total admitted assets of potential exposure for collars, swaps and forwards:

		At Year-End		Amount at End of Each Quarter		
		Amount	Percent	1st Qtr	2nd Qtr	3rd Qtr
	Description	1	2	3	4	5
22.01	Hedging	$ -	0.000%	$ -	$ -	$ -
22.02	Income generation	-	0.000%	-	-	-
22.03	Replications	-	0.000%	-	-	-
22.04	Other	-	0.000%	-	-	-

23 Amounts and percentages of the reporting entity's total admitted assets of potential exposure for futures contracts:

		At Year-End		Amount at End of Each Quarter		
		Amount	Percent	1st Qtr	2nd Qtr	3rd Qtr
	Description	1	2	3	4	5
23.01	Hedging	$ -	0.000%	$ -	$ -	$ -
23.02	Income generation	-	0.000%	-	-	-
23.03	Replications	-	0.000%	-	-	-
23.04	Other	-	0.000%	-	-	-

See accompanying report of independent auditors.

Build America Mutual Assurance Company
Schedule III – Reinsurance Summary Supplement
For the Year Ended December 31, 2021

1. The Company has no quota share reinsurance contracts inforce that include a provision that would limit the reinsurer's losses below the stated quota share percentage.
2. The Company has ceded risk under a reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates) for which during the period covered by the statement:
    - it recorded a positive or negative underwriting result greater than five-percent (5%) of prior year end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than five-percent (5%) of prior year-end surplus as regards policyholders;
    - it accounted for that contract as reinsurance and not as a deposit; and
    - the contract(s) contain one or more of the following features or other features that would have similar results:
        - a contract term longer than two years and the contract is noncancelable by the reporting entity during the contract term;
        - a limited or conditional cancellation provision under which cancellation triggers an obligation by the reporting entity, or an affiliate of the reporting entity, to enter into a new reinsurance contract with the reinsurer, or an affiliate of the reinsurer;
        - aggregate stop loss reinsurance coverage;
        - an unconditional or unilateral right by either party to commute the reinsurance contract except for such provisions which are only triggered by a decline in the credit status of the other party;
        - a provision permitting reporting of losses, or payment of losses, less frequently than on a quarterly basis (unless there is no activity during the period); or
        - payment schedule, accumulating retentions from multiple years or any features inherently designed to delay timing of the reimbursement to the ceding entity.
3. The Company does have a reinsurance agreement wherein the positive or negative underwriting result represents five percent (5%) or more of prior year-end surplus as regards policyholders or its reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than five percent (5%) of prior year-end surplus as regards policyholders where:
    - the written premium ceded to the reinsurer by the Company represents fifty percent (50%) or more of the entire direct and assumed premium written by the reinsurer based on its most recently available financial statement; or
    - twenty-five percent (25%) or more of the written premium ceded to the reinsurer has been retroceded back to the Company or its affiliates in separate reinsurance contract.

4. The Company has not ceded any risk under any reinsurance contract (or multiple contracts with the same reinsurer or its affiliates) during the period covered by the financial statement, and either:
    - accounted for that contract as reinsurance (either prospective or retroactive) under statutory accounting principles ("SAP") and as a deposit under generally accepted accounting principles ("GAAP"); or
    - accounted for that contract as reinsurance under GAAP and as a deposit under SAP.

The Company is party to a first loss reinsurance treaty (the "First Loss Reinsurance Treaty") whereby HG Re, Ltd. assumes all of the Company's directly insured losses in an amount up to 15% of the par outstanding for each insured policy. HG Re, Ltd.'s obligations under the First Loss Reinsurance Treaty are secured by, and limited to the value of the assets held in trusts which include a beneficial interest in the Series 2018 Surplus Notes as well as other high quality assets, which are pledged for the benefit of the Company.

The purpose of this contract is to provide 100% loss protection on the first 15% of par on each default.

The table below summarizes the financial impact for the First Loss Reinsurance Treaty, which meets the criteria for both items 2 and 3 above:

	As Reported	Reinsurance Effect	Restated Reinsurance
Assets	$ 481,545,905	$ (215,737,506)	$ 697,283,411
Liabilities	$ 183,437,461	$ (308,927,604)	$ 492,365,065
Surplus as regards to policyholders	$ 298,108,444	$ 93,190,098	$ 204,918,346
Income before taxes	$ (49,342,708)	$ (2,780,894)	$ (46,561,814)