

Finance/Audit Committee

**Thursday, April 28, 2022
9:00 a.m.**



In accordance with Section 149 of Public Act 21-2 (June Special Session), CHFA intends to hold the April 28, 2022 Finance/Audit Committee meeting in part by means of electronic equipment.

**Dial: 1-929-205-6099
Zoom Meeting ID: 878 8688 0646
Passcode: 999**

AGENDA

Reports

- | | | | | |
|----|--|---------------------------------------|--------|---------|
| A. | 2021 Audited Financial Statements | Hazim Taib | Report | 5 min. |
| B. | 2021 Audit Results | Ronald Nossek
(CliftonLarsonAllen) | Report | 15 min. |
| C. | Financial Reports | Allison Murphy | Report | 5 min. |
| D. | Delinquency and Forbearance Reports | John Chilson | Report | 5 min. |
| E. | Investment and Swap Reports | Hazim Taib | Report | 5 min. |
| F. | Minutes of Finance/Audit Committee: March 31, 2022 | | | |
-

To: Finance/Audit Committee & Board of Directors
From: Hazim Taib, Chief Financial Officer
cc: Nandini Natarajan, Chief Executive Officer
Date: April 28, 2022



Agenda Item: 2021 Audited Financial Statements

Report

For your information, attached please find the 2021 audited Financial Statements of the Authority. As noted in the Financial Highlights for 2021 of the Management Discussion and Analysis section, the Authority made 1,152 single family mortgages totaling \$237 million in 2021, compared to 1,636 single family mortgages totaling \$302.8 million in 2020. For multifamily, the Authority provided \$140.1 million of loans and participated in the financing of 976 affordable multifamily units in 2021 compared to \$107.3 million of loans and 936 affordable multifamily units in 2020. Noncurrent mortgage receivable (single family and multifamily loans) and investments (single family loans securitized into mortgage-backed securities) decreased to \$4.7 billion in 2021 from \$5.1 billion in 2020.

The Authority issued five series of Housing Mortgage Finance Program Bonds totaling \$1 billion and was able to restructure and refund over \$641 million of its outstanding bonds. In 2020, the Authority issued five series of Housing Mortgage Finance Program Bonds totaling 769 million which refunded \$262 million of its outstanding bonds. By combining the refunded bonds with new debt, the Authority was able to maintain affordable interest rates for its borrowers, extend and preserve the use of private activity bond volume cap and strengthen the underlying structure of its cash flows. Bonds payable decreased to \$4.5 billion in 2021 from \$4.9 billion in 2020.

Lastly, the Authority recorded \$64.9 million and \$77.3 million in net pension liability and net OPEB liability respectively on its balance sheet for 2021 compared to \$70.5 million and \$82.4 million for 2020. Excluding non-operating expenses, operating income was about \$40.1 million.

CONNECTICUT HOUSING FINANCE AUTHORITY

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

DECEMBER 31, 2021 AND 2020



WEALTH ADVISORY | OUTSOURCING
AUDIT, TAX, AND CONSULTING

CLAconnect.com

CONNECTICUT HOUSING FINANCE AUTHORITY

CONTENTS

Independent Auditors' Report	1-3
Management's Discussion and Analysis	4-15
Basic Financial Statements:	
Statements of Net Position	16
Statements of Revenues, Expenses and Changes in Net Position	17
Statements of Cash Flows	18
Notes to Financial Statements	19-64
Required Supplementary Information:	
Schedule of the Authority's Proportionate Share of Net Pension Liability - Connecticut State Employees Retirement System	65
Schedule of Employer Contributions - Connecticut State Employees Retirement System	66
Schedule of the Authority's Proportionate Share of Net OPEB Liability	67
Schedule of Employer Contributions - Employees' Other Post Employment Benefit Plan	68
Supplementary Information:	
Combining Schedules of Net Position	69-70
Combining Schedules of Revenues, Expenses and Changes in Net Position	71-72



Independent Auditors' Report

Board of Directors
Connecticut Housing Finance Authority
Rocky Hill, Connecticut

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Connecticut Housing Finance Authority, a component unit of the state of Connecticut, as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, which collectively comprise Connecticut Housing Finance Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Connecticut Housing Finance Authority, as of December 31, 2021 and 2020, and the changes in financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Connecticut Housing Finance Authority 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 opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of 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 Connecticut Housing Finance Authority ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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 opinions. 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 GAAS and *Government Auditing Standards* 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 GAAS and Government Auditing Standards, 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 Connecticut Housing Finance Authority'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 Connecticut Housing Finance Authority'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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the pension and OPEB schedules, as presented in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Connecticut Housing Finance Authority's basic financial statements. The combining and supplementary schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining and supplementary schedules is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 24, 2022, on our consideration of the Connecticut Housing Finance Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Connecticut Housing Finance Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Connecticut Housing Finance Authority's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

West Hartford, Connecticut
March 24, 2022

**CONNECTICUT HOUSING FINANCE AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2021 and 2020**

This section of the Connecticut Housing Finance Authority's (the "Authority") financial statements, Management's Discussion and Analysis, presents an overview of the Authority's financial performance for the years ended December 31, 2021 and 2020. It provides an assessment of the Authority's financial position and identifies the factors that in management's view, significantly affected the Authority's overall financial position. It may contain assumptions or conclusions by the Authority's management that should not be considered a replacement for, and must be read in conjunction with, the financial statements described below.

Overview of the Financial Statements

This annual financial report consists of four parts: *Management's Discussion and Analysis*, the *Basic Financial Statements*, *Required Supplementary Information* and *Supplementary Information*. The Authority is a self-supporting quasi-public agency established for the purpose of alleviating the shortage of affordable housing for low and moderate income households in the state of Connecticut and, when appropriate, to promote or maintain the economic development of Connecticut through employer-assisted housing efforts. The financial statements are presented using the accrual basis of accounting. The Authority operates in a manner similar to a private business that includes activities such as the financing of home mortgage loans and multifamily and special needs housing real estate development.

The Basic Financial Statements

The Statement of Net Position provides information about the Authority's financial condition at the end of the year by indicating the nature and amounts of its investments in resources (assets), its deferred outflows of resources, its obligations (liabilities), its deferred inflows of resources and its resulting net position. Net position represents total assets, plus total deferred outflows of resources, less total liabilities, less deferred inflows of resources. The organization of the statement of net position separates assets and liabilities into their current and non-current components.

The Statement of Revenues, Expenses and Changes in Net Position accounts for all of the current year's revenues and expenses, measures the success of the Authority's operations over the past year and can be used to determine how the Authority has funded its costs.

The Statement of Cash Flows provides information about the Authority's cash receipts, cash payments and net changes in cash resulting from operations, financing, capital and investing activities.

The Notes to the Financial Statements

The Notes to Financial Statements provide:

- Information that is essential to understanding the basic financial statements, such as the Authority's accounting methods and policies.
- Details of contractual obligations, future commitments and contingencies of the Authority.
- Other events or developing situations that could materially affect the Authority's financial position.

**CONNECTICUT HOUSING FINANCE AUTHORITY
MANAGEMENT’S DISCUSSION AND ANALYSIS (CONTINUED)
December 31, 2021 and 2020**

Required Supplementary Information and Supplementary Information

Required Supplementary Information represents information required by GASB, which supplements the basic financials statements and notes. These schedules provide additional information about the Authority’s proportionate share of the Net OPEB Liability, Net Pension Liability and schedules of the Authority’s contributions to the State Employees’ Retirement System (SERS).

The Supplementary Information includes individual program schedules that present the Authority’s financial statements in more detail.

Financial Highlights – Year Ended December 31, 2021

During 2021, the Authority closed \$237 million in single family loans bringing homeownership to 1,152 homebuyers. The need for multifamily financing remained strong. Through new construction and/or rehabilitation, the Authority financed 976 affordable multifamily units for a total investment commitment of \$140.1 million.

During 2021, the Authority issued five series of Housing Mortgage Finance Program Bonds generating \$1 billion in proceeds to provide financing for its home mortgage and multifamily mortgage housing programs in addition to refunding approximately \$641 million in outstanding bonds to take advantage of lower interest rates. Under the Special Needs Housing Mortgage Finance Program, the Authority issued four series of bonds totaling \$54.1 million, \$29.3 million of which are considered obligations of the State of Connecticut and are not reflected on the Authority’s Statements of Net Position, however those issuances are disclosed in the Conduit Debt section of Note 8. The proceeds of these funds were used to refund \$45.8 million in outstanding bonds with the remainder being used to fund the financing of thirteen group homes. The group homes provide housing and support services for individuals with special needs. Under various programs, the Authority has also made funds available from net position.

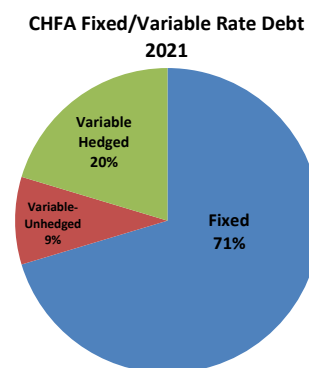
Single family loan production continued to be impacted by the COVID-19 pandemic. The single family housing market was a challenging one for first time homebuyers as they faced rising home prices and reduced inventory. The Authority made changes to its downpayment assistance program to help improve its homebuyers’ purchasing power.

The low interest rate environment during 2021 resulted in lower investment earnings and propelled an increase in single family loan payoffs as existing borrowers sought to refinance.

Financial Highlights – Year Ended December 31, 2020

During 2020, the Authority closed \$302.8 million in single family loans bringing homeownership to 1,636 homebuyers. The need for multifamily financing remained strong. Through new construction and/or rehabilitation, the Authority financed 936 affordable multifamily units for a total investment commitment of \$107.3 million.

During 2020, the Authority issued five series of Housing Mortgage Finance Program Bonds generating \$769 million in proceeds to provide financing for its home mortgage and multifamily mortgage housing programs. The Authority was able to restructure and refund approximately \$262 million in outstanding bonds to take advantage of lower interest rates. As a result of the reduction in single family loan production, the Authority ended the year issuing less single family bonds than originally anticipated.



**CONNECTICUT HOUSING FINANCE AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
December 31, 2021 and 2020**

Single family loan production was impacted by the COVID-19 pandemic. The ability to continue to offer below market interest rates on new mortgages for its borrowers became more challenging during 2020 as rates offered for conventional loans by private banks became competitive with the Authority's rates. In addition, buyer and seller health concerns slowed home purchase activity for a period of time early in the year. There was an unprecedented influx of buyers relocating from New York to Connecticut, many of which elected conventional financing options or made cash purchases. The low interest rate environment during 2020 resulted in lower investment earnings and propelled an increase in single family loan payoffs as existing borrowers sought to refinance.

Financial Analysis of the Authority

The following table summarizes the changes in Net Position between December 31, 2021, 2020, and 2019:

	(in millions)			% Change	
	2021	2020	2019	2021/2020	2020/2019
Assets					
Current assets	\$ 1,388.8	\$ 1,188.6	\$ 892.7	16.8 %	33.1 %
Capital assets	3.3	3.1	2.9	6.6	7.4
Noncurrent assets	4,753.9	5,168.5	5,260.5	(8.0)	(1.7)
Total assets	6,146.0	6,360.2	6,156.1	(3.4)	3.3
Deferred outflows of resources					
Unamortized deferred bonds refunding costs	71.1	75.7	84.6	(6.1)	(10.6)
Derivative Financial Instruments		39.9		100.0	100.0
Deferred amounts for OPEB	17.5	24.0	13.3	(26.9)	80.8
Deferred amounts for pensions	11.1	12.9	18.5	(13.5)	(30.3)
Total deferred outflows of resources	99.7	152.5	116.4	(34.6)	31.0
Liabilities					
Long-term bonds payable	4,051.0	4,453.2	4,626.9	(9.0)	(3.8)
Net OPEB liability	77.3	82.4	78.5	(6.1)	4.9
Net pension liability	64.9	70.5	76.5	(7.9)	(7.9)
Other liabilities	986.6	837.9	555.7	17.7	50.8
Total liabilities	5,179.8	5,444.0	5,337.6	(4.9)	2.0
Deferred inflow of resources					
Deferred amount for OPEB	17.0	16.2	5.9	5.2	172.8
Deferred amount for pensions	9.7	8.6	5.5	12.4	57.9
Derivative Financial Instruments	26.9		12.8	100.0	(100.0)
Total deferred inflows of resources	53.6	24.8	24.2	116.4	2.4
Net position					
Net investment in capital assets	3.3	3.1	2.9	6.6	7.4
Restricted	1,009.0	1,040.8	907.8	(3.1)	14.7
Total Net Position	\$ 1,012.3	\$ 1,043.9	\$ 910.7	(3.0) %	14.6 %

CONNECTICUT HOUSING FINANCE AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
December 31, 2021 and 2020

Change 2021/2020

- Mortgage loans receivable decreased \$160.1 million or 5.8%.
 - During 2021, the Authority's multifamily loan portfolio experienced overall net growth, while its home mortgage whole loan portfolio continued to experience a net reduction. For reasons outlined in the Financial Highlights section, the home mortgage loan program, which includes both whole loans and mortgage loans securitized into mortgage backed securities (MBS's), experienced a year-over-year decrease of 11.6%.
- Cash and investments in securities decreased \$56.6 million or 1.6% primarily resulting from:
 - A net increase of \$18.0 million in bond proceeds and other funds held to be used for the financing of mortgage loans, the retirement of bond debt and the payment of administrative costs.
 - A \$74.6 million decrease attributable to the decrease in investment fair values specifically related to GNMA, FNMA and FHLMC Program Assets (see Note 4 of the financial statements).
- Accounts receivable and other assets increased \$6.4 million or 21.6%. This increase substantially attributed to:
 - A \$4.1 million reallocation of FAF funds from other assets to investments.
 - The Authority has an arrangement with a GNMA/FNMA/FHLMC seller/servicer. The terms of the agreement provide for immediate reimbursement of single family loans that have been originated but are waiting to be pooled and securitized. The time lag between reimbursement and securitization varies but is generally 45 days. The Authority earns interest at the note rate during this time. As of year-end there was an \$11.0 million increase from prior year in the reimbursed loans waiting to be securitized. This is mostly due to the increase in single family loan production towards the end the year.
- Deferred outflows of resources decreased \$52.8 million or 34.6%. This decrease is substantially attributed to:
 - A \$1.7 million decrease in deferred amounts for pensions and \$6.4 million decrease in deferred amounts for OPEB. The deferred amounts are allocated to the Authority from an actuarial analysis prepared by the State of Connecticut. It is comprised of the difference between expected and actual experience, changes in actuarial assumptions, changes in proportion and differences between employer contributions and proportionate share of employer contributions and lastly, the employer contributions made between the measurement date of June 30, 2021 and the Authority's year-end of December 31, 2021.
 - A net decrease of \$4.7 million in unamortized deferral on bond refundings. During 2021 the Authority refunded certain variable rate bonds that were being hedged by interest rate swaps. \$9.3 million in fair value of the swaps at the time of the refundings was reclassified from derivative financial instruments-deferred outflows to unamortized deferral on bond refundings. The amounts reclassified are then amortized over the shorter of the life of the refunded or new debt. The \$9.3 million increase to unamortized deferral on bond refundings was offset by \$14.0 million of such amortizations.
 - A \$39.9 million decrease in derivative financial instruments. At prior year-end, there was a \$39.9 million balance in deferred outflows for derivative financial instruments. The current year activity produced a \$66.8 million swing from deferred outflows to deferred inflows. This resulted from a net decrease in swap notional value of \$15.7 million due to amortizations, a decrease in market value of \$41.8 million and \$9.3 million reclassification from derivative financial instruments to deferred outflows due to the refunding of variable rate bonds hedged with interest rate swaps.

CONNECTICUT HOUSING FINANCE AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
December 31, 2021 and 2020

- Escrow deposits and unearned revenue increased \$12.0 million and 6.3%. During 2021, the Authority was awarded funds under the Housing Assistance Fund Program and Housing Stability Counseling Program, which accounts for the majority of the increase.
- Line of credit payable increased by \$144.1 million. During 2021, the Authority entered into two revolving line of credit agreements to preserve single family mortgage prepayments and reduce interest costs by refunding the corresponding bonds. The agreements are further described in Note 8 of the financial statements.
- Bonds payable decreased by \$351.1 million or 7.2%. The decrease is attributed to:
 - An increase of \$1.031 billion as a result of new bonds issued including original issue premium.
 - An increase of \$0.5 million due to capital appreciation bond accretions.
 - A decrease of \$1.372 billion as a result of redemptions.
 - A decrease of \$11.0 million due to amortization of original issue premiums.
- Net OPEB liability decreased by \$5.1 million or 6.1%. Net pension liability decreased by \$5.6 million or 7.9%. The Authority is a component unit of the State of Connecticut and participates in the State's OPEB and pension plan. Liabilities are allocated based on the Authority's proportionate share of the State of Connecticut's net OPEB and pension liability. Both liabilities are adjusted annually based on an actuarial valuation prepared by the State (see Note 13 and Note 14 of the financial statements).
- Deferred inflows of resources increased \$28.9 million or 116.4%. This includes:
 - A \$0.8 million increase in deferred amount for OPEB and \$1.2 million increase in deferred amounts for pensions. The deferral changes are explained in further detail in Note 13 and Note 14 of the financial statements.
 - A \$26.9 million increase in derivative financial instruments. The 2021 activity (further explained above in the deferred outflows section) resulted in a balance shift from deferred outflows to deferred inflows.

Change 2020/2019

- Mortgage loans receivable decreased \$149.8 million or 5.2%.
 - During 2020, the Authority's multifamily loan portfolio experienced overall net growth, while its home mortgage whole loan portfolio continued to experience a net reduction. For reasons outlined in the Financial Highlights section, the home mortgage loan program, which includes both whole loans and mortgage loans securitized into mortgage backed securities (MBS's), experienced a year-over-year decrease of 5.6%.
- Cash and investments in securities increased \$378 million or 11.9% primarily resulting from:
 - A net decrease of \$1.0 million in bond proceeds and other funds held to be used for the financing of mortgage loans, the retirement of bond debt and the payment of administrative costs.
 - In 2020, 89% of new qualified home mortgage loans were securitized into mortgage backed securities. \$258 million in bond proceeds were used to directly purchase investments as opposed to whole loans.
 - A \$119.3 million increase attributable to the increase in investment fair values specifically related to GNMA, FNMA and FHLMC Program Assets (see Note 4 of the financial statements).
- Accounts receivable and other assets decreased \$17.5 million or 37%. This decrease is due to:
 - A \$3.2 million decrease in reimbursable expenses related to the Authority's single family real estate owned (REO) properties. This is a direct result of the significant reduction in the Authority's single family REO portfolio.

CONNECTICUT HOUSING FINANCE AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
December 31, 2021 and 2020

- The Authority has an arrangement with a GNMA/FNMA/FHLMC seller/servicer. The terms of the agreement provide for immediate reimbursement of single family loans that have been originated but are waiting to be pooled and securitized. The time lag between reimbursement and securitization varies but is generally 45 days. The Authority earns interest at the note rate during this time. As of year-end there was a \$14.3 million decrease from prior year in the reimbursed loans waiting to be securitized. This is mostly due to the reduction in single family loan production.
- Deferred outflows of resources increased \$36.2 million or 31.1%. This increase is substantially attributed to:
 - A \$5.6 million decrease in deferred amounts for pensions and \$10.7 million increase in deferred amounts for OPEB. The deferred amounts are allocated to the Authority from an actuarial analysis prepared by the State of Connecticut. It is comprised of the difference between expected and actual experience, changes in actuarial assumptions, changes in proportion and differences between employer contributions and proportionate share of employer contributions and lastly, the employer contributions made between the measurement date of June 30, 2020 and the Authority's year-end of December 31, 2020.
 - A \$8.9 million decrease in unamortized deferral on bond refundings. The Authority periodically refunds certain variable rate bonds that are being hedged by interest rate swaps. The fair value of these swaps at the time of the refunding were reclassified from derivative financial instruments-deferred outflows to unamortized deferral on bond refundings. The amounts reclassified are then amortized over the shorter of the life of the refunded or new debt. The \$8.9 million decrease represents the current year amortization of these deferred amounts.
 - A \$39.9 million increase in derivative financial instruments. At prior year-end, there was a \$12.8 million balance in deferred inflows for derivative financial instruments. The current year activity produced a \$52.7 million swing, resulting from a net increase in swap notional of \$29.2 million and an increase in market value of \$23.5 million.
- Bonds payable increased by \$49.3 million or 1.0%. The increase is attributed to:
 - An increase of \$769.4 million as a result of new bonds issued including original issue premium.
 - An increase of \$1.0 million due to capital appreciation bond accretions.
 - A decrease of \$711.8 million as a result of redemptions.
 - A decrease of \$9.3 million due to amortization of original issue premiums.
- Net OPEB liability increased by \$3.8 million or 4.9%. Net pension liability decreased by \$6.0 million or 7.9%. The Authority is a component unit of the state of Connecticut and participates in the State's OPEB and pension plan. Liabilities are allocated based on the Authority's proportionate share of the state of Connecticut's net OPEB and pension liability. Both liabilities are adjusted annually based on an actuarial valuation prepared by the State (see Note 13 and Note 14 of the financial statements).
- Deferred inflows of resources increased \$0.6 million or 2.4%. This includes:
 - A \$10.2 million increase in deferred amount for OPEB and \$3.2 million increase in deferred amounts for pensions. The deferral changes are explained in further detail in Note 13 and Note 14 of the financial statements.
 - A \$12.8 million decrease in derivative financial instruments. The 2020 activity (further explained above in the deferred outflows section) resulted in a balance shift from deferred inflows to deferred outflows.

**CONNECTICUT HOUSING FINANCE AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
December 31, 2021 and 2020**

The home mortgage, rental housing and special needs housing loan portfolios are one of the Authority's primary assets.

New loans financed under the Authority's home mortgage and special needs housing programs (including GNMA, FNMA & FHLMC Program Assets, excluding the acquired portfolio from the state) exceeded payoffs for the year ended December 31, 2019. Payoffs of loans for the years ended December 31, 2020 and December 31, 2021 exceeded new loans financed as follows:

		(in millions)		
		New Loans Financed	Payoffs	Net
2021	\$	248.9	\$ 562.3	\$ (313.4)
2020		308.0	395.4	(87.4)
2019		532.8	208.6	324.2

The change in the multifamily rental housing and special needs housing portfolios (excluding the acquired portfolio from the State) is summarized as follows:

	(in millions)			% Change	
	2021	2020	2019	2021/2020	2020/2019
Construction loan balances	\$ 153.0	\$ 149.7	\$ 122.7	2.2 %	22.0 %
Permanent loan balances	1,195.5	1,139.9	1,132.6	4.9	0.6
Special needs housing permanent loan balances	65.9	60.9	63.1	8.2	(3.5)
Total Multifamily Mortgage Loans	\$ 1,414.4	\$ 1,350.5	\$ 1,318.4	4.7 %	2.4 %

As a result of legislation that was passed during calendar year 2002, on April 9, 2003 the Authority acquired housing assets from the Connecticut Department of Economic and Community Development from a reallocation of \$85 million of its available cash resources. The par value of this acquired portfolio at December 31, 2003 was \$213.3 million. After evaluation of the underlying loans by the Authority, the carrying value of this portfolio was written down to \$65.0 million.

During calendar year 2016, further legislation was passed which resulted in the Authority acquiring multifamily housing assets from the Connecticut Department of Housing from a reallocation of \$15 million of the Authority's available cash resources. The par value of this acquired portfolio at December 31, 2016 was \$16.1 million. After evaluation of the underlying loans by the Authority, the carrying value of this portfolio was written down to zero.

**CONNECTICUT HOUSING FINANCE AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
December 31, 2021 and 2020**

The status of these acquired portfolios combined, as of December 31, 2021, 2020, and 2019, is summarized as follows (in millions):

	December 31, 2021		
	Par Value	Allowance for Losses	Carrying Amount
Home mortgage loans	\$ 0.9	\$ (0.6)	\$ 0.3
Multifamily mortgage loans	161.1	(139.8)	21.3
Total acquired portfolio	\$ 162.0	\$ (140.4)	\$ 21.6
Allowance for losses % to par value		86.7%	
	December 31, 2020		
	Par Value	Allowance for Losses	Carrying Amount
Home mortgage loans	\$ 1.1	\$ (0.8)	\$ 0.3
Multifamily mortgage loans	167.6	(144.2)	23.4
Total acquired portfolio	\$ 168.7	\$ (145.0)	\$ 23.7
Allowance for losses % to par value		85.9%	
	December 31, 2019		
	Par Value	Allowance for Losses	Carrying Amount
Home mortgage loans	\$ 1.4	\$ (0.9)	\$ 0.5
Multifamily mortgage loans	169.3	(145.5)	23.8
Total acquired portfolio	\$ 170.7	\$ (146.4)	\$ 24.3
Allowance for losses % to par value		85.8%	

Mortgage loan earnings, including earnings on GNMA, FNMA and FHLMC Program Assets, which are included in "interest on investments," represent the Authority's major source of operating revenue. The Authority also charges various program fees that include but are not limited to application fees, commitment fees, extension fees and financing fees.

CONNECTICUT HOUSING FINANCE AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
December 31, 2021 and 2020

The following table summarizes the changes in operating income between December 31, 2021, 2020, and 2019.

	(in millions)			% Change	
	2021	2020	2019	2021/2020	2020/2019
Operating Revenues:					
Interest on mortgage loans	\$ 122.9	\$ 129.0	\$ 140.9	(4.7) %	(8.5) %
Interest on investments	62.7	72.7	76.4	(13.7)	(4.9)
Fees and other income	18.6	13.5	15.5	38.3	(13.0)
Total operating revenues	204.2	215.2	232.8	(5.1)	(7.6)
Operating Expenses:					
Interest	128.4	144.0	153.4	(10.8)	(6.2)
Bond issuance costs	8.1	6.0	6.2	36.0	(3.7)
Servicer fees	7.9	7.3	9.6	7.8	(24.1)
Administrative	35.8	34.8	36.3	3.0	(4.3)
Provision for (reduction to) loan loss reserve	(16.1)	3.8	(10.6)	(522.3)	(136.1)
Total operating expenses	164.1	195.9	194.9	(16.2)	0.5
Operating income (loss)	40.1	19.3	37.9	108.0	(49.2)
Nonoperating Revenues (Expenses):					
Actuarial assumption changes pension & OPEB	0.4	(6.1)	(7.8)	107.4	(22.5)
Net increase (decrease) in the fair value of investments	(74.6)	119.3	109.1	(162.5)	9.4
Other	2.5	0.7	2.7	257.1	(75.0)
Total nonoperating income (loss)	(71.7)	113.9	104.0	(162.9)	(9.5)
Change in Net Position	\$ (31.6)	\$ 133.2	\$ 141.9	(123.8) %	6.2 %

Change 2021/2020

- Net position decreased \$31.6 million in 2021. Operating income was \$40.1 million, an increase of \$20.8 million from the prior year.
 - Operating revenues decreased \$11.0 million or 5.1%. This decrease is primarily due to:
 - On a combined basis, mortgage and investment interest income decreased by \$16.0 million in 2021. This is being driven by a \$216 million net decrease in program assets (mortgage loans receivable and investments in securities) and a reduction in interest rates year-over-year.
 - Fees and other income increased by \$5.1 million over prior year. This is primarily due to the recognition of nonrecurring fee income during 2021.
 - Operating expenses decreased \$31.8 million or 16.2%. This decrease is substantially attributable to:
 - A \$15.5 million decrease in bond interest costs. Bonds payable decreased \$351.1 million from prior year. The Authority also refinanced over \$640 million in outstanding bonds and was able to recognize interest savings in the form of lower interest rates.
 - A \$2.1 million increase in bond issuance costs. The bonds issued in 2021 exceeded the prior year by \$291 million.

**CONNECTICUT HOUSING FINANCE AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
December 31, 2021 and 2020**

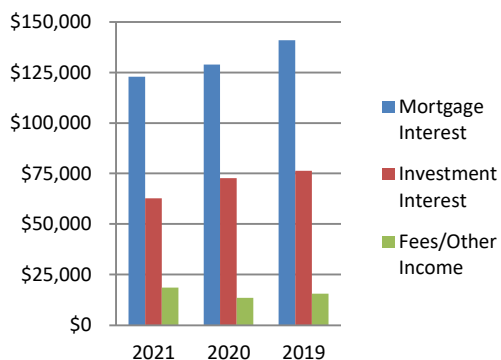
- A \$19.9 million decrease in provision for loan loss reserves. The decrease was due to:
 - An updated appraisal was received on a distressed multifamily property. The appraised value was substantially equivalent to the outstanding loan balance. A modification to the existing loan is anticipated. For these reasons the loss reserve on this specific loan was reduced by \$8.3 million resulting in a loss reserve of 15% of the unpaid balance.
 - During 2021, the Authority received an unprecedented amount of EMAP loan payoffs as borrowers took advantage of the hot real estate market and low interest rates and either sold their homes or refinanced their mortgages. The increased payoffs resulted in a reduction of the EMAP loan loss reserves of \$3.6 million.
 - The State acquired multifamily loan portfolio experienced a reduction of \$6.7 million during 2021, being in part driven by loan payoffs. The loss reserves for the portfolio were adjusted down accordingly by \$4.5 million.
 - A \$3.5 million reduction due to routine fluctuations and performance changes in the multifamily portfolio.

- Nonoperating income was \$113.9 million in 2020. Nonoperating loss was \$71.7 million in 2021. The \$185.6 million difference is attributable to:
 - A \$6.5 million increase resulting from pension and OPEB actuarial assumption changes. Pension and OPEB liabilities and expenses are allocated to the Authority per an actuarial analysis prepared by the State of Connecticut. See Notes 13 and 14 for further detail.
 - During 2021, there was a \$74.6 million decrease in the fair value of the Authority's investment portfolio, specifically the Authority's GNMA, FNMA and FHLMC Program Assets discussed in Note 4 of the financial statements. When compared to the fair value increase of \$119.3 million during 2020, the result is a year-over-year decrease of \$193.9 million. Interest rates have increased since a substantial portion of the portfolio was purchased. The change in market interest rates has an inverse relationship to the fair value of mortgage backed securities.

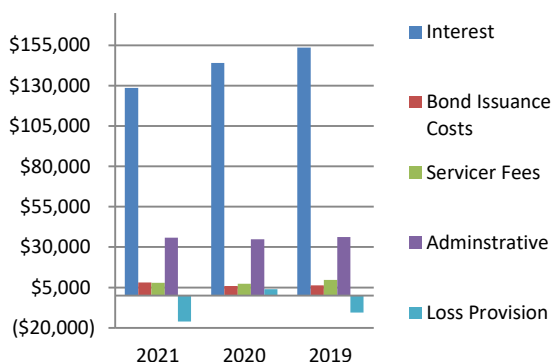
- Grant program funding increased \$6.8 million. The increase was substantially attributed to:
 - The receipt of the Capital Magnet Grant funding in the amount of \$3 million which was received for the first time in 2021.
 - The recognition of earned revenue from the Homeowner Assistance Fund grant in the amount of \$4.9 million.

- Grant program expenses increased \$5.1 million. The increase was substantially attributed to:
 - Homeowner Assistance Fund grant expenditures in the amount of \$4.9 million.

Operating Revenue (\$000)



Operating Expenses (\$000)



CONNECTICUT HOUSING FINANCE AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
December 31, 2021 and 2020

Change 2020/2019

- Total net position increased \$133.2 million in 2020. Operating income was \$19.3 million, a decrease of \$18.7 million from the prior year.
- Operating revenues decreased \$17.8 million or 7.6%. This decrease is primarily due to:
 - On a combined basis, mortgage and investment interest income decreased by \$15.8 million in 2020. This is being driven by a \$232 million net decrease in program assets (mortgage loans receivable and investments in securities) and a reduction in interest rates year-over-year.
 - Fees and other income decreased by \$2.0 million over prior year. This is primarily due to the recognition of nonrecurring fee income during 2019.
- Operating expenses increased \$0.9 million or 0.5%. This increase is substantially attributable to:
 - A \$9.4 million decrease in bond interest costs. Although bonds payable is up slightly over prior year, the Authority refinanced over \$262 million in outstanding bonds and was able to recognize interest savings in the form of lower interest rates. As interest rates declined through the end of 2020, the Authority incurred lower interest costs on its variable rate bond portfolio.
 - A \$2.3 million decrease in servicer fees. This fee reduction is a result of a reduction in the Authority's single family whole loan portfolio.
 - A \$1.5 million decrease in administrative costs. Expenses related to maintaining properties in the Authority's single family real estate owned (REO) portfolio are approximately \$1.5 million lower than prior year. The assets held in the single family REO portfolio are \$6.3 million lower than prior year.
 - A \$14.4 million increase in provision for loan loss reserves.
 - A distressed multifamily property was sold during 2019, resulting in the payoff off several delinquent loans that had been previously reserved.
- Nonoperating income increased by \$9.9 million and is attributable to:
 - A \$1.7 million expense decrease resulting from pension and OPEB actuarial assumption changes. Pension and OPEB liabilities and expenses are allocated to the Authority per an actuarial analysis prepared by the State of Connecticut. See Notes 13 and 14 for further detail.
 - During 2020, there was a \$119.3 million increase in the fair value of the Authority's investment portfolio, specifically the Authority's GNMA, FNMA and FHLMC Program Assets discussed in Note 4 of the financial statements. When compared to the fair value increase of \$109.1 million during 2019, the result is a year-over-year increase of \$10.2 million. Interest rates have decreased since a substantial portion of the portfolio was purchased. The change in market interest rates has an inverse relationship to the fair value of mortgage backed securities.
 - The net of grant program funding and expenses decreased \$2.0 million. With the rollout of the new Mobile Home Refinance Program, funding in the amount of \$1 million was received for the first time in 2020. Small Multifamily Loan Program funding in the amount of \$3 million was received from the State during 2019, however additional funding for this program was not received in 2020.

**CONNECTICUT HOUSING FINANCE AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
December 31, 2021 and 2020**

Debt Administration

The following table summarizes the changes in bonds payable between December 31, 2021, 2020, and 2019. More detailed information related to the Authority's outstanding bond debt obligations is presented in Note 8 of the financial statements.

	(in millions)			% Change	
	2021	2020	2019	2021/2020	2020/2019
Bonds payable \$	4,548.6	\$ 4,899.7	\$ 4,850.4	-7.2%	1.0%

Contacting the Authority's Financial Management

This financial report is designed to provide a general overview of the Authority's finances. If you have questions about this report or need additional information, contact the Finance Department of the Connecticut Housing Finance Authority at 999 West Street, Rocky Hill, CT 06067.

CONNECTICUT HOUSING FINANCE AUTHORITY
STATEMENTS OF NET POSITION
(in 000's)

	December 31,	
	2021	2020
Assets		
Restricted current assets:		
Cash and cash equivalents	\$ 285	\$ 587
Mortgage loans receivable	183,503	145,743
Investments in securities	1,148,967	991,031
Real estate owned - multifamily	2,300	2,300
Accrued interest receivable on:		
Mortgage loans	12,527	13,502
Securities	4,978	5,599
Accounts receivable and other assets	36,257	29,808
Total current assets	<u>1,388,817</u>	<u>1,188,570</u>
Restricted noncurrent assets:		
Mortgage loans receivable, net of current portion	2,415,103	2,612,934
Investments in securities, net of current portion	2,336,487	2,550,677
Capital assets, net of depreciation	3,309	3,104
Real estate owned - single family	2,293	4,877
Total noncurrent assets	<u>4,757,192</u>	<u>5,171,592</u>
Total assets	<u>6,146,009</u>	<u>6,360,162</u>
Deferred Outflows of Resources		
Unamortized deferral on bond refundings	71,070	75,764
Derivative financial Instruments		39,923
Deferred amount for OPEB	17,533	23,979
Deferred amount for pensions	11,127	12,869
Total deferred outflows of resources	<u>99,730</u>	<u>152,535</u>
Liabilities		
Current liabilities:		
Escrow deposits and unearned revenue	48,599	37,603
Accrued interest payable	14,901	16,611
Accounts payable and accrued liabilities	6,798	6,191
Line of credit payable	144,065	
Bonds payable	497,593	446,473
Total current liabilities	<u>711,956</u>	<u>506,878</u>
Noncurrent liabilities		
Escrow deposits and unearned revenue, net of current portion	155,674	154,651
Bonds payable, net of current portion	4,051,056	4,453,234
Derivative instruments - interest rate swaps	118,936	176,384
Net OPEB liability	77,331	82,371
Net pension liability	64,880	70,480
Total noncurrent liabilities	<u>4,467,877</u>	<u>4,937,120</u>
Total liabilities	<u>5,179,833</u>	<u>5,443,998</u>
Deferred Inflows of Resources		
Deferred amount for OPEB	17,002	16,168
Deferred amount for pensions	9,794	8,622
Derivative financial Instruments	26,850	
Total deferred inflows of resources	<u>53,646</u>	<u>24,790</u>
Net Position		
Net investment in capital assets	3,309	3,104
Restricted by bond indentures and/or enabling legislation	<u>1,008,951</u>	<u>1,040,805</u>
Total Net Position	<u>\$ 1,012,260</u>	<u>\$ 1,043,909</u>

The accompanying notes are an integral part of the financial statements

CONNECTICUT HOUSING FINANCE AUTHORITY
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
(in 000's)

	Year Ended December 31,	
	2021	2020
Operating Revenues		
Interest on mortgage loans	\$ 122,906	\$ 128,959
Interest on investments	62,710	72,652
Fees and other income	18,536	13,471
Total operating revenues	<u>204,152</u>	<u>215,082</u>
Operating Expenses		
Interest	128,468	143,969
Bond issuance costs	8,117	5,966
Servicer fees	7,860	7,295
Administrative	35,793	34,766
Provision for (reduction to) loan loss reserves	<u>(16,150)</u>	<u>3,824</u>
Total operating expenses	<u>164,088</u>	<u>195,820</u>
Operating Income	<u>40,064</u>	<u>19,262</u>
Nonoperating Revenues (Expenses)		
Actuarial assumption changes for pension and OPEB	446	(6,066)
Net (decrease) increase in the fair value of investments	(74,603)	119,344
Grant program funding	10,139	3,318
Grant program expenses	<u>(7,695)</u>	<u>(2,637)</u>
Nonoperating (loss) income	<u>(71,713)</u>	<u>113,959</u>
Change in Net Position	(31,649)	133,221
Net Position - Beginning of Year	<u>1,043,909</u>	<u>910,688</u>
Net Position - End of Year	<u>\$ 1,012,260</u>	<u>\$ 1,043,909</u>

The accompanying notes are an integral part of the financial statements

CONNECTICUT HOUSING FINANCE AUTHORITY
STATEMENTS OF CASH FLOWS
(in 000's)

	Year Ended December 31,	
	2021	2020
Cash Flows from Operating Activities		
Cash received from interest on mortgage loans	\$ 123,882	\$ 128,821
Cash received from scheduled mortgage principal payments	86,564	87,171
Cash received from mortgage principal prepayments	313,447	184,367
Cash received from fees and other income	18,585	14,246
Cash payments to purchase mortgage loans	(223,964)	(125,820)
Cash payments to employees	(22,005)	(20,873)
Cash payments to suppliers	(19,553)	(20,176)
Net cash provided by operating activities	<u>276,956</u>	<u>247,736</u>
Cash Flows from Noncapital Financing Activities		
Proceeds from escrow deposits	12,020	7,992
Retirement of bonds payable	(1,371,517)	(711,759)
Proceeds from sales of bonds	1,030,952	769,350
Proceeds from line of credit	144,065	
Interest paid	(127,195)	(145,651)
Bond issuance costs	(8,139)	(5,964)
Grant program proceeds	10,139	3,318
Grant program costs	(7,695)	(2,637)
Net cash (used) and provided by noncapital financing activities	<u>(317,370)</u>	<u>(85,351)</u>
Cash Flows from Capital and Related Financing Activities		
Purchase of computer software	(670)	(669)
Net cash used in capital and related financing activities	<u>(670)</u>	<u>(669)</u>
Cash Flows from Investing Activities		
Proceeds from sales of and maturities of investment securities	440,762	317,887
Purchase of investment securities	(459,446)	(577,090)
Reduction (increase) of warehoused loans awaiting securitization	(6,449)	17,526
Sales of real estate owned	2,584	6,257
Interest received on investments	63,331	73,855
Net cash provided by (used in) investing activities	<u>40,782</u>	<u>(161,565)</u>
Increase in Cash and Cash Equivalents	(302)	151
Cash and Cash Equivalents - Beginning of Year	587	436
Cash and Cash Equivalents - End of Year	<u>\$ 285</u>	<u>\$ 587</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating income	\$ 40,064	\$ 19,262
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	465	455
Provision for (reduction to) loan loss reserves	(16,150)	3,824
Bond issuance costs	8,117	5,966
Interest on investments	(62,710)	(72,652)
Interest expense	128,468	143,969
Change in assets and liabilities:		
Decrease (increase) in accrued interest receivable on mortgage loans	975	(138)
Decrease (increase) in accounts receivable and other assets	(6,449)	17,526
Increase (decrease) in accounts payable and other accrued liabilities	607	(152)
Decrease in mortgage loan and other receivables, net	183,569	129,676
Net Cash Provided by Operating Activities	<u>\$ 276,956</u>	<u>\$ 247,736</u>
Noncash Investing Activities		
Net increase (decrease) in the fair value of investments	<u>\$ (74,603)</u>	<u>\$ 119,344</u>

The accompanying notes are an integral part of the financial statements

**CONNECTICUT HOUSING FINANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - AUTHORIZING LEGISLATION

Connecticut Housing Finance Authority (the "Authority") is a public instrumentality and political subdivision of the State of Connecticut. It was created in 1969 for the purpose of increasing the housing supply and encouraging and assisting in the purchase, development and construction of housing for low and moderate-income families and persons throughout Connecticut. The Authority operates pursuant to Chapter 134 of the Connecticut General Statutes, as amended (the "Act"). As required by the Act, the Authority's powers are exercised by a Board of Directors consisting of fifteen members, four of whom are State officials, seven of whom are appointed by the Governor and four of whom are appointed by leaders of the General Assembly.

The Authority is authorized to issue bonds, notes and other obligations to fund loans to qualified borrowers for single family homes and multifamily developments. Funding of loan programs on an on-going basis is derived principally from bond proceeds and interest earned on loans and investments.

The Authority is a component unit of the State of Connecticut, based on the criteria for defining the reporting entity as identified and described in the Government Accounting Standards Board's *Codification of Governmental Accounting and Financial Reporting Standards, Sections 2100 and 2600*.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Authority is a self-supported entity and the accompanying financial statements are presented using the economic resources measurement focus and accrual basis of accounting wherein revenues are recognized when earned, and expenses are recognized when the liability is incurred. The financial statements are prepared in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board ("GASB"). While detail sub-fund information is not presented, separate accounts are maintained for each program and include certain funds that are legally designated as to use. The funds of the Authority and similar component units are proprietary fund types.

Reporting Entity

Connecticut Housing Finance Authority Funds

Under the Act and the General Housing Mortgage Finance Program Bond Resolution of September 27, 1972 (the "Bond Resolution"), the Authority is authorized to maintain Housing Mortgage General and Capital Reserve Funds. In addition to the aforementioned funds, the Authority, as permitted by the Act, has established other funds. Included in other funds are the Investment Trust Fund, which may be used to account for assets which are determined to be "surplus funds" under the terms of the Bond Resolution, and the Housing Mortgage Insurance Fund, which provides mortgage insurance.

**CONNECTICUT HOUSING FINANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS**

Also included in other funds are:

- a. the Special Needs Housing Fund, the Special Needs Housing Capital Reserve Fund, the State Assistance Agreement Fund, and, as to the Authority's Emergency Mortgage Assistance Payment (EMAP) Program: the EMAP State Assistance Agreement Fund and the EMAP Revolving Loan Fund (collectively, the "Special Needs Housing Program Funds"), the Group Home Renewal and Replacement Fund, the Assisted Living Facilities Renewal and Replacement Fund and the Supportive Housing Renewal and Replacement Fund (collectively the "Special Needs Housing Renewal and Replacement Funds"). The Authority is authorized to maintain the Special Needs Housing Program Funds and the Special Needs Housing Renewal and Replacement Funds (collectively the "Special Needs Housing Funds") under the Act and the Special Needs Housing Mortgage Finance Program Indenture (formerly known as the Group Home Mortgage Finance Program Indenture of Trust) (the "Special Needs Indenture"),
- b. the Single Family Special Obligation Bond and Other Bond Funds which the Authority is authorized to maintain under the Act, the Bond Resolution Providing for the Issuance of Single Family Mortgage Revenue Bonds (the "SFSOB Resolution") of November 19, 2009, and the Bond Resolution Providing for the Issuance of Other Bonds for the Housing Mortgage Finance Program (Single Family) (the "Single Family Other Bond Resolution") of November 19, 2009,
- c. the Multifamily Special Obligation Bond and Other Bond Funds which the Authority is authorized to maintain under the Act, the Multifamily Bond Resolution Providing for the Issuance of Multifamily Mortgage Revenue Bonds (the "MFSOB Resolution") of November 19, 2009, and the Bond Resolution Providing for the Issuance of Other Bonds for the Housing Mortgage Finance Program (Multifamily) (the "Multifamily Other Bond Resolution") of October 27, 2011, and
- d. The Qualified Energy Conservation Bond Fund which the Authority is authorized to maintain under the Act, the Qualified Energy Conservation Bond Resolution Providing for the Issuance of Qualified Energy Conservation Revenue Bonds (the "QECB Resolution") of February 26, 2015.

During 2021, the assets of the Single Family Special Obligation Bond were transferred to the Bond Resolution and all outstanding bonds were redeemed in full. The fund was wound down as of December 31, 2021.

Blended Component Units

The Authority's operations include blended component units which are included in the Authority's basic financial statements in accordance with GASB Statement No. 61. These are legally separate entities for which the Authority is considered financially accountable. The Authority is financially accountable for those units that make up its legal entity, as well as certain legally separate organizations because they have essentially the same board of directors and management personnel. Blended component units are, in substance, part of the Authority's operations; therefore, data from these units are combined with data of the primary Authority. Interfund activity has been eliminated. Additional information relating to these blended component units can be found in the supplementary information section of this report.

State Housing Authority

The State Housing Authority (the "Corporation") is a quasi-public agency of the State of Connecticut and a subsidiary of the Authority. It was created as the successor to the Connecticut Housing Authority ("CHA") under Public Act No. 95-250, which transferred \$1,282,000 to establish the Corporation. The Corporation operates pursuant to Chapter 129 of the Connecticut General Statutes, as amended (the "CHA Act"). This entity is currently inactive.

CONNECTICUT HOUSING FINANCE AUTHORITY NOTES TO FINANCIAL STATEMENTS

Real Estate Owned - Multifamily

CHFA - Small Properties, Inc., was established as a tax exempt organization and subsidiary of the Authority. This organization operates pursuant to Section 8-244(c)(1) of the Connecticut General Statutes and was created to provide distinct accountability for multifamily real estate awaiting sale. As of December 31, 2021, total assets, total liabilities, and net position were \$3,690,000, \$2,408,000 and \$1,282,000.

Cash and Cash Equivalents

Cash is comprised of accounts on deposit with financial institutions. For purposes of reporting cash flows, highly liquid instruments with an original maturity of less than 90 days are generally considered to be cash equivalents, exclusive of the State of Connecticut Short Term Investment Fund and overnight sweeps which are considered to be investments in securities.

Mortgage Loans Receivable

Mortgage loans are carried at their principal balance net of allowance for losses and are generally secured by first liens on real property. Interest on loans is accrued and credited to operations based on the principal amount outstanding. The accrual of interest income is discontinued when a loan becomes 90 days past due or in management's opinion is deemed uncollectible as to principal or interest. When interest accruals are discontinued, unpaid interest previously recorded as income is reversed and subsequently recognized only when received.

Investments in Securities

The Authority is limited under the Act to (i) investment obligations issued or guaranteed by the United States Government or the State of Connecticut, (ii) participation certificates for the State of Connecticut Short Term Investment Fund ("STIF") which is an investment pool administered by the State Treasurer, and (iii) other obligations which are legal investments for savings banks in Connecticut and to time deposits or certificates of deposit or other similar arrangements secured in such a manner as the Authority determines.

Investments are carried at net asset value or at fair value with the exception of those investments maturing within one year, which are carried at amortized cost, excluding accrued interest.

Real Estate Owned - Single Family

Real estate acquired in satisfaction of a loan are reported separately in real estate owned. Properties acquired by foreclosure or deed in lieu of foreclosure are transferred to real estate owned and recorded at the lower of cost or fair value less estimated selling costs at the date of foreclosure and are adjusted, if necessary, at year end. An allowance for losses on real estate owned is maintained for subsequent valuation adjustments on a specific property basis.

Capital Assets

Land, building, building improvements and computer software exceeding \$5,000 are capitalized at cost. Maintenance and repair expenses are charged to operations when incurred. Depreciation is computed using the straight-line method over the estimated useful life; 32 years for building and building improvements and 7 years for computer software.

CONNECTICUT HOUSING FINANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS

Deferred Outflows and Inflows of Resources

Deferred outflows of resources represents a consumption of net position that applies to a future period or periods and so will not be recognized as an outflow of resources (expense) until then. Deferred inflows of resources represents an acquisition of net position or fund balance that applies to a future period or periods and so will not be recognized as an inflow of resources (revenue) until that time.

The Authority reports deferred outflows and inflows related to pension and OPEB in the statement of net position which result from differences between expected and actual experience, changes in assumptions, net difference between projected and actual earnings on pension plan investments, changes in proportion and differences between employer contributions and proportionate share of contributions and lastly, contributions made after the measurement date. These amounts are deferred and included in pension expense and OPEB expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits, the one exception being contributions made after the measurement date which are recognized as pension expense in the following year.

GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, defines derivative instruments and requires that they be reported at fair value in the statements of net position. The swap agreements the Authority has entered into are characterized as derivatives. Offsetting changes in fair value are carried on the statements of net position as either deferred inflows or outflows for swaps classified as effective hedges. As of December 31, 2021 and 2020 the Authority's swaps were considered effective hedges.

Gains and losses in connection with advanced refundings of debt are recorded as either a deferred outflow or deferred inflow of resources and are amortized as a component of interest expense over the shorter of the remaining life of the old or the new debt.

Compensated Absences

Full-time employees accrue vacation or annual leave at the rate of fifteen to twenty-five days per year, depending on length of service. Employees may accumulate leave time, subject to certain limitations, and upon retirement, termination or death may be compensated for certain accumulated amounts at their then current rates of pay. The liability was \$3,091,000 and \$2,828,000 for 2021 and 2020 respectively, and is reflected in the statement of net position as a component of account payable and accrued liabilities.

Net OPEB Liability

The Authority's proportionate share of the net OPEB liability and expense associated with the Authority's requirement to contribute to the State of Connecticut Other Post-Employment Benefits Program have been determined by an actuarial valuation prepared and reported by the State of Connecticut's Other Post-Employment Benefits Program. The net OPEB liability is measured as of a date (measurement date) no earlier than the end of the employer's prior fiscal year-end. The measurement date relating to the Authority's net OPEB liability is June 30th of the current reporting year.

**CONNECTICUT HOUSING FINANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS**

Net Pension Liability

Net pension liability is measured as the portion of the actuarial present value of projected pension benefits that is attributed to past periods of employee service (total pension liability), net of the pension plan's fiduciary net position. The pension plan's fiduciary net position is determined using the same valuation methods that are used by the pension plan for the purposes of preparing its statement of fiduciary net position. The net pension liability is measured as of a date (measurement date) no earlier than the end of the employer's prior fiscal year-end. The measurement date relating to the Authority's net pension liability is June 30th of the current reporting year.

Derivative Financial Instruments

The Authority's derivative financial instruments consist of interest rate swaps, all of which have been determined by the Authority to represent effective cash flow hedges. Accordingly, changes in the fair value of the swaps are reported as either deferred outflows or inflows of resources on the statement of net position.

The interest differentials to be paid or received under interest rate swaps are recognized as increases or decreases in interest expense of the related bond liability. The fair value of the Authority's position at year end in swap agreements is disclosed in Note 8. No gains or losses will result under the agreements unless an agreement is terminated prior to maturity or the counterparty defaults.

Net Position

Net position is classified in the following two categories:

Net Investment in Capital Assets

This component of net position consists of capital assets, net of accumulated depreciation. There is no outstanding debt related to the Authority's capital assets.

Restricted by Bond Indentures and/or Enabling Legislation

All funds and component units of the Authority that are not related to capital assets are restricted by the Bond Resolution, Special Needs Indenture, SFSOB Resolution, Single Family Other Bond Resolution, MFSOB Resolution, QECB Resolution and Multifamily Other Bond Resolution and/or the Act.

Bond Premiums and Discounts

Discount and premium on bonds issued are deferred and amortized as a component of interest expense using a method approximating the effective interest method.

Bond Issuance Costs

Bond issuance costs are expensed when incurred and are classified as an operating expense in the statements of revenues, expenses and changes in net position.

Provision for Loan Loss Reserves

The allowance for losses on the loan and real estate owned portfolios is provided through charges against current operations based on management's periodic review of the loan and real estate owned portfolios. This review considers such factors as the payment history of the loans, the current and projected cash flows of the borrowers, estimated value of the collateral, subsidies, historical loss experience for each type of insurance or guarantee and economic conditions.

**CONNECTICUT HOUSING FINANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS**

Operating and Nonoperating Revenues and Expenses

The Authority distinguishes operating revenues and expenses from nonoperating items. Operating revenues consist primarily of interest income on mortgage loans, fees and other charges related to mortgage loans and interest on investments, including fees and interest on GNMA, FNMA & FHLMC Program Asset investments more fully described in Note 4. The Authority also recognizes revenues from other administrative fees as operating revenues. Operating expenses include general and administrative expenses, costs and expenses incurred in connection with the amortization, issuance and sale of bonds; and other costs related to various loan programs. Revenues or expenses not meeting this definition are generally reported as nonoperating revenues and expenses.

Actuarial Assumption Changes for Pension and OPEB

Non-cash changes to pension and OPEB expenses that result from changes in actuarial assumptions are recorded as nonoperating income or expenses.

Grants (Private, State and Federal Grant Programs)

Grants received from private entities and federal and state governments are recognized as nonoperating revenue as the related expenditures are incurred in accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

NOTE 3 - FAIR VALUE

Fair Value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the principal market, or if none exists, the most advantageous market, for the specific asset or liability at the measurement date ("exit price"). The fair value hierarchy established by generally accepted accounting principles prioritizes the inputs to valuation techniques used to measure fair value as follows:

Level 1

Quoted prices in active markets for identical assets or liabilities at the measurement date.

Level 2

Inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3

Prices or valuation techniques that require inputs that are both significant to the fair value measurement and are unobservable.

CONNECTICUT HOUSING FINANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS

The Authority has the following investment and derivative instruments measured at fair value which are included in the statements of net position as of December 31, 2021 and December 31, 2020:

Investments and Derivative Instruments Measured at Fair Value

(in thousands)

December 31, 2021

	<u>Fair Value</u> <u>12/31/21</u>	<u>Quoted Prices</u> <u>in Active</u> <u>Markets for</u> <u>Identical Assets</u> <u>(Level 1)</u>	<u>Significant</u> <u>Other</u> <u>Observable</u> <u>Inputs</u> <u>(Level 2)</u>	<u>Significant</u> <u>Unobservable</u> <u>Inputs</u> <u>(Level 3)</u>
Investments measured at fair value:				
CMO's	\$ 459	\$	\$ 459	\$
GNMA, FNMA & FHLMC Program Assets	2,199,619		2,199,619	
MBS's	160		160	
Municipal Bonds	46,556		46,556	
Structured Securities	270		270	
US Government Agency Securities	866	866		
VRDN's	89,000		89,000	
Total	<u>\$ 2,336,930</u>	<u>\$ 866</u>	<u>\$ 2,336,064</u>	<u>\$</u>
Derivative Instruments measured at fair value:				
Interest rate swaps	\$ (118,936)	\$	\$ (118,936)	\$

Investments and Derivative Instruments Measured at Fair Value

(in thousands)

December 31, 2020

	<u>Fair Value</u> <u>12/31/20</u>	<u>Quoted Prices</u> <u>in Active</u> <u>Markets for</u> <u>Identical Assets</u> <u>(Level 1)</u>	<u>Significant</u> <u>Other</u> <u>Observable</u> <u>Inputs</u> <u>(Level 2)</u>	<u>Significant</u> <u>Unobservable</u> <u>Inputs</u> <u>(Level 3)</u>
Investments measured at fair value:				
CMO	\$ 447	\$	\$ 447	\$
GNMA, FNMA & FHLMC Program Assets	2,479,752		2,479,752	
MBS's	267		267	
Municipal Bonds	69,464		69,464	
Structured Securities	226		226	
US Government Agency Securities	931	931		
Total	<u>\$ 2,551,087</u>	<u>\$ 931</u>	<u>\$ 2,550,156</u>	<u>\$</u>
Derivative Instruments measured at fair value:				
Interest rate swaps	\$ (176,384)	\$	\$ (176,384)	\$

**CONNECTICUT HOUSING FINANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS**

NOTE 4 - CASH AND CASH EQUIVALENTS AND INVESTMENTS IN SECURITIES

A. Deposits (in 000's)

At December 31, 2021 and 2020, the carrying amount reported as cash and cash equivalents on the statements of net position of the Authority represents deposits (including checking accounts and escrow accounts) of \$285 (including \$0 held under the Special Needs Housing Renewal and Replacement Funds) and \$587 (including \$0 held under the Special Needs Housing Renewal and Replacement Funds), respectively. This entire amount is on deposit in independent financial institutions with a balance of \$1,858 and \$1,634 at December 31, 2021 and 2020, respectively. Included in the carrying amount reported as cash and cash equivalents, are deposits held in escrow by the Authority at December 31, 2021 and 2020, of \$188 and \$229, respectively.

Custodial Credit Risk

Of the \$1,858 and \$1,634 financial institution balance at December 31, 2021 and 2020, \$0 and \$286, respectively, were held in the Authority's name in the corporate trust division of one financial institution. These amounts were collateralized with a market value of underlying collateral equal to at least 100% of the amount on deposit with acceptable collateral compliant with 12 CFR § 9.10(b). In addition, in compliance with 12 CFR § 9.13 these amounts were protected from any potential creditors of the financial institution. The balances of \$1,858 and \$1,348, respectively, were held in demand deposit accounts at FDIC-insured institutions. As of December 31, 2021, \$1,608 was uninsured, \$186 of which was collateralized with securities by the financial institution, but not in the Authority's name. As of December 31, 2020, \$1,098 was uninsured, \$135 of which was collateralized with securities by the financial institution, but not in the Authority's name.

B. Investments in Securities (in 000's)

At December 31, 2021, the Authority held the following investments with the listed maturities bearing interest at annual rates ranging from 0% to 7.65%. For investments other than Municipal Bonds, where no rating is indicated, the investments are direct obligations issued by the United States Government or its agencies or fully collateralized by such obligations. Municipal Bonds represent the Authority's Other Bonds which are more fully described in Note 8. They are secured by the Bond Resolution Capital Reserve Fund and as such, are a contingent liability of the State of Connecticut. Ratings are displayed with the S&P Global Ratings listed first (if available), the Moody's Investors Service second (if available) and the Fitch Rating last (if available) or NR for not-rated.

CONNECTICUT HOUSING FINANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS

December 31, 2021

	Investment Maturities (in Years)				
	Amortized Cost, Net Asset Value or Fair Value	Less Than 1	1 - 5	6 -10	More Than 10
CMO	\$ 459	\$	\$ 85	\$	\$ 374
GNMA, FNMA & FHLMC Program Assets	2,199,619		423	12,611	2,186,585
MBS's	160	3	10	147	
Money Market Funds	8,074	8,074			
Municipal Bonds	46,556	440	1,748	2,300	42,068
STIF-rated	1,140,450	1,140,450			
Structured Securities	270			270	
U.S. Government Agency Securities	866				866
VRDN's	89,000			48,545	40,455
Total Investments Held by All Funds and Component Units	\$ 3,485,454	\$ 1,148,967	\$ 2,266	\$ 63,873	\$ 2,270,348
Restricted current assets:					
Capital Reserve Funds	\$ 111,111				
Renewal and Replacement Funds	11,833				
All other funds and component units	1,026,023				
Total restricted current assets	<u>1,148,967</u>				
Restricted noncurrent assets:					
Capital Reserve Funds	367,353				
All other funds and component units	1,969,134				
Total restricted noncurrent assets	<u>2,336,487</u>				
Total Investments Held by All Funds and Component Units	\$ 3,485,454				

Presented below is the rating for each investment type as of December 31, 2021:

Ratings *	CMO	Program Assets	MBS's	Money Market	Municipal Bonds	STIF	Structured Securities	U.S. Government Agency Securities	VRDN
AAAm/NR/NR	\$		\$	\$	\$	\$ 1,140,450	\$	\$	
AA+/NR/NR									14,130
NR/Aaa/AAA	374	2,199,619	160	6,994				866	
NR/Aaa/NR					8,300				54,660
NR/Aa2/NR									13,030
NR/Aa3/NR									7,180
NR/C/NR							270		
NR/NR/NR	85			1,080	38,256				
Total	\$ 459	\$ 2,199,619	\$ 160	\$ 8,074	\$ 46,556	\$ 1,140,450	\$ 270	\$ 866	\$ 89,000

* S&P/Moodys/Fitch

**CONNECTICUT HOUSING FINANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS**

December 31, 2020

	Investment Maturities (in Years)				
	Amortized Cost, Net Asset Value or Fair Value	Less Than 1	1 - 5	6 -10	More Than 10
CMO	\$ 447		\$ 108		\$ 339
GNMA, FNMA & FHLMC Program Assets	2,479,752			5,811	2,473,941
MBS's	267		23	244	
Money Market Funds	4,897	4,897			
Municipal Bonds	69,464	410	1,655	2,177	65,222
STIF-rated	985,724	985,724			
Structured Securities	226			226	
U.S. Government Agency Securities	931				931
Total Investments Held by All Funds and Component Units	\$ 3,541,708	\$ 991,031	\$ 1,786	\$ 8,458	\$ 2,540,433
Restricted current assets:					
Capital Reserve Funds	\$ 57,002				
Renewal and Replacement Funds	10,964				
All other funds and component units	923,065				
Total restricted current assets	<u>991,031</u>				
Restricted noncurrent assets:					
Capital Reserve Funds	430,742				
All other funds and component units	2,119,935				
Total restricted noncurrent assets	<u>2,550,677</u>				
Total Investments Held by All Funds and Component Units	\$ 3,541,708				

Presented below is the rating for each investment type as of December 31, 2020:

Ratings *	CMO	Program Assets	MBS's	Money Market	Municipal Bonds	STIF	Structured Securities	U.S. Government Agency Securities
AAAm/NR/NR	\$	\$	\$	\$	\$	\$ 985,724	\$	\$
NR/Aaa/AAA		2,479,752	267					931
NR/Aaa-mf/NR				3,872				
NR/C/NR							226	
NR/NR/NR	<u>47</u>			<u>1,025</u>	<u>69,464</u>			
Total	<u>\$ 47</u>	<u>\$ 2,479,752</u>	<u>\$ 267</u>	<u>\$ 4,897</u>	<u>\$ 69,464</u>	<u>\$ 985,724</u>	<u>\$ 226</u>	<u>\$ 931</u>

* S&P/Moodys/Fitch

Interest Rate Risk

Exposure to declines in fair value is substantially limited to the Authority's investment in the GNMA, FNMA and FHLMC Program Assets, discussed above. The Authority's investment policy requires diversification of its investment portfolio to eliminate the risk of loss resulting from, among other things, an over-concentration of assets in a specific maturity. This policy also requires the Authority to attempt to match its investments with anticipated cash flow requirements and to seek diversification by staggering maturities in such a way that avoids undue concentration of assets in a specific maturity sector.

CONNECTICUT HOUSING FINANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS

Credit Risk

The Authority's investments are limited under the Act to (i) United States Government obligations, including its agencies or instrumentalities, (ii) investments guaranteed by the State of Connecticut, (iii) participation certificates for the investment pool administered by the State Treasurer, or (iv) other obligations which are legal investments for savings banks in the State of Connecticut. The Money Market Funds are fully collateralized by obligations issued by the United States Government or its agencies. Mortgage Backed Securities ("MBSs") are fully collateralized by the Federal National Mortgage Association ("FNMA"), the Federal Home Loan Mortgage Corporation ("FHLMC") or the Government National Mortgage Association ("GNMA"), and Collateralized Mortgage Obligations ("CMOs") are fully collateralized by the United States Department of Housing and Urban Development ("HUD") mortgage pools. Structured Securities are fully collateralized by Manufactured Housing Sales Contracts and Installment Loan Agreements. At December 31, 2021, one CMO (fair value \$85) and one Structured Security (fair value \$270) were below Investment Grade rating standards. At December 31, 2020, one CMO (fair value \$108) and one Structured Security (fair value \$226) were below Investment Grade rating standards. At the time of their initial purchase, these two investments were classified as Investment Grade.

Concentration of Credit Risk

The Authority's investment policy requires diversification of its investment portfolio to reduce the risk of loss resulting from, among other things, an over-concentration of assets with a specific issuer. As of December 31, 2021 and 2020, the Authority had no investments in any one issuer that represents 5% or more of total investments, other than investments guaranteed by the U.S. Government (GNMA, FNMA and FHLMC Program Assets - fair value - \$2,199,619 or 63% in 2021 and \$2,479,752 or 70% in 2020) or the State of Connecticut (STIF - net asset value - \$1,140,450 or 33% in 2021 and \$985,724 or 28% in 2020).

Custodial Credit Risk

All investments exist in book entry form and are held by the Trustee or other financial institution in the Authority's name or insured (fair value - \$2,345,004 in 2021 and \$2,555,984 in 2020) with the exception of the STIF (net asset value - \$1,140,450 in 2021 and \$985,724 in 2020 - rated AAAM in 2021 and 2020). The underlying value of the investment in the STIF's pool is the same as the value of the pool's shares. The pool is managed by the Cash Management Division of the State of Connecticut's Treasurer's Office. The State Treasurer set up a cash management advisory board tasked with reviewing the pool's portfolio, performance investment policies and procedures.

**CONNECTICUT HOUSING FINANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS**

GNMA, FNMA & FHLMC Program Assets

Since 1999, the Authority directed certain of its participating lenders to assign government insured Authority qualified home mortgage loans and sold a portion of its existing home mortgage loan portfolio for assembly into pools guaranteed by the Government National Mortgage Association (“GNMA”). GNMA securities were issued backed by these home mortgage loans, and the Authority purchased the securities (“GNMA Program Assets”) with funds held in the Housing Mortgage Capital Reserve Fund. In 2000, the Authority expanded this program to allow the purchase of GNMA Program Assets with funds held in the Housing Mortgage General Fund. As a result of this program expansion and in order to assure compliance with Bond Resolution requirements, the Authority transferred the \$331,081 net position held in the Investment Trust Fund to the Housing Mortgage General Fund in 2001. Since 2001, GNMA Program Assets have also been purchased with funds held in the Special Needs Housing Fund and the Special Needs Housing Capital Reserve Fund. In 2013, the Authority directed certain of its participating lenders to assign privately insured Authority qualified conventional home mortgage loans for assembly into pools guaranteed by the Federal National Mortgage Association (“FNMA”).

These pools were securitized and are backed by these home mortgage loans. In 2016, the Authority further expanded the program to securitize pools of home mortgage loans guaranteed by the Federal Home Loan Mortgage Corporation (“FHLMC”). GNMA, FNMA & FHLMC Program Assets are carried at fair value. As of December 31, 2021 and 2020, the fair value of GNMA, FNMA & FHLMC Program Asset investments was \$2,199,619 and \$2,479,752, respectively.

Bond Resolution Capital Reserve Fund (in 000’s)

The Bond Resolution Capital Reserve Fund is established pursuant to the Act and the Bond Resolution and is required to be maintained at an amount at least equal to the amount of principal, sinking fund installments and interest maturing and becoming due in the next succeeding calendar year (\$362,924 at December 31, 2021 and \$364,162 at December 31, 2020) on all bonds of the Authority then outstanding under the Bond Resolution. Further, the Authority may not issue additional bonds under the Bond Resolution unless the amount in the Bond Resolution Capital Reserve Fund is at least equal to the maximum amount of principal, sinking fund installments and interest maturing and becoming due in any succeeding calendar year (\$364,006 at December 31, 2021 and \$378,226 at December 31, 2020) on all bonds of the Authority then outstanding under the Bond Resolution. For purposes of satisfying these requirements, the Act and the Bond Resolution require that investments of the Bond Resolution Capital Reserve Fund be valued at the lowest of par, actual cost or market value. To satisfy this calculation, all variable rate interest payments and receipts are assumed to be based on the average interest rates for the prior twelve months plus 200 basis points, interest payments on swapped bonds are included at the fixed rate on the swaps, and retirement of principal on bonds with mandatory tender dates are assumed in accordance with the sinking fund schedule of each respective bond series resolution.

**CONNECTICUT HOUSING FINANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS**

Special Needs Indenture Capital Reserve Fund (in 000's)

The Special Needs Indenture Capital Reserve Fund is established pursuant to the Act and the Special Needs Indenture and is required to be maintained at an amount at least equal to the amount of principal, sinking fund installments and interest maturing and becoming due in the next succeeding calendar year (\$4,914 at December 31, 2021 and \$5,187 at December 31, 2020) on all bonds of the Authority then outstanding under the Special Needs Indenture. Further, the Authority may not issue additional bonds under the Special Needs Indenture unless the amount in the Special Needs Indenture Capital Reserve Fund is at least equal to the maximum amount of principal, sinking fund installments and interest maturing and becoming due in any succeeding calendar year (\$5,136 at December 31, 2021 and \$5,198 at December 31, 2020) on all bonds of the Authority then outstanding under the Special Needs Indenture. For purposes of satisfying these requirements, the Act and the Special Needs Indenture require that investments of the Special Needs Indenture Capital Reserve Fund be valued at amortized cost or such other method as determined by the Authority to be reasonable and in the best interest of the bondholders, provided such other method is approved by the trustee and any applicable bond insurer.

Restricted funds of the Bond Resolution and Special Needs Indenture Capital Reserve Funds consisted of the following:

	December 31,					
	2021			2020		
	Bond Resolution	Special Needs Indenture	Total	Bond Resolution	Special Needs Indenture	Total
Investment in securities	\$ 473,003	\$ 5,461	\$ 478,464	\$ 482,221	\$ 5,523	\$ 487,744
Accrued interest receivable	828	6	834	939	6	945
Total Capital Reserve Funds	\$ 473,831	\$ 5,467	\$ 479,298	\$ 483,160	\$ 5,529	\$ 488,689
Restricted current assets:						
Investments in securities	\$ 106,596	\$ 4,515	\$ 111,111	\$ 52,495	\$ 4,507	\$ 57,002
Accrued interest receivable	828	6	834	939	6	945
Total restricted current assets	107,424	4,521	111,945	53,434	4,513	57,947
Restricted noncurrent assets:						
Investments in securities	366,407	946	367,353	429,726	1,016	430,742
Total Capital Reserve Funds	\$ 473,831	\$ 5,467	\$ 479,298	\$ 483,160	\$ 5,529	\$ 488,689

CONNECTICUT HOUSING FINANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS

Special Needs Housing Renewal and Replacement Funds

The Special Needs Housing Renewal and Replacement Funds are established pursuant to the Act and the Special Needs Indenture to provide funding for capital repairs and replacements exceeding \$2,500 for group homes, assisted living facilities and supportive housing facilities financed with the proceeds of bonds issued under the Special Needs Indenture. At December 31, 2021 and 2020, the carrying amount of restricted funds of the Special Needs Housing Renewal and Replacement Funds consisted of the following (in 000's):

	December 31,	
	2021	2020
	<u> </u>	<u> </u>
Cash and cash equivalents	\$	\$
Investments in securities	11,833	10,964
Accrued interest receivable	<u>1</u>	<u>1</u>
Total Special Needs Housing Renewal and Replacement Funds	\$ <u>11,834</u>	\$ <u>10,965</u>

NOTE 5 - MORTGAGE LOANS RECEIVABLE

The Authority makes single family and multifamily loans to residents and companies domiciled in the State of Connecticut. All such loans are collateralized by real estate located in the State of Connecticut. The majority of the Authority's loan portfolio is comprised of residential mortgages made to low and moderate income borrowers.

The Authority has entered into agreements with various banks and other financial institutions for the servicing of the majority of its home mortgage loan portfolio. As of December 31, 2021 and 2020, 28% and 27%, respectively, of this portfolio was serviced by one financial institution.

CONNECTICUT HOUSING FINANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS

Mortgage loans consisted of the following (in 000's):

	December 31,	
	2021	2020
Home mortgage loans		
Insured by the Federal Housing Administration or guaranteed by the Veterans Administration	\$ 968,337	\$ 1,152,801
Insured by private mortgage insurance companies	78,860	77,983
Uninsured reverse annuity mortgage loans	1,343	1,298
Uninsured, State of Connecticut supported EMAP loans	53,457	57,021
Uninsured, not guaranteed	276,195	327,892
Total home mortgage loans	1,378,192	1,616,995
Multifamily mortgage loans		
Completed developments:		
Insured by the Federal Housing Administration or guaranteed by private insurer	25,982	26,630
Uninsured, federally subsidized	342,516	348,374
Uninsured, State of Connecticut subsidized special needs housing mortgage loans	65,917	60,890
Uninsured, unsubsidized, not guaranteed	988,168	932,493
Total completed developments	1,422,583	1,368,387
Construction mortgage loans:		
Uninsured, unsubsidized	152,952	149,783
Total construction mortgage loans	152,952	149,783
Total multifamily mortgage loans	1,575,535	1,518,169
Less allowance for losses	(355,121)	(376,488)
Total investments in mortgage loans	\$ 2,598,606	\$ 2,758,677
Restricted current assets	\$ 183,503	\$ 145,743
Restricted noncurrent assets	2,415,103	2,612,934
Total mortgage loans receivable	\$ 2,598,606	\$ 2,758,677

Single Family

The Federal Housing Administration ("FHA") home mortgage program insures the repayment of the unpaid principal amount of the mortgages. HUD will pay debenture interest on the unpaid principal balance from the date of default to the date of initial claim settlement. Debenture interest is determined by the monthly average yield for the month in which the default on the mortgage occurred, on United States Treasury Securities, adjusted to a constant maturity of 10 years. The debenture rate may be less than that of the insured mortgage.

The Veterans Administration ("VA") mortgage program provides limited guarantees subject to the amount of the entitlement a veteran has available. For loans between \$45,000 and \$144,000, the minimum VA guarantee amount is \$22,500, with a maximum guarantee of up to 40% of the loan up to \$36,000. For loans of more than \$144,000, the maximum VA guarantee is 25% of the loan amount.

CONNECTICUT HOUSING FINANCE AUTHORITY NOTES TO FINANCIAL STATEMENTS

EMAP Loan repayments are made by the homeowner in accordance with the provisions of Connecticut General Statutes § 8-265bb through 8-265kk. These repayments are to be used solely for the benefit of the EMAP program. Debt service on bonds issued under the Special Needs Indenture for the purpose of financing EMAP Loans is paid by the State of Connecticut.

The current average interest rate of the Authority's outstanding single family portfolio is 4.00% with an original 30 year payment term.

Multifamily

Through the issuance of bonds under the Special Needs Indenture and/or amounts received from the State of Connecticut, the Authority has made special needs housing mortgage loans to (i) finance community based residential facilities for persons with intellectual disabilities ("Group Home"), (ii) finance projects for assisted living communities for residents who need help with one or more activities of daily living ("Assisted Living Facility"), (iii) finance residential facility housing for up to one or more persons or families that are homeless or at risk of homelessness ("Supportive Housing Facility") and (iv) provide financial assistance to homeowners at risk of foreclosure ("EMAP Loan"). Mortgage loan repayments for the Group Home, Assisted Living Facility and Supportive Housing Facility (collectively the "Special Needs Housing Loans") which require regularly scheduled payments are made through subsidies received from the State of Connecticut. For Special Needs Housing Loans that do not require regularly scheduled payments, the debt service on the bonds is paid by the State of Connecticut.

The Authority has entered into a risk-sharing agreement with the U.S. Department of Housing and Urban Development ("HUD") whereby HUD will provide partial mortgage insurance on affordable multifamily housing projects processed by the Authority. The risk of loss to the Authority varies from 10% to 50% or more depending on the level of participation by HUD.

Construction loans earn interest at rates ranging from 0% to 5.66% at December 31, 2021 and December 31, 2020, and will generally be payable over 2 years. The related permanent mortgage loan will typically be provided by the Authority. Permanent loans earn interest at rates ranging from 0% to 10.5% at December 31, 2021 and December 31, 2020, and will generally be payable over 40 years.

On March 13, 2020, the President of the United States declared a national emergency with respect to the COVID-19 pandemic. In addition, the United States Congress enacted several COVID-19 related bills, including the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"), which was signed into law on March 27, 2020 and the Consolidated Appropriations Act (the "COVID Relief Act"), which was signed into law on December 27, 2020. Among other things, the CARES Act provides that (a) lenders are prohibited from foreclosing all mortgage loans which are FHA insured, VA, HUD or RD guaranteed, or purchased or securitized by Fannie Mae or Freddie Mac (collectively, "Federal Single Family Loans") for a certain number of days. This prohibition was extended numerous times since March 27, 2020, however, expired as of July 31, 2021.

The CARES Act also provides that borrowers of multifamily or affordable housing mortgage loans (other than temporary loans, i.e., constructions loans), which are (a) insured, guaranteed, supplemented or assisted in any way by the federal government (including any HUD program or related program) or administered by any federal agency or (b) purchased or securitized by Fannie Mae or Freddie Mac (collectively, "Federal Multifamily Loans") may request forbearance.

CONNECTICUT HOUSING FINANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS

To further prevent the spread of COVID-19, the Centers for Disease Control and Prevention (the “CDC”), located within the Department of Health and Human Services, issued an order on September 4, 2020, entitled “Temporary Halt in Residential Evictions” (85 Fed. Reg. 55,292), under Section 361 of the Public Health Service Act (42 U.S.C. 264), preventing any entity with a legal right to pursue eviction, or other possessory action, from evicting certain covered persons from residential properties. This order was extended a few times since September 4th, however, ultimately expired on September 30, 2021.

The Authority instituted its own forbearance program to supplement the relevant federal guidelines and help its multifamily and single family borrowers that were not subject to such guidelines. As of December 31, 2021 there were no multifamily loans in forbearance. The number of single family loans in forbearance has been steadily declining and is currently 1.2% of our whole loan portfolio.

NOTE 6 - REAL ESTATE OWNED

Real Estate Owned (in 000’s)

Real Estate owned (in 000’s)

	December 31,					
	2021			2020		
	Single Family	Multifamily	Total	Single Family	Multifamily	Total
Real estate owned	\$ 2,329	\$ 2,300	\$ 4,629	\$ 5,050	\$ 2,300	\$ 7,350
Allowance for losses	(36)		(36)	(173)		(173)
Real Estate Owned- Carrying Amount	<u>\$ 2,293</u>	<u>\$ 2,300</u>	<u>\$ 4,593</u>	<u>\$ 4,877</u>	<u>\$ 2,300</u>	<u>\$ 7,177</u>

With respect to single family real estate owned, the majority of such assets are at least partially insured or guaranteed by outside parties. It is anticipated that the Authority will recover substantially all of the balance of these assets through such insurance and from proceeds from the sale of the underlying properties.

With respect to multifamily real estate owned, the Authority is holding such assets for subsequent sale in a manner that will allow the maximization of value. As of December 31, 2021 and 2020, one property remained in the multifamily real estate owned portfolio.

**CONNECTICUT HOUSING FINANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - CAPITAL ASSETS

Capital asset activity for the years ended December 31, 2021 and 2020 is as follows (in 000's):

	Balance January 1, 2021	Additions	Deletions	Balance December 31, 2021
Capital Assets:				
Land	\$ 851	\$	\$	\$ 851
Building	2,851			2,851
Improvements	2,085			2,085
Computer software	2,267	670	(268)	2,669
	<u>8,054</u>	<u>670</u>	<u>(268)</u>	<u>8,456</u>
Less accumulated depreciation	<u>(4,950)</u>	<u>(465)</u>	<u>268</u>	<u>(5,147)</u>
Capital Assets, Net	<u>\$ 3,104</u>	<u>\$ 205</u>	<u>\$</u>	<u>\$ 3,309</u>
	Balance January 1, 2020	Additions	Deletions	Balance December 31, 2020
Capital Assets:				
Land	\$ 851	\$	\$	\$ 851
Building	2,851			2,851
Improvements	2,085			2,085
Computer software	1,598	669		2,267
	<u>7,385</u>	<u>669</u>		<u>8,054</u>
Less accumulated depreciation	<u>(4,495)</u>	<u>(455)</u>		<u>(4,950)</u>
Capital Assets, Net	<u>\$ 2,890</u>	<u>\$ 214</u>	<u>\$</u>	<u>\$ 3,104</u>

NOTE 8 - BONDS AND LINE OF CREDIT INDEBTEDNESS

The Act authorizes the Authority to issue its own bonds and other obligations in such principal amounts as, in the opinion of the Authority, will be necessary to provide sufficient funds for carrying out its purposes. The State legislature enacted legislation that provides the authority to enter into agreements to reduce the rate of borrowing and moderate the effect of bond interest rate fluctuations through the use of contracts commonly known as interest rate swap agreements and similar type contracts. The Authority's obligations are not debt of the State of Connecticut, and the State is not liable thereon.

Included in the Authority's bond portfolio are variable rate demand bonds. The Authority has two mechanisms to ensure the purchase of variable rate demand bonds in the event that the bonds cannot be remarketed.

- 1) The Authority has entered into Standby Bond Purchase Agreements with various providers to purchase the bonds.
- 2) The Authority has entered into a Standby Letter of Credit and Reimbursement Agreement (SBLOC) which provides for the Authority to withdraw funds to directly purchase its own bonds. Upon the successful remarketing of the bonds, the funds are to be reimbursed back to the SBLOC provider. As of December 31, 2021, the amount available under the SBLOC is \$62,526,352. No drawings have been made as of December 31, 2021.

CONNECTICUT HOUSING FINANCE AUTHORITY NOTES TO FINANCIAL STATEMENTS

Bond Resolution

Housing Mortgage Finance Program Bonds issued under the Bond Resolution bear fixed interest at rates ranging from 0.0% to 6.274% as of December 31, 2021 and December 31, 2020, and are subject to certain redemption provisions and mature in years through 2065 and 2060 as of December 31, 2021 and 2020, respectively.

The following assets of the Authority are pledged for the payment of bond principal and interest under the Bond Resolution: (1) the proceeds derived from the sale of bonds issued under the Bond Resolution, (2) all mortgage repayments with respect to long-term mortgage and construction loans financed, or deemed to have been financed from the Housing Mortgage General Fund, and (3) all monies and securities of the Housing Mortgage General Fund and the Bond Resolution Capital Reserve Fund.

Special Needs Indenture

Special Needs Housing Mortgage Finance Program Bonds issued under the Special Needs Indenture bear fixed interest at rates ranging from 0.25% to 4.70% as of December 31, 2021 and 2.10% to 5.00% as of December 31, 2020, are subject to certain redemption provisions and mature in years through 2051 as of December 31, 2021 and through 2048 as of December 31, 2020.

The following assets of the Authority are pledged for the payment of bond principal and interest under the Special Needs Indenture: (1) the proceeds derived from the sale of bonds issued under the Special Needs Indenture, (2) all mortgage repayments with respect to Special Needs Housing mortgages financed from the Special Needs Housing Fund, and (3) all monies and securities of the Special Needs Housing Fund, the State Assistance Agreement Fund, the EMAP State Assistance Agreement Fund and the Special Needs Housing Capital Reserve Fund.

SFSOB Resolution, MFSOB Resolution, Single Family Other Bond Resolution and Multifamily Other Bond Resolution

In October 2009, the U.S. Department of Treasury (the "Treasury"), the Federal Housing Finance Agency and Fannie Mae and Freddie Mac (the "GSEs") announced the Federal New Issue Bond Program (the "Federal NIBP") authorized by the Housing Economic Recovery Act of 2008. The Federal NIBP allowed the GSEs to purchase bonds from housing finance agencies (the "HFAs") and package them into GSE-guaranteed securities for delivery to and purchase by the Treasury. These HFA bonds were to be issued to finance single family or multifamily mortgage loans. If issued to finance single family loans, the HFA bonds were not to exceed 60% of the bond issue. The HFA bonds were required to be issued at fixed rates to maturity or monthly rate reset bonds that were to convert to rates fixed to maturity in calendar year 2010. In September 2010, the Treasury announced an extension to the end of this conversion period to December 31, 2011. The fixed interest rates were expected to be lower than prevailing interest rates available through a public bond offering. Pursuant to this program and based on an allocation for GSE purchase received from the Treasury, the Authority issued \$191,720,000 in Single Family Special Obligation Bonds under the SFSOB Resolution and \$27,610,000 in Multifamily Special Obligation Bonds under the MFSOB Resolution (collectively, the "NIBP Escrow Bonds") on December 30, 2009 that settled on January 12, 2010. The proceeds of the NIBP Escrow Bonds were held in escrow pending the issuance by the Authority of additional taxable or tax-exempt bonds (the "NIBP Market Bonds"). As of December 31, 2011, all NIBP Escrow Bonds had been converted to long-term fixed rates of interest.

CONNECTICUT HOUSING FINANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS

Bonds issued under the SFSOB Resolution and the MFSOB Resolution are special obligations of the Authority payable solely from and secured by assets pledged under the (i) SFSOB Resolution for Single Family Special Obligation Bonds, and (ii) MFSOB Resolution for Multifamily Special Obligation Bonds.

In connection with the Federal NIBP, the Authority has also authorized the Single Family Other Bond Resolution and the Multifamily Other Bond Resolution (“Other Bond Resolutions”) to issue bonds (“Other Bonds”) secured by the Bond Resolution Capital Reserve Fund under the Bond Resolution. Proceeds of the Other Bonds, the NIBP Escrow Bonds and the NIBP Market Bonds are intended to be used to (i) participate in the purchase or making of single-family or multifamily mortgage loans under the Authority’s Housing Mortgage Finance Program, (ii) fund reserves and (iii) pay related bond costs. Bonds issued under the Other Bond Resolutions are general obligations of the Authority.

The SFSOB Resolution was wound down during 2021.

QECB Resolution

The Authority adopted the Qualified Energy Conservation Bond Resolution (“QECB Resolution”) on February 26, 2015. The bond proceeds are intended to be used for energy conservation improvements and replacements for multifamily housing developments owned or managed by participating public housing authorities. Bonds issued under the QECB Resolution are secured by, among others, the loan repayments from the QECB funded loans, the QECB federal tax credit subsidy and are general obligations of the Authority. The Authority will no longer issue bonds under the QECB Resolution due to the Tax Cuts and Jobs Act of 2017.

CONNECTICUT HOUSING FINANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS

Bonds payable as of December 31, 2021 and 2020 were as follows (in 000's):

<u>Publicly Offered</u>	<u>Final Maturity Date</u>	<u>Interest Rate Range %</u>	<u>Outstanding Amount</u>		<u>Amount Due Within 1 Year</u>
			<u>December 31,</u>		
			<u>2021</u>	<u>2020</u>	
1998 Series D	2025	Index	\$ 19,000	\$ 23,100	\$ 4,300
2001 Series D	2027	Index	12,210	13,855	1,750
2004 Series A	2035	Index	4,000	14,000	
2007 Series A	2038	Index	260	22,350	
2009 Series D	2039	6.274	55,230	55,880	685
2010 Series G	2031	2.125 - 3.05	11,820	13,350	1,120
2011 Series F	2021	2.90 - 5.00		33,665	
2012 Series A	2021	2.60 - 3.55		64,215	
2012 Series B	2021	2.37 - 4.40		37,365	
2012 Series C	2021	2.90 - 3.75		84,935	
2012 Series D	2021	3.05 - 3.70/Variable		62,680	
2012 Series F	2021	2.05 - 3.40		81,095	
2012 Series G	2022	2.50	320	57,875	320
2013 Series B	2034	4.00/Variable	22,490	37,190	1,110
2014 Series A	2044	4.00	2,595	5,795	-
2014 Series B	2044	2.15 - 4.15	46,925	47,510	615
2014 Series C	2044	2.20 - 4.00/Variable	60,800	68,255	3,810
2014 Series D	2044	2.30 - 4.00/Variable	102,415	115,130	5,805
2014 Series F	2054	2.40 - 4.05	39,455	40,285	880
2015 Series A	2045	2.15 - 3.85	90,990	98,760	3,715
2015 Series C	2045	2.40 - 3.60/Variable	79,895	88,390	49,080
2015 Series E	2055	1.95 - 4.00	29,355	29,530	185
2016 Series A	2045	1.95 - 4.00/Variable	136,970	145,950	4,510
2016 Series B	2046	1.70 - 3.55/Variable	139,535	150,420	4,300
2016 Series C	2051	1.50 - 3.50	44,140	45,125	1,060
2016 Series E	2046	1.80 - 3.50/Variable	134,935	145,820	4,960
2016 Series F	2046	1.65 - 3.50/Variable	141,075	165,975	5,600
2016 Series G	2056	1.65 - 3.90	17,620	17,805	190
2017 Series A	2047	2.00 - 4.00/Variable	108,950	186,370	8,795
2017 Series C	2047	1.75 - 4.00/Variable	112,385	137,210	54,455
2017 Series D	2047	1.55 - 4.00/Variable	135,505	152,470	53,855
2017 Series E	2057	1.60 - 3.90	16,675	17,810	1,220
2017 Series F	2047	0.00 - 4.00/Variable	127,820	149,410	11,935
2018 Series A	2048	2.375 - 4.00/Variable	90,985	133,380	3,350
2018 Series B	2048	2.60 - 4.00/Variable	86,320	119,450	3,215
2018 Series C	2048	2.10 - 4.00/Variable	98,740	147,805	4,035
2018 Series D	2058	2.45 - 4.40	31,740	48,205	310
2018 Series E	2048	0.00 - 4.25/Variable	75,535	107,255	2,685
2019 Series A	2049	2.30 - 4.00/Variable	74,350	110,045	2,435
2019 Series B	2049	2.05 - 4.00/Variable	107,260	116,405	2,385
2019 Series D	2049	1.35 - 4.00/Variable	110,930	117,365	2,540
2019 Series E	2059	1.40 - 3.35	104,700	125,420	5,965
2019 Series F	2049	0.00 - 3.50/Variable	120,600	125,875	2,585
2020 Series A	2050	1.00 - 3.50/Variable	135,515	142,235	3,325
2020 Series C	2050	0.30 - 3.25/Variable	151,805	158,195	4,065
2020 Series D	2060	0.45 - 2.85	118,900	149,685	1,035
2020 Series E	2050	0.50 - 3.00/Variable	141,360	224,475	4,510
2021 Series A	2038	0.15 - 1.85	259,335		76,880
2021 Series B	2065	0.125 - 3.00	195,195		5,280
2021 Series D	2051	0.15 - 5.00	161,390		3,835
2021 Series E	2061	0.15 - 5.00	146,515		11,030
Subtotal			\$ 3,904,545	\$ 4,235,370	\$ 363,720

**CONNECTICUT HOUSING FINANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS**

Housing Mortgage Finance Program Bonds (continued)

Direct Placements	Final Maturity Date	Interest Rate Range %	Outstanding Amount December 31,		Amount Due Within 1 Year
			2021	2020	
2013 Series A	2041	Index	\$ 88,130	\$ 258,705	
2013 Series C	2046	Index	30,320	37,785	
2015 Series B	2021	Index		35,000	
2016 Series D	2050	3.25 - 3.70	30,110	34,810	18,030
2019 Series C	2049	Index	100,000	100,000	100,000
2021 Series C	2033	Index	217,590		11,650
Subtotal			466,150	466,300	129,680
Plus unamortized bond premium			56,964	47,940	
Total Housing Mortgage Finance Bonds			\$ 4,427,659	\$ 4,749,610	\$ 493,400

The amounts due within one year in the previous table include the total outstanding balance of variable rate demand bond obligations where the standby bond purchase agreements expire within one year of the balance sheet date, although the maturities extend well beyond. The value of these obligations as of December 31, 2021 is \$145,000. It is the intention of the Authority to renew these agreements prior to expiration.

Special Needs Housing Mortgage Finance Program Special Obligation Bonds

Publicly Offered	Final Maturity Date	Interest Rate Range %	Outstanding Amount December 31,		Amount Due Within 1 Year
			2021	2020	
Series 13	2021	3.00 - 5.00	\$	\$ 10,020	\$
Series 16	2021	3.00 - 5.00		7,730	
Series 18	2046	2.80 - 4.45	9,035	9,255	225
Series 19	2035	2.80 - 4.25	7,840	8,370	545
Series 20	2045	2.80 - 4.40	3,420	3,510	90
Series 21	2045	2.95 - 4.70	11,500	11,850	360
Series 23	2048	2.50 - 4.30	3,510	3,585	80
Series 24	2037	2.50 - 4.10	5,635	5,870	245
Series 27	2051	0.25 - 2.65	7,510		35
Series 28	2040	0.25 - 2.375	16,470		1,335
Subtotal			64,920	60,190	2,915
Plus unamortized bond premium				425	
Total Special Needs Housing Mortgage Finance Program Special Obligation Bonds			\$ 64,920	\$ 60,615	

**CONNECTICUT HOUSING FINANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS**

Single Family Special Obligation Bonds

<u>Publicly Offered</u>	<u>Final Maturity Date</u>	<u>Interest Rate Range %</u>	<u>Outstanding Amount December 31,</u>		<u>Amount Due Within 1 Year</u>
			<u>2021</u>	<u>2020</u>	
Series 2011-2	2021	3.25 - 4.50	\$	\$ 11,755	
Subtotal				11,755	
Plus unamortized bond premium				3	
Total Single Family Special Obligation Bonds			\$	\$ 11,758	\$

Multifamily Special Obligation Bonds

<u>Direct Placements</u>	<u>Final Maturity Date</u>	<u>Interest Rate Range %</u>	<u>Outstanding Amount December 31,</u>		<u>Amount Due Within 1 Year</u>
			<u>2021</u>	<u>2020</u>	
Series 2009-1	2051	2.32	\$ 23,100	\$ 23,610	\$ 530
Total Multifamily Special Obligation Bonds			\$ 23,100	\$ 23,610	\$ 530

Housing Mortgage Finance Program Bonds (Single Family) Other Bonds

<u>Direct Placements</u>	<u>Final Maturity Date</u>	<u>Interest Rate Range %</u>	<u>Outstanding Amount December 31,</u>		<u>Amount Due Within 1 Year</u>
			<u>2021</u>	<u>2020</u>	
2010 Series A	2021	5.00	\$	\$ 9,876	\$
2011 Series A	2021	4.625		10,602	
Total Housing Mortgage Finance Program Bonds (Single Family) Other Bonds			\$	\$ 20,478	\$

Housing Mortgage Finance Program Bonds (Multifamily) Other Bonds

<u>Direct Placements</u>	<u>Final Maturity Date</u>	<u>Interest Rate Range %</u>	<u>Outstanding Amount December 31,</u>		<u>Amount Due Within 1 Year</u>
			<u>2021</u>	<u>2020</u>	
2011 Series A	2055	4.75	\$ 1,117	\$ 1,066	\$
2013 Series A	2053	5.50/Variable	24,286	24,566	296
Total Housing Mortgage Finance Program Bonds (Multifamily) Other Bonds			\$ 25,403	\$ 25,632	\$ 296

CONNECTICUT HOUSING FINANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS

Qualified Energy Conservation Bonds

<u>Direct Placements</u>	<u>Final Maturity Date</u>	<u>Interest Rate Range %</u>	<u>Outstanding Amount December 31,</u>		<u>Amount Due Within 1 Year</u>
			<u>2021</u>	<u>2020</u>	
2015 Series A (1,2)	2034	4.35	\$ 4,256	\$ 4,477	\$ 233
2016 Series B	2035	3.94	1,888	2,011	124
2016 Series C	2036	3.94	1,422	1,516	95
Total Qualified Energy Conservation Bonds			7,566	8,004	452
Total Bonds Payable, Net			\$ 4,548,649	\$ 4,899,707	\$ 497,593

Line of Credit

On July 15, 2021, CHFA entered into a revolving line of credit with US Bank National Association, proceeds of which were used to acquire single family loan prepayments and redeem the corresponding bonds. The acquired single family loan prepayments were subsequently pledged as collateral pursuant to the agreement. The revolving agreement has a maximum line of credit amount of \$75 million and expires on December 14, 2023. The outstanding line of credit balance bears interest at an index rate which is reset monthly and is currently one-month LIBOR plus 39 basis points. As of December 31, 2021, \$75 million of the line of credit was drawn and outstanding.

On November 4, 2021, CHFA entered into a revolving line of credit with Wells Fargo Bank National Association, proceeds of which were used to acquire single family loan prepayments and redeem the corresponding bonds. The acquired single family loan prepayments were subsequently pledged as collateral pursuant to the agreement. The revolving agreement has a maximum line of credit amount of \$100 million and expires on November 3, 2023. The outstanding line of credit balance bears interest at an index rate which is reset monthly and is currently one-month LIBOR plus 28 basis points. As of December 31, 2021, \$69.1 million of the line of credit was drawn and outstanding.

Conduit Debt

In furtherance of the Authority's mission, the Authority has issued conduit debt obligations. The outstanding principal balances of conduit debt obligations as of December 31, 2021 include four Multifamily Housing Revenue Bonds totaling \$28,808,493, one series totaling \$2,865,419 of Multifamily Housing Revenue Notes, and four series totaling \$68,810,000 of State-Supported Special Obligation Bonds. The outstanding principal balances of conduit debt obligations as of December 31, 2020 include four Multifamily Housing Revenue Bonds totaling \$32,618,497, one series totaling \$2,902,360 of Multifamily Housing Revenue Notes, and five series totaling \$75,680,000 of State-Supported Special Obligation Bonds. The issuance of these obligations does not create or imply any indebtedness on the part of the Authority. Each issue requires that the funds related to such issue be held by a trustee for the bondholders; therefore, such funds are not under the control of the Authority, and, accordingly, the Authority's financial statements do not reflect the balances or operating results of the various trust accounts.

CONNECTICUT HOUSING FINANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS

Debt Service Requirements

The following tables provide a summary of debt service requirements and net swap payments for the next five years and in five-year increments thereafter (in 000's). The interest calculations are based on the variable rates in effect on December 31, 2021 and may not be indicative of the actual interest expense that will be incurred.

Year Ending December 31,	Bond Resolution						
	Fixed-Publicly Offered		Variable-Publicly Offered			Fixed - Direct Placements	
	Principal	Interest	Principal	Interest	Interest Rate Swaps, Net	Principal	Interest
2022	\$ 211,170	\$ 82,978	\$ 7,550	\$ 919	\$ 20,004	\$ 18,030	\$ 728
2023	140,760	79,211	7,665	896	19,303	235	391
2024	151,710	76,005	7,830	874	18,676	250	383
2025	137,560	72,474	8,910	848	18,037	260	375
2026	127,065	69,229	4,830	827	17,432	270	366
2027-2031	588,815	302,260	69,605	3,942	79,262	1,540	1,690
2032-2036	564,555	220,685	184,140	3,210	56,577	1,905	1,414
2037-2041	466,015	139,310	185,830	2,286	36,479	2,355	1,073
2042-2046	352,535	69,322	256,070	1,421	21,542	2,915	651
2047-2051	164,385	24,616	163,335	235	2,939	2,350	152
2052-2056	63,855	9,553					
2057-2061	39,210	2,435					
2062-2066	1,145	54					
Total	<u>\$ 3,008,780</u>	<u>\$ 1,148,132</u>	<u>\$ 895,765</u>	<u>\$ 15,458</u>	<u>\$ 290,251</u>	<u>\$ 30,110</u>	<u>\$ 7,223</u>

Year Ending December 31,	Bond Resolution					
	Variable - Direct Placements			Total Bond Resolution		
	Principal	Interest	Interest Rate Swaps, Net	Principal	Interest	Total
2022	\$ 13,500	\$ 2,923	\$ 6,678	\$ 250,250	\$ 114,230	\$ 364,480
2023	16,675	2,755	6,287	165,335	108,843	274,178
2024	18,390	2,724	5,236	178,180	103,898	282,078
2025	20,940	2,605	4,162	167,670	98,501	266,171
2026	26,440	2,463	3,553	158,605	93,870	252,475
2027-2031	126,190	9,855	9,330	786,150	406,339	1,192,489
2032-2036	89,140	6,370	567	839,740	288,823	1,128,563
2037-2041	74,660	3,360		728,860	182,508	911,368
2042-2046	40,755	1,424		652,275	94,360	746,635
2047-2051	9,350	100		339,420	28,042	367,462
2052-2056				63,855	9,553	73,408
2057-2061				39,210	2,435	41,645
2062-2066				1,145	54	1,199
Total	<u>\$ 436,040</u>	<u>\$ 34,579</u>	<u>\$ 35,813</u>	<u>\$ 4,370,695</u>	<u>\$ 1,531,456</u>	<u>\$ 5,902,151</u>

CONNECTICUT HOUSING FINANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS

Year Ending December 31,	<u>Special Needs Indenture</u> <u>Fixed-Publicly Offered</u>		<u>MFSOB Resolution</u> <u>Fixed-Publicly Offered</u>	
	Principal	Interest	Principal	Interest
2022	\$ 2,915	\$ 1,999	\$ 530	\$ 533
2023	3,010	1,950	540	521
2024	3,120	1,894	560	508
2025	3,250	1,829	580	495
2026	3,380	1,757	600	482
2027-2031	14,860	7,507	3,320	2,187
2032-2036	13,210	5,124	3,940	1,770
2037-2041	11,510	2,837	4,680	1,276
2042-2046	7,250	999	5,570	688
2047-2051	2,415	147	2,780	96
2052-2056				
2057-2061				
Total	<u>\$ 64,920</u>	<u>\$ 26,043</u>	<u>\$ 23,100</u>	<u>\$ 8,556</u>

Year Ending December 31,	<u>Other Bond Resolutions</u> <u>Fixed - Direct Placement</u>		<u>QECB Resolution</u> <u>Fixed - Direct Placement</u>		Total
	Principal	Interest	Principal	Interest	
2022	\$ 296	\$ 1,314	\$ 452	\$ 311	\$ 372,829
2023	312	1,297	468	292	282,568
2024	330	1,279	483	272	290,524
2025	349	1,261	500	252	274,686
2026	368	1,241	516	231	261,050
2027-2031	2,178	5,869	2,856	814	1,232,080
2032-2036	2,865	5,182	2,291	199	1,163,144
2037-2041	3,769	4,277			939,718
2042-2046	4,959	3,087			769,189
2047-2051	6,525	1,522			380,947
2052-2056	3,452	4,067			80,926
2057-2061					41,645
2062-2066					1,199
Total	<u>\$ 25,403</u>	<u>\$ 30,396</u>	<u>\$ 7,566</u>	<u>\$ 2,371</u>	<u>\$ 6,090,506</u>

**CONNECTICUT HOUSING FINANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS**

Objective of the Interest Rate Swaps

The Authority employs swaps to establish synthetic fixed rates for a portion of its variable rate bond obligations. The Authority's interest rate swap transactions are structured for the Authority to pay a fixed interest rate while receiving variable interest rates from the counterparties which are comparable to the rates required by the variable rate bonds. These synthetic fixed rates were lower than those available to the Authority from fixed rate obligations of comparable maturity. The proceeds of these transactions are generally used to make fixed rate mortgage loans. As the objective of the derivative instruments entered into was to hedge changes in cash flows for each bond series, they are classified as cash flow hedges.

Terms

The Authority has entered into amortizing interest rate swap agreements under the Bond Resolution in which the Authority owes a fixed payment to the counterparties of the swaps. In return, the counterparties owe the Authority a payment based on common indices such as the Securities Industry and Financial Markets Association Municipal Swap Index ("SIFMA") or the London Interbank Offered Rate ("LIBOR") that is comparable to the rates required by the Authority's bonds. Only the net difference in interest payments is actually exchanged between the Authority and the counterparties. The Authority's amortizing interest rate swap agreements contain scheduled reductions to outstanding notional amounts that are projected to follow scheduled or anticipated reductions in bonds payable. The Authority did not pay or receive any cash when the swap transactions were initiated.

On October 23, 2020, the International Swaps and Derivatives Association (ISDA) published its IBOR Fallbacks Protocol and Supplement to the 2006 ISDA Definitions in anticipation of the expected discontinuation of the London Interbank Offered Rate (LIBOR) at the end of 2021. While the use of the Protocol and the Supplement is voluntary, the Authority agreed and adhered to the Protocol on January 19, 2021 to avoid any market disruption. On November 30, 2020, the ICE Benchmark Administration and the Financial Conduct Authority announced that most tenors of US Dollar LIBOR including the 1 month and the 3 month, would continue to be published through June 30, 2023.

CONNECTICUT HOUSING FINANCE AUTHORITY

NOTES TO FINANCIAL STATEMENTS

The terms, fair values and credit ratings of outstanding swaps as of December 31, 2021 were as follows (in 000's):

Associated Bond Issue	Effective Date	Notional Amount	Fixed Rate Paid	Variable Rate Received	Fair Value	Termination Date	Counterparty	
							Credit Rating *	% of Total Outstanding
2016 Series B-4	8/15/08	\$ 9,855	3.849%	67% 3M LIBOR	\$ (3,454)	11/15/38		
2016 Series B-4	8/15/08	8,925	3.855%	67% 3M LIBOR	(2,310)	11/15/33		
2016 Series F-5	8/15/08	27,550	3.845%	67% 3M LIBOR	(7,103)	11/15/33		
2018 Series E-2, 2018 Series C-4, 2018 Series C-3	11/15/18	18,451	2.471%	67% 3M LIBOR	(6,226)	11/15/48		
Total Bank of America, N.A.		64,781			(19,093)		A+/Aa2/AA	7.08%
2001 Series D-5	12/20/01	12,210	5.360%	167% 3M LIBOR-SIFMA	(1,731)	11/15/27		
2021 Series C	12/20/01	40,000	4.090%	67% 1M LIBOR	(8,543)	5/15/33		
2021 Series C	8/15/08	16,755	3.852%	67% 3M LIBOR	(1,935)	11/15/28		
2014 Series D-3	2/18/09	20,615	3.433%	67% 3M LIBOR	(4,580)	11/15/34		
2017 Series D-3, 2017 Series F-3, 2018 Series A-3	5/15/18	36,110	2.248%	70% 3M LIBOR	(8,241)	5/15/48		
2017 Series D-3, 2018 Series A-3, 2018 Series B-3	2/18/09	64,490	3.430%	67% 3M LIBOR	(12,801)	11/15/38		
2018 Series B-3	6/4/18	7,133	2.500%	70% 3M LIBOR	(3,064)	11/15/48		
Total Bank of New York Mellon		197,313			(40,895)		AA-/Aa2/AA	21.56%
2021 Series C	6/5/02	25,000	5.740%	167% 1M LIBOR-SIFMA	(7,768)	5/15/33		
2018 Series C-3 & 2018 Series C-4	6/5/02	15,700	4.352%	67% 1M LIBOR	(2,934)	5/15/33		
2019 Series F-2	10/29/19	26,250	1.708%	100% 1W SIFMA	(543)	11/15/49		
Total Citibank, NA		66,950			(11,245)		A+/Aa3/A+	7.32%
2021 Series C	3/7/01	20,170	5.475%	167% 1M LIBOR-SIFMA	(5,176)	5/15/32		
2013 Series C, 2021 Series C	2/26/14	37,380	2.776%	100% 1M LIBOR	(1,811)	5/15/24		
2017 Series C-3 & 2017 Series F-3	8/1/02	35,325	3.981%	67% 1M LIBOR	(5,940)	5/15/33		
2018 Series C-3 & 2018 Series C-4	3/7/01	9,275	4.120%	67% 1M LIBOR	(1,759)	5/15/32		
Total Goldman Sachs Mitsui Marine		102,150			(14,686)		AA-/Aa2	11.16%
1998 Series D-4	7/1/98	19,000	6.320%	100% 3M LIBOR	(2,320)	11/15/25		
2021 Series C	7/11/01	12,210	5.820%	167% 1M LIBOR-SIFMA	(1,989)	11/15/27		
2016 Series F-5	7/1/98	7,800	4.870%	100% 1W SIFMA	(1,699)	11/15/28		
2017 Series C-3 & 2018 Series C-3	7/11/01	17,000	4.310%	67% 1M LIBOR	(2,700)	5/15/32		
Total Merrill Lynch Capital Services **		56,010			(8,708)		NR	6.12%
2013 Series B-6 & 2016 Series E	6/15/15	33,730	2.0515%	67% 3M LIBOR	(1,323)	11/15/35		
2015 Series C	8/6/15	45,000	2.3625%	70% 1M LIBOR	(2,326)	11/15/45		
2016 Series A	11/16/15	40,000	2.1325%	67% 3M LIBOR	(1,355)	11/15/45		
2016 Series B-4	11/15/18	21,220	2.1400%	70% 1M LIBOR	(1,230)	11/15/46		
2016 Series E-3	8/25/16	23,980	1.7970%	67% 3M LIBOR	102	11/15/46		
2017 Series A-3	3/2/17	38,000	2.3350%	67% 3M LIBOR	(2,030)	11/15/47		
2019 Series A-2	3/5/19	5,000	1.8600%	67% 3M LIBOR	(315)	5/15/29		
2019 Series B-2 & 2019 Series B-3	5/9/19	25,570	1.9990%	67% 3M LIBOR	(2,097)	11/15/43		
2020 Series C-3	8/13/20	30,000	1.2660%	100% 1W SIFMA	3,506	11/15/50		
Total Royal Bank of Canada		262,500			(7,068)		AA-/Aa2/AA-	28.70%
2018 Series E-2, 2017 Series C-3, 2018 Series C-3 & 2018 Series C-4	11/15/18	18,454	2.242%	67% 3M LIBOR	(1,979)	11/15/28		
2018 Series B-3	6/4/18	7,132	2.071%	70% 3M LIBOR	(610)	5/15/28		
2014 Series C & 2020 Series E	12/17/20	26,475	0.723%	100% 1W SIFMA	1,112	11/15/30		
Total TD Bank, NA		52,061			(1,477)		AA-/Aa2/AA-	5.69%
2019 Series A-2 & 2019 Series A-3	3/5/19	18,500	2.290%	67% 3M LIBOR	(2,357)	5/15/49		
2019 Series D-3	8/8/19	26,230	1.4725%	67% 3M LIBOR	(184)	11/15/43		
Total US Bank		44,730			(2,541)		AA-/A1/AA-	4.89%
2021 Series C & 2020 Series A-3	3/2/06	36,165	3.4175%	67% 3M LIBOR	(6,490)	5/15/36		
2016 Series F-5	11/15/16	13,150	1.820%	67% 3M LIBOR	(2,874)	11/15/46		
2017 Series F-3	10/4/00	19,170	5.397%	100% 1W SIFMA	(3,859)	11/15/31		
Total Wells Fargo Bank, NA		68,485			(13,223)		A+/Aa2/AA-	7.48%
Portfolio Total		\$ 914,980			\$ (118,936)			100.00%

* S&P/Moody's/Fitch

** Credit support by Merrill Lynch Derivative Products AG (AA/Aa3/NR)

CONNECTICUT HOUSING FINANCE AUTHORITY

NOTES TO FINANCIAL STATEMENTS

The changes of fair value of outstanding swaps from December 31, 2020 to December 31, 2021 were as follows (in 000's):

Associated Bond Issue	Fair Value 12/31/2021	Fair Value 12/31/2020	Change in Fair Value
2016 Series B-4	\$ (3,454)	\$ (4,293)	\$ 839
2016 Series B-4	(2,310)	(2,987)	677
2016 Series F-5	(7,103)	(9,188)	2,085
2018 Series E-2, 2018 Series C-4	(6,226)	(7,190)	964
Total Bank of America, N.A.	<u>(19,093)</u>	<u>(23,658)</u>	<u>4,565</u>
2001 Series D-5	(1,731)	(2,723)	992
2021 Series C	(8,543)	(9,161)	618
2021 Series C	(1,935)	(2,945)	1,010
2014 Series D-3	(4,580)	(6,083)	1,503
2017 Series D-3, 2017 Series F-3, 2018 Series A-3	(8,241)	(11,275)	3,034
2017 Series D-3, 2018 Series A-3, 2018 Series B-3	(12,801)	(17,174)	4,373
2018 Series B-3	(3,064)	(4,082)	1,018
Total Bank of New York Mellon	<u>(40,895)</u>	<u>(53,443)</u>	<u>12,548</u>
2021 Series C	(7,768)	(10,520)	2,752
2018 Series C-3 & 2018 Series C-4	(2,934)	(3,987)	1,053
2019 Series F-2	(543)	(2,913)	2,370
Total Citibank, NA	<u>(11,245)</u>	<u>(17,420)</u>	<u>6,175</u>
2021 Series C	(5,176)	(6,979)	1,803
2013 Series C, 2021 Series C	(1,811)	(3,329)	1,518
2017 Series C-3 & 2017 Series F-3	(5,940)	(7,999)	2,059
2018 Series C-3 & 2018 Series C-4	(1,759)	(2,396)	637
Total Goldman Sachs Mitsui Marine	<u>(14,686)</u>	<u>(20,703)</u>	<u>6,017</u>
1998 Series D-4	(2,320)	(3,981)	1,661
2021 Series C	(1,989)	(3,550)	1,561
2016 Series F-5	(1,699)	(2,204)	505
2017 Series C-3 & 2018 Series C-3	(2,700)	(3,798)	1,098
Total Merrill Lynch Capital Services **	<u>(8,708)</u>	<u>(13,533)</u>	<u>4,825</u>
2013 Series B-6 & 2016 Series E	(1,323)	(2,622)	1,299
2015 Series C	(2,326)	(4,426)	2,100
2016 Series A	(1,355)	(3,117)	1,762
2016 Series B-4	(1,230)	(2,251)	1,021
2016 Series E-3	102	(937)	1,039
2017 Series A-3	(2,030)	(3,836)	1,806
2019 Series A-2	(315)	(555)	240
2019 Series B-2 & 2019 Series B-3	(2,097)	(3,479)	1,382
2020 Series C-3	3,506	679	2,827
Total Royal Bank of Canada	<u>(7,068)</u>	<u>(20,544)</u>	<u>13,476</u>
2018 Series E-2, 2017 Series C-3, 2018 Series C-3 & 2018 Series C-4	(1,979)	(3,062)	1,083
2018 Series B-3	(610)	(1,019)	409
2014 Series C & 2020 Series E	1,112	(13)	1,125
Total TD Bank, NA	<u>(1,477)</u>	<u>(4,094)</u>	<u>2,617</u>
2019 Series A-2 & 2019 Series A-3	(2,357)	(3,479)	1,122
2019 Series D-3	(184)	(1,773)	1,589
Total US Bank	<u>(2,541)</u>	<u>(5,252)</u>	<u>2,711</u>
2021 Series C & 2020 Series A-3	(6,490)	(8,841)	2,351
2016 Series F-5	(2,874)	(3,590)	716
2017 Series F-3	(3,859)	(5,306)	1,447
Total Wells Fargo Bank, NA	<u>(13,223)</u>	<u>(17,737)</u>	<u>4,514</u>
Portfolio Total	<u>\$ (118,936)</u>	<u>\$ (176,384)</u>	<u>\$ 57,448</u>

* S&P/Moody's/Fitch

** Credit support by Merrill Lynch Derivative Products AG (AA/Aa3/NR)

CONNECTICUT HOUSING FINANCE AUTHORITY NOTES TO FINANCIAL STATEMENTS

Fair Value

There is a multi-step process in determining the fair value of the Authority's swap portfolio. The first step is to determine the settlement price utilizing the Income Approach from "mid-market" pricing data. Such data consists primarily of observable quotes from the over-the-counter swap markets that fall into Level 2 of the fair value hierarchy. The second step is to determine the credit valuation adjustment ("CVA"). The purpose of the CVA is to quantify the nonperformance risk of the reporting entity as well as the nonperformance risk of the counterparty. Default probabilities are derived from credit default swap quotes or generic ratings based on borrowing curves that fall into Level 2 of the fair value hierarchy. In the final step, to determine fair value, the settlement price is adjusted by the CVAs of both the reporting entity's and counterparty's payment obligations. Because interest rates have declined since the implementation of the majority of the Authority's swap agreements, the aggregate fair value is negative as indicated in the previous chart.

Credit Risk

At December 31, 2021, the Authority was exposed to very limited counterparties' credit risk due to its broad diversification approach. Furthermore, the fair value of all except three swaps was negative. Credit exposure arises when the fair value of a swap is positive due to the obligation of the counterparty to make payment to the Authority in the event of termination.

Basis Risk

Basis risk is the risk that there may be a difference between the floating rate component of the swap, which is based on indices that consist of taxable or tax-exempt market-wide averages, and the rate on the Authority's variable rate bonds, which is based on that specific bond issue. CHFA's basis risk is within the Authority's acceptable tolerance levels.

Termination Risk

Counterparties to the Authority's interest rate swap agreements have default termination rights that may require settlement payments by the Authority or by the counterparty based on the fair value of the swap at the date of termination. As of December 31, 2021, no termination events requiring settlement payments have occurred.

Rollover Risk

The Authority's interest rate swap agreements have limited rollover risk because the swap agreements contain scheduled reductions to outstanding notional amounts which are expected to follow scheduled and anticipated reductions in the associated bonds payable. As of December 31, 2021, thirteen of the Authority's outstanding interest rate swap agreements provided the Authority with full or partial termination rights requiring no settlement payments to accommodate unexpected faster paydowns of the associated bonds as a result of higher repayment of home mortgage loans.

Contingencies

Thirty-five of the Authority's thirty-nine interest rate swap agreements (outstanding notional amount \$812,830,000, fair value (\$104,250,868)) at December 31, 2021, require the Authority to post collateral in the event that the fair value of the interest rate swap falls below specific declining thresholds based on declines in the Authority's credit rating. As of December 31, 2021, the Authority's ratings remain at AAA/Aaa (S&P/Moody's) and therefore, was not required to post collateral for any of its outstanding swaps.

CONNECTICUT HOUSING FINANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS

Refunding Bonds

The schedule below summarizes the cash flow savings and economic gain resulting from the Authority's issuance of fixed rate refunding bonds under the Bond Resolution in 2021 and 2020:

<u>Refunded Issue (s)</u>	<u>Refunding Issue</u>	<u>Cash Flow Savings Over Life of Refunding Issue</u>	<u>Economic Gain Over Life of Refunding Issue</u>
2021			
2012 Series C-1	2021 Series A Subseries A-1	\$ 9,360,716	\$ 9,086,723
2012 Series C-2	2021 Series A Subseries A-2	701,429	530,988
2012 Series A	2021 Series A Subseries A-3	553,728	3,616,251
2012 Series D-1 SFSOB 2011-2	2021 Series B Subseries B-1	(3,237,849)	289,692
2012 Series B-1	2021 Series B Subseries B-2	1,749,919	1,636,829
2011 Series F-1	2021 Series B Subseries B-3	3,854,277	3,266,874
2012 Series F-1	2021 Series D Subseries D-1	1,835,881	5,011,106
2012 Series F-2	2021 Series D Subseries D-2	605,372	530,608
2012 Series G-1	2021 Series E Subseries E-1	2,993,080	2,995,224
2012 Series G-4	2021 Series E Subseries E-2	1,040,784	738,325
2012 Series D-3	2021 Series E Subseries E-5	4,157,693	1,763,537
2020			
SFSOB 2009-2	2020 Series A Subseries A-1	986,750	718,421
SFSOB 2009-1	2020 Series A Subseries A-2	2,539,465	1,386,784
SFSOB 2009-2	2020 Series C Subseries C-1	3,628,173	2,006,635
SFSOB 2009-1 SFSOB 2010-1	2020 Series C Subseries C-2	3,627,787	3,191,219
2010 Series E Subseries E-1	2020 Series D Subseries D-1	2,401,476	3,462,921
2010 Series E Subseries E-2	2020 Series D Subseries D-2	10,060,068	6,840,048
SFSOB 2009-2 SFSOB 2009-4	2020 Series E Subseries E-1	740,063	554,463
SFSOB 2009-1 SFSOB 2009-3	2020 Series E Subseries E-2	10,023,683	4,274,596

**CONNECTICUT HOUSING FINANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS**

NOTE 9 - CHANGES IN LONG-TERM LIABILITIES

The changes in long-term liabilities for the years ended December 31, 2021 and 2020 were as follows (in 000's):

	Balance January 1, 2021	Increase	Decrease	Balance December 31, 2021
Escrow deposits	\$ 154,651	\$ 34,155	\$ (33,132)	\$ 155,674
Bonds payable, publicly offered	3,940,021	716,337	(1,126,113)	3,530,245
Bonds payable, direct placement	513,213	206,483	(198,885)	520,811
Derivative instruments- interest rate swaps	176,384		(57,448)	118,936
Net OPEB liability	82,371	20,937	(25,977)	77,331
Net pension liability	70,480	3,226	(8,826)	64,880
	<u>\$ 4,937,120</u>	<u>\$ 981,138</u>	<u>\$ (1,450,381)</u>	<u>\$ 4,467,877</u>
	Balance January 1, 2020	Increase	Decrease	Balance December 31, 2020
Escrow deposits	\$ 149,469	\$ 34,073	\$ (28,891)	\$ 154,651
Bonds payable, publicly offered	3,956,503	652,550	(669,032)	3,940,021
Bonds payable, direct placement	670,379	999	(158,165)	513,213
Derivative instruments- interest rate swaps	123,651	56,475	(3,742)	176,384
Net OPEB liability	78,547	28,880	(25,056)	82,371
Net pension liability	76,524	9,265	(15,309)	70,480
	<u>\$ 5,055,073</u>	<u>\$ 782,242</u>	<u>\$ (900,195)</u>	<u>\$ 4,937,120</u>

NOTE 10 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The Authority reports interfund balances among its funds which are reflected on the combining schedule of net position as "due from/due to other funds/component units". These balances generally consist of accruals of various revenues or expenses due to a fund, but received or paid to another, and transfers between funds to meet liquidity requirements. These transactions and resulting year-end interfund balances have been eliminated in the accompanying combining financial statements. The composition of interfund balances as of December 31, 2021 is as follows:

Receivable Fund	Payable Fund	Amount
General and Capital Reserve Fund	Multifamily Real Estate Owned	\$ 2,300,000
	Multifamily Special Obligation Bond Fund	114,632
		<u>\$ 2,414,632</u>

**CONNECTICUT HOUSING FINANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS**

During the year, operating transfers are used to reallocate or move resources from one fund to another and are reflected on the combining schedule of revenues, expenses and changes in net position.

NOTE 11 - OTHER LIABILITIES

On certain bond issues, the Authority’s earnings from the investment of bond proceeds are limited per Federal Income Tax rules. Yields in excess of Federal Limits are payable to the U.S. Treasury and are recorded as a liability. As of December 31, 2021 and 2020, the Authority had no such liability.

NOTE 12 - NET POSITION

Net position consisted of the following (in 000’s):

	<u>December 31,</u>	
	<u>2021</u>	<u>2020</u>
General and Capital Reserve Funds:		
Net investment in capital assets	\$ 3,309	\$ 3,104
General and Capital Reserve Funds	968,564	1,001,413
Other Funds:		
Housing Mortgage Insurance Fund	3,670	3,635
Single Family Special Obligation Bond and Other Bond Funds		4,316
Multifamily Special Obligation Bond and Other Bond Funds	3,203	3,064
Special Needs Housing Funds	31,719	26,797
Qualified Energy Conservation Bonds	513	412
Component Units:		
CHFA-Small Properties, Inc.	1,282	1,168
	<u>\$ 1,012,260</u>	<u>\$ 1,043,909</u>

NOTE 13 - PENSION PLAN

Plan Description

Eligible employees of the Authority participate in the Connecticut State Employees’ Retirement System (“SERS”) which is administered by the State Employees’ Retirement Commission. SERS is a cost-sharing multiple-employer defined benefit public employee retirement system (“PERS”) established in 1939 and governed by Sections 5-152 to 5-192 of the Connecticut General Statutes. Detailed information about the total Plan’s funding status and progress, contributions required and fiduciary net position can be found in the Connecticut State Employees’ Retirement System GASB Statement 68 Report available at www.osc.ct.gov/rbsd/reports/index.html.

SERS provides retirement, disability and health benefits, and annual cost-of-living allowances to plan members and their beneficiaries. Employees are covered under one of five tiers. All Authority employees are classified as non-hazardous duty. A summary of plan benefits and required contributions for non-hazardous duty members is represented in the following table:

CONNECTICUT HOUSING FINANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS

	<u>Tier I</u>	<u>Tier II</u>	<u>Tier IIA</u>	<u>Tier III</u>	<u>Tier IV</u>
Eligibility - hire date	Prior to July 1, 1984	On or after July 1, 1984	On or after July 1, 1997	On or after July 1, 2011	On or after July 1, 2017
Final Average Earnings (FAE)	Average Salary of 3 highest paid years of service	Average Salary of 3 highest paid years of service		Average Salary of 5 highest paid years of service	
Benefit	<u>Plan B</u> 2% of FAE x years of service up to age 65. Thereafter, 1% of FAE up to \$4,800 plus 2% of FAE in excess of \$4,800. At age 70, greater of 1.25% of FAE up to \$4,800 plus 2.5% of FAE in excess of \$4,800 x years of service or 1% of FAE up to \$4,800 plus 2% of FAE in excess of \$4,800 x years of service.		1.4 % of FAE plus 0.433% of FAE in excess of breakpoint x years of service up to a max of 35 years plus 1.625% of FAE x years of service over 35 years		1.3% of FAE x years of service
	<u>Plan C</u> 2% of FAE x years of service. At age 70, greater of 2.5% of FAE x years of service (max 20 years) or 2% of FAE x years of service.				
Vesting	10 years of service	5 years of service	5 years of service	10 years of service	10 years of service
Normal Retirement	Age 55 with 25 years Age 60 with 10 years Age 70 with 5 years	If eligible for retirement prior to <u>July 1, 2022</u> Age 62 with 10 years Age 60 with 25 years Age 70 with 5 years		Age 63 with 25 years Age 65 with 10 years	Age 63 with 25 years Age 65 with 10 years
		If NOT eligible for retirement prior to <u>July 1, 2022</u> Age 65 with 10 year Age 63 with 25 years Age 70 with 5 years			
Early Retirement	Age 55 with 10 years	Age 55 with 10 years	Age 55 with 10 years	Age 58 with 10 years	Age 58 with 10 years
Member Contributions (prior to 7/1/17)	<u>Plan B</u> 2% of earnings up to social security wage base plus 5% of earnings above that level	None	2% of earnings	2% of earnings	n/a
	<u>Plan C</u> 5% of earnings				
Member Contributions (Effective 7/1/17 - 6/30/19)	<u>Plan B</u> 3.5% of earnings up to social security wage base plus 5% of earnings above that level	1.5% of earnings	3.5% of earnings	3.5% of earnings	* 5% of earnings
	<u>Plan C</u> 6.5% of earnings				
Member Contributions (Effective 7/1/19)	<u>Plan B</u> 4.0% of earnings up to social security wage base plus 5% of earnings above that level	2.0% of earnings	4.0% of earnings	4.0% of earnings	* 5% of earnings
	<u>Plan C</u> 7.0% of earnings				

CONNECTICUT HOUSING FINANCE AUTHORITY NOTES TO FINANCIAL STATEMENTS

** In years where plan asset losses require further increases in contributions, Tier IV employees' contributions may increase by half the necessary increase in rates (up to 2%). All Tier IV employees must contribute 1% to the Defined Contribution (DC) portion of the Hybrid Plan and may elect additional contributions of up to 3% of salary to the DC portion.*

The 2011 State Employees Bargaining Agent Coalition Agreement (Agreement) provides current Tier II and Tier IIA members who remain employed after July 1, 2022, the opportunity for a one-time irrevocable election to retain the normal retirement eligibility in place prior to the Agreement. The election would require an additional employee contribution based on their original eligible retirement date. Under the prior agreement, normal retirement eligibility was age 60 and 25 years of service or age 62 and 10 years of service. All plans provide for death and disability benefits.

The contribution requirements of plan members and the State are established and may be amended by the State legislature subject to the contractual rights established by collective bargaining. Individuals hired on or after July 1, 2011 otherwise eligible for the Alternative Retirement Plan (ARP) are eligible to become members of the Hybrid Plan in addition to their other existing choices. The Hybrid Plan has defined benefits identical to Tier II/IIA and Tier III for individuals hired on or after July 1, 2011, but requires employee contributions 3% higher than the contribution required from the applicable Tier II/IIA/III plan. The State is required to contribute at an actuarially determined rate.

The Authority's contractually required contribution rates for the years ended December 31, 2021 and 2020 were 42.10% and 36.49%, respectively, of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Authority were \$5,452,202 and \$4,802,267 for the years ended December 31, 2021 and 2020, respectively.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

As of December 31, 2021 and 2020, the Authority reported a liability of \$64,880,119 and \$70,480,100 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the plan relative to the projected contributions of all participating governmental units. The Authority's proportion was 0.30512% as of June 30, 2021.

CONNECTICUT HOUSING FINANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2021, the Authority recognized pension expense of \$3,226,244. At December 31, 2021 the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 4,488,938	\$
Change of assumptions		119,577
Net difference between projected and actual earnings on pension plan investments		4,574,829
Changes in proportion and differences between employer contributions and proportionate share of contributions	3,618,976	5,099,270
Contributions subsequent to the measurement date	<u>3,018,878</u>	
	<u>\$ 11,126,792</u>	<u>\$ 9,793,676</u>

Of the total amount reported as deferred outflows of resources related to pensions, \$3,018,878 resulting from Authority contributions made subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	
2022	\$ 258,469
2023	(40,381)
2024	(793,862)
2025	(1,354,031)
2026	<u>244,043</u>
	<u>\$ (1,685,762)</u>

Actuarial Assumptions

The total pension liability was determined based on the annual actuarial valuation report prepared as of June 30, 2021. The total pension liability was based on the results of an actuarial experience study for the period July 1, 2015 - June 30, 2020. The key actuarial assumptions are summarized below:

Inflation	2.50%
Salary increases	3.00% - 11.50% including inflation
Cost of living	1.95% - 3.25%
Investment rate of return	6.9%, net of pension plan investment expense, including inflation

CONNECTICUT HOUSING FINANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS

Assumed rates of mortality were obtained from the Pub-2010 Above Median Mortality Tables (Amount-Weighted) projected generationally with MP-2020 improvement scale. These assumptions are applied to all periods included in the measurement.

Investment Rate of Return

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity Fund	20.0 %	5.4 %
Developed Markets International Stock Fund	11.0	6.4
Emerging Markets International Stock Fund	9.0	8.6
Core Fixed Income Fund	13.0	0.8
Emerging Market Debt Fund	5.0	3.8
High Yield Bond Fund	3.0	3.4
Real Estate Fund	19.0	5.2
Private Equity	10.0	9.4
Private Credit	5.0	6.5
Alternative Investments	3.0	3.1
Liquidity Fund	2.0	-0.4

Discount Rate

The discount rate used to measure the total pension liability at June 30, 2021 was 6.9%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and that contributions from the participating governmental units will be made equal to the difference between the projected actuarially determined contribution and actual member contributions. Projected future benefit payments for all current plan members were projected through the year 2124. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total plan liability and a municipal bond rate was not used in determining the discount rate.

**CONNECTICUT HOUSING FINANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS**

Sensitivity of the Authority’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Authority’s proportionate share of the net pension liability calculated using the discount rate of 6.9%, as well as the what the Authority’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower or 1 percentage-point higher than the current rate:

	<u>1% Decrease (5.90%)</u>	<u>Discount Rate (6.90%)</u>	<u>1% Increase (7.90%)</u>
Authority's proportionate share of net pension liability	\$ 78,847,060	\$ 64,880,119	\$ 53,233,484

Fiduciary Plan Net Position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued Annual Comprehensive Financial Report of the State of Connecticut.

NOTE 14 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

Plan Description

The State provides postemployment healthcare and life insurance benefits in accordance with State statutes, Section 5-257(d) and 5-259(a), to all eligible employees who retire from the State, including employees of the Authority. The benefits are provided through the State of Connecticut State Employee OPEB Plan (the Plan), a cost sharing single-employer defined benefit plan administered by the State of Connecticut. The Plan does not issue stand-alone financial statements, however, financial statements for the Plan are included as part of the State of Connecticut’s Annual Comprehensive Financial Report that is publicly available online at <https://www.osc.ct.gov/reports/>.

Under a cost-sharing plan, OPEB obligations for employees of all employers are pooled, and plan assets are available to pay the benefits of the employees of any participating employer providing OPEB benefits through the plan, regardless of the status of the employers’ payment of their OPEB obligation to the plan.

Benefits Provided

When employees retire, the State pays up to 100% of their healthcare insurance premium cost (including dependents’ coverage), depending on the plan. The State currently pays up to 20% of the cost for retiree dental insurance (including dependents’ coverage) depending on the plan. In addition, the State pays 100% of the premium cost for a portion of the employees’ life insurance continued after retirement. The amount of life insurance, continued at no cost to the retiree, is determined based on the number of years of service that the retiree had with the State at the time of retirement as follows: (a) if the retiree had 25 years or more of service, the amount of insurance will be one-half of the amount of insurance for which the retiree was insured immediately prior to retirement, but the reduced amount cannot be less than \$10,000; (b) if the retiree had less than 25 years of service, the amount of insurance will be the proportionate amount that such years of service is to 25, rounded to the nearest \$100 of coverage. The State finances the cost of postemployment healthcare and life insurance benefits on a pay-as you-go basis through an appropriation in the State’s General Fund.

**CONNECTICUT HOUSING FINANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS**

Contributions

In accordance with the Revised State Employees Bargaining Agent Coalition (SEBAC) 2011 Agreement between the State of Connecticut and SEBAC, all employees shall pay a 3% retiree healthcare insurance contribution for a period of 10 years or retirement, whichever is sooner. Participants of Tier I, Tier II and Tier IIA shall be required to have 10 years of actual state service to be eligible for retirement health insurance. Participants of Tier III and Tier IV shall be required to have 15 years of actual state service to be eligible for retirement health insurance. Deferred vested retirees who are eligible for retiree health insurance shall be required to meet the rule of 75, which is the combination of age and actual state service equaling 75 in order to begin receiving retiree health insurance based on applicable SEBAC agreement. Contributions made by the Authority in 2021 and 2020 totaled \$2,781,565 and \$3,034,471. Contributions made by employees in 2021 and 2020 totaled \$471,155 and \$557,671.

OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At December 31, 2021 and 2020, the Authority reported a liability of \$77,331,488 and \$82,371,279 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The Authority's proportion of the net OPEB liability was based on the Authority's actuarially required contribution for the year ended June 30, 2021 relative to all other contributing employers. The Authority's proportion was 0.320431% as of June 30, 2021.

For the year ended December 31, 2021, the Authority recognized OPEB expense of \$4,944,721. At December 31, 2021 the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in assumptions	\$ 11,574,645	\$ 734,751
Net difference between projected and actual earnings on OPEB plan investments		582,813
Changes in proportionate share and difference between amount contributed and proportionate share of contributions	4,418,033	13,874,532
Employer contributions to the plan subsequent to the measurement date	1,540,150	
Difference between expected and actual experience in the total OPEB liability		1,810,246
	<u>\$ 17,532,828</u>	<u>\$ 17,002,342</u>

CONNECTICUT HOUSING FINANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS

Of the total amount reported as deferred outflows of resources related to OPEB, \$1,540,150 resulting from Authority contributions made subsequent to the measurement date will be recognized as a reduction of the net OPEB liability for the year ended December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the Authority's OPEB expense as follows:

<u>Year Ending December 31,</u>	
2022	\$ (64,284)
2023	642,723
2024	(163,284)
2025	(1,197,585)
2026	<u>(227,234)</u>
	<u>\$ (1,009,664)</u>

Actuarial Assumptions

The total OPEB liability in the June 30, 2021 actuarial valuation was determined using key actuarial assumptions summarized as follows:

Payroll growth rate	3.50%
Salary increases	3.25% - 19.5% varying by years of service
Discount rate	2.31% as of June 30, 2021 2.38% as of June 30, 2020
Healthcare cost trend rates:	
Medical & Prescription drug	6.00% graded to 4.50% over 6 years
Dental	3.00%
Part B	4.50%
Administrative expense	3.00%

Assumed rates of mortality were obtained from the Pub-2010 Above Median Mortality Tables (Amount-Weighted) projected generationally with MP-2020 improvement scale. These assumptions are applied to all periods included in the measurement.

**CONNECTICUT HOUSING FINANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS**

Investment Rate of Return

The long-term expected rate of return on OPEB plan investments was determined by an actuarial analysis. The June 30, 2021 target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before investment expenses, used in the derivation of the long-term expected investment rate of return assumption are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity Fund	20.0 %	5.6 %
Developed Markets International Stock Fund	11.0	6.0
Emerging Markets International Stock Fund	9.0	7.9
Core Fixed Income	16.0	2.1
Inflation Linked Bonds	5.0	1.1
Emerging Market Debt Fund	5.0	2.7
High Yield Bond Fund	6.0	4.0
Real Estate Fund	10.0	4.5
Private Equity	10.0	7.3
Alternative Investments	7.0	2.9
Liquidity Fund	1.0	0.4

Discount Rate

The discount rate is a blend of the long-term expected rate of return on OPEB Trust assets and a yield or index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher (2.16% as of June 30, 2021 and 2.21% as of June 30, 2020). The final discount rate used to measure the total OPEB liability was 2.31% as of June 30, 2021. The blending is based on the sufficiency of projected assets to make projected benefit payments.

Sensitivity of the Authority's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following presents the Authority's proportionate share of the net OPEB liability calculated using the discount rate of 2.31%, as well as what the Authority's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower or 1 percentage-point higher than the current rate:

	1% Decrease (1.31%)	Discount Rate (2.31%)	1% Increase (3.31%)
Authority's proportionate share of net OPEB liability	\$ 91,334,580	\$ 77,331,488	\$ 66,085,707

**CONNECTICUT HOUSING FINANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS**

Sensitivity of the Authority’s Proportionate Share of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the Authority’s proportionate share of the net OPEB liability calculated using the current healthcare cost trend rate as well as what the Authority’s proportionate share of the net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1 percentage-point lower or 1 percentage-point higher than the current rates:

	<u>1% Decrease</u>	<u>Current Healthcare Cost Trend Rate</u>	<u>1% Increase</u>
Authority's proportionate share of net OPEB liability	\$ 63,859,606	\$ 77,331,488	\$ 94,739,151

NOTE 15 - COMMITMENTS AND CONTINGENCIES

The Authority is a party to financial instruments with risk in connection with its commitments to provide financing that is not included on the statement of net position. These expose the Authority to credit risk in excess of the amount recognized on the statement of net position. The Authority’s exposure to credit loss in the event of nonperformance by the borrowers is represented by the contractual amount of those instruments. The Authority uses the same credit policies in making commitments and conditional obligations as it does for instruments that are included on the statement of net position. Total credit exposure is summarized below (in 000’s):

	<u>2021</u>	<u>2020</u>
Mortgage Loan Commitments:		
Home Mortgage Program Purchases	\$ 63,742	\$ 40,643
Multifamily Development Loans	102,557	128,472
Reverse Annuity Mortgage	54	96
Emergency Mortgage Assistance (EMAP)	1,986	2,900
	<u>\$ 168,339</u>	<u>\$ 172,111</u>

Commitments to extend credit are agreements to lend to a borrower as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. The Authority evaluates each borrower’s credit worthiness on a case-by-case basis. The amount of collateral obtained if deemed necessary by the Authority upon extension of credit is based on management’s credit evaluation of the counterparty. Collateral held is primarily residential and multifamily properties. Interest rates on approved mortgage loan commitments are fixed.

CHFA has funds committed for initiatives other than mortgage loans.

CHFA is involved in certain litigation and disputes incidental to its operations. Because it is generally difficult to predict the outcome of lawsuits, CHFA cannot give any assurance as to the outcome of such litigation. Based on the information it presently possesses, however, it is management’s judgment that such litigation will not have a material adverse impact upon the financial condition of the Authority.

CONNECTICUT HOUSING FINANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS

The Authority offers mortgage insurance through the CHFA Insurance Fund. CHFA mortgage insurance is permitted on a case-by-case basis when FHA insurance and VA guarantees are not available and PMI insurance is either not available for the home or has been declined for a reason that would not prevent CHFA from issuing an insurance commitment. The CHFA Insurance Fund receives annual premiums from participating borrowers. The accumulation of these premiums is used to fund any claims. Premiums are collected until the LTV reaches certain thresholds at which such time the insurance coverage is terminated. As of December 31, 2021 and December 31, 2020, the Authority had \$11,722,000 and \$13,641,000, respectively, of outstanding home mortgage loans that are insured under this program. For the years ended December 31, 2021 and 2020, there were no claims paid from the CHFA Insurance Fund.

NOTE 16 - GRANT PROGRAMS

Pursuant to Public Act No. 05-228 (CIA), the Authority was receiving a 25% distribution of funds held in the State of Connecticut's land protection, affordable housing and historic preservation account for the purpose of supplementing new or existing affordable housing programs. Effective May 28, 2014, and pursuant to Public Act No. 14-45 passed on said date, distribution of these funds was redirected to the State of Connecticut's Department of Housing. The Authority is currently spending down the funds received in prior years.

The rights of certain property owners are protected in Connecticut foreclosure actions by § 8-265cc through 8-265kk of the Connecticut General Statutes known as the Emergency Mortgage Assistance Payment ("EMAP") Program. These provisions allow homeowners the opportunity to avoid foreclosure by enabling them to obtain financial assistance from the State, acting through the Authority. A qualified homeowner may obtain funds under this program to bring a delinquent mortgage current, and may also obtain assistance with subsequent mortgage payments to a maximum period of 60 months. With sufficient funds currently on hand, the Authority received no additional funding during 2021 and 2020, from the State of Connecticut to be used in support of the EMAP program pursuant to a memorandum of understanding between the Authority and the State of Connecticut, Office of Policy and Management. Unspent funds are held by the Authority in escrow until expended on the program. Only when funds are spent are they recognized as program revenue and expenses. During 2011, the Authority issued \$20,000,000 in conduit debt under its Special Needs Indenture in support of the EMAP Program. Debt service on these bonds is paid by the State of Connecticut.

In response to the financial hardships resulting from the COVID-19 pandemic, on July 13, 2020, the Governor signed Executive Order No. 7GGG and allowed the Authority to establish the Temporary Mortgage Assistance Program (TMAP); with the program funds being provided by the EMAP program. The TMAP program offered assistance to homeowners with the goal to prevent foreclosure actions. Assistance was subject to borrower eligibility and addressed mortgage payment delinquencies caused by financial hardship due to COVID-19. Being only temporary, the TMAP program expired on January 13, 2021.

In 2021 and 2020, the Authority received \$0 and \$208,000, respectively, in Comprehensive Counseling ("CC") grant funds from the U.S. Department of Housing and Urban Development; the purpose being to provide counseling and advice to tenants and homeowners to assist them in improving their housing conditions and fulfilling the responsibilities of tenancy or homeownership. The funds were made available through Section 106 of the Housing and Urban Development Act of 1968 and Section 4 of the Department of Housing and Urban Development Act as amended by Title XIV of the Dodd-Frank Wall Street Reform and Consumer Protection Act, the use of which is subject to the terms and conditions of the grant agreement.

CONNECTICUT HOUSING FINANCE AUTHORITY NOTES TO FINANCIAL STATEMENTS

The Qualified Energy Conservation Bond (“QECCB”) program was established under the Economic Stabilization Act of 2008 (“Act”) and is governed by certain provisions of the Internal Revenue Code of 1986, as amended (“Code”). Pursuant to the Act and Code, QECCBs are qualified tax credit bonds where the U.S. Treasury subsidizes a portion of the bond interest payment equal to 70% of the tax credit bond rate. The interest subsidy due or received in 2021 and 2020 was \$216,000 and \$228,000, respectively.

The goal of ending chronic homelessness was set when the State of Connecticut’s governor signed onto the “Zero:2016” initiative. In furtherance of reaching this goal, the Authority committed to contributing \$5,000,000 over ten years to fund supportive housing rental subsidies. The funding is to be made first from State funds on hand resulting from CHFA’s administration of the State’s supportive housing program. Once the designated State funds are exhausted, Financing Adjustment Factor (FAF) funds obtained from an agreement between the Authority and U.S. Department of Housing and Urban Development (HUD) will be used to fund the balance of the subsidy. In 2021 and 2020, the Authority funded \$0 and \$500,000, respectively, towards this commitment. \$3.25 million remains committed to be spent on this program in future years.

During 2020, the Authority received \$1,000,000 from the Federal Home Loan Bank of Boston from their Helping to House New England subsidy program (the Subsidy Program). The Subsidy Program is dedicated to the expansion of affordable rental and homeownership financing throughout the six New England housing finance agencies. Combining the Subsidy Program funds with a \$5,000,000 commitment of CHFA funds, the Authority established a Mobile Manufactured Home Refinancing Loan Program. Mobile manufactured housing is an affordable, decent, safe and sanitary housing option. The development of this program furthers the mission of the Authority.

During 2021, the Authority received \$100,000 from the Federal Home Loan Bank of Boston from their Helping to House New England Program Grant funds. The grant funds were used to subsidize the reduction of the CHFA down payment assistance loan interest rate to 1% to enable 67 first time homebuyers to lower their cost of homeownership.

In response to COVID-19 related financial hardships affecting tenants’ ability to make their monthly housing rental payments, the State of Connecticut through the Department of Housing (DOH) created the Temporary Rental Housing Assistance Program (TRHAP). The Authority, working in conjunction with DOH, assisted with the administration of up to \$40,000,000 in funds established by the federal Coronavirus Aid, Relief and Economic Security (CARES) Act of 2020. Eligible tenants received a maximum amount of assistance of \$4,000 per household to be used to pay housing rental payment arrearages. The State of Connecticut contributed \$2,200,000 to CHFA to be expended in connection with the administration and implementation of the TRHAP program. \$1,416,000 and \$745,000 of these grant funds were spent through December 31, 2021 and December 31, 2020, respectively.

During 2020, the Authority received a \$500,000 grant from Wells Fargo to further fund and support the TRHAP program. Grant funds were used to expedite the temporary rental assistance application process to distribute CARES Act funds to tenants in need; the goal being to prevent housing insecurity and its corresponding ramifications. \$246,000 and \$254,000 in grant funds were spent through December 31, 2021 and December 31, 2020, respectively.

CONNECTICUT HOUSING FINANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS

Section 3206 of the American Rescue Plan Act of 2021, authorized the U.S. Department of the Treasury to help mitigate financial hardships associated with the coronavirus pandemic by providing funds to eligible entities under the Homeowner Assistance Fund Program (HAF). As part of a pilot program, funds were used to assist qualified applicants with payment of delinquent mortgage payments including principal, interest, taxes and other costs the loan servicers incurred to bring the loan current. The Authority received \$12,313,679 in HAF funds during 2021, of which \$4,940,000 was spent towards this effort through December 31, 2021. The full HAF program will be rolled out in 2022. Under current guidelines, the program will run through September 30, 2026 or until funds are exhausted.

During 2021, the Authority created an Opportunity Fund (OF), using a portion of CHFA’s excess revenues from its bond program. The Opportunity Fund supports programs and mission driven initiatives that are in need of additional financing in order to move forward. During 2021, the Authority contributed \$50,000 from the OF in support of the Housing and Community Development Leadership Institute established to train community development professionals in the fields of housing and community development, in order to develop leadership and production skills in these areas. \$50,000 in additional funds are committed to be spent in 2022 in support of this program.

The United States Treasury’s Community Development Financial Institutions Fund created the Capital Magnet Fund Program (CMF Program) in order to spur investment in affordable housing and related economic development efforts to revitalize neighborhoods across the country by serving low-income families and communities. The Authority was awarded a \$3,000,000 grant from the CMF Program. CHFA contributed \$3,000,000 in matching funds. The \$6,000,000 in total funds were used to form an Affordable Housing Fund. Affordable Housing Program funds are to be used to support the creation of deeply affordable housing units in the Low-Income Housing Tax Credit Program.

Activity under these programs for the years ended December 31, 2021 and 2020 is summarized below (in 000’s):

	<u>2021</u> <u>Program</u> <u>Funding</u>	<u>2021</u> <u>Program</u> <u>Expenses</u>	<u>Net</u>
PA 05-228	\$	\$ 606	\$ (606)
EMAP/TMAP	221	221	
QECB	216	216	
FHLB-DAP	100		100
TRHAP-DOH	1,416	1,416	
TRHAP-WF	246	246	
HAF	4,940	4,940	
OF		50	(50)
CMF	3,000		3,000
	<u>\$ 10,139</u>	<u>\$ 7,695</u>	<u>\$ 2,444</u>
	<u>2020</u> <u>Program</u> <u>Funding</u>	<u>2020</u> <u>Program</u> <u>Expenses</u>	<u>Net</u>
PA 05-228	\$	\$ 169	\$ (169)
EMAP/TMAP	533	533	
CC	208	208	
QECB	228	228	
ZERO 16	350	500	(150)
FHLB-MOBILE HOME REFI	1,000		1,000
TRHAP-DOH	745	745	
TRHAP-WF	254	254	
	<u>\$ 3,318</u>	<u>\$ 2,637</u>	<u>\$ 681</u>

**CONNECTICUT HOUSING FINANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS**

NOTE 17 - RISK MANAGEMENT

The Authority is subject to normal risks associated with its operations including property damage, personal injury and employee dishonesty. All risks are managed through the purchase of commercial insurance. There are two pending claims, neither of which are expected to exceed insurance coverage limits if and when settled. There have been no losses exceeding insurance coverage, and there have been no decreases in insurance coverage over the last three years.

NOTE 18 - SUBSEQUENT EVENTS

On February 22, 2022 and March 7, 2022, the Authority redeemed \$79,000,000, \$2,300,000, respectively, of various series of outstanding bonds held under the Bond Resolution.

On March 24, 2022, the Authority issued 2022 Series A bonds in the amount of \$203,900,000 under the Bond Resolution. The bond proceeds were used to refund a portion of the Authority's outstanding bonds and to fund the purchase of single family whole loans and mortgage backed securities. On March 1, 2022, CHFA entered into a Stand-By Bond Purchase Agreement with TD Bank, N.A. to secure the liquidity needs for 2022 Series A, Subseries A-3 bonds with the principal balance of \$20,000,000. Additionally, on March 24, 2022, CHFA entered into a Remarketing Agreement with TD Securities, LLC to secure the remarketing needs of 2022 Series A Subseries A-3 bonds.

On March 23, 2022, the Authority entered into a new swap agreement with Bank of New York Mellon. The agreement is effective March 24, 2022 with a notional balance of \$15,000,000. This is a bullet swap with a termination date of May 15, 2031. The Authority pays 2.1725% fixed and receives SIFMA.

**CONNECTICUT HOUSING FINANCE AUTHORITY
 SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
 CONNECTICUT STATE EMPLOYEES RETIREMENT SYSTEM (SERS)
 LAST EIGHT YEARS***

	2021	2020	2019	2018	2017	2016	2015	2014
Proportion of the net pension liability	0.30512%	0.29711%	0.33545%	0.31308%	0.31830%	0.30322%	0.39732%	0.34574%
Proportionate share of the net pension liability	\$ 64,880,119	\$ 70,480,100	\$ 76,523,904	\$ 67,896,479	\$ 67,069,565	\$ 69,628,178	\$ 65,653,502	\$ 55,368,069
Covered payroll	\$ 12,950,455	\$ 13,160,654	\$ 13,226,621	\$ 13,256,124	\$ 13,305,309	\$ 12,735,488	\$ 12,402,952	\$ 11,599,923
Proportionate share of the net pension liability as a percentage of its covered payroll	500.99%	535.54%	578.56%	512.19%	504.08%	546.73%	529.34%	477.31%
Plan fiduciary net position as of percentage of total pension liability	44.55%	35.84%	36.79%	36.62%	36.25%	31.69%	39.23%	39.54%

*This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

**CONNECTICUT HOUSING FINANCE AUTHORITY
SCHEDULE OF EMPLOYER CONTRIBUTIONS
CONNECTICUT STATE EMPLOYEES RETIREMENT SYSTEM (SERS)
LAST EIGHT YEARS***

	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 5,452,202	\$ 4,802,267	\$ 5,294,507	\$ 4,517,904	\$ 4,909,189	\$ 4,553,783	\$ 5,449,857	\$ 4,387,091
Amount contributed in relation to contractually required contribution	5,452,202	4,802,267	5,294,507	4,517,904	4,909,189	4,553,783	5,449,857	4,387,091
Contribution deficiency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 12,950,455	\$ 13,160,654	\$ 13,226,621	\$ 13,256,124	\$ 13,305,309	\$ 12,735,488	\$ 12,402,952	\$ 11,599,923
Contributions as a percentage of covered payroll	42.10%	36.49%	40.03%	34.08%	36.90%	35.76%	43.94%	37.82%

*This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Notes to Schedule

Changes in assumptions:

	2021	2020	2019	2018	2017	2016	2015	2014
Investment rate of return (net of pension plan investment expense, including inflation)	6.90%	6.90%	6.90%	6.90%	6.90%	6.90%	8.00%	8.00%
Salary increases	3.00% - 11.5%	3.50% - 19.5%	3.50% - 19.5%	3.50% - 19.5%	3.50% - 19.5%	3.50% - 19.5%	4.00% - 20.0%	4.00% - 20.0%
Cost of living adjustments	1.95% - 3.25%	1.95% - 3.25%	1.95% - 3.25%	1.95% - 3.25%	1.95% - 3.25%	2.25% - 3.25%	2.30% - 3.60%	2.30% - 3.60%
Inflation	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.75%	2.75%

**CONNECTICUT HOUSING FINANCE AUTHORITY
 SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF NET OPEB LIABILITY
 LAST SIX YEARS***

	2021	2020	2019	2018	2017	2016
Proportion of the net OPEB liability	0.320431%	0.349907%	0.418651%	0.365767%	0.390046%	0.380742%
Proportionate share of the net OPEB liability	\$ 77,331,488	\$ 82,371,279	\$ 78,547,288	\$ 63,147,471	\$ 67,722,049	\$ 65,649,161
Covered payroll	\$ 12,950,455	\$ 13,160,654	\$ 13,226,621	\$ 13,256,124	\$ 13,305,309	\$ 12,735,488
Proportionate share of the net OPEB liability as a percentage of its covered payroll	597.13%	625.89%	593.86%	476.36%	508.99%	515.48%
Plan fiduciary net position as of percentage of total OPEB liability	8.35%	6.13%	5.99%	4.69%	3.03%	1.94%

*This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

**CONNECTICUT HOUSING FINANCE AUTHORITY
SCHEDULE OF EMPLOYER CONTRIBUTIONS
EMPLOYEES' OTHER POST EMPLOYMENT BENEFIT PLAN
LAST SIX YEARS***

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 2,781,565	\$ 3,034,471	\$ 3,152,196	\$ 2,933,060	\$ 2,603,173	\$ 2,317,169
Amount contributed in relation to contractually required contribution	<u>2,781,565</u>	<u>3,034,471</u>	<u>3,152,196</u>	<u>2,933,060</u>	<u>2,603,173</u>	<u>2,317,169</u>
Contribution deficiency	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 12,950,455	\$ 13,160,654	\$ 13,226,621	\$ 13,256,124	\$ 13,305,309	\$ 12,735,488
Contributions as a percentage of covered payroll	21.48%	23.06%	23.83%	22.13%	19.56%	18.19%

*This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Notes to Schedule

Changes in assumptions:

Payroll growth rate	3.50%	3.50%	3.50%	3.50%	3.50%	3.75%
Salary increases	3.25% - 19.5%	3.25% - 19.5%	3.25% - 19.5%	3.25% - 19.5%	3.25% - 19.5%	3.25% - 19.5%
Discount rate	2.31%	2.38%	3.58%	3.95%	3.68%	3.74%
Health care cost trend rates:						
Medical	6.0% graded to 4.5% over 6 years	6.0% graded to 4.5% over 6 years	6.5% graded to 4.5% over 4 years	6.5% graded to 4.5% over 4 years	6.5% graded to 4.5% over 4 years	5.00%
Prescription drug	6.0% graded to 4.5% over 6 years	6.0% graded to 4.5% over 6 years	8.0% graded to 4.5% over 7 years	8.0% graded to 4.5% over 7 years	8.0% graded to 4.5% over 7 years	10.0% graded to 5.0% over 5 years
Dental and Part B	3.0% / 4.5%	3.0% / 4.5%	4.50%	4.50%	4.50%	5.00%
Administrative expense	3.00%	3.00%	3.00%	3.00%	3.00%	\$250 per participant

CONNECTICUT HOUSING FINANCE AUTHORITY
COMBINING SCHEDULE OF NET POSITION
DECEMBER 31, 2021
(in 000's)

	Other Funds						Component	Eliminations	Combined Total
	General & Capital Reserve Funds	Housing Mortgage Insurance Fund	Single Family Special Obligation Bond and Other Bond Funds	Multifamily Special Obligation Bond and Other Bond Funds	Special Needs Housing Funds	Qualified Energy Conservation Bond Fund	Multifamily Real Estate Owned		
Assets									
Restricted current assets:									
Cash and cash equivalents	\$ 285	\$	\$	\$	\$	\$	\$	\$	\$ 285
Mortgage loans receivable	177,902			707	4,466	428			183,503
Investments in securities	1,069,633	3,670		7,438	66,316	1,080	830		1,148,967
Real estate owned - multifamily							2,300		2,300
Accrued interest receivable on:									
Mortgage loans	11,969			191	350	17			12,527
Securities	4,965			1	12				4,978
Due from other funds/component units	2,415							(2,415)	
Accounts receivable and other assets	34,932				765		560		36,257
Total current assets	1,302,101	3,670	-	8,337	71,909	1,525	3,690	(2,415)	1,388,817
Restricted noncurrent assets:									
Mortgage loans receivable, net of current portion	2,299,162			47,320	61,451	7,170			2,415,103
Investments in securities, net of current portion	2,335,213				1,274				2,336,487
Capital assets, net of depreciation	3,309								3,309
Real estate owned - single family	2,293								2,293
Total noncurrent assets	4,639,977	-	-	47,320	62,725	7,170	-	-	4,757,192
Total assets	5,942,078	3,670	-	55,657	134,634	8,695	3,690	(2,415)	6,146,009
Deferred Outflows of Resources									
Unamortized deferral on bond refundings	71,070								71,070
Deferred amount for OPEB	17,533								17,533
Deferred amount for pensions	11,127								11,127
Total deferred outflows of resources	99,730	-	-	-	-	-	-	-	99,730
Liabilities									
Current liabilities:									
Escrow deposits and unearned revenue	42,379			904	4,733	583			48,599
Due to other funds/component units				115			2,300	(2,415)	
Accrued interest payable	14,733			45	90	33			14,901
Accounts payable and accrued liabilities	5,924				766		108		6,798
Line of credit payable	144,065								144,065
Bonds payable	493,400			826	2,915	452			497,593
Total current liabilities	700,501	-	-	1,890	8,504	1,068	2,408	(2,415)	711,956
Noncurrent liabilities									
Escrow deposits and unearned revenue, net of current portion	120,381			2,887	32,406				155,674
Bonds payable, net of current portion	3,934,260			47,677	62,005	7,114			4,051,056
Derivative instruments - interest rate swaps	118,936								118,936
Net OPEB liability	77,331								77,331
Net pension liability	64,880								64,880
Total noncurrent liabilities	4,315,788	-	-	50,564	94,411	7,114	-	-	4,467,877
Total liabilities	5,016,289	-	-	52,454	102,915	8,182	2,408	(2,415)	5,179,833
Deferred Inflows of Resources									
Deferred amount for OPEB	17,002								17,002
Deferred amount for pensions	9,794								9,794
Derivative financial Instruments	26,850								26,850
Total deferred inflows of resources	53,646	-	-	-	-	-	-	-	53,646
Net Position									
Net investment in capital assets	3,309								3,309
Restricted by bond indentures and/or enabling legislation	968,564	3,670		3,203	31,719	513	1,282		1,008,951
Total Net Position	\$ 971,873	\$ 3,670	\$ -	\$ 3,203	\$ 31,719	\$ 513	\$ 1,282	\$ -	\$ 1,012,260

CONNECTICUT HOUSING FINANCE AUTHORITY
COMBINING SCHEDULE OF NET POSITION
DECEMBER 31, 2020
(in 000's)

	Other Funds						Component	Eliminations	Combined
	General & Capital Reserve Funds	Housing Mortgage Insurance Fund	Single Family Special Obligation Bond and Other Funds	Multifamily Special Obligation Bond and Other Funds	Special Needs Housing Funds	Qualified Energy Conservation Bond Fund	Multifamily Real Estate Owned		
Assets									
Restricted current assets:									
Cash and cash equivalents	\$ 525	\$ 1	\$	\$	\$ 61	\$	\$	\$ 587	
Mortgage loans receivable	140,006		762	676	3,899	400		145,743	
Investments in securities	907,950	3,634	9,409	7,254	60,930	1,025	829	991,031	
Real estate owned - multifamily							2,300	2,300	
Accrued interest receivable on:									
Mortgage loans	12,836		113	194	348	11		13,502	
Securities	5,587		1		11			5,599	
Due from other funds/component units	8,066						(8,066)		
Accounts receivable and other assets	28,242		369		759		438	29,808	
Total current assets	<u>1,103,212</u>	<u>3,635</u>	<u>10,654</u>	<u>8,124</u>	<u>66,008</u>	<u>1,436</u>	<u>3,567</u>	<u>(8,066)</u>	<u>1,188,570</u>
Restricted noncurrent assets:									
Mortgage loans receivable, net of current portion	2,480,244		20,074	48,027	56,990	7,599		2,612,934	
Investments in securities, net of current portion	2,538,161		11,065		1,451			2,550,677	
Capital assets, net of depreciation	3,104							3,104	
Real estate owned - single family	4,420		457					4,877	
Total noncurrent assets	<u>5,025,929</u>	<u>-</u>	<u>31,596</u>	<u>48,027</u>	<u>58,441</u>	<u>7,599</u>	<u>-</u>	<u>-</u>	<u>5,171,592</u>
Total assets	<u>6,129,141</u>	<u>3,635</u>	<u>42,250</u>	<u>56,151</u>	<u>124,449</u>	<u>9,035</u>	<u>3,567</u>	<u>(8,066)</u>	<u>6,360,162</u>
Deferred Outflows of Resources									
Unamortized deferral on bond refundings	75,739				25				75,764
Derivative financial Instruments	39,923								39,923
Deferred amount for OPEB	23,979								23,979
Deferred amount for pensions	12,869								12,869
Total deferred outflows of resources	<u>152,510</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>152,535</u>
Liabilities									
Current liabilities:									
Escrow deposits and unearned revenue	32,221			813	3,986	583			37,603
Due to other funds/component units			5,650	116			2,300	(8,066)	
Accrued interest payable	16,385		35	46	109	36			16,611
Accounts payable and accrued liabilities	5,319		13		760		99		6,191
Bonds payable	437,645		4,820	790	2,780	438			446,473
Total current liabilities	<u>491,570</u>	<u>-</u>	<u>10,518</u>	<u>1,765</u>	<u>7,635</u>	<u>1,057</u>	<u>2,399</u>	<u>(8,066)</u>	<u>506,878</u>
Noncurrent liabilities									
Escrow deposits and unearned revenue, net of current portion	119,574			2,870	32,207				154,651
Bonds payable, net of current portion	4,311,965		27,416	48,452	57,835	7,566			4,453,234
Derivative instruments - interest rate swaps	176,384								176,384
Net OPEB liability	82,371								82,371
Net pension liability	70,480								70,480
Total noncurrent liabilities	<u>4,760,774</u>	<u>-</u>	<u>27,416</u>	<u>51,322</u>	<u>90,042</u>	<u>7,566</u>	<u>-</u>	<u>-</u>	<u>4,937,120</u>
Total liabilities	<u>5,252,344</u>	<u>-</u>	<u>37,934</u>	<u>53,087</u>	<u>97,677</u>	<u>8,623</u>	<u>2,399</u>	<u>(8,066)</u>	<u>5,443,998</u>
Deferred Inflows of Resources									
Deferred amount for OPEB	16,168								16,168
Deferred amount for pensions	8,622								8,622
Total deferred inflows of resources	<u>24,790</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,790</u>
Net Position									
Net investment in capital assets	3,104								3,104
Restricted by bond indentures and/or enabling legislation	1,001,413	3,635	4,316	3,064	26,797	412	1,168		1,040,805
Total Net Position	<u>\$ 1,004,517</u>	<u>\$ 3,635</u>	<u>\$ 4,316</u>	<u>\$ 3,064</u>	<u>\$ 26,797</u>	<u>\$ 412</u>	<u>\$ 1,168</u>	<u>\$ -</u>	<u>\$ 1,043,909</u>

CONNECTICUT HOUSING FINANCE AUTHORITY
 COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 FOR THE YEAR ENDED DECEMBER 31, 2021
 (in 000's)

	Other Funds							Component Units	Eliminations	Combined Total
	General & Capital Reserve Funds	Housing Mortgage Insurance Fund	Single Family Special Obligation Bond and Other Bond Funds	Multifamily Special Obligation Bond and Other Bond Funds	Special Needs Housing Funds	Qualified Energy Conservation Bond Fund	Multifamily Real Estate Owned			
Operating Revenues	\$ 116,339	\$ 4	\$ 156	\$ 2,251	\$ 3,949	\$ 211	\$	\$	\$ 122,906	
Interest on mortgage loans	64,477	4	7	4	91			1	62,710	
Interest on investments	18,241	31			151			113	18,536	
Fees and other income	199,057	35	163	2,255	4,191	211		114	204,152	
Total operating revenues										
Operating Expenses	125,759		694	1,924	1,855	110		(1,874)	128,468	
Interest	7,458				659				8,117	
Bond issuance costs	7,838		22						7,860	
Servicer fees	35,752		41						35,793	
Administrative	(16,150)								(16,150)	
Reduction to loss reserves	160,657	-	757	1,924	2,514	110		(1,874)	164,088	
Total operating expenses										
Operating Income (Loss)	38,400	35	(594)	331	1,677	101		114	40,064	
Nonoperating Revenues (Expenses)	446								446	
Actuarial assumption changes pension and OPEB	(73,825)		(704)		(74)				(74,603)	
Net decrease in the fair value of investments	10,139								10,139	
State and federal program funding	(7,695)								(7,695)	
State and federal program expenses	(70,935)	-	(704)	-	(74)	-		-	(71,713)	
Nonoperating income (loss)										
Income (Loss) before Transfers	(32,535)	35	(1,298)	331	1,603	101		114	(31,649)	
Operating Transfers In (Out)	(109)	-	(3,018)	(192)	3,319	-		-	-	
Change in Net Position	(32,644)	35	(4,316)	139	4,922	101		114	(31,649)	
Net Position - Beginning of Year	1,004,517	3,635	4,316	3,064	26,797	412		1,168	1,043,909	
Net Position - End of Year	\$ 971,873	\$ 3,670	\$ -	\$ 3,203	\$ 31,719	\$ 513	\$	\$ 1,282	\$ 1,012,260	

CONNECTICUT HOUSING FINANCE AUTHORITY
 COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 FOR THE YEAR ENDED DECEMBER 31, 2020
 (in 000's)

	Other Funds						Component Units	Eliminations	Combined Total
	General & Capital Reserve Funds	Housing Mortgage Insurance Fund	Single Family Special Obligation Bond and Other Funds	Multifamily Special Obligation Bond and Other Funds	Special Needs Housing Funds	Qualified Energy Conservation Bond Fund			
Operating Revenues									
Interest on mortgage loans	\$ 119,049	\$ 20	\$ 3,625	\$ 2,278	\$ 3,783	\$ 224	\$	\$ 128,959	
Interest on investments	74,571	56	194	24	187		5	72,652	
Fees and other income	13,286	76	3,819	2,302	3,970	224	129	13,471	
Total operating revenues	<u>206,906</u>	<u>76</u>	<u>3,819</u>	<u>2,302</u>	<u>3,970</u>	<u>224</u>	<u>134</u>	<u>215,082</u>	
Operating Expenses									
Interest	137,114		4,706	1,952	2,429	117		143,969	
Bond issuance costs	5,966							5,966	
Service fees	6,980		315					7,295	
Administrative	34,625		141					34,766	
Provision for losses	3,866		(42)					3,824	
Total operating expenses	<u>188,551</u>	<u>-</u>	<u>5,120</u>	<u>1,952</u>	<u>2,429</u>	<u>117</u>	<u>-</u>	<u>195,820</u>	
Operating Income (Loss)	<u>18,355</u>	<u>76</u>	<u>(1,301)</u>	<u>350</u>	<u>1,541</u>	<u>107</u>	<u>134</u>	<u>19,262</u>	
Nonoperating Revenues (Expenses)									
Actuarial assumption changes pension and OPEB	(6,066)							(6,066)	
Net increase in the fair value of investments	118,884		402		58			119,344	
State and federal program funding	3,318							3,318	
State and federal program expenses	(2,637)							(2,637)	
Nonoperating income (loss)	<u>113,499</u>	<u>-</u>	<u>402</u>	<u>-</u>	<u>58</u>	<u>-</u>	<u>-</u>	<u>113,959</u>	
Income (Loss) before Transfers	<u>131,854</u>	<u>76</u>	<u>(899)</u>	<u>350</u>	<u>1,599</u>	<u>107</u>	<u>134</u>	<u>133,221</u>	
Operating Transfers In (Out)	<u>(1,722)</u>	<u>-</u>	<u>-</u>	<u>(195)</u>	<u>1,917</u>	<u>-</u>	<u>-</u>	<u>-</u>	
Change in Net Position	<u>130,131</u>	<u>76</u>	<u>(899)</u>	<u>155</u>	<u>3,516</u>	<u>107</u>	<u>134</u>	<u>133,221</u>	
Net Position - Beginning of Year- as restated	<u>874,385</u>	<u>3,559</u>	<u>5,215</u>	<u>2,909</u>	<u>23,281</u>	<u>305</u>	<u>1,034</u>	<u>910,688</u>	
Net Position - End of Year	<u>\$ 1,004,517</u>	<u>\$ 3,635</u>	<u>\$ 4,316</u>	<u>\$ 3,064</u>	<u>\$ 26,797</u>	<u>\$ 412</u>	<u>\$ 1,168</u>	<u>\$ 1,043,909</u>	

Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor. CLA is an independent member of Nexia International, a leading, global network of independent accounting and consulting firms. See [nexia.com/member-firm-disclaimer](https://www.nexia.com/member-firm-disclaimer) for details. **CliftonLarsonAllen LLP**



Connecticut Housing Finance Authority

2021 Annual Investment Report

Portfolio Characteristics and Performance

The attached pages contain the maturity distribution, asset allocation, performance summary, risk characteristics, MBS purchases and valuations for CHFA's investment portfolio and arbitrage rebate by bond issue.

Investment Strategies

The investment approach has been to:

1. safeguard principal and retain sufficient liquidity to enable the Authority to meet all reasonably anticipated operating requirements;
2. appropriately match asset and liability cashflow; and
3. earn back all negative arbitrage when possible.

Compliance with Investment Guidelines

The investment activity is in compliance with the investment guidelines of the Connecticut Housing Finance Authority.

Ability to Meet Expenditure Requirements for the Next Six Months

The Authority is expected to meet its expenditure requirements for the next 6 months.

Investment Highlights

In 2013, the Authority started purchasing Fannie Mae securities consisting of pools of CHFA single family mortgage loans similar to the purchase of program mortgages in the form of Ginnie Mae pools that the Authority has been purchasing since 1999. In 2016, the Authority started purchasing Freddie Mac securities in a similar fashion. In 2021, the Authority purchased approximately \$198 million of program mortgages in the form of Ginnie Mae, Fannie Mae, and Freddie Mac securities. Since inception in 1999, over thirty thousand home loans with a value of over \$4.7 billion have been financed through Ginnie Mae, Fannie Mae and Freddie Mac security purchases (MBS Program Assets).

Area of Policy Concern or Revision of Investment Strategies

The Authority continues to monitor the performance of the Green Tree 1996-9 Class B-1 security. This security is currently rated C by Moody's. As of 12/31/21, the face value of this security was \$376,071. The security began accruing unrealized losses in 2005. The total unrealized loss was \$1,623,929 as of the 12/15/21 payment date. It has a 7.65% coupon and has been making interest payments based upon the principal reduced by the unrealized losses. The Authority received \$26,798 in interest from this security in 2021, and has received \$2,155,107 of interest from this security since it was purchased by New England Asset Management (the Authority's former Investment Advisor) in February of 1998 for \$2,043,000.

Short-term rates were steady in 2021, with the three month T-bill rate finishing the year at a yield of 0.06%, slightly lower than the beginning of the year (0.09%). The rates on the State Treasurer's Short-Term Investment Fund (STIF) averaged 0.10% for 2021. This is the fund that the Authority primarily uses for its short term investments for operations as well as debt service, bond proceeds and prepayments, among others. With the STIF rates as low as they were during the year, the Authority began investing certain funds in the First American Government Obligation Money Market Fund and municipal variable rate demand notes in an effort to increase short term investment yields.

Management continues to look for ways to recover negative arbitrage and to increase the return on its investments while staying within the investment guidelines of the Connecticut Housing Finance Authority.

2021 Annual Investment Report

Investment Portfolio Maturity Distribution

Ending Balances December 31, 2021

	Market Value (\$)	Percent of Total MV
< 1 year	1,148,526,452	32.95%
1 - 5 years	255,542	0.01%
5 - 10 years	49,221,829	1.41%
10 - 15 years	89,915,278	2.58%
15 - 20 years	57,909,407	1.66%
> 20 years	2,139,625,249	61.39%
Total	3,485,453,757	100.00%

2021 Annual Investment Report

Investment Portfolio Asset Allocation

Ending Balances December 31, 2021

	Amortized Cost (\$)	Percent of Total AC	Market Value (\$)	Percent of Total MV
STIF	1,140,449,966	33.57%	1,140,449,966	32.72%
Cash Equivalent	6,993,456	0.21%	6,993,456	0.20%
Variable Rate Demand Notes	89,000,000	2.62%	89,000,000	2.55%
MBS Program Assets	2,122,158,042	62.48%	2,199,618,881	63.11%
Government	34,309,118	1.01%	47,422,733	1.36%
Other	2,769,308	0.08%	888,309	0.03%
QECCB Non-Interest Bearing	1,080,412	0.03%	1,080,412	0.03%
Total	3,396,760,302	100.00%	3,485,453,757	100.00%

2021 Annual Investment Report

Investment Portfolio Performance Summary

	General Fund	General Capital Reserve Fund	Insurance Fund	Special Needs Housing Fund	Special Needs Housing Reserve Fund	Special Needs Re & Repl Fund
1 st Quarter	1.82%	2.75%	0.13%	0.17%	1.00%	0.13%
2 nd Quarter	1.89%	2.60%	0.10%	0.14%	0.98%	0.10%
3 rd Quarter	1.69%	2.26%	0.09%	0.12%	0.96%	0.09%
4 th Quarter	1.73%	2.38%	0.09%	0.12%	0.96%	0.09%

	Treasury Escrow Investments	Subsidiary Funds	QECCB	CHFA Portfolio	3-month Treasury Bill	5-year Treasury Note
1 st Quarter	1.09%	0.13%	0.00%	1.91%	0.02%	0.94%
2 nd Quarter	0.10%	0.10%	0.00%	1.93%	0.05%	0.87%
3 rd Quarter	0.09%	0.09%	0.00%	1.73%	0.04%	0.98%
4 th Quarter	0.09%	0.09%	0.00%	1.78%	0.06%	1.26%

2021 Annual Investment Report

Risk Characteristics of Investments

As of December 31, 2021

	Face Value	Amortized Cost	Market Value	Carrying Value	Purchase Date	Maturity Date
CMO FNMA 92-180F	2,611	2,615	2,618	2,615	12/12/97	10/25/22
CMO SALOMON VII MTG	209,196	208,905	85,354	85,354	11/25/97	7/25/24
FHLMC C23475	1,193	1,188	1,307	1,307	5/14/99	3/1/29
GNR 2020-148 DI	4,091,799	409,180	373,459	373,459	10/30/20	10/20/50
FNMA BOND	600,000	605,868	866,323	866,323	8/18/00	5/15/30
GREEN TREE FIN 96-9 B1	2,000,000	2,008,659	270,018	270,018	2/25/98	1/15/28
STIF	1,140,449,966	1,140,449,966	1,140,449,966	1,140,449,966	12/31/21	1/4/22
VRDN	89,000,000	89,000,000	89,000,000	89,000,000	12/31/21	1/4/22
FIRST AMERICAN: GOVT OBLIG	6,993,456	6,993,456	6,993,456	6,993,456	12/31/21	1/3/22
MUNI BOND	8,300,000	8,300,000	8,300,000	8,300,000	10/1/21	11/1/37
CHFA OTHER BONDS 2011A	1,117,336	1,117,336	2,298,245	2,298,245	12/15/11	12/1/55
CHFA OTHER BONDS 2013A	12,931,646	12,931,646	19,247,669	19,247,669	7/26/13	4/1/53
CHFA OTHER BONDS 2013A	270,000	270,000	212,493	212,493	7/26/13	6/1/53
CHFA OTHER BONDS 2013A	11,084,268	11,084,268	16,498,002	16,498,002	7/26/13	4/1/53
QECB Non-Interest Bearing	1,080,412	1,080,412	1,080,412	1,080,412	12/31/21	1/4/22
INVESTMENT GINNIE MAE (NEAM)	138,732	138,761	155,554	155,554	Various	Various
MBS PROGRAM ASSETS	2,122,158,042	2,122,158,042	2,199,618,881	2,199,618,881	Various	Various
Total	3,400,428,659	3,396,760,302	3,485,453,757	3,485,453,753		

	Rate	Yield to Maturity	Bond Rating	Average Life	Option	
CMO FNMA 92-180F	1.25%	0.82%	AAA	0.34	Prepay	
CMO SALOMON VII MTG	7.00%	7.24%	n/a	1.36	Prepay	
FHLMC C23475	6.00%	6.32%	AAA	0.29	Prepay	
GNR 2020-148 DI	2.50%	n/a	AAA	6.10	Prepay	
FNMA BOND	7.25%	7.10%	AAA	8.38	No	
GREEN TREE FIN 96-9 B1	7.65%	7.23%	C	2.25	Prepay	
STIF	0.09%	0.09%	AAAm	0.00	n/a	
VRDN	0.11%	0.11%	n/a to AAA	0.02	n/a	
FIRST AMERICAN: GOVT OBLIG	0.03%	0.03%	AAA	0.00	n/a	
MUNI BOND	0.10%	0.10%	AAA	15.85	n/a	
CHFA OTHER BONDS 2011A	4.75%	4.75%	n/a	33.94	n/a	
CHFA OTHER BONDS 2013A	5.50%	5.50%	n/a	31.27	n/a	
CHFA OTHER BONDS 2013A	5.50%	5.50%	n/a	31.44	n/a	
CHFA OTHER BONDS 2013A	5.50%	5.50%	n/a	31.35	n/a	
QECB Non-Interest Bearing	0.00%	0.00%	n/a	0.00	n/a	
	Weighted Average Maturity in Years	Weighted Average Rate	Weighted Average Yield to Maturity	Bond Rating	Weighted Average Life	Option
INVESTMENT GINNIE MAE (NEAM)	6.73	6.58%	6.56%	Aaa/AAA	2.29	Prepay
MBS PROGRAM ASSETS	25.62	2.71%	2.71%	Aaa/AAA	5.25	Prepay

To: Finance/Audit Committee & Board of Directors
From: Hazim Taib, Chief Financial Officer
cc: Nandini Natarajan, Chief Executive Officer
Date: April 28, 2022



Agenda Item: 2021 Audit Results

Report

The Authority's External Auditor, CliftonLarsonAllen (the "CLA") will discuss the 2021 audit results. This will be CLA's 3rd year (as successor to BlumShapiro) and 6 consecutive years as the Authority's External Auditor. Connecticut General Statute (the "CGS") §8-249 states that the Authority shall "...solicit proposals at least once every three years for each such service (financial, legal, bond underwriting...) which it uses". Additionally, CGS §1-127 states in relevant part that "[n]o quasi-public agency ... shall contract with the same person, firm or corporation to conduct financial audits of such agency for more than six consecutive fiscal years of the agency."

To ensure the new auditor has ample time to perform its due diligence, the Authority will issue a RFP within the next few months with the expectation to select and recommend to the Board by late summer.

Connecticut Housing Finance Authority (CHFA)

2021 Audit Results Presentation
April 28, 2022



WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING

Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor



Create Opportunities

Agenda

- Engagement Team
- Reporting Results Summary
- Key Audit Areas, Procedures & Results
- Required Communications



Engagement Team

- *Engagement Principal* – Ronald Nossek
- *National QC Reviewer* – Heather Plitt
- *Director* – Jessica Aniskoff
- *Supervisor* – Avery Whittaker



Reporting Results Summary

- Financial Statements
 - Unmodified opinion (pages 1 - 2) issued on the financial statements
 - No findings reported in GAO report on internal control and compliance



Report Results Summary

- Uniform Guidance (Federal Single Audit)
 - Unmodified opinion on all major federal programs:
 - ◇ COVID-19 Emergency Rental Assistance Program
 - ◇ COVID-19 Homeowner Assistance Fund Program
 - No compliance findings or significant deficiencies in internal control over compliance reported



Report Results Summary

- State Single Audit
 - Unmodified opinion on all major state programs
 - ◇ Pre-Development & Critical Needs
 - ◇ State Portfolio Preservation
 - ◇ Community Investment Act
 - ◇ Emergency Mortgage Assistance Program
 - ◇ Assisted Living Demonstration Project
 - No compliance findings or significant deficiencies in internal control over compliance reported



Key Audit Areas, Procedures & Results

Key Audit Areas	Summary of Procedures Performed & Results
<p>Management override of controls – fraud risk</p>	<ul style="list-style-type: none"> • We documented our understanding of the Authority’s internal control over financial reporting in order to develop our overall audit approach. System documentation and evaluation of internal controls were performed over the following: <ul style="list-style-type: none"> ➤ Mortgage Revenue /Accounts Receivable & Cash Receipts ➤ Loan Loss Reserves ➤ Investments ➤ Debt Issuance and Long-Term Obligations ➤ Accounts Payable & Cash Disbursements including Wire Transfers ➤ Payroll ➤ Grant Management and compliance ➤ Financial Statement Close process



Key Audit Areas, Procedures & Results

Key Audit Areas	Summary of Procedures Performed & Results
Commitments & Contingencies	<ul style="list-style-type: none"> We obtained an analysis and received written confirmations of contingencies from CHFA legal counsel. <p>Findings: No significant issues were noted.</p>
Cash & Cash Equivalents	<ul style="list-style-type: none"> We confirmed 100% of cash accounts held by the Authority and tested selected bank reconciliations for clerical accuracy and test any significant reconciling items. <p>Findings: No significant issues were noted.</p>
Investments	<ul style="list-style-type: none"> We confirmed 100% of investments held by the Authority and tested fair value of the portfolio. <p>Findings: No significant issues were noted.</p>
Interest Rate Swaps	<ul style="list-style-type: none"> We sent confirmation requests for 100% of the SWAP's the Authority was party to as of 12/31/2021. We assessed the third-party valuation service (BLX) for independence and qualification, and we determined that we would be able to rely on BLX's valuation work and SWAP effectiveness calculations. We tested the significant terms of all material SWAP agreements and agreed those terms to BLX's report in order to determine that the underlying data was accurate. We tested the balance in deferred outflows related to the interest rate swaps for swaps. <p>Findings: Six of the nine confirmations sent were not returned to CLA. As such we modified our risk assessment related to the SWAP transactions and performed alternative procedures relative to those transactions. No significant issues were noted.</p>



Key Audit Areas, Procedures & Results

Key Audit Areas	Summary of Procedures Performed & Results
Mortgage Loans Receivable	<ul style="list-style-type: none"> • We performed dual purpose detail testing of mortgage loan receivable collections to test the controls over loan collections and to substantiate the receivable balances at year end. • We performed analytical procedures over loan receivable balances and the related revenue associate with the loans. • We evaluated the methodology for determining the receivable allowance developed by management for indications of bias. • We performed a retrospective analysis on the allowance from the prior year in order to evaluate reasonableness. <p>Findings: No significant issues were noted.</p> <p>Findings: No significant issues were noted.</p>



Key Audit Areas, Procedures & Results

Key Audit Areas	Summary of Procedures Performed & Results
Wire Transfer Testing	<ul style="list-style-type: none"> We performed tests over a sample of wire transfers executed during the year to determine if proper policies and procedures (internal controls) were being followed. <p>Findings: No significant issues were noted.</p>
Bonds/Debt Payable	<ul style="list-style-type: none"> We confirmed all outstanding obligations at year end and performed a predictive analysis of interest expense for the year to determine reasonableness of the expense. <p>Findings: No significant issues were noted.</p>
Net Pension Liability & Net OPEB Liability	<ul style="list-style-type: none"> We reviewed the assumptions used by the State of Connecticut's Actuaries, discussed those assumptions with the Actuary and agreed the liabilities recorded in the financial statements to the Plan's audited Schedule of employers Allocations. <p>Findings: No significant issues were noted.</p>
Revenue Recognition	<ul style="list-style-type: none"> We performed dual purpose detail test of revenue collections to test the controls over loan collections and to test determine the reliability of the transaction data for the purpose of validating the other analytical procedures performed over revenue. <p>Findings: No significant issues were noted.</p>



Key Audit Areas, Procedures & Results

Key Audit Areas	Summary of Procedures Performed & Results
Federal & State Single Audits	<ul style="list-style-type: none"> We performed internal control evaluation and testing over the compliance requirements over major federal and state programs and tested compliance requirements over the major federal and state grant programs. The major programs were determined as part of our major program determination procedures. <p>Findings: No significant issues were noted in the current year.</p>
Other Procedures Performed	<ul style="list-style-type: none"> We performed internal control tests over single family, multi-family and HTCC loan programs to determine if internal controls were operating as designed and that compliance requirements related to eligibility for loan approval was followed. We performed tests over the Single Family Loan Administration Function for the purpose of determining if CHFA management is adequately monitoring loan servicer organizations for proper compliance with minimum banking standards. <p>Findings: No significant issues were noted.</p>



Required Communications

- **Qualitative Aspects of Accounting Practices** – Relates to accounting policies, accounting estimates and disclosures that are sensitive or subject to bias.
 - Accounting Policies
 - ◇ No new accounting policies were adopted, and the application of existing policies was not changed during 2021
 - Significant Estimates
 - ◇ *Allowance for uncollectible receivables (loan loss reserve)*
 - ◇ *Net Pension Liability*
 - ◇ *Net OPEB Liability*
 - ◇ *Estimates of the fair value of the swap portfolio*
 - Financial Statement Disclosures
 - ◇ There were no particularly sensitive financial statement disclosures
 - ◇ Financial statement disclosures are neutral, consistent, and clear



Required Communications

- **Significant Unusual Transactions**
 - We did not identify any significant unusual transactions
- **Difficulties Encountered in Performing the Audit – Management related matters.**
 - *We encountered no difficulties in dealing with management in performing and completing our audit.*
- **Uncorrected Misstatements – Emphasis on material adjustments.**
 - *Management did not identify, and we did not notify them of any uncorrected financial statement misstatements.*



Required Communications

- **Corrected Misstatement**
 - *Management did not identify, and we did not notify them of any financial statement misstatements detected as a result of our audit procedures.*
- **Disagreements with Management – GAAP related.**
 - *For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report.*
 - *No such disagreements arose during our audit.*
- **Management Representations Request.**
 - *Management representations were obtained prior to issuance of the financial statements on March 24, 2022.*
- **Management Consultations with Other Independent Accountants – “Second Opinion”.**
 - *To our knowledge no such consultations occurred.*



Required Communications

- **Significant Issues Discussed with Management Prior to Engagement**
 - We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to engagement as the entity's auditors.
 - ◇ These discussions occurred in the normal course of our professional relationship
 - ◇ Our responses were not a condition to our engagement
- **Other Audit Findings or Issues**
 - Matters that arose during the engagement that caused us to modify our original risk assessment.
 - ◇ Derivative instruments – interest rate swaps



Required Communications

- **Other Information**

- *With respect to the required supplementary information (RSI) accompanying the financial statements, we made certain inquiries of management about the methods of preparing the RSI, including whether the RSI has been measured and presented in accordance with prescribed guidelines, whether the methods of measurement and preparation have been changed from the prior period and the reasons for any such changes, and whether there were any significant assumptions or interpretations underlying the measurement or presentation of the RSI. We compared the RSI for consistency with management's responses to the foregoing inquiries, the basic financial statements, and other knowledge obtained during the audit of the basic financial statements. Because these limited procedures do not provide sufficient evidence, we did not express an opinion or provide any assurance on the RSI.*
- *With respect to the schedule of expenditures of federal awards (SEFA) and the schedule of expenditures of state financial assistance (SESFA) accompanying the financial statements, on which we were engaged to report in relation to the financial statements as a whole, we made certain inquiries of management and evaluated the form, content, and methods of preparing the SEFA and the SESFA to determine that the SEFA and the SESFA comply with the requirements of the Uniform Guidance and the Connecticut State Single Audit Act, respectively, the method of preparing has not changed from the prior period or the reasons for such changes, and the SEFA and SESFA are appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the SEFA and the SESFA to the underlying accounting records used to prepare the financial statements or to the financial statements themselves. We have issued our report thereon dated March 24, 2022.*
- *With respect to the combining and individual fund financial statements and schedules (collectively, the supplementary information) accompanying the financial statements, on which we were engaged to report in relation to the financial statements as a whole, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period or the reasons for such changes, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves. We have issued our report thereon dated March 24, 2022.*





Questions?



To: Finance/Audit Committee & Board of Directors
From: Allison Murphy, Director, Financial Reporting and Control
cc: Hazim Taib, Chief Financial Officer
Date: April 28, 2022



Agenda Item: Financial Reports

Report

Financial Reports

Monthly (C1 & C2)

Attached are the March 2022 monthly Financial Reports.

Revenues

Mortgage loan and investment interest revenue are coming in \$2.5 million below budget for the three months ended March 31st and \$4.3 million lower than prior year. The year-over year revenue variances are being mainly driven by a net reduction to the Authority's program assets.

Expenses

Bond interest expense is below budget by \$5.0 million through March 31st and is \$4.6 million lower than prior year. During the month of February the Authority made \$79 million in Housing Mortgage Finance Program special redemptions, many of these bonds of which were originally purchased at a premium. The redemptions resulted in the acceleration of the premium amortization of approximately \$4.3 million. The amortization of original issue bond premiums results in the reduction of bond interest expense.

Administrative expenses are coming in \$2.1 million under budget and \$23 thousand lower than prior year. Excluding salaries and benefits of \$6.7 million, current year-to-date expenses are \$546 thousand lower than prior year's administrative expenses.

The Change in Net Position is above target by \$5.3 million.

CONNECTICUT HOUSING FINANCE AUTHORITY

C1

STATEMENT OF REVENUES, EXPENSES WITH COMPARISON TO BUDGET AND PRIOR YEAR

THREE MONTHS ENDED MARCH 31, 2022

(in 000's)

	<u>2022 Budget Projection</u>	<u>3/12th of Budget Projection</u>	<u>YTD March 2022 Actual</u>	<u>Variance to 2022 Budget</u>	<u>YTD March 2021 Actual</u>
Operating Revenues					
Interest on mortgage loans	116,960	29,241	28,699	(542)	31,375
Interest on investments	67,305	16,826	14,888	(1,938)	16,560
Fees and other income	12,573	3,143	2,562	(581)	3,739
Total Operating Revenues	<u>196,838</u>	<u>49,210</u>	<u>46,149</u>	<u>(3,061)</u>	<u>51,674</u>
Operating Expenses					
Interest	128,160	32,041	26,982	(5,059)	31,563
Servicer fees	10,957	2,739	2,213	(526)	1,550
Administrative (Operating Budget/Schedule C2)	42,956	10,739	8,655	(2,084)	8,678
Other expenses (Subsidiary Admin Expenses)	-	-	-	-	41
Mortgage insurance fund claims	425	106	-	(106)	-
Total Operating Expenses	<u>182,498</u>	<u>45,625</u>	<u>37,850</u>	<u>(7,775)</u>	<u>41,832</u>
Net Operating Income	<u>14,340</u>	<u>3,585</u>	<u>8,299</u>	<u>4,714</u>	<u>9,842</u>
Non-Operating Expenses					
Bond Issuance Costs	6,267	1,567	1,082	(485)	2,004
Depreciation	500	125	74	(51)	113
Provision for losses	5,000	1,250	1,250	-	1,250
Total Non-Operating Expenses	<u>11,767</u>	<u>2,942</u>	<u>2,406</u>	<u>(536)</u>	<u>3,367</u>
Change in Net Position	<u>2,573</u>	<u>643</u>	<u>5,893</u>	<u>5,250</u>	<u>6,475</u>

Notes:

- 1) Does not include amounts received or expensed pursuant to CGS Sec 4-66aa (CIA), Emergency Mortgage Assistance (EMAP), the federal QECB Interest Subsidy, Zero 16/End Homelessness Initiative, Opportunity Fund, and HAF related grant activity.
- 2) The adjustment to record the fluctuation in the market value of investments is not included.
- 3) Annual year-end adjustments (adjustment to provision for losses, compensated absences, GASB 68 and GASB 75 adjustments, etc.) are not included.
- 4) Administrative does not include budgeted or actual capital expenditures. Capital expenditures are reflected on the bottom of Schedule C2.

CONNECTICUT HOUSING FINANCE AUTHORITY
THREE MONTH ENDED MARCH 31 2022
COMPARISON OF OPERATING BUDGET TO ACTUAL RESULTS

C2

EXPENDITURE CATEGORY	ADOPTED 2022 BUDGET	3/12 OF ADOPTED 2022 BUDGET	3/31/2022 YTD ACTUAL	VARIANCE TO 3/12 OF BUDGET		MARCH 2021 YTD ACTUAL	VARIANCE 2022 TO 2021 ACTUAL	
				\$	%		\$	%
PERSONNEL-								
CHFA SALARIES (including temp staff for vacancies/leaves)	15,002,823	3,750,706	3,357,593	(393,113)		3,198,435	159,158	
CHFA FRINGE BENEFITS	14,489,299	3,622,325	3,209,019	(413,306)		3,008,541	200,478	
DOH SALARIES AND FRINGE BENEFITS	542,208	135,552	132,407	(3,145)		-	132,407	
CHFA TEMPORARY/DURATIONAL STAFF	200,000	50,000	41,206	(8,794)		10,067	31,139	
CHFA DEVELOPMENT & TRAINING (including related travel)	300,449	75,112	13,199	(61,913)		15,520	(2,321)	
TOTAL PERSONNEL-	30,534,779	7,633,695	6,753,424	(880,271)	-11.53%	6,232,563	520,861	7.71%
PROFESSIONAL SERVICES-								
LEGAL FEES & SETTLEMENT EXPENSES	437,500	109,375	15,249	(94,126)		47,000	(31,751)	
LIHTC COMPLIANCE MONITORING	252,000	63,000	63,000	-		45,880	17,120	
HOMEOWNERSHIP COUNSELING FEES	730,000	182,500	77,980	(104,520)		98,805	(20,825)	
OTHER PROFESSIONAL FEES	674,500	168,625	10,505	(158,120)		19,785	(9,280)	
AUDIT FEES	112,928	28,232	28,232	-		26,888	1,344	
TOTAL PROFESSIONAL SERVICES-	2,206,928	551,732	194,966	(356,766)	-64.66%	238,358	(43,392)	-22.26%
FACILITY & INFORMATION SYSTEMS-								
BUILDING MAINTENANCE/UTILITIES	556,763	139,191	94,006	(45,185)		75,734	18,272	
INFORMATION SYSTEMS	1,040,000	260,000	151,636	(108,364)		168,393	(16,757)	
EQUIPMENT RENTAL	56,615	14,154	4,356	(9,798)		6,863	(2,507)	
TOTAL FACILITY & INFO SYSTEMS-	1,653,378	413,345	249,998	(163,347)	-39.52%	250,990	(992)	-0.40%
OFFICE EXPENSES-								
OFFICE SUPPLIES	71,000	17,750	2,434	(15,316)		3,952	(1,518)	
POSTAGE/EXPRESS MAILINGS	41,000	10,250	7,160	(3,090)		8,515	(1,355)	
TELEPHONE	169,000	42,250	21,755	(20,495)		16,443	5,312	
PRINTING	30,000	7,500	646	(6,854)		36	610	
ARCHIVAL SERVICES	25,594	6,399	3,086	(3,313)		4,604	(1,518)	
OTHER MISCELLANEOUS	11,500	2,875	-	(2,875)		-	-	
TOTAL OFFICE EXPENSES-	348,094	87,024	35,081	(51,943)	-59.69%	33,550	1,531	4.36%
OTHER EXPENSES-								
INSURANCE	318,482	79,621	75,332	(4,289)		63,747	11,585	
ADVERTISING/MARKETING/OUTREACH	476,000	119,000	46,298	(72,702)		8,090	38,208	
MILEAGE REIMBURSEMENT	28,000	7,000	175	(6,825)		32	143	
DUES/SUBSCRIPTIONS SERVICES	181,349	45,337	40,115	(5,222)		42,192	(2,077)	
SGL FORECLOSURE/REO DISPOSITION COSTS	1,500,000	375,000	24,953	(350,047)		613,369	(588,416)	
TOTAL OTHER EXPENSES-	2,503,831	625,958	186,873	(439,085)	-70.15%	727,430	(540,557)	-289.26%
SUBTOTAL	37,247,010	9,311,754	7,420,342	(1,891,412)	-20.31%	7,482,891	(62,549)	-0.84%
BOND RELATED EXPENSES-								
TRUSTEE FEES	600,000	150,000	135,074	(14,926)		143,303	(8,229)	
VARIABLE RATE BOND FEES	4,623,020	1,155,755	989,922	(165,833)		1,101,208	(111,286)	
BOND ADMIN COSTS	515,780	128,945	126,145	(2,800)		128,562	(2,417)	
TOTAL BOND RELATED EXPENSES-	5,738,800	1,434,700	1,251,141	(183,559)	-12.79%	1,373,073	(121,932)	-9.75%
TOTAL OPERATING BUDGET-	42,985,810	10,746,454	8,671,483	(2,074,971)	-19.31%	8,855,964	(184,481)	-2.13%
LESS REIMBURSABLE EMAP PROGRAM EXPENSES ⁽¹⁾	(30,000)	(7,500)	(16,733)	(9,233)		(2,201)	(14,532)	
LESS REIMBURSABLE TRHAP EXPENSES ⁽²⁾	-	-	-	-		(176,100)	176,100	
NET OPERATING BUDGET	42,955,810	10,738,954	8,654,750	(2,084,204)	-19.41%	8,677,663	(22,913)	-0.26%
CAPITAL BUDGET								
	ADOPTED 2022 BUDGET	PLUS: 01/01/22 REMAINING FUNDS	LESS: 3/31/2022 YTD EXPENSES	3/31/2022 REMAINING FUNDS		LESS: 3/31/2021 YTD EXPENSES		
BUILDING MAINTENANCE	300,000	639,764	-	939,764		-		
INFORMATION SYSTEMS	600,000	1,428,404	373,965	1,654,439		1,399		
TOTAL CAPITAL BUDGET	900,000	2,068,168	373,965	2,594,203		1,399		
TOTAL OPERATING & CAPITAL BUDGET	43,855,810		9,028,715			8,679,062		

⁽¹⁾ Expenses related to the state funded Emergency Mortgage Assistance Payment (EMAP) program are partially reimbursed from program funds at a rate of 10% of total loan advances.

⁽²⁾ Temporary Rental Housing Assistance Program (TRHAP) DOH reimbursement for applications processed.

To: Finance/Audit Committee & Board of Directors
From: John Chilson, Director, Portfolio Management
cc: Hazim Taib, Chief Financial Officer
Date: April 28, 2022



Agenda Item: Delinquency and Forbearance Reports

Report

Single Family Delinquency (D1):

For the month of March, the Authority purchased 123 loans totaling \$26 million; 107 loans totaling \$22.3 million as MBS (85.6%) and 16 loans totaling \$3.7 million as whole loans (14.4%). The average loan size was \$211,688. Including the March settlement and repayment, the month-end MBS balance stood at \$2.1 billion, a decrease of \$493,011 from the prior month. The whole loan portfolio (through February, 2022) declined by 91 loans or \$10.5 million (net) with an average balance of \$106,603. The delinquency rate (month over month) decreased by .15% to 2.57%. The carrying balance for loans in foreclosure (year over year) decreased by \$11.7 million to \$26.2 million, while the total number of loans in foreclosure decreased by 85.

For the month of February, the Authority funded 85 second mortgage loans (“Downpayment Assistance”) totaling \$1.23 million with an average of \$14,504 per borrower. Therefore, the ratio of borrowers seeking Downpayment Assistance for the referenced month is 69%.

Single Family Forbearance (D1):

As of the end of February, the number of whole loan borrowers in forbearance increased by 18 loans from the prior month to 145. February loan forbearances involved \$107 thousand of monthly P&I payments on \$17.2 million of UPB, or 1.3% of all whole loans. The average loan size was \$118,334. 22% of those borrowers made a mortgage payment even though they had been granted a forbearance.

For the month of March (as reported as of 4/1/2022), the number decreased by 7 loans to 138 whole loan borrowers who received forbearance for the March payment.

Multifamily Delinquency (D2):

Three new loans were originated during the month of March¹. The overall portfolio increased by one loan to 556 loans or approximately \$1.36 billion. Permanent loan delinquencies decreased by two loans from last month to six. The number of delinquent construction loan remained at one loan. There were no loans in forbearance. When combined, the total number of delinquent loans was seven and the overall delinquency rate was 0.5%.

¹Closed/Assigned Loans:

Project Name	Town	Source	Loan Amount	# Loans
Coleman Towers Apartments	Stamford	Bond	\$28,070,000	Two
Woodland Hills	Torrington	Bond	\$23,500,000	One

Single Family Delinquency Report

Whole Loans & MBS Combined

As of February 28, 2022

<u>Whole Loans</u>	<u>Outstanding</u>	<u>%</u>
Performing Loans	1,110,354,075	91.53
Loans in Forbearance	17,158,415	1.41
Non Performing Loans		
60-89 Days	16,579,607	1.37
90+ Days	42,801,980	3.53
In Foreclosure	26,146,087	2.16
	<u>1,213,040,164</u>	100.00

MBS Outstanding 2,109,653,344

Therefore;

<u>Whole Loans + MBS</u>	<u>Outstanding</u>	<u>%</u>
Performing Loans	3,220,007,419	96.91
Loans in Forbearance	17,158,415	0.52
Non Performing Loans		
60-89 Days	16,579,607	0.50
90+ Days	42,801,980	1.29
In Foreclosure	26,146,087	0.79
	<u>3,322,693,508</u>	100.00

National Delinquency Survey Q4 2021		
FHA Fixed Rate Loans		
<u>Connecticut</u>	<u>New England</u>	<u>National</u>
91.79	92.39	92.49
1.28	1.27	1.21
5.97	5.49	5.60
0.96	0.85	0.70
<u>100.00</u>	<u>100.00</u>	<u>100.00</u>

¹ Mortgage Bankers Association February, 2022

**SINGLE FAMILY
PERFORMING & NON-PERFORMING LOANS incl FORBEARANCE
AS OF FEBRUARY 28, 2022**

SINGLE FAMILY MORTGAGES (excluding GNMA's, FNMA's, FHLMC's, Second Mortgages, State Housing Portfolio & RAM's)

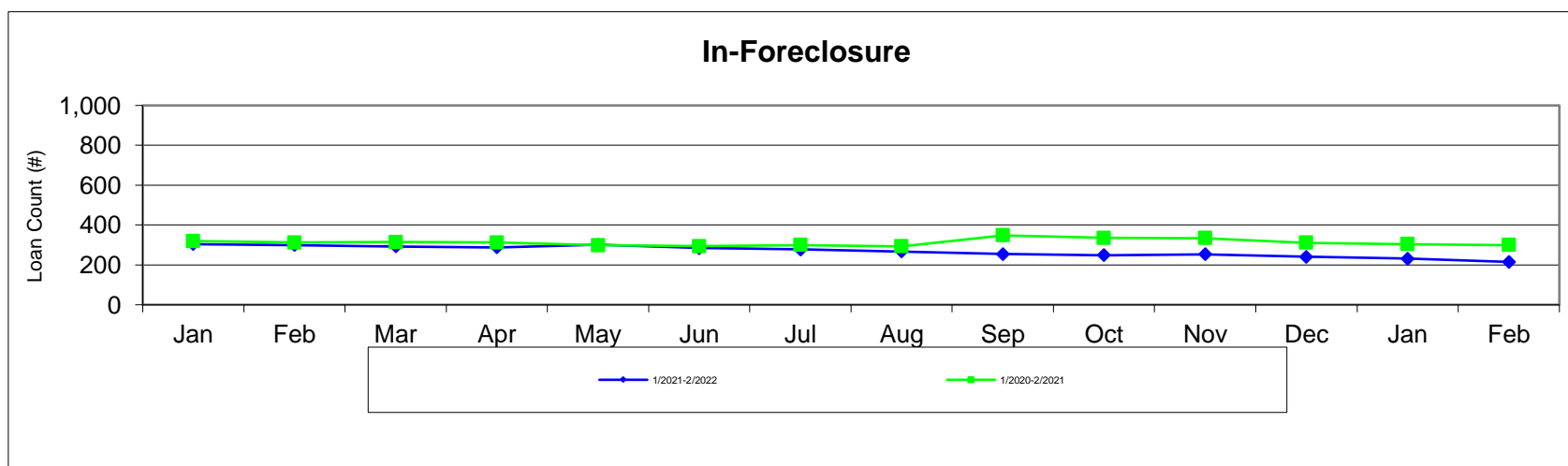
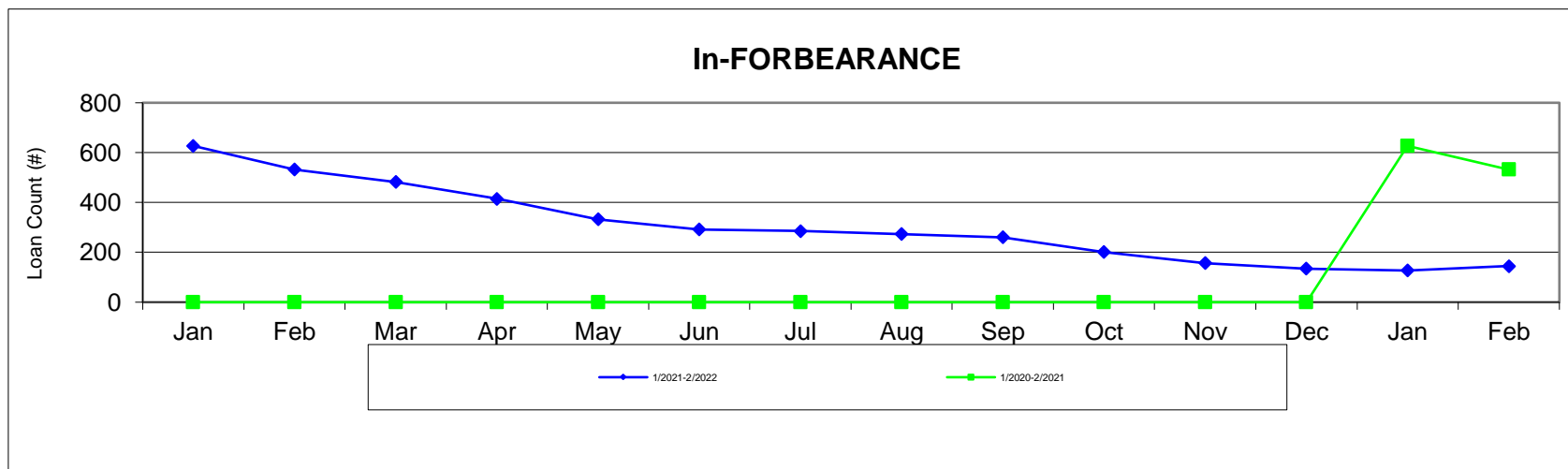
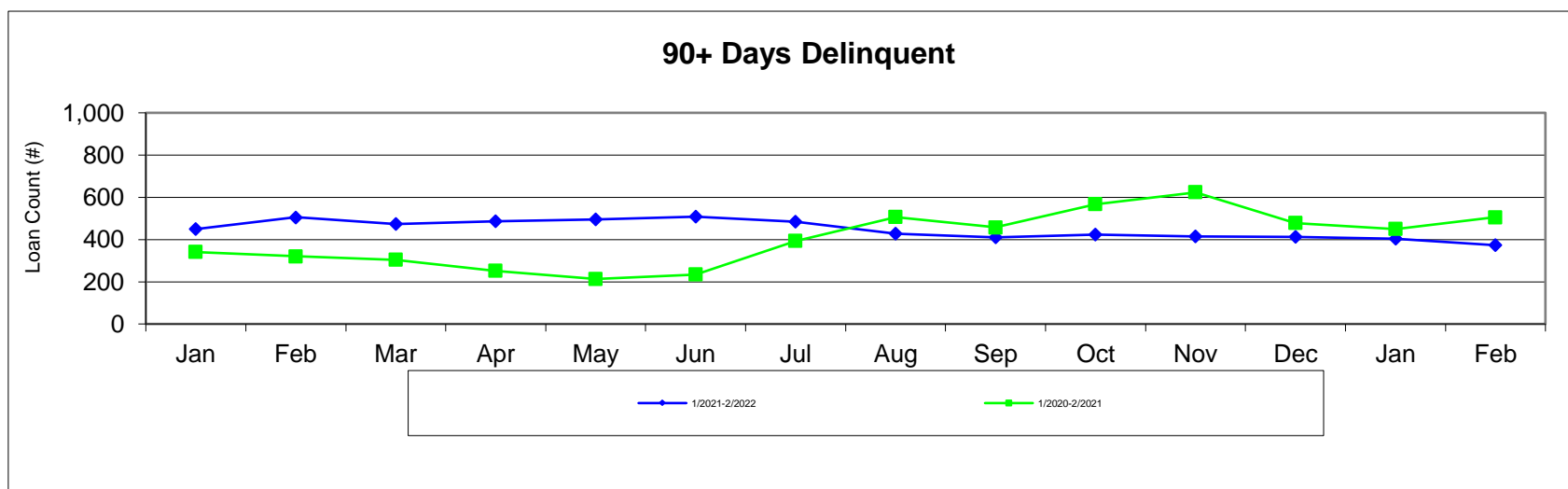
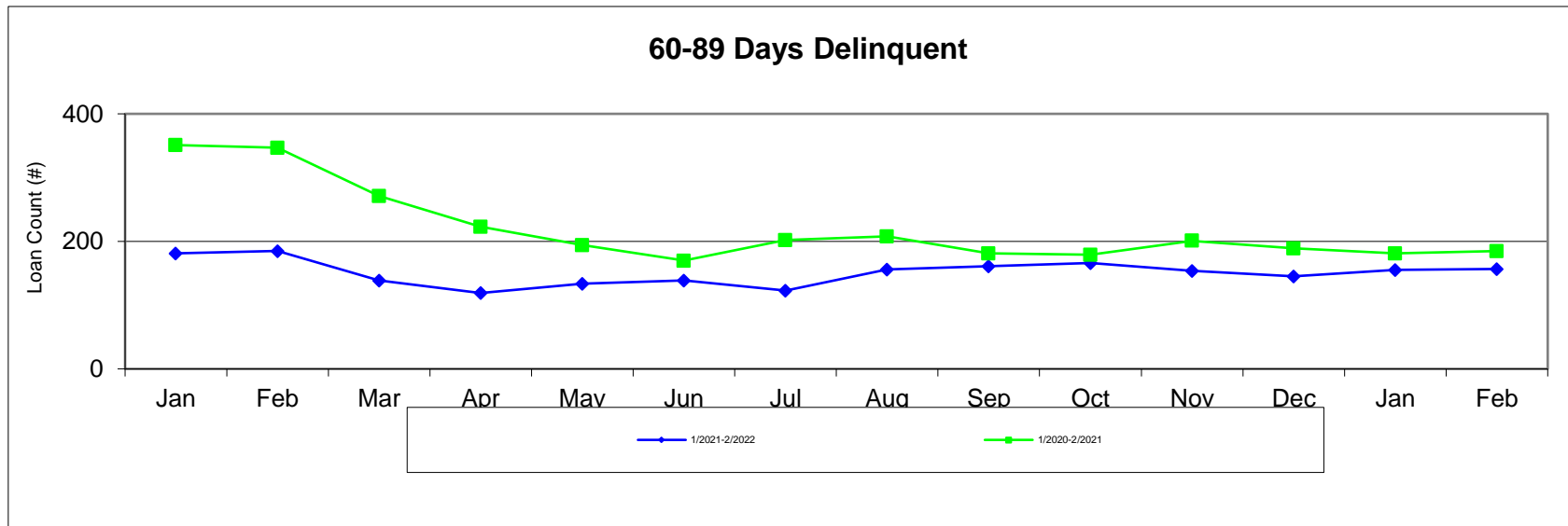
	Feb 28, 2022			Jan 31, 2022			Feb 28, 2021		
	Number of Loans	Loans Outstanding	% to Total Number of Loans	Number of Loans	Loans Outstanding	% to Total Number of Loans	Number of Loans	Loans Outstanding	% to Total Number of Loans
<i>Performing Loans (including 30-59 Days)</i>	10,489	1,110,354,075	92.18%	10,554	1,117,172,347	92.02%	11,516	1,247,253,380	88.33%
<i>Non Performing Loans</i>									
60 - 89 Days	157	16,579,607	1.38%	155	16,923,468	1.35%	185	20,239,984	1.42%
90+ Days	373	42,801,980	3.28%	403	45,533,461	3.51%	505	61,196,123	3.87%
In Forbearance	145	17,158,415	1.27%	127	15,615,980	1.11%	532	63,721,075	4.08%
In Foreclosure	215	26,146,087	1.89%	231	28,306,943	2.01%	300	37,813,575	2.30%
	<u>11,379</u>	<u>1,213,040,164</u>	<u>100.00%</u>	<u>11,470</u>	<u>1,223,552,199</u>	<u>100.00%</u>	<u>13,038</u>	<u>1,430,224,137</u>	<u>100.00%</u>

SINGLE FAMILY DOWNPAYMENT ASSISTANCE (DAP) MORTGAGES (excluding State Housing Portfolio)

	Feb 28, 2022			Jan 31, 2022			Feb 28, 2021		
	Number of Loans	Loans Outstanding	% to Total Number of Loans	Number of Loans	Loans Outstanding	% to Total Number of Loans	Number of Loans	Loans Outstanding	% to Total Number of Loans
<i>Performing Loans (including 30-59 Days)</i>	10,305	80,424,443	92.27%	10,332	80,471,622	92.28%	11,221	84,950,328	92.34%
<i>Non Performing Loans</i>									
60 - 89 Days	132	1,080,555	1.18%	138	1,104,889	1.23%	106	761,027	0.87%
90 Days	69	563,046	0.62%	57	435,689	0.51%	68	525,770	0.56%
120 Days	662	5,267,140	5.93%	669	5,323,164	5.98%	754	6,139,673	6.21%
In Forbearance			0.00%	-	-	0.00%	2	20,423	0.02%
	<u>11,168</u>	<u>87,335,184</u>	<u>100.00%</u>	<u>11,196</u>	<u>87,335,364</u>	<u>100.00%</u>	<u>12,151</u>	<u>92,397,221</u>	<u>100.00%</u>

**DELINQUENCY AND FORECLOSURE COUNTS
REVISED THIRTEEN MONTH CHANGE
CURRENT AND PRIOR YEARS
SINGLE FAMILY MORTGAGES**

(excluding GNMA's, FNMA's, FHLMC's, Second Mortgages, State Housing Portfolio & RAM's)



**MULTIFAMILY HOUSING
DELINQUENT AND FORECLOSED LOANS AS OF
March 31, 2022
CURRENT AND PRIOR MONTH SUMMARY ^{(1) (2)}**

PORTFOLIO PRINCIPAL BALANCE			
	31-Mar-22	28-Feb-22	31-Mar-21
PERMANENT MULTIFAMILY	\$ 1,214,108,230	\$ 1,195,881,060	\$ 1,166,916,265
CONSTRUCTION MULTIFAMILY	149,066,345	140,877,524	114,015,522
	<u>\$ 1,363,174,575</u>	<u>\$ 1,336,758,584</u>	<u>\$ 1,280,931,787</u>

PORTFOLIO TOTAL NUMBER OF LOANS			
	31-Mar-22	28-Feb-22	31-Mar-21
	532	531	535
	24	24	24
	<u>556</u>	<u>555</u>	<u>559</u>

PERMANENT MULTIFAMILY	31-60 DAYS			61-90 DAYS			91+ DAYS			IN FORECLOSURE			TOTALS		
	31-Mar-22	28-Feb-22	31-Mar-21	31-Mar-22	28-Feb-22	31-Mar-21	31-Mar-22	28-Feb-22	31-Mar-21	31-Mar-22	28-Feb-22	31-Mar-21	31-Mar-22	28-Feb-22	31-Mar-21
Total Amount	\$ -	\$ 2,543,989	\$8,060,150	\$ 414,324	-	\$4,303,427	\$ 5,454,503	\$ 5,454,932	\$15,294,395	-	-	-	\$ 5,868,828	\$ 7,998,921	\$ 27,657,972
Total # of Loans	0	3	5	1	0	1	5	5	6	0	0	0	6	8	12
% of Total Amount	0.000%	0.213%	0.691%	0.034%	0.000%	0.369%	0.449%	0.456%	1.311%	0.000%	0.000%	0.000%	0.483%	0.669%	2.370%
		PRIMECARE INC KENCREST ROCKY NECK VILLAGE	MOSAIC (2 LOANS) NAFI SOUNDVIEW LNDG 4% SOUNDVIEW LNDG 9%	KENCREST SERVICES		HERITAGE COMMONS	HERITAGE COMMONS PUTNAM PARK (ITA) BETHEL AME NORWALK HOUSIN WM H WARNER VILLAGE RENAISSANCE PLAZA	HERITAGE COMMONS PUTNAM PARK (ITA) BETHEL AME NORWALK HOUSIN WM H WARNER VILLAGE RENAISSANCE PLAZA	BETHEL AME BIJOU SQUARE HERITAGE COMMONS PUTNAM PARK (2 LNS) RENAISSANCE PLAZA						

CONSTRUCTION MULTIFAMILY	31-60 DAYS			61-90 DAYS			91+ DAYS			IN FORECLOSURE			TOTALS		
	31-Mar-22	28-Feb-22	31-Mar-21	31-Mar-22	28-Feb-22	31-Mar-21	31-Mar-22	28-Feb-22	31-Mar-21	31-Mar-22	28-Feb-22	31-Mar-21	31-Mar-22	28-Feb-22	31-Mar-21
Total Amount	\$ 1,003,492	\$ 10,466,583	\$0	-	-	\$0	-	-	\$10,338,233	-	-	\$0	\$ 1,003,492	\$ 10,466,583	\$ 10,338,233
Total # of Loans	1	1	0	0	0	0	0	0	1	0	0	0	1	1	1
% of Total	0.673%	7.430%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	9.067%	0.000%	0.000%	0.000%	0.673%	7.430%	9.067%
	EDITH JOHNSON TOWER	ROCKY NECK VILLAGE							333 STATE STREET						

⁽¹⁾ Excludes the State Housing Portfolio, TCAP, and Exchange Program loans.

⁽²⁾ Excludes the State Loans (Senate Bill No. 474) transferred to CHFA in DEC 2016.

To: Finance/Audit Committee & Board of Directors
From: Allison Murphy, Director, Financial Reporting and Control
cc: Hazim Taib, Chief Financial Officer
Date: April 28, 2022



Agenda Item: Investment and swap reports

Quarterly Update

Investment Report

In summary, the investment report reflects an increase in book value by approximately \$155 million to \$3.6 billion from the last quarter. Quarter over quarter, the weighted yield to maturity for the investment portfolio went down slightly from 1.78% to 1.77%.

Swap Report

In summary, the swap report shows a hedging position (40 swaps with 9 counterparties) totaling \$930 million notional, reflecting a \$15 million increase from last quarter. The number of swaps increased from 39 to 40 and swap counterparties remained the same as of last quarter. Compared with last quarter, the weighted pay rate (by the Authority) went down from 3.065% to 3.050%, and the mark-to-market value increased from approximately (\$123.2) million to approximately (\$71.3) million.

Quarter Ended March 31, 2022

Investment Report

Portfolio Characteristics and Performance

The attached pages contain the maturity distribution, asset allocation, performance summary, risk characteristics and MBS Program Asset valuations for CHFA's investment portfolio.

Investment Strategies

The investment approach has been to:

1. Safeguard principal and retain sufficient liquidity to enable the Authority to meet all reasonably anticipated operating requirements;
2. Appropriately match asset and liability cash flow; and
3. Earn back all negative arbitrage when possible.

Compliance with Investment Guidelines

The investment activity is in compliance with the investment guidelines of the Connecticut Housing Finance Authority.

Ability to Meet Expenditure Requirements for the Next Six Months

The Authority is expected to meet its expenditure requirements for the next 6 months.

Area of Policy Concern or Revision of Investment Strategies

The Authority continues to monitor the performance of the Green Tree 1996-9 Class B-1 Security. This security was purchased in February of 1998 by New England Asset Management, the Authority's former Investment Advisor, and began accruing unrealized principal losses in the spring of 2005. The current rating is C by Moody's. These unrealized losses totaled \$1,608,065 through the 3/31/22 payment date on the \$2,000,000 par amount. The security has a coupon of 7.65% and has been making interest payments based upon the principal reduced by the unrealized losses. As of 3/31/22, the carrying value of this security on the Authority's books is \$293,008.

Management continues to look for ways to recover negative arbitrage and to increase the return on its investments while staying within the investment guidelines of the Connecticut Housing Finance Authority.

**CONNECTICUT HOUSING FINANCE AUTHORITY
INVESTMENTS IN SECURITIES⁽¹⁾**

3/31/2022

INVESTMENTS	FACE VALUE	PURCHASE	MATURITY	RATE%	YIELD TO MATURITY ⁽⁵⁾	COST	AMORTIZED COST	MARKET VALUE	CARRYING VALUE	RISK CHARACTERISTICS		
										BOND RATING	AVERAGE LIFE	OPTION
GENERAL FUND												
STIF ⁽⁴⁾	1,151,538,300	3/31/2022	4/1/2022	0.39	0.39%	1,151,538,300	1,151,538,300	1,151,538,300	1,151,538,300	AAAm	0.00	n/a
First American: Govt Oblig	6,631,523	12/31/2021	4/1/2022	0.20	0.20%	6,631,523	6,631,523	6,631,523	6,631,523	AAA	0.00	n/a
US Treasury Bills	180,000,000	VARIOUS	VARIOUS	0.00	0.93%	178,900,280	178,922,715	178,929,252	178,922,715	n/a	0.49	n/a
GNR 2020-148 DI	3,870,279	10/13/2020	10/20/2050	2.50	-	387,028	387,028	374,821	374,821	AAAm	6.10	Prepay
Other Bonds 2013A	11,050,847	7/26/2013	5/1/2053	5.50	5.50%	11,050,847	11,050,847	16,448,258	16,448,258	n/a	31.11	n/a
NEAM ASSETS	2,335,780	VARIOUS	VARIOUS	7.53	7.19%	2,375,883	2,343,624	516,065	516,065	Various	2.18	Various
MBS Program Assets	1,790,908,244	VARIOUS	VARIOUS	2.63	2.63%	1,790,908,244	1,790,908,244	1,747,701,846	1,747,701,846	n/a	6.47	Prepay
Total General Fund	3,146,334,973				1.72%	3,141,792,105	3,141,782,280	3,102,140,065	3,102,133,527		3.83	
INSURANCE FUND												
STIF	3,672,036	3/31/2022	4/1/2022	0.39	0.39%	3,672,036	3,672,036	3,672,036	3,672,036	AAAm	0.00	n/a
Total Insurance Fund	3,672,036				0.39%	3,672,036	3,672,036	3,672,036	3,672,036		0.00	
GENERAL FUND CAPITAL RESERVE FUND⁽²⁾												
STIF	27,919,481	3/31/2022	4/1/2022	0.39	0.39%	27,919,481	27,919,481	27,919,481	27,919,481	AAAm	0.00	n/a
US Treasury Bills	90,000,000	VARIOUS	VARIOUS	0.00	0.45%	89,824,038	89,878,152	89,818,468	89,878,152	n/a	0.29	n/a
Other Bonds 2011A	1,117,336	12/15/2011	12/1/2055	4.75	4.75%	700,000	700,000	2,298,245	2,298,245	n/a	33.69	n/a
Other Bonds 2013A	12,892,655	7/26/2013	4/1/2053	5.50	5.50%	12,892,655	12,892,655	19,189,634	19,189,634	n/a	31.02	n/a
Other Bonds 2013A	270,000	7/26/2013	6/1/2053	0.39	0.39%	270,000	270,000	212,493	212,493	n/a	31.19	n/a
MBS Program Assets	317,899,707	VARIOUS	VARIOUS	2.97	2.97%	317,899,707	317,899,707	316,240,178	316,240,178	n/a	6.08	Prepay
Total General Fund CRF	450,099,179				2.38%	449,505,881	449,977,330	455,678,499	455,738,182		5.34	
SPECIAL NEEDS HOUSING FUND												
STIF	51,916,795	3/31/2022	4/1/2022	0.39	0.39%	51,916,795	51,916,795	51,916,795	51,916,795	AAAm	0.00	n/a
FNMA BOND	23,347	8/18/2000	5/15/2030	7.25	7.10%	24,159	23,569	31,279	31,279	AA+/Aaa	8.13	No
MBS Program Assets	249,883	VARIOUS	VARIOUS	4.90	4.90%	249,883	249,883	278,890	278,890	n/a	3.16	Prepay
Total SNH Fund	52,190,025				0.41%	52,190,837	52,190,247	52,226,964	52,226,964		0.02	
SPECIAL NEEDS HOUSING FUND CAPITAL RESERVE FUND⁽³⁾												
STIF	4,516,506	3/31/2022	4/1/2022	0.39	0.39%	4,516,506	4,516,506	4,516,506	4,516,506	AAAm	0.00	n/a
FNMA BOND	576,653	8/18/2000	5/15/2030	7.25	7.10%	596,697	582,126	772,564	772,564	AA+/Aaa	8.13	No
MBS Program Assets	102,499	VARIOUS	VARIOUS	4.56	4.56%	102,499	102,499	109,144	109,144	n/a	3.73	Prepay
Total SNH Fund CRF	5,195,658				1.22%	5,215,703	5,201,132	5,398,214	5,398,214		0.98	
SPECIAL NEEDS HOUSING RENEWAL & REPLACEMENT FUND												
STIF	12,001,858	3/31/2022	4/1/2022	0.39	0.39%	12,001,858	12,001,858	12,001,858	12,001,858	AAAm	0.00	n/a
Total SNH R&R Fund	12,001,858				0.39%	12,001,858	12,001,858	12,001,858	12,001,858		0.00	
SUBSIDIARIES FUNDS												
STIF	829,814	3/31/2022	4/1/2022	0.39	0.39%	829,814	829,814	829,814	829,814	AAAm	0.00	n/a
Total Subsidiaries Funds	829,814				0.39%	829,814	829,814	829,814	829,814		0.00	
TREASURY HFA INITIATIVE (NIBP)												
STIF	7,666,577	3/31/2022	4/1/2022	0.39	0.39%	7,666,577	7,666,577	7,666,577	7,666,577	AAAm	0.00	n/a
Total NIBP Funds	7,666,577				0.39%	7,666,577	7,666,577	7,666,577	7,666,577		0.00	
QECB Fund												
US Bank Money Market	998,826	3/31/2022	4/1/2022	0.00	0.00%	998,826	998,826	998,826	998,826	n/a	0.00	n/a
Total QECB Fund	998,826				0.00%	998,826	998,826	998,826	998,826		0.00	
TOTAL FUNDS	3,678,988,946				1.77%	3,673,873,636	3,674,320,100	3,640,612,852	3,640,665,999		3.93	

	AVERAGE LIFE		YIELD TO MATURITY ⁽⁵⁾		CURRENT PORTFOLIO ASSET ALLOCATION					MATURITY DISTRIBUTION		
	Prior Year	Current Yr	Prior Year	Current Yr	Government	Cash Equiv.	GNMA/Other	GICs	Total	MARKET VALUE	% OF TOT MV	
General Fund CRF	5.63	5.34	2.75%	2.38%	23.15%	6.20%	70.65%	0.00%	100.00%	< 1 year	1,536,440,995	42%
General Fund	3.34	3.83	1.82%	1.72%	0.36%	42.56%	57.08%	0.00%	100.00%	1-5 years	188,538	0%
Special Needs Housing CRF	1.12	0.98	1.00%	1.22%	11.19%	86.84%	1.97%	0.00%	100.00%	5-10 years	8,796,954	0%
Special Needs Housing	0.04	0.02	0.17%	0.41%	0.05%	99.48%	0.48%	0.00%	100.00%	10-15 years	68,069,748	2%
Special Needs Housing R&R	0.00	0.00	0.13%	0.39%	0.00%	100.00%	0.00%	0.00%	100.00%	15-20 years	35,703,612	1%
Subsidiaries Funds	0.00	0.00	0.13%	0.39%	0.00%	100.00%	0.00%	0.00%	100.00%	>20 years	1,991,413,005	55%
Insurance Fund	0.00	0.00	0.13%	0.39%	0.00%	100.00%	0.00%	0.00%	100.00%		3,640,612,852	100%
Treasury HFA Initiative	1.66	0.00	1.09%	0.39%	0.00%	100.00%	0.00%	0.00%	100.00%			
QECB Fund	0.00	0.00	0.00%	0.00%	0.00%	100.00%	0.00%	0.00%	100.00%			

	AVERAGE LIFE		YIELD TO MATURITY ⁽⁵⁾		CURRENT PORTFOLIO ASSET ALLOCATION				
	Prior Year	Current Yr	Prior Year	Current Yr	Government	Cash Equiv.	GNMA/Other	GICs	Total
Total Investments	3.57	3.93	1.91%	1.77%	3.16%	39.37%	57.47%	0.00%	100.00%

⁽¹⁾ Interest income earned is reported on the Statement of Revenues and Expenses as Interest on Investments.

⁽²⁾ Max debt service requirement is \$364,006,000. Value of fund based upon lowest of FV, C or MV is \$441,210,354.

⁽³⁾ Debt service requirement is \$4,914,000. Value of fund based upon amortized cost is \$5,201,132.

⁽⁴⁾ General Fund STIF balance includes restricted collateral for outstanding line of credit with US Bank and Wells Fargo.

⁽⁵⁾ Yield to Maturity at Purchase.

US Treasury Rates

	3/31/21	3/31/22
3 month	0.02%	0.52%
6 month	0.03%	1.06%
2 year	0.16%	2.28%
5 year	0.94%	2.42%

Ginnie Mae, Fannie Mae and Freddie Mac Program Asset Summary March 31, 2022

	FACE VALUE	COST	AMORTIZED COST	MARKET VALUE	CARRYING VALUE
<i>General Fund</i>	1,790,908,244	1,790,908,244	1,790,908,244	1,747,701,846	1,747,701,846
<i>General Fund Capital Reserve Fund</i>	317,899,707	317,899,707	317,899,707	316,240,178	316,240,178
<i>Special Needs Housing General Fund</i>	249,883	249,883	249,883	278,890	278,890
<i>Special Needs Capital Reserve Fund</i>	102,499	102,499	102,499	109,144	109,144
<i>MBS Program Assets</i>	2,109,160,333	2,109,160,333	2,109,160,333	2,064,330,058	2,064,330,058

	WEIGHTED AVERAGES			RISK CHARACTERISTICS		
	MATURITY	RATE	YIELD TO	BOND RATING	WEIGHTED	OPTION
	in Years		MATURITY		AVERAGE LIFE	
<i>General Fund</i>	26.37	2.63%	2.63%	n/a	6.47	Prepay
<i>General Fund Capital Reserve Fund</i>	23.19	2.97%	2.97%	n/a	6.08	Prepay
<i>Special Needs Housing General Fund</i>	10.75	4.90%	4.90%	n/a	3.16	Prepay
<i>Special Needs Capital Reserve Fund</i>	11.07	4.56%	4.56%	n/a	3.73	Prepay
<i>MBS Program Assets</i>	25.9	2.68%	2.68%		6.41	

Ginnie Mae, Fannie Mae and Freddie Mac Program Asset Prior Year Comparison

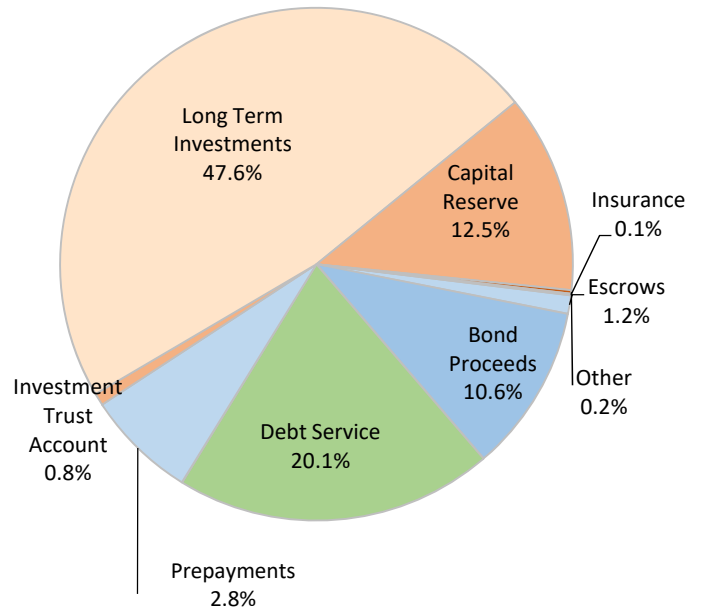
	AVERAGE LIFE		YIELD TO MATURITY	
	Prior Year	Current Yr	Prior Year	Current Yr
<i>General Fund</i>	5.02	6.47	2.73%	2.63%
<i>General Fund Capital Reserve Fund</i>	5.19	6.08	3.14%	2.97%
<i>Special Needs Housing General Fund</i>	3.26	3.16	4.87%	4.90%
<i>Special Needs Capital Reserve Fund</i>	3.71	3.73	4.56%	4.56%
<i>MBS Program Assets</i>	3.54	6.41	2.81%	2.68%

INVESTMENT PORTFOLIO

(\$ millions)
March 31, 2022

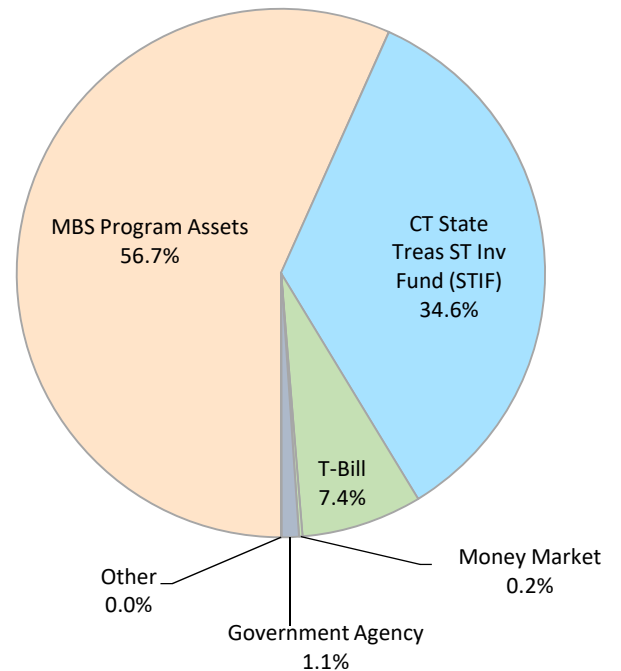
ACCOUNT COMPOSITION

Account	Carrying Value
Capital Reserve	455.3
Escrows	42.4
Bond Proceeds	385.8
Debt Service & Operating Funds	731.5
Prepayments	253.5
Investment Trust Account	28.5
Long Term Investments	1,732.1
Other	8.0
Insurance	3.7
	<u>3,640.7</u>



INVESTMENT ALLOCATION

Investment	Carrying Value
MBS Program Assets	2,064.3
CT State Treas ST Inv Fund (STIF)	1,260.1
T-Bill	268.8
Money Market	7.6
Government Agency	39.0
Other	0.9
	<u>3,640.7</u>



BLX Group LLC
777 S. Figueroa St., Suite 3200
Los Angeles, CA 90017
p. 213 612 2200 f. 213 612 2499



Derivative Valuation Report Period Ending 3/31/2022

Prepared on Behalf Of

Connecticut Housing Finance Authority

April 5, 2022





April 5, 2022

Hazim Taib
Vice President, Finance, CFO
Connecticut Housing Finance Authority
999 West Street
Rocky Hill, CT 06067

Re: Connecticut Housing Finance Authority
Derivative Valuation Report for the Period Ending
March 31, 2022 (the "Reporting Period")

BLX Group LLC ("BLX") is pleased to provide the attached Derivative Valuation Report (the "Report") for the benefit of the Connecticut Housing Finance Authority (the "Authority"). Pursuant to the terms of our engagement, the Report sets forth, for each interest rate swap or related transaction listed on the following pages (each, a "Transaction"), the Mark-to-Market value ("MTM"), the fair value ("Fair Value") in accordance with GASB 72: Fair Value Measurement and Application ("GASB 72") and other related information as of the end of the Reporting Period. Appendix A provides a summary of the GASB 72 Fair Value measurements and their classifications.

The Report is based on information available to us as of the end of the Reporting Period, and therefore may be inapplicable thereafter. We have also relied on information, including Transaction documentation, provided to us by the Authority. Please see the attached Notes, Assumptions and Disclaimer Information attached. We have no obligation to inform you if and when information used in the Report has changed or new information becomes available to us. We have no obligation to update this Report delivered herewith because of any events occurring, changes in existing laws, regulations, or rulings or interpretations thereof, or data or information received, subsequent to the date hereof.

This Report is not to be used, circulated, quoted, referred to, or relied upon by any other person without the express written permission of BLX or the Authority.

Very truly yours,

BLX Group LLC

NOTES, ASSUMPTIONS AND DISCLAIMER INFORMATION

For purposes of the Report, the value (“Fair Value”) of the Derivative Instruments were determined pursuant to the guidance set forth in GASB 72: Fair Value Measurement and Application (“GASB 72”) as of the last day of the Reporting Period using market data as of the close of business on the last day of the Reporting Period, or if such day was not a business day, the prior business day. Our determination of Fair Value consists of a two-step process:

The first step is to determine the settlement price (i.e., the termination or mark to market price) of the Derivative Instrument. We utilize the Income Approach under GASB 72 from “mid-market” pricing data (i.e., the mean between the bid and offer prices) available to us from public and subscription sources and which we believe to be reliable. Such data consists primarily of observable quotes from the over-the-counter swap markets that fall into Level 2 of the fair value hierarchy under GASB 72. Under this approach, Derivative Instruments such as interest rate swaps are valued using the discounted cash flow methodology which considers the net present value of the future scheduled payments from each leg of the swap. For the floating leg of a swap, future coupon rates are estimated based on forward rates derived from the relevant interest rate swap yield curve data (e.g., LIBOR, SIFMA, etc.) as of the valuation date. The present value discount factors applied to each future scheduled payment is determined by the LIBOR, or Overnight Index Swap, curve data using the zero coupon method. It should be noted that the settlement prices do not reflect any transaction costs that might be incurred in effecting a disposition (termination), in whole or in part, of the Derivative Instrument and therefore do not necessarily reflect the actual dollar amount that the counterparty to each such Derivative Instrument would pay, or require to be paid, to terminate each Derivative Instrument, or that a third party would pay, or require to be paid, to accept assignment of such Derivative Instrument.

The second step is to determine what is often referred to as the credit valuation adjustment (“CVA”) for the Derivative Instrument. The purpose of the CVA is to quantify the nonperformance risk of the reporting entity as well as the nonperformance risk of its counterparty. In the context of a Derivative Instrument such as an interest rate swap, nonperformance risk is measured by the probability of a party defaulting on its payment obligations under the swap. Default probabilities are derived from credit default swap quotes or generic ratings based borrowing curves that fall into Level 2 of the fair value hierarchy. Default probabilities are adjusted by standard recovery rate assumptions. For insured obligations, compound default probabilities are determined as applicable. Non-performance risk is then quantified by determining the total cost of the transactions required to hedge the default exposure, i.e., a series of European swaptions, exercisable on each of the future payment exchange dates under the swap that are structured to reverse the remaining future cash flow obligations as of such dates. For collateralized counterparties, the nonperformance risk factors in netting agreements and collateral thresholds when computing the hedging exposure.

Fair Value is then determined as the settlement price of the Derivative Instrument adjusted by the CVAs of both the reporting entity’s payment obligations and the counterparty’s payment obligations.

The methodologies employed in the Report are based on what we believe to be widely accepted and industry standard valuation models. For your convenience, the Report may contain certain information other than the Fair Value of each Derivative Instrument. We hope you find this supplemental information useful, but note that such supplemental information may be based on estimates of future performance and other assumptions that may or may not be actually realized. Actual events may differ from those assumed and changes to any assumptions may have a material impact on valuations, projections or estimates contained or implied in the Report.

DEFINITIONS

Accrued Interest

The accrued but unpaid interest on the Transaction due from the Authority, net of the accrued but unpaid interest due from the counterparty. A negative value implies that, on a net basis, interest will be due from the Authority.

Amount Outside Threshold

The amount by which the total mark-to-market value of the swaps covered under a given ISDA agreement exceeds the current applicable collateral posting threshold on that agreement. For example, if the current applicable threshold is -\$10,000,000, and the mark-to-market value from the Authority's perspective is -\$30,000,000, the Amount Outside Threshold would equal -\$20,000,000, and the Authority is likely to be required to post \$20,000,000 in collateral (subject to rounding, minimum transfer, and other terms specific to the ISDA).

CVA

The credit valuation adjustment is the net of the quantified nonperformance risk of the Authority and the counterparty.

Fair Value

The value of a Transaction pursuant to GASB 72.

GASB 72

GASB Statement Number 72: Fair Value Measurement and Application

MTM

The mark-to-market value of the Transaction, including the value of any options and accrued interest. A negative value implies that a payment would be due from the Authority to its counterparty if the Transaction were terminated, whereas a positive value implies that a payment would be due from the counterparty to the Authority.

Notional

The dollar amount used as a basis in calculating both parties' payment obligations.

Option Value

The mark-to-market value of any cancellation or other options owned by either party. A positive value implies an option owned by the Authority, whereas a negative value implies an option owned by the counterparty.

Pay/Receive Formula

The formulas that determine the interest rate used to calculate the "Pay" side swap payments (i.e., the Authority's payment obligation), and the interest rate used to calculate the "Receive" side swap payments (i.e., the counterparty's payment obligation).

Principal Value (excl. Option Value)

The mark-to-market value of the Transaction, excluding Accrued Interest and the value of any cancellation options.

Termination Date

Absent the exercise of any optional termination rights, this is the date on which the derivative Transaction will terminate, and payment exchanges will cease.

Connecticut Housing Finance Authority
Portfolio Valuation Summary by ISDA

BLXSwap
Valuation as of 3/31/2022 (3PM)

Counterparty (S&P/Moody's/Fitch) / ISDA Swap Name	Termination Date	Pay/Receive Formula	Outstanding Notional	Principal Value (excl. Option Value)	Option Value	Accrued Interest	Mark-to-Market Value	Credit Valuation Adjustment	GASB72 Fair Value
BANK OF AMERICA NA (A+ / Aa2 / AA) - CHFA (Connecticut) 11/10/2005									
1. 9.855MM BofA 2016B-4 (2009A)	11/15/38	3.849% / 67% 3M LIBOR	9.855MM	(2,662,620.88)	-	(134,293.17)	(2,796,914.05)	55,747.48	(2,741,166.57)
2. 8.925MM BofA 2016B-4 (2009A)	11/15/33	3.855% / 67% 3M LIBOR	8.925MM	(1,717,681.75)	-	(121,822.44)	(1,839,504.19)	19,469.69	(1,820,034.50)
3. 27.55MM BofA 2016F-5(2008E)	11/15/33	3.845% / 67% 3M LIBOR	27.550MM	(5,277,651.01)	-	(375,004.98)	(5,652,655.99)	59,726.08	(5,592,929.91)
4. 15MM BofA 2017C-3&2018C-3&2018C-4&2018E-211/15/48		2.471% / 67% 3M LIBOR	18.451MM	(7,868,112.60)	3,166,408.46	(159,657.83)	(4,861,361.97)	1,597,054.86	(3,264,307.11)
ISDA Total			\$64.781MM	\$(17,526,066.24)	\$3,166,408.46	\$(790,778.42)	\$(15,150,436.20)	\$1,731,998.11	\$(13,418,438.09)
BANK OF NEW YORK MELLON (AA- / Aa2 / AA) - CHFA (Connecticut) 10/12/2001									
5. 25MM BoNY 2001D-5	11/15/27	5.36% / 167% 3M LIBOR*	12.210MM	(1,161,656.92)	0.00	(75,188.55)	(1,236,845.47)	3,656.92	(1,233,188.55)
6. 40MM BoNY 2021C(2012D-3)(2001D-3)	05/15/33	4.09% / 67% 1M LIBOR	40.000MM	(5,814,426.34)	0.00	(601,115.93)	(6,415,542.27)	59,275.05	(6,356,267.22)
ISDA Total			\$52.210MM	\$(6,976,083.26)	\$0.00	\$(676,304.48)	\$(7,652,387.74)	\$62,931.97	\$(7,589,455.77)
Amount Outside Threshold							\$0.00		
BANK OF NEW YORK MELLON (AA- / Aa2 / AA) - CHFA (Connecticut) 07/14/2014									
7. 20.615MM BoNY 2014D-3[2013A](2006B-1)	11/15/34	3.433% / 67% 3M LIBOR	20.615MM	(3,264,364.00)	0.00	(248,521.07)	(3,512,885.07)	27,414.35	(3,485,470.72)
8. 13.705MM BoNY 2017D-3&2017F-3&2018A-3	05/15/48	2.2475% / 70% 3M LIBOR	36.110MM	(6,264,347.01)	2,228,025.24	(280,871.16)	(4,317,192.93)	215,660.37	(4,101,532.56)
9. 72.425MM BoNY 2017D-3(2009A)&2018A-3(2008E)&2018B-3(2008E)	11/15/38	3.43% / 67% 3M LIBOR	64.490MM	(9,024,317.35)	0.00	(776,718.72)	(9,801,036.07)	74,725.00	(9,726,311.07)
10. 4.965MM BoNY 2018B-3	11/15/48	2.5% / 70% 3M LIBOR	7.133MM	(4,367,979.12)	2,647,877.25	(62,281.69)	(1,782,383.56)	301,883.53	(1,480,500.03)
11. 21.365MM BoNY 2021C[2013A][2009A]	11/15/28	3.852% / 67% 3M LIBOR	16.755MM	(1,248,236.65)	0.00	(228,508.72)	(1,476,745.37)	2,538.92	(1,474,206.45)
12. 15MM BoNY 2022A3	05/15/31	2.1725% / 100% 1W SIFMA	15.000MM	(46,565.31)	0.00	(4,926.87)	(51,492.18)	(55.05)	(51,547.23)
ISDA Total			\$160.103MM	\$(24,215,809.44)	\$4,875,902.49	\$(1,601,828.23)	\$(20,941,735.18)	\$622,167.12	\$(20,319,568.06)
Amount Outside Threshold							\$0.00		
CITIBANK NA (A+ / Aa3 / A+) - CHFA (Connecticut) 04/01/2002									
13. 20MM Citi 2018C-3&2018C-4(2011C-1&2011C-2)	05/15/33	4.352% / 67% 1M LIBOR	15.700MM	(2,467,781.21)	0.00	(251,581.21)	(2,719,362.42)	24,225.22	(2,695,137.20)
14. 26.25MM Citi 2019F-2	11/15/49	1.708% / 100% 1W SIFMA	26.250MM	2,985,392.87	0.00	(155,668.34)	2,829,724.53	(547,939.90)	2,281,784.63
15. 25MM Citi 2021C[2013A](2011A-2)	05/15/33	5.74% / 167% 1M LIBOR*	25.000MM	(6,128,659.15)	0.00	(529,027.53)	(6,657,686.68)	66,081.94	(6,591,604.74)
ISDA Total			\$66.950MM	\$(5,611,047.49)	\$0.00	\$(936,277.08)	\$(6,547,324.57)	\$(457,632.74)	\$(7,004,957.31)
Amount Outside Threshold							\$0.00		
GOLDMAN SACHS MITSUI MARINE (AA- / Aa2 / -) - CHFA (Connecticut) 03/03/1998									
16. 40MM Goldman 2013C&2021C	05/15/24	2.776% / 100% 1M LIBOR	37.380MM	(303,528.97)	0.00	(370,120.89)	(673,649.86)	(822.85)	(674,472.71)
17. 45MM Goldman 2017C-3&2017F-3(2011C-2&2011E-3)	05/15/33	3.981% / 67% 1M LIBOR	35.325MM	(4,927,865.88)	0.00	(516,551.71)	(5,444,417.59)	50,301.38	(5,394,116.21)
18. 20MM Goldman 2018C-3&2018C-4(2011C-1&2011C-2)	05/15/32	4.12% / 67% 1M LIBOR	9.275MM	(1,592,043.93)	0.00	(140,497.22)	(1,732,541.15)	20,816.56	(1,711,724.59)
19. 25MM Goldman 2021C[2013A](2011D&2011A-2)	05/15/32	5.475% / 167% 1M LIBOR*	20.170MM	(3,979,290.40)	0.00	(406,638.15)	(4,385,928.55)	34,234.40	(4,351,694.15)
ISDA Total			\$102.150MM	\$(10,802,729.18)	\$0.00	\$(1,433,807.97)	\$(12,236,537.15)	\$104,529.49	\$(12,132,007.66)
Amount Outside Threshold							\$0.00		

* One or more additional legs exist for this transaction. See Swap Detail report or blxswap.com for additional information.

Connecticut Housing Finance Authority
Portfolio Valuation Summary by ISDA

BLXSwap
Valuation as of 3/31/2022 (3PM)

Counterparty (S&P/Moody's/Fitch) / ISDA		Pay/Receive Formula	Outstanding Notional	Principal Value (excl. Option Value)		Option Value	Accrued Interest	Mark-to-Market Value	Credit Valuation Adjustment	GASB72 Fair Value
Swap Name	Termination Date									
Merrill Lynch Capital Services, Inc. - CHFA (Connecticut) 05/20/1998										
Credit support: MLDP (AA / Aa3 / NR)										
20.	25MM MLCS 1998D-4	11/15/25	6.32% / 100% 3M LIBOR	19.000MM	(1,400,036.22)	0.00	(141,675.13)	(1,541,711.35)	2,678.40	(1,539,032.95)
21.	20MM MLCS 2016F-5(2010A-5)	11/15/28	4.87% / 100% 1W SIFMA	7.800MM	(1,024,169.33)	0.00	(139,485.14)	(1,163,654.47)	6,046.87	(1,157,607.60)
22.	17MM MLCS 2017C-3&2018C-3(2011C-1&2011C-2)	05/15/32	4.31% / 67% 1M LIBOR	17.000MM	(2,487,118.14)	0.00	(270,128.53)	(2,757,246.67)	22,196.98	(2,735,049.69)
23.	25MM MLCS 2021C[2013A](2011D)	11/15/27	5.82% / 167% 1M LIBOR*	12.210MM	(1,386,642.91)	0.00	(262,806.71)	(1,649,449.62)	3,591.61	(1,645,858.01)
ISDA Total				\$56.010MM	\$(6,297,966.60)	\$0.00	\$(814,095.51)	\$(7,112,062.11)	\$34,513.86	\$(7,077,548.25)
								Amount Outside Threshold	\$0.00	
ROYAL BANK OF CANADA (AA- / Aa1 / AA-) - CHFA (Connecticut) 06/10/2015										
24.	40MM RBC 2013B-6&2016E3[2008E&2009C2](2009A)	11/15/35	2.0515% / 67% 3M LIBOR	33.730MM	(1,041,884.58)	1,139,382.89	(229,853.93)	(132,355.62)	(3,523.50)	(135,879.12)
25.	45MM RBC 2015C	11/15/45	2.3625% / 70% 1M LIBOR	45.000MM	(4,871,996.56)	4,709,821.22	(383,180.63)	(545,355.97)	(2,624.28)	(547,980.25)
26.	40MM RBC 2016A [2013A]	11/15/45	2.1325% / 67% 3M LIBOR	40.000MM	(3,113,282.24)	3,623,878.16	(284,821.00)	225,774.92	(249.02)	225,525.90
27.	21.22MM RBC 2016B-4	11/15/46	2.14% / 70% 1M LIBOR	21.220MM	(2,206,942.27)	2,247,723.14	(162,854.36)	(122,073.49)	6,108.45	(115,965.04)
28.	21MM RBC 2016E-3	11/15/46	1.797% / 67% 3M LIBOR	23.980MM	(1,074,774.93)	2,559,618.28	(146,442.27)	1,338,401.08	15,509.09	1,353,910.17
29.	38MM RBC 2017A-3	11/15/47	2.335% / 67% 3M LIBOR	38.000MM	(4,728,540.44)	4,634,206.34	(299,649.95)	(393,984.05)	2,344.94	(391,639.11)
30.	5MM RBC 2019A-2&2019A-3	05/15/29	1.86% / 67% 3M LIBOR	5.000MM	(87,835.54)	0.00	(31,724.25)	(119,559.79)	1,764.03	(117,795.76)
31.	26.25MM RBC 2019B-2&2019B-3	11/15/43	1.999% / 67% 3M LIBOR	25.570MM	(1,461,929.27)	834,442.81	(175,664.91)	(803,151.37)	41,067.17	(762,084.20)
32.	30MM RBC 2020C-3	11/15/50	1.266% / 100% 1W SIFMA	30.000MM	6,080,971.41	1,214,291.28	(128,027.95)	7,167,234.74	9,531.77	7,176,766.51
ISDA Total				\$262.500MM	\$(12,506,214.42)	\$20,963,364.12	\$(1,842,219.25)	\$6,614,930.45	\$69,928.66	\$6,684,859.11
								Amount Outside Threshold	\$0.00	
Toronto-Dominion Bank (AA- / Aa2 / AA-) - CHFA (Connecticut) 05/24/2018										
33.	26.475MM TD Bank 2014C-2 & 2020E-3	11/15/30	0.7231% / 100% 1W SIFMA	26.475MM	2,787,511.70	0.00	(58,685.61)	2,728,826.09	(34,743.48)	2,694,082.61
34.	15MM TD Bank 2017C-3&2018C-3&2018C-4&2018E-2	11/15/28	2.242% / 67% 3M LIBOR	18.454MM	(960,428.50)	0.00	(143,719.04)	(1,104,147.54)	4,643.40	(1,099,504.14)
35.	4.965MM TD Bank 2018B-3	05/15/28	2.071% / 70% 3M LIBOR	7.133MM	(212,811.03)	0.00	(50,722.29)	(263,533.32)	(4,861.81)	(268,395.13)
ISDA Total				\$52.062MM	\$1,614,272.17	\$0.00	\$(253,126.94)	\$1,361,145.23	\$(34,961.88)	\$1,326,183.35
US BANK NA/CINCINNATI OH (AA- / A1 / AA-) - CHFA (Connecticut) 03/04/2019										
36.	18.5MM US Bank 2019A-2&2019A-3	5/15/2049	2.29% / 67% 3M LIBOR	18.500MM	(2,719,241.31)	1,677,685.16	(147,431.95)	(1,188,988.10)	(6,572.76)	(1,195,560.86)
37.	26.23MM US Bank 2019D-3	11/15/43	1.4725% / 67% 3M LIBOR	26.230MM	415,698.83	1,063,021.40	(128,027.61)	1,350,692.62	(64,934.07)	1,285,758.55
ISDA Total				\$44.730MM	\$(2,303,542.48)	\$2,740,706.56	\$(275,459.56)	\$161,704.52	\$(71,506.83)	\$90,197.69
WELLS FARGO BK NA,SAN FRAN (A+ / Aa2 / AA-) - CHFA (Connecticut) 09/07/2000										
38.	25MM Wells Fargo 2017F3(2011E-3&2011E-4)	11/15/31	5.397% / 100% 1W SIFMA	19.170MM	(3,154,505.79)	0.00	(380,971.62)	(3,535,477.41)	25,467.51	(3,510,009.90)
ISDA Total				\$19.170MM	\$(3,154,505.79)	\$0.00	\$(380,971.62)	\$(3,535,477.41)	\$25,467.51	\$(3,510,009.90)
								Amount Outside Threshold	\$0.00	
WELLS FARGO BK NA,SAN FRAN (A+ / Aa2 / AA-) - CHFA (Connecticut) 02/14/2006										
39.	13.15MM Wells Fargo 2016F-5	11/15/46	1.82% / 67% 3M LIBOR	13.150MM	(1,304,282.96)	0.00	(77,939.97)	(1,382,222.93)	142,264.66	(1,239,958.27)
40.	45MM Wells Fargo 2021C&2020A-3[2013A](2008B-4)[2008E/2009C2]	05/15/36	3.4175% / 67% 3M LIBOR	36.165MM	(4,506,553.13)	0.00	(433,074.77)	(4,939,627.90)	66,470.60	(4,873,157.30)
ISDA Total				\$49.315MM	\$(5,810,836.09)	\$0.00	\$(511,014.74)	\$(6,321,850.83)	\$208,735.26	\$(6,113,115.57)
								Amount Outside Threshold	\$0.00	
Portfolio Total				\$929.980MM	\$(93,590,528.82)	\$31,746,381.63	\$(9,515,883.80)	\$(71,360,030.99)	\$2,296,170.52	\$(69,063,860.47)
								Total Amount Outside Threshold	\$0.00	

* One or more additional legs exist for this transaction. See Swap Detail report or blxswap.com for additional information.

DRAFT MINUTES
FINANCE/AUDIT COMMITTEE OF THE
CONNECTICUT HOUSING FINANCE AUTHORITY (CHFA)
REGULAR MEETING
March 31, 2022

Committee Members

Present: (In Person) Jerrold Abrahams
(Virtually) Philip DeFronzo
Timothy Hodges
Catherine MacKinnon
Jorge Perez, Banking Commissioner
Franklin Perry, II
Sarah Sanders, representing Shawn Wooden, State Treasurer, Chairperson
of Finance/Audit Committee

Committee Members

Absent: Alexandra Daum, representing David Lehman, Commissioner of the
Department of Economic & Community Development

CHFA Participants: Hazim Taib, Chief Financial Officer
(In Person)
(Virtually) John Chilson, Director, Portfolio Management
Allison Murphy, Director, Financial Reporting and Control

Other Participants: Cory Hoepfner, RBC Capital Markets
(Virtually) Robert Lamb, Lamont Financial Services

Ms. Sanders, Chairperson of the Finance/Audit Committee (“the Committee”), called the meeting to order at 9:00 a.m. A roll call of committee members was conducted and a quorum was present.

Mr. Taib stated that the 2022 Series A Bond sale was successful despite the volatility of the market due to increased interest rates, inflation and geo political tensions in Europe. He introduced Mr. Cory Hoepfner, from RBC Capital Markets, who outlined the details of the sale.

Mr. Taib provided a summary of the new law that deals with the cessation of LIBOR and outlined its impact on CHFA.

Ms. Murphy presented the financial reports for February 2022 stating that mortgage loan and investment interest revenue are \$1.6 million below budget for the first two months and \$2.9 million lower than last year. The bond interest expense is below budget by \$4.8 million through February and \$6.9 million lower than last year. She also reported that, excluding salaries and benefits, current year-to-date expenses are \$351,000 higher than last year’s administrative expenses. Ms. Murphy noted that bond issuance costs are \$920,000 below budget. The change in net position is above target by \$5.5 million for the year.

Mr. Chilson presented the delinquency and forbearance reports summarizing the single-family whole loans purchased and loans securitized for February. He stated that the month-end mortgage backed securities portfolio balance decreased by \$6.7 million to \$2.1 billion for February and the whole loan portfolio through January declined by 102 loans or \$12.0 million. The overall delinquency rate decreased by .01% to 2.72% and the carrying balance for loans in foreclosure year over year decreased by \$10.3 million to \$28 million. CHFA funded 77 Downpayment Assistance loans in February with about 82% of the borrowers taking advantage of the program. For the month of January the number of whole loan borrowers in forbearance was 127.

Mr. Chilson also reported that there was one new loan closing in the multifamily portfolio for February increasing the overall total portfolio size to 555 loans with a total balance of \$1.34 billion. There was one new permanent loan delinquency increasing the total to eight and one construction loan delinquency for an overall delinquency rate of 1.38%. There are no multifamily loans in forbearance.

Ms. Sanders requested a motion to approve the minutes of the February 24, 2022 Finance/Audit Committee meeting.

Upon a motion made by Mr. Hodges, seconded by Mr. Perez, the Finance/Audit Committee members voted by roll call and were unanimously in favor of adopting the February 24, 2022 Finance/Audit Committee minutes.

There being no further business to discuss, the meeting adjourned by unanimous consent at 9:57 a.m.