

Connecticut Housing Finance Authority
2010 Audited Financial Statement

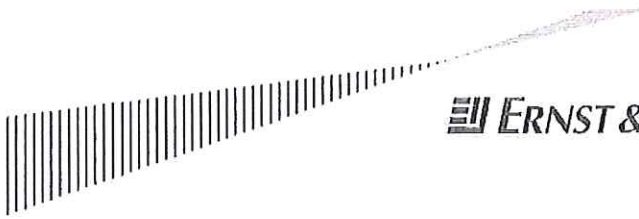
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

Connecticut Housing Finance Authority
Years Ended December 31, 2010 and 2009
With Report of Independent Auditors

Connecticut Housing Finance Authority
Financial Statements and Supplementary Information
Years Ended December 31, 2010 and 2009

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Report of Independent Auditors

To the Board of Directors
Connecticut Housing Finance Authority

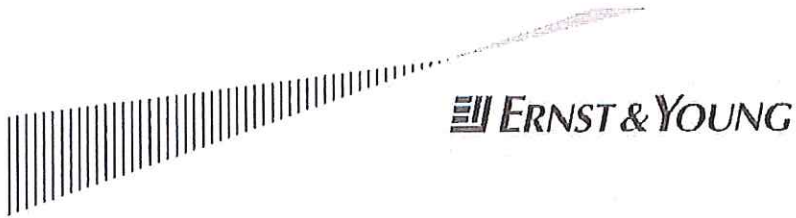
We have audited the accompanying balance sheet of Connecticut Housing Finance Authority (the Authority) (a component unit of the State of Connecticut) as of December 31, 2010, and the related statement of revenues, expenses, and changes in fund net assets, and the statement of cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of the Authority for the year ended December 31, 2009, were audited by other auditors whose report dated April 12, 2010, expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Authority's internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of December 31, 2010, and the changes in its financial position and its cash flows for the year then ended in conformity with US generally accepted accounting principles.

As discussed in Note 2, the Authority adopted Governmental Accounting Standards Board (GASB) Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 16, 2011 on our consideration of the 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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit



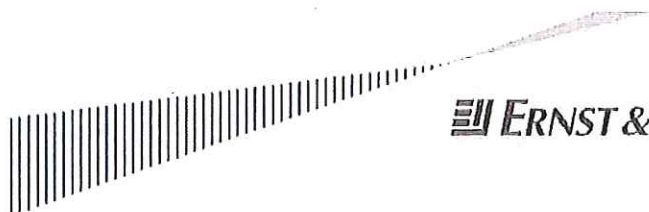
performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the Authority's basic financial statements. The Supplementary Section, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Ernst & Young LLP

May 16, 2011



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Report of Independent Auditors on Internal Control Over Financial
Reporting and on Compliance
and Other Matters Based on an Audit of the Financial Statements
Performed in Accordance with *Government Auditing Standards*

To the Board of Directors
Connecticut Housing Finance Authority

We have audited the financial statements of the Connecticut Housing Finance Authority (the Authority) as of and for the year ended December 31, 2010, and have issued our report thereon dated May 16, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal control over financial reporting

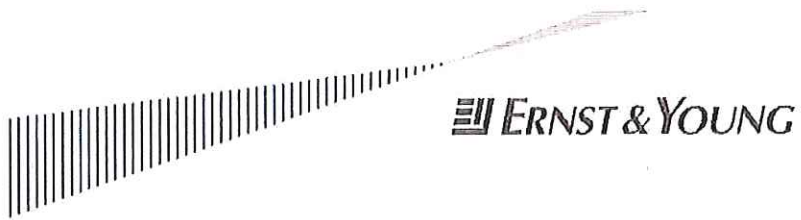
In planning and performing our audit, we considered the Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and other matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.



This report is intended solely for the information and use of the Board of Directors, management, the State of Connecticut, and federal and state awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

Ernst + Young LLP

May 16, 2011

**CONNECTICUT HOUSING FINANCE AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2010 and 2009**

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, 2010 and 2009. It provides an assessment of how the Authority's financial position has improved or deteriorated and identifies the factors that in management's view, significantly affected the Authority's overall financial position. It may contain opinions, 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 three parts: *Management's Discussion and Analysis*, the *Basic Financial Statements* 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 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 Balance Sheet provides information about the nature and amount of investments in resources (assets) and the obligations to Authority creditors (liabilities).

The Statement of Revenues, Expenses and Changes in Fund Net Assets, which 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, investing and financing activities.

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.

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

Financial Highlights – Year Ended December 31, 2010

As a result of the policies of the Federal Reserve, during 2010 the Authority's operating income continued to remain low primarily because of the limited returns available on the Authority's short term investments, and its market advantage for financing its programs with new long term fixed rate tax exempt financings was overborne by the Federal intervention in conventional markets. In this environment the Authority took advantage of selective market opportunities to refund and restructure its existing debt to provide interest rate savings and to finance its programs. It also successfully converted \$100,000,000 of bonds issued in 2009 related to the Federal New Issue Bond Program (described in Note 7 of the financial statements) into long term bonds purchased by the Treasury in conjunction with a \$66,670,000 issuance of market bonds to provide financing for its single family program at below market rates without credit exposure to the Authority or the State of Connecticut.

Financial Highlights – Year Ended December 31, 2009

As a result of general disruptions in the credit markets, rates on the Authority's variable rate demand bonds increased substantially and many investors put their bonds back to liquidity providers ("Bank Bonds"). These market factors and its other outstanding commitments caused one of the Authority's liquidity providers to have its credit ratings lowered. On November 21, 2008, the Authority refunded \$180 million of the Bank Bonds held by this downgraded provider with bonds supported by a liquidity facility with another liquidity provider, leaving the Authority with \$280,920,000 in Bank Bonds held by the downgraded provider and one other liquidity provider at December 31, 2008. During the first quarter of 2009, the Authority purchased all unremarketed bonds held by these two liquidity providers to reduce its interest costs and held the bonds as temporary investments in the General Fund. As of December 31, 2009, all bonds purchased were refunded or remarketed and the troubled liquidity provider had been replaced.

**CONNECTICUT HOUSING FINANCE AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2010 and 2009 — (Continued)**

Financial Analysis of the Authority

The following table summarizes the changes in Net Assets between December 31, 2010, 2009 and 2008:

	(in millions)			% Change	
	2010	2009	2008	2010/2009	2009/2008
Current assets	\$ 957.3	\$ 1,052.3	\$ 752.0	(9.0)%	39.9%
Capital assets	3.7	3.2	3.2	15.6	0.0
Noncurrent assets	4,521.5	4,380.5	4,498.5	3.2	(2.6)
Total assets	<u>5,482.5</u>	<u>5,436.0</u>	<u>5,253.7</u>	0.9	3.5
Long-term debt	3,940.6	4,083.8	3,777.0	(3.5)	8.1
Other liabilities	638.0	471.2	587.8	35.4	(19.8)
Total liabilities	<u>4,578.6</u>	<u>4,555.0</u>	<u>4,364.8</u>	0.5	4.4
Net Assets					
Invested in capital assets	3.7	3.2	3.2	15.6	0.0
Restricted	937.0	915.9	888.3	2.3	3.1
Unrestricted	(36.8)	(38.1)	(2.6)	(3.4)	1,365.4
Total net assets	<u>\$ 903.9</u>	<u>\$ 881.0</u>	<u>\$ 888.9</u>	2.6	(0.9)

Change 2010/2009

- Mortgage loans receivable increased \$179.2 million (or 5.3%).
 - During 2010, the Authority's home mortgage, multifamily mortgage and special needs housing portfolios experienced overall net growth. The Authority also supports its home mortgage program by purchasing GNMA securities that are collateralized with Authority eligible home mortgage loans. These GNMA mortgage-backed securities ("GNMA Program Assets") are categorized as "investments in securities." See Notes 3 and 4 of the financial statements.
- Cash and investments in securities increased \$42.1 million (or 2.6%) primarily resulting from:
 - A net decrease of \$31.6 million in bond proceeds and other funds held to be used for the financing of mortgage loans or the retirement of bond debt.
 - A \$45.8 million increase in escrow deposits held by the Authority. The majority of these escrow deposits relate to the Authority's multifamily and special needs housing programs.
 - A \$26.6 million increase which is attributable to the increase of investment values specifically related to GNMA Program Assets (see Note 2 of the financial statements).
- Bonds payable decreased by \$51.3 million (or 1.2%).
 - As a result of total retired bond debt exceeding total new bond issuance during 2010.

Change 2009/2008

- Mortgage loans receivable increased \$176.9 million (or 5.5%).
 - During 2009, the Authority's home mortgage, multifamily mortgage and special needs housing portfolios experienced overall net growth. The Authority also supports its home mortgage program by purchasing GNMA securities that are collateralized with Authority eligible home mortgage loans. These GNMA mortgage-backed securities ("GNMA Program Assets") are categorized as "investments in securities." See Notes 3 and 4 of the financial statements.
- Cash and investments in securities decreased \$10.8 million (or 0.7%) primarily resulting from:
 - A net decrease of \$21.6 million in bond proceeds and other funds held to be used for the financing of mortgage loans or the retirement of bond debt.
 - A \$20.1 million increase in escrow deposits held by the Authority. The majority of these escrow deposits relate to the Authority's multifamily and special needs housing programs.
 - A net decrease of \$4.9 million in operating funds held in component units due to the sale of the 5 real estate owned properties. \$3.8 million of this decrease is attributable to the Newbury Commons property discussed below.
 - A \$3.6 million decrease which is attributable to the decline of investment values specifically related to GNMA Program Assets (see below and Note 2 of the financial statements).
- Bonds payable increased \$316.2 million (or 8.2%).
 - As a result of new bond issuances to support the Authority's home mortgage and multifamily rental housing programs.

**CONNECTICUT HOUSING FINANCE AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2010 and 2009 — (Continued)**

Financial Analysis of the Authority (continued)

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

New loans financed under the Authority's home mortgage and special needs housing programs (including GNMA Program Assets, excluding the acquired portfolio from the State) exceeded payoffs for the years ended December 31, 2010, 2009 and 2008, as follows:

	(in millions)	
	New Loans	
	Financed	Payoffs
2010	\$ 329.6	\$ 252.9
2009	324.5	243.1
2008	492.2	164.2

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	
	2010	2009	2008	2010/2009	2009/2008
Construction loan balances	\$ 200.9	\$ 84.9	\$ 141.2	136.6%	(39.9)%
Permanent loan balances	700.1	668.8	547.3	4.7	22.2
Special needs housing construction loan balances	-	-	5.9	0.0	(100.0)
Special needs housing permanent loan balances	61.2	50.4	44.7	21.4	12.8
Total multifamily mortgage loans	\$ 962.2	\$ 804.1	\$ 739.1	19.7	8.8

As a result of legislation that was passed during calendar year 2002, on April 9, 2003 the Authority acquired housing assets from the State's 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. This acquisition is summarized as follows as of December 31, 2003:

	(in millions)		
	Par Value	Allowance for Losses	Carrying Amount
Home mortgage loans	\$ 34.2	\$ (26.0)	\$ 8.2
Multifamily mortgage loans	179.1	(122.3)	56.8
Total acquired portfolio	<u>\$ 213.3</u>	<u>\$ (148.3)</u>	<u>\$ 65.0</u>
Allowance for losses % to par value		69.5%	

The status of this portfolio as of December 31, 2010, 2009 and 2008, is summarized as follows (in 000's):

	December 31, 2010		
	Par Value	Allowance for Losses	Carrying Amount
Home mortgage loans	\$ 20.9	\$ (17.9)	\$ 3.0
Multifamily mortgage loans	158.1	(121.7)	36.4
Total acquired portfolio	<u>\$ 179.0</u>	<u>\$ (139.6)</u>	<u>\$ 39.4</u>
Allowance for losses % to par value		78.0%	
	December 31, 2009		
	Par Value	Allowance for Losses	Carrying Amount
Home mortgage loans	\$ 21.4	\$ (17.8)	\$ 3.6
Multifamily mortgage loans	161.3	(124.7)	36.6
Total acquired portfolio	<u>\$ 182.7</u>	<u>\$ (142.5)</u>	<u>\$ 40.2</u>
Allowance for losses % to par value		78.0%	
	December 31, 2008		
	Par Value	Allowance for Losses	Carrying Amount
Home mortgage loans	\$ 21.9	\$ (17.9)	\$ 4.0
Multifamily mortgage loans	165.7	(128.4)	37.3
Total acquired portfolio	<u>\$ 187.6</u>	<u>\$ (146.3)</u>	<u>\$ 41.3</u>
Allowance for losses % to par value		78.0%	

CONNECTICUT HOUSING FINANCE AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2010 and 2009 — (Continued)

Financial Analysis of the Authority (continued)

Mortgage loan earnings, including earnings on GNMA 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 may include an application fee, commitment fee, financing fee and sale of servicing fee. The following table summarizes the changes in operating income between December 31, 2010, 2009 and 2008. Please refer to the "Financial Highlights" section of this analysis for further explanation of these changes.

	(in millions)			% Change	
	2010	2009	2008	2010/2009	2009/2008
Operating Revenues:					
Interest on mortgage loans	\$ 188.7	\$ 180.6	\$ 175.4	4.5%	3.0%
Interest on investments	44.6	55.6	58.5	(19.8)	(5.0)
Fees and other income	6.1	7.2	10.9	(15.3)	(33.9)
Total operating revenues	<u>239.4</u>	<u>243.4</u>	<u>244.8</u>	(1.6)	(0.6)
Operating Expenses:					
Interest	177.7	188.3	179.6	(5.6)	4.8
Amortization of deferred financing costs	8.6	5.4	4.9	59.3	10.2
Servicer fees	8.4	8.7	8.8	(3.4)	(1.1)
Administrative	34.8	34.8	29.8	0.0	16.8
Provision for losses	7.3	1.7	3.3	329.4	(48.5)
Total operating expenses	<u>236.8</u>	<u>238.9</u>	<u>226.4</u>	(0.9)	5.5
Operating income	<u>2.6</u>	<u>4.5</u>	<u>18.4</u>	(42.2)	(75.5)
Nonoperating Revenues Expenses:					
Net increase (decrease) in the fair value of investments	26.6	(3.6)	47.7	838.9	(107.5)
Other	(6.3)	(8.8)	6.6	28.4	(233.3)
Total nonoperating income (loss)	<u>20.3</u>	<u>(12.4)</u>	<u>54.3</u>	263.7	(122.8)
Change in net assets	<u>\$ 22.9</u>	<u>\$ (7.9)</u>	<u>\$ 72.7</u>	389.9	(110.9)

Change 2010/2009

- Total net assets increased \$22.9 million (or 2.6%). Operating income was \$2.6 million, a decrease of \$1.9 million (or 42.2%) from the prior year.
 - The nonoperating income is attributable to
 - the \$26.6 million increase in the market value of the Authority's investment portfolio, specifically the Authority's GNMA Program Assets discussed in Notes 3 and 4 of the financial statements.
 - the net \$6.3 decrease related to state and federal program funding and expense activity more fully described in Note 13 of the financial statements.
- Operating revenues decreased \$4.0 million (or 1.6%).
 - This decrease is attributable to the decrease in interest on investments related to the Authority's short term investments which is partially offset by the increase in interest on mortgage loans as a result of the growth in the mortgage loan portfolio.
- Operating expenses decreased \$2.1 million (or 0.9%).
 - This decrease is attributable to the decrease in bond interest expense as a result of the economic refunding of a substantial portion of the Authority's bond debt during 2010 which offsets all increases in other operating expense categories. See Note 7 *Refunding Bonds* of the financial statements.

**CONNECTICUT HOUSING FINANCE AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2010 and 2009 — (Continued)**

Financial Analysis of the Authority (continued)

Change 2009/2008

- Total net assets decreased \$7.9 million (or 0.9%). Operating income was \$4.5 million, a decrease of \$13.9 million (or 75.5%) from the prior year.
- The nonoperating loss is attributable to
 - the net loss of \$14.4 million on real estate owned/other real estate owned. During 2009, the Authority, through its component units, sold 5 of its real estate owned properties and recorded a gain on these sales of \$12.1 million. \$9.9 million of this gain is attributable to the Newbury Commons property located in Stamford, Connecticut. Also in 2009, the Authority obtained an appraisal on the Trumbull on the Park property located in Hartford, Connecticut. A component unit of the Authority, Trumbull Centre – CHFA, Inc., holds a 94.74% interest in this property through a limited liability company known as Trumbull on the Park LLC. Through Trumbull Center – CHFA Inc., the Authority's initial capital contribution and subsequent financing totaled \$16.1 million. The carrying value of this property prior to the appraisal was \$38.3 million and the appraisal, which was based on the income approach to value, was \$11 million. The Authority's component unit, Trumbull Centre – CHFA, Inc., recorded its share of this loss in value of \$25.8 million. In addition, the Authority, through CHFA Small Properties, Inc., entered into a purchase and sale agreement for \$0.1 million for 2 of its real estate owned properties with a carrying value of \$0.8 million. Accordingly, the Authority, through CHFA Small Properties, Inc., recorded this loss of \$0.7 million.
 - the \$3.6 million decrease in the market value of the Authority's investment portfolio, specifically the Authority's GNMA Program Assets (see Notes 3 and 4 of the financial statements).
 - the net \$5.6 increase in state and federal funding activity more fully described in Note 13 of the financial statements.
- Operating revenues decreased \$1.4 million (or 0.6%).
 - This decrease is attributable to the increase in interest on mortgage loans as a result of the growth in the mortgage loan portfolio which partially offsets the decrease in interest on investments related to the Authority's short term investments and the decrease in fees and other income attributable to the sale of real estate owned properties.
- Operating expenses increased \$12.5 million (or 5.5%).
 - This increase is largely attributable to the increase in bond interest expense as a result of the increase in the Authority's outstanding bonds and the increase in administrative expenses, in particular, the increase in liquidity fees on the Authority's variable rate demand bonds as a result of the general disruptions in the credit markets since the latter part of 2008. See "Financial Highlights – Year Ended December 31, 2009" of this analysis and Note 7 of the financial statements.

Debt Administration

The following table summarizes the changes in bonds payable between December 31, 2010, 2009 and 2008. More detailed information related to the Authority's outstanding bond debt obligations is presented in Note 7 of the financial statements.

	(in millions)			% Change	
	2010	2009	2008	2010/2009	2009/2008
Bonds payable	\$ 4,135.0	\$ 4,186.3	\$ 3,870.0	(1.2)%	8.2%

New Business – Year Ended December 31, 2010

During calendar year 2010, the Authority issued seven series of Housing Mortgage Finance Program Bonds totaling \$569.9 million, four series of conduit debt obligations totaling \$62.2 million, three series of special obligation bonds totaling \$94.8 and one series of Housing Mortgage Finance Program Bonds (Single Family) Other Bonds (the "Other Bonds") totaling \$6.0 million to provide financing for its home mortgage, multifamily mortgage and special needs housing programs. One series of special obligation bonds and the Other Bonds were issued in connection with the Federal New Issue Bond Program described in Note 7 of the financial statements. Under various programs, the Authority has also made funds available from net assets. During 2010, the Authority sold two of its multifamily real estate owned properties (see Note 5 of the financial statements).

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
BALANCE SHEETS
(in 000's)

	December 31,	
	2010	2009
Assets		
Restricted Current Assets		
Cash and cash equivalents	\$ 2,409	\$ 998
Mortgage loans receivable	109,902	119,680
Investments in securities	794,398	665,469
Accrued interest receivable on:		
Mortgage loans	23,034	19,736
Securities	3,587	4,071
Accounts receivable and other assets	23,956	23,199
Accounts receivable - Federal New Issue Bond Program	-	219,031
Real estate owned – multifamily	-	100
Total current assets	957,286	1,052,284
Restricted Noncurrent Assets		
Mortgage loans receivable, net of current portion	3,443,016	3,254,002
Investments in securities, net of current portion	863,836	952,027
Accounts receivable and other assets	491	2,121
Capital assets, net of depreciation	3,680	3,234
Real estate owned – single family	16,350	7,037
Real estate owned – multifamily	5,630	5,658
Other real estate owned	12,371	12,483
Deferred financing costs	26,443	27,250
Deferred outflows of resources	153,434	119,925
Total noncurrent assets	4,525,251	4,383,737
Total assets	\$ 5,482,537	\$ 5,436,021
Liabilities and Net Assets		
Current Liabilities		
Escrow deposits	\$ 89,533	\$ 54,437
Accrued interest payable	21,283	22,617
Accounts payable and accrued liabilities	8,483	11,265
Minority interests – other real estate owned	4,471	4,543
Loan payable – other real estate owned	22,660	22,828
Bonds payable	194,397	102,516
Total current liabilities	340,827	218,206
Noncurrent Liabilities		
Escrow deposits, net of current portion	143,808	133,123
Bonds payable, net of current portion	3,940,572	4,083,784
Derivative instruments - interest rate swaps	153,434	119,925
Total noncurrent liabilities	4,237,814	4,336,832
Total liabilities	4,578,641	4,555,038
Net Assets		
Invested in capital assets, net of related debt	3,680	3,234
Restricted by bond indentures and/or enabling legislation	936,984	915,908
Unrestricted	(36,768)	(38,159)
Total net assets	903,896	880,983
Total liabilities and net assets	\$ 5,482,537	\$ 5,436,021

The accompanying notes are an integral part of the financial statements

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

	Year Ended December 31,	
	2010	2009
Operating Revenues		
Interest on mortgage loans	\$ 188,669	\$ 180,589
Interest on investments	44,624	55,566
Fees and other income	6,079	7,242
Total operating revenues	239,372	243,397
Operating Expenses		
Interest	177,735	188,307
Amortization of deferred financing costs	8,565	5,351
Servicer fees	8,429	8,736
Administrative	34,816	34,769
Provision for losses	7,289	1,728
Total operating expenses	236,834	238,891
Operating income	2,538	4,506
Nonoperating Revenues (Expenses)		
Net increase (decrease) in the fair value of investments	26,650	(3,650)
Loss on real estate owned/other real estate owned	-	(14,441)
State and federal program funding	67,019	18,630
State and federal program expenses	(73,294)	(12,953)
Nonoperating income (loss)	20,375	(12,414)
Change in net assets	22,913	(7,908)
Net assets, beginning of year	880,983	888,891
Net assets, end of year	\$ 903,896	\$ 880,983

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,	
	2010	2009
Cash Flows from Operating Activities		
Cash received from interest on mortgage loans	\$ 185,372	\$ 178,377
Cash received from scheduled mortgage principal payments	91,435	92,411
Cash received from mortgage principal prepayments	158,269	169,724
Cash received from fees and other income	4,832	6,065
Cash payments to purchase mortgage loans	(517,460)	(419,757)
Cash payments to employees	(17,482)	(16,778)
Cash payments to suppliers	(23,358)	(25,464)
Net cash used in operating activities	(118,392)	(15,422)
Cash Flows from Non-Capital Financing Activities		
Increase in escrow deposits	45,781	20,113
Retirement of bonds payable	(825,309)	(332,388)
Proceeds from sales of bonds	991,315	432,324
Interest paid	(177,375)	(190,874)
Bond issuance costs	(7,696)	(5,529)
Capital Reserve Funds transfers	150,845	-
Proceeds from the gain on sale of real estate owned	-	12,105
Proceeds from state and federal program funding	67,019	18,630
State and federal program costs	(4,342)	(2,585)
Net cash provided by (used in) non-capital financing activities	240,238	(48,204)
Cash Flows from Capital and Related Financing Activities		
Building improvements	(610)	(207)
Net cash used in capital and related financing activities	(610)	(207)
Cash Flows from Investing Activities		
Proceeds from sales of and maturities of investment securities	23,627	426,379
Purchase of investment securities	(188,599)	(419,032)
Interest received on investments	45,147	56,704
Net cash provided by (used in) investing activities	(119,825)	64,051
Increase in cash and cash equivalents	1,411	218
Cash and cash equivalents, beginning of year	998	780
Cash and cash equivalents, end of year	\$ 2,409	\$ 998
Reconciliation of operating income to net cash used in operating activities		
Operating income	\$ 2,538	\$ 4,506
Adjustments to reconcile to net cash used in operating activities:		
Amortization of deferred financing costs	8,565	5,351
Depreciation	164	146
Provision for losses	7,289	1,728
Interest on investments	(44,624)	(55,566)
Interest expense	177,735	188,307
Change in assets and liabilities:		
Increase in accrued interest on mortgage loans	(3,298)	(2,212)
Decrease in accounts receivable and other assets	873	1,619
Increase (decrease) in accounts payable and other accrued liabilities	122	(1,679)
Increase in mortgage loan and other receivables, net	(267,756)	(157,622)
Net cash used in operating activities	\$ (118,392)	\$ (15,422)

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

Measurement Focus and Basis of Accounting

The Authority is a self-supported entity and follows enterprise fund reporting; accordingly the accompanying financial statements are presented using the economic resources measurement focus and accrual basis of accounting. 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. Proprietary funds are used to account for governmental activities that are similar to those found in the private sector where the determination of net income is necessary or useful to sound financial administration. Accounting principles generally accepted in the United States of America (“GAAP”) used for proprietary funds are similar to those applicable to businesses in the private sector. They are reported using the economic resources of measurement focus and the accrual basis of accounting. Revenues are recognized when earned, and expenses are recognized when the liability is incurred, regardless of the timing of related cash flows. GAAP applicable to state and local governmental entities is promulgated by the Governmental Accounting Standards Board (“GASB”). The Authority is following Paragraph No. 6 of GASB Statement No. 20 which states that proprietary funds should follow all GASB pronouncements as well as pronouncements, issued on or before November 30, 1989, of the Financial Accounting Standards Board (“FASB”), Accounting Principles Board (“APB”) and the Committee on Accounting Procedure (“ARB”) unless those pronouncements conflict with GASB pronouncements.

Reporting Entity

Connecticut Housing Finance Authority Funds

Under the Act and the 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.

Also included in other funds are the:

- (a) Special Needs Housing Fund, Special Needs Housing Capital Reserve Fund, the State Assistance Agreement Fund, the EMAP State Assistance Agreement Fund, 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) Single Family Special Obligation Bond and Other Bond Funds which the Authority is authorized to maintain under the Act, the Single Family Special Obligation Bond Resolution (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 “Other Bond Resolution”) of November 19, 2009, and
- (c) Multifamily Special Obligation Bond Funds which the Authority is authorized to maintain under the Act and the Multifamily Special Obligation Bond Resolution (the “MFSOB Resolution”) of November 19, 2009.

CONNECTICUT HOUSING FINANCE AUTHORITY NOTES TO FINANCIAL STATEMENTS — CONTINUED

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 14. 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 removed. 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").

Real Estate Owned - Multifamily

CHFA – Small Properties, Inc., CPS Properties Inc., Diamond Court – CHFA, Inc., Henry Place – CHFA, Inc., Newbury Commons – CHFA, Inc., and St. Mary's Residence – CHFA, Inc., were established as tax exempt organizations and subsidiaries of the Authority. These organizations operate pursuant to Section 8-244(c)(1) of the Connecticut General Statutes and were created to provide distinct accountability for real estate awaiting sale. During 2009, the properties held under Diamond Court – CHFA, Inc., Henry Place – CHFA, Inc., Newbury Commons – CHFA, Inc. and St. Mary's Residence – CHFA, Inc. were sold and the subsidiaries were subsequently dissolved. In addition during 2009, one property was sold and one property was acquired through foreclosure under CHFA – Small Properties, Inc. During 2010, two properties held under CHFA – Small Properties, Inc. were sold.

Other Real Estate Owned

Trumbull Centre – CHFA, Inc., is also a tax exempt subsidiary of the Authority operating pursuant to Section 8-244(c)(1) of the Connecticut General Statutes. It was created to acquire a ninety percent interest in a Hartford, Connecticut, real estate development project known as Trumbull on the Park. Trumbull Centre – CHFA, Inc., also acquired a ninety percent interest in real estate located at 111 Pearl Street, Hartford, Connecticut, an adjacent property to the Trumbull on the Park development. On January 30, 2008, one of the limited partners withdrew and its interest was proportionately reallocated between the remaining limited partners. Trumbull Centre – CHFA, Inc., now holds a 94.74% interest in both Trumbull on the Park and 111 Pearl Street.

Information regarding the above component units is available at the following address:

Connecticut Housing Finance Authority
Finance Department
999 West Street
Rocky Hill, CT 06067

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 credited to income is reversed and subsequently recognized as income only when received.

Allowance for Losses

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 — CONTINUED

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

Capital Assets

Land and building acquisitions and subsequent improvements exceeding \$1,000 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 of the building of 32 years.

Compensated Absences

Full-time employees accrue vacation or annual leave at the rate of ten 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 Authority records an expense for all accumulated leave that the Authority would be required to pay if all employees terminated their employment.

Deferred Financing Costs, Bond Discount and other Bond Related Costs

Issuance costs on bonds are deferred and amortized, on a level yield basis, over the term of the related issue. Discount and premium on bonds are deferred and amortized as a component of interest expense using a method approximating the effective interest method. Differences between the reacquisition price and the net carrying amount of refunded debt resulting in defeasance are deferred and amortized as a component of interest expense over the shorter of the remaining life of the old or the new debt.

Real Estate Owned

Real estate acquired in satisfaction of a loan and in-substance foreclosures are reported separately in real estate owned. In-substance foreclosures are properties in which the borrower has little or no equity in the collateral, where repayment of the loan is expected only from the operation or sale of the collateral, and the borrower either effectively abandons control of the property or the borrower has retained control of the property, but his ability to rebuild equity based on current financial conditions is considered doubtful. Properties acquired by foreclosure or deed in lieu of foreclosure and properties classified as in-substance foreclosures are transferred to real estate owned and recorded at the lower of cost or fair market value. An allowance for losses on real estate owned is maintained for subsequent valuation adjustments on a specific property basis.

Derivative Financial Instruments

The Authority adopted GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments* effective January 1, 2010. The statement changes the accounting and reporting for derivative financial instruments by requiring that the fair value of such instruments be recognized on the statement of net assets whereas previously such amounts were disclosed only. The accounting for changes in the value of derivative instruments depends on whether the instruments are considered to be effective hedges.

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 deferred outflows on the statement of net assets.

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 7. No gains or losses will result under the agreements unless an agreement is terminated prior to maturity or the counterparty defaults.

CONNECTICUT HOUSING FINANCE AUTHORITY NOTES TO FINANCIAL STATEMENTS — CONTINUED

Net Assets

Net assets are classified in the following three categories:

Invested in Capital Assets, Net of Related Debt – This component of net assets consists of capital assets, net of accumulated depreciation. There is no outstanding debt related to the Authority's capital assets.

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

Deficit in Unrestricted Net Assets – This relates to net assets that do not meet the definition of “invested in capital assets, net of related debt” or “restricted” as discussed above.

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 investment income, including investment income on GNMA Program Assets more fully described in Note 3. The Authority also recognizes revenues from rental operations and 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.

Grants

Grants received from 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.

Reclassifications

Certain 2009 comparative amounts have been reclassified to conform to 2010 financial statement presentation.

Note 3—Cash and Cash Equivalents and Investments in Securities

(a) Deposits (in 000's)

At December 31, 2010 and 2009, the carrying amount reported as cash and cash equivalents on the balance sheets of the Authority represents deposits (including checking accounts and escrow accounts) of \$2,409 (including \$4 held under the Special Needs Housing Renewal and Replacement Funds) and \$998, respectively. This entire amount is on deposit in independent financial institutions with a financial institution balance of \$2,909 and \$1,498 at December 31, 2010 and 2009, respectively. Included in the carrying amount reported as cash and cash equivalents, \$392 and \$389, respectively, are deposits held in escrow by the Authority at December 31, 2010 and 2009.

Custodial Credit Risk – Of the \$2,909 and \$1,498 financial institution balance at December 31, 2010 and 2009, \$553 and \$512, respectively, was uninsured and collateralized with securities held by the financial institution, but not in the Authority's name.

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

(b) Investments in Securities (in 000's)

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. GNMA Program Assets are carried at fair value. 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 assets held in the Investment Trust Fund to the Housing Mortgage General Fund.

At December 31, 2010, the Authority held the following investments with the listed maturities bearing interest at annual rates ranging from 0.01% to 8.38% (which includes escrows with a carrying amount of \$232,949). 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 7. 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 Standard & Poor's rating listed first (if available), the Moody's Investors Service second (if available) and the Fitch Rating last (if available).

	Investment Maturities (in Years)				
	Carrying Amount	Less Than 1	1 - 5	6 - 10	More Than 10
CMO-rated BBB	\$ 1,120	\$ -	\$ -	\$ -	\$ 1,120
Corporate Finance Bonds-rated BBB- /Baa3/BBB-	5,411	-	5,411	-	-
Federal NIBP Money Market Funds					
First American-rated AAAM	29,874	29,874	-	-	-
Fidelity-rated AAAM	29,874	29,874	-	-	-
Goldman-rated AAAM	29,874	29,874	-	-	-
Blackrock-rated AAAM	29,874	29,874	-	-	-
Federated Funds	736	736	-	-	-
Fidelity Funds	10,680	10,680	-	-	-
Fidelity Tax Exempt Fund-not rated	5,272	5,272	-	-	-
GNMA Program Assets	847,996	-	-	-	847,996
Guaranteed Investment Contracts-rated AA+/Aa2/AA-	15	15	-	-	-
MBS's	1,986	-	293	-	1,693
Municipal Bonds	6,000	-	-	-	6,000
STIF-rated AAAM	658,200	658,200	-	-	-
Structured Securities-rated D/C/D	519	-	-	-	519
U.S. Government Agency Securities	803	-	-	-	803
Total investments held by all funds and component units	\$ 1,658,234	\$ 794,399	\$ 5,704	\$ -	\$ 858,131
Restricted Current Assets					
Capital Reserve Funds	\$ 53,865				
Renewal and Replacement Fund	4,548				
All other funds and component units	735,985				
Total Restricted Current Assets	794,398				
Restricted Noncurrent Assets					
Capital Reserve Funds	726,988				
All other funds and component units	136,848				
Total Restricted Noncurrent Assets	863,836				
Total investments held by all funds and component units	\$ 1,658,234				

CONNECTICUT HOUSING FINANCE AUTHORITY NOTES TO FINANCIAL STATEMENTS — CONTINUED

Interest Rate Risk – Exposure to declines in fair value is substantially limited to the Authority’s investment in GNMA 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.

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 Federated and Fidelity 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, 2010 and 2009, one Structured Security with a carrying amount of \$519 and \$685, respectively, was below Investment Grade rating standards. Corporate Finance Bonds and Guaranteed Investment Contracts meet Investment Grade rating standards. The Fidelity Tax Exempt Fund is subject to Rule 2a-7 of the Investment Company Act of 1940.

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, 2010 and 2009, 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 Program Assets - Carrying Amount - \$847,996 or 51% in 2010 and \$936,829 or 58% in 2009), and other pooled investments (STIF - Carrying Amount - \$658,200 or 40% in 2010 and \$646,828 or 40% in 2009).

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 (Carrying Amount – \$880,523 in 2010 and \$970,554 in 2009) with the exception of the Berkshire Hathaway Guaranteed Investment Contract which is an Investment Grade unsecured senior debt obligation of Berkshire Hathaway Inc. (Carrying Amount – \$15 in 2010 and \$114 in 2009-rated AA+/Aa2/AA- in 2010 and AAA/Aa2/AA+ in 2009) the State of Connecticut Short Term Investment Fund (“STIF”) (Carrying Amount – \$658,200 in 2010 and \$646,828 in 2009-rated AAAM in 2010 and 2009) which is a participation certificate for the investment pool administered by the State Treasurer and the Federal NIBP Money Market Funds (collective Carrying Amount - \$119,496 in 2010-rated AAAM in 2010 and 2009). The underlying value of the investment in the STIF’s pool is the same as the value of the pool’s shares. Regulatory oversight for the STIF is provided by an investment advisory council and the Treasurer’s Cash Management Board. The Federal NIBP Money Market Funds are held in the name of U. S. Bank National Association or its nominee as agent (“Agent”), pursuant to a global escrow agreement between the Agent, FNMA, FHLMC and the trustees for each state and local housing finance agency participating in the Federal NIBP which is more fully described in Note 7.

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 (\$292,254 at December 31, 2010 and \$287,596 at December 31, 2009) 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 (\$292,254 at December 31, 2010 and \$296,519 at December 31, 2009) 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, variable rate unswapped interest on bonds is assumed to be remarketed to long-term rates of interest at the then current market rate, variable rate swapped interest on bonds is included at the fixed rate on the swap on each calculation date and retirement of principal on convertible option bonds with mandatory tender dates is assumed in accordance with the sinking fund schedule of its respective bond series resolution.

CONNECTICUT HOUSING FINANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS — CONTINUED

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 (\$4,260 at December 31, 2010 and \$4,004 at December 31, 2009) 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 (\$4,596 at December 31, 2010 and \$4,009 at December 31, 2009) 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,					
	2010			2009		
	Bond Resolution	Special Needs Indenture	Total	Bond Resolution	Special Needs Indenture	Total
Investments in securities	\$ 775,339	\$ 5,514	\$ 780,853	\$ 904,186	\$ 4,663	\$ 908,849
Accrued interest receivable	2,762	9	2,771	3,172	10	3,182
Total Capital Reserve Funds	\$ 778,101	\$ 5,523	\$ 783,624	\$ 907,358	\$ 4,673	\$ 912,031
Restricted Current Assets						
Investments in securities	\$ 49,798	\$ 4,067	\$ 53,865	\$ 108,494	\$ 2,717	\$ 111,211
Accrued interest receivable	2,762	9	2,771	3,172	10	3,182
Total Restricted Current Assets	52,560	4,076	56,636	111,666	2,727	114,393
Restricted Noncurrent Assets						
Investments in securities	725,541	1,447	726,988	795,692	1,946	797,638
Total Restricted Noncurrent Assets	725,541	1,447	726,988	795,692	1,946	797,638
Total Capital Reserve Funds	\$ 778,101	\$ 5,523	\$ 783,624	\$ 907,358	\$ 4,673	\$ 912,031

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, 2010 and 2009, the carrying amount of restricted funds of the Special Needs Housing Renewal and Replacement Funds consisted of the following (in 000's):

	December 31,	
	2010	2009
Cash and cash equivalents	\$ 4	\$ -
Investments in securities	4,548	2,995
Accrued interest receivable	1	-
Total Special Needs Housing Renewal and Replacement Funds	\$ 4,553	\$ 2,995

CONNECTICUT HOUSING FINANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS — CONTINUED

Note 4—Mortgage Loans Receivable

The Authority grants single family and multifamily loans to borrowers located in Connecticut. All such loans are collateralized by real estate located in Connecticut. The majority of the Authority's loan portfolio is comprised of residential mortgages.

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

	December 31,	
	2010	2009
Home mortgage loans		
Insured by the Federal Housing Administration or guaranteed by the Veterans Administration	\$ 1,934,619	\$ 1,804,440
Insured by private mortgage insurance companies	256,991	273,003
Uninsured reverse annuity mortgage loans	6,921	7,610
Uninsured, State of Connecticut supported EMAP loans	5,876	1,679
Uninsured, not guaranteed	528,423	545,789
Total home mortgage loans	2,732,830	2,632,521
Multifamily mortgage loans		
Completed developments:		
Insured by the Federal Housing Administration or guaranteed by private insurer	61,473	64,037
Partially insured by the Federal Housing Administration	17,111	17,645
Uninsured, federally subsidized	91,584	106,261
Uninsured, State of Connecticut subsidized special needs housing mortgage loans	61,181	50,388
Uninsured, unsubsidized, not guaranteed	688,095	642,081
Total completed developments	919,444	880,412
Construction mortgage loans:		
Uninsured, unsubsidized	200,860	84,903
Total construction mortgage loans	200,860	84,903
Total multifamily mortgage loans	1,120,304	965,315
Less allowance for losses	(300,216)	(224,154)
Total investments in mortgage loans	\$ 3,552,918	\$ 3,373,682
Restricted current assets	\$ 109,902	\$ 119,680
Restricted noncurrent assets	3,443,016	3,254,002
Total mortgage loans receivable	\$ 3,552,918	\$ 3,373,682

The Federal Housing Administration ("FHA") home mortgage program insures the repayment of the unpaid principal amount of the mortgages. The insurance proceeds are usually paid in cash, but, under certain programs, payments may be in the form of twenty-year debentures which may have an interest rate less than that of the insured mortgage. The Veterans Administration ("VA") mortgage program guarantees from 25% to 50% of the original principal amount of the mortgage up to a maximum guaranty amount of \$36,000 for loans up to \$144,000. For certain loans in excess of \$144,000, the maximum is equal to 25% of the Freddie Mac conforming loan limit determined under section 305(a)(2) of the Federal Home Loan Mortgage Corporation Act for a single family residence, as adjusted for the year involved. For guarantees issued prior to February 1, 1988, the VA guarantees the lesser of up to 60% of the original principal amount of the mortgage or \$27,500 (\$25,000 in the case of guarantees issued prior to October 1, 1980, \$17,500 prior to October 1, 1978 and \$12,500 prior to December 31, 1974).

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.

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

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 mentally retarded persons ("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. 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.

Permanent loans earn interest at rates ranging from 0% to 13.5% and have initial terms of 2 to 50 years at December 31, 2010 and 2009.

Construction loans earn interest at rates ranging from 0% to 6.75% at December 31, 2010 and at rates ranging from 0% to 6.50% at December 31, 2009. Upon completion of each development, the related permanent mortgage loan will generally be provided by the Authority and will generally be payable over 30 to 50 years at December 31, 2010 and 30 to 40 years at December 31, 2009 with interest rates ranging from 0% to 6.25% at December 31, 2010 and 0% to 6.50% at December 31, 2009.

Nonperforming loans were 1.62% of total assets at December 31, 2010 compared to 1.34% of total assets at December 31, 2009. Information with respect to nonperforming loans is as follows (in 000's):

	December 31,	
	2010	2009
Nonaccrual single family loans	\$ 49,219	\$ 44,183
Nonaccrual multifamily loans	39,526	28,845
Total	\$ 88,745	\$ 73,028

Interest income that would have been recorded in the years ended December 31, 2010 and 2009, on nonaccrual loans under the original terms was approximately \$4,503,000 and \$3,896,000, respectively.

At December 31, 2010 and 2009, the multifamily loan portfolio included 30 and 21 restructured loans with an aggregate outstanding principal balance of \$76,473,000 and \$60,816,000, respectively. The gross interest income that would have been recorded in 2010 and 2009 if these loans had been current in accordance with the original terms was \$4,034,000 and \$3,671,000, respectively. The interest received on these loans in 2010 and 2009 was \$3,964,000 and \$3,686,000, respectively.

Note 5—Real Estate Owned and Other Real Estate Owned

Real Estate Owned (in 000's)

	December 31,					
	2010			2009		
	Single Family	Multifamily	Total	Single Family	Multifamily	Total
Real estate owned	\$ 18,048	\$ 6,930	\$ 24,978	\$ 7,413	\$ 7,588	\$ 15,001
Allowance for losses	(1,698)	(1,300)	(2,998)	(376)	(1,830)	(2,206)
Real estate owned - carrying amount	\$ 16,350	\$ 5,630	\$ 21,980	\$ 7,037	\$ 5,758	\$ 12,795

With respect to real estate owned – single family, since 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.

CONNECTICUT HOUSING FINANCE AUTHORITY NOTES TO FINANCIAL STATEMENTS — CONTINUED

With respect to real estate owned – multifamily, the Authority is holding such assets for subsequent sale in a manner that will allow maximization of value. As of December 31, 2010 and 2009, 5 and 7 properties, respectively, were classified as real estate owned – multifamily, including one in-substance foreclosure. During 2009, the Authority sold 5 properties recognizing a gain of \$12,105,000, and acquired one property through foreclosure. In February 2010, the Authority, through CHFA Small Properties, Inc., entered into a purchase and sale agreement for 2 of the remaining properties for \$100,000. The carrying value of these properties was \$820,000 prior to execution of the agreement. Accordingly, in 2009, the Authority, through CHFA Small Properties, Inc., recorded an impairment loss of \$720,000 and the carrying value of \$100,000 was classified as a current asset. The sale closings for these two properties took place in March 2010.

Other Real Estate Owned

During 2003, the Authority's component unit, Trumbull Centre – CHFA, Inc., acquired a ninety percent interest in a Hartford, Connecticut, real estate development project known as Trumbull on the Park. Trumbull Centre – CHFA, Inc., also acquired a ninety percent interest in property adjacent to the Trumbull project, known as 111 Pearl Street. On January 30, 2008, one of the limited partners withdrew and its interest was proportionately reallocated between the remaining limited partners. Trumbull Centre – CHFA, Inc., now holds a 94.74% interest in both Trumbull on the Park and 111 Pearl Street. As of December 31, 2010 and 2009, assets were \$11,632,000 and \$11,664,000, respectively, on the Trumbull project and \$845,000 and \$835,000, respectively, on the Pearl Street property. Minority interests in Trumbull on the Park and 111 Pearl Street were \$4,526,000 and (\$55,000), respectively, at December 31, 2010 and \$4,590,000 and (\$47,000), respectively, at December 31, 2009. The Trumbull project is financed by a \$23,204,000 HUD-insured mortgage and capital contributions. This mortgage has an interest rate of 6.50%, a 40-year repayment term and an outstanding balance at December 31, 2010 and 2009 of \$22,660,000 and \$22,828,000, respectively. The Authority, through Trumbull Centre – CHFA, Inc., also provided financing to the Trumbull project with loans in the aggregate original amount of \$8,347,000 at December 31, 2010 and \$7,320,000 at 2009, and approved additional financing of \$751,000 in December 2010. Interest accrues on these aggregate loans at 6.50% with payment of principal and interest deferred until maturity which originally was December 31, 2008 subsequently amended in February 2009 to December 31, 2011. The aggregate outstanding balance at December 31, 2010 was \$8,347,000 and 2009, was \$7,320,000. Financing was provided by the Authority to the Pearl Street property in the aggregate original amount of \$1,320,000 as of December 31, 2008, and by capital contributions. Interest accrues on the Authority's financing at 5.50%, with payment of principal and interest deferred until sale, assignment, transfer, refinancing or maturity which was January 31, 2008, subsequently amended in 2008 to January 31, 2009. The amount and maturity date of these aggregate loans were amended again in February 2009 for a total aggregate loan amount of \$1,470,000 to mature on June 30, 2010. The maturity date was further amended in July 2010 extending the maturity date to June 30, 2013 and in December 2010 the Authority approved additional financing of \$119,000. The aggregate outstanding balance at December 31, 2010 and 2009, was \$1,470,000 and \$1,370,000, respectively. The Trumbull project is fully operational. Final closing of the HUD-insured construction loan to a permanent loan took place on January 30, 2008. In 2009, the Authority obtained an appraisal on the Trumbull on the Park property which was updated in March 2010. Both appraisals were based on the income approach to value. The updated appraised value was \$11,000,000. The carrying value of this property prior to the appraisal was \$38,260,000. The Authority's component unit, Trumbull Centre – CHFA, Inc., recorded its share of this impairment loss of \$25,826,000. The Authority has been working with the management company to revise the operating budget in anticipation of achieving cost savings without compromising the occupancy and maintenance of the property. A consultant has been engaged by the Authority to provide further analysis.

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

Note 6—Capital Assets

Capital asset activity for the years ended December 31, 2010 and 2009, is as follows (in 000's):

	<u>Balance, January 1, 2010</u>	<u>Additions/ (Deletions)</u>	<u>Balance, December 31, 2010</u>
Capital Assets:			
Land	\$ 851	\$ -	\$ 851
Building	2,851	-	2,851
Improvements	1,426	610	2,036
	<u>5,128</u>	<u>610</u>	<u>5,738</u>
Less accumulated depreciation	<u>(1,894)</u>	<u>(164)</u>	<u>(2,058)</u>
Capital Assets, net	<u>\$ 3,234</u>	<u>\$ 446</u>	<u>\$ 3,680</u>
	<u>Balance, January 1, 2009</u>	<u>Additions/ (Deletions)</u>	<u>Balance, December 31, 2009</u>
Capital Assets:			
Land	\$ 851	\$ -	\$ 851
Building	2,851	-	2,851
Improvements	1,219	207	1,426
	<u>4,921</u>	<u>207</u>	<u>5,128</u>
Less accumulated depreciation	<u>(1,748)</u>	<u>(146)</u>	<u>(1,894)</u>
Capital Assets, net	<u>\$ 3,173</u>	<u>\$ 61</u>	<u>\$ 3,234</u>

Note 7—Bonds Payable

The Act authorizes the Authority to issue its own bonds, bond anticipation notes 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.

The Authority has entered into liquidity agreements with various providers for all variable rate demand bonds, which assure that any bonds purchased by the liquidity provider can be refinanced on a long-term basis.

Bond Resolution

Housing Mortgage Finance Program Bonds issued under the Bond Resolution bear interest at rates ranging from 0.25% to 9.36% at December 31, 2010 and 0.20% to 9.36% at December 31, 2009, are subject to certain redemption provisions and mature in years through 2052 at December 31, 2010 and 2049 at December 31, 2009.

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 interest at rates ranging from 1.00% to 5.25% at December 31, 2010 and 3.30% to 6.13% at December 31, 2009, are subject to certain redemption provisions and mature in years through 2045 at December 31, 2010 and 2009.

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.

CONNECTICUT HOUSING FINANCE AUTHORITY NOTES TO FINANCIAL STATEMENTS — CONTINUED

SFSOB Resolution, MFSOB Resolution and 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 allows 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 may be issued to finance single family or multifamily mortgage loans. If issued to finance single family loans, the HFA bonds may not 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 are 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 (see Note 3 Federal NIBP Money Market Funds) are held in escrow pending the issuance by the Authority of additional taxable or tax-exempt bonds (the “NIBP Market Bonds”).

Bond 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 Other Bond Resolution 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 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 Resolution are general obligations of the Authority.

As of December 31, 2009, the NIBP Escrow Bonds did not bear interest until the settlement date of January 12, 2010. On and after January 12, 2010, they bear interest at variable rates and are subject to conversion in whole or in part to a fixed interest rate on up to six dates prior to and including December 31, 2011. The Single Family NIBP Escrow Bonds mature on December 1, 2041 and the Multifamily Special Obligation Bonds mature on December 1, 2051.

In October 2010, the Authority issued its first series of NIBP Market Bonds (\$66,670,000) and Other Bonds (\$6,000,000) and converted a portion of the single family NIBP Escrow Bonds (\$100,000,000) to a long-term fixed rate of interest. The resulting proceeds were released for purchase or participations in home mortgage loans.

Recent Market Events

Since the latter part of 2008, there have been general disruptions in the credit markets and downgrades of the credit quality of bond insurers and liquidity providers providing services to the Authority which are unrelated to the Authority or the Authority’s credit. This has impeded remarketings of a substantial amount of the Authority’s variable rate demand bonds. As of December 31, 2008, \$280,920,000 of outstanding variable rate demand bonds were held by two of the Authority’s liquidity providers, one of whom had its credit rating lowered. During the first quarter of 2009, the Authority purchased all unremarketed bonds held by these two liquidity providers to reduce its interest costs and held them as investments in the General Fund. As of December 31, 2009, all bonds purchased were refunded or remarketed and the one troubled liquidity provider had been replaced.

CONNECTICUT HOUSING FINANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS — CONTINUED

Changes in bonds payable for the year ended December 31, 2010 were as follows (in 000's):

Description of Original Long Term Issuance	Balance at 12/31/09	Issued	Retired	Balance at 12/31/10	Amount Due Within 1 Year
Housing Mortgage Finance Program Bonds					
1989 Series D, variable rate demand bonds \$52,000 due from November 15, 1993 to November 15, 2024	\$ 27,735	\$ -	\$ (1,045)	\$ 26,690	\$ 1,130
1990 Series C, variable rate demand bonds \$16,620 due from November 15, 1996 to November 15, 2022	6,345	-	(5,210)	1,135	60
1993 Series D, 7.125% (net interest cost 7.125%), \$10,000 due November 15, 2007	9,398	-	(211)	9,187	232
1996 Series C-1, 4.00%-6.30% (net interest cost 6.11%), \$17,015 due serially, annually, from November 15, 1997 to November 15, 2008; \$4,935 term bonds due November 15, 2010; \$25,350-2017	22,455	-	(22,455)	-	-
1997 Series D, 3.90%-6.88% (net interest cost 5.70%), \$16,875 due serially, semi-annually, from May 15, 1999 to May 15, 2011, \$8,500 term bonds due November 15, 2004; \$8,500-November 15, 2008; \$3,000-November 15, 2011; \$10,780-November 15, 2017; \$15,270-November 15, 2021; \$6,660-November 15, 2025; \$2,045-November 15, 2026; \$18,370-November 15, 2028	3,000	-	(3,000)	-	-
1998 Series A, 4.05%-5.50% (net interest cost 5.46%), \$765 due serially, annually, from November 15, 2000 to November 15, 2010, \$895 term bonds due November 15, 2018; \$5,090-2029	1,680	-	(1,680)	-	-
1998 Series B Subseries B-1 and B-2, 3.90%-5.40% (net interest cost 5.29%), \$17,510 due serially, semi-annually, from May 15, 1999 to November 15, 2012, \$13,660 term bonds due November 15, 2018; \$28,830-November 15, 2028; Subseries B-3, \$25,000 variable rate demand term bonds due November 15, 2018	23,005	-	(23,005)	-	-
1998 Series C, 4.15%-5.50% (net interest cost 5.49%), \$3,000 due serially, semi-annually, from May 15, 2001 to November 15, 2012, \$2,320 term bonds due November 15, 2018; \$6,760-November 15, 2029; \$5,775-November 15, 2035	15,770	-	(4,700)	11,070	-
1998 Series D, 3.80%-5.45% (net interest cost 5.66%), \$14,330 due serially, semi-annually, from May 15, 1999 to November 15, 2010, \$3,525 term bonds due November 15, 2018; \$17,145-May 15, 2024; \$10,000-November 15, 2028; Subseries D-3, \$20,000 variable rate demand term bonds due November 15, 2028; Subseries D-4, \$25,000 variable rate demand term bonds due November 15, 2025	32,790	-	(7,790)	25,000	-
1998 Series E, 3.70%-5.25% (net interest cost 5.28%), \$4,085 due serially, annually, from November 15, 1999 to November 15, 2011, \$14,655 term bonds due May 15, 2021; \$31,800-May 15, 2026; \$5,315-November 15, 2021; \$19,145-November 15, 2028	71,810	-	(71,810)	-	-
1998 Series G, 3.60%-5.92% (net interest cost 5.33%), \$17,235 due serially, semi-annually, from November 15, 1999 to November 15, 2012, \$1,080 term bonds due November 15, 2013; \$1,230-November 15, 2015; \$6,575-May 15, 2017; \$15,940-November 15, 2018; \$8,765-November 15, 2028; \$26,000-May 15, 2029	30,275	-	(30,275)	-	-
1998 Series H, 3.25%-5.34% (net interest cost 5.13%), \$25,935 due serially, semi-annually, from November 15, 1999 to November 15, 2011, \$12,330 term bonds due May 15, 2017; \$23,420-November 15, 2018; \$20,000-November 15, 2023; \$8,705-May 15, 2025; \$22,110-November 15, 2028	24,320	-	(24,320)	-	-
1998 Series I, 3.85%-5.35% (net interest cost 5.27%), \$2,825 due serially, annually, from November 15, 2001 to November 15, 2013, \$315 term bonds due November 15, 2020; \$690-November 15, 2030; \$1,140-November 15, 2040	2,275	-	(30)	2,245	35
1999 Series A, 3.30%-5.20% (net interest cost 5.14%), \$18,390 due serially, annually, from November 15, 2000 to May 15, 2012, \$11,860 term bonds due May 15, 2017; \$4,895-November 15, 2018; \$9,060-November 15, 2021; \$2,780-November 15, 2028; \$23,015-November 15, 2029; \$10,000-May 15, 2030; Subseries, A-3 \$40,000 variable rate demand term bonds due November 15, 2018	65,280	-	(25,280)	40,000	-

CONNECTICUT HOUSING FINANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS — CONTINUED

Description of Original Long Term Issuance	Balance at 12/31/09	Issued	Retired	Balance at 12/31/10	Amount Due Within 1 Year
Housing Mortgage Finance Program Bonds (continued)					
1999 Series B, 4.40%-6.10% (net interest cost 6.04%), \$475 due serially, annually, from November 15, 2002 to November 15, 2011, \$600 term bonds due May 15, 2019; \$4,425-November 15, 2031	\$ 5,140	-	\$ (5,140)	\$ -	\$ -
1999 Series D, 3.80%-6.20% (net interest cost 6.05%), \$3,955 due serially, annually, from November 15, 2000 to November 15, 2011; \$1,185 term bonds due November 15, 2017; \$10,270-November 15, 2032; \$3,000-November 15, 2041; \$7,060-May 15, 2042	22,550	-	(22,550)	-	-
1999 Series E, 4.20%-6.10% (net interest cost 5.94%), \$9,355 due serially, semi-annually, from May 15, 2001 to November 15, 2011, \$3,670 term bonds due May 15, 2019; \$25,970-November 15, 2027; \$1,205-November 15, 2028; \$9,800-November 15, 2030	24,545	-	(24,545)	-	-
2000 Series A, 4.40%-6.00% (net interest cost 5.98%), \$6,905 due serially, semi-annually, from November 15, 2001 to May 15, 2012, \$1,545 term bonds due November 15, 2014; \$1,665-May 15, 2017; \$2,030-May 15, 2020; \$2,805-November 15, 2022; \$5,050-November 15, 2028; \$10,000-May 15, 2031	9,835	-	(9,835)	-	-
2000 Series B, 4.35%-6.00% (net interest cost 5.68%), \$31,780 due serially, semi-annually, from May 15, 2002 to November 15, 2014, \$8,010 term bonds due May 15, 2019; \$13,805-November 15, 2021; \$3,040-November 15, 2028; \$40,865-May 15, 2031; \$2,500-November 15, 2031; Subseries B-3, \$25,000 variable rate demand term bonds due November 15, 2031	25,855	-	(2,325)	23,530	-
2001 Series A, 3.15%-5.475% (net interest cost 5.15%), \$30,395 due serially, semi-annually, from November 15, 2002 to November 15, 2015, \$26,550 term bonds due November 15, 2022; \$12,900-November 15, 2028; \$2,500-November 15, 2031; \$7,655-May 15, 2032; Subseries A-3, \$20,000 variable rate demand term bonds due May 15, 2032; Subseries A-4, \$25,000 variable rate demand term bonds due May 15, 2032	43,290	-	(3,745)	39,545	-
2001 Series B, 2.75%-5.82% (net interest cost 5.15%), \$42,550 due serially, semi-annually, from May 15, 2002 to November 15, 2015, \$3,495 term bonds due May 15, 2019; \$7,615-May 15, 2021; \$4,145-November 15, 2021; \$2,915-November 15, 2028; \$20,690-November 15, 2031; \$1,590-May 15, 2032; Subseries B-4, \$17,000 variable rate demand term bonds due May 15, 2032; Subseries B-6, \$25,000 variable rate demand term bonds due November 15, 2027	50,050	-	(8,280)	41,770	-
2001 Series C, 2.50%-5.45% (net interest cost 5.35%), \$3,245 due serially, annually, from November 15, 2003 to November 15, 2013, \$1,520 term bonds due November 15, 2022; \$3,595-November 15, 2033; \$6,910-November 15, 2043	13,380	-	(345)	13,035	360
2001 Series D, 2.50%-5.36% (net interest cost 4.88%), \$32,950 due serially, semi-annually, from November 15, 2003 to May 15, 2016, \$35,270 term bonds due November 15, 2022; \$1,230-November 15, 2023; \$1,640-November 15, 2028; \$38,910-May 15, 2033; Subseries D-3, \$40,000 variable rate demand term bonds due May 15, 2033; Subseries D-5, \$25,000 variable rate demand term bonds due November 15, 2027	79,600	-	(4,190)	75,410	3,040
2002 Series A, 2.45%-5.73% (net interest cost 5.30%), \$30,700 due serially, semi-annually, from November 15, 2003 to November 15, 2016, \$21,860 term bonds due November 15, 2022; \$3,000-May 15, 2028; \$24,440-November 15, 2028; Subseries A-3 \$20,000 variable rate demand term bonds due May 15, 2033; Subseries A-5, \$25,000 variable rate demand term bonds due May 15, 2033	15,525	-	(5,970)	9,555	-

CONNECTICUT HOUSING FINANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS — CONTINUED

Description of Original Long Term Issuance	Balance at 12/31/09	Issued	Retired	Balance at 12/31/10	Amount Due Within 1 Year
Housing Mortgage Finance Program Bonds (continued)					
2002 Series B, 1.75%-5.35% (net interest cost 4.57%), \$26,860 due serially, semi-annually, from November 15, 2003 to November 15, 2014, \$17,495 term bonds due November 15, 2023; \$5,000-May 15, 2026; \$1,105- November 15, 2028; \$8,000-November 15, 2032; \$11,540-May 15, 2033; Subseries B-3, \$55,000 variable rate demand term bonds due May 15, 2033	\$ 84,085	\$ -	\$ (3,010)	\$ 81,075	\$ 2,590
2002 Series D, (net interest cost 5.06%) Subseries D-1 and D-2, \$174,305 variable rate demand term bonds due November 15, 2023; Subseries D-3, \$48,565 variable rate demand term bonds due May 15, 2018	15,120	-	(15,120)	-	-
2002 Series E, 2.10%-5.85% (net interest cost 5.28%), \$1,615 due serially, annually, from November 15, 2005 to November 15, 2017, \$3,645 term bonds due November 15, 2022; \$3,940-November 15, 2033; \$8,095- May 15, 2045	8,525	-	(45)	8,480	60
2002 Series F, 1.70%-5.25% (net interest cost 4.48%), \$29,060 due serially, semi-annually, from November 15, 2003 to November 15, 2015, \$18,990 term bonds due November 15, 2021; \$9,925-May 15, 2033; \$7,425- November 15, 2033; Subseries F-2, \$40,000 variable rate demand term bonds due November 15, 2033	72,225	-	(29,070)	43,155	2,165
2003 Series B, 1.25%-5.05% (net interest cost 4.74%), \$37,810 due serially, semi-annually, from May 15, 2005 to November 15, 2007, \$27,070 term bonds due May 15, 2034	1,100	-	(1,100)	-	-
2003 Series C, 1.25%-5.80% (net interest cost 4.65%), \$125,040 due serially, semi-annually, from November 15, 2005 to May 15, 2014, \$3,490 term bonds due May 15, 2015; \$20,310-November 15, 2015; \$1,600-May 15, 2017; \$25,470-November 15, 2017; \$5,320-May 15, 2021; \$14,225-May 15, 2023; \$70,525-November 15, 2023; \$36,035-November 15, 2029; \$13,295-May 15, 2034	251,885	-	(21,940)	229,945	17,350
2003 Series D, 1.25%-4.85% (net interest cost 4.61%), \$22,915 due serially, semi-annually, from November 15, 2004 to November 15, 2013, \$9,335 term bonds due November 15, 2015; \$10,160-November 15, 2017; \$23,735-May 15, 2023; \$13,155-November 15, 2023	70,775	-	(1,690)	69,085	4,080
2003 Series E, 1.20%-5.20% (net interest cost 4.59%), \$28,285 due serially, semi-annually, from May 15, 2004 to November 15, 2014, \$8,055 term bonds due May 15, 2017; \$5,320-November 15, 2018; \$3,655-May 15, 2020; \$7,335-November 15, 2023; \$6,945-November 15, 2027; \$7,650-May 15, 2028; \$12,505-May 15, 2033; \$35,250- November 15, 2033; \$10,000 variable rate demand term bonds due November 15, 2027	88,035	-	(27,900)	60,135	2,505
2003 Series G, 1.55%-4.95% (net interest cost 4.20%), \$26,075 due serially, semi-annually from May 15, 2005 to November 15, 2014, \$6,930 term bonds due May 15, 2017; \$8,585-November 15, 2018; \$9,610-May 15, 2023; \$9,860-November 15, 2023; \$5,635-May 15, 2028; \$5,600-November 15, 2028; \$8,730- May 15, 2034; \$43,975-November 15, 2034	100,930	-	(6,275)	94,655	2,485
2004 Series A, 1.25%-5.30% (net interest cost 4.63%), \$39,130 due serially, semi-annually from May 15, 2005 to May 15, 2017, \$3,125 term bonds due November 15, 2024; \$8,060-November 15, 2028; \$2,360-November 15, 2029; \$9,475-May 15, 2034; \$9,475-November 15, 2034; \$3,375-November 15, 2035; \$15,000-November 15, 2035 fixed rate bonds, which convert to variable rate on May 15, 2014; Subseries A-4, \$15,000 variable rate demand term bonds due May 15, 2026; Subseries A-4 \$20,000 variable rate demand term bonds due November 15, 2035	87,850	-	(7,015)	80,835	3,385

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

Description of Original Long Term Issuance	Balance at 12/31/09	Issued	Retired	Balance at 12/31/10	Amount Due Within 1 Year
Housing Mortgage Finance Program Bonds (continued)					
2004 Series B, 1.55%-5.15% (net interest cost 4.47%), \$32,780 due serially, semi-annually from May 15, 2005 to May 15, 2017, \$2,945 term bonds due May 15, 2020; \$6,370-November 15, 2020; \$6,420-May 15, 2025; \$6,420-November 15, 2025; \$16,420-November 15, 2030; \$38,430-November 15, 2034; \$12,900 variable rate demand term bonds November 15, 2034	\$ 109,445	\$ -	\$ (34,390)	\$ 75,055	\$ 2,355
2004 Series C, 1.75%-4.75% (net interest cost 4.49%), \$1,790 due serially, annually from November 15, 2006 to November 15, 2016, \$525 term bonds due November 15, 2021	1,505	-	(195)	1,310	210
2004 Series D, 1.80%-4.85% (net interest cost 4.29%), \$31,250 due serially, semi-annually from November 15, 2005 to May 15, 2017, \$5,025 term bonds due November 15, 2020; \$4,000-May 15, 2025; \$4,860- November 15, 2025; \$24,750-November 15, 2027; \$6,630-May 15, 2028; \$8,000-May 15, 2030; \$8,330- November 15, 2030; \$18,905-May 15, 2038; \$13,250 variable rate demand term bonds due November 15, 2034	114,040	-	(3,490)	110,550	2,690
2005 Series A, 2.10%-4.75% (net interest cost 4.36%), \$27,145 due serially, semi-annually from November 15, 2005 to May 15, 2017, \$7,340 term bonds due November 15, 2020; \$13,530-November 15, 2025; \$18,180-November 15, 2030; \$795-November 15, 2034; \$23,010-November 15, 2035; \$15,000 variable rate demand term bonds May 15, 2035; \$20,000 variable rate demand term bonds November 15, 2035	81,605	-	(2,755)	78,850	2,495
2005 Series B, 2.90%-4.76% (net interest cost 4.39%), \$10,665 due serially, semi-annually from May 15, 2007 to November 15, 2017, \$68,385 term bonds due November 15, 2035; \$40,000 variable rate demand term bonds due November 15, 2035	76,890	-	(1,935)	74,955	570
2005 Series C, 5.16%-5.29% (net interest cost 5.14%), \$5,950 term bonds due November 15, 2027; \$15,780- November 15, 2035	21,245	-	(145)	21,100	160
2005 Series D, 1.50%-5.00% (net interest cost 4.37%), \$35,565 due serially, semi-annually from May 15, 2006 to November 15, 2015, \$3,000 term bonds due November 15, 2010; \$4,525-May 15, 2017; \$1,725-May 15, 2025; \$1,470-November 15, 2027; \$62,480-May 15, 2035; \$3,075-November 15, 2035; \$11,765-May 15, 2036; \$10,000-November 15, 2036; \$8,380 variable rate demand term bonds due May 15, 2028; \$13,915 variable rate demand term bonds due November 15, 2034; \$12,500 variable rate demand term bonds due November 15, 2035; \$3,870 variable rate demand term bonds due November 15, 2035	144,610	-	(11,710)	132,900	3,350
2005 Series E, 3.20%-5.25% (net interest cost 4.31%), \$12,965 due serially, semi-annually from November 15, 2006 to May 15, 2017, \$8,550 term bonds due May 15, 2025; \$4,595-November 15, 2025; \$10,140-November 15, 2035; \$4,180 variable rate demand term bonds due November 15, 2034; \$11,750 variable rate demand term bonds due November 15, 2035	36,385	-	(1,925)	34,460	1,235
2005 Series F variable rate demand bonds due November 15, 2035-\$36,435 converted to fixed rate October 4, 2006	36,435	-	-	36,435	-
2006 Series A, 3.30%-4.875% (net interest cost 4.16%), \$14,250 due serially, semi-annually from May 15, 2007 to November 15, 2016, \$13,500 term bonds due November 15, 2026; \$9,750-November 15, 2031; \$12,500-November 15, 2036; \$45,000 variable rate demand term bonds due May 15, 2036	46,220	-	(5,145)	41,075	1,370

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

Description of Original Long Term Issuance	Balance at 12/31/09	Issued	Retired	Balance at 12/31/10	Amount Due Within 1 Year
Housing Mortgage Finance Program Bonds (continued)					
2006 Series B, 3.85%-5.10% (net interest cost 4.71%), \$49,160 due serially, semi-annually from May 15, 2008 to May 15, 2017; \$53,670 term bonds due November 15, 2028; \$36,475-November 15, 2033; \$2,650-November 15, 2036; \$38,480-November 15, 2038; \$21,935 variable rate demand bonds due November 15, 2034; \$19,565-November 15, 2036; \$78,065-November 15, 2038	\$ 156,230	\$ -	\$ (4,605)	\$ 151,625	\$ 1,160
2006 Series C, 5.38% (net interest cost 5.38%), \$3,800 term bonds due November 15, 2035	3,800	-	-	3,800	-
2006 Series D, 3.40%-4.70% (net interest cost 4.55%), \$15,205 due serially, semi-annually from May 15, 2007 to November 15, 2019; \$17,700 term bonds due November 15, 2027; \$6,635-November 15, 2035	37,145	-	(1,855)	35,290	970
2006 Series E, 3.80%-4.95% (net interest cost 4.81%), \$9,350 due serially, semi-annually from May 15, 2007 to November 15, 2016; \$9,395 term bonds due November 15, 2025; \$5,700-November 15, 2029	21,365	-	(1,215)	20,150	1,000
2006 Series F, 3.80%-5.83% (net interest cost 4.79%), \$15,620 due serially, semi-annually from May 15, 2007 to November 15, 2016; \$6,055 due serially, annually from November 15, 2007 to November 15, 2016; \$5,715 term bonds due November 15, 2015; \$8,710-November 15, 2021; \$11,175-November 15, 2026; \$14,330-November 15, 2031; \$20,000-May 15, 2036; \$18,395-November 15, 2036; \$25,000 variable rate demand term bonds due November 15, 2029	92,710	-	(43,115)	49,595	2,490
2006 Series G, 3.55%-5.31% (net interest cost 4.69%), \$14,985 due serially, semi-annually from May 15, 2007 to May 15, 2017; \$1,915 due serially, annually from November 15, 2008 to November 15, 2015; \$26,855 term bonds due November 15, 2027; \$10,295-May 15, 2028; \$1,685-November 15, 2029; \$9,895-November 15, 2031; \$5,985-November 15, 2034; \$16,950-May 15, 2037	83,865	-	(3,155)	80,710	1,790
2007 Series A, 3.95%-5.37% (net interest cost 5.05%), \$17,730 due serially, semi-annually from May 15, 2008 to May 15, 2017; \$2,000 term bonds due November 15, 2010; \$9,510-November 15, 2022; \$13,785-November 15, 2027; \$5,305-November 15, 2034; \$30,030-May 15, 2034; \$46,640 variable rate demand bonds due November 15, 2033; \$25,000 convertible bonds due November 15, 2038-interest rate converts from fixed to variable on November 15, 2017	101,400	-	(27,800)	73,600	1,655
2007 Series B, 3.55%-5.15% (net interest cost 4.88%), \$10,040 due serially, semi-annually from November 15, 2008 to May 15, 2017; \$8,555 term bonds due November 15, 2025; \$535-November 15, 2028; \$9,665-November 15, 2033; \$1,485-November 15, 2034; \$11,725-May 15, 2038; \$54,280 variable rate demand bonds due November 15, 2038	41,455	-	(815)	40,640	525
2007 Series C, 4.10%-5.15% (net interest cost 4.92%), \$2,400 term bonds due November 15, 2037; \$900 term bonds due May 15, 2049	3,300	-	(2,405)	895	10
2008 Series A, 2.00%-5.75% (net interest cost 4.96%), \$102,410 due serially, semi-annually from May 15, 2009 to May 15, 2017; \$3,860 term bonds due November 15, 2022; \$3,930-November 15, 2027; \$8,780-November 15, 2034; \$4,970-November 15, 2038; \$20,000 variable rate demand term bonds due November 15, 2028; \$100,000 variable rate demand term bonds due November 15, 2038	232,375	-	(31,485)	200,890	11,175

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

Description of Original Long Term Issuance	Balance at 12/31/09	Issued	Retired	Balance at 12/31/10	Amount Due Within 1 Year
Housing Mortgage Finance Program Bonds (continued)					
2008 Series B, 2.00%-5.41% (net interest cost 5.11%), \$58,920 due serially, semi-annually from May 15, 2009 to November 15, 2018, \$23,645 term bonds due November 15, 2023; \$34,035-November 15, 2028; \$34,710-November 15, 2034; \$111,400 variable rate demand term bonds due November 15, 2038	\$ 255,405	\$ -	\$ (7,425)	\$ 247,980	\$ 8,025
2008 Series C, 2.875%-6.25% (net interest cost 5.57%), \$51,190 due serially, semi-annually from May 15, 2009 to November 15, 2018, \$15,000 term bonds due November 15, 2025	65,030	-	(49,690)	15,340	5,955
2008 Series D, 2.875%-6.625% (net interest cost 6.44%), \$1,020 due serially, semi-annually from November 15, 2009 to November 15, 2018, \$8,695 term bonds due May 15, 2018-subject to mandatory tender on November 15, 2011; \$1,960 term bonds due November 15, 2029; \$4,905-November 15, 2038	16,565	-	(85)	16,480	8,790
2008 Series E, \$180,000 variable rate demand term bonds due May 15, 2036	180,000	-	-	180,000	-
2008 Series F, 1.90%-6.02% (net interest cost 5.75%), \$28,115 due serially, semi-annually from May 15, 2009 to November 15, 2018, \$13,365 term bonds due November 15, 2023; \$16,790-November 15, 2028; \$17,785-November 15, 2033; \$30,235-November 15, 2038	104,425	-	(44,955)	59,470	2,305
2008 Series G, 3.40%-6.00% (net interest cost 5.87%), \$475 due serially, semi-annually from November 15, 2011 to November 15, 2018; \$460 term bonds due November 15, 2023; \$605-November 15, 2028; \$805-November 15, 2033; \$5,730-November 15, 2038; \$4,235-November 15, 2038-subject to mandatory tender on November 15, 2012	12,310	-	-	12,310	25
2009 Series A, variable rate demand bonds \$180,000 due May 15, 2039	180,000	-	-	180,000	-
2009 Series B, 0.70%-5.30% (net interest cost 4.80%), \$24,750 due serially, semi-annually from May 15, 2010 to November 15, 2019; \$22,995 term bonds due November 15, 2024; \$6,285-November 15, 2029; \$10,185-November 15, 2034; \$14,860-November 15, 2039	79,075	-	(2,220)	76,855	1,900
2009 Series C, 0.30%-4.95% (net interest cost 4.74%), \$13,630 due serially, semi-annually from May 15, 2010 to November 15, 2019; \$8,820 term bonds due November 15, 2024; \$11,010-November 15, 2029; \$13,880- November 15, 2034; \$17,660-November 15, 2039; \$15,910 variable rate demand term bonds due November 15, 2036	80,910	-	(1,685)	79,225	1,270
2009 Series D, 5.07%-6.27% (net interest cost 6.25%), \$4,220 term bonds due November 15, 2019; \$56,480- November 15, 2039	60,700	-	(285)	60,415	330
2009 Series E, variable rate demand term bonds \$24,350 due May 15, 2033	24,350	-	-	24,350	-
2009 Series F, 0.40%-4.65% (net interest cost 2.55%), \$440 term bonds due November 15, 2019; \$690-November 15, 2029; \$2,895-November 15, 2039; \$2,965-November 15, 2039	6,990	-	-	6,990	40
2010 Series A, 0.40% - 4.80% (net interest cost 4.44%), \$67,000 due serially, semi-annually from November 15, 2010 to November 15, 2021; \$22,480 term bonds due November 15, 2025; \$27,445-November 15, 2028; \$9,660-November 15, 2030; \$33,330-May 15, 2031; \$6,805-November 15, 2035; \$106,815-November 15, 2039	-	273,535	(2,505)	271,030	8,105
2010 Series B, 0.25% - 2.95% (net interest cost 2.13%), \$1,465 due serially, annually from November 15, 2010 to November 15, 2017	-	1,465	(135)	1,330	145

CONNECTICUT HOUSING FINANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS — CONTINUED

Description of Original Long Term Issuance	Balance at 12/31/09	Issued	Retired	Balance at 12/31/10	Amount Due Within 1 Year
Housing Mortgage Finance Program Bonds (continued)					
2010 Series C, variable rate demand term bonds due November 15, 2030	\$ -	\$ 35,000	\$ -	\$ 35,000	\$ -
2010 Series D, 0.673% - 5% (net interest cost 4.58%), \$37,115 due serially, semi-annually from May 15, 2011 to November 15, 2021; \$14,885 term bonds due November 15, 2026; \$31,255-May 15, 2031; \$3,440-November 15, 2031	-	86,695	-	86,695	2,100
2010 Series E, 0.70% - 5.25% (net interest cost 4.90%), \$12,055 due serially, semi-annually from May 15, 2011 to November 15, 2021; \$4,285 term bonds due November 15, 2026; \$8,965-November 15, 2031; \$2,280-November 15, 2036; \$3,130-November 15, 2041; \$10,835-May 15, 2042; \$1,550-November 15, 2046; \$2,140-November 15, 2052	-	45,240	-	45,240	840
2010 Series F, variable rate demand term bonds \$15,120 due November 15, 2030; \$35,910-November 15, 2035	-	51,030	-	51,030	-
2010 Series G, convertible option bonds subject to mandatory tender at any time between May 15, 2011 and November 15, 2011	-	76,935	-	76,935	76,935
Total Housing Mortgage Finance Program Bonds	<u>3,914,223</u>	<u>569,900</u>	<u>(708,026)</u>	<u>3,776,097</u>	<u>191,452</u>
Net premium on bonds payable	547			804	
Deferred bond refunding costs	<u>(2,863)</u>			<u>(1,093)</u>	
Total Housing Mortgage Finance Program Bonds Payable, net	<u>3,911,907</u>			<u>3,775,808</u>	
Special Needs Housing Mortgage Finance Program					
Special Obligation Bonds					
Series GH-1, 4.00%-6.125% (net interest cost 6.20%), \$1,325 due serially, annually, from June 15, 1997 to June 15, 2009; \$1,545 term bonds due June 15, 2016; \$3,710-2026	5,255	-	(5,255)	-	-
Series GH-3, 4.50%-5.625% (net interest cost 5.73%), \$1,270 due serially, semi-annually, from June 15, 2001 to June 15, 2010; \$1,375 term bonds due June 15, 2017; \$3,130- 2027	4,660	-	(4,660)	-	-
Series GH-5, 4.70%-5.85% (net interest cost 5.83%), \$1,615 due serially, annually, from June 15, 2005 to June 15, 2013; \$1,760 term bonds due June 15, 2020; \$4,065- June 15, 2030	6,565	-	(6,565)	-	-
Series SNH-1, 2.00%-5.00% (net interest cost 4.98%), \$1,810 due serially, annually, from June 15, 2003 to June 15, 2012; \$2,850 term bonds due June 15, 2022; \$4,635-2032	8,115	-	(200)	7,915	210
Series SNH-2, 2.00%-5.25% (net interest cost 5.18%), \$1,225 due serially, annually, from June 15, 2006 to June 15, 2012; \$1,985 term bonds due June 15, 2012; \$2,270-2022; \$3,745-2032; \$6,220-2042	12,730	-	(160)	12,570	165
Series SNH-4, 3.00%-4.70% (net interest cost 4.55%), \$2,350 due serially, annually from June 15, 2006 to June 15, 2025; \$2,275 term bonds due June 15, 2035	4,355	-	(95)	4,260	100
Series SNH-5, 3.00%-4.80% (net interest cost 4.71%), \$1,220 due serially annually from June 15, 2006 to June 15, 2025; \$1,190 term bonds due June 15, 2035; \$1,920-June 15, 2045	4,195	-	(50)	4,145	50
Series SNH-6, 3.00%-4.90% (net interest cost 4.82%), \$725 due serially annually from June 15, 2006 to June 15, 2025; \$485 term bonds due June 15, 2035; \$790-June 15, 2045	1,705	-	(20)	1,685	20
Series SNH-8, 4.00%-4.875% (net interest cost 4.91%), \$3,215 due serially annually from June 15, 2008 to June 15, 2024; \$1,880 term bonds due June 15, 2030; \$2,990-June 15, 2037	7,890	-	(150)	7,740	155
Series 13, 2.00%-5.00% (net interest cost 4.17%), \$4,570 due serially annually from June 15, 2012 to June 15, 2025, \$5,355 term bonds due June 15, 2035; \$2,730-June 15, 2040	-	12,655	-	12,655	-

CONNECTICUT HOUSING FINANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS — CONTINUED

Description of Original Long Term Issuance	Balance at 12/31/09	Issued	Retired	Converted	Balance at 12/31/10	Amount Due Within 1 Year
Special Needs Housing Mortgage Finance Program						
Special Obligation Bonds (continued)						
Series 16, 1.00%-5.00% (net interest cost 3.75%), \$6,370 due serially annually from June 15, 2011 to June 15, 2022; \$9,070 term bonds due June 15, 2030	-	15,440	-	-	15,440	430
Total Special Needs Housing Mortgage Finance Program Special Obligation Bonds	55,470	28,095	(17,155)	-	66,410	1,130
Net premium/(discount) on bonds payable	(407)				876	
Deferred bond refunding costs	-				(125)	
Total Special Needs Housing Mortgage Finance Program Special Obligation Bonds Payable, net	55,063				67,161	
Single Family Special Obligation Bonds						
Series 2009, variable rate special obligation bonds due December 1, 2041-subject to mandatory conversion to fixed rates to maturity on or before December 31, 2011	191,720	-	-	(100,000)	91,720	-
Series 2009-1, 3.01%, (net interest cost 3.16%) conversion of a portion of the Series 2009 Bonds due December 1, 2041-term bonds due June 1, 2035	-	-	-	47,290	47,290	-
Series 2009-2, 3.01%, (net interest cost 3.16%) conversion of a portion of the Series 2009 Bonds due December 1, 2041-term bonds due December 1, 2041	-	-	-	52,710	52,710	-
Series 2010-1, 0.40%-4.25% (net interest cost 3.16%), \$33,220 due serially semi-annually from June 1, 2011 to December 1, 2021; \$22,145 term bonds due December 1, 2026; \$11,305-December 1, 2030	-	66,670	-	-	66,670	1,815
Total Single Family Special Obligation Bonds Payable	191,720	66,670	-	-	258,390	1,815
Multifamily Special Obligation Bonds						
Series 2009, variable rate special obligation bonds due December 1, 2051-subject to mandatory conversion to fixed rates to maturity on or before December 31, 2011	27,610	-	-	-	27,610	-
Total Multifamily Special Obligation Bonds payable	27,610	-	-	-	27,610	-
Housing Mortgage Finance Program Bonds (Single Family) Other Bonds						
2010 Series A, 5.00% capital appreciation bonds due semiannually from June 1, 2042 to December 1, 2045	-	6,000	-	-	6,000	-
Total Housing Mortgage Finance Program Bonds (Single Family) Other Bonds Payable	-	6,000	-	-	6,000	-
Total Bonds Payable, net	\$ 4,186,300				\$ 4,134,969	\$ 194,397

The Authority has also issued conduit debt obligations. As of December 31, 2010, two series totaling \$12,906,000 of Multifamily Housing Revenue Bonds, one series totaling \$24,135,000 of Special Needs Housing Mortgage Finance Program Special Obligation Bonds, two series totaling \$30,400,000 of Variable Rate Demand Housing Revenue Bonds and five series totaling \$85,425,000 of State-Supported Special Obligation Bonds were outstanding. As of December 31, 2009, two series totaling \$13,179,000 of Multifamily Housing Revenue Bonds, one series totaling \$25,045,000 of Special Needs Housing Mortgage Finance Program Special Obligation Bonds, one series totaling \$16,370,000 of Variable Rate Demand Housing Revenue Bonds and two series totaling \$38,710,000 of State-Supported Special Obligation Bonds were outstanding. 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 — CONTINUED**

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, 2010 and may not be indicative of the actual interest expense that will be incurred. As rates vary, variable rate bond interest payments will vary.

Year Ending December 31,	Bond Resolution						Interest Rate Swaps, Net
	Fixed Unswapped		Variable Unswapped		Variable Swapped		
	Principal	Interest	Principal	Interest	Principal	Interest	
2011	\$ 108,242	\$ 111,344	\$ 4,440	\$ 1,665	\$ 1,835	\$ 5,309	\$ 43,255
2012	98,905	107,332	5,355	1,670	4,970	5,187	41,474
2013	102,640	103,644	5,895	1,651	4,595	5,061	39,668
2014	89,852	99,643	5,920	1,630	15,870	4,962	38,009
2015	101,583	95,982	6,600	1,608	8,515	4,841	35,895
2016-2020	433,702	419,953	53,985	7,575	99,415	21,413	143,832
2021-2025	459,413	318,030	53,625	6,595	194,815	15,965	101,647
2026-2030	425,950	210,365	114,030	4,448	211,660	9,424	58,248
2031-2035	421,525	105,328	84,165	1,862	195,620	2,307	17,038
2036-2040	168,365	20,828	49,320	602	232,885	101	971
2041-2045	8,285	1,516	1,520	6	-	-	-
2046-2050	1,795	452	-	-	-	-	-
2051-2052	805	51	-	-	-	-	-
Total	\$ 2,421,062	\$ 1,594,468	\$ 384,855	\$ 29,312	\$ 970,180	\$ 74,570	\$ 520,037

Year Ending December 31,	Special Needs Indenture		SFSOB Resolution			
	Fixed Unswapped		Variable Unswapped		Fixed Unswapped	
	Principal	Interest	Principal	Interest	Principal	Interest
2011	\$ 1,130	\$ 3,098	\$ -	\$ 124	\$ 1,815	\$ 5,173
2012	1,700	2,887	-	124	2,665	5,075
2013	1,760	2,825	-	124	2,790	5,052
2014	1,840	2,754	-	124	2,930	5,019
2015	1,900	2,688	-	124	3,065	4,975
2016-2020	10,585	12,328	-	619	17,815	23,725
2021-2025	12,910	9,913	-	619	22,435	20,490
2026-2030	13,355	6,748	-	619	28,435	15,769
2031-2035	10,155	3,951	-	619	36,050	10,415
2036-2040	8,045	1,746	-	619	45,690	4,365
2041-2045	3,030	271	91,720	114	2,980	46
Total	\$ 66,410	\$ 49,209	\$ 91,720	\$ 3,829	\$ 166,670	\$ 100,104

Year Ending December 31,	MFSOB Resolution		Other Bond Resolution		
	Variable Unswapped		Fixed Unswapped		
	Principal	Interest	Principal	Interest	Total
2011	\$ -	\$ 37	\$ -	\$ -	\$ 287,467
2012	-	37	-	-	277,381
2013	-	37	-	-	275,742
2014	-	37	-	-	268,590
2015	-	37	-	-	267,813
2016-2020	-	186	-	-	1,245,133
2021-2025	-	186	-	-	1,216,643
2026-2030	-	186	-	-	1,099,237
2031-2035	-	186	-	-	889,221
2036-2040	-	186	-	-	533,723
2041-2045	-	186	6,000	27,946	143,620
2046-2050	-	186	-	-	2,433
2051-2052	27,610	34	-	-	28,500
Total	\$ 27,610	\$ 1,521	\$ 6,000	\$ 27,946	\$ 6,535,503

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

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 fully 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"), formerly known as The Bond Market Association/PSA Municipal Swap Index ("BMA") or the London Interbank Offered Rate ("LIBOR") that is comparable to the rates required by the Authority's bonds. The Authority's swap agreements contain scheduled reductions to outstanding notional amounts that are expected to follow scheduled or anticipated reductions in bonds payable. Only the net difference in interest payments will be actually exchanged between parties. The Authority did not pay or receive any cash when the swap transactions were initiated.

As a result of the downgrades of the credit quality of bond insurers (see *Recent Market Events* above) the Authority has negotiated amendments to swap agreements to eliminate insurance of the net swap payments owed by the Authority to the swap providers, and to base provider termination rights, among other things, upon downgrade of ratings of the Authority's bonds. As of December 31, 2009, amendments that had been negotiated resulted in a slightly higher fixed rate payable by the Authority on eleven of its swaps.

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

The terms, fair values and credit ratings of outstanding swaps as of December 31, 2010 were as follows (in 000's):

Bond Issue	Original Notional Amount	Outstanding Notional Amount	Original Effective Date	Current Fixed Rate Paid	Variable Rate Received	Fair Value	Swap Termination Date	Counterparty	
								Credit Rating	% of Total Outstanding
2008 Series A Subseries A-5	\$ 115,900	\$ 78,900	09/09/98	6.0525%	100% of LIBOR	\$ (11,966)	11/15/16		
2008 Series E/ 2009 Series A	25,000	25,000	08/08/06	3.7770	67% of LIBOR	(3,056)	05/15/17		
Total Counterparty 1	\$ 140,900	\$ 103,900				\$ (15,022)		A+/Aa3	10.60%
2002 Series A Subseries A-3/ 2008 Series B Subseries B-4	\$ 20,000	\$ 20,000	06/05/02	4.3520	67% of LIBOR	\$ (4,440)	05/15/33		
2009 Series E/ 2008 Series B Subseries B-4	25,000	25,000	06/05/02	5.7400	167% of LIBOR minus BMA	(8,766)	05/15/33		
2003 Series E Subseries E-4/ 2008 Series B Subseries B-4	10,000	10,000	10/09/03	3.9100	67% of LIBOR	(701)	11/15/27		
Total Counterparty 2	\$ 55,000	\$ 55,000				\$ (13,907)		A+/A1	5.61%
1999 Series A Subseries A-3	\$ 40,000	\$ 40,000	04/07/98	6.2460	LIBOR minus 5 basis points	\$ (8,431)	11/15/18		
2001 Series A Subseries A-3/ 2008 Series B Subseries B-4	20,000	20,000	03/07/01	4.1200	67% of LIBOR	(3,528)	05/15/32		
2001 Series A Subseries A-4	25,000	25,000	03/07/01	5.4750	167% of LIBOR minus BMA	(7,326)	05/15/32		
2002 Series B Subseries B-3	10,000	10,000	08/01/02	4.2320	67% of LIBOR	(612)	05/15/33		
2002 Series B Subseries B-3	45,000	45,000	08/01/02	3.9810	67% of LIBOR	(7,997)	05/15/33		
2010 Series F Subseries F-2/ 2008 Series B Subseries B-4	174,305	81,815	11/15/02	4.6300	67% of LIBOR plus 40 basis points	(11,493)	11/15/23		
2008 Series E	15,000	15,000	03/03/05	2.9310	67% of LIBOR	(571)	05/15/12		
2009 Series A	20,000	20,000	03/03/05	3.6530	67% of LIBOR	(594)	11/15/35		
2005 Series D Subseries D-6	8,380	8,380	09/13/05	3.6130	67% of LIBOR	(558)	05/15/28		
2005 Series E Subseries E-4	4,180	4,180	12/07/05	3.8990	67% of LIBOR	(306)	11/15/34		
Total Counterparty 3	\$ 361,865	\$ 269,375				\$ (41,416)		AAA/Aa1	27.49%
2008 Series B Subseries B-4	\$ 48,565	\$ 30,665	11/15/95	6.0900	67% of LIBOR	\$ (5,799)	05/15/18		
2008 Series E/ 2009 Series A	40,000	40,000	06/15/05	3.5380	67% of LIBOR	(2,167)	11/15/35		
Total Counterparty 4	\$ 88,565	\$ 70,665				\$ (7,966)		A+/Aa3	7.21%
2010 Series A Subseries A-5	\$ 20,000	\$ 20,000	07/01/98	4.8700	BMA	\$ (2,973)	11/15/28		
1998 Series D Subseries D-4	25,000	25,000	07/01/98	6.3200	100% of LIBOR	(7,065)	11/15/25		
2001 Series B Subseries B-4/ 2008 Series B Subseries B-4	17,000	17,000	07/11/01	4.3100	67% of LIBOR	(3,760)	05/15/32		
2001 Series B Subseries B-6	25,000	25,000	07/11/01	5.8200	167% of LIBOR minus BMA	(6,705)	11/15/27		
2002 Series F Subseries F-2	30,000	30,000	12/19/02	3.8200	67% of LIBOR	(1,401)	11/15/33		
Total Counterparty 5	\$ 117,000	\$ 117,000				\$ (21,904)		A/A2	11.94%

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

Outstanding Swaps at December 31, 2010 (continued)

Bond Issue	Original Notional Amount	Outstanding Notional Amount	Original Effective Date	Current Fixed Rate Paid	Variable Rate Received	Fair Value	Swap Termination Date	Counterparty	
								Credit Rating	% of Total Outstanding
2000 Series B Subseries B-3/ 2008 Series B Subseries B-4	\$ 25,000	\$ 25,000	10/04/00	5.3970	BMA	\$ (6,486)	11/15/31		
2001 Series D Subseries D-3	40,000	40,000	12/20/01	4.0900	67% of LIBOR	(7,788)	05/15/33		
2001 Series D Subseries D-5	25,000	25,000	12/20/01	5.3600	167% of LIBOR minus BMA	(5,466)	11/15/27		
2005 Series D Subseries D-4	13,915	13,915	09/13/05	3.5460	67% of LIBOR	(1,043)	11/15/34		
2005 Series D Subseries D-5	12,500	3,225	09/13/05	3.1370	67% of LIBOR	(118)	11/15/12		
Total Counterparty 6	\$ 116,415	\$ 107,140				\$ (20,901)		A+/Aa3	10.94%
2009 Series A	\$ 11,750	\$ 11,750	12/07/05	3.870	67% of LIBOR	(854)	11/15/35		
Total Counterparty 7	\$ 11,750	\$ 11,750				\$ (854)		A+/Aa3	1.20%
2006 Series B Subseries B-1 /2008 Series B Subseries B-4	\$ 21,935	\$ 21,935	02/18/09	3.4330	67% of LIBOR	\$ (2,447)	11/15/34		
2008 Series E/ 2009 Series A	78,065	78,065	02/18/09	3.4300	67% of LIBOR	(8,583)	11/15/38		
2008 Series E	27,550	27,550	08/15/08	3.8450	67% of LIBOR	(4,750)	11/15/33		
2009 Series A	8,925	8,925	08/15/08	3.8550	67% of LIBOR	(1,552)	11/15/33		
2009 Series A	25,000	25,000	08/15/08	3.8520	67% of LIBOR	(3,733)	11/15/28		
2009 Series A	9,855	9,855	08/15/08	3.8490	67% of LIBOR	(1,836)	11/15/38		
Total Counterparty 8	\$ 171,330	\$ 171,330				\$ (22,901)		BBB/Baa3	17.49%
2008 Series E	\$ 45,000	\$ 45,000	03/02/06	3.4175	67% of LIBOR	\$ (4,816)	05/15/36		
2009 Series A	18,170	18,170	08/15/08	4.0370	67% of LIBOR	(2,369)	11/15/28		
2009 Series A	10,500	10,500	08/15/08	4.0470	67% of LIBOR	(1,378)	11/15/28		
Total Counterparty 9	\$ 73,670	\$ 73,670				\$ (8,563)		AA/Aa2	7.52%
Total	\$ 1,136,495	\$ 979,830				(153,434)			100.00%
Fair value, beginning of year						(119,925)			
Change in fair value (deferred outflows)						\$ (33,509)			

Fair Value

The Authority's swap portfolio had an aggregate negative fair value as of December 31, 2010. The fair value was estimated using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swap.

Credit Risk

At December 31, 2010, the Authority was not exposed to any counterparties' credit risk because the fair value of all 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.

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

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. Since the latter part of 2008, there have been general disruptions in the credit markets based on factors unrelated to the Authority or the Authority's credit which caused differences between these indices and the actual rates on the Authority's variable rate demand bonds. See *Recent Market Events* above for further discussion.

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, 2010, 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. Fourteen of the Authority's original swap agreements contained full or partial par termination rights requiring no settlement payments to accommodate unexpected faster paydown of the associated bonds as a result of higher prepayment of home mortgage loans. During 2009, the Authority exercised this option on \$51,150,000 original notional amount of swaps. Eleven swap agreements with this par termination right remain.

Contingencies

Sixteen of the Authority's thirty-seven interest rate swap agreements (Outstanding Notional Amount \$398,750,000, Fair Value \$(57,278,000) at December 31, 2010) require the Authority to post collateral in the event the fair value of the interest rate swap falls below specific declining thresholds corresponding to declines in the Authority's credit rating. As of December 31, 2010, the Authority was not required to post collateral for any of its outstanding swaps.

CONNECTICUT HOUSING FINANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS — CONTINUED

Refunding Bonds

The Authority has issued the following refunding bonds under the Bond Resolution or the Special Needs Indenture:

<u>Refunded Issue(s)</u>	<u>Refunding Issue</u>	<u>Cashflow Savings (Loss)</u> <u>Over Life of</u> <u>Refunding Issue</u>	<u>Economic Gain</u> <u>(Loss) Over Life</u> <u>of Refunding</u> <u>Issue</u>
Bond Resolution:			
1985 Series E	1995 Series G	\$ 18,947,000	\$ 7,782,000
1984 Series C, 1985 Series A	1996 Series C Subseries C-1	8,052,000	4,411,000
1985 Series C, 1985 Series F	1996 Series C Subseries C-2	6,028,000	3,389,000
1972 Series A, 1977 Series B, 1974 Series A, 1978 Series A, 1977 Series A, 1979 Series B, 1990 Series B Subseries B-4	1998 Series E	(55,904,000)	2,399,000
1986 Series A, 1987 Series B, 1986 Series B, 1988 Series A, 1986 Series C, 1988 Series B, 1987 Series A	1998 Series F	(82,783,000)	1,987,000
1985 Series A	1999 Series D Subseries D-1	574,000	410,000
1989 Series B	2001 Series B Subseries B-2	(2,131,000)	1,077,000
1991 Series B	2002 Series E Subseries E-2	1,450,438	898,253
1991 Series C	2002 Series C Subseries C-3	(1,148,371)	5,018,012
1992 Series B	2002 Series D Subseries D-1 and D-2	24,828,953	18,666,805
1995 Series G	2002 Series D Subseries D-3	-	-
1992 Series A	2003 Series B	7,652,169	7,923,122
1993 Series A, 1993 Series G Subseries G-1	2003 Series C Subseries C-5	8,929,212	6,852,373
1993 Series B	2003 Series C Subseries C-1	(14,310,005)	10,733,348
1993 Series F	2003 Series D	(21,039,361)	3,553,728
1994 Series F, 1995 Series C, 1995 Series H	2006 Series C-1	2,719,283	1,916,208
1996 Series C	2006 Series D	(9,562,182)	4,025,871
1996 Series G	2006 Series E	1,515,451	2,361,875
2002 Series D	2008 Series B	(9,868,961)	(8,581,497)
1999 Series A Subseries A-1, 2001 Series B Subseries B-1	2010 Series A Subseries A-1	1,846,062	1,768,950
1998 Series E	2010 Series A Subseries A-3	10,817,612	8,296,714
1997 Series D Subseries D-3	2010 Series A Subseries A-4	268,138	264,760
1999 Series D Subseries D-1	2010 Series B	236,665	222,806
1998 Series B Subseries B-2, 1998 Series D Subseries D-2, 1998 Series G Subseries G-2, 1998 Series H Subseries H-2, 1999 Series A Subseries A-2	2010 Series D Subseries D-2	4,052,017	3,402,817
1998 Series G Subseries G-3, 1998 Series H Subseries H-3	2010 Series D Subseries D-3	1,347,715	1,213,399
1998 Series A, 1998 Series C, 1999 Series B, 1999 Series D Subseries D-2	2010 Series E Subseries E-2	5,113,646	3,344,264
Special Needs Indenture:			
Series GH-1, Series GH-3 Series GH-5	Series 16	3,791,962	2,820,140

CONNECTICUT HOUSING FINANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS — CONTINUED

In accordance with Federal law, as a result of the economic refunding of the 2002 Series D tax-exempt bonds by the 2008 Series B taxable bonds under the Bond Resolution, the Authority was entitled to issue additional tax-exempt bonds for the purpose of financing its programs (the "Additional Tax-Exempt Program Bonds"). The positive cash flow savings and economic gain on the Additional Tax-Exempt Program Bonds (determined by comparing the expected debt service on these bonds to the expected debt service on the taxable bonds that would otherwise have been issued) exceeds the negative cash flow savings and economic loss reported with respect to the refunding of the 2002 Series D bonds.

Note 8—Changes in Long-Term Liabilities

The changes in long-term liabilities for the years ended December 31, 2010 and 2009 were as follows (in 000's):

	Balance, January 1, 2010	Increases	Decreases	Balance, December 31, 2010	Amount Due Within 1 Year
Bonds payable, net	\$ 4,186,300	\$ 673,850	\$ (725,181)	\$ 4,134,969	\$ 194,397
Long-term escrow deposits	133,123	47,318	(36,633)	143,808	-
	<u>\$ 4,319,423</u>	<u>\$ 721,168</u>	<u>\$ (761,814)</u>	<u>\$ 4,278,777</u>	<u>\$ 194,397</u>
	Balance, January 1, 2009	Increases	Decreases	Balance, December 31, 2009	Amount Due Within 1 Year
Bonds payable, net	\$ 3,870,056	\$ 651,355	\$ (335,111)	\$ 4,186,300	\$ 102,516
Long-term escrow deposits	121,996	27,871	(16,744)	133,123	-
	<u>\$ 3,992,052</u>	<u>\$ 679,226</u>	<u>\$ (351,855)</u>	<u>\$ 4,319,423</u>	<u>\$ 102,516</u>

Note 9—Arbitrage Rebates

In accordance with Federal law, the Authority is required, on certain of its bond issues, to rebate to the Internal Revenue Service ("IRS") the excess of the amount actually earned on all non-mortgage investments (derived from investing the bond proceeds) over the amount that would have been earned had those investments borne a rate equal to the yield on the bond issue, plus any income attributable to such excess. As of December 31, 2010 and 2009, the Authority had liabilities to the IRS totaling \$2,609,000 and \$3,772,000, respectively, reported in the balance sheets as a component of "escrow deposits." The net effect of changes in the liability are recorded as increases or reductions of "interest on investments" in the statements of revenues, expenses and changes in net assets.

Note 10—Net Assets

Net assets consisted of the following (in 000's):

	December 31,	
	2010	2009
General and Capital Reserve Funds:		
Invested in capital assets, net of related debt	\$ 3,680	\$ 3,234
General and Capital Reserve Funds	924,353	905,165
Other Funds:		
Housing Mortgage Insurance Fund	3,948	3,870
Single Family Special Obligation Bond and Other Bond Funds	427	-
Special Needs Housing Funds	7,620	6,681
Component Units:		
CHFA – Small Properties, Inc.	443	(4,123)
CPS Properties, Inc.	(9,223)	(7,800)
State Housing Authority	193	192
Trumbull Centre – CHFA, Inc.	(27,545)	(26,236)
	<u>\$ 903,896</u>	<u>\$ 880,983</u>

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

Note 11—Pension Plan

Eligible employees of the Authority participate in the Connecticut State Employees' Retirement System ("SERS") which is administered by the State Employees' Retirement Commission. The Authority has no liability for pension costs other than the annual contribution as determined by SERS. An actuarial study was performed on the Plan as a whole. Information about the total Plan funding status and progress, contributions required and trend information can be found in the State of Connecticut's Comprehensive Annual Financial Report.

Plan Description

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. Employees are covered under one of three tiers. Tier I requires an employee contribution of either 2% or 5% of salary, depending on the plan. Tier II is a noncontributory plan. Tier IIA requires an employee contribution of 2% of salary. The Authority's contribution is determined by applying a state mandated percentage to eligible salaries and wages. Members who joined the retirement system prior to July 1, 1984 are generally enrolled in Tier I. Members who joined the retirement system after July 1, 1984 are enrolled in Tier II. Employees first hired on or after July 1, 1997 are members of Tier IIA. Employees rehired on or after July 1, 1997 are also members of Tier IIA unless the application of SERS Service bridging provisions mandates their placement in either Tier I or Tier II. Tier I employees who retire at or after age 65 with 10 years of credited service or at or after age 55 with 25 years of service are eligible for an annual retirement benefit payable monthly for life, in an amount of 2% of the annual average earnings (which are based on the three highest years of service). In most cases this is reduced to 1% for the first \$4,800 of salary upon receipt of social security benefits. Employees at age 55 with 10 years but less than 25 years of service, or at age 70 with 5 years of service, are entitled to a reduced benefit. Tier II and Tier IIA employees who retire at or after age 60 with 25 years of service, or at age 62 with 5 years of service, or at age 70 with 5 years of service or at age 55 with 10 years of service with reduced benefits are entitled an annual retirement benefit payable monthly for life, in an amount of one and one third percent of the average annual earnings plus one-half of one percent of the average annual earnings in excess of the salary breakpoint in the year of retirement for each year of credited service. In addition, any years of service over 35 would be at one and five-eighths percent. All Tier I members are vested after 10 years of service. Effective July 1, 1997, all Tier II and Tier IIA members are vested after 5 years and may retire at age 62 with 5 years of actual state service. All plans provide for death and disability benefits. The Authority's total payroll for the years ended December 31, 2010, 2009 and 2008, was \$11,008,000, \$10,731,000 and \$10,198,000, respectively, and the payroll for employees of the Authority covered by SERS for the years ended December 31, 2010, 2009 and 2008, was \$11,008,000, \$10,725,000 and \$10,198,000, respectively.

Contributions Made (in 000's)

Contributions Made:

	<u>2010</u>	<u>2009</u>	<u>2008</u>
By employees	\$ 160	\$ 160	\$ 143
% of current year covered payroll	1.45%	1.49%	1.40%
By the Authority	\$ 4,396	\$ 3,962	\$ 3,431
% of current year covered payroll	39.93%	36.94%	33.64%
Actual contributions as a percentage of required contributions	100%	100%	100%

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

Note 12—Commitments and Contingencies

The Authority is a party to financial instruments with off-balance-sheet risk in connection with its commitments to provide financing. These expose the Authority to credit risk in excess of the amount recognized in the balance sheet. 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 on-balance-sheet instruments. Total credit exposure is summarized below (in 000's):

Mortgage Loan Commitments:	December 31,	
	2010	2009
Home Mortgage Purchases	\$ 16,584	\$ 26,588
Multifamily Developments	169,006	142,345
Reverse Annuity Mortgages	1,180	1,497
	\$ 186,770	\$ 170,430

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 property. Interest rates on approved mortgage loan commitments are a combination of fixed and variable. Interest rates on unadvanced portions of construction loans are a combination of fixed and variable; such loans generally mature within eighteen months.

The Authority sold its in-house serviced portfolio to Webster Bank in November 1996. A portion of that portfolio consisted of loans the Authority serviced for FNMA. Pursuant to FNMA rules, the Authority remains liable to FNMA with respect to the mortgage servicing.

Note 13—State and Federal Programs

Pursuant to Public Act No. 95-250, the Authority administers the Private Rental Investment Mortgage and Equity Program ("PRIME Program"). The State of Connecticut, through its Department of Economic and Community Development, provides financial assistance to the Authority's borrowers under the PRIME Program. The receipt of this assistance is recorded by the Authority at the net carrying value of the underlying loan.

Pursuant to Public Act No. 05-228, the Authority receives 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.

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. The Authority received \$10,000,000 during 2009 from the State for the EMAP Program. Of this amount \$5,000,000 is subject to a Memorandum of Understanding ("MOU") between the Authority and the State of Connecticut Judicial Branch (the "Judicial Branch"). The MOU requires the Authority to pay \$5,000,000 to the Judicial Branch in support of the EMAP Program in accordance with the foreclosure mediation program established pursuant to Connecticut General Statutes § 49-31m. During 2010 the Authority issued \$30,000,000 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 2010 and 2009, the Authority received \$425,000 and \$276,000 respectively, in grant funds from the Neighborhood Reinvestment Corporation (dba Neighborworks America), a non-profit, public corporation chartered by the Congress of the United States for the National Foreclosure Mitigation Counseling (the "NFMCC") Program. These funds were made available through the 2008 Consolidated Appropriations Act and the 2008 Housing and Economic Recovery Act and are subject to the terms and conditions of grant agreements entered into between Neighborworks America and the Authority.

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

In 2010 and 2009, the Authority received \$63,807,000 and \$4,474,000, respectively, in grant funds from the Department of the Treasury pursuant to § 1602 or from the Department of Housing and Urban Development pursuant to Title XII of the American Recovery and Reinvestment Act (the "ARRA") of 2009. Section 1602 of the ARRA appropriates funds for grants to States to finance construction or acquisition and rehabilitation of qualified low-income building for low-income housing in lieu of low-income housing tax credits. Title XII of the ARRA appropriates funds for grants to States to provide funds for capital investments in low-income housing tax credit projects. These grant funds were distributed by the Authority to qualified developments in the form of loans that are either forgivable over 15 years at 6.67% per year or with no interest and principal only payable at maturity.

Activity under these programs for the years ended December 31, 2010 and 2009 is summarized below (in 000's):

		December 31, 2010				
		Expenses				
	Program Funding	Administrative	Provision for losses	Total		Net
PA 95.250	\$ 29	\$ -	\$ -	\$ -		\$ 29
PA 05-228	2,758	987	4,926	5,913		(3,155)
EMAP	-	79	3,124	3,203		(3,203)
NFMC	425	371	-	371		54
ARRA	63,807	-	63,807	63,807		-
	\$ 67,019	\$ 1,437	\$ 71,857	\$ 73,294		\$ (6,275)

		December 31, 2009				
		Expenses				
	Program Funding	Administrative	Provision for losses	Total		Net
PA 05-228	\$ 3,880	\$ 268	\$ 1,225	\$ 1,493		\$ 2,387
EMAP	10,000	5,101	1,665	6,766		3,234
NFMC	276	220	-	220		56
ARRA	4,474	-	4,474	4,474		-
	\$ 18,630	\$ 5,589	\$ 7,364	\$ 12,953		\$ 5,677

Note 14—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 have been no losses and no decreases in insurance coverage over the last three years.

Note 15—Subsequent Event

On January 14, 2011, the Authority redeemed \$46,970,000 of various Series of outstanding bonds held under the Bond Resolution.

CONNECTICUT HOUSING FINANCE AUTHORITY
COMBINING BALANCE SHEET
DECEMBER 31, 2010
(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 Funds	Special Needs Housing Funds	Multifamily Real Estate Owned	Other Real Estate Owned	State Housing Authority		
Assets										
Restricted Current Assets										
Cash and cash equivalents	\$ 2,405	\$ -	\$ -	\$ -	\$ 4	\$ -	\$ -	\$ -	\$ -	\$ 2,409
Mortgage loans receivable	108,773	-	-	-	1,129	-	-	-	-	109,902
Investments in securities	561,238	3,954	122,594	27,648	78,532	159	80	193	-	794,398
Accrued interest receivable on:										
Mortgage loans	21,905	-	833	-	296	-	-	-	-	23,034
Securities	3,537	1	19	-	30	-	-	-	-	3,587
Due from other funds/component units	8,638	-	140,781	-	-	-	-	-	(149,419)	-
Accounts receivable and other assets	21,817	-	-	-	1,049	1,064	26	-	-	23,956
Total current assets	728,313	3,955	264,227	27,648	81,040	1,223	106	193	(149,419)	957,286
Restricted Noncurrent Assets										
Mortgage loans receivable, net	3,382,964	-	-	-	60,052	-	-	-	-	3,443,016
Investments in securities, net	860,747	-	-	-	3,089	-	-	-	-	863,836
Due from other funds/component units	16,254	-	-	-	-	-	-	-	(16,254)	-
Accounts receivable and other assets	-	-	-	-	-	491	-	-	-	491
Capital assets, net	3,680	-	-	-	-	-	-	-	-	3,680
Real estate owned – single family	16,350	-	-	-	-	-	-	-	-	16,350
Real estate owned – multifamily	3,330	-	-	-	-	2,300	-	-	-	5,630
Other real estate owned	-	-	-	-	-	-	12,371	-	-	12,371
Deferred financing costs	23,807	-	1,435	142	1,059	-	-	-	-	26,443
Deferred outflows of resources	153,434	-	-	-	-	-	-	-	-	153,434
Total noncurrent assets	4,460,566	-	1,435	142	64,200	2,791	12,371	-	(16,254)	4,525,251
Total assets	\$ 5,188,879	\$ 3,955	\$ 265,662	\$ 27,790	\$ 145,240	\$ 4,014	\$ 12,477	\$ 193	\$ (165,673)	\$ 5,482,537
Liabilities and Net Assets										
Current Liabilities										
Escrow deposits	\$ 30,631	\$ -	\$ -	\$ -	\$ 58,901	\$ -	\$ 1	\$ -	\$ -	\$ 89,533
Due to other funds/component units	140,781	7	53	142	-	8,436	-	-	(149,419)	-
Accrued interest payable	20,230	-	735	38	280	-	-	-	-	21,283
Accounts payable and accrued liabilities	6,378	-	57	-	1,054	640	354	-	-	8,483
Minority interests – other real estate owned	-	-	-	-	-	-	4,471	-	-	4,471
Loan payable – other real estate owned	-	-	-	-	-	-	22,660	-	-	22,660
Bonds payable	191,452	-	1,815	-	1,130	-	-	-	-	194,397
Total current liabilities	389,472	7	2,660	180	61,365	9,076	27,486	-	(149,419)	340,827
Noncurrent Liabilities										
Escrow deposits, net	133,584	-	-	-	10,224	-	-	-	-	143,808
Due to other funds/component units	-	-	-	-	-	3,718	12,536	-	(16,254)	-
Bonds payable, net	3,584,356	-	262,575	27,610	66,031	-	-	-	-	3,940,572
Derivative instruments - interest rate swaps	153,434	-	-	-	-	-	-	-	-	153,434
Total noncurrent liabilities	3,871,374	-	262,575	27,610	76,255	3,718	12,536	-	(16,254)	4,237,814
Total liabilities	4,260,846	7	265,235	27,790	137,620	12,794	40,022	-	(165,673)	4,578,641
Net Assets										
Invested in capital assets, net	3,680	-	-	-	-	-	-	-	-	3,680
Restricted by bond indentures and/or enabling legislation	924,353	3,948	427	-	7,620	443	-	193	-	936,984
Unrestricted	-	-	-	-	-	(9,223)	(27,545)	-	-	(36,768)
Total net assets	928,033	3,948	427	-	7,620	(8,780)	(27,545)	193	-	903,896
Total liabilities and net assets	\$ 5,188,879	\$ 3,955	\$ 265,662	\$ 27,790	\$ 145,240	\$ 4,014	\$ 12,477	\$ 193	\$ (165,673)	\$ 5,482,537

CONNECTICUT HOUSING FINANCE AUTHORITY
COMBINING BALANCE SHEET
DECEMBER 31, 2009
(in 000's)

	Other Funds					Component Units			Eliminations	Combined Total
	General & Capital Reserve Funds	Housing Mortgage Insurance Fund	Single Family Special Obligation Bond Funds	Multifamily Special Obligation Bond Funds	Special Needs Housing Funds	Multifamily Real Estate Owned	Other Real Estate Owned	State Housing Authority		
Assets										
Restricted Current Assets										
Cash and cash equivalents	\$ 695	\$ -	\$ 219	\$ 80	\$ -	\$ -	\$ -	\$ 4	\$ -	\$ 998
Mortgage loans receivable	118,834	-	-	-	846	-	-	-	-	119,680
Investments in securities	620,074	3,874	-	-	41,273	56	-	192	-	665,469
Accrued interest receivable on:										
Mortgage loans	19,473	-	-	-	263	-	-	-	-	19,736
Securities	4,039	1	-	-	31	-	-	-	-	4,071
Due from other funds/component units	6,101	-	-	-	-	-	-	-	(6,101)	-
Accounts receivable and other assets	21,292	-	-	-	297	1,594	16	-	-	23,199
Accounts receivable-Federal New Issue Bond Program	-	-	191,501	27,530	-	-	-	-	-	219,031
Real estate owned – multifamily	-	-	-	-	-	100	-	-	-	100
Total current assets	790,508	3,875	191,720	27,610	42,710	1,750	16	196	(6,101)	1,052,284
Restricted Noncurrent Assets										
Mortgage loans receivable, net	3,204,460	-	-	-	49,542	-	-	-	-	3,254,002
Investments in securities, net	947,134	-	-	-	4,893	-	-	-	-	952,027
Due from component units	22,572	-	-	-	-	-	-	-	(22,572)	-
Accounts receivable and other assets	-	-	-	-	-	2,121	-	-	-	2,121
Capital assets, net	3,234	-	-	-	-	-	-	-	-	3,234
Real estate owned – single family	7,037	-	-	-	-	-	-	-	-	7,037
Real estate owned – multifamily	3,358	-	-	-	-	2,300	-	-	-	5,658
Other real estate owned	-	-	-	-	-	-	12,483	-	-	12,483
Deferred financing costs	26,081	-	219	80	870	-	-	-	-	27,250
Deferred outflows of resources	119,925	-	-	-	-	-	-	-	-	119,925
Total noncurrent assets	4,333,801	-	219	80	55,305	4,421	12,483	-	(22,572)	4,383,737
Total assets	\$ 5,124,309	\$ 3,875	\$ 191,939	\$ 27,690	\$ 98,015	\$ 6,171	\$ 12,499	\$ 196	\$ (28,673)	\$ 5,436,021
Liabilities and Net Assets										
Current Liabilities										
Escrow deposits	\$ 24,504	\$ -	\$ -	\$ -	\$ 29,929	\$ -	\$ -	\$ 4	\$ -	\$ 54,437
Due to General Fund	-	-	219	80	-	5,802	-	-	(6,101)	-
Accrued interest payable	22,491	-	-	-	126	-	-	-	-	22,617
Accounts payable and accrued liabilities	9,876	5	-	-	300	523	561	-	-	11,265
Minority interests – other real estate owned	-	-	-	-	-	-	4,543	-	-	4,543
Loan payable – other real estate owned	-	-	-	-	-	-	22,828	-	-	22,828
Bonds payable	101,331	-	-	-	1,185	-	-	-	-	102,516
Total current liabilities	158,202	5	219	80	31,540	6,325	27,932	4	(6,101)	218,206
Noncurrent Liabilities										
Escrow deposits, net	127,207	-	-	-	5,916	-	-	-	-	133,123
Due to General Fund	-	-	-	-	-	11,769	10,803	-	(22,572)	-
Bonds payable, net	3,810,576	-	191,720	27,610	53,878	-	-	-	-	4,083,784
Derivative instruments - interest rate swaps	119,925	-	-	-	-	-	-	-	-	119,925
Total noncurrent liabilities	4,057,708	-	191,720	27,610	59,794	11,769	10,803	-	(22,572)	4,336,832
Total liabilities	4,215,910	5	191,939	27,690	91,334	18,094	38,735	4	(28,673)	4,555,038
Net Assets										
Invested in capital assets, net	3,234	-	-	-	-	-	-	-	-	3,234
Restricted by bond indentures and/or enabling legislation	905,165	3,870	-	-	6,681	-	-	192	-	915,908
Unrestricted	-	-	-	-	-	(11,923)	(26,236)	-	-	(38,159)
Total net assets	908,399	3,870	-	-	6,681	(11,923)	(26,236)	192	-	880,983
Total liabilities and net assets	\$ 5,124,309	\$ 3,875	\$ 191,939	\$ 27,690	\$ 98,015	\$ 6,171	\$ 12,499	\$ 196	\$ (28,673)	\$ 5,436,021

CONNECTICUT HOUSING FINANCE AUTHORITY
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2010
(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 Funds	Special Needs Housing Funds	Multifamily Real Estate Owned	Other Real Estate Owned	State Housing Authority		
Operating Revenues										
Interest on mortgage loans	\$ 185,213	\$ -	\$ 1,222	\$ -	\$ 3,225	\$ -	\$ -	\$ -	\$ (991)	\$ 188,669
Interest on investments	43,856	10	293	38	479	-	-	1	(53)	44,624
Fees and other income	5,373	75	-	-	318	304	9	-	-	6,079
Total operating revenues	234,442	85	1,515	38	4,022	304	9	1	(1,044)	239,372
Operating Expenses										
Interest	173,734	-	1,022	38	2,994	385	606	-	(1,044)	177,735
Amortization of deferred financing costs	8,342	-	10	-	213	-	-	-	-	8,565
Servicer fees	8,379	-	50	-	-	-	-	-	-	8,429
Administrative	31,513	7	6	-	-	2,578	712	-	-	34,816
Provision for losses	7,289	-	-	-	-	-	-	-	-	7,289
Total operating expenses	229,257	7	1,088	38	3,207	2,963	1,318	-	(1,044)	236,834
Operating income (loss)	5,185	78	427	-	815	(2,659)	(1,309)	1	-	2,538
Nonoperating Revenues (Expenses)										
Net increase in the fair value of investments	26,535	-	-	-	115	-	-	-	-	26,650
State and federal program funding	67,019	-	-	-	-	-	-	-	-	67,019
State and federal program expenses	(73,294)	-	-	-	-	-	-	-	-	(73,294)
Nonoperating income	20,260	-	-	-	115	-	-	-	-	20,375
Income (loss) before transfers	25,445	78	427	-	930	(2,659)	(1,309)	1	-	22,913
Operating transfers in (out)	(5,811)	-	-	-	9	5,802	-	-	-	-
Change in net assets	19,634	78	427	-	939	3,143	(1,309)	1	-	22,913
Net assets, beginning of year	908,399	3,870	-	-	6,681	(11,923)	(26,236)	192	-	880,983
Net assets, end of year	\$ 928,033	\$ 3,948	\$ 427	\$ -	\$ 7,620	\$ (8,780)	\$ (27,545)	\$ 193	\$ -	\$ 903,896

CONNECTICUT HOUSING FINANCE AUTHORITY
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2009
(in 000's)

	Other Funds					Component Units			Eliminations	Combined Total
	General & Capital Reserve Funds	Housing Mortgage Insurance Fund	Single Family Special Obligation Bond Funds	Multifamily Special Obligation Bond Funds	Special Needs Housing Funds	Multifamily Real Estate Owned	Other Real Estate Owned	State Housing Authority		
Operating Revenues										
Interest on mortgage loans	\$ 178,615	\$ -	\$ -	\$ -	\$ 3,217	\$ -	\$ -	\$ -	\$ (1,243)	\$ 180,589
Interest on investments	54,753	25	-	-	622	165	-	1	-	55,566
Fees and other income	4,427	19	-	-	471	2,316	9	-	-	7,242
Total operating revenues	237,795	44	-	-	4,310	2,481	9	1	(1,243)	243,397
Operating Expenses										
Interest	185,442	-	-	-	2,865	693	550	-	(1,243)	188,307
Amortization of deferred financing costs	5,240	-	-	-	111	-	-	-	-	5,351
Servicer fees	8,736	-	-	-	-	-	-	-	-	8,736
Administrative	28,867	5	-	-	-	4,556	1,341	-	-	34,769
Provision for losses	1,728	-	-	-	-	-	-	-	-	1,728
Total operating expenses	230,013	5	-	-	2,976	5,249	1,891	-	(1,243)	238,891
Operating income (loss)	7,782	39	-	-	1,334	(2,768)	(1,882)	1	-	4,506
Nonoperating Revenues (Expenses)										
Net decrease in the fair value of investments	(3,497)	-	-	-	(153)	-	-	-	-	(3,650)
Gain (loss) on real estate owned/ other real estate owned	-	-	-	-	-	11,385	(25,826)	-	-	(14,441)
State and federal program funding	18,630	-	-	-	-	-	-	-	-	18,630
State and federal program expenses	(12,953)	-	-	-	-	-	-	-	-	(12,953)
Nonoperating income (loss)	2,180	-	-	-	(153)	11,385	(25,826)	-	-	(12,414)
Income (loss) before transfers	9,962	39	-	-	1,181	8,617	(27,708)	1	-	(7,908)
Operating transfers in (out)	17,975	-	-	-	-	(17,975)	-	-	-	-
Change in net assets	27,937	39	-	-	1,181	(9,358)	(27,708)	1	-	(7,908)
Net assets, beginning of year	880,462	3,831	-	-	5,500	(2,565)	1,472	191	-	888,891
Net assets, end of year	\$ 908,399	\$ 3,870	\$ -	\$ -	\$ 6,681	\$ (11,923)	\$ (26,236)	\$ 192	\$ -	\$ 880,983