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Independent Accountants' Report on Applying Agreed-Upon Procedures

Connecticut Housing Finance Authority and
Morgan Stanley & Co., LLC

We have performed the procedures enumerated in Attachment A, which were agreed to by the Connecticut Housing Finance Authority and Morgan Stanley & Co., LLC, (the specified parties) on the unaudited financial data for the six-month period from January 1, 2018 to June 30, 2018 and certain other financial data presented in the Preliminary Official Statement related to the placement of \$70,645,000 aggregate principal amounts of Connecticut Housing Finance Authority (CHFA) Housing Mortgage Finance Program Bonds, 2018 Series D, consisting of \$32,310,000 Subseries D-1, \$38,335,000 Subseries D-2, to be issued by Connecticut Housing Finance Authority. CHFA's management is responsible for the unaudited financial data for the six-month period from January 1, 2018 to June 30, 2018 and other financial data presented in the Preliminary Official Statement referred to in the previous sentence. The sufficiency of these procedures is solely the responsibility of the specified parties. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are presented in Attachment A.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the unaudited financial data for the six-month period from January 1, 2018 to June 30, 2018 and certain other financial data presented in the Preliminary Official Statement. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Connecticut Housing Finance Authority and Morgan Stanley & Co., LLC, and is not intended to be and should not be used by anyone other than these specified parties.

Blum, Shapiro & Company, P.C.

West Hartford, Connecticut
October 11, 2018

ATTACHMENT A

In Connection with the Preliminary Official Statement:

We are independent certified public accountants with respect to the Authority under ET 1.200 of the AICPA's Code of Professional Conduct, and its interpretations.

We have not audited any financial statements of the Authority as of any date or for any period subsequent to December 31, 2017; although we have conducted an audit for the year ended December 31, 2017, the purpose (and therefore the scope) of our audit was to enable us to express our opinion on the financial statements as of December 31, 2017, and for the year then ended, but not on the financial statements for any interim period within that year. Therefore, we are unable to and do not express any opinion on the financial position, changes in financial position or cash flows as of any other date or for any period subsequent to December 31, 2017, for the Authority.

1. At your request, we have read the 2018 minutes of meetings of the Board of Directors of the Authority as set forth in the minute books through July 26, 2018, officials of the Authority having advised us that the minutes of all such meetings through that date were set forth therein. We also carried out other procedures to October 11, 2018 as follows (our procedures did not extend to October 12, 2018):
 - a. With respect to the six-month period from January 1, 2018 to June 30, 2018, we have:
 - i. Read the unaudited condensed financial statements of the Authority at June 30, 2018 furnished to us by the Authority, and agreed the amounts contained therein with the Authority's accounting records. Officials of the Authority have advised us that no financial data as of any date or for any period subsequent to June 30, 2018 were available.
 - ii. Inquired of certain officials of the Authority who have responsibility for financial and accounting matters whether 1) the unaudited condensed financial statements referred to in 1.a.i. are in conformity with generally accepted accounting principles applied on a basis substantially consistent with that of the audited financial statements included in the Preliminary Official Statement, 2) at June 30, 2018, there was any increase in bonds payable or decrease in net position of the Authority as compared with amounts shown in the December 31, 2017 statement of net position included in the Preliminary Official Statement, or 3) for the six-month period January 1, 2018 to June 30, 2018, there were any decreases, as compared with the respective period of the preceding year, in total operating revenues or operating income.

Those officials stated 1) the unaudited condensed financial statements referred to in 1.a.i. are in conformity with generally accepted accounting principles on a basis substantially consistent with that of the audited financial statements except for adjustments to properly record the reserve for loan losses, compensated absence liability and any potential arbitrage liability, 2) at June 30, 2018, there was a net increase in bonds payable by \$29 million a result of new bonds issued of \$343 million offset by \$314 million of bond redemption, principal payments and amortization of original bond premium/discount as compared with amounts shown in the December 31, 2017 audited statement of net position included in the Preliminary Official Statement, and for the six-month period from January 1, 2018 to June 30, 2018, there was a negative result of operations of \$47 million brought about in large part by a \$54 million decrease in the market value of investments offset with recognizing \$7 million in net operating income, or 3) for the six-month period from January 1, 2018 to June 30, 2018, compared to the six-month period January 1, 2017 to June 30, 2017 there was a positive change in operating revenue of \$5 million, made up of a \$7 million increase in interest on investments, offset by a \$2 million decrease in interest on mortgage loans, and an overall increase in operating income of \$500 thousand.

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- b. As mentioned in 1.a.i., Authority officials have advised us that no financial statements as of any date or for any period subsequent to June 30, 2018 are available; accordingly, the procedures carried out by us with respect to changes in financial statement items after June 30, 2018 have, of necessity, been even more limited than those with respect to the periods referred to in 1a. We have inquired of certain officials of the Authority who have responsibility for financial and accounting matters as to whether 1) at October 11, 2018 there was any increase in bonds payable or decrease in net position of the Authority as compared with amounts shown in the December 31, 2017 statement of net position included in the Preliminary Official Statement, or 2) for the period from January 1, 2018 to October 11, 2018 there were any decreases, as compared with the respective period of the preceding year, in total operating revenues or operating income.

Those officials referred to above stated that at October 11, 2018, 1) there was a net increase in bonds payable by \$98 million as a result of additional new bonds issued of approximately \$520 million offset by approximately \$422 million of bond redemption, principal payments and amortization of original bond premium/discount as compared with amounts shown in the December 31, 2017 audited statement of net position included in the Preliminary Official Statement, and 2) the records of the financial information available subsequent to June 30, 2018 have not been reconciled and, accordingly, those officials could not state that there were no decreases for the period from July 1, 2018 to October 11, 2018, as compared with the corresponding period in the preceding year, in net position, operating revenues or operating income.

2. We compared the dollar amount of \$27,605,000, described on Part 1-14 of the Preliminary Official Statement as net position in Other Funds, with the balance in the Authority's general ledger and found them to be in agreement as of December 31, 2017.
3. We compared the dollar amount of \$7,290,157,390, described in the Home Mortgage Loan Portfolio, Distribution by Year of Origination, with Weighted Average Coupon and Original Term schedule on Part 2-13 of the Preliminary Official Statement as the original balance of the Home Mortgage Loan Portfolio, as of June 30, 2018 to the corresponding dollar amounts in the schedules prepared by officials of the Authority who have responsibility for financial and accounting matters and found them to be in material agreement. We have agreed the total outstanding principal balance amounting to the dollar amount of \$1,645,933,404, representing the balance federally insured by the Federal Housing Administration, the Rural Development Authority, guaranteed by the Veterans Administration, insured by private mortgage insurance companies or uninsured to the Home Mortgage Loan Portfolio, Distribution by Amortized LTV Ratio and Insurance Coverage schedule on Part 2-13, which was prepared by officials of the Authority who have responsibility for financial and accounting matters and found them to be in material agreement.
4. We compared the dollar amount of the Home Mortgage Loan applications totaling \$178,000,000 as of June 30, 2018 on Part I-2 to schedules prepared by officials of the Authority who have responsibility for financial and accounting matters and found them to be in agreement.
5. We compared the dollar amount of \$1,319,113,560 described on Part 2-8 of the Preliminary Official Statement as the Multifamily Mortgage Loan Portfolio and the DECD Development Portfolio outstanding principal balance (without regard to allowance for loan losses) as of June 30, 2018, consisting of \$117,331,691 of Construction Loans and \$1,201,781,869 of Permanent Loans to schedules prepared by officials of the Authority who have responsibility for financial and accounting matters and found them to be in agreement.

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6. We compared the dollar amount of \$731,543,070, described on Part 2-8 of the Preliminary Official Statement as the outstanding principal balance of Mortgage Loans within the Multifamily Mortgage Loan Portfolio that were originally financed with proceeds of Housing Mortgage Finance Bonds as of June 30, 2018 to schedules prepared by officials of the Authority who have responsibility for financial and accounting matters and found them to be in agreement. We compared the dollar amount of \$15,000,000 in Part 2-8 of the Preliminary Official Statement as the bond proceeds available to provide for the completion of multifamily developments under construction as of June 30, 2018 to schedules prepared by officials of the Authority who have responsibility for financial and accounting matters and found them to be in agreement.
7. We compared the Outstanding Mortgage Balance and Current Carrying Value dollar amounts aggregating \$1,300,000 and \$2,300,000, respectively, as described in Part 2-9 of the Preliminary Official Statement as the Multifamily Real Estate Owned for Eno Farms as of June 30, 2018, to the dollar amount shown in the schedule prepared by officials of the Authority who have responsibility for financial and accounting matters and found them to be in agreement.
8. These procedures should not be taken to supplant any additional inquiries or procedures that you would undertake in your consideration of the proposed transaction contemplated by the Preliminary Official Statement.
9. This letter is solely for the information of the addressees and to assist the underwriters in conducting and documenting their investigation of the affairs of the Authority in connection with the offering of securities covered by the Preliminary Official Statement, and it is not to be used, circulated, quoted or otherwise referred to for any other purpose, including but not limited to the purchase or sale of securities, nor is it to be filed with or referred to in whole or in part in the Preliminary Official Statement or any other document, except that reference may be made to it in any list of closing documents pertaining to offering of the securities covered by the Preliminary Official Statement.

We have no responsibility to update this report for events and circumstances occurring after October 11, 2018.