2010
Annual Report

Connecticut Housing Finance Authority

Created in 1969 by the state legislature, the Connecticut Housing Finance Authority's purpose is to help alleviate the shortage of affordable housing for low- and moderate-income families and persons in Connecticut, and when appropriate, to promote or maintain the economic development of the state through employer-assisted housing efforts.

Table of Contents

A LETTER FROM THE GOVERNOR OF THE STATE OF CONNECTICUT

GROWING THE ECONOMY, STRENGTHENING COMMUNITIES

Addressing the affordability of housing is a key element to building a stronger Connecticut and achieving a thriving economy. The work being done by the Connecticut Housing Finance Authority (CHFA) will bring families throughout the state one step closer to realizing security and stability in big cities and small towns across Connecticut.

Yet, affordable housing provides so much more than a roof over a head. Homeownership increases economic activity and weaves together communities throughout the state. When CHFA provides a first-time homebuyer with an affordable mortgage, that new homeowner makes an important contribution to the recovery of today's distressed real estate market. Building affordable rental housing creates jobs in the hard-hit construction and trades industries, and, both homeowners and renters make a significant direct contribution to economic recovery.

In 2010, the affordable rental projects financed by CHFA produced more than 1,800 new jobs in our state and $19.2 million in new revenue to the state.

Many of the affordable rental housing developments financed by CHFA are new, positive anchors and contributors to their neighborhoods—brightening the futures of communities throughout the state. This is especially true when these investments revitalize distressed public housing or re-use abandoned urban properties. As a former mayor, I know the importance of this kind of change.

Beyond just financing the mortgage or construction of affordable homes, families in CHFA-financed homes generate ongoing economic and community activity. Each new home will continue to support about 20 jobs in the community as individuals and families purchase the consumer goods and services needed to keep their households running.

I am pleased to accept this report of the Connecticut Housing Finance Authority for 2010, and I look forward to working with CHFA to improve the quality of life for families across Connecticut. Through CHFA's efforts, great strides have been made in affordable housing which will strengthen the statewide economy and revitalize our communities.

DANNEL P. MALLOY
GOVERNOR OF THE STATE OF CONNECTICUT

A LETTER FROM THE CHAIRPERSON OF CHFA

PROVIDING SOLUTIONS

As the new chairperson of CHFA's Board of Directors, it is fitting to take this occasion to thank Governor Malloy for the opportunity to work with board members to meet the challenges of building our communities and growing our economy.

Governor Malloy's vision and foresight has made housing an important component of our agenda for economic renewal. Through focused investment of CHFA's affordable housing financial resources and its work with key partners in and out of government, we believe that CHFA can play a significant role in our efforts.

Over the past few years, CHFA has been a part of the solution by providing opportunities for homeownership and rental homes that are both sustainable and affordable to Connecticut families. CHFA's work in implementing the American Recovery and Reinvestment Act has provided a total of over $34 million in new state revenue as a part of the recovery. **This investment provided nearly 1,000 new affordable rental homes as well as over 3,000 jobs in the construction trade and other important employment sectors.**

It is clear from this experience that not only does housing address the real human need for safe and secure shelter, but that housing investment creates jobs, builds communities, and strengthens our economy.

Housing is the foundation for economic vitality in Connecticut. I look forward to working with the other members of the Board of Directors of CHFA in fulfilling the vision of providing the financing for housing that is affordable for the residents of Connecticut.

CATHERINE SMITH
CHAIRPERSON OF THE BOARD

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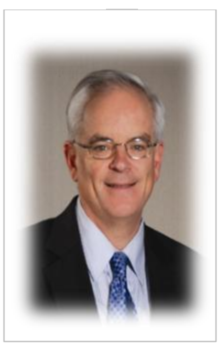

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Overview

The Connecticut Housing Finance Authority (CHFA) is committed to the development of appropriate, affordable, and accessible housing choices for state residents not only to strengthen the security of family life, but to support the economic growth and vitality in the state.

The recession continued to have a significant impact in Connecticut during 2010. A sluggish economy and high unemployment rates, combined with rising delinquencies and foreclosures kept the housing market in turmoil. Despite these challenges, the Connecticut Housing Finance Authority worked diligently to preserve its financial strength and capacity, continuing to offer the mortgage programs that make homeownership a reality for more state residents as well as supporting housing development and economic recovery.

In 2010, CHFA developed 500 new rental units,

CHFA's marketing of low-cost mortgage programs to the state's 18 to 24-year old residents continued to be a priority. Helping this age group achieve their dreams of homeownership will keep the future work force from leaving the state and add stability to communities. In addition, the Authority worked to expand opportunities for affordable and supportive housing, approving more than 80 units of special needs housing for a group that has been particularly hard-hit by the recession.

provided home mortgages to 1,963 families,

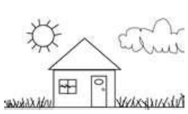
Working closely with the Department of Economic and Community Development (DECD) capitalizing on the stimulus funding provided to the State through the American Recovery and Reinvestment Act (ARRA), CHFA developed and renovated a total of 500 affordable rental homes in four communities throughout the state. By leveraging CHFA mortgage funding, State capital funding, tax credits, and stimulus dollars, this work generated more than 1,500 jobs, as well as an estimated $17.1 million in revenue to the State of Connecticut.

1,030 downpayment assistance mortgages,

Federal intervention in the conventional markets to hold down long-term interest rates made it difficult to compete in the bond market for new funding. CHFA responded by taking advantage of this environment to refinance and recycle existing debt and create new financial structures. In 2010, CHFA sold $833 million of bonds, including its first bonds under the Federally-subsidized New Issue Bond Program, for which CHFA created a bond structure that leveraged the Federal Program to sell $176 million of single family bonds at or below market rates with only $6 million of credit exposure to CHFA, $306 million of refunding bonds, $100 million of taxable bonds for warehousing mortgages, $35 million of below market taxable indexed bonds, $77 million of Convertible Option Bonds to save bonding authority, $90 million of program bonds for the State of Connecticut, including $15 million of refunding bonds and $14 million of conduit bonds, and $49 million of fixed and floating-rate multifamily bonds. These structures enabled CHFA to continue forward with its programs despite the challenges.

and sold $833 million of bonds.

CHFA will continue to work diligently to assist and serve the residents of Connecticut because we believe that everyone should have a place called 'home'.



Historical Data

Figures below reflect both the 2010 totals and the cumulative totals for the period 1969 through 2009.

Historical Statewide Distribution of Loans and Tax Credits

	Number of Home Mortgages / Rental Homes		Funding Dollar Amount	
	2010	**1969 - 2009**	**2010**	**1969 - 2009**
Home Mortgages	**1,963**	125,114	**$312.8 million**	$11.5 billion
Downpayment Assistance Mortgages	**1,030**	27,975	**$11.08 million**	$227.9 million
New Rental Housing (1)	**500**	34,782	**$64.4 million**	$2.9 billion

(1) Includes rental homes financed with Investment Trust Account (ITA) Funds, Community Investments Account (CIA) Funds, Tax Exempt Bond Volume Cap and HERA Allocation Funds, both the 4% and 9% Low-Income Housing Tax Credit Proceeds (LIHTC), as well as supportive housing units under the Next Steps Initiative.

CHFA IMPLEMENTATION OF ARRA

The American Recovery and Reinvestment Act (ARRA) of 2009 provided several unique opportunities for the Connecticut Housing Finance Authority (CHFA) to continue making investments in the development and maintenance of affordable rental homes, expand homeownership, and continue low-cost lending programs during a time of economic distress and uncertainty in the financial markets. These initiatives provided needed additional affordable housing, jobs, and state revenue during the economic downturn.

CHFA worked throughout 2010 to complete the implementation of ARRA's initiatives to ensure that the state realized the benefit of these new homeownership, new rental development, and public housing opportunities. In doing so, CHFA was able to leverage federal resources to finance housing that otherwise would have been stalled or lost completely. This in turn led to the creation of jobs and economic activity benefiting Connecticut and its residents.

Affordable Rental Homes

ARRA provided CHFA with two new tools to assist in the development of affordable rental housing through the Low-Income Housing Tax Credit (LIHTC) Program. These tools included the Tax Credit Assistance Program (TCAP), which provides direct funding to CHFA through the federal Department of Housing and Urban Development (HUD), and the Section 1602 Tax Credit Exchange Program (TCEP) that allows CHFA to return unused low-income housing tax credits to the U.S. Treasury in exchange for cash grants.

Tax Credit Assistance Program (TCAP)

CHFA received an allocation of $26.2 million from the United States Department of Housing and Urban Development (HUD) for investment in projects awarded low-income housing tax credits in federal fiscal years 2007, 2008, or 2009. ARRA required CHFA to distribute these funds competitively, with priority given to projects expected to be completed by February 2012.

By December 2009, CHFA had provided authorization for allocation of all of the $26.2 million available through TCAP. During 2010, CHFA worked to make sure that all these affordable rental home developments were underway to provide needed housing and jobs for Connecticut residents. Ultimately, seven developments were funded comprising 547 new and renovated affordable rental homes in Meriden, New London, Stamford, and Windham, for a total housing development investment of $128.2 million. **This investment generated an estimated $200.4 million in total economic activity, over 1,500 jobs in the construction and related sectors as well as an estimated $17.1 million in revenue to the State of Connecticut.**

At the close of the year, all of these developments were progressing and on target to meet their ARRA mandated progress deadlines for the investment of this economic stimulus funding.

Section 1602 Tax Credit Exchange Program (TCEP)

ARRA also provided CHFA with the ability to exchange returned or unused federal low-income housing tax credits with the U.S. Treasury for a grant at a fixed price. All unused or returned credit allocations from 2007 and 2008 were eligible to be exchanged, as was up to 40% of CHFA's 2009 credit allocation.

Through this program, CHFA received approval from the Treasury for $66.6 million in exchange funds for the return of unused tax credits. CHFA provided these funds to enable the development of an additional 444 affordable rental homes at seven additional properties in Hamden, Manchester, New Britain, Norwich, Stamford, Westport, and West Hartford. These properties generated an additional $201 million in total economic activity, generating more than 1,500 jobs in the construction and related sectors and an estimated $17.0 million in additional revenue to the State of Connecticut.

By the end of 2010, all developments had met or exceeded their development and spending benchmarks under ARRA and were progressing toward the completion of construction and occupancy.

Federalization of State Properties

The American Recovery and Reinvestment Act (ARRA) also provided an opportunity for state housing authorities to transfer state public housing apartments to their federal public housing portfolio. By federalizing these properties, housing authorities have the ability to receive federal funds for capital repairs. Moreover, federalization directly benefits the lowest income residents at these properties by reducing their required rent contribution.

Since the passage of the ARRA, CHFA has assisted the housing authorities during this tight timeframe, acting as an informational liaison between the state housing authorities and HUD. In addition, after reviewing the benefits of the transfers, CHFA agreed with the housing authorities' decision that it was in the best interest of the residents and property to release certain developments from their liens and encumbrances so they could be accepted into the federal program. By the end of 2010, 12 properties owned and managed by seven housing authorities in East Hartford, Norwalk, Seymour, Torrington, Vernon, Waterbury and Winchester met the requirements for transfer, moving a total of 414 affordable rental homes from the state to the federal public housing portfolio.

Expanding Homeownership

In 2009, ARRA made an $8,000 tax credit available to first time homebuyers and subsequently extending the program through April 30, 2010, expanding a borrower's eligible income. In addition, a $6,500 tax credit for existing homeowners who have lived in their home for at least five years was made available. The federal tax credit, coupled with CHFA's low interest rate mortgage financing, made homeownership an achievable goal for many of Connecticut's first-time homebuyers as well as existing homeowners wishing to purchase a home.

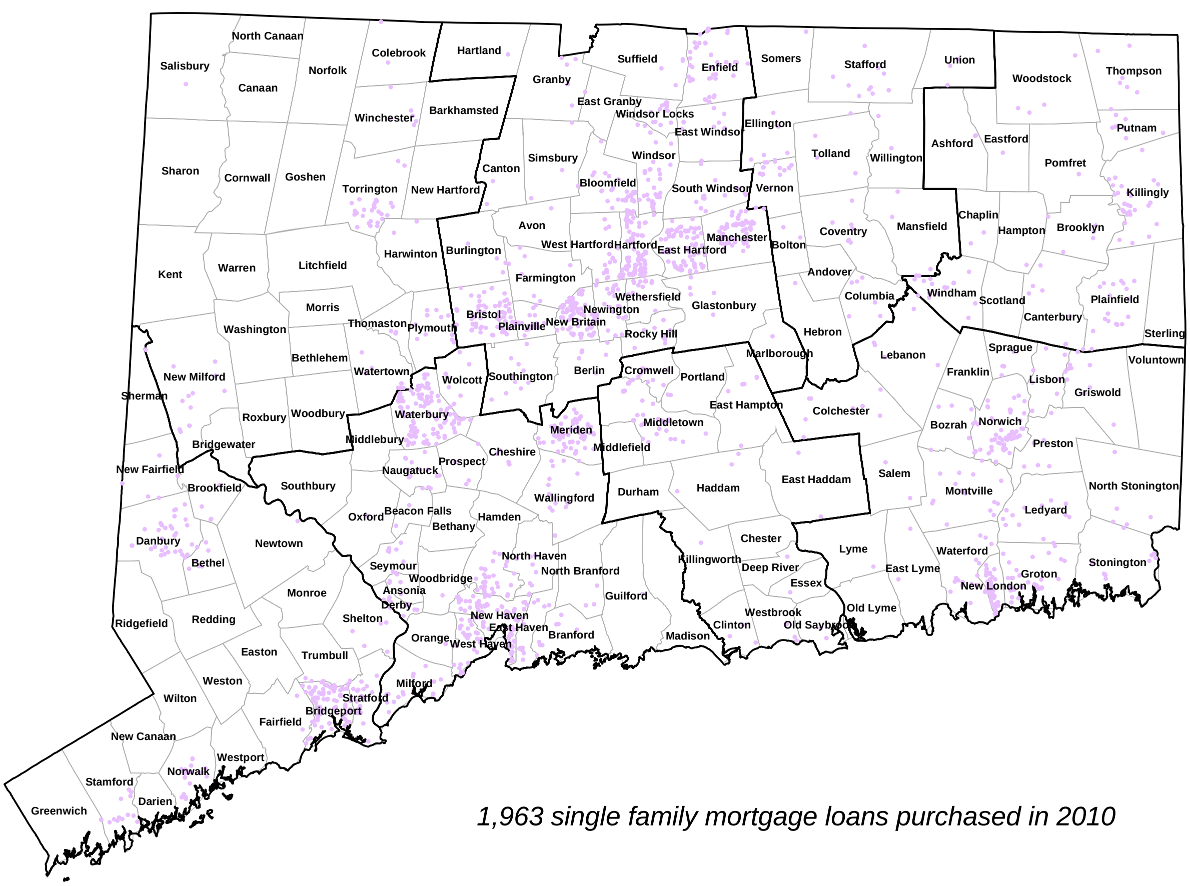
Low-Cost Mortgage Financing Through the Federal New Issue Bond Program

The U.S. Treasury Department announced in 2009 a new initiative for state and local housing finance agencies – the New Issue Bond Program (NIBP). Under this program, $219.3 million was allocated to CHFA ($191.7 million for single family and $27.6 million for multifamily) using authority provided by the Housing and Economic Recovery Act of 2008 (HERA). This allocation means that the Treasury, working through the government-sponsored entities, Fannie Mae and Freddie Mac, will purchase up to $219.3 million of CHFA's bonds. The bonds were first issued by the end of 2009 as taxable floating rate bonds called Program Bonds or Escrow Bonds. During 2010, $100 million of these escrow bonds were converted to long-term securities and their proceeds made available to provide low cost home mortgage finance through CHFA's Home Mortgage Program. During 2010, the U.S. Treasury extended the program for another year and CHFA will be considering how best to use this program to support its programs in 2011.

PROMOTING SINGLE FAMILY HOMEOWNERSHIP

CHFA works to increase the availability of affordable housing for low- and moderate-income households in all areas of the state, building more stable communities and promoting economic growth. In 2010 CHFA made homeownership a reality for 1,963 low- and moderate-income borrowers. These loans totaled $312.8 million.

- The average amount of mortgage financing provided was $159,348.
- Borrowers had an average annual income of $63,402.
- The average monthly mortgage payment was $786.
- 52.5% of borrowers (1,030) obtained a Downpayment Assistance Program (DAP) second mortgage.
- 45.5% of borrowers (893) were female heads of households.
- 36.7% (720) were minority borrowers.
- The average age of these borrowers was 35.
- 30.6% (601) of CHFA's loans were made in the 18 federally targeted areas within targeted communities, and 70.4% (1,381) of loans were made in 33 communities identified by the Connecticut Conservation and Development Policy Plan as being regional, urban center communities.



1,963 single family mortgage loans purchased in 2010

Quite often, saving enough money for the downpayment is a significant obstacle for potential homeowners. Through CHFA's Downpayment Assistance Program (DAP), 1,030 borrowers were able to obtain second mortgages, totaling $11.08 million in statewide assistance.

CHFA sponsored 94, three-hour homebuyer education classes for CHFA borrowers receiving downpayment assistance. These classes, with 1,023 attendees, focused on the fundamentals of successful homeownership.

Targeted Programs

CHFA continued to focus on increasing homeownership through its Homebuyer Programs among police officers, teachers, military personnel, and public housing tenants.

- During 2010**,** CHFA continued to offer programs that allow police officers and teachers to live in the towns where they work. CHFA also offered a special program for military personnel wishing to purchase a home. Throughout the year, two Police Homeownership, 26 Teacher Mortgage Assistance, and 17 Military Homeownership loans were purchased, totaling $8.4 million.
- CHFA collaborated with local housing counseling agencies to provide eight-hour counseling classes to 828 prospective homebuyers. In 2010, the Authority sponsored 97, eight-hour classes across the state, several of which were offered in Spanish. These classes educated prospective homeowners about the home buying process. CHFA also offered an additional 578 individual financial and credit counseling classes throughout 2010.
- 27 homeownership loans totaling $2.3 million were made to persons with disabilities, allowing these individuals to live independent lifestyles.
- Section 8 homeownership loans totaling $1.9 million were made to nine borrowers residing in publicly assisted housing, allowing them to move into homes of their own.
- CHFA purchased 54 Rural Housing loans originated in conjunction with RDA single-family mortgage programs. These loans, totaling $9.05 million, supported homeowners who wished to purchase a home in Connecticut's rural areas.

Urban Rehabilitation Homeownership (UR Home) Program

In 2006, CHFA reactivated the Urban Rehabilitation Homeownership (UR Home) Program utilizing $1 million of Ameriquest settlement funds, which were provided to CHFA as part of a settlement agreement between the Department of Banking and the Ameriquest Corporation. This unique program is aimed at revitalizing urban communities in Connecticut. The funds are used for forgivable loans for rehabilitation in conjunction with a CHFA first mortgage. The loans are available to state, municipal, and private sector employees purchasing a home in one of six targeted communities where they work. The six communities include Bridgeport, Hartford, New Haven, New London, Waterbury, and the town of Windham (selected census tracts). In 2010, CHFA provided 31 UR Home first mortgages totaling $4.8 million as well as $631,709 of forgivable loans for rehabilitation using the Ameriquest funds.

Mortgage Relief and Refinancing for Homeowners

In response to the mortgage and financial crisis, the General Assembly passed and Governor Rell signed into law, Public Act 08-176, "An Act Concerning Responsible Lending and Economic Security" during its 2008 legislative session. The law took effect on July 1, 2008 and included several components to assist borrowers who are delinquent and facing foreclosure, including continuing the CT FAMLIES Program and expanding the Emergency Mortgage Assistance Program (EMAP). In 2009, the General Assembly passed and Governor Rell signed into law, Public Act 09-209, "An Act Concerning Implementation of the S.A.F.E. Mortgage Licensing Act, the Emergency Mortgage Assistance Program, Foreclosure Procedures and Technical Revisions to the Banking Statutes." This legislation further modified CT FAMLIES and EMAP by expanding eligibility for the programs.

The following activity resulted from the CT FAMLIES Program and EMAP:

- CHFA continued the CT Fair Alternative Mortgage Lending Initiative and Education Services (CT FAMLIES) Program that offers refinancing of 30-year fixed-rate mortgages for homeowners who are delinquent on their adjustable-rate or fixed-rate mortgage. The FHA Secure Program established by the Department of Housing and Urban Development, which ended on December 31, 2008, previously insured these loans. In April 2009, the CT FAMLIES program was reinstated with loans insured by CHFA through its insurance program.

- In 2010, 39 CT FAMLIES loans were purchased totaling $7.4 million. Since the program's inception, 123 loans have been purchased totaling $24.6 million.

- Under the modified program, 129 EMAP loans were approved. These borrowers may receive monthly mortgage assistance and/or funds to bring their mortgages current.

- CHFA's call center responded to 16,439 calls throughout the year. Over 49,000 homeowners have called for information on state and federal foreclosure assistance programs since the call center's opening on July 1, 2008.

- CHFA participated in 24 foreclosure prevention outreach events in 2010. Over 1,100 homeowners attended these events that provided information on CHFA's foreclosure prevention programs.

- Additionally, 37 financial fitness classes with 132 attendees for participants in the Mortgage Crisis Job Training Program and CT FAMLIES borrowers were conducted this year.

- In 2010, 126 foreclosure prevention clinics were held, with 1,523 attendees. These clinics are designed to assist the homeowners at risk of default and foreclosure. Homeowners are advised of alternatives to foreclosure and other workout options including State and Federal Programs available. In addition, the clinics provide information about the judicial foreclosure and mediation process along with guidance on how to prepare for and what documents to bring to court.

PROVIDING AFFORDABLE RENTAL HOUSING

Providing affordable multifamily housing for Connecticut households in need and promoting neighborhood revitalization as well as the preservation of federal, state and locally assisted affordable rental housing stock is a fundamental goal for CHFA. This is accomplished by providing low cost mortgage financing and allocating Federal Low-Income Housing Tax Credits (LIHTC's). During 2010, CHFA authorized the following mortgage financing and allocation of LIHTC's for the construction and/or acquisition/rehabilitation of affordable multifamily rental developments.

New Commitments of Low-Cost Mortgage Financing

Peachtree Village, Avon

78 affordable units, 103 total

In 2010, CHFA committed and achieved an initial closing to provide construction and permanent financing in the approximate amounts of $7.87 million of Investment Trust Account (ITA) funds and $675,000 of Community Investment Account (CIA) funds for this mixed income, senior housing development. The development also utilized $6,160,768 in Federal Low-Income Housing Tax Credit (LIHTC) equity raised from 9% LIHTCs allocated by CHFA from the 2009 LIHTC round. The State Department of Economic and Community Development (DECD) also provided a $1.86 million HOME loan. Peachtree Village will provide 78 affordable rental homes and 25 market rate rental homes for 103 new rental homes. Targeted to seniors age 62 and over, the goal of this development is to improve the quality of life for active seniors as they age in place on fixed or limited incomes. Situated on approximately 15 acres, the development will consist of five residential buildings and a stand-alone community building. The community building will provide space for recreational activities and general socialization for Peachtree Village's residents. The $24 million estimated total economic activity generated by the development will create approximately 180 new jobs throughout the state economy and increase the State of Connecticut's revenue by more than $2.04 million.

Chamberlain Heights, Meriden

25 supportive units, 61 Section 8 vouchers, 124 total

CHFA committed construction financing in the approximate amount of $14,575,000 (authorized amount is $14,575,000 vs. actual $12,371,834 at initial closing), to be paid down to a permanent mortgage of $10,000,000 for the renovation of this major public housing property in Meriden. The development also utilized $9,392,121 in federal LIHTC equity and $1,137,388 in TCAP funding provided through ARRA. Chamberlain Heights' 36 existing two-story buildings, originally constructed in the 1950s, were in need of complete gut renovation. The renovation plan will provide a more efficient building envelope, improving efficiency by using environmentally friendly materials and practices. With 124 rental homes, the Housing Authority of the City of Meriden pledged 61 Section 8 Housing Choice vouchers to support low-income occupancy including 25 units to be reserved for supportive housing. The $39 million estimated total economic activity generated by the development is projected to support over 300 jobs in the state's economy and provide the State of Connecticut with an additional 3.37 million in revenue.

Brookside Phase 1 Rental (f/k/a West Rock Phase 1 Rental), New Haven

101 affordable units, Phase I

CHFA committed construction financing in the approximate amount of $23 million to be provided from the issuance of tax-exempt bonds, for the initial phase of the redevelopment of a major public housing site in New Haven. The construction loan is expected to be paid down and converted to a permanent mortgage in the approximate amount of $6 million upon the completion of construction. The development is expected to utilize $12,976,782 in equity from private investors from the sale of federal 4% Low-Income Housing Tax Credit available to this development by virtue of its tax-exempt mortgage financing. The development funding plan also includes significant funding available to the Housing Authority of the City New Haven, HUD and ARRA. It will provide 101 affordable rental homes as the first phase of the comprehensive redevelopment of the former Brookside and Rock View public housing developments in north-central New Haven. Rental assistance through HUD is provided to support extremely low-income occupancy. The economic activity generated by this development is estimated to support over 480 new jobs in the state's economy and over $5.4 million in new revenue to the State of Connecticut.

Quinnipiac Phase 3 Rental, New Haven

33 affordable rental units

In 2010, CHFA committed and achieved an initial closing to provide construction financing in the approximate amount of $7.5 million from the issuance of tax-exempt bonds for Quinnipiac Terrace Phase 3 Rental, continuing the redevelopment of a former public housing site in New Haven. The construction loan will be paid down and converted to a permanent mortgage of approximately $2.24 million upon the completion of construction. Funding sources include approximately $4,535,698 in 4% Federal Low-Income Housing Tax Credit equity from private investors (in conjunction with the tax-exempt bond financing from CHFA) and approximately $8.22 million financing from the Housing Authority of the City of New Haven with HUD’s Moving To Work (MTW) and Capital Fund Recovery Competition (CFRC) grant funds. Quinnipiac Phase 3 Rental will consist of 33 affordable rental homes comprising the third phase of the comprehensive redevelopment of the former Quinnipiac Terrace public housing development in the Fair Haven neighborhood of New Haven. Rental operating subsidies administered by the Housing Authority of the City of New Haven will be provided to all homes in the development ensuring that this project will be 100% affordable. The economic activity generated by this development is estimated to support over 150 new jobs in the state's economy and over $1.75 million in new revenue to the State of Connecticut.

Wilton Commons, Wilton

51 affordable rental units

CHFA committed construction financing in the approximate amount of $5.3 million to be provided by the issuance of tax-exempt bonds, for the construction of 51 new affordable rental apartment homes for persons 62 and older in Wilton. The construction loan is expected to be paid down and converted to a permanent mortgage of approximately $2.1 million upon the completion of construction. The development is expected to utilize $2,362,819 in federal 4% LIHTC's equity from private investors and available to this development by virtue of its tax-exempt mortgage financing. The development's funding plan also includes $3,200,000 provided through the State Department of Economic and Community Development (DECD). The Town of Wilton will lease the site to the mortgagor for 85 years at the cost of $1 annually. The estimated value of this contribution is about $2,000,000, and local residents contributed an additional $1,800,000. The economic activity generated by this development is anticipated to total over $15.3 million supporting over 125 jobs and about $1.3 million in new revenue to the State of Connecticut.

Alfred E. Plant, West Hartford

95 renovated units, 42 new units, 137 total

CHFA committed construction and permanent first leasehold mortgage financing in the approximate amount of up to $7.9 million from the Authority's Investment Trust Account (ITA) to renovate 95 existing apartment homes and to construct 42 new apartment homes sponsored by the West Hartford Housing Authority. The construction loan is expected to be converted to a permanent mortgage upon the completion of renovations/construction. The development is also expected to utilize $11 million in Tax Credit Assistance Program (TCAP) funding received by CHFA from the U.S. Treasury in exchange for returned or unused federal 9% Low-Income Housing Tax Credits. The development's financing also includes $2.16 million provided through the Connecticut Department of Community and Economic Development (DECD). The Town of West Hartford will lease the site to the mortgagor for 99 years at the cost of $1 annually. The economic activity generated by this development is anticipated to total over $32.5 million supporting over 250 jobs and adding approximately $2.8 million in net revenue to the State of Connecticut.

New Reservations of Federal Low-Income Housing Tax Credits (LIHTC's)

Berlin Workforce Housing, Berlin

88 affordable rentals, 14 for disabled renters

CHFA provided a reservation of LIHTC's sufficient to provide $9,902,412 in private equity investment for the development of 88 new affordable rental homes in Berlin. Fourteen units are set-aside and targeted for persons with disabilities. First mortgage financing of $3,750,000 was provided by People's Bank and the Connecticut Department of Economic and Community Development provided an additional $1,854,515 through the HOME Investment Partnership program.

Briarcliff-Bates Woods Apartments, New London

70 affordable units renovated

CHFA provided a reservation of LIHTC's sufficient to provide $7,040,103 in private equity investment for the thorough renovation of 70 affordable apartment homes in a State public housing property in serious need of repair. Homes will be made available for persons with disabilities and chronically homeless persons in need of supportive services. Red Mortgage Capital provided first mortgage financing of $2,500,000, the Connecticut Department of Economic and Community Development committed an additional $3,390,324, provided through the HOME Investment Partnership program.

Fair Haven Mutual Housing (Scattered Site Project), New Haven

20 rental assistance vouchers, 9 supportive units, 44 total

CHFA provided a reservation of LIHTC's sufficient to provide $6,913,163 in private equity investment in the development and renovation of 44 affordable rental homes in the Fair Haven neighborhood of New Haven, comprised of ten new and ten renovated buildings. Webster Bank provided first mortgage financing for $1,300,000 and the Department of Economic and Community Development (DECD) committed an additional $4,000,000. The Housing Authority of the City of New Haven has committed 20 rental assistance vouchers to support very low-income occupancy and nine units will provide supportive housing for persons at risk of homelessness and in need of supportive services.

Brookside Phase II Public Housing Site Redevelopment, New Haven

101 affordable units

CHFA provided a reservation of LIHTC's sufficient to provide $12,968,725 in private equity investment to develop of 101 new affordable rental homes on the site of a demolished, blighted Federal public housing development in northeast New Haven. The development, designed to promote a family oriented community environment, will increase the supply of affordable housing and revitalize the neighborhood. Special development funding was provided by HUD through the Housing Authority of the City of New Haven through the Moving to Work initiative and ARRA. First mortgage funding of $3,814,000 was provided through Continental Mortgage.

SUPPORTING SPECIAL NEEDS HOUSING

During 2010, CHFA approved commitments to finance the development of the following properties as supportive housing through Round III of the State of Connecticut's Next Steps Supportive Housing Initiative:

Leeway Welton Apartments, New Haven - 10 supportive housing units

CHFA committed construction and permanent mortgage financing of $1.5 million provided through the issuance of 501(c)(3) bonds issued by CHFA and supported by the State of Connecticut through the Next Steps Supportive Housing Initiative. Ten (10) units of supportive housing for adults with HIV/AIDS, disabilities and special needs will be provided through substantial rehabilitation of an existing rooming house and new construction of an additional adjoining building. This funding is provided as part of a cooperative joint funding effort with the federal Section 811 Program for persons with disabilities administered by HUD. Operating subsidies through HUD enable very low-income occupancy, with independent living enabled through supportive services funded by HUD in the State of Connecticut.

My Sister's Place, Hartford - 34 affordable supportive rental units

CHFA committed construction and permanent mortgage financing of $8.2 million provided through the issuance of 501(c)(3) bonds issued by CHFA and supported by the State of Connecticut through the Next Steps Supportive Housing Initiative. This funding will support the construction of 34 new affordable supportive rental homes for families and individuals with special needs at a former manufacturing site in Hartford. Some units will serve active young adults aged 18 to 23 who may be at risk of homelessness. Rental subsidies to enable long-term occupancy and service funding to address special needs are provided through the Department of Social Services (DSS) and Department of Mental Health and Addiction Services (DMHAS). The development was also supported through private charitable donations spurred by the State's Housing Tax Credit Contribution (HTCC) Program.

American Legion, Jewett City - 18 affordable supportive rental units

CHFA committed construction and permanent mortgage financing of $4.8 million provided through the issuance of 501(c)(3) bonds issued by CHFA and supported by the State of Connecticut through the Next Steps Supportive Housing Initiative. The State Department of Economic and Community Development (DECD) through the State's HOME Investment Partnership Program, as well as $200,000 in additional federal funds have committed additional funding of $500,000. The targeted resident population for American Legion Housing will be homeless and disabled veterans with special needs. The 18 new affordable supportive rental homes for adults require no operating subsidies requirement from the State of Connecticut due to support provided through the Federal Veterans Affairs Supportive Housing (VASH) Program. Service funding to address special needs is provided through the Department of Social Services (DSS) and Department of Mental Health and Addiction Services (DMHAS).

Center Street, Manchester - 20 affordable supportive rental units

CHFA committed construction and permanent mortgage financing of $4 million provided through the issuance of 501(c)(3) bonds issued by CHFA and supported by the State of Connecticut through the Next Steps Supportive Housing Initiative. The State Department of Economic and Community Development (DECD) through the State's HOME Investment Partnership Program, as well as $200,000 in additional federal funds have committed additional funding of $500,000. The targeted resident population for Center Street Housing will be homeless and disabled veterans with special needs. Ten of the 20 new affordable supportive rental homes for adults will be for persons with special needs, four of whom will be young adults and six will be for persons experiencing chronic homelessness. State Rental Assistance from the Department of Social Services will support very low occupancy of 10 of the 20 units. Supportive service funding is provided through the Department of Mental Health and Addiction Services (DMHAS).

MAINTAINING PUBLIC INVESTMENT IN AFFORDABLE RENTAL HOUSING

CHFA oversees the management of nearly 40,000 affordable rental homes financed by CHFA and the State of Connecticut over the past several decades. Each year CHFA invests in maintaining these properties as quality affordable homes for low-income residents and preserving them as available for this purpose for extended periods.

CHFA-Financed Portfolio

In 2010, CHFA provided financing for the maintenance and preservation of several developments in the portfolio of rental homes that it has financed and took additional measures to support its long term affordable housing preservation work. These include:

First Atlantic/Barkan Portfolio

In accordance with the preservation of affordable housing policy adopted by CHFA, in 2010, nine properties with 811 affordable rental homes units were refinanced. A financing package comprising the restructuring of existing mortgages and new mortgages totaling $54.9 million was provided to pre-fund important capital maintenance work and preserve these apartment homes as affordable until 2050.

Quebec Square, Brooklyn

CHFA provided $1.35 million in long-term low interest rate financing to support renovations at this 57-unit development in Brooklyn, Connecticut. This funding will support additional investment needed by the owner necessary to maintain the quality living environment and preserve long-term affordability.

Washington Street School, New Britain

CHFA provided $75,000 from the Community Investment Act (CIA) fund to help satisfy the owners' responsibility under an agreement with the Connecticut Lead Action for Medicaid Primary Prevention Program (LAMPP). Funds from both CIA and LAMPP will be used to replace 300, 90-year-old windows as well as remediate lead and asbestos from the frames and sills.

Parish Court, Fairfield

CHFA extended financing through a combination of ITA funds and 501(c)(3) bonds in the amount of $3.75 million for this 100 rental home development. The loan funded capital improvements for roofs, window replacements, heat pumps, fire detection systems in addition to 504 handicapped accessible compliance upgrades. CHFA provided the original financing of Parish Court in 1976. Since that time, rising operating costs and capital need expenses have outpaced approved rental increases causing its nonprofit owner, Church Housing for Fairfield, Inc. to seek assistance to maintain appropriate cash flow.

George Washington Carver, New London

CHFA provided $265,000 in financing from the Community Investment Act (CIA) fund to replace two elevators in severe disrepair. The forty-year-old, eleven story high-rise building is comprised of 130 homes for low-income elderly and disabled residents.

First Church Village, Wethersfield

First Church Village is a 75-unit Section 8 elderly housing development built in 1977 and currently owned by First Church Housing, Inc., a non-profit group. In order to address capital needs and preserve the long-term affordability, the existing loan was restructured for 30 years and $3.4 million in operating reserves will be distributed to CHFA for multifamily housing programs utilizing $1.73 million as a loan to First Church for exterior capital improvements identified in the Capital Needs Assessment.

The Glen, Winsted

This 48-unit elderly Tax Credit development was completed in 2000. In order to address a cash flow issue and balloon payment, CHFA reamortized the loan balance of $1.55 million over a 40-year term, extending the maturity year from 2032 to 2050. Reserves were utilized to pay a portion of the balloon payment and the balance will be paid from cash flow.

Additional CHFA Multifamily Portfolio Activity

CHFA continued its ongoing portfolio management oversight, which included budgeting of capital needs, and the risk management of its portfolio of 283 developments and 22,298 apartments, which includes Real Estate Owned (REO) properties held by subsidiaries of the Authority.

In 2010, CHFA extended affordability an average of 24.6 years on 1,713 affordable rental apartments with an average of $43,394 per unit in new money. CHFA's Board of Directors approved 12 deals with 25 associated properties.

- CHFA served as the contract administrator for 71 developments, including the review and approval of $66.8 million in subsidy payments for 6,963 project-based Section 8 apartments; and sub-contracted to oversee three developments with 155 Section 8 apartments.

- CHFA monitored low-income housing tax credit compliance of 11,749 apartments for 170 properties.

CHFA State-Financed Housing Portfolio

In 2010, CHFA provided financing for the maintenance and preservation of several developments in the portfolio of rental homes acquired by CHFA in 2003. It also took additional measures to support its long-term affordable housing preservation work. The several properties that follow either restructured existing loans or accessed new funds to address capital needs at their site.

Beaver Street Co-op, New Britain

Sale of property with affordability restrictions; assumption of existing mortgage along with $250,000 new ITA funding.

Wolcott Place, Hartford

An 18-unit, Section 8 property with a loan restructure to provide for capital improvements.

Marjorie Moore Village, Berlin

This 40-unit Section 8 elderly housing property in Berlin received Board approval to extend the current loan balance an additional 20 years to allow the owner to address capital improvements through increased cash flow resulting from the lower debt service.

Pleasant Street Cooperative, Enfield

CHFA provided $28,000 in ITA funds to facilitate the transfer of ownership of the 12-unit property from the town of Enfield to the Pleasant Street Limited Equity Cooperative (LEC) by paying off the existing mortgage in full.

Other Activity

Capital Needs Survey and Other Investment

CHFA surveyed owners of approximately 14,000 units of state-financed housing during the year to update information related to capital needs. This information will be utilized in addressing capital needs in properties seeking CHFA loans. CHFA worked with owners whose properties cannot support the debt to tap into other available resources such as CDBG funds and other similar programs managed by the Department of Economic and Community Development (DECD).

Weatherization

CHFA worked collaboratively with the Department of Social Services (DSS) during the year to identify eligible properties for federal weatherization funding to improve energy efficiency at properties with tenant paid utilities. This work will continue through 2012.

Security Manor (owned by CHFA subsidiary-CPS Properties, Inc)

During the 4th Quarter of 2010, staff issued a Request for Proposal (RFP) for a sale of the Security Manor property with affordability restrictions. When no bids were received, the opening was extended 90 days to Feb 28, 2011.

TAX CREDIT ALLOCATIONS

State Housing Tax Credit Contribution (HTCC) Program

CHFA administers the Housing Tax Credit Contribution (HTCC) program for the State of Connecticut. Under this program, CHFA issues tax credit vouchers to business firms that make cash contributions to support the housing programs and investments of qualified non-profits who develop affordable housing. These programs and investments can both expand homeownership and support the construction and rehabilitation of affordable rental and special needs homes.

The total amount available under the HTCC program is $10 million annually. There is a $2 million set-aside priority for supportive housing and a workforce housing set-aside of $1 million. During 2010, CHFA allocated the full $10 million under the Housing Tax Credit Contribution (HTCC) Program to the non-profit organizations listed below, who in turn will develop a total of 1,023 affordable homes and apartments.

NON-PROFIT ORGANIZATIONS RECEIVING CASH CONTRIBUTIONS

Developer	**Units**	**Total HTCCs**	**Set Aside**
Housing Development Fund	n/a	$500,000	W
Community Capital Fund	n/a	$314,000	W
The Glendower Group	100	$270,000	S
The Community Builders	127	$500,000	S
Common Ground Community II Housing Development Corp.	56	$500,000	S
Mutual Housing Association of South Central CT, Inc.	27	$300,000	S
American Legion Veterans Housing, Inc.	18	$500,000	S/G
Neighborhood Housing Services of New Haven, Inc.	n/a	$500,000	G
Edgewood Elm Housing, Inc.	9	$500,000	G
F.O.H., Inc.	10	$500,000	G
HOPE, Inc.	2	$500,000	G
Somers Housing Authority	86	$100,000	G
Eastern Connecticut Housing Opportunities, Inc.	4	$305,936	G
Rippowam Corporation	60	$500,000	G
Corporation for Urban Homeownership of New Haven	15	$476,000	G
Grace Development Corporation	41	$500,000	G
Cornwall Housing Corporation	10	$500,000	G
Continuum of Care, Inc.	10	$30,064	G
Ridgefield Housing Authority	132	$250,000	G
Neighborhood Housing Services of Waterbury, Inc.	10	$500,000	G
Mutual Housing Association of South Central CT	10	$100,000	G
New Neighborhoods, Inc.	50	$500,000	G
My Sister’s Place, Inc.	34	$100,000	G
Prudence Crandall Center, Inc.	18	$54,000	G
Quebec Square Association, Inc.	57	$500,000	G
West Hartford Housing Authority	137	$500,000	G
Nehemiah Housing Corporation	N/A	$200,000	G
Total	1,023	$10,000,000	

S = Supportive Housing Set Aside, W=Workforce Housing Set Aside, G=General Affordable Housing

FEDERAL LOW-INCOME HOUSING TAX CREDIT (LIHTC) PROGRAM

CHFA administers the Federal LIHTC Program in Connecticut. This program spurs critical private investment in the development of affordable rental homes. This private investment provides the additional funds needed to make development feasible while providing needed housing for low-income households.

This funding continues to be highly sought-after in a time when such subsidy dollars are limited. The table below is a list all of LIHTC Program activity for 2010 including, prior commitments of 2010 credits authorized in 2009, the balance of the 2010 credits committed in 2010 and all final allocation certifications of issued for developments completed in 2010 that received credit allocations from previous years.

LOW-INCOME HOUSING TAX CREDIT PROGRAM ACTIVITY FOR 2010

Tax Credit Reservations Authorized in 2010

City/Town	Project Name	Type of Housing	# of Units	Qualified Units	Tax Credit Amount
*Stamford	Ludlow Place	Family	50	50	$1,807,772
*Willimantic	Cedarwoods	Family	56	56	$560,000
*Avon	Peachtree Village (additional credits)	Elderly	103	72	$60,000
*Stamford	Metro Green II	Family	50	40	$1,632,677
New Haven	Brookside Phase II	Family	101	80	$1,684,250
New Haven	Fair Haven Mutual Housing	Family	44	44	$921,755
Berlin	Berlin Workforce Housing	Family	88	88	$1,302,949
New London	New London Communities II	Family	70	70	$1,005,729

* Applied in 2009 and received 2010 Credits

Low-Income Housing Tax Credit Allocation Certifications Issued in 2010

City/Town	Project Name	Type of Housing	# of Units	Qualified Units	Tax Credit Amount
Somers	Woodcrest Elderly Housing	Elderly	86	86	$1,181,713
Stamford	Metro Green Apartments	Family	50	50	$1,339,663
New Haven	Eastview Terrace	Family	102	102	$968,037
Danbury	Samuels Court	Supportive/ Family	28	28	$512,277
New Milford	Indian Field	Family	40	40	$617,178
Farmington	Yorkshire Village	Elderly	91	68	$831,788
Ridgefield	RHA Modernization	Family	132	125	$929,912
Bridgeport	Bridgeport Elderly Apartments	Elderly	85	85	$258,774

STRENGTHENING COMMUNITIES THROUGH HOUSING & COMMUNITY DEVELOPMENT

CHFA is committed to strengthening neighborhoods through helping to integrate housing within overall community development efforts. This is done by working in partnership with others investing state resources and by managing its own real estate holdings for the benefit of the community. During 2010, CHFA continued its important collaborative investments with others active in this field and through direct program investments.

Community Investments

CHFA Partnership with GE Money Bank in Support of Bridgeport Revitalization

CHFA and GE Money Bank, the consumer and small business financial services unit of General Electric, entered into a partnership in 2007 to make low-cost financing available to developments that support and encourage downtown stabilization and revitalization in the City of Bridgeport. GE Money Bank saw Bridgeport's draft master plan, "*Re-imagining Downtown Bridgeport*," as an opportunity to invest in a distressed urban area that had a clear path to successful community and economic revitalization. GE Money Bank committed to invest up to $25 million in Bridgeport and sought a strong partner to design and implement the financing strategy. CHFA offered a partnership opportunity whereby GE Money Bank purchased $25 million of Authority-issued taxable bonds. Through the Bridgeport Investment Program, CHFA published several Requests for Proposals making available up to $25 million in low-cost first mortgage financing for proposed mixed-use and/or mixed-income multifamily rental housing and homeownership opportunity development projects. Two projects were approved for funding and one project remained under consideration.

323 Fairfield Avenue at Bijou Square is a five-story elevator building with 84 residential apartment homes and approximately 10,000 square feet of first floor commercial/retail space. CHFA authorized a total of $14.2 million in mortgage financing from two sources for this project: $12.0 million from the Bridgeport Investment Program and $2 million from CIA funds. CHFA is a participating lender in this financing transaction with Housing Development Fund (HDF) of Stamford serving as the lead lender. The residential and commercial lease-up of 323 Fairfield Avenue at Bijou Square has commenced with two retail spaces open for business and several apartment homes leased and occupied.

333 State Street will turn a vacant seven-story building into 65 apartment homes and commercial space. When completed, the adaptive reuse will contain 59 market-rate and six workforce apartments. The six rent-restricted workforce apartments will be available to people earning up to 80% of AMI who live and work in Bridgeport. CHFA approved this development for $10 million in financing under the GE Investment Program. Construction commenced in 2010 and is approximately 30% complete.

Clinton Commons: An application for the remaining $2.9 million is under consideration for approval, which is contemplated in early 2011. Clinton Commons is located at 75-101 Clinton Avenue in the west end neighborhood of Bridgeport. When completed, Clinton Commons will provide 33 affordable apartment homes to families. Seven apartment homes will be rented to residents whose incomes may not exceed 50% of the AMI; 25 apartment homes will be rented to residents whose incomes may not exceed 60% of AMI; and one apartment home will be set aside for an on-site property manager. Ten apartment homes will be designated as supportive housing for formerly homeless individuals and/or families. Supportive services will be offered on site.

At the close of the year, three applications remained under consideration pending the availability of uncommitted funds.

Community Investment Act Funding

The Community Investment Act (CIA) was established through legislation which requires the collection of recording fees for all documents entered into the municipal land records. The proceeds of this account are distributed amongst CHFA, the Connecticut Commission on Culture and Tourism, the Connecticut Department of Environmental Protection and the Connecticut Department of Agriculture. This legislation allows CHFA to use the CIA proceeds to supplement new or existing affordable housing programs. CHFA has used CIA funds for initiatives supporting programs that provide financing for mixed-use properties, technical assistance and training for non-profit developers, second mortgage financing for homebuyers in selected areas, and selected multifamily developments. With regard to multifamily developments, the CIA funding has provided much-needed, flexible gap financing for shovel-ready developments that had already received CHFA Board approval for financing and/or tax credits. CHFA has utilized a total of $18,346,937 of CIA funds since 2007, which has created or improved 981 units of housing.

Pilot Suburban and Rural Affordable Housing Technical Assistance Program

In 2006, the Authority issued an RFP to create the Pilot Suburban and Rural Affordable Housing Technical Assistance Program to provide technical assistance to smaller towns that are interested in learning about or developing affordable housing. The Local Initiatives Support Corporation (LISC) in partnership with the Connecticut Housing Coalition (CHC) was selected as the Program's administrator. Since its inception, "Housing Connections" has provided technical assistance leading to the development and/or rehabilitation of 458 affordable homes in 19 communities with 13 organizations totaling $37 million of development activity.

Connecticut Housing Investment Fund (CHIF) Permanent Financing Program

CHIF has identified a supportive development in Bridgeport to which it will provide permanent financing utilizing $712,000 of CHFA CIA funds. This development will renovate two blighted buildings and create 12 affordable supportive housing apartments. Construction is underway and the development is expected to be completed and begin lease-up in the 3rd and 4th quarters of 2011.

The Connecticut Trust for Historic Preservation

The Trust utilized Community Investment Act (CIA) funds to support its Historic Building Financing Fund, which provides forgivable loans for houses being restored in urban areas. CHFA provided $261,681 of CIA funds to invest in the rehabilitation of three sites in two of Hartford's historic neighborhoods -- Asylum Hill and Upper Albany. All three sites contain blighted, vacant buildings that will result in the creation of affordable homeownership opportunities. The total development cost for the ten homes is $2,677,137. The funding provided by CHFA will allow the developers, the Christian Activities Council (CAC) and the Northside Investment Neighborhood Alliance (NINA), to complete the buildings. The Asylum Hill sites are complete and available for sale; the Upper Albany properties are scheduled for completion in the 2nd quarter of 2011 and have several interested buyers.

Anvil Place (fka New Royal Bride), New Britain

This development involved the adaptive re-use and rehabilitation of a vacant, historic seven-story building in downtown New Britain adjacent to City Hall. The completed development converted the top four floors to create 28 elderly residences; the third floor for a community room and property manager's office, and approximately 7,575 square feet of commercial and retail space on the ground floor and mezzanine level. A total of $2 million of CIA funds was used to complete the funding package.

Community Development Financial Institutions (CDFI’s)

CHFA invests in Community Economic Development Financial Institutions (CDFI’s) to provide technical assistance for non-profit developers, provide financing associated with community development, and assist in the coordination of comprehensive community development in urban areas of the State. In 2010, CHFA continued its partnerships with the Local Initiative Support Corporation (LISC), the Connecticut Housing Investment Fund (CHIF), the Greater New Haven Community Loan Fund (GNHCLF), and the Community Economic Development Fund (CEDF). CHFA collaborates with these organizations through the capitalization of their lending programs.

From 1999 through 2010, CHFA participated in 75 completed transactions creating 1,432 homes. The CHFA’s cost per unit on these transactions was approximately $12,000. For every $1.00 of Authority investment, another $13.00 was leveraged in total development costs. In 2010, CHFA extended its $1.58 million partnership investment with GNHCLF for an additional three-year term.

REAL ESTATE HOLDINGS

Windham Properties

In March 2010, CHFA sold the Windham House and former YMCA properties through a bid process. Throughout the remainder of the year, CHFA-Small Properties, Inc. worked with its’ housing relocation contractor (Housing Opportunities Unlimited) in the permanent relocation of residents. In order to assist residents in finding replacement housing with affordability, the Department of Social Services will provide Rental Assistance Certificates following one to two years of subsidy by CHFA-Small Properties, Inc.

New Britain Properties

In February 2010, CPS Properties, Inc., a CHFA subsidiary approved the sale and financing for the redevelopment of Corbin Heights and Pinnacle Heights Extension in New Britain. Corbin Heights and Pinnacle Heights Extension (collectively, the Properties) were constructed in the late 1940s and early 1950s under the State Moderate Rental Housing Program and owned and operated by the Housing Authority of the City of New Britain. Over time, declining occupancy, repair and maintenance issues resulted in the overall physical and financial deterioration of the Properties. Public Act 03-6 and 04-2 (collectively, the Public Acts), Special Sessions of the Connecticut General Assembly, prioritized the revitalization of the Properties. CHFA, via its subsidiary, CPS Properties, inc. (CPS), acquired title to the Properties in 2004.

A Request for Qualifications for developers was issued is 2005. In 2006, a Request for Proposal (RFP) was issued, followed by Refined/Extended RFP Parameters being issued in 2007. KR Corbin Pinnacle Holdings, LLC, a team comprised of the Simon Konover Company and The Richman Group was chosen as the Developer in 2008 to acquire the properties from CPS and implement a comprehensive revitalization plan. Commencing in 2008, ongoing meetings were held with residents of the Properties and a New Britain Local Planning Committee (LPC) to assess the needs of the residents and community and formulate a housing revitalization plan. At year-end 2008, the Developer prepared preliminary site plans and architectural renderings. In 2009, a housing revitalization plan was prepared, reviewed by the LPC, and submitted to the Mayor of the City of New Britain for approval as required by the Public Acts. In 2009, CPS and CHFA entered into a Memorandum of Understanding (MOU), which outlined specific development objectives and set a timetable of achievement dates. Also in 2009, the Developer and CPS entered into a Tri-Party Agreement with the Corbin Heights Pinnacle Heights Extension Resident Council. In 2010, Public Act 10-44 was passed authorizing General Obligation Bonds of $15 million to be made available specifically for the Properties. Also in 2010, CPS received approval from the City of New Britain Zoning Board of Appeals for a variance application for the redevelopment of the Properties.

The Developer submitted separate Consolidated Applications for each site to both CHFA and DECD in 2010. The Consolidated Applications requested approximately $20 million in Investment Trust Account (ITA) financing from CHFA, approximately $15 million financing from DECD and designation of the Properties as an “Exceptional Priority” under the 2010 Qualified Allocation Plan (QAP) to obtain an allocation of approximately $5 million in annual 9% Low-Income Housing Tax Credits (LIHTC’s).

Revitalization of the Properties will provide 235 newly constructed rental homes in the Corbin Heights development, including a new community center, and 66 renovated rental homes in the Pinnacle Heights Extension development, also including a new community building. New site and building design parameters include energy efficient features and handicap accessibility. It is anticipated that at a minimum 100 project-based, rental assistance subsidies will be needed, and the Developer is pursuing receipt of those subsidies from the State Department of Social Services and the Housing Authority of the City of New Britain. Existing residents who qualify under the LIHTC program and other residency criteria will be able to remain at the Properties once redeveloped. Thirty-one rental homes will be designated as supportive housing.

Trumbull Centre, Hartford

In 2001, CHFA provided loan financing to this multifamily rental housing development with a parking garage and commercial/retail space in Hartford. In 2010, additional financing of $751,000 was provided by CHFA to cover 2011 operating deficits. Trumbull Centre is a mixed-use, market-rate development consisting of 100 residential apartments, 7,500 square feet of retail space on the first floor and a 600+ space-parking garage. The development was part of the “Six Pillars” initiative to generate development activity in downtown Hartford.

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111 Pearl Street, Hartford

CHFA provided an $119,000 ITA loan to pay taxes, insurance and custodial care for the currently vacant seven-story, 70,000 square foot commercial office space located at the corner of Trumbull and Pearl Streets in Hartford.

Eno Farms, Simsbury

CHFA provided an ITA funded loan totaling $370,000 for this 27-building complex comprised of 50 rental homes. These funds will be used to ensure resident health, safety and comfort by replacing roofs, windows and boilers where needed.

SUPPORTING BUSINESS OPERATIONS

The Authority would like to thank the following staff members for providing the business support necessary to achieve the Authority's goals.

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Brenda M. Crosby
Patricia A. Ignatowicz

* Resigned in 2010

OCCUPATIONAL CATEGORIES

	Grand Total	Total Male	White Male	Black Male	Hispanic Male	Other Male	Total Female	White Female	Black Female	Hispanic Female	Other Female
Administrators/ Officials	15	8	7	0	0	1	7	6	1	0	0
Senior Managers	11	6	6	0	0	0	5	3	1	1	0
Professional	61	23	21	2	0	0	38	25	8	3	2
Para-Professional	23	3	2	1	0	0	20	14	4	0	2
Technicians	4	2	1	0	1	0	2	1	1	0	0
Office/Clerical	18	2	1	0	1	0	16	15	0	0	1
Total	132	44	38	3	2	1	88	64	15	4	5

Note: Staff as of 12/31/10

Affirmative Action Statement
The Connecticut Housing Finance Authority is committed to equal employment in all phases of our operation. Annually, CHFA adopts an Affirmative Action Plan that establishes policies for equal employment opportunity for all employees and applicants for employment. CHFA treats all applicants and employees in a non-discriminatory manner.

LOOKING FORWARD TO 2011

The Connecticut Housing Finance Authority (CHFA) plans the following housing and organizational activities in 2011. These anticipated activities will be further shaped or supplemented by affordable housing initiatives proposed by the new Administration:

Developing and Preserving Affordable Rental Homes

Rental Housing Development Mortgage Funding: CHFA will have $204 million available to fund affordable rental housing developments in 2011. A Public Notice of Funding Availability (NOFA) for this tax-exempt financing will be issued in the spring. CHFA will also be able to provide taxable bond financing that may be required.

Tax Credits and Federal Stimulus: CHFA will be working to make sure that construction on over 1,000 new and rehabilitated apartment units funded through CHFA, State and Federal Stimulus dollars in 2009 is completed and units placed in service and available for occupancy as planned. CHFA anticipates making available about $7 million in Federal Low-Income Housing Tax Credits for additional housing developments in 2011, to be allocated using a revised Qualified Allocation Plan. In addition, $10 million in State Housing Tax Credit Contribution Program credits will also be available to fund housing in 2011.

Preservation of Existing Affordable Rental Homes: CHFA will continue and intensify its efforts to preserve existing assisted rental homes for long-term service to low-income residents. Staffing has been refocused to provide additional capacity. CHFA anticipates additional bond financing in 2011, building on 2009, and 2010 activity that resulted in the preservation of 1,600 affordable apartments.

Current Housing Portfolio Investment: CHFA will make available $5 million in low-cost financing to fund capital improvements in the CHFA and state housing portfolios.

Supporting Homeownership

First-time Homebuyers: CHFA will continue to support home purchases by first-time homebuyers, an increasingly important factor in residential sales, making available $444 million in bond financing to fund low cost 1st mortgages. An estimated $20 million in associated down-payment assistance second mortgages will also be available. It is expected that much of the funding to support home mortgage programs of CHFA in 2011 will be provided through the Federal New Issue Bond Program (NIBP) through which the United States Treasury offers state housing finance agencies lower borrowing cost through direct purchase of their bonds.

Distressed Homeowners: CHFA will continue to assist distressed homeowners that may be at risk of losing their homes through default and foreclosure. It will make available up to $43.2 million in mortgage funding to support the CT FAMLIES and HERO Programs to refinance or restructure existing mortgages. It will also implement an expanded State of Connecticut Emergency Mortgage Assistance Program (EMAP) funded with CHFA taxable bonds supported by the State of Connecticut debt service payments.

CHFA anticipates administering $33 million in assistance to Connecticut through the Federal Emergency Homeowner Loan Program (FEHLP). Eligible homeowners will be those delinquent in their mortgage payments due to unemployment, underemployment or medical conditions. These funds would be available as forgivable 2nd mortgages to keep homeowners current in their mortgage payments until these homeowners can resume regular mortgage payments.

Counseling, Education and Outreach: CHFA will continue its support for home-buyer education and pre-purchase counseling as well as delinquency and foreclosure provided through local housing counseling agencies across the State. These activities are playing an increasingly important role in assuring sustainable homeownership at the time of initial purchase and helping distressed homeowners assess their options when faced with possible loss of their home through default and foreclosure.

Funding Special Needs Housing

State of Connecticut Next Steps Supportive Housing: CHFA will be working to make sure that three developments funded through Round III of this initiative to develop supportive housing for those at risk of homelessness, complete construction and are available for occupancy as scheduled. These developments comprise 64 additional apartments using an estimated $19 million in CHFA bond funding supported by the State of Connecticut.

Group Homes: CHFA will continue to support State of Connecticut efforts to provide community based living for the developmentally disabled through low-cost long-term bond financing for group homes. These homes are licensed by the Department of Developmental Services (DDS) and supported through the Department of Social Services (DSS). After completing a bond issue in late 2010, CHFA will continue to work closely with DDS and DSS to plan additional financing based on the departments' needs.

Strengthening and Improving the Organization

During 2011, CHFA will continue its financial and debt management efforts to sustain the financial strength that makes possible its low-cost mortgage financing programs for the development and preservation of affordable rental housing, and home purchases by first-time homebuyers.

Activity to strengthen the organization will focus on working closely with major business partners to improve organizational performance and customer service. A particular area of focus will be working with the Department of Economic and Community Development on the further development of a common application process for CHFA and DECD affordable housing finance programs. Also, implementation of new information systems to support home mortgage lending operations and a portal for participating lenders are also pending for 2011.

Emerging National Issues

2011 is expected to be pivotal year in determining the future role of the Federal government in the nation's housing markets.

There will be strong focus on the role of the federal government in housing finance, facilitating the flow of long-term mortgage debt financing for homes - both owned and rented. How the housing finance system will be organized after the conservatorship of Fannie Mae and Freddie Mac ends, and how the nation's affordable housing goals will be addressed in a new system will be areas of considerable debate.

Renewed concern regarding the growth and size of the federal deficit will likely continue. Levels of federal domestic spending are likely to be further constrained, limiting the resources the federal government will make available to subsidize affordable housing operations and development. Federal tax reform could limit incentives available for private investment in housing.

CHFA will monitor these developments closely in order to participate as appropriate in these emerging debates over the coming year.

PARTICIPATING LENDERS

These lenders work with CHFA to provide mortgage financing for single-family borrowers:

1st American Home Loans, LLC
1st Alliance Lending, LLC
A.J. Romano Mortgage Company & Financial Services, Inc.
Absolute Mortgage Solutions, LLC
Access Mortgage Corp.
Advanced Mortgage LLC, D/B/A Assured
Advisor One Mortgage
Affordable Mortgage Company
Allied Mortgage Capital Corp.
Amity Mortgage, LLC
Atlantic Home Loans, Inc.
Bank of America FSB
BBCP Holdings D/B/A Lending Direct Home Funding
BCA Loan LLC, D/B/A CTMove Mortgage
BCI Financial Mortgage Corp.
Blake Financial, LLC
Campbell Financial Services, Inc.
Capital Mortgage Assoc.
CCO Mortgage Corp.
Chase Manhattan Mortgage Corp.
Chelsea Groton Savings Bank
Chrysalis Funding of CT LLC
Citibank, FSB
CitiMortgage, Inc.
Citizens National Bank
Connecticut Home Mortgage, Inc.
Connecticut Housing Investment Fund
Connecticut Mortgage Services, Inc.
Continental Home Loans, INC.
Countrywide Home Loans, Inc.
Creative Mortgage Financing, Inc.
CTX Mortgage Company, LLC
Diamond Associates Mortgage Service
Dime Bank
Eagle Mortgage Group LLC
Eagle Nationwide Mortgage Company
Elm Tree Funding, LLC
East Coast Financial Services LLC
East Shore Mortgage, LLC
Envoy Mortgage, Ltd.
EPI Mortgage Center, Inc.
Excel Mortgage LLC
Fairfield County Bank Corp.
Family Choice Mortgage Corp.
Farmington Bank
Fidelity Mortgage Services Inc.
First County Bank
First Horizon Home Loan Corp.
First Liberty Mortgage Co., LLC
First World Mortgage Corp.
Founders Home Capital Corp.
Franklin Mortgage
Franklin American Mortgage Company
Freedom Mortgage Corp.
Gateway Home Loans LLC
Global Mortgage, Inc.
GMAC Mortgage LLC
Goodwill Mortgage Services LLC
Govell Funding Group LLC, D/B/A CT
Great Harbor Financial Services Inc.
Guaranteed Rate, Inc.
Guilford Mortgage Services, LLC
Homeownership Solutions, LLC
Homestead Funding Corporation
Horizon Home Mortgage LLC
Key Lending, LLC
Ladd Mortgage, LLC
Landmark Financial Group, LLC
Landmark Mortgage, LLC
Lendia Inc.
Liberty Bank
Lighthouse Point Lending LLC
M & G Mortgage Services Inc.
M & T Bank
Main Street Mortgage LLC
McCue Mortgage Company
Money Market Mortgage LLC
Mortgage Access d/b/a M.A.C.
Mortgage Access d/b/a Weichert Financial
Mortgage Affiliates of America, Inc.
Mortgage Assistance Company LLC
Mortgage Center of America, LP
Mortgage Master Inc.
Mortgage Matters LLC
Mortgage Services, Inc.
Mortgage Solutions, Inc.
Mortgage Supercenter, Inc. (The)
Mortgage Works LLC
Mutual Security Credit Union Inc.
NE Moves Mortgage Corp.
National City Mortgage Company
Naugatuck Valley Savings and Loan Assoc.
New Alliance Bank
NewMil Bank
Newtown Savings Bank
NORCOM Mortgage
Northern States Mortgage, LLC
Northpoint Mortgage Inc.
Northwest Community Bank
Patriot Mortgage Company Inc.
Pegasus Investment Group LLC
Peoples United Bank
PHH Mortgage Corp.
Pioneer Mortgage, LLC
PMI Group LLC
Prime Lending
Prysma Lending Group, LLC
Putnam Savings Bank
Quality Mortgage Services LLC
Rapid Response Mortgage Services LLC
Real Estate Mortgage Network Inc.
Residential Home Mortgage Corp.
Residential Mortgage Services, Inc.
Right Trac Financial Group, Inc.
Rockville Bank
S B Mortgage Group Inc.
Savings Bank of Danbury
Savings Institute Bank and Trust
Scholastic Mortgage LLC
Shelter Mortgage Company, LLC
Society Financial Corporation
Southington Mortgage, LLC
Sovereign Bank
Spectra Funding Inc.
Stamford Mortgage Company
Sterling Lending Group, Inc.
Suntrust Mortgage, Inc.
TD Banknorth
The Diamond Mortgage Group, LLC
The New York Mortgage Company, LLC
Thomaston Savings Bank
Total Mortgage Services LLC
Traditional Mortgage of New England
Travis Mortgage, LLC
Tristate Mortgage Corporation
Ulster Savings Bank
United Mortgage Finance Group, Inc.
Value Mortgage, LP
Village Mortgage Company
Wachovia Mortgage Corporation
Washington Mutual Home Loans Inc.
Webster Bank
Welcome Home Mortgage
Wells Fargo Bank N.A.
Westerly Community Credit Union
William Pitt Mortgage, LLC
William Raveis Mortgage, LLC
Windsor Federal Savings & Loan

FINANCIAL, PROFESSIONAL & LEGAL SERVICES

PROVIDING SERVICES THAT ENABLE CHFA TO PURSUE ITS MISSION

AUDITORS
Blum, Shapiro & Company, P.C.
Ernst & Young LLP

BOND COUNSEL
Edwards, Angell Palmer & Dodge LLP
Hawkins, Delafield & Wood, LLP
Lewis & Munday, A Professional Corporation

SINGLE FAMILY HOMEOWNERSHIP COUNSEL
Brown, Paindiris & Scott, LLP
Cicchetti, Tansley & McGrath, LLP

SPECIAL COUNSEL
Halloran & Sage, LLP
Murtha Cullina, LLP
McElroy, Deutsch, Mulvaney & Carpenter/PH, LLP
(Pepe & Hazard LLP merged with MDMC and this is the new name)
Pullman & Compley, LLC
Robinson & Cole, LLP
Shipman & Goodwin, LLP

BOND UNDERWRITERS
Barclays Capital
Bank of America Merrill Lynch & Co.
Cabrera Capital Markets
Citi
Goldman, Sachs & Co.
Grigsby & Associates
J.P. Morgan
Janney Montgomery Scott
Jefferies & Company
M.R. Beal & Company
Morgan Keegan & Co.
Morgan Stanley
Prager, Sealy & Co., LLC
Ramirez & Co.
Rice Financial Products
Roosevelt & Cross, Inc.
Wachovia Bank, NA
Wells Fargo Securities

FINANCIAL CONSULTANTS
cfX Incorporated
Lamont Financial Services Corporation

RATING AGENCIES
Moody's Investors Service
Standard & Poor's Financial Services, LLC

TRUSTEE
U.S. Bank NA

FIRMS RECEIVING IN EXCESS OF $5,000 FOR SERVICES IN 2010

Affordable Housing Centers of America
Andrew Graphics Inc.
Angellino's Restaurant
Associated Architects PC
A T & T
Joseph Bergin Architect PC
Best Western Regent Inn
Bestech Inc of Connecticut
Bloomberg Finance LP
Bloomfield Electric Co
Bridgeport Neighborhood Trust Inc
Business Electronics Inc
The Business Network Group LLC
Catholic Charities & Family Services Diocese of Norwich, Inc.
CB Richard Ellis NE Partners
CDW Government Inc
Chapman & Cutler LLP
CL&P
Clarke Architects LLC
Coffee Pause Company, Inc.
CNG
Common Ground Management Corp
Community Renewal Team, Inc.
The Computer Company, Inc.
Connecticut Coalition To End Homelessness
The Connecticut Post
Consumer Credit Counseling Services
Co-Opportunity Inc.
John P. Cotter
Crosskey Architects LLC
Databank IMX LLC
The Day Publishing Co.
Day Pitney LLP
DeRosa Associates, Inc.
Alyson Elizabeth Dougherty
RA Eick Quality Bookbinding LLC
Environmental Systems Research Institute Inc.
Extra Space Management Inc.
Foundation Systems Group LLC
Gilley Design Associates Architects, LLC
GM2 Associates Inc
Harrington Engineering, Inc.
Hartford Areas Rally Together
The Hartford Courant
Hearst Soco LLC
Hispanic Communications LLC
Hop River Motel LLC
Horizon Services Company
Housing & Development Software LLC
Housing Development Fund Inc.
Housing Education Resource Center Inc.
Housing In Transition Inc
HRP Associates Inc
Identidad Latina LLC
Image Graphics, Inc.
Investors Management Associates Inc.
Iron Mountain Records Management, Inc.
Italia & Lemp Inc.
Journal Register East Inc.
KForce.com
Kutak Rock LLP
Lauren Staffing Services
Leventi's Restaurant
Local Initiatives Support Corporation
RP McDermott Associates, Inc.
MCI Communications Services Inc
Mega Mechanical Services LLC
The Metropolitan District
Miller Brothers Moving & Storage Inc.
Mintz Levin Cohn Ferris Glovsky and Popeo PC
MNKS Lighthouse Restaurant LLC
Shelly A Mondo
Mutual Housing Association of Greater Hartford Inc
Mutual Housing Association of South Central Ct Inc
Neighborhood Housing Services of New Britain, Inc.
Neighborhood Housing Services of New Haven, Inc.
Neighborhood Housing Services of Waterbury, Inc.
Roy L. O'Neil, Jr.
OR&L Appraisal & Consulting
P & J Sprinkler Company Inc.
Penfield Communications
Premier Limousine
Primary Landscaping LLC
Pyne-Davidson Co.
Quisenberry Arcari Architects LLC
Recap Advisors LLC
Republican American
Resource Group Staffing
RMI Associates LLC
Saveway Petroleum Inc
Schindler Elevator Corp
Securitas Security Services USA Inc
Simplex Grinnell LP
Spectrum Seminars Inc.
Stellar Corporation
Stewart Staffing Solutions LLC
Strategic Information Resources Inc
Streckfus Company, LLC
T&S Caminito Concrete LLC
TAB Computer Systems, Inc.
Triton Environmental Inc.
United Parcel Service Inc
University of Connecticut
Urban League of Greater Hartford Inc.
Urban League of Southern CT Inc
Verizon Wireless Messaging Services
The Warren Group Inc
Wellspeak, Dugas and Kane
West Publishing Corp.
Windham Regional Community Council Inc

This list does not include Participating Lenders, Financial, Trustee, Professional or Legal Services.

CONNECTICUT HOUSING FINANCE AUTHORITY
BONDS ISSUED

As of December 31, 2010	
Cumulative value of all bonds issued under the Housing Mortgage Finance Program Bond Resolution	$14,059,425,000
Cumulative value of all bonds issued under the Single Family Special Obligation Bond Resolution	$258,390,000
Cumulative value of all bonds issued under the Multi Family Special Obligation Bond Resolution	$27,610,000
Cumulative value of all bonds issued under the Bond Resolution Providing for the Issuance of Other Bonds for the Housing Mortgage Finance Program (Single Family)	$6,000,000
Cumulative value of all bonds issued under the Housing Draw Down Trust Indenture	$420,682,000
Cumulative value of all bonds issued under the Special Needs Housing Mortgage Finance Program Indenture	$94,640,000
Cumulative value of all conduit bond issuance	$178,940,000
Total Cumulative Value of All Bonds Issued	**$15,045,687,000**

Issued During Calendar Year 2010 (1)

ISSUE	FACE AMOUNT	NET PROCEEDS (2)	UNDERWRITER	UNDERWRITERS COUNSEL	BOND COUNSEL
HOUSING MORTGAGE FINANCE PROGRAM BONDS					
2010 SERIES A	$273,535,000	$271,284,119	**BofA Merrill Lynch, Citi, Goldman, Sachs & Co.,** Cabrera Capital Markets, LLC, J.P. Morgan, M.R. Beal & Company, Morgan Stanley, Roosevelt & Cross, Inc. Wachovia Bank, National Association	Tobin, Carberry, O'Malley, Riley & Selinger, P.C.	Hawkins, Delafield & Wood LLP, Edwards Angell Palmer & Dodge LLP, Lewis & Munday, A Professional Corporation
2010 SERIES B	$1,465,000	$1,465,000			
2010 SERIES C (3)	$35,000,000	$34,979,399	**N/A**	N/A	Hawkins, Delafield & Wood LLP, Edwards Angell Palmer & Dodge LLP, Lewis & Munday, A Professional Corporation
2010 SERIES D	$86,695,000	$85,932,889	**BofA Merrill Lynch, Morgan Stanley, J.P. Morgan,** Barclays Capital, Citi, Grigsby & Associates, Janney Montgomery Scott, Jefferies & Company, M.R. Beal & Company, Morgan Keegan & Co., Ramirez & Co., Rice Financial Products, Roosevelt & Cross, Inc., Wells Fargo Securities	Tobin, Carberry, O'Malley, Riley & Selinger, P.C.	Hawkins, Delafield & Wood LLP, Edwards Angell Palmer & Dodge LLP, Lewis & Munday, A Professional Corporation
2010 SERIES E	$45,240,000	$44,409,678			
2010 SERIES F	$51,030,000	$51,030,000	**J.P. Morgan, Goldman, Sachs & Co.**	Tobin, Carberry, O'Malley, Riley & Selinger, P.C.	Hawkins, Delafield & Wood LLP, Edwards Angell Palmer & Dodge LLP, Lewis & Munday, A Professional Corporation
2010 SERIES G	$76,935,000	$76,935,000	**Morgan Stanley**	Tobin, Carberry, O'Malley, Riley & Selinger, P.C.	Hawkins, Delafield & Wood LLP, Edwards Angell Palmer & Dodge LLP, Lewis & Munday, A Professional Corporation
SPECIAL NEEDS HOUSING MORTGAGE FINANCE PROGRAM SPECIAL OBLIGATION BONDS					
SERIES 12 (4)	$30,000,000	$29,704,431	**Ramirez & Co., Inc., M.R. Beal & Company, Siebert Brandford Shank & Co.**, Cabrera Capital Markets, Fidelity Capital Markets, Jackson Securities, RBC Capital Markets	Tobin, Carberry, O'Malley, Riley & Selinger, P.C.	Hawkins, Delafield & Wood LLP, Edwards Angell Palmer & Dodge LLP, Lewis & Munday, A Professional Corporation
SERIES 13	$12,655,000	$12,593,401			
SERIES 14 (4)	$15,685,000	$16,538,798			
SERIES 15 (4)	$2,100,000	$2,066,248			
SERIES 16	$15,440,000	$16,169,665			
HOUSING REVENUE BONDS					
SERIES 2010 (4)	$14,400,000	$13,653,191	**Prager, Sealy & Co., LLC**	Harris Beach PLLC	Edwards Angell Palmer & Dodge LLP
HOUSING MORTGAGE FINANCE PROGRAM BONDS (SINGLE FAMILY) OTHER BONDS					
2010 SERIES A (3)	$6,000,000	$4,491,059	**N/A**	N/A	Hawkins, Delafield & Wood LLP, Edwards Angell Palmer & Dodge LLP, Lewis & Munday, A Professional Corporation
SINGLE FAMILY SPECIAL OBLIGATION BONDS					
SERIES 2010-1	$66,670,000	$66,670,000	**Morgan Stanley, BofA Merrill Lynch, J.P. Morgan,** Barclays Capital, Citi, Grigsby & Associates, Janney Montgomery Scott, Jefferies & Co., M.R. Beal & Company, Morgan Keegan & Co., Ramirez & Co., Rice Financial Products, Roosevelt & Cross, Inc., Wells Fargo Securities	Tobin, Carberry, O'Malley, Riley & Selinger, P.C.	Hawkins, Delafield & Wood LLP, Edwards Angell Palmer & Dodge LLP, Lewis & Munday, A Professional Corporation
Total	$732,850,000	$727,922,878			

(1) Unless otherwise indicated, all issues were sold on a negotiated basis. The Single Family Special Obligation Bonds were issued in connection with the Federal New Issue Bond Program authorized by the Housing Economic Recovery Act of 2008. An additional $100,000,000 were issued in 2009 and held in escrow, and converted long and sold directly to the Treasury in 2010. The Financial Advisor for all issues was Lamont Financial Services Corporation.

(2) Net of accrued interest, original issue discount and costs of issuance.

(3) Directly or privately placed.

(4) Issued as conduit debt.

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

Contents

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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*.

ERNST & YOUNG

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.

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	5,482.5	5,436.0	5,253.7	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	4,578.6	4,555.0	4,364.8	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	$ 903.9	$ 881.0	$ 888.9	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.

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	$ 213.3	$ (148.3)	$ 65.0
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	$ 179.0	$ (139.6)	$ 39.4
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	$ 182.7	$ (142.5)	$ 40.2
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	$ 187.6	$ (146.3)	$ 41.3
Allowance for losses % to par value		78.0%	

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	239.4	243.4	244.8	(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	236.8	238.9	226.4	(0.9)	5.5
Operating income	2.6	4.5	18.4	(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)	20.3	(12.4)	54.3	263.7	(122.8)
Change in net assets	$ 22.9	$ (7.9)	$ 72.7	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.

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	December 31, 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	Year Ended December 31, 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.

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.

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.

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.

(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

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.

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

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	December 31, 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.

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	December 31, 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			December 31, 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.

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.

Note 6—Capital Assets

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

	Balance, January 1, 2010	Additions/ (Deletions)	Balance, December 31, 2010
Capital Assets:			
Land	$ 851	$ -	$ 851
Building	2,851	-	2,851
Improvements	1,426	610	2,036
	5,128	610	5,738
Less accumulated depreciation	(1,894)	(164)	(2,058)
Capital Assets, net	$ 3,234	$ 446	$ 3,680

	Balance, January 1, 2009	Additions/ (Deletions)	Balance, December 31, 2009
Capital Assets:			
Land	$ 851	$ -	$ 851
Building	2,851	-	2,851
Improvements	1,219	207	1,426
	4,921	207	5,128
Less accumulated depreciation	(1,748)	(146)	(1,894)
Capital Assets, net	$ 3,173	$ 61	$ 3,234

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.

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.

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 November15, 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 term bonds due November 15, 2018	65,280	-	(25,280)	40,000	-

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	-

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

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

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

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

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	3,914,223	569,900	(708,026)	3,776,097	191,452
Net premium on bonds payable	547			804	
Deferred bond refunding costs	(2,863)			(1,093)	
Total Housing Mortgage Finance Program Bonds Payable, net	3,911,907			3,775,808	
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	-

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.

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.

	Bond Resolution						
	Fixed Unswapped		Variable Unswapped		Variable Swapped		
Year Ending December 31,	Principal	Interest	Principal	Interest	Principal	Interest	Interest Rate Swaps, Net
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

	Special Needs Indenture		SFSOB Resolution			
	Fixed Unswapped		Variable Unswapped		Fixed Unswapped	
Year Ending December 31,	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

	MFSOB Resolution		Other Bond Resolution		
	Variable Unswapped		Fixed Unswapped		
Year Ending December 31,	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

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.

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

								Counterparty	
Bond Issue	**Original Notional Amount**	**Outstanding Notional Amount**	**Original Effective Date**	**Current Fixed Rate Paid**	**Variable Rate Received**	**Fair Value**	**Swap Termination Date**	**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%

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	Counterparty % 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		
2001Series 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.

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.

Refunding Bonds

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

Refunded Issue(s)	Refunding Issue	Cashflow Savings (Loss) Over Life of Refunding Issue	Economic Gain (Loss) Over Life of Refunding Issue
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

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	-
	$ 4,319,423	$ 721,168	$ (761,814)	$ 4,278,777	$ 194,397

	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	-
	$ 3,992,052	$ 679,226	$ (351,855)	$ 4,319,423	$ 102,516

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	December 31, 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)
	$ 903,896	$ 880,983

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:

	2010	2009	2008
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%

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):

	December 31, 2010	December 31, 2009
Mortgage Loan Commitments:		
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 "NFMC") 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.

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				
	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	Eliminations	Combined Total
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				
	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	Eliminations	Combined Total
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				
	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	Eliminations	Combined Total
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

EXHIBIT II

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				
	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	Eliminations	Combined Total
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