Connecticut Housing Finance Authority

Financial Statements and Supplementary Information

Years Ended December 31, 2011 and 2010
With Report of Independent Auditors

Connecticut Housing Finance Authority

Financial Statements and Supplementary Information

Years Ended December 31, 2011 and 2010

Contents

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Report of Independent Auditors

To the Board of Directors
Connecticut Housing Finance Authority

We have audited the accompanying statements of net position of Connecticut Housing Finance Authority (the Authority), a component unit of the State of Connecticut, as of December 31, 2011 and 2010, and the related statements of revenues, expenses, and changes in net position, and cash flows for the years 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 audits.

We conducted our audits 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 audits provide 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, 2011 and 2010, and the changes in its financial position and its cash flows for the years then ended in conformity with US generally accepted accounting principles.

As discussed in Note 2, the Authority adopted Government Accounting Standards Board Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* as of January 1, 2010.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 26, 2012 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.

Accounting principles generally accepted in the United States require that Management's Discussion and Analysis on pages 5 through 9 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise 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 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Ernst + Young LLP

April 26, 2012

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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 Management and 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, 2011, and have issued our report thereon dated April 26, 2012. 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

Management of the Authority is responsible for establishing and maintaining effective 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

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express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

Ernst + Young LLP

April 26, 2012

CONNECTICUT HOUSING FINANCE AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2011 and 2010

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, 2011 and 2010. It provides an assessment of the Authority's financial position and identifies the factors that in management's view, significantly affected the Authority's overall financial position. It may contain assumptions or conclusions by the Authority's management that should not be considered a replacement for, and must be read in conjunction with, the financial statements described below.

Overview of the Financial Statements

This annual financial report consists of 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 Statement of Net Position 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 Net Position, 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, 2011

As in 2010, investment income was low in 2011 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 financing continued to be difficult because of the ongoing Federal intervention in conventional markets. In this difficult environment, the Authority was, however, able to increase its operating income, primarily as a result of the restructuring of its outstanding debt and the timing and financing of new mortgage loans. It also converted the remaining $91.7 million 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 $106.3 million issuance of bonds marketed publically to provide financing for its single family program and converted all $27.6 million allocated for the multifamily program to long term bonds at below market rates.

As a result of the drop in interest rates from December 31, 2010 to December 31, 2011 the Authority also recorded $30.4 million in nonoperating income, substantially all of which is attributable to the market increase of it GNMA Program Assets (see "Financial Analysis of the Authority" below and Notes 3 and 4 of the financial statements).

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 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 Analysis of the Authority

The following table summarizes the changes in Net Position between December 31, 2011, 2010 and 2009:

	(in millions)			% Change	
	2011	**2010**	**2009**	**2011/2010**	**2010/2009**
Current assets	$ 994.8	$ 957.3	$ 1,052.3	3.9%	(9.0)%
Capital assets	3.5	3.7	3.2	(5.4)	15.6
Noncurrent assets	4,393.0	4,368.1	4,260.6	0.6	2.5
Total assets	5,391.3	5,329.1	5,316.1	1.2	0.2
Deferred outflows of resources					
Accumulated decrease in fair value of hedging derivatives	232.7	153.4	119.9	51.7	27.9
Long-term debt	3,949.3	3,940.6	4,083.8	0.2	(3.5)
Other liabilities	717.0	638.0	471.2	12.4	35.4
Total liabilities	4,666.3	4,578.6	4,555.0	1.9	0.5
Net Position					
Invested in capital assets	3.5	3.7	3.2	(5.4)	15.6
Restricted	993.3	937.0	915.9	6.0	2.3
Unrestricted deficit	(39.1)	(36.8)	(38.1)	6.3	(3.4)
Total net position	$ 957.7	$ 903.9	$ 881.0	6.0	2.6

Change 2011/2010

- Mortgage loans receivable increased $53.7 million (or 1.5%).
  - During 2011, the Authority's home mortgage and multifamily mortgage 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 $8.8 million (or 0.5%) primarily resulting from:
  - A net decrease of $21.0 million in bond proceeds and other funds held to be used in connection with the financing of mortgage loans or the retirement of bond debt.
  - A $15.0 million decrease 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 $27.2 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 increased by $25.6 million (or 0.6%).
  - As a result of total new bond issuance exceeding total retired bond debt during 2011.

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.

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, 2011, 2010 and 2009, as follows:

	(in millions)	
	New Loans Financed	Payoffs
2011	$ 267.7	$ 213.7
2010	329.6	252.9
2009	324.5	243.1

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	
	2011	2010	2009	2011/2010	2010/2009
Construction loan balances	$ 253.5	$ 200.9	$ 84.9	26.2%	136.6%
Permanent loan balances	716.4	700.1	668.8	2.3	4.7
Special needs housing permanent loan balances	60.1	61.2	50.4	(1.8)	21.4
Total multifamily mortgage loans	$ 1,030.0	$ 962.2	$ 804.1	7.0	19.7

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, 2011, 2010 and 2009, is summarized as follows (in 000's):

	December 31, 2011		
	Par Value	Allowance for Losses	Carrying Amount
Home mortgage loans	$ 20.3	$ (17.4)	$ 2.9
Multifamily mortgage loans	161.1	(125.3)	35.8
Total acquired portfolio	$ 181.4	$ (142.7)	$ 38.7
Allowance for losses % to par value		78.7%	

	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%	

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, 2011, 2010 and 2009. Please refer to the "Financial Highlights" section of this analysis for further explanation of these changes.

	(in millions)			% Change	
	2011	**2010**	**2009**	**2011/2010**	**2010/2009**
Operating Revenues:					
Interest on mortgage loans	$ 199.5	$ 188.7	$ 180.6	5.7%	4.5%
Interest on investments	38.4	44.6	55.6	(13.9)	(19.8)
Fees and other income	11.1	6.1	7.2	82.0	(15.3)
Total operating revenues	249.0	239.4	243.4	4.0	(1.6)
Operating Expenses:					
Interest	160.7	177.7	188.3	(9.6)	(5.6)
Amortization of deferred financing costs	6.7	8.6	5.4	(22.1)	59.3
Servicer fees	8.4	8.4	8.7	0.0	(3.4)
Administrative	35.1	34.8	34.8	0.9	0.0
Provision for losses	14.7	7.3	1.7	101.4	329.4
Total operating expenses	225.6	236.8	238.9	(4.7)	(0.9)
Operating income	23.4	2.6	4.5	800.0	(42.2)
Nonoperating Revenues (Expenses):					
Net increase (decrease) in the fair value of investments	27.2	26.6	(3.6)	2.3	838.9
Other	3.2	(6.3)	(8.8)	150.8	28.4
Total nonoperating income (loss)	30.4	20.3	(12.4)	49.8	263.7
Change in net position	$ 53.8	$ 22.9	$ (7.9)	134.9	389.9

Change 2011/2010

- Total net position increased $53.8 million (or 6.0%). Operating income was $23.4 million, an increase of $20.8 million (or 800.0%) from the prior year.
  - The nonoperating income is attributable to
    - the $27.2 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 $3.2 increase related to state and federal program funding and expense activity more fully described in Note 13 of the financial statements.

- Operating revenues increased $9.6 million (or 4.0%).
  - This increase is attributable to the increase in interest on mortgage loans and fees and other income as a result of the growth in the mortgage loan portfolio which is partially offset by the decrease in interest on investments related to the Authority's short term investments.

- Operating expenses decreased $11.2 million (or 4.7%).
  - This decrease is attributable to the decrease in bond interest expense and amortization of deferred financing costs as a result of the Authority's continued restructuring of its bond debt during 2011, which offsets all increases in other operating expense categories.

Financial Analysis of the Authority (continued)

Change 2010/2009

- Total net position 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.

Debt Administration

The following table summarizes the changes in bonds payable between December 31, 2011, 2010 and 2009. More detailed information related to the Authority's outstanding bond debt obligations is presented in Note 7 of the financial statements.

	(in millions)			% Change	
	2011	2010	2009	2011/2010	2010/2009
Bonds payable	$ 4,160.6	$ 4,135.0	$ 4,186.3	0.6%	(1.2)%

New Business – Year Ended December 31, 2011

During calendar year 2011, the Authority issued six series of Housing Mortgage Finance Program Bonds totaling $525.8 million, one series of conduit debt obligations totaling $20.0 million, three series of special obligation bonds totaling $106.3 million, one series each of Housing Mortgage Finance Program Bonds (Single Family) Other Bonds and Housing Mortgage Finance Program Bonds (Multifamily) Other Bonds (collectively, the "Other Bonds") totaling $7.0 million and $0.7 million respectively, to provide financing for its home mortgage, multifamily mortgage and special needs housing programs. The three 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 position.

Contacting the Authority's Financial Management

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

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

	December 31, 2011	December 31, 2010
Assets		
Restricted Current Assets		
Cash and cash equivalents	$ 770	$ 2,409
Mortgage loans receivable	109,089	109,902
Investments in securities	830,987	794,398
Accrued interest receivable on:		
Mortgage loans	25,095	23,034
Securities	3,173	3,587
Accounts receivable and other assets	25,705	23,956
Total current assets	994,819	957,286
Restricted Noncurrent Assets		
Mortgage loans receivable, net of current portion	3,497,482	3,443,016
Investments in securities, net of current portion	820,035	863,836
Accounts receivable and other assets	311	491
Capital assets, net of depreciation	3,478	3,680
Real estate owned – single family	32,264	16,350
Real estate owned – multifamily	5,620	5,630
Other real estate owned	12,201	12,371
Deferred financing costs	25,055	26,443
Total noncurrent assets	4,396,446	4,371,817
Total assets	5,391,265	5,329,103
Deferred outflows of resources		
Accumulated decrease in fair value of hedging derivatives	232,719	153,434
Liabilities		
Current Liabilities		
Escrow deposits	60,400	89,533
Accrued interest payable	19,753	21,283
Accounts payable and accrued liabilities	7,976	8,483
Minority interests – other real estate owned	4,395	4,471
Loan payable – other real estate owned	22,481	22,660
Bonds payable	211,380	194,397
Total current liabilities	326,385	340,827
Noncurrent Liabilities		
Escrow deposits, net of current portion	157,909	143,808
Bonds payable, net of current portion	3,949,250	3,940,572
Derivative instruments - interest rate swaps	232,719	153,434
Total noncurrent liabilities	4,339,878	4,237,814
Total liabilities	4,666,263	4,578,641
Net Position		
Invested in capital assets, net of related debt	3,478	3,680
Restricted by bond indentures and/or enabling legislation	993,296	936,984
Unrestricted deficit	(39,053)	(36,768)
Total net position	$ 957,721	$ 903,896

The accompanying notes are an integral part of the financial statements

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

	Year Ended December 31, 2011	Year Ended December 31, 2010
Operating Revenues		
Interest on mortgage loans	$ 199,516	$ 188,669
Interest on investments	38,389	44,624
Fees and other income	11,138	6,079
Total operating revenues	249,043	239,372
Operating Expenses		
Interest	160,754	177,735
Amortization of deferred financing costs	6,718	8,565
Servicer fees	8,359	8,429
Administrative	35,067	34,816
Provision for losses	14,682	7,289
Total operating expenses	225,580	236,834
Operating income	23,463	2,538
Nonoperating Revenues (Expenses)		
Net increase in the fair value of investments	27,163	26,650
State and federal program funding	28,239	67,019
State and federal program expenses	(25,040)	(73,294)
Nonoperating income	30,362	20,375
Change in net position	53,825	22,913
Net position, beginning of year	903,896	880,983
Net position, end of year	$ 957,721	$ 903,896

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,	
	2011	**2010**
Cash Flows from Operating Activities		
Cash received from interest on mortgage loans	$ 197,455	$ 185,372
Cash received from scheduled mortgage principal payments	90,907	91,435
Cash received from mortgage principal prepayments	140,870	158,269
Cash received from fees and other income	10,182	4,832
Cash payments to purchase mortgage loans	(340,028)	(517,460)
Cash payments to employees	(17,422)	(17,482)
Cash payments to suppliers	(26,922)	(23,358)
Net cash provided by (used in) operating activities	55,042	(118,392)
Cash Flows from Non-Capital Financing Activities		
Increase (decrease) in escrow deposits	(15,032)	45,781
Retirement of bonds payable	(710,812)	(825,309)
Proceeds from sales of bonds	736,161	991,315
Interest paid	(162,052)	(177,375)
Bond issuance costs	(5,330)	(7,696)
Proceeds from state and federal program funding	28,239	67,019
State and federal program costs	(1,031)	(4,342)
Net cash provided by (used in) non-capital financing activities	(129,857)	89,393
Cash Flows from Capital and Related Financing Activities		
Building improvements	-	(610)
Net cash used in capital and related financing activities	-	(610)
Cash Flows from Investing Activities		
Proceeds from sales of and maturities of investment securities	127,306	174,472
Purchase of investment securities	(92,637)	(188,599)
Interest received on investments	38,507	45,147
Net cash provided by investing activities	73,176	31,020
Increase (decrease) in cash and cash equivalents	(1,639)	1,411
Cash and cash equivalents, beginning of year	2,409	998
Cash and cash equivalents, end of year	$ 770	$ 2,409
Reconciliation of operating income to net cash provided by (used in) operating activities		
Operating income	$ 23,463	$ 2,538
Adjustments to reconcile to net cash provided by (used in) operating activities:		
Amortization of deferred financing costs	6,718	8,565
Depreciation	202	164
Provision for losses	14,682	7,289
Interest on investments	(38,389)	(44,624)
Interest expense	160,754	177,735
Change in assets and liabilities:		
Increase in accrued interest on mortgage loans	(2,061)	(3,298)
(Increase) decrease in accounts receivable and other assets	(1,569)	873
Increase (decrease) in accounts payable and other accrued liabilities	(507)	122
Increase in mortgage loan and other receivables, net	(108,251)	(267,756)
Net cash provided by (used in) operating activities	$ 55,042	$ (118,392)

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").

Reporting Entity

Connecticut Housing Finance Authority Funds

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

Also included in other funds are:

(a) the Special Needs Housing Fund, the Special Needs Housing Capital Reserve Fund, the State Assistance Agreement Fund, and, as to the Authority's Emergency Mortgage Assistance Payment (EMAP) Program: the EMAP State Assistance Agreement Fund and the EMAP Revolving Loan Fund (collectively, the "Special Needs Housing Program Funds"), the Group Home Renewal and Replacement Fund, the Assisted Living Facilities Renewal and Replacement Fund and the Supportive Housing Renewal and Replacement Fund (collectively the "Special Needs Housing Renewal and Replacement Funds"). The Authority is authorized to maintain the Special Needs Housing Program Funds and the Special Needs Housing Renewal and Replacement Funds (collectively the "Special Needs Housing Funds") under the Act and the Special Needs Housing Mortgage Finance Program Indenture (formerly known as the Group Home Mortgage Finance Program Indenture of Trust) (the "Special Needs Indenture"),

(b) the Single Family Special Obligation Bond and Other Bond Funds which the Authority is authorized to maintain under the Act, the Bond Resolution Providing for the Issuance of Single Family Mortgage Revenue Bonds (the "SFSOB Resolution") of November 19, 2009, and the Bond Resolution Providing for the Issuance of Other Bonds for the Housing Mortgage Finance Program (Single Family) (the "Single Family Other Bond Resolution") of November 19, 2009, and

(c) the Multifamily Special Obligation Bond and Other Bond Funds which the Authority is authorized to maintain under the Act, the Multifamily Bond Resolution Providing for the Issuance of Multifamily Mortgage Revenue Bonds (the "MFSOB Resolution") of November 19, 2009, and the Bond Resolution Providing for the Issuance of Other Bonds for the Housing Mortgage Finance Program (Multifamily) (the "Multifamily Other Bond Resolution") of October 27, 2011.

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 eliminated. Additional information relating to these blended component units can be found in the Supplementary Information section of this report.

State Housing Authority

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

Real Estate Owned - Multifamily

CHFA – Small Properties, Inc. and CPS Properties 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 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 and 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 value less estimated selling costs at the date of foreclosure and is adjusted, if necessary, at year end. An allowance for losses on real estate owned is maintained for subsequent valuation adjustments on a specific property basis.

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 position 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 position.

The interest differentials to be paid or received under interest rate swaps are recognized as increases or decreases in interest expense of the related bond liability. The fair value of the Authority's position at year end in swap agreements is disclosed in Note 7. No gains or losses will result under the agreements unless an agreement is terminated prior to maturity or the counterparty defaults.

Net Position

Net position is classified in the following three categories:

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

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

Unrestricted deficit – This relates to net position that does not meet the definition of "invested in capital assets" 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 fees and 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.

Recent Accounting Standards

In 2011, the Authority adopted GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and American Institute of Certified Public Accountants ("AICPA") Pronouncements* ("GASB No. 62"). This standard improves financial reporting by incorporating into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the Financial Accounting Standards Board ("FASB") and the AICPA pronouncements issued on or before November 30, 1989, which does not conflict or contradict GASB pronouncements. GASB No. 62 superseded GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting.* The adoption of this new standard did not have a significant impact on the Authority.

In June 2011, GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position* (the "Statement"). The objective of this Statement is to provide guidance for reporting deferred outflows of resources, deferred inflows of resources and net position in a statement of financial position. Amounts that are required to be reported as deferred outflows should be reported in a statement of financial position in a separate section following assets. Similarly, amounts to be reported as deferred inflows of resources should be reported in a separate section following liabilities. The statement of net position should report the residual amount as net position, rather than net assets. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2011; however the Authority elected to early-adopt this Statement in the year ended December 31, 2011.

The adoption of this Statement resulted in a change in the presentation of the Balance Sheets to what is now referred to as the Statements of Net Position and the term "net assets" is changed to "net position" throughout the financial statements.

In June 2011, GASB issued Statement No. 64, *Derivative Instruments; Application of Hedge Accounting Termination Provisions.* The objective of this statement is to clarify the termination provisions in GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, when a counterparty of an interest rate or commodity swap is replaced. The provisions of this statement are effective for financial statements for periods beginning after June 15, 2011. The Authority does not anticipate the implementation of this standard will have an impact on its financial statements.

Reclassifications

Certain 2010 comparative amounts have been reclassified to conform to 2011 financial statement presentation.

Note 3—Cash and Cash Equivalents and Investments in Securities

(a) Deposits (in 000's)

At December 31, 2011 and 2010, the carrying amount reported as cash and cash equivalents on the statements of net position of the Authority represents deposits (including checking accounts and escrow accounts) of $770 (including $11 held under the Special Needs Housing Renewal and Replacement Funds and $2,409 (including $4 held under the Special Needs Housing Renewal and Replacement Funds), respectively. This entire amount is on deposit in independent financial institutions with a financial institution balance of $1,270 and $2,909 at December 31, 2011 and 2010, respectively. Included in the carrying amount reported as cash and cash equivalents, $139 and $392, respectively, are deposits held in escrow by the Authority at December 31, 2011 and 2010.

Custodial Credit Risk – Of the $1,270 and $2,909 financial institution balance at December 31, 2011 and 2010, $325 and $553, 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 position held in the Investment Trust Fund to the Housing Mortgage General Fund.

At December 31, 2011, 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 $218,170). 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 B	$ 958	$ -	$ -	$ -	$ 958
Corporate Finance Bonds-rated BBB-/Baa3/BBB-	5,023	5,023	-	-	-
Federated Funds	741	741	-	-	-
Fidelity Funds	10,571	10,571	-	-	-
Fidelity Tax Exempt Fund-not rated	5,532	5,532	-	-	-
GNMA Program Assets	801,909	-	-	-	801,909
MBS's	1,643	-	152	-	1,491
Municipal Bonds	14,032	-	-	-	14,032
STIF-rated AAAm	809,120	809,120	-	-	-
Structured Securities-rated D/C/D	555	-	-	-	555
U.S. Government Agency Securities	938	-	-	-	938
Total investments held by all funds and component units	$ 1,651,022	$ 830,987	$ 152	$ -	$ 819,883

Restricted Current Assets	
Capital Reserve Funds	$ 77,270
Renewal and Replacement Fund	5,311
All other funds and component units	748,406
Total Restricted Current Assets	830,987
Restricted Noncurrent Assets	
Capital Reserve Funds	700,403
All other funds and component units	119,632
Total Restricted Noncurrent Assets	820,035
Total investments held by all funds and component units	$ 1,651,022

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, 2011, one CMO (carrying amount $958) and one Structured Security (carrying amount $555) were below Investment Grade rating standards. At December 31, 2010, one Structured Security (carrying amount of $519) was below Investment Grade rating standards. Corporate Finance Bonds 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, 2011 and 2010, 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 - $801,909 or 49% in 2011 and $847,996 or 51% in 2010), and other pooled investments (STIF - Carrying Amount - $809,120 or 49% in 2011 and $658,200 or 40% in 2010).

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 – $841,902 in 2011 and $880,523 in 2010) with the exception of the State of Connecticut Short Term Investment Fund ("STIF") (Carrying Amount – $809,120 in 2011 and $658,200 in 2010-rated AAAm in 2011 and 2010) which is a participation certificate for the investment pool administered by the State Treasurer. 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.

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 ($279,202 at December 31, 2011 and $292,254 at December 31, 2010) 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 ($290,472 at December 31, 2011 and $292,254 at December 31, 2010) 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 bonds with mandatory tender dates are assumed in accordance with the sinking fund schedule of each 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 ($4,590 at December 31, 2011 and $4,260 at December 31, 2010) 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, 2011 and $4,596 at December 31, 2010) 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,					
	2011			2010		
	Bond Resolution	Special Needs Indenture	Total	Bond Resolution	Special Needs Indenture	Total
Investments in securities	$ 772,001	$ 5,672	$ 777,673	$ 775,339	$ 5,514	$ 780,853
Accrued interest receivable	2,470	8	2,478	2,762	9	2,771
Total Capital Reserve Funds	$ 774,471	$ 5,680	$ 780,151	$ 778,101	$ 5,523	$ 783,624
Restricted Current Assets						
Investments in securities	$ 73,187	$ 4,083	$ 77,270	$ 49,798	$ 4,067	$ 53,865
Accrued interest receivable	2,470	8	2,478	2,762	9	2,771
Total Restricted Current Assets	75,657	4,091	79,748	52,560	4,076	56,636
Restricted Noncurrent Assets						
Investments in securities	698,814	1,589	700,403	725,541	1,447	726,988
Total Restricted Noncurrent Assets	698,814	1,589	700,403	725,541	1,447	726,988
Total Capital Reserve Funds	$ 774,471	$ 5,680	$ 780,151	$ 778,101	$ 5,523	$ 783,624

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, 2011 and 2010, the carrying amount of restricted funds of the Special Needs Housing Renewal and Replacement Funds consisted of the following (in 000's):

	December 31,	
	2011	2010
Cash and cash equivalents	$ 11	$ 4
Investments in securities	5,311	4,548
Accrued interest receivable	1	1
Total Special Needs Housing Renewal and Replacement Funds	$ 5,323	$ 4,553

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.

The Authority has entered into agreements with various banks and other financial institutions for the servicing of the majority of its home mortgage loan portfolio. As of December 31, 2011 and 2010, 53% and 54% respectively, of this portfolio was serviced by one financial institution.

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

	December 31, 2011	December 31, 2010
Home mortgage loans		
Insured by the Federal Housing Administration or guaranteed by the Veterans Administration	$ 1,979,879	$ 1,934,619
Insured by private mortgage insurance companies	243,446	256,991
Uninsured reverse annuity mortgage loans	6,175	6,921
Uninsured, State of Connecticut supported EMAP loans	13,542	5,876
Uninsured, not guaranteed	514,267	528,423
Total home mortgage loans	2,757,309	2,732,830
Multifamily mortgage loans		
Completed developments:		
Insured by the Federal Housing Administration or guaranteed by private insurer	21,896	61,473
Partially insured by the Federal Housing Administration	43,798	17,111
Uninsured, federally subsidized	80,665	91,584
Uninsured, State of Connecticut subsidized special needs housing mortgage loans	60,050	61,181
Uninsured, unsubsidized, not guaranteed	731,179	688,095
Total completed developments	937,588	919,444
Construction mortgage loans:		
Uninsured, unsubsidized	253,497	200,860
Total construction mortgage loans	253,497	200,860
Total multifamily mortgage loans	1,191,085	1,120,304
Less allowance for losses	(341,823)	(300,216)
Total investments in mortgage loans	$ 3,606,571	$ 3,552,918
Restricted current assets	$ 109,089	$ 109,902
Restricted noncurrent assets	3,497,482	3,443,016
Total mortgage loans receivable	$ 3,606,571	$ 3,552,918

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, 2011 and 2010.

Construction loans earn interest at rates ranging from 0% to 6.75% at December 31, 2011 and 2010. 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 with interest rates ranging from 0% to 6.25% at December 31, 2011 and 2010.

Nonperforming loans were 1.56% of total assets at December 31, 2011 compared to 1.67% of total assets at December 31, 2010. Information with respect to nonperforming loans is as follows (in 000's):

	December 31, 2011	December 31, 2010
Nonaccrual single family loans	$ 47,743	$ 49,219
Nonaccrual multifamily loans	36,460	39,526
Total	$ 84,203	$ 88,745

At December 31, 2011 and 2010, the multifamily loan portfolio included 35 and 30 restructured loans with an aggregate outstanding principal balance of $81,911,000 and $76,473,000, respectively. The gross interest income that would have been recorded in 2011 and 2010 if these loans had been current in accordance with the original terms was $4,076,000 and $4,034,000, respectively. The interest received on these loans in 2011 and 2010 was $4,017,000 and $3,964,000, respectively.

Note 5—Real Estate Owned and Other Real Estate Owned

Real Estate Owned (in 000's)

	December 31, 2011			December 31, 2010		
	Single Family	Multifamily	Total	Single Family	Multifamily	Total
Real estate owned	$ 35,193	$ 6,920	$ 42,113	$ 18,048	$ 6,930	$ 24,978
Allowance for losses	(2,929)	(1,300)	(4,229)	(1,698)	(1,300)	(2,998)
Real estate owned - carrying amount	$ 32,264	$ 5,620	$ 37,884	$ 16,350	$ 5,630	$ 21,980

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, 2011 and 2010, 5 properties were classified as real estate owned – multifamily, including one in-substance foreclosure. During the first quarter of 2012, sale closings were scheduled for two of these five properties, one was being marketed and the Authority was in process of negotiating the potential sales of the remaining two.

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, 2011 and 2010, assets were $11,590,000 and $11,632,000, respectively, on the Trumbull project and $838,000 and $845,000, respectively, on the Pearl Street property. Minority interests in Trumbull on the Park and 111 Pearl Street were $4,463,000 and ($68,000), respectively, at December 31, 2011 and $4,526,000 and ($55,000), respectively, at December 31, 2010. 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, 2011 and 2010 of $22,481,000 and $22,660,000, respectively. The Authority, through Trumbull Centre – CHFA, Inc., also provided financing to the Trumbull project with loans in the aggregate original amount of $9,098,000 at December 31, 2011 and $8,347,000 at 2010, and approved additional financing of $546,000 in December 2011. 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 and again amended in January 2012 to December 31, 2012. The aggregate outstanding balance at December 31, 2011 was $9,098,000 and 2010, was $8,347,000. 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 2011, October 2011 and December 2010 the Authority approved additional financing of $136,000, $40,000 and $119,000 respectively. The aggregate outstanding balance at December 31, 2011 and 2010, was $1,629,000 and $1,470,000, 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. Both the Trumbull on the Park and 111 Pearl Street properties are being marketed in association with another property, 101 Pearl Street which is owned by the City of Hartford.

Note 6—Capital Assets

Capital asset activity for the years ended December 31, 2011 and 2010, is as follows (in 000's):

	Balance, January 1, 2011	Additions/ (Deletions)	Balance, December 31, 2011
Capital Assets:			
Land	$ 851	$ -	$ 851
Building	2,851	-	2,851
Improvements	2,036	-	2,036
	5,738	-	5,738
Less accumulated depreciation	(2,058)	(202)	(2,260)
Capital Assets, net	$ 3,680	$ (202)	$ 3,478

	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

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 0.05% to 9.36% at December 31, 2011 and 0.25% to 9.36% at December 31, 2010, are subject to certain redemption provisions and mature in years through 2053 at December 31, 2011 and 2052 at December 31, 2010.

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 2.00% to 5.25% at December 31, 2011 and 1.00% to 5.25% at December 31, 2010, are subject to certain redemption provisions and mature in years through 2045 at December 31, 2011 and 2010.

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

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

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

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

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

Changes in bonds payable for the year ended December 31, 2011 were as follows (in 000's):

Description of Original Long Term Issuance	Balance at 12/31/10	Issued	Retired	Balance at 12/31/11	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	$ 26,690	$ -	$ (1,130)	$ 25,560	$ 1,220
1990 Series C, variable rate demand bonds $16,620 due from November 15, 1996 to November 15, 2022	1,135	-	(60)	1,075	60
1993 Series D, 7.125% (net interest cost 7.125%), $10,000 due November 15, 2007	9,187	-	(232)	8,955	255
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	11,070	-	-	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	25,000	-	-	25,000	-
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	2,245	-	(35)	2,210	30
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	40,000	-	-	40,000	-
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	23,530	-	(1,695)	21,835	-
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	39,545	-	(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	41,770	-	(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	13,035	-	(360)	12,675	390

Description of Original Long Term Issuance	Balance at 12/31/10	Issued	Retired	Balance at 12/31/11	Amount Due Within 1 Year
Housing Mortgage Finance Program Bonds (continued)					
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	$ 75,410	$ -	$ (4,750)	$ 70,660	$ 4,165
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	9,555	-	(9,555)	-	-
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	81,075	-	(65,940)	15,135	2,485
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	8,480	-	(60)	8,420	75
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	43,155	-	(42,165)	990	990
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	229,945	-	(40,155)	189,790	17,370
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	69,085	-	(4,080)	65,005	4,230
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	60,135	-	(14,490)	45,645	2,625
2003 Series G, 1.55%-4.95% (net interest cost 4.20%), $26,075 due serially 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	94,655	-	(8,060)	86,595	2,585

Description of Original Long Term Issuance	Balance at 12/31/10	Issued	Retired	Balance at 12/31/11	Amount Due Within 1 Year
Housing Mortgage Finance Program Bonds (continued)					
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	$ 80,835	$ -	$ (12,710)	$ 68,125	$ 3,550
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	75,055	-	(11,350)	63,705	2,590
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	1,310	-	(210)	1,100	220
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	110,550	-	(9,700)	100,850	2,825
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	78,850	-	(6,095)	72,755	2,115
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	74,955	-	(775)	74,180	760
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	21,100	-	(160)	20,940	170
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	132,900	-	(4,225)	128,675	3,645
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	34,460	-	(4,725)	29,735	1,285

Description of Original Long Term Issuance	Balance at 12/31/10	Issued	Retired	Balance at 12/31/11	Amount Due Within 1 Year
Housing Mortgage Finance Program Bonds (continued)					
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	41,075	-	(3,710)	37,365	1,440
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	151,625	-	(4,855)	146,770	1,225
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	35,290	-	(970)	34,320	1,035
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	20,150	-	(1,000)	19,150	985
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	49,595	-	(2,490)	47,105	2,770
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	80,710	-	(7,650)	73,060	1,375
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	73,600	-	(35,315)	38,285	2,060
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	40,640	-	(5,680)	34,960	925
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	895	-	(10)	885	5

Description of Original Long Term Issuance	Balance at 12/31/10	Issued	Retired	Balance at 12/31/11	Amount Due Within 1 Year
Housing Mortgage Finance Program Bonds (continued)					
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	$ 200,890	$ -	$ (26,060)	$ 174,830	$ 10,975
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	247,980	-	(8,025)	239,955	8,680
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	15,340	-	(5,955)	9,385	4,630
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	16,480	-	(8,790)	7,690	105
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	59,470	-	(37,415)	22,055	2,920
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	-	(25)	12,285	50
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	76,855	-	(2,125)	74,730	1,940
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	79,225	-	(1,560)	77,665	1,280
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	60,415	-	(330)	60,085	350
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	-	(3,005)	3,985	45

Description of Original Long Term Issuance	Balance at 12/31/10	Issued	Retired	Balance at 12/31/11	Amount Due Within 1 Year
Housing Mortgage Finance Program Bonds (continued)					
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	$ 271,030	$ -	$ (52,905)	$ 218,125	$ 6,305
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	1,330	-	(145)	1,185	160
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	-	(3,405)	83,290	2,080
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	-	(840)	44,400	950
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, 2012 and November 15, 2012	76,935	-	(54,490)	22,445	22,445
2011 Series A, $67,180 convertible option bonds subject to mandatory tender at any time between January 25, 2012 and July 25, 2012; $40,775 variable rate demand term bonds due May 15, 2041	-	107,955	-	107,955	67,875
2011 Series B, 0.30% - 5.00% (net interest cost 4.14%), $26,520 due serially, semi-annually from November 15, 2011 to November 15, 2021; $3,400 term bonds due November 15, 2025; $2,490-November 15, 2028; $6,350-November 15, 2036; $16,000-November 15, 2040; $8,915-November 15, 2041	-	63,675	(1,010)	62,665	3,480
2011 Series C, variable rate demand term bonds $24,795 due May 15, 2035; $75,205-May 15, 2034	-	100,000	-	100,000	-
2011 Series D, variable rate demand term bonds due May 15, 2033	-	74,350	-	74,350	965
2011 Series E, 0.30% - 4.625% (net interest cost 3.75%), $20,025 due serially, semi-annually from May 15, 2012 to May 15, 2017; $4,975 term bonds due November 15, 2031; $15,800-November 15, 2041; $52,000 variable rate demand term bonds due November 15, 2041; $20,000 variable rate demand term bonds due November 15, 2031	-	112,800	-	112,800	805
2011 Series F, 0.25% - 5.00% (net interest cost 3.29%), $3,270 due serially, semi-annually from May 15, 2012 to November 15, 2021; $2,145 term bonds due November 15, 2026; $4,785-November 15, 2031; $8,950-November 15, 2041; $17,570-May 15, 2053; $16,360 term bonds due May 15, 2041 subject to mandatory tender on December 19, 2013; $13,900 term bonds due November 15, 2041 subject to mandatory tender on June 19, 2014	-	66,980	-	66,980	175
Total Housing Mortgage Finance Program Bonds	3,776,097	525,760	(616,147)	3,685,710	201,675
Unamortized net bond premium	804			1,208	
Unamortized deferred bond refunding costs	(1,093)			(827)	
Total Housing Mortgage Finance Program Bonds Payable, net	3,775,808			3,686,091	

Description of Original Long Term Issuance	Balance at 12/31/10	Issued	Retired	Balance at 12/31/11	Amount Due Within 1 Year
Special Needs Housing Mortgage Finance Program Special Obligation Bonds					
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	$ 7,915	$ -	$ (210)	$ 7,705	$ 220
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	12,570	-	(165)	12,405	170
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	4,260	-	(100)	4,160	105
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	4,145	-	(50)	4,095	55
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	1,685	-	(20)	1,665	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	7,740	-	(155)	7,585	160
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	255
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	-	(430)	15,010	715
Total Special Needs Housing Mortgage Finance Program Special Obligation Bonds	66,410	-	(1,130)	65,280	1,700
Unamortized net bond premium	876			786	
Unamortized deferred bond refunding costs	(125)			(107)	
Total Special Needs Housing Mortgage Finance Program Special Obligation Bonds Payable, net	67,161			65,959	

Description of Original Long Term Issuance	Balance at 12/31/10	Issued	Retired	Accretion/ (Conversion)	Balance at 12/31/11	Amount Due Within 1 Year
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	$ 91,720	$ -	$ -	$ (91,720)	$ -	$ -
Series 2009-1, 3.01%, conversion of a portion of the Series 2009 Bonds due December 1, 2041 - term bonds due June 2, 2035	47,290	-	-	-	47,290	-
Series 2009-2, 3.01%, conversion of a portion of the Series 2009 Bonds due December 1, 2041 – term bonds due December 1, 2041	52,710	-	-	-	52,710	-
Series 2009-3, 2.32%, conversion of a portion of the Series 2009 Bonds due December 1, 2041 – term bonds due December 1, 2038	-	-	-	76,520	76,520	-
Series 2009-4, 2.32%, conversion of a portion of the Series 2009 Bonds due December 1, 2041 – term bonds due December 1, 2041	-	-	-	15,200	15,200	-
Series 2010-1, 0.40%-4.25% (net interest cost 3.67%), $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	-	(1,815)	-	64,855	2,665
Series 2011-1, 0.25%-2.375% (net interest cost 1.62%), $18,825 due serially, semi-annually from June 1, 2012 to June 1, 2017	-	18,825	-	-	18,825	3,070
Series 2011-2, 2.375%-4.50% (net interest cost 3.58%), $30,825 due serially, semi-annually from June 1, 2017 to December 1, 2023; $11,680 term bonds due June 1, 2026	-	42,505	-	-	42,505	-
Series 2011-3, 4.50% (net interest cost 3.82%), $45,000 term bonds due December 1, 2031	-	45,000	-	-	45,000	1,810
Total Single Family Special Obligation Bonds	258,390	106,330	(1,815)	-	362,905	7,545
Unamortized net bond premium	-				4,033	
Total Single Family Special Obligation Bonds Payable, net	258,390				366,938	
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)	-	-
Series 2009-1, 2.32%, conversion of the Series 2009 Bonds due December 1, 2051 - term bonds due December 1, 2051	-	-	-	27,610	27,610	460
Total Multifamily Special Obligation Bonds payable	27,610	-	-	-	27,610	460
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	-	-	332	6,332	-
2011 Series A, 4.625% capital appreciation bonds due December 1, 2046	-	7,000	-	-	7,000	-
Total Housing Mortgage Finance Program Bonds (Single Family) Other Bonds Payable	6,000	7,000	-	332	13,332	-
Housing Mortgage Finance Program Bonds (Multifamily) Other Bonds						
2011 Series A, 4.75% capital appreciation bonds due December 1, 2055	-	700	-	-	700	-
Total Housing Mortgage Finance Program Bonds (Multifamily) Other Bonds Payable	-	700	-	-	700	-
Total Bonds Payable, net	$ 4,134,969				$ 4,160,630	$ 211,380

The Authority has also issued conduit debt obligations. As of December 31, 2011, one series totaling $12,398,000 of Multifamily Housing Revenue Bonds, one series totaling $23,185,000 of Special Needs Housing Mortgage Finance Program Special Obligation Bonds, two series totaling $29,760,000 of Variable Rate Demand Housing Revenue Bonds and five series totaling $102,700,000 of State-Supported Special Obligation Bonds were outstanding. 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. 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, 2011 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
2012	$ 103,365	$ 102,805	$ 93,200	$ 1,376	$ 5,110	$ 3,112	$ 40,034
2013	110,205	99,375	3,010	1,180	4,785	3,000	38,298
2014	86,217	95,374	33,365	1,027	15,845	2,884	36,693
2015	83,203	92,330	4,190	945	7,015	2,739	34,644
2016	84,190	89,250	6,495	939	10,900	2,626	32,505
2017-2021	413,895	395,146	57,115	4,517	105,270	10,788	128,927
2022-2026	448,804	291,802	72,768	4,062	191,062	7,265	89,972
2027-2031	420,466	186,672	106,162	2,097	214,723	3,627	47,703
2032-2036	367,475	84,326	60,925	836	201,385	416	10,613
2037-2041	120,600	19,230	32,315	170	196,480	8	316
2042-2046	12,180	4,772	-	-	-	-	-
2047-2051	11,010	2,068	-	-	-	-	-
2052-2053	1,980	74	-	-	-	-	-
Total	$ 2,263,590	$ 1,463,224	$ 469,545	$ 17,149	$ 952,575	$ 36,465	$ 459,705

	Special Needs Indenture		SFSOB Resolution	
	Fixed Unswapped		Fixed Unswapped	
Year Ending December 31,	Principal	Interest	Principal	Interest
2012	$ 1,700	$ 2,887	$ 7,545	$ 11,164
2013	1,760	2,825	8,090	10,846
2014	1,840	2,753	8,390	10,702
2015	1,900	2,688	8,710	10,528
2016	1,955	2,619	9,050	10,318
2017-2021	11,000	11,912	51,335	47,273
2022-2026	13,495	9,316	63,205	36,876
2027-2031	12,720	6,130	77,800	24,607
2032-2036	9,590	3,479	63,490	13,720
2037-2041	7,300	1,357	65,290	4,585
2042-2045	2,020	144	-	-
Total	$ 65,280	$ 46,110	$ 362,905	$ 180,619

	MFSOB Resolution		Other Bond Resolutions		
	Fixed Unswapped		Fixed Unswapped		
Year Ending December 31,	Principal	Interest	Principal	Interest	Total
2012	$ 460	$ 534	$ -	$ -	$ 373,292
2013	420	628	-	-	284,422
2014	410	618	-	-	296,118
2015	410	609	-	-	249,911
2016	430	599	-	-	251,876
2017-2021	2,380	2,837	-	-	1,242,395
2022-2026	2,810	2,539	-	-	1,233,976
2027-2031	3,320	2,187	-	-	1,108,214
2032-2036	3,940	1,770	-	-	821,965
2037-2041	4,680	1,276	-	-	453,607
2042-2046	5,570	688	13,332	55,419	94,125
2047-2051	2,780	96	-	-	15,954
2052-2055	-	-	700	4,813	7,567
Total	$ 27,610	$ 14,381	$ 14,032	$ 60,232	$ 6,433,422

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 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, 2011, 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, 2011 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	$ 69,500	09/09/98	6.0525%	100% of LIBOR	$ (11,362)	11/15/16		
2008 Series E/ 2009 Series A	25,000	25,000	08/08/06	3.7770	67% of LIBOR	(3,868)	05/15/17		
Total Counterparty 1	$ 140,900	$ 94,500				$ (15,230)		A+/Aa3	9.92%
2011 Series C Subseries C-1 /2011 Series C Subseries C-2	$ 20,000	$ 20,000	06/05/02	4.3520	67% of LIBOR	$ (7,055)	05/15/33		
2011 Series A/ Subseries A-2	25,000	25,000	06/05/02	5.7400	167% of LIBOR minus BMA	(14,086)	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	(630)	11/15/27		
Total Counterparty 2	$ 55,000	$ 55,000				$ (21,771)		A/A1	5.77%
1999 Series A Subseries A-3	$ 40,000	$ 40,000	04/07/98	6.2460	LIBOR minus 5 basis points	$ (9,758)	11/15/18		
2011 Series C Subseries C-1 /2011 Series C Subseries C-2	20,000	20,000	03/07/01	4.1200	67% of LIBOR	(5,408)	05/15/32		
2011 Series A Subseries A-2/ 2011 Series D	25,000	25,000	03/07/01	5.4750	167% of LIBOR minus BMA	(11,719)	05/15/32		
2011 Series C Subseries C-2 /2011 Series E Subseries E-3	10,000	10,000	08/01/02	4.2320	67% of LIBOR	(354)	05/15/33		
2011 Series C Subseries C-2 /2011 Series E Subseries E-3	45,000	45,000	08/01/02	3.9810	67% of LIBOR	(13,800)	05/15/33		
2010 Series F Subseries F-2/ 2008 Series B Subseries B-4	174,305	69,960	11/15/02	4.6300	67% of LIBOR plus 40 basis points	(11,958)	11/15/23		
2008 Series E	15,000	15,000	03/03/05	2.9310	67% of LIBOR	(189)	05/15/12		
2009 Series A	20,000	20,000	03/03/05	3.6530	67% of LIBOR	(293)	11/15/35		
2005 Series D Subseries D-6	8,380	8,380	09/13/05	3.6130	67% of LIBOR	(835)	05/15/28		
2005 Series E Subseries E-4	4,180	4,180	12/07/05	3.8990	67% of LIBOR	(429)	11/15/34		
Total Counterparty 3	$ 361,865	$ 257,520				$ (54,743)		AAA/Aa1	27.03%
2008 Series B Subseries B-4	$ 48,565	$ 27,665	11/15/95	6.0900	67% of LIBOR	$ (5,369)	05/15/18		
2008 Series E/ 2009 Series A	40,000	40,000	06/15/05	3.5380	67% of LIBOR	(3,478)	11/15/35		
Total Counterparty 4	$ 88,565	$ 67,665				$ (8,847)		A+/Aa1	7.10%
2010 Series A Subseries A-5	$ 20,000	$ 18,400	07/01/98	4.8700	BMA	$ (4,158)	11/15/28		
1998 Series D Subseries D-4	25,000	25,000	07/01/98	6.3200	100% of LIBOR	(10,937)	11/15/25		
2011 Series C Subseries C-1 /2011 Series C Subseries C-2	17,000	17,000	07/11/01	4.3100	67% of LIBOR	(6,279)	05/15/32		
2001 Series D	25,000	25,000	07/11/01	5.8200	167% of LIBOR minus BMA	(9,113)	11/15/27		
2011 Series E Subseries E-3	30,000	30,000	12/19/02	3.8200	67% of LIBOR	(902)	11/15/33		
Total Counterparty 5	$ 117,000	$ 115,400				$ (31,389)		A-/Baa1	12.12%

Outstanding Swaps at December 31, 2011 (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
2011 Series E Subseries E-3/ 2011 Series E Subseries E-4	$ 25,000	$ 25,000	10/04/00	5.3970	BMA	$ (10,055)	11/15/31		
2001 Series D Subseries D-3	40,000	40,000	12/20/01	4.0900	67% of LIBOR	(13,806)	05/15/33		
2001Series D Subseries D-5	25,000	25,000	12/20/01	5.3600	167% of LIBOR minus BMA	(7,985)	11/15/27		
2005 Series D Subseries D-4	13,915	13,915	09/13/05	3.5460	67% of LIBOR	(2,236)	11/15/34		
2005 Series D Subseries D-5	12,500	1,825	09/13/05	3.1370	67% of LIBOR	(42)	11/15/12		
Total Counterparty 6	$ 116,415	$ 105,740				$ (34,124)		A/Aa3	11.10%
2009 Series A	$ 11,750	$ 11,750	12/07/05	3.8700	67% of LIBOR	$ (1,203)	11/15/35		
Total Counterparty 7	$ 11,750	$ 11,750				$ (1,203)		A/A2	1.23%
2006 Series B Subseries B-1 /2008 Series B Subseries B-4	$ 21,935	$ 21,935	02/18/09	3.4330	67% of LIBOR	$ (6,032)	11/15/34		
2008 Series E/ 2009 Series A	78,065	78,065	02/18/09	3.4300	67% of LIBOR	(19,978)	11/15/38		
2008 Series E	27,550	27,550	08/15/08	3.8450	67% of LIBOR	(9,625)	11/15/33		
2009 Series A	8,925	8,925	08/15/08	3.8550	67% of LIBOR	(3,133)	11/15/33		
2009 Series A	25,000	25,000	08/15/08	3.8520	67% of LIBOR	(6,362)	11/15/28		
2009 Series A	9,855	9,855	08/15/08	3.8490	67% of LIBOR	(3,918)	11/15/38		
Total Counterparty 8	$ 171,330	$ 171,330				$ (49,048)		AAA/Aaa	17.99%
2008 Series E	$ 45,000	$ 45,000	03/02/06	3.4175	67% of LIBOR	$ (11,003)	05/15/36		
2009 Series A	18,170	18,170	08/15/08	4.0370	67% of LIBOR	(3,393)	11/15/28		
2009 Series A	10,500	10,500	08/15/08	4.0470	67% of LIBOR	(1,968)	11/15/28		
Total Counterparty 9	$ 73,670	$ 73,670				$ (16,364)		AA-/Aa3	7.74%
Total	$ 1,136,495	$ 952,575				(232,719)			100.00%
Fair value, beginning of year						(153,434)			
Change in fair value (deferred outflows)						$ (79,285)			

Fair Value

The Authority's swap portfolio had an aggregate negative fair value as of December 31, 2011. 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, 2011, 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.

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, 2011, 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 $397,150,000, Fair Value $(101,872,000) at December 31, 2011) 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, 2011, 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, 2011 and 2010 were as follows (in 000's):

	Balance, January 1, 2011	Increases	Decreases	Balance, December 31, 2011	Amount Due Within 1 Year
Bonds payable, net	$ 4,134,969	$ 644,753	$ (619,092)	$ 4,160,630	$ 211,380
Long-term escrow deposits	143,808	48,403	(34,302)	157,909	-
	$ 4,278,777	$ 693,156	$ (653,394)	$ 4,318,539	$ 211,380

	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

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, 2011 the Authority had no liability to the IRS and as of December 31, 2010 had liabilities totaling $2,609,000, reported in the statements of net position 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 position.

Note 10—Net Position

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

	December 31, 2011	December 31, 2010
General and Capital Reserve Funds:		
Invested in capital assets, net of related debt	$ 3,478	$ 3,680
General and Capital Reserve Funds	979,423	924,353
Other Funds:		
Housing Mortgage Insurance Fund	4,069	3,948
Single Family Special Obligation Bond and Other Bond Funds	280	427
Multifamily Special Obligation Bond and Other Bond Funds	34	-
Special Needs Housing Funds	9,237	7,620
Component Units:		
CHFA – Small Properties, Inc.	60	443
CPS Properties, Inc.	(10,125)	(9,223)
State Housing Authority	193	193
Trumbull Centre – CHFA, Inc.	(28,928)	(27,545)
	$ 957,721	$ 903,896

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 four 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. Effective July 1, 2011, a new Tier III plan was established for employees hired on or after July 1, 2011. The Tier III plan has a 10-year vesting provision and employees contribute 2% of salary. Full retirement benefits are attained at age 63 with 25 years of service, or at age 65 with 10 years of service. The minimum retirement age is 58 with a discounted benefit. All plans provide for death and disability benefits. The Authority's total payroll for the years ended December 31, 2011, 2010 and 2009, was $10,842,000, $11,008,000 and $10,731,000, respectively, and the payroll for employees of the Authority covered by SERS for the years ended December 31, 2011, 2010 and 2009, was $10,842,000, $11,008,000 and $10,725,000, respectively.

Contributions Made (in 000's)

Contributions Made:

	2011	2010	2009
By employees	$ 162	$ 160	$ 160
% of current year covered payroll	1.49%	1.45%	1.49%
By the Authority	$ 4,305	$ 4,396	$ 3,962
% of current year covered payroll	39.71%	39.93%	36.94%
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 risk in connection with its commitments to provide financing that are not included on the statement of net position. These expose the Authority to credit risk in excess of the amount recognized on the statement of net position. The Authority's exposure to credit loss in the event of nonperformance by the borrowers is represented by the contractual amount of those instruments. The Authority uses the same credit policies in making commitments and conditional obligations as it does for instruments that are included on the statement of net position. Total credit exposure is summarized below (in 000's):

	December 31,	
Mortgage Loan Commitments:	**2011**	**2010**
Home Mortgage Purchases	$ 11,225	$ 16,584
Multifamily Developments	128,365	169,006
Reverse Annuity Mortgages	651	1,180
	$ 140,241	$ 186,770

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. During 2011 and 2010 the Authority issued $20,000,000 and $30,000,000 respectively, 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 2011 and 2010, the Authority received $196,000 and $425,000 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 2011 and 2010, the Authority received $24,009,000 and $63,807,000, 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, 2011 and 2010 is summarized below (in 000's):

	December 31, 2011				
		Expenses			
	Program Funding	Administrative	Provision for losses	Total	Net
PA 05-228	$ 3,215	$ 225	$ -	$ 225	$ 2,990
EMAP	819	621	-	621	198
NFMC	196	185	-	185	11
ARRA	24,009	-	24,009	24,009	-
	$ 28,239	$ 1,031	$ 24,009	$ 25,040	$ 3,199

	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)

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 February 2, 2012, the Authority redeemed $48,220,000 of various Series of outstanding bonds held under the Bond Resolution.

CONNECTICUT HOUSING FINANCE AUTHORITY
COMBINING STATEMENT OF NET POSITION
DECEMBER 31, 2011
(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 and Other 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	$ 738	$ 3	$ -	$ -	$ 29	$ -	$ -	$ -	$ -	$ 770
Mortgage loans receivable	102,914	-	4,785	193	1,197	-	-	-	-	109,089
Investments in securities	619,070	4,065	123,506	4,442	79,285	218	208	193	-	830,987
Accrued interest receivable on:										
Mortgage loans	24,042	-	695	72	286	-	-	-	-	25,095
Securities	3,126	1	19	1	26	-	-	-	-	3,173
Due from other funds/component units	9,413	-	96,060	-	-	-	-	-	(105,473)	-
Accounts receivable and other assets	24,248	-	-	-	672	766	19	-	-	25,705
Total current assets	783,551	4,069	225,065	4,708	81,495	984	227	193	(105,473)	994,819
Restricted Noncurrent Assets										
Mortgage loans receivable, net	3,257,245	-	154,326	27,058	58,853	-	-	-	-	3,497,482
Investments in securities, net	816,858	-	-	-	3,177	-	-	-	-	820,035
Due from other funds/component units	18,251	-	-	-	-	-	-	-	(18,251)	-
Accounts receivable and other assets	-	-	-	-	-	311	-	-	-	311
Capital assets, net	3,478	-	-	-	-	-	-	-	-	3,478
Real estate owned – single family	32,159	-	105	-	-	-	-	-	-	32,264
Real estate owned – multifamily	3,320	-	-	-	-	2,300	-	-	-	5,620
Other real estate owned	-	-	-	-	-	-	12,201	-	-	12,201
Deferred financing costs	21,352	-	2,503	246	954	-	-	-	-	25,055
Total noncurrent assets	4,152,663	-	156,934	27,304	62,984	2,611	12,201	-	(18,251)	4,396,446
Total assets	4,936,214	4,069	381,999	32,012	144,479	3,595	12,428	193	(123,724)	5,391,265
Deferred outflows of resources										
Accumulated decrease in fair value of hedging derivatives	232,719									232,719
Liabilities										
Current Liabilities										
Escrow deposits	23,198	-	-	8	37,194	-	-	-	-	60,400
Due to other funds/component units	96,060	-	79	69	160	9,105	-	-	(105,473)	-
Accrued interest payable	18,285	-	1,303	36	129	-	-	-	-	19,753
Accounts payable and accrued liabilities	6,436	-	67	1	688	411	373	-	-	7,976
Minority interests – other real estate owned	-	-	-	-	-	-	4,395	-	-	4,395
Loan payable – other real estate owned	-	-	-	-	-	-	22,481	-	-	22,481
Bonds payable	201,675	-	7,545	460	1,700	-	-	-	-	211,380
Total current liabilities	345,654	-	8,994	574	39,871	9,516	27,249	-	(105,473)	326,385
Noncurrent Liabilities										
Escrow deposits, net	123,243	-	-	3,554	31,112	-	-	-	-	157,909
Due to other funds/component units	-	-	-	-	-	4,144	14,107	-	(18,251)	-
Bonds payable, net	3,484,416	-	372,725	27,850	64,259	-	-	-	-	3,949,250
Derivative instruments - interest rate swaps	232,719	-	-	-	-	-	-	-	-	232,719
Total noncurrent liabilities	3,840,378	-	372,725	31,404	95,371	4,144	14,107	-	(18,251)	4,339,878
Total liabilities	4,186,032	-	381,719	31,978	135,242	13,660	41,356	-	(123,724)	4,666,263
Net Position										
Invested in capital assets, net of related debt	3,478	-	-	-	-	-	-	-	-	3,478
Restricted by bond indentures and/or enabling legislation	979,423	4,069	280	34	9,237	60	-	193	-	993,296
Unrestricted deficit	-	-	-	-	-	(10,125)	(28,928)	-	-	(39,053)
Total net position	$ 982,901	$ 4,069	$ 280	$ 34	$ 9,237	$ (10,065)	$ (28,928)	$ 193	$ -	$ 957,721

CONNECTICUT HOUSING FINANCE AUTHORITY
COMBINING STATEMENT OF NET POSITION
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
Total noncurrent assets	4,307,132	-	1,435	142	64,200	2,791	12,371	-	(16,254)	4,371,817
Total assets	5,035,445	3,955	265,662	27,790	145,240	4,014	12,477	193	(165,673)	5,329,103
Deferred outflows of resources										
Accumulated decrease in fair value of hedging derivatives	153,434									153,434
Liabilities										
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 Position										
Invested in capital assets, net of related debt	3,680	-	-	-	-	-	-	-	-	3,680
Restricted by bond indentures and/or enabling legislation	924,353	3,948	427	-	7,620	443	-	193	-	936,984
Unrestricted deficit	-	-	-	-	-	(9,223)	(27,545)	-	-	(36,768)
Total net position	$ 928,033	$ 3,948	$ 427	$ -	$ 7,620	$ (8,780)	$ (27,545)	$ 193	$ -	$ 903,896

CONNECTICUT HOUSING FINANCE AUTHORITY
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2011
(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 and Other 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	$ 190,644	$ -	$ 6,315	$ 72	$ 3,563	$ -	$ -	$ -	$ (1,078)	$ 199,516
Interest on investments	38,015	9	154	25	265	1	-	-	(80)	38,389
Fees and other income	10,374	112	-	-	235	404	13	-	-	11,138
Total operating revenues	239,033	121	6,469	97	4,063	405	13	-	(1,158)	249,043
Operating Expenses										
Interest	151,765	-	6,132	62	2,875	417	661	-	(1,158)	160,754
Amortization of deferred financing costs	6,512	-	74	1	131	-	-	-	-	6,718
Servicer fees	7,949	-	410	-	-	-	-	-	-	8,359
Administrative	33,333	-	-	-	-	999	735	-	-	35,067
Provision for losses	14,682	-	-	-	-	-	-	-	-	14,682
Total operating expenses	214,241	-	6,616	63	3,006	1,416	1,396	-	(1,158)	225,580
Operating income (loss)	24,792	121	(147)	34	1,057	(1,011)	(1,383)	-	-	23,463
Nonoperating Revenues (Expenses)										
Net increase in the fair value of investments	26,945	-	-	-	218	-	-	-	-	27,163
State and federal program funding	28,041	-	-	-	198	-	-	-	-	28,239
State and federal program expenses	(25,040)	-	-	-	-	-	-	-	-	(25,040)
Nonoperating income	29,946	-	-	-	416	-	-	-	-	30,362
Income (loss) before transfers	54,738	121	(147)	34	1,473	(1,011)	(1,383)	-	-	53,825
Operating transfers in (out)	130	-	-	-	144	(274)	-	-	-	-
Change in net position	54,868	121	(147)	34	1,617	(1,285)	(1,383)	-	-	53,825
Net position, beginning of year	928,033	3,948	427	-	7,620	(8,780)	(27,545)	193	-	903,896
Net position, end of year	$ 982,901	$ 4,069	$ 280	$ 34	$ 9,237	$ (10,065)	$ (28,928)	$ 193	$ -	$ 957,721

CONNECTICUT HOUSING FINANCE AUTHORITY
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
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 position	19,634	78	427	-	939	3,143	(1,309)	1	-	22,913
Net position, beginning of year	908,399	3,870	-	-	6,681	(11,923)	(26,236)	192	-	880,983
Net position, end of year	$ 928,033	$ 3,948	$ 427	$ -	$ 7,620	$ (8,780)	$ (27,545)	$ 193	$ -	$ 903,896