

**NEW JERSEY HOUSING AND
MORTGAGE FINANCE AGENCY**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

**YEAR ENDED DECEMBER 31, 2021
(WITH SUMMARIZED COMPARATIVE INFORMATION FOR
THE YEAR ENDED DECEMBER 31, 2020)**



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NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY
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(WITH SUMMARIZED COMPARATIVE TOTALS FOR DECEMBER 31, 2020)

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INDEPENDENT AUDITORS' REPORT

Board of Directors
New Jersey Housing and Mortgage Finance Agency
Trenton, New Jersey

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities, each major fund, and the fiduciary fund of the New Jersey Housing and Mortgage Finance Agency (the Agency), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, each major fund, and the fiduciary fund of the New Jersey Housing and Mortgage Finance Agency, as of December 31, 2021, and the respective changes in financial position and its cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Agency and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Prior-Year Comparative Information

We have previously audited the Agency's 2020 basic financial statements, and we expressed unmodified audit opinions on the financial statements in our report dated June 25, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the Agency's basic financial statements. The Schedules of Net Position and Revenues, Expenses, and Changes in Fund Net Position for the Single Family and Multi-Family Housing Programs (the Schedules) for the year ended December 31, 2021, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended December 31, 2021 and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the Schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole for the year ended December 31, 2021.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the Agency's financial statements, as of and for the year ended December 31, 2020 (not presented herein), and have issued our report thereon dated June 25, 2021, which contained unmodified opinions on the respective financial, the business-type activities, each major fund, and the fiduciary fund. The 2020 actual amounts in the Schedules for the year ended December 31, 2020, are presented for purposes of additional analysis and are not a required part of the 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 2020 financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2020 financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2020 actual amounts in the Schedules are fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended December 31, 2020.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 12, 2022 on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Agency's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Baltimore, Maryland
August 12, 2022

NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2021
(IN THOUSANDS)

Introduction to the Financial Report

This financial report consists of five parts: Management's Discussion and Analysis, Financial Statements, Notes to the Financial Statements, Required Supplementary Information, and Supplementary Information. The accompanying basic financial statements include the proprietary funds of the New Jersey Housing and Mortgage Finance Agency (the Agency) and the fiduciary fund.

Basic Financial Statements

The Agency's proprietary fund engages only in business-type activities and as a result, the Agency's basic financial statements include the statement of net position, the statement of revenue, expenses and changes in net position, the statement of cash flows, and the notes to the financial statements. These basic financial statements are designed to provide readers with a broad overview of the Agency's finances, in a manner similar to a private-sector business.

The statement of net position which provides information about the Agency's investments in resources (assets), deferred outflows of resources, obligations to Agency creditors (liabilities), deferred inflows of resources and net position. Over time, increases or decreases in the Agency's net position may serve as an indicator of whether the financial position of the Agency is improving or deteriorating. Other factors, both internal and external to the Agency, should be considered when evaluating the Agency's financial position.

The statement of revenues, expenses and changes in net position which accounts for all of the current year's revenue and expenses, measures the success of the Agency's operations over the past year and can be used to determine how the Agency has funded its costs.

The statement of cash flows which provides information about the Agency's cash receipts, cash payments, and net changes in cash resulting from operations, investing, and financing activities.

A fiduciary fund is used to account for resources held for the benefit of parties outside the Agency. A fiduciary fund is not reflected with the proprietary fund financial statements because the resources of the fund are not available to support the proprietary fund programs. The Agency's fiduciary fund is the New Jersey Housing and Mortgage Finance Agency OPEB 115 Trust Fund (the Trust).

The Trust is a separate legal entity created pursuant to a trust agreement initiated by the Agency. The Trust is a private-purpose trust established for the sole purpose of providing health and welfare benefits for retirees and their eligible spouses and dependents as provided by the New Jersey State Health Benefits Program (the Program). All resources of the Trust, including income on investments and other revenues, are held in trust to meet obligations to provide the health and welfare benefit payments to retirees and their eligible spouses and dependents. Resources of the Trust may also be used to pay reasonable expenses of administering the Trust and the Program. Trust receipts consist of contributions made by the Agency. The Trust administers its affairs through its trustee, records its assets in segregated accounts, and maintains financial records separate from the Agency.

Notes to the Financial Statements

The notes to the financial statements provide information that is essential to understanding the basic financial statements, such as the Agency's accounting methods and policies, details of contractual obligations, future commitments and contingencies of the Agency, and information about any other events or developing situations that could materially affect the Agency's financial position.

NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY
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Required Supplementary Information

This presents the information regarding the Agency's progress in funding its obligation to provide pension benefits and postemployment benefits other than pensions to its employees.

Supplementary Information

This provides presentations of the Agency's financial information in accordance with the requirements of the various Bond Resolutions.

Management's Discussion and Analysis

This section of NJHMFA's financial statements presents the Management's Discussion and Analysis (MD&A), of the Agency's financial performance as of December 31, 2021 and 2020 and for the years then ended. It provides an assessment of how the Agency's position has improved or deteriorated and identifies the factors that, in management's view, significantly affected the Agency's overall financial position.

The Agency's Business

The Agency was created to provide a strong unified advocate for housing production, financing, and improvement. The Agency is established under, but is not a part of, the Department of Community Affairs, and is constituted as a body politic and corporate and an instrumentality of the State exercising public and essential governmental functions. Included in the Agency's powers is the ability, inter alia, to provide to housing sponsors, through eligible loans or otherwise, financing, refinancing or financial assistance for fully completed, as well as partially completed projects; to provide funds to purchase loans made to borrowers throughout the State for single family residences in accordance with the requirements of the State and Federal law and the applicable general resolution; to issue negotiable bonds and to secure the payment thereof; and to make and enter into and enforce all contracts and agreements necessary, convenient or desirable to the performance of its duties and the execution of its powers.

Overview of the Financial Statements

The Agency is a self-supporting entity and follows enterprise fund reporting except for the fiduciary fund. An enterprise fund reports activity that is financed with debt that is secured solely by a pledge of the net revenue from that activity as well as activity that is not supported by taxes or similar revenues. The Agency's financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. The accrual basis of accounting matches revenues and expenses to the time period in which they are earned or attributable, respectively, which may differ from the period in which the associated cash is received or expended.

Enterprise fund statements offer short-term and long-term financial information about the Agency's activities. While detailed sub-fund information is not presented in the Agency's financial statements, separate accounts are maintained for each bond issue and component unit, as well as the Agency's general operating fund, known as the General Fund. These sub-funds permit the Agency to control and manage money for particular purposes and to determine that the Agency is properly using specific resources.

The fiduciary fund is included as the Agency has fiduciary responsibility for it, but it does not follow enterprise fund reporting. The fiduciary fund accounts for resources held for the benefit of parties outside the Agency, and these resources are therefore not available to support the Agency.

NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2021
(IN THOUSANDS)

Overall Financial Highlights – Year Ended December 31, 2021

The Agency's overall net position increased by 7.6% from 2020 to 2021. The multifamily portfolio continued to perform well and the single family portfolio added significant loans resulting from the favorable bond market. The General Fund performed well due to a significant increase in the Single Family Mortgage Backed Security market.

During 2021, \$11,376 was transferred from the Agency's General Fund to the Single and Multi-Family Bond Resolutions to fund future cost of issuance on bonds and to provide financial support to the resolutions.

In 2021, the Agency issued \$126,445 tax-exempt and taxable Multi-Family Revenue Bonds (MFRB) 2021 Series A-C. The 2012 Series A, C, and E were refunded into 2021 Series C.

In 2021, the Agency issued \$135,800 of Single Family Housing Revenue Bonds, 2021 Series H. This bond issue involves no refunding component.

In 2021, the State of New Jersey's Department of Community Affairs made the following cash contributions, purposed for administering the following programs:

- \$10,000 to Risk Share Program
- \$20,000 to Down Payment Assistance Program
- \$22,000 to GAP Financing Program
- \$1,000 to HMFA Foreclosure Program
- \$20,000 to Special Needs Housing Trust Fund

In addition, the Agency continued to participate in the mortgage-backed securities (MBS) platform as an approved Government National Mortgage Association (Ginnie Mae) issuer of Ginnie Mae I and II single family MBS. In 2021, the Agency securitized 660 loans for \$137,020 with Ginnie Mae II MBS.

Under the Superstorm Sandy Community Development Block Grant-Disaster Recovery (CDBG-DR) Action Plan, the Agency received a total allocation of \$749,520 in CDBG-DR funds as a sub-recipient to implement three (3) affordable housing programs designed to support the needs of renters and prospective homeowners in the nine counties hardest hit by the storm. The Fund for Restoration of Multifamily Housing (FRM) was allocated \$664,520. The Sandy Special Needs Housing Fund (SSNHF) was allocated \$60,000, and the Sandy Homebuyer Assistance Program (SHAP) was allocated \$25,000. No additional funding was committed in 2021. The Agency is working toward closing out the remaining projects.

In 2021, under the US Department of Treasury Hardest Hit Funds Program, the Agency closed 742 HomeSeeker Downpayment Assistance Loans, each as a second loan behind an Agency first mortgage loan. These are recorded as program income and expense in the Agency's General Fund. This program concluded in 2021, and there will be no new 2022 HomeSeeker Downpayment Assistance Loans.

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MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2021
(IN THOUSANDS)

Overall Financial Highlights – Year Ended December 31, 2021 (Continued)

The Agency's Other Post-Employment Benefits (OPEB) net OPEB obligation decreased by approximately \$5,395. This is due to a reduction in the investment return assumption based on the increase in yield on fixed income investments and a change in actuarial assumptions.

The Agency's Pension liability decreased by \$12,256 due to changes in actuarial assumptions used to determine the net Pension liability.

The Agency closed seven conduit bond issues totaling \$226,376 in 2021. In addition, the program has a pipeline in excess of \$500,000.

The following ratings actions occurred in 2021:

- January 2021 – Moody's Investors Service (Moody's) affirmed its Ba1 rating on the Agency's Capital Fund Program Revenue Bonds, 2004 Series A. At the same time, the outlook was revised to stable from negative.
- January 2021 – Moody's Investors Service (Moody's) affirmed its Baa2 rating on the Agency's Capital Fund Program Revenue Bonds, 2007 Series A. At the same time, the outlook was revised to stable from negative.
- February 2021 - Standard & Poor's Global Ratings (S&P) affirmed its AA rating (stable outlook) on the Agency's Multi-Family Housing Revenue Bonds (MF 1995) Resolution.
- March 2021 - Standard & Poor's Global Ratings (S&P) affirmed its AA rating (stable outlook) on the Agency's Issuer Credit Rating (ICR).
- April 2021 - Standard & Poor's Global Ratings (S&P) affirmed its AA rating (stable outlook) on the Agency's Multi-Family Housing Revenue Bonds (MF 1995) Resolution.
- July 2021 - Moody's Investors Service (Moody's) maintained its Aa2 rating (stable outlook) on the Agency's Single Family Housing Revenue Bonds (HRB) Resolution.
- July 2021 - Standard & Poor's Global Ratings (S&P) affirmed its AA rating (stable outlook) on the Agency's Single Family Housing Revenue Bonds (HRB) Resolution.
- November 2021 - Standard & Poor's Global Ratings (S&P) affirmed its AA- rating (stable outlook) on the Agency's Multi-Family Revenue Bonds (MF 2005) Resolution.

NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY
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Financial Analysis

The following sections will discuss the Agency's financial results for 2021 compared to 2020. Additionally, an examination of major economic factors that have contributed to the Agency's operations is provided. It should be noted that for purposes of this MD&A, summaries of the financial statements and the various exhibits presented are in conformity with the Agency's financial statements, which are presented in accordance with accounting principles generally accepted in the United States of America. All dollar amounts are in thousands.

Agency's Condensed Statement of Net Position

The Statement of Net Position presents the Agency's assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position as of December 31, 2021. The following table represents the comparison of net position as of December 31, 2021 and 2020. The change between December 31, 2021 and December 31, 2020 should be read in conjunction with the financial statements. The amounts in the table below and in the explanation of changes in certain financial categories are expressed in thousands to provide easier comparison to the Statement of Net Position as outlined in the table of contents.

Condensed Statement of Net Position

	2021	2020	\$ Change 2021 / 2020	% Change 2021 / 2020
Current and Other Assets	\$ 1,547,545	\$ 1,640,203	\$ (92,658)	-5.6%
Other Noncurrent Assets	2,351,931	2,288,953	62,978	2.8%
Capital Assets	4,176	4,580	(404)	-8.8%
Total Assets	3,903,652	3,933,736	(30,084)	-0.8%
Deferred Outflows of Resources	42,046	59,403	(17,357)	-29.2%
Current Liabilities	346,318	409,433	(63,115)	-15.4%
Long-Term Liabilities	2,327,796	2,396,524	(68,728)	-2.9%
Total Liabilities	2,674,114	2,805,957	(131,843)	-4.7%
Deferred Inflows of Resources	45,619	48,208	(2,589)	-5.4%
Net Position:				
Net Investment in Capital Assets	4,176	4,580	(404)	-8.8%
Restricted	602,172	516,618	85,554	16.6%
Unrestricted	619,617	617,776	1,841	0.3%
Total Net Position	\$ 1,225,965	\$ 1,138,974	\$ 86,991	7.6%

NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY
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Agency's Condensed Statement of Net Position (Continued)

The Agency's total assets decreased by 0.8% between 2020 and 2021 resulting from the following factors:

- Cash, cash equivalents, and investments decreased by \$84,883 primarily due to the winding down of the U.S Treasury Hardest Hit Fund HomeKeeper and HomeSaver programs combined with a reduction in balances for payments disbursed.
- Mortgage loans receivable, supplemental loans receivable and accrued mortgage interest receivable increased by \$59,645, primarily due to new loans disbursed during the year being greater than prepayments and regular loan amortizations.
- Other current assets decreased by \$1,957 due to the decrease in single family foreclosure claims receivable, as the volume of foreclosures continued to decrease, despite the economic downturns.
- REO balances increased \$1,216 as a result of a decrease in the reserves on REO balances.
- The accumulated increase in fair value of hedging derivatives decreased by \$12,936 due to the changes in SIFMA and Libor rates as noted below.

The Agency's deferred outflows of resources decreased 29.2% mostly resulting from an increase in derivative instruments and the Pension and OPEB valuations.

The Agency's total liabilities decreased 4.7% between 2020 and 2021 resulting from the following factors:

- Unearned revenue increased by \$5,525, representing Hardest Hit Funds disbursed in 2021, and LITC deferred fees.
- Pension liability decreased by \$12,256 due to changes in actuarial assumptions used to determine the net pension liability.
- OPEB liability decreased by \$5,395 due to an increase in the investment return assumption based on the increase in yield on fixed income investments and a change in actuarial assumptions.
- Funds held in trust decreased \$113,048 due to the removal of the effect delay in the release of mortgage payment funds observed in late 2020.
- Bonds payable increased \$22,133 as a result of the new 2021 SFHRB and MFRB bond issuances net of scheduled bond retirements.
- Derivative instruments (hedging derivative value + off market loan balances) decreased by \$12,936 due to a multitude of factors. Individual swaps are affected by changes in Libor and/or SIFMA rates. In 2021, both Libor and SIFMA rates were generally stable and remained low by historic standards. The remaining life of a swap also impacts the value as it must accrete to \$-0- by the maturity date. In addition to these factors which affect the directional change in a swap's value, the magnitude of the change is affected by other factors including the size, remaining life and the maturity date. Each swap is analyzed individually with any changes in fair value reported.

NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY
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Agency's Condensed Statements of Revenues, Expenses, and Changes in Net Position

The Statements of Revenues, Expenses, and Changes in Net Position reports revenues recognized, and expenses incurred for the years ended December 31, 2021 and 2020. The table below summarizes the Agency's revenues and expenses for the years ended December 31, 2021 and 2020. It should be read in conjunction with the financial statements. The amounts in the two tables below and in the explanation of changes in certain financial categories are expressed in thousands to provide easier comparison to the Statement of Revenues, Expenses and Changes in Net Position on page 17.

Condensed Statements of Revenues, Expenses, and Changes in Net Position
Years Ended December 31, 2021 and 2020

	2021	2020	\$ Change 2021 / 2020	% Change 2021 / 2020
Operating Revenues:				
Interest Income on Mortgage Loans	\$ 82,865	\$ 91,678	\$ (8,813)	-10%
Fees and Charges	47,553	41,165	6,388	16%
Program Income	1,679	7,196	(5,517)	-77%
Grant Income	32,636	60,956	(28,320)	-46%
Recovery of Bad Debt and Mortgage Modifications	12,639	8,381	4,258	51%
Other	14,818	9,794	5,024	51%
Total Operating Revenues	192,190	219,170	(26,980)	-12%
Operating Expenses	176,908	215,319	(38,411)	-18%
Operating Income	15,282	3,851	11,431	297%
Nonoperating Revenues	71,709	20,761	50,948	245%
Increase in Net Position	86,991	24,612	62,379	253%
Net Position - Beginning of Year	1,138,974	1,114,362	24,612	2%
Net Position - End of Year	<u>\$ 1,225,965</u>	<u>\$ 1,138,974</u>	<u>\$ 86,991</u>	<u>7.6%</u>

The 12.3% decrease in operating revenue is due to the following factors:

- Fees and charges increased by \$6,388 and interest income on mortgage loans decreased by \$8,813 due to a decrease in MBS production in 2021, along with an increase in mortgages outstanding which resulted in an increase of fees collected.
- Program income decreased by \$5,517 due to the winding down of the U.S. Treasury Hardest Hit Fund HomeKeeper and HomeSaver programs.
- Grant income decreased by \$28,320 due to the decreased volume of Community Development Block Grants for Disaster recovery from Superstorm Sandy.
- Recovery on bad debt and mortgage modifications increased by \$4,258 due to the continued decreased volume of delinquent single family loans in need of modification.

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- Other income increased by \$5,024, driven by engagement with local public service entities.

Nonoperating income (investment income) increased 245% due to newly acquired contributions from the State of New Jersey and due to the volatility of the market in the current year.

Summary of Operating Expenses
Years Ended December 31, 2021 and 2020

	2021	2020	\$ Change 2021 / 2020	% Change 2021 / 2020
Operating Expenses:				
Interest and Amortization	\$ 66,100	\$ 72,704	\$ (6,604)	(9.1)%
Insurance Costs	879	875	4	0.5
Servicing Fees and Other	6,734	5,988	746	12.5
Salaries and Related Benefits	25,088	26,540	(1,452)	(5.5)
Professional Services and Financing Costs	12,199	11,893	306	2.6
General and Administrative Expenses	5,165	5,702	(537)	(9.4)
Grant Expense	33,653	60,519	(26,866)	(44.4)
Program Expense	1,167	6,257	(5,090)	(81.3)
Pension (Revenue) Expense	(5,023)	1,361	(6,384)	(469.1)
Loss on Sale of Real Estate Owned	3,210	4,533	(1,323)	(29.2)
Provision for Loan Losses	17,736	13,947	3,789	27.2
Contributions to the State	10,000	5,000	5,000	100.0
Total Operating Expenses	<u>\$ 176,908</u>	<u>\$ 215,319</u>	<u>\$ (38,411)</u>	<u>-17.8%</u>

Total operating expenses decreased by 17.8%. The following significant fluctuations occurred within operating expenses:

- The Agency contributed \$10,000 to the State of New Jersey in 2021 to support supportive housing related projects.
- Grant expense decreased by \$26,866 primarily due to the decreased volume of Community Development Block Grants for Disaster recovery from SuperStorm Sandy. This decrease is consistent with the decrease in grant income above.
- Program expense decreased by \$5,090 due to continued winding down of the U.S. Treasury Hardest Hit Fund HomeKeeper and HomeSaver programs. This decrease is consistent with the decrease in program income above.
- Change in the pension liability resulted in pension revenue of \$5,023, which was a \$6,384 decrease in pension expense due to the change in actuarial and economic assumptions used to calculate the pension liability.
- Interest expense and amortization decreased \$6,604, due in large part to the refunding of MFR bonds.

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Debt Administration

At December 31, 2021, the Agency had \$1,941,067 of bond principal outstanding, net of deferral on refunding, discount, and premium which represents an increase of 1.2% over the prior year. The following table summarizes the Agency's bonds payable outstanding at December 31, 2021 and 2020, and the changes in bonds payable. Dollars are expressed in thousands to provide easier comparison to the Statement of Net Position as outlined in the table of contents.

	2021	2020	% Change 2021 / 2020
Bonds Payable, Net	<u>\$ 1,941,067</u>	<u>\$ 1,918,934</u>	<u>1.2 %</u>

Additional information about the Agency's debt is presented in the notes to the financial statements.

Single Family Programs

The Agency provides a variety of residential mortgage financing programs that primarily serve low to moderate and middle-income first-time homebuyers and homebuyers purchasing in certain designated urban areas. Traditionally, the programs were funded with Mortgage Revenue Bond proceeds. In 2021, the Agency continued funding loans via the mortgage-backed securities platform (MBS) in addition to the issuance of the \$135,800 Series H bonds. This bond issue involves no refunding component. See footnote 7 for more information.

Multi-Family Programs

The Agency provides bond proceeds as loans to finance the construction and acquisition of multi-family housing projects designed to serve low-to-moderate income individuals and families. The Agency continued funding these loans in 2021 with the issuance of the \$126,445 Multi-Family Revenue Bonds 2021 Series A-C, as described on page 7. The 2012 Series A, C, and E were refunded into 2021 Series C.

Economic Factors

The Agency is a self-supporting entity and is not funded by the general taxing authority of the State of New Jersey. As the State's leader in affordable housing, certain market/economic factors can have an impact on the Agency's operations.

- **Trends in single family mortgage and bond rates** – Over the last four years, the interest rate environment has allowed the Agency to re-enter the mortgage revenue bond (MRB) market, its traditional loan financing mechanism, which has increased the Agency's ability to lend profitably at competitive loan interest rates. The Agency continues to operate its mortgage-backed security (MBS) funding program, which allows the Agency to sell whole loans for securitization into Ginnie Mae mortgage-backed securities. At the end of 2021, the Agency began selling Conventional loans to Freddie Mac's cash window through a pilot program.
- **Trends in foreclosure processing** – New Jersey is a judicial state and as such all foreclosures must be processed through the court system. Prior to the COVID-19 pandemic, the foreclosure process took between 18-24 months to complete. For much of 2021, foreclosures were on hold due to a foreclosure and eviction moratorium under executive order from the Governor that has now expired. As a result of the end of the moratorium, foreclosure processing is expected to increase in 2022 versus 2021 volumes.

**NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2021
(IN THOUSANDS)**

Economic Factors (Continued)

- **Trends in home prices** – New Jersey has seen the number of home sales rise in 2021 by 4.7% versus 2020 volumes. Average home prices increased in 2021 by 13.2% over 2020.
- **Continued Effect of Superstorm Sandy** – The recovery from Superstorm Sandy continues to influence our multifamily production. Community Development Block Grant Funds (CDBG) provided a much needed subsidy for the development of multifamily housing in the hardest hit counties served by the Agency.
- **Trends in the Agency's credit ratings** – The cost of capital available to the Agency changes as credit ratings change. In 2021, all ratings actions by Moody's and S&P on the Agency and its bond resolutions were either affirmations or maintained ratings.
- **COVID-19** – In 2021, the Agency was not significantly impacted by the COVID-19 pandemic, however, there may be future implications of the pandemic on the Agency, which are unknown at this time. There can be no assurances regarding the extent to which the COVID-19 pandemic will impact the national and State economies or how it may impact the financial position of state governments and housing agencies, including the Agency.

Contacting the Agency's Financial Management

This financial report is designed to provide a general overview of the Agency's business, financial position, and fiscal accountability for the funds it generates and receives. If you have questions about any information in this report, contact the Finance Division of the New Jersey Housing and Mortgage Finance Agency.

NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY
STATEMENT OF NET POSITION
DECEMBER 31, 2021
(WITH SUMMARIZED COMPARATIVE TOTALS FOR DECEMBER 31, 2020)
(IN THOUSANDS)

	Primary Government					
	Bonds and Obligation Funds		General Fund	Subtotal	Interfund Eliminations	Business-Type Activities
	Single Family Mortgage Component	Multi-Family Housing Component				2021 2020
ASSETS						
Current Assets:						
Cash and Cash Equivalents	\$ -	\$ -	\$ 68,828	\$ 68,828	\$ -	\$ 68,828 \$ 103,417
Restricted Cash and Cash Equivalents	276,484	490,769	497,010	1,264,263	-	1,264,263 1,335,159
Investments	-	-	76,275	76,275	-	76,275 82,900
Restricted Investments	-	-	515	515	-	515 480
Accrued Interest Receivable on Investments	154	443	1,025	1,622	-	1,622 1,783
Mortgage Loans Receivable, Net	27,365	60,534	16,701	104,600	-	104,600 86,899
Supplemental Mortgages and Other Loans, Net	-	47	11,491	11,538	-	11,538 1,800
Fees and Other Charges Receivable	-	-	2,893	2,893	-	2,893 2,670
Accrued Interest Receivable on Mortgages	5,135	4,663	2,161	11,959	-	11,959 12,835
Due from Loan Servicers, Net	1,446	-	-	1,446	-	1,446 2,812
Due from Other Funds	2	-	2,257	2,259	(2,259)	- -
Other Current Assets	1,220	360	2,026	3,606	-	3,606 9,448
Total Current Assets	311,806	556,816	681,182	1,549,804	(2,259)	1,547,545 1,640,203
Noncurrent Assets:						
Investments	-	-	307,224	307,224	-	307,224 263,452
Restricted Investments	3,686	36,022	-	39,708	-	39,708 56,289
Mortgage Loans Receivable, Net	827,347	727,333	152,545	1,707,225	-	1,707,225 1,655,556
Supplemental Mortgages and Other Loans, Net	177	14,756	275,995	290,928	-	290,928 309,515
Real Estate Owned	2,034	-	300	2,334	-	2,334 1,117
Capital Assets, Net	-	-	4,176	4,176	-	4,176 4,580
Other Noncurrent Assets	-	-	4,512	4,512	-	4,512 3,024
Total Noncurrent Assets	833,244	778,111	744,752	2,356,107	-	2,356,107 2,293,533
Total Assets	1,145,050	1,334,927	1,425,934	3,905,911	(2,259)	3,903,652 3,933,736
DEFERRED OUTFLOWS OF RESOURCES						
Pension	-	-	1,496	1,496	-	1,496 5,298
OPEB	-	-	5,045	5,045	-	5,045 5,664
Accumulated Decrease in Fair Value of Hedging						
Derivatives	-	35,505	-	35,505	-	35,505 48,441
Total Deferred Outflows of Resources	-	35,505	6,541	42,046	-	42,046 59,403

See accompanying Notes to Financial Statements.

NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY
STATEMENT OF NET POSITION (CONTINUED)
DECEMBER 31, 2021
(WITH SUMMARIZED COMPARATIVE TOTALS FOR DECEMBER 31, 2020)
(IN THOUSANDS)

	Primary Government					
	Bonds and Obligation Funds		General Fund	Subtotal	Interfund Eliminations	Business-Type Activities
	Single Family Mortgage Component	Multi-Family Housing Component				2021 2020
LIABILITIES						
Current Liabilities:						
Bonds and Obligations, Net	\$ 32,080	\$ 48,910	\$ -	\$ 80,990	\$ -	\$ 80,990 \$ 128,610
Accrued Interest Payable on Bonds and Obligations	7,433	5,889	-	13,322	-	13,322 13,807
Subsidy Payments Received in Advance	-	-	473	473	-	473 952
Advances from State of NJ for Bond/Hsng Assist	-	-	5,763	5,763	-	5,763 12,042
Other Current Liabilities	793	-	10,027	10,820	-	10,820 11,421
Due to Other Funds	-	2,259	-	2,259	(2,259)	- -
Mortgagor Escrow Deposits	-	-	234,950	234,950	-	234,950 242,601
Total Current Liabilities	40,306	57,058	251,213	348,577	(2,259)	346,318 409,433
Noncurrent Liabilities:						
Bonds and Obligations, Net	929,820	930,257	-	1,860,077	-	1,860,077 1,790,324
Minimum Escrow Requirement	-	5,781	575	6,356	-	6,356 6,712
Funds Held in Trust for Mortgagors	-	3,091	313,051	316,142	-	316,142 429,190
Other Noncurrent Liabilities	-	495	4,705	5,200	-	5,200 5,215
OPEB Liability	-	-	11,013	11,013	-	11,013 16,408
Net Pension Liability	-	-	32,158	32,158	-	32,158 44,414
Derivative Instruments	-	35,505	-	35,505	-	35,505 48,441
Unearned Revenue	-	-	61,345	61,345	-	61,345 55,820
Total Noncurrent Liabilities	929,820	975,129	422,847	2,327,796	-	2,327,796 2,396,524
Total Liabilities	970,126	1,032,187	674,060	2,676,373	(2,259)	2,674,114 2,805,957
DEFERRED INFLOWS OF RESOURCES						
Pension	-	-	22,432	22,432	-	22,432 22,151
OPEB	-	-	23,187	23,187	-	23,187 26,057
Total Deferred Inflows of Resources	-	-	45,619	45,619	-	45,619 48,208
NET POSITION						
Net Investment in Capital Assets	-	-	4,176	4,176	-	4,176 4,580
Restricted Under Bond and Obligation Resolutions	174,924	344,875	-	519,799	-	519,799 495,373
Restricted for General Fund Programs	-	-	82,373	82,373	-	82,373 21,245
Unrestricted	-	(6,630)	626,247	619,617	-	619,617 617,776
Total Net Position	\$ 174,924	\$ 338,245	\$ 712,796	\$ 1,225,965	\$ -	\$ 1,225,965 \$ 1,138,974

See accompanying Notes to Financial Statements.

NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED DECEMBER 31, 2021
(WITH SUMMARIZED COMPARATIVE TOTALS FOR DECEMBER 31, 2020)
(IN THOUSANDS)

	Primary Government				
	Bonds and Obligation Funds		General Fund	Business-Type Activities	
	Single Family Mortgage Component	Multi-Family Housing Component		2021	2020
OPERATING REVENUES					
Interest Income on Mortgage Loans	\$ 35,941	\$ 43,115	\$ 3,809	\$ 82,865	\$ 91,678
Fees and Charges	-	135	47,418	47,553	41,165
Program Income	-	-	1,679	1,679	7,196
Grant Income	-	-	32,636	32,636	60,956
Recovery of Bad Debt	7,199	3,574	1,866	12,639	8,381
Other Income, Net	-	787	14,031	14,818	9,794
Total Operating Revenues	43,140	47,611	101,439	192,190	219,170
OPERATING EXPENSES					
Interest and Amortization of Bond Premium and Discounts	26,904	38,855	341	66,100	72,704
Insurance Costs	-	33	846	879	875
Servicing Fees and Other	2,913	270	3,551	6,734	5,988
Salaries and Related Benefits	-	-	25,088	25,088	26,540
Professional Services and Financing Costs	5,247	939	6,013	12,199	11,893
General and Administrative Expenses	-	-	5,165	5,165	5,702
Grant Expense	-	-	33,653	33,653	60,519
Program Expense	-	-	1,167	1,167	6,257
Pension (Revenue) Expense	-	-	(5,023)	(5,023)	1,361
Loss on Sale of Real Estate Owned	3,206	-	4	3,210	4,533
Provision for Loan Losses	8,049	-	9,687	17,736	13,947
Contributions to the State	-	-	10,000	10,000	5,000
Total Operating Expenses	46,319	40,097	90,492	176,908	215,319
OPERATING INCOME (LOSS)	(3,179)	7,514	10,947	15,282	3,851
NONOPERATING REVENUES (EXPENSES)					
Contributed Cash from State	-	-	73,000	73,000	-
Investment Income	(50)	2,135	(3,376)	(1,291)	20,761
Total Nonoperating Revenues (Expenses)	(50)	2,135	69,624	71,709	20,761
INCOME (LOSS) BEFORE TRANSFERS	(3,229)	9,649	80,571	86,991	24,612
TRANSFERS	6,910	4,466	(11,376)	-	-
INCREASE (DECREASE) IN NET POSITION	3,681	14,115	69,195	86,991	24,612
Net Position - Beginning of Year	171,243	324,130	643,601	1,138,974	1,114,362
NET POSITION - END OF YEAR	<u>\$ 174,924</u>	<u>\$ 338,245</u>	<u>\$ 712,796</u>	<u>\$ 1,225,965</u>	<u>\$ 1,138,974</u>

See accompanying Notes to Financial Statements.

NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2021
(WITH SUMMARIZED COMPARATIVE TOTALS FOR DECEMBER 31, 2020)
(IN THOUSANDS)

	Primary Government				
	Bonds and Obligation Funds			Business-Type Activities	
	Single Family Mortgage Component	Multi-Family Housing Component	General Fund	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from Interest on Mortgages and Loans	\$ 36,195	\$ 43,538	\$ 3,808	\$ 83,541	\$ 90,408
Receipts from Fees, Charges, and Other	-	922	98,734	99,656	112,475
Receipts from Principal Payments on Mortgage Receivables	95,620	98,146	197,422	391,188	241,292
Receipts (Payments) for Funds Held in Trust	-	-	(120,751)	(120,751)	114,597
Payments to Employees	-	-	(47,951)	(47,951)	(32,938)
Payments to Vendors	(8,125)	(964)	(61,465)	(70,554)	(94,620)
Payments to Mortgage Purchases and Advances	(154,995)	(25,082)	(214,427)	(394,504)	(193,170)
Payments for Interest and Amortization	(29,436)	(91,217)	(339)	(120,992)	(76,078)
Receipts (Payments) for Other	(7,889)	(356)	7,643	(602)	(4,289)
Net Cash Provided (Used) by Operating Activities	(68,630)	24,987	(137,326)	(180,969)	157,677
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Bond Premium	8,910	-	-	8,910	15,347
Receipts from Proceeds of Sale of Bonds and Obligations	135,800	126,445	-	262,245	448,300
Payments for Retirement of Bonds	(119,515)	(127,031)	-	(246,546)	(425,700)
Contributed Cash from the State	-	-	73,000	73,000	-
Transfers and Other	6,910	4,466	(11,376)	-	-
Net Cash Provided by Noncapital Financing Activities	32,105	3,880	61,624	97,609	37,947
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES					
Acquisition of Capital Assets	-	-	(395)	(395)	(444)
Net Cash Used by Capital Financing Activities	-	-	(395)	(395)	(444)
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchases of Investments	-	(11,500)	(160,786)	(172,286)	(118,092)
Sales/Maturities of Investments	-	11,644	138,990	150,634	30,393
Earnings on Investments	229	2,961	(3,268)	(78)	20,437
Net Cash Provided (Used) by Investing Activities	229	3,105	(25,064)	(21,730)	(67,262)
CHANGE IN CASH AND CASH EQUIVALENTS	(36,296)	31,972	(101,161)	(105,485)	127,918
Cash and Cash Equivalents - Beginning of Year	312,780	458,797	666,999	1,438,576	1,310,658
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 276,484</u>	<u>\$ 490,769</u>	<u>\$ 565,838</u>	<u>\$ 1,333,091</u>	<u>\$ 1,438,576</u>

See accompanying Notes to Financial Statements.

NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY
STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021
(WITH SUMMARIZED COMPARATIVE TOTALS FOR DECEMBER 31, 2020)
(IN THOUSANDS)

	Primary Government				
	Bonds and Obligation Funds		General Fund	Business-Type Activities	
	Single Family Mortgage Component	Multi-Family Housing Component		2021	2020
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Operating Income (Loss)	\$ (3,179)	\$ 7,514	\$ 10,947	\$ 15,282	\$ 3,851
Adjustments to Reconcile Operating Income (Loss) to Net Cash					
Provided (Used) by Operating Activities:					
Depreciation Expense	-	-	799	799	1,056
(Gain) Loss on Real Estate Owned	3,206	-	5	3,211	4,533
Provision for Loan Losses	8,049	-	9,687	17,736	13,947
Amortization of Premium and Discounts	(2,486)	11	-	(2,475)	(2,576)
Effects of Changes in Operating Assets, Liabilities, and Deferred Outflows/Inflows of Resources:					
Mortgage Loans Receivable, Net	(72,904)	17,700	(23,393)	(78,597)	26,539
Fees and Other Charges Receivable	-	-	(223)	(223)	56
Mortgage Interest Receivable	254	763	-	1,017	(1,612)
Due from Loan Servicers and Insurers	729	-	4,522	5,251	1,099
Deferred Outflow of Resources	-	-	-	-	-
Other Assets	1,782	46	(1,360)	468	4,822
Derivatives	-	-	-	-	-
Real Estate Owned	(4,230)	-	-	(4,230)	2,510
Interfund Allocation	-	-	-	-	-
Due to/from Bank	-	(2)	-	(2)	-
Due to/from Other Funds	160	11	(171)	-	-
Deferred Outflow of Resources - Pension	-	-	3,802	3,802	(1,834)
Deferred Outflow of Resources - OPEB	-	-	619	619	-
Accrued Interest Payable on Bonds	(46)	(439)	-	(485)	(696)
Advance from the State of New Jersey	-	-	(6,279)	(6,279)	1,208
Funds Held in Trust for Mortgagor	-	-	(113,048)	(113,048)	115,529
Minimum Escrow Requirement	-	(304)	(52)	(356)	(242)
Mortgagor Escrow Deposits	-	-	(7,651)	(7,651)	(913)
Subsidy Payments Received in Advance	-	-	(475)	(475)	(21)
Unearned Revenue	-	-	5,525	5,525	(6,045)
Net Pension Liability	-	-	(12,256)	(12,256)	(6,135)
OPEB Liability	-	-	(5,395)	(5,395)	2,387
Deferred Inflow of Resources - Commitment Fees	-	-	-	-	-
Deferred Inflow of Resources - Pension	-	-	282	282	(29,393)
Deferred Inflow of Resources - OPEB	-	-	(2,871)	(2,871)	28,104
Other Liabilities	35	(313)	(340)	(618)	1,503
Net Cash Provided (Used) by Operating Activities	<u>\$ (68,630)</u>	<u>\$ 24,987</u>	<u>\$ (137,326)</u>	<u>\$ (180,969)</u>	<u>\$ 157,677</u>

See accompanying Notes to Financial Statements.

NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY
STATEMENT OF FIDUCIARY NET POSITION – OPEB TRUST
DECEMBER 31, 2021
(IN THOUSANDS)

ASSETS

Cash and Cash Equivalents	\$ 1,038
Investments	<u>34,154</u>
Total Assets	<u><u>\$ 35,192</u></u>

LIABILITIES

Accrued Expenses and Benefits Payable	\$ 73
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NET POSITION, RESTRICTED FOR OPEB

	<u>35,119</u>
Total Liabilities and Net Position	<u><u>\$ 35,192</u></u>

See accompanying Notes to Financial Statements.

NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION – OPEB TRUST
YEAR ENDED DECEMBER 31, 2021
(IN THOUSANDS)

ADDITIONS

Employer Trust Contributions	\$ 6,345
Investment Income (Loss):	
Interest	458
Gain on Sale of Investments	1,652
Net Increase in Fair Value of Investments	535
Less: Direct Investment Expenses	(87)
Net Investment Income	<u>2,558</u>
Total Additions	8,903

DEDUCTIONS

Benefit Payments	<u>1,274</u>
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NET INCREASE IN NET POSITION

7,629

Net Position Restricted for OPEB - Beginning of Year

27,490

NET POSITION RESTRICTED FOR OPEB - END OF YEAR

\$ 35,119

NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021
(IN THOUSANDS)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of the Agency

Authorizing Legislation and Organization – The New Jersey Housing and Mortgage Finance Agency (the Agency), which is established in, but not part of, the Department of Community Affairs, is a body, corporate and politic, created by the New Jersey Housing and Mortgage Finance Agency Law of 1983, constituting Chapter 530, Laws of New Jersey, 1983 (the Act), which combined the New Jersey Housing Finance Agency and the New Jersey Mortgage Finance Agency into a single agency.

The initial legislation and subsequent amendment grant the Agency the power to issue debt to finance the construction and rehabilitation of housing projects for families of low and moderate income by providing mortgage loans to qualified housing sponsors or to increase the funds available for residential mortgage and rehabilitation or improvement loans. In addition, the Agency is authorized to make loans to boarding home operators for life safety improvements.

The Agency is governed by nine members: the Commissioner of the Department of Community Affairs who serves as Chair, the State Treasurer, the Attorney General, the Commissioner of Banking and Insurance, and the Commissioner of the Department of Human Services who are members of the New Jersey Housing and Mortgage Finance Agency ex officio, and four persons appointed by the Governor with the advice and consent of the State Senate for terms of three years.

Certain bonds and other obligations issued under the provisions of the Act are general obligations of the Agency to which its full faith and credit are pledged. Certain mortgages issued from the proceeds of Multi-Family Housing Revenue Bonds are insured by the Federal Housing Administration. The Agency has no taxing power; however, certain bonds issued are separately secured, special, and limited obligations of the Agency. See Note 7 to the financial statements for a more detailed discussion of the Agency's bonds, notes, and obligations.

Federal Subsidy Programs – Many of the Agency-financed Multi-Family Housing projects (the projects) have entered into subsidy contracts with the U.S. Department of Housing and Urban Development (HUD) under Section 236 of the National Housing Act, as amended, or under Section 8 of the United States Housing Act of 1937, as amended (Section 8). The subsidies, paid to the Agency for the account of the respective projects, have been pledged, under the terms of the bond resolutions, for the security of the bondholders.

The Section 8 program provides for payment of housing assistance payments to or for the account of the owners of projects assisted under such program. The housing assistance payments represent the difference between the total contract rents (an average of 141% of fair market rents as determined by HUD) for such developments and the eligible tenants' rental payments, which are up to 30% of each such tenant's adjusted income. The housing assistance payments, as adjusted from time to time by HUD to reflect changing economic conditions and subject to the limitations of the Section 8 program, together with the tenants' rental payments, are used to pay all operating costs of the project and debt service on the project's mortgage.

NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021
(IN THOUSANDS)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Description of the Agency (Continued)

The Section 8 Housing Assistance Payments (HAP) received by the Projects amounted to approximately \$10,438 for the year ended December 31, 2021.

The Section 236 program provides for interest reductions on mortgages of projects assisted under the program. HUD subsidizes the difference between the actual amortization schedule on the mortgages and an amortization schedule based upon a 1% interest rate. Several Section 236 projects also receive additional rental assistance for eligible tenants. The payments represent the difference between contract rent (as defined above) and the tenants' eligible rental payments.

The Section 236 Interest Reduction Payments (IRP) received by the Agency amounted to approximately \$3,720 for the year ended December 31, 2021.

A fiduciary fund is used to account for resources held for the benefit of parties outside the Agency. The Agency's fiduciary fund is the New Jersey Housing and Mortgage Finance Agency OPEB 115 Trust Fund (the Trust). The Trust is a separate legal entity created pursuant to a trust agreement initiated by the Agency established for the sole purpose of providing health and welfare benefits for retirees and their eligible spouses and dependents as provided by the New Jersey State Health Benefits Program (the Program). All resources of the Trust, including income on investments and other revenues, are held in trust to meet obligations to provide the health and welfare benefit payments to retirees and their eligible spouses and dependents. Resources of the Trust may also be used to pay reasonable expenses of administering the Trust and the Program. Trust receipts consist of contributions made by the Agency. The Trust administers its affairs through its trustee, records its assets in segregated accounts, and maintains financial records separate from the Agency.

Reporting Entity

In evaluating the inclusion of other separate and distinct legal entities as component units within its financial reporting structure and determining whether the Agency itself is a component unit, the Agency applies the criteria prescribed by Governmental Accounting Standards Board (GASB) Statement No. 14, as amended by GASB Statement Nos. 39, 61, 80 and 90. Through the application of these GASB criteria, management of the Agency determined that the Agency is a component unit of the state of New Jersey. The Agency's financial statements are discretely presented as part of the State's financial statements.

In addition, management of the Agency determined that A Better Camden Corporation is a component unit of the Agency due to control and financial accountability as further described below.

NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021
(IN THOUSANDS)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reporting Entity (Continued)

A Better Camden Corporation

On April 17, 1997, the Board Members of the Agency approved the formation of a wholly owned subsidiary corporation, A Better Camden Corporation (ABC). The Board consists of four State Directors and three Camden Directors as follows: The Commissioner of the New Jersey Department of Community Affairs, ex officio, or his or her designee; the Executive Director of the Agency, ex officio, or his or her designee; two employees of the Agency appointed by, and serving at the pleasure of the Executive Director of the Agency; the Mayor of the City of Camden, ex officio, or his or her designee; the Executive Director of the Camden Redevelopment Agency, ex officio, or his or her designee; and one resident of Camden appointed by a majority of the other directors to serve for a term of two years. ABC was formed to stimulate and encourage the construction, rehabilitation, and improvement of adequate and affordable housing in Camden, particularly for persons of low and moderate income.

The activity and balances of ABC are immaterial to the Agency as a whole and, therefore, the Agency has chosen not to include ABC in their financial statements as a blended component unit. Separate financial statements are issued for ABC and can be obtained by contacting the New Jersey Housing and Mortgage Finance Agency, 637 South Clinton Avenue, P.O. Box 18550, Trenton, New Jersey 08650-2085.

Basis of Presentation, Measurement Focus, and Accounting

The Agency engages only in business-type activities. The financial statements of the Agency are presented as an enterprise fund and accounted for on the flow of economic resources measurement focus using the accrual basis of accounting. Revenues are recorded when earned, regardless of when the cash flow takes place. Operating costs and expenses are charged to expense as incurred. The Agency is required to follow all statements of the GASB and the accompanying financial statements have been prepared in conformance with accounting principles generally accepted in the United States of America (GAAP).

The Trust engages only in fiduciary activities. Separate financial statements are presented for the Trust since fiduciary activity is excluded from presentation in enterprise fund financial statements. The Trust uses the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, regardless of when the cash flow takes place. Operating costs and expenses are charged to expense as incurred. The Trust is required to follow all statements of the GASB and the accompanying financial statements have been prepared in conformance with GAAP.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ significantly from these estimates.

NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY
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NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Prior Year Comparative Financial Information

The basic financial statements include certain prior year summarized comparative information that is not at the level of detail required for a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Agency's financial statements for the year ended December 31, 2020, from which the summarized information was derived. Certain reclassifications have been made to prior year summarized balances in order to conform to current year presentation. The reclassifications did not affect net position or changes therein.

Descriptions of Funds

The accounts of the Agency are organized on the basis of separate enterprise funds, each of which is considered to be a separate accounting entity with a separate set of self-balancing accounts that comprise its assets, deferred outflows, liabilities, deferred inflows, net position, and revenues and expenses. Within each fund there are accounts required by the respective bond resolutions.

The Agency reports the following as major funds:

General Fund – The General Fund is utilized to record transactions which are not directly related to a specific bond resolution. All Agency expenses are recorded in this fund except provisions for potential loan losses, and specific program expenses which are charged to the loan-related funds.

Multi-Family Program – The Multi-Family Program transactions relate to the construction, rehabilitation, and permanent financing of multifamily rental housing developments generally designed entirely or with a percentage of persons and families of low and moderate income or for senior citizens. Assets under the bond resolutions are restricted and are not available for any other purpose other than as stated.

Single Family Program – The Single Family Program transactions relate to the purchase of mortgage loans for owner-occupied single family residences for persons and families of low and moderate income. Assets under the bond resolution are restricted and are not available for any other purpose other than as provided.

The Agency reports the following as a fiduciary fund:

New Jersey Housing Mortgage and Finance Agency OPEB 115 Trust Fund – The Trust is a separate legal entity created pursuant to a trust agreement initiated by the Agency on December 22, 2017. The Trust is an Other Postemployment Benefit (OPEB) trust established for the sole purpose of providing health and welfare benefits for retirees and their eligible spouses and dependents as provided by the New Jersey State Health Benefits Program (the Program). All resources of the Trust, including income on investments and other revenues, are held in trust to meet obligations to provide the health and welfare benefit payments to retirees and their eligible spouses and dependents. Resources of the Trust may also be used to pay reasonable expenses of administering the Trust and the Program. Trust receipts consist of contributions made by the Agency. The Trust administers its affairs through its trustee, records its assets in segregated accounts, and maintains financial records separate from the Agency. The Trust is presented in the accompanying fiduciary fund financial statements.

NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY
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NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

Cash equivalents include highly liquid investments with a maturity of three months or less when purchased, short-term highly liquid money market funds, overnight repurchase agreements and amounts held in a tax-free cash management fund, all of which are readily convertible to known amounts of cash.

Investments

Investments in United States Government and Agency securities, asset backed securities, corporate notes and commercial paper are reported at fair value. The Agency's investment agreements are reported at an amount equal to principal and accrued interest.

Investments of the Trust fiduciary fund are stated at fair value. The fair value is generally based on quoted market prices at December 31, 2021.

Capital Assets and Related Depreciation

The Agency capitalizes all capital assets with an acquisition value greater than \$1,000 at cost. Depreciation and amortization are provided using the straight-line method over the estimated useful lives of the assets as follows:

Buildings and Building Improvements	25 Years
Motor Vehicles	4 Years
Machinery and Equipment	4 to 10 Years
Furniture and Fixtures	5 Years

Expenses for maintenance and repairs are charged to operating expenses. Renewals and betterments are capitalized. At the time properties are retired or otherwise disposed of, their cost and related accumulated depreciation are eliminated from the accounts and the gains or losses from such disposals are credited or charged to operations.

Real Estate Owned

Real estate owned represents real estate acquired through foreclosure and in-substance foreclosures. Real estate owned is recorded at the lower of the investment in the loan or the estimated net realizable value.

Funds and Deposits Held for Projects

Certain funds and deposits are held by the Agency's General Fund for projects in interest-bearing accounts. Such interest accrues to the benefit of the projects and is not recorded as Agency revenue.

Debt Issuance Costs, Bond Discount, and Other Bond Related Costs

Debt issuance costs except prepaid insurance costs are expensed in the period incurred. Discount and premium on bonds are unearned and amortized to interest expense using a method approximating the effective interest method.

NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY
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NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Mortgage Loans

Mortgage loans are stated at principal amounts outstanding, net of unearned discount. Interest income on first mortgage loans is accrued and credited to interest income as earned. The Agency is involved in foreclosure proceedings relating to both single and multi-family mortgages. For single family mortgages, the Agency allows its outside servicers to represent them in Agency-approved foreclosure proceedings. The Agency enacts foreclosure proceedings against multi-family loans at the direction of its executive director with the approval of the Agency's Board. The Agency is the first lien holder for all supplemental mortgages. Interest income on supplemental mortgages is not accrued but is credited to income as collected.

Mortgage Servicing Rights

Certain mortgage loans are sold with mortgaged servicing rights retained by the Agency. The value of mortgage loans sold with servicing rights retained is reduced by the cost allocated to the associated mortgage servicing rights. Gain or losses on sales of mortgage loans are recognized based on the difference between the selling price and the carrying value of the related mortgage loans sold. The Agency estimates fair value for servicing rights based on the present value of future expected cash flows, using management's best estimate of the key assumptions—credit losses, prepayment speeds, servicing costs, earnings rate, and discount rates commensurate with the risks involved.

Capitalized servicing rights are reported at fair value and changes in fair value are reported in net income for the period the change occurs.

Allowance for Loan Losses

Certain projects have not generated sufficient cash flow to meet both operating expenses and debt service payments as a result of delays in attaining full occupancy levels, rising operating costs, or a combination thereof. The Agency has developed programs designed to provide adequate cash flow for these projects by obtaining additional rental assistance subsidies from HUD, rent increases, additional contributions by limited-dividend sponsors, the State of New Jersey Bond and Housing Assistance Funds, and the Agency's General Fund. In addition, the single family homeowners may face similar cash flow issues causing loans to become uncollectible. The Agency has provided allowances for loan losses of \$272,410 as of December 31, 2021, against mortgage loans receivable, debt service arrears receivable, supplemental mortgages, other loans, and fees and charges including provision for negative cash flows and cost overruns for these projects. The allowance is an amount that management believes will be adequate to absorb possible losses on existing loans that may become uncollectible, based on evaluations of the collectability of the loans. The evaluations take into consideration such factors as changes in the nature and volume of the loan portfolio, overall portfolio quality, review of specific problem loans, and current economic conditions that may affect the borrowers' ability to pay. Economic conditions may result in the necessity to change the allowance quickly in order to react to deteriorating financial conditions of the Agency's borrowers. As a result, additional provisions on existing loans may be required in the future if borrowers' financial conditions deteriorate or if real estate values decline.

NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY
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NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Advances from the State of New Jersey for Bond and Housing Assistance

Pursuant to the provisions of agreements with the State of New Jersey Department of Community Affairs, the Agency has received funds from the 1968 and 1976 State of New Jersey General Obligation Bond Assistance Funds. These funds have been pledged as security for the bonds of certain bond resolutions and to provide supplemental financing to certain housing projects (see Note 8).

Advances from the State of New Jersey for Affordable Housing

Pursuant to the provisions of an agreement with the State of New Jersey Department of Community Affairs, the Agency has received funds to facilitate the building of low-income projects. The amount available for the program is \$1,300 as of December 31, 2021, which is included in restricted cash and cash equivalents.

Minimum Escrow Requirement

In accordance with the bond resolutions and/or deed and regulatory agreements, substantially all permanently financed projects are required to deposit with the Agency one month's principal and interest on their mortgage loans as security against the late payment of subsequent remittances.

Unearned Revenue

Unearned revenues arise when potential revenue has not been earned in the current period. Unearned revenues also arise when resources are received by the Agency before it has a legal claim to them, as when grant monies are received prior to meeting all eligibility requirements and/or the occurrence of qualifying expenditures. In subsequent periods, when both the revenue recognition criteria are met or when the Agency has a legal claim to the resources, the liability for the unearned revenue is removed from the statement of net position, and revenue is recognized.

Deferred Inflows/Outflows of Resources

Deferred inflows of resources, reported after total liabilities, is defined by GASB as an acquisition of net position that applies to future periods. The revenue is recognized in the applicable future period(s). The Agency has two items that are required to be reported in this category: (1) the deferred inflows from pension and (2) the deferred inflows from OPEB. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Deferred outflows of resources represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expenditure) until the future period. The Agency has two items that are required to be reported in this category: (1) differences between expected and actual experience, changes in assumptions, and employer proportionate share of the net pension liability that are being amortized over future periods, and (2) the accumulated decrease in fair value of hedging derivatives.

NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY
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NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plan and additions to/deductions from its fiduciary net position have been determined on the same basis as they are reported by the pension system. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension system reports investments at fair value.

Other Postemployment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Trust and additions to/deductions from the Trust's fiduciary net position have been determined on the same basis as they are reported by the State of New Jersey State Health Benefits Plan (the Plan). For this purpose, the Trust recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except money market investments and participating interest-earning investment contracts with a maturity at time of purchase of one year or less, which are reported at cost.

Net Position

Net position comprises the excess of revenues over expenses from operating income, nonoperating revenues, expenses, and capital contributions. Net position is classified in the following three components:

Net Investment in Capital Assets – This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets, if any.

Restricted – Net position is reported as restricted when constraints placed on net position use either: (1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (2) imposed by law through constitutional provisions or enabling legislation.

Unrestricted – This component of net position consists of assets that do not meet the definition of restricted or net investment in capital assets. This component includes assets that may be designated for specific purposes by the board.

When both restricted and unrestricted resources are available for use, it is the Agency's policy to use restricted resources first and unrestricted resources as needed.

NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY
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NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Operating and Nonoperating Revenues and Expenses

Operating revenues consist primarily of all revenues derived from interest income on mortgage loans, fees, and charges on mortgages and loans issued and gains on the sale of real estate owned. Investment income, which consists of interest income earned on various interest-bearing accounts and on investments in debt securities is reported as nonoperating revenues.

Operating expenses include general and administrative expenses of the Agency; salaries and benefits; costs and expenses incurred in connection with the issuance and sale of certain bonds and notes; fees and expenses of trustees and depository and paying agents; and other costs associated with the Agency's various loan programs.

Derivative Instruments

The Agency enters into various interest rate swaps in order to manage risks associated with interest on its bond portfolio.

Tax Status

The Agency is exempt from federal income taxes under the Internal Revenue Code Section 115 and from state income taxes under N.J.S.A. 27-25-16. Accordingly, no provision is recorded for federal and state income taxes.

NOTE 2 EARLY EXTINGUISHMENT OF DEBT

During the year ended December 31, 2021, as a result of the prepayment and refinancing of certain mortgages, the Agency repurchased or redeemed, prior to their scheduled maturity, the principal amount of certain of its bonds, totaling approximately \$118,445.

NOTE 3 INVESTMENTS AND DEPOSITS

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the Agency's or Trust's deposits may not be returned to it. The Agency has no formal policy as to custodial credit risk related to cash and equivalents held outside of its Bond Resolutions. Certain Bond Resolutions have varying provisions which relate to custodial credit risk including requirements that certain monies and certain deposits of funds held under Resolutions be insured by federal deposit insurance or collateralized or secured by the U.S. government, or U.S. government agency obligations. In some cases, the Trustee or paying agent is excluded from these requirements related to funds held by them in trust. In some cases, certain Bond Resolutions require that the holders (banks and other entities) of certain deposits have certain minimum long-term or short-term credit rating levels. All funds are deposited in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). As of December 31, 2021, the Agency's bank balance amounted to \$26,551, all of which was insured or collateralized.

NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY
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NOTE 3 INVESTMENTS AND DEPOSITS (CONTINUED)

Investment Policy – Agency General Fund

The Agency has established an investment policy, which pertains to assets of the Agency such as the General Fund assets, which are held outside of the Agency's Bond Resolutions. The primary investment objectives of the Agency's investment activities are to preserve principal, meet liquidity needs, further purposes of the Agency, and provide a suitable return in relationship to current market conditions and the established investment policy. The Agency's investment policy includes guidelines as to liquidity and duration, eligible investments, concentration limits, credit quality and currency. The Agency's General Fund investments are managed by BlackRock pursuant to an agreement between the Agency and BlackRock. BlackRock has been instructed to follow the Agency's aforementioned investment policy.

The investment policy permits investments in obligations issued by U.S. Treasury or guaranteed by the U.S. government as well as obligations issued by or guaranteed by U.S. federal agencies, commercial paper, repurchase agreements having maximum maturities of seven days or less that are fully collateralized by U.S. government and/or agency securities, money market mutual funds, equity investments in project specific housing and housing-related developments, and commercial bank obligations including time deposits, bank notes and bankers' acceptances, certain AA rated asset backed and AA+ rated mortgage backed securities, highly rated corporate bonds and bond obligations of the Agency.

Investment Types

The Agency holds various investments, outside of the Bond Resolutions, within the Agency's General Fund. As discussed, these investments are currently managed by BlackRock. In addition to the eligible investments permitted by the Agency's Investment Policy discussed above, the aforementioned Investment Policy also permits corporate bonds, notes, and medium-term notes.

Also permitted are asset-backed securities, mortgage-backed securities, and collateralized mortgage obligations, however, these securities must be rated AA or higher by at least one of the national rating agencies. Equity investments in project-specific housing and housing-related developments which further the purposes of the Agency are also permitted with approval from the Agency Board. Further, excluding the aforementioned equity investments, the Agency's Investment Policy indicates the maximum effective duration of any individual security is not to exceed 10.5 years.

In addition to those investments discussed above, certain Bond Resolutions also permit guaranteed investment contracts or investment agreements, obligations or notes of certain U.S. government agencies which are not backed by the U.S. government, certain short-term and long-term debt providing the issuers fall within permissible rating categories, direct and general obligations of the state of New Jersey guaranteed by the State, obligations of states and municipalities which are fully secured by contributions contracts with the U.S. government, certain stripped U.S. Treasury securities, shares of open-end, diversified investment companies having certain minimum credit ratings and Federal Housing Administration debentures.

NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY
NOTES TO FINANCIAL STATEMENTS
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NOTE 3 INVESTMENTS AND DEPOSITS (CONTINUED)

Investment Policy – Bond Resolutions

The Agency's Bond Resolutions govern the investment of assets and funds held under the Resolutions and, as such, establish permitted investments in which funds held under the Resolutions may be invested. Generally, the Bond Resolutions permit the deposit of funds with commercial banks and the investment of funds in time deposits and certificates of deposits, U.S. government obligations, obligations of certain U.S. Government Agencies or obligations that are guaranteed by the U.S. Government. Additionally, certain Bond Resolutions also permit the investment in money market funds with stipulated rating and maturity levels, as well as repurchase agreements, certain federal funds, commercial paper, bankers acceptances, and funds of which the New Jersey treasurer is custodian.

New Jersey and Bank of America Cash Management Funds

During the year, the Agency invested monies in the New Jersey Cash Management Fund. The Fund is governed by regulations of the State Investment Council, which prescribes standards designed to insure the quality of investments in order to minimize risk to the Fund's participants. Deposits with the New Jersey Cash Management Fund are not subject to custodial credit risk as defined above. The Fund does not have a credit rating. The Agency also utilizes Bank of America Cash Management Funds for certain project escrow accounts. These funds are invested in government securities and New Jersey municipal securities.

The following assets held by the Agency as of December 31, 2021, are evaluated in accordance with GASB accounting guidance for interest rate risk, credit risk, concentration of credit risk, and custodial credit risk.

Cash and Cash Equivalents:

Cash	\$ 26,670
Money Market Funds	728,561
NJ Cash Management Fund	310,091
Bank of America Cash Management Fund	267,769
Investments	423,722
Total	<u><u>\$ 1,756,813</u></u>

The following assets held by the Fiduciary Fund of the Agency as of December 31, 2021, are evaluated in accordance with GASB accounting guidance for interest rate risk, credit risk, concentration of credit risk, and custodial credit risk.

Cash and Cash Equivalents:	\$ 1,038
Investments	34,154
Total	<u><u>\$ 35,192</u></u>

NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY
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NOTE 3 INVESTMENTS AND DEPOSITS (CONTINUED)

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Agency's investment policy as to monies held outside the bond resolutions impose concentration limits on certain types of investments which may limit the Agency's exposure to market interest rate risk. Certain investment types may have varying sensitivity to changes in interest rates. Corporate bonds and notes and medium-term notes may not exceed 50% of the aggregate market value of the portfolio. Asset-backed securities may not exceed 30% of the aggregate market value of the portfolio and mortgage-backed securities and collateralized mortgage obligations may not exceed 20% of the aggregate market value of the portfolio.

The maximum effective duration of the General Fund investment portfolio is not to exceed 10.5 years.

As of December 31, 2021, the value and maturities for the assets related to the General Fund were as follows:

Assets	Value	Maturities (in Years)				
		Less Than 1	1-5	6-10	11-15	More Than 15
Cash and Cash Equivalents:						
Cash and Cash Equivalents	\$ 22,471	\$ 22,471	\$ -	\$ -	\$ -	\$ -
Money Market Funds	63,555	63,555	-	-	-	-
NJ Cash Management Fund	212,045	212,045	-	-	-	-
Bank of America Cash Management Fund	267,767	267,767	-	-	-	-
Investment Type:						
Money Market Funds	12,136	12,136	-	-	-	-
Obligations	165,627	65,991	74,261	25,375	-	-
Commercial Mortgage-Backed Securities	13,520	128	-	1,175	1,763	10,454
Collateralized Mortgage Obligations	20,188	-	161	509	7,014	12,504
Asset-Backed Securities	41,865	10	34,653	2,778	697	3,727
Municipal Bonds	14,905	-	-	-	-	14,905
Corporate Notes	115,773	10,239	80,893	24,641	-	-
Total	<u>\$ 949,852</u>	<u>\$ 654,342</u>	<u>\$ 189,968</u>	<u>\$ 54,478</u>	<u>\$ 9,474</u>	<u>\$ 41,590</u>

As of December 31, 2021, the value and maturities for the assets related to the Fiduciary Fund were as follows:

Assets	Value	Maturities (in Years)	
		Less Than 1	1-5
Cash and Cash Equivalents	\$ 1,038	\$ 1,038	\$ -
Mutual Funds	34,154	34,154	-
Total	<u>\$ 35,192</u>	<u>\$ 35,192</u>	<u>\$ -</u>

NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY
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NOTE 3 INVESTMENTS AND DEPOSITS (CONTINUED)

Interest Rate Risk (Continued)

As of December 31, 2021, the value and maturities for the assets related to the Bond Resolutions were as follows:

Assets	Value	Maturities (in Years)			
		Less Than 1	6-10	10-15	More Than 15
Cash and Cash Equivalents:					
Cash and Cash Equivalents	\$ 4,199	\$ 4,199	\$ -	\$ -	\$ -
Money Market Funds	665,006	665,006	-	-	-
NJ Cash Management Fund	98,048	98,048	-	-	-
Investments:					
Guaranteed Investment Contracts	36,022	-	1,022	5,825	29,175
Federal Home Loan Mortgage Corp.	3,686	-	-	3,686	-
Total	<u>\$ 806,961</u>	<u>\$ 767,253</u>	<u>\$ 1,022</u>	<u>\$ 9,511</u>	<u>\$ 29,175</u>

Credit Risk

Credit risk is the risk that an issuer or counterparty to an investment will not fulfill its obligations. The Agency's investment policy specifies minimum rating levels for certain types of eligible investments. Asset-backed securities must have a minimum rating of AA, while mortgage-backed securities and collateralized mortgage obligations must have a minimum rating of AA+. Further, the minimum short-term debt rating of money market instruments or other instruments with maturities of less than one year is Aaa-mf/AAAm while the minimum long-term debt rating for all other instruments, excluding the permitted equity investments, is BBB.

The Agency's Bond Resolutions establish varying minimum rating levels for different types of investments. Generally, commercial paper must be rated in the highest rating category or A-1 / P-1 and money market funds must be rated in the highest rating category or in some cases must be rated at least equal to the unenhanced rating on the bonds. Also, certain resolutions require that certain deposits or various short-term investments or cash equivalents may only be held by providers in either the highest or two highest rating categories. In some cases, certain debt obligations and state obligations must be rated in either the highest or the two highest rating categories. The Agency's guaranteed investment contracts which are permitted by certain of the Agency's Bond Resolutions are not rated, however, the Bond Resolutions which allow guaranteed investment contracts require either that the provider of such contracts have a long-term rating of double A or in some cases A-1 if the agreement term is less than one year or be rated within the two highest credit rating categories by two national credit rating agencies, must not affect the rating of the bonds or must be rated at least equal to the unenhanced rating on the bonds.

NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY
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NOTE 3 INVESTMENTS AND DEPOSITS (CONTINUED)

Credit Risk (Continued)

As of December 31, 2021, the General Fund had the following investments, maturities, and credit quality:

Investment Type:	Value	Weighted Average Maturity (Years)	Credit Ratings	
			S&P	Moody's
Money Market Funds	\$ 12,136	N/A	A to AAA	A1 to Aaa
U.S. Govt and Agency Obligations	165,627	2.83	AA+	Aaa
Commercial Mortgage- Backed Securities	13,520	22.25	AA+ to AAA	Aaa
Collateralized Mortgage Obligations	20,188	24.15	AAA to AA+	Aaa
Asset Backed Securities	41,865	8.04	AAA	Aaa
Municipal Bonds	14,905	27.35	AA-	Unrated
Corporate Notes	115,773	4.03	AAA to BBB	Aaa to Baa2
Total Investments	<u>\$ 384,014</u>			

As of December 31, 2021, the Bond Resolution had the following investments, maturities, and credit quality:

Investment Type:	Value	Weighted Average Maturity (Years)	Credit Ratings	
			S&P	Moody's
Guaranteed Investment Contracts	\$ 36,022	15.80	Unrated	Unrated
Federal Home Loan Mortgage Corp.	3,686	10.55	AA+	AAA
Total Investments	<u>\$ 39,708</u>			

Concentration of Credit Risk

The Agency's aforementioned investment policy does place limits on the amounts that may be invested in any one issuer relating to certain types of investments. There are no concentration limits on obligations of the U.S. government and U.S. federal agencies; however, obligations of all other issuers are limited such that those with any one issuer may not exceed 5% of the aggregate market value of the portfolio. The table below shows those investments of the General Fund that represented 5% or more of total investments as of December 31, 2021.

Issuer	December 31, 2021	
U.S. Treasury	\$ 165,627	43.13%

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NOTE 3 INVESTMENTS AND DEPOSITS (CONTINUED)

Concentration of Credit Risk (Continued)

The Agency also purchases U.S. Government securities from certain financial institutions under agreements whereby the seller has agreed to repurchase the securities at cost plus accrued interest. During the year ended December 31, 2021, the Agency did not invest in any repurchase agreements.

Although the bond resolutions do not impose such limits, the following table shows investments of the Bond Resolutions in issuers that represent 5% or more of total investments at December 31, 2021:

Issuer	December 31, 2021	
Federal Home Loan Mortgage Corp.	\$ 3,686	9.28%
Guaranteed Investment Contracts	36,022	90.72%

Pursuant to most bond resolutions, the Agency is required to maintain certain invested debt service reserves with the Trustees to fund potential deficiencies in principal and interest required to be paid in succeeding fiscal years.

The debt service reserves required for the Multi-Family Program were \$66,458 as of December 31, 2021. The required reserves were covered by the \$36,022 restricted noncurrent investments at December 31, 2021. In addition to the above investments, the debt service reserves may be satisfied with a Surety Bond issued by a qualified insurer. The Multi-Family component had \$994 of Surety Bonds outstanding as of December 31, 2021. The remaining reserves were covered by restricted cash equivalents.

The debt service reserves required for the Single Family Program were \$18,450 as of December 31, 2021, which is 2% of bonds outstanding. The required reserves were covered by the \$3,686 restricted noncurrent investments at December 31, 2021, with the remainder covered by restricted money market funds.

Fair Value Measurements

The Agency categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted market prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Money market accounts and guaranteed investment contracts are recorded at amortized cost or contract value, thus are not included within the fair value hierarchy established by generally accepted accounting principles.

NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY
NOTES TO FINANCIAL STATEMENTS
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NOTE 3 INVESTMENTS AND DEPOSITS (CONTINUED)

Fair Value Measurements (Continued)

As of December 31, 2021, the General Fund had the following recurring fair value measurements:

Investments by Fair Value Level	Total	Fair Value Measurements Using		
		Quoted Prices in Active Market for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Debt Securities:				
Government and Agency Obligations	\$ 165,627	\$ -	\$ 165,627	\$ -
Commercial Mortgage-Backed Securities	13,520	-	13,520	-
Collateralized Mortgage Obligations	20,188	-	20,188	-
Asset-Backed Securities	41,865	-	41,865	-
Municipal Obligations	14,905	-	14,905	-
Total Debt Securities	256,105	-	256,105	-
Equity Securities:				
Corporate Notes	115,773	-	115,773	-
Total Investments by Fair Value Level	<u>\$ 371,878</u>	<u>\$ -</u>	<u>\$ 371,878</u>	<u>\$ -</u>
Mortgage Servicing Rights	<u>\$ 4,512</u>	<u>\$ -</u>	<u>\$ 4,512</u>	<u>\$ -</u>

As of December 31, 2021, the Bond Resolutions had the following recurring fair value measurements:

- Federal Home Loan Mortgage Corporation securities of \$3,686 are valued using significant other observable inputs (Level 2).
- Pay-fixed, receive variable interest rate swap agreements of \$36,022 are valued using the matrix pricing technique (Level 2).

Investment Income

Investment income is comprised of the following elements:

Interest Income – is the return on the original principal amount invested and the amortization of premium/discount on short-term investments.

Unrealized Gain (Loss) on Investments – takes into account all changes in fair value that occurred during the year.

NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY
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NOTE 3 INVESTMENTS AND DEPOSITS (CONTINUED)

Investment Income (Continued)

The Agency's investment income for the year ended December 31, 2021, is:

Interest Income on Investments	\$ 7,329
Unrealized Gain on Investments	(8,620)
Total	<u>\$ (1,291)</u>

NOTE 4 MORTGAGE LOANS RECEIVABLE

Single Family Mortgage Component

Mortgage loans held by the Single Family Mortgage Program of the Agency have stated interest rates of 1.00% to 10.70% per annum and are secured by first liens on the related real property. The outstanding balances by type of loan as of December 31, 2021, are as follows:

Mortgage Loans Receivable	\$ 865,730
Allowance for Loan Losses	(11,018)
Mortgage Receivable, Net	854,712
Less: Current Portion	(27,365)
Long-Term Portion	<u>\$ 827,347</u>

Multi-Family Housing Component

The Multi-Family Housing Component of the Agency's mortgage loans receivable as of December 31, 2021, consisted of the following:

Mortgage Loans Subject to Subsidy Contracts Under Section 8 of the United States Housing Act	\$ 36,169
Mortgage Loans Subject to Subsidy Contracts Under Jersey Urban Multi-Family Production Program	8,344
Mortgage Loans Subject to Subsidy Contracts Under Section 236 of the National Housing Act	62,958
Unsubsidized Mortgage Loans	718,255
Subtotal	825,726
Allowance for Loan Losses	(1,157)
Undisbursed Mortgage Loans	(36,702)
Mortgage Receivable, Net	787,867
Less: Current Portion	(60,534)
Long-Term Portion	<u>\$ 727,333</u>

NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY
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NOTE 4 MORTGAGE LOANS RECEIVABLE (CONTINUED)

Multi-Family Housing Component (Continued)

The Multi-Family Housing Component mortgage loans are repayable over terms originally up to 48 years and bear interest at rates from 0% to 10% per annum. Substantially all mortgage loans receivable are collateralized by first mortgages on the property of the housing sponsors and contain exculpatory clauses with respect to the liability of the principals of such housing sponsors. Construction advances made from the proceeds of the sale of bonds and obligations are recorded as mortgage loans receivable. These funds are disbursed for construction costs, interest, carrying fees, working capital advances, and other project-related expenses. Upon substantial completion and occupancy of the project, amortization of the loan will commence.

General Fund Component

The General Fund mortgage loans receivable as of December 31, 2021, consisted of the following:

Mortgage Loans Subject to Subsidy Contracts Under Section 8 of the United States Housing Act	\$ 1,657
Mortgage Loans Subject to Subsidy Contracts Under Section 236 of the National Housing Act	3,521
Unsubsidized Mortgage Loans	251,874
Loans Held for Sale	12,868
Subtotal	269,920
Allowance for Loan Losses	(98,276)
Advanced (Undisbursed) Mortgage Proceeds	(2,398)
Mortgage Receivable, Net	169,246
Less: Current Portion	(16,701)
Long-Term Portion	\$ 152,545

Mortgage Servicing Rights

Mortgage loans serviced for others are not included in the accompanying statement of net position. The unpaid principal balance of mortgage loans serviced for others amounted to \$495,414 at December 31, 2021. Mortgage servicing rights are included in Other Assets in the accompanying statement of net position. The Agency has elected to record its mortgage servicing rights using the fair value measurement method. Significant assumptions used in determining the fair value of servicing rights as of December 31, 2021, include prepayment assumptions based on the Public Securities Associations Standard Prepayment Model, an internal rate of return of 10.5% to 12.5%, servicing costs of \$85 to \$100 per loan (not in thousands), annually (with higher costs for delinquent loans) an inflation rate on servicing costs of 3% and an earnings rate of 1.50%.

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NOTE 4 MORTGAGE LOANS RECEIVABLE (CONTINUED)

Mortgage Servicing Rights (Continued)

The following is a summary of mortgage servicing rights activity for the year ended December 31, 2021.

Fair Value at Beginning of Year	\$ 2,993
Changes in Fair Value	<u>1,519</u>
Fair Value at End of Year	<u><u>\$ 4,512</u></u>

NOTE 5 SUPPLEMENTAL MORTGAGES AND OTHER LOANS

Certain projects have received supplemental mortgages and other loans from the Agency's General Fund and/or from the State of New Jersey Bond and Housing Assistance Funds. An allowance for loan losses has not been provided on supplemental mortgages funded from the State Bond and Housing Assistance Funds because the Agency is not obligated to repay the State until the projects repay the Agency.

Single Family Housing Component

The Single Family Housing Component of the Agency's supplemental mortgage receivable and other loans as of December 31, 2021, consisted of the following:

Supplemental Mortgages	\$ 4,419
Allowance for Loan Losses	<u>(4,242)</u>
Long-Term Supplemental Mortgages, Net	<u><u>\$ 177</u></u>

Multi-Family Housing Component

The Multi-Family Housing Component of the Agency's supplemental mortgage receivable and other loans as of December 31, 2021, consisted of the following:

Supplemental Mortgages	\$ 15,033
Allowance for Loan Losses	<u>(230)</u>
Supplemental Mortgages, Net	14,803
Less: Current Portion	<u>(47)</u>
Long Term Portion	<u><u>\$ 14,756</u></u>

NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY
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NOTE 5 SUPPLEMENTAL MORTGAGES AND OTHER LOANS (CONTINUED)

General Fund Component

The General Fund supplemental mortgages and other loans receivable as of December 31, 2021, consisted of the following:

Mortgages Subject to Subsidy Contracts Under Section 236 of the National Housing Act	\$ 490
Agency Supplemental Mortgages (Unsubsidized)	288,768
Special Needs Housing Trust Fund Mortgages	166,947
State of New Jersey Supplemental Mortgages	873
Other	547
Subtotal	<u>457,625</u>
Allowance for Loan Losses	(157,489)
Undisbursed Supplemental Mortgage Proceeds	<u>(12,650)</u>
Supplemental Mortgages and Other Loans Receivable, Net	287,486
Less: Current Portion	<u>(11,491)</u>
Long Term Portion	<u><u>\$ 275,995</u></u>

Based on the program type, certain supplemental loans under the General Fund Component have significant allowances in place.

NOTE 6 CAPITAL ASSETS

Capital assets are summarized as follows:

	Balance December 31, 2020	Additions	Deletions	Balance December 31, 2021
Nondepreciable Capital Assets:				
Land	\$ 1,225	\$ -	\$ -	\$ 1,225
Depreciable Capital Assets:				
Building and Building Improvements	17,067	339	-	17,406
Motor Vehicles	536	-	-	536
Machinery and Equipment	8,131	56	(133)	8,054
Furniture and Fixtures	651	-	-	651
Total	<u>26,385</u>	<u>395</u>	<u>(133)</u>	<u>26,647</u>
Less: Accumulated Depreciation:				
Building and Building Improvements	(14,549)	(445)	-	(14,994)
Motor Vehicles	(437)	(44)	-	(481)
Machinery and Equipment	(7,408)	(303)	133	(7,578)
Furniture and Fixtures	(636)	(7)	-	(643)
Total	<u>(23,030)</u>	<u>(799)</u>	<u>133</u>	<u>(23,696)</u>
Total Capital Assets, Net	<u><u>\$ 4,580</u></u>	<u><u>\$ (404)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 4,176</u></u>

Depreciation expense was \$799 for the year ended December 31, 2021.

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NOTE 7 BONDS AND OBLIGATIONS

The Agency obtains funds to finance its various mortgage programs through the sale of bonds and other obligations. Interest on Agency bonds and obligations is generally payable monthly, quarterly or semiannually. Generally, bond principal is due in annual or semiannual installments. Term bonds are subject to redemption by application of sinking fund installments. Pursuant to the related bond and obligation resolutions, the Agency has authorized and issued as of December 31, 2021, the following bonds and obligations:

Description of Bonds as Issued	Bonds Outstanding December 31, 2020	Issued	Reductions	Bonds Outstanding December 31, 2021	Amount Due Within One Year
Single Family Housing Revenue Bonds					
2018 Series A, 3.60% to 4.50%, Due 2033 to 2048	\$ 150,885	\$ -	\$ 21,135	\$ 129,750	\$ -
2018 Series B, 1.65% to 3.80%, Due 2018 to 2032	154,960	-	24,070	130,890	10,455
2019 Series C, 2.55% to 4.75%, Due 2026 to 2050	187,075	-	19,080	167,995	-
2019 Series D, 1.90% to 4.00%, Due 2019 to 2026	45,590	-	8,460	37,130	8,700
2020 Series E, 1.50% to 3.50%, Due 2028 to 2050	266,090	-	27,685	238,405	-
2020 Series F, .550% to 1.900%, Due 2021 to 2028	46,240	-	6,750	39,490	2,275
2020 Series G, .0743% to 1.729%, Due 2021 to 2026	55,370	-	12,335	43,035	9,330
2021 Series H, .150% to 5.00%, Due 2022 to 2033	-	135,800	-	135,800	1,320
Total Single Family Housing Revenue Bonds	906,210	135,800	119,515	922,495	32,080
Net Premium on Bonds Payable	32,981	8,910	2,486	39,405	-
Total Single Family Bonds Payable (Net)	<u>\$ 939,191</u>	<u>\$ 144,710</u>	<u>\$ 122,001</u>	<u>\$ 961,900</u>	<u>\$ 32,080</u>
Description of Bonds as Issued	Bonds Outstanding December 31, 2020	Issued	Reductions	Bonds Outstanding December 31, 2021	Amount Due Within One Year
Multi-Family Housing Revenue					
1991 Series I, (Presidential Plaza) 6.50% to 7.00%, Due 1992 to 2030	\$ 70,470	\$ -	\$ 5,840	64,630	\$ 6,255
Multi-Family Housing Revenue Bonds					
1995 Resolution					
2000 Series C2, Variable Rate, Due 2001 to 2032	3,910	-	225	3,685	240
2002 Series G, Variable Rate, Due 2003 to 2025	1,950	-	390	1,560	415
2008 Series 2, 4.375%, Due 2012 to 2046	6,370	-	-	6,370	-
2013 Series 1, 0.20% to 4.25%, Due 2013 to 2039	19,670	-	1,915	17,755	1,525
2013 Series 2, 0.50% to 4.75%, Due 2013 to 2046	55,220	-	2,680	52,540	2,800
2013 Series 3, 0.60% to 5.01%, Due 2013 to 2034	12,155	-	775	11,380	825
2013 Series 5, Variable Rate, Due 2013 to 2046	95,910	-	5,280	90,630	5,555
2013 Series 6, Variable Rate, Due 2013 to 2037	13,335	-	691	12,645	705
Total Multi-Family Housing Revenue Bonds	208,520	-	11,956	196,565	12,065

NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY
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NOTE 7 BONDS AND OBLIGATIONS (CONTINUED)

Description of Bonds as Issued	Bonds Outstanding December 31, 2020	Issued	Reductions	Bonds Outstanding December 31, 2021	Amount Due Within One Year
Multi-Family Revenue Bonds 2005					
Resolution					
2009 Series D, Variable Rate, Due 2010 to 2048	\$ 15,385	\$ -	\$ 480	\$ 14,905	\$ 515
2012 Series A, 1.00% to 4.55%, Due 2013 to 2043	18,135	-	18,135	-	-
2012 Series C, 4.38%, Due 2013 to 2043	2,830	-	2,830	-	-
2012 Series E, 1.439% to 5.086%, Due 2013 to 2043	8,080	-	8,080	-	-
2012 Series F, 4.83%, Due 2014 to 2042	320	-	5	315	5
2014 Series A, 0.5% to 4.55%, Due 2016 to 2045	2,065	-	90	1,975	90
2014 Series B, 0.45% to 5.25%, Due 2014 to 2046	21,650	-	830	20,820	880
2015 Series A, 0.55% to 4.00%, Due 2016 to 2045	10,260	-	175	10,085	180
2015 Series C, 3.80%, Due 2016 to 2047	7,330	-	165	7,165	160
2015 Series E, 0.813% to 4.671%, Due 2015 to 2045	103,425	-	7,600	95,825	8,065
2016 Series A, 1.15% to 3.90%, Due 2018 to 2050	41,075	-	955	40,120	1,005
2016 Series C, 1.30% to 5.00%, Due 2016 to 2046	3,295	-	230	3,065	165
2016 Series D, 0.875% to 3.70%, Due 2016 to 2036	2,175	-	90	2,085	95
2017 Series A, 1.35% to 4.20%, Due 2018 to 2050	28,495	-	525	27,970	205
2017 Series B, 1.65% to 2.00%, Due 2020 to 2021	38,935	-	38,935	-	-
2017 Series C, 1.50% to 4.968%, Due 2017 to 2051	12,495	-	505	11,990	525
2017 Series D, 1.25% to 4.45%, Due 2017 to 2048	39,690	-	2,455	37,235	2,550
2018 Series A, 1.90% to 4.10%, Due 2019 to 2053	42,320	-	975	41,345	3,210
2018 Series C, 2.75% to 4.55%, Due 2019 to 2048	41,620	-	1,745	39,875	1,865
2018 Series D, 3.20%, Due 2021	9,105	-	9,105	-	-
2018 Series E, 2.05% to 2.50%, Due 2019 to 2021	2,545	-	2,545	-	-
2018 Series F, Variable Rate, Due 2039 to 2048	27,185	-	-	27,185	-
2018 Series G, Variable Rate, Due 2019 to 2039	48,970	-	540	48,430	465
2018 Series H, Variable Rate, Due 2019 to 2039	6,765	-	205	6,560	240
2019 Series A, 1.25% to 3.15%, Due 2020 to 2053	11,910	-	45	11,865	50
2019 Series B, 1.30% to 1.50%, Due 2020 to 2023	24,235	-	9,880	14,355	-
2019 Series C, 1.90% to 4.00%, Due 2020 to 2058	49,945	-	990	48,955	1,185
2020 Series A, .25% to 2.625%, Due 2021 to 2056	26,320	-	70	26,250	355
2020 Series B, .35% to .55%, Due 2022 to 2024	15,230	-	-	15,230	6,155
2020 Series C, .5% to 3.4%, Due 2021 to 2055	39,050	-	1,050	38,000	1,700
2021 Series A, .30%-2.75%, Due 2022 to 2056	-	36,810	-	36,810	440
2021 Series B, .50%- .90%, Due 2022 to 2025	-	49,015	-	49,015	-
2021 Series C, .683%-3.155%, Due 2022 to 2061	-	40,620	-	40,620	485
Total Multi-Family Revenue Bonds	<u>700,840</u>	<u>126,445</u>	<u>109,235</u>	<u>718,050</u>	<u>30,590</u>
Total Multi-Family Bonds Program	979,830	126,445	127,031	979,245	48,910
Net Discount on Bonds Payable	(87)	9	(1)	(78)	-
Total Multi-Family Bonds Payable (Net)	<u>979,743</u>	<u>\$ 126,454</u>	<u>\$ 127,030</u>	<u>979,167</u>	<u>48,910</u>
Total Bonds Payable	<u>\$ 1,918,934</u>			<u>\$ 1,941,067</u>	<u>\$ 80,990</u>

In 2021, the Agency issued \$135,800 of Single Family Housing Revenue Bonds, 2021 Series H. This bond issue, which was comprised entirely of new money proceeds, was the Agency's first single family bond issue that was self-designated as Social Bonds.

As noted above, in August 2021, the SFHRB Resolution issued \$135,800 of Non-AMT social bonds with interest rates ranging from .15%-5.0%.

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NOTE 7 BONDS AND OBLIGATIONS (CONTINUED)

In December 2021, the Agency issued \$126,445 Multi-Family Revenue Bonds (MFRB) 2021 Series A-C. 2012 Series A, C, and E were refunded into 2021 Series C. This issuance included \$98,170 tax-exempt and taxable Multi-Family Revenue Bonds (MFRB) 2021 Series A-C which financed 10 new money rental housing developments containing a total of 681 units and a \$28,275 taxable economic refunding of existing Agency Bonds. The refunding is expected to generate net present value (NPV) savings in the amount of \$5,928 which equates to approximately 21% of the refunded bonds. The Resolution received \$4,437 from the Agency to pay cost of issuance on this transaction. This bond issue was the Agency's first multi-family bond issue that was self-designated as Social Bonds.

Interest paid on variable-rate tax-exempt bonds is closely correlated with The Securities Industry and Financial Markets Association Municipal Swap (SIFMA) Rate and taxable bond rates are closely correlated with LIBOR or the FHLB Discount Note rate plus a fixed spread. Generally, note resets occur quarterly, monthly, or weekly. The net proceeds of the aforementioned bonds and obligations were used to make qualified mortgage loans, purchase eligible residential mortgage and home improvement loans and/or establish debt service reserve accounts. As of December 31, 2021, there was \$36,702 of undisbursed proceeds of construction loans and \$61,231 committed but not yet closed proceeds from the sale of bonds and obligations. Such funds represent initial mortgage loan funds committed to Multi-Family Housing sponsors authorized under various resolutions.

The approximate principal and interest payments required on outstanding bonds and obligations over the next five years and thereafter are as follows:

Agency Component	Fixed and Unhedged Variable Rate	
	Principal	Interest
Single Family		
2022	\$ 32,080	\$ 28,963
2023	35,205	29,631
2024	36,225	27,286
2025	36,715	27,719
2026	36,090	25,390
2027-2031	186,815	113,778
2032-2036	196,990	81,717
2037-2041	157,725	50,299
2042-2046	115,420	26,481
2047-2051	86,395	6,829
2052-2056	2,835	51
Total	<u>\$ 922,495</u>	<u>\$ 418,144</u>

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NOTE 7 BONDS AND OBLIGATIONS (CONTINUED)

Future Principal and Interest Requirements

Agency Component	Fixed and Unhedged Variable Rate		Hedged Variable Rate			Total Principal	Related Interest and Interest Rate Swaps, Net
	Principal	Interest	Principal	Interest	Interest Rate Swaps, Net		
Multi-Family							
2022	\$ 41,015	\$ 26,862	\$ 7,895	\$ 1,316	\$ 8,671	\$ 48,910	\$ 36,849
2023	68,750	25,772	8,695	1,300	8,277	77,445	35,349
2024	68,440	24,284	9,655	1,266	7,040	78,095	32,590
2025	46,110	22,767	9,650	1,221	5,815	55,760	29,803
2026	37,840	21,244	9,700	1,177	5,413	47,540	27,834
2027-2031	166,465	82,945	47,920	5,160	20,967	214,385	109,072
2032-2036	117,360	55,832	44,260	3,642	12,649	161,620	72,123
2037-2041	97,430	35,028	31,150	2,008	6,501	128,580	43,537
2042-2046	78,790	17,322	27,460	952	3,161	106,250	21,435
2047-2051	38,160	5,970	5,530	78	294	43,690	6,342
2052-2056	14,640	1,450	-	-	-	14,640	1,450
2057-2061	2,330	177	-	-	-	2,330	177
Total	<u>\$ 777,330</u>	<u>\$ 319,653</u>	<u>\$ 201,915</u>	<u>\$ 18,120</u>	<u>\$ 78,788</u>	<u>\$ 979,245</u>	<u>\$ 416,561</u>

NOTE 8 CONDUIT DEBT OBLIGATIONS

The Agency may issue bonds to provide funds to local housing authorities to finance on an accelerated basis certain capital renovations and improvements to each of the authority's public housing developments. The bonds are payable from and secured primarily by Capital Fund Program monies, subject to the availability of appropriations to be paid by the United States Department of HUD to each authority. The Agency may also issue other bonds for housing development purposes. These bonds are special and limited obligations of the Agency. The bonds, which are considered conduit debt obligations by GASB, do not constitute a debt or pledge of the faith and credit of the Agency and, accordingly, have not been reported in the accompanying financial statements. At December 31, 2021, conduit debt outstanding aggregated \$1,097,664.

The Agency's MF Conduit Bonds outstanding as of December 31, 2021, are as follows:

Conduit Project	Series	Closing Date	Debt Issuance	Balance 12/31/2021
Capital Funds Program Revenue Bonds	2004-A	12/23/2004	\$ 79,860	\$ 13,840
Capital Funds Program Revenue Bonds	2007-A	8/15/2007	18,585	4,635
2006-A Meadow Brook Apartments	2006-A	9/9/2006	8,350	6,110
Woodbury Oakwood Housing Project	2011-A	12/21/2011	4,550	4,160
Asbury Park Gardens	2012-A	7/1/2012	14,310	12,525
Washington Dodd Apartments	2012-F	12/12/2012	19,755	16,310
Carl Miller Homes	2012-C	12/28/2012	31,656	2,406
Hampshire House	2012-D	1/11/2013	6,400	5,845
Alexander Hamilton III	2013-B	2/20/2013	11,762	502
McIver Homes	2013-C	5/23/2013	5,200	3,945
Great Falls	2013-M	1/9/2014	15,400	14,316
Brigantine Apts.	2014-G	1/30/2014	11,510	10,495
Catherine Todd	2014-N	10/24/2014	9,415	4,236

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NOTE 8 CONDUIT DEBT OBLIGATIONS (CONTINUED)

Conduit Project (Continued)	Series	Closing Date	Debt Issuance	Balance 12/31/2021
Atlantic City Townhouses	2014-P	12/23/2014	\$ 17,800	\$ 12,737
Glennview Townhouses Phase II	2014-R	12/30/2014	6,243	2,867
Willows at Waretown	2014-M	6/27/2014	9,281	2,315
Paragon Village Senior Living Campus	2015-Q	2/27/2015	13,700	12,950
Fairview Homes	2015-L	5/7/2015	13,200	12,008
609 Broad	2015-D	5/12/2015	66,800	45,450
Lexington Manor	2015-B	6/29/2015	11,750	10,430
Hollybush I & II	2015-S	10/14/2015	14,500	13,585
Riverside Arms	2015-H	11/20/2015	17,550	11,158
Edward Sisco Senior Citizens Village	2015-O	12/4/2015	18,232	14,273
North 25 Apartments	2015-F	12/15/2015	14,850	13,995
Brunswick Estates	2015-AA	12/17/2015	27,000	9,802
Egg Harbor	2015-BB	12/30/2015	10,790	817
Colt Arms	2016-A	1/15/2016	21,455	15,755
Pavilion	2016-B	3/1/2016	26,667	21,156
The Aspire Project	2016-1	5/24/2016	49,935	49,935
Ocean Towers	2016-E	5/26/2016	9,200	5,936
Wesmont Station	2016-J	6/27/2016	2,638	2,499
Glassworks at Aberdeen	2016-L	8/23/2016	17,540	2,832
Keansburg Mixed Income	2016-I	9/27/2016	35,745	14,600
999 Broad Phase I	2016-H	11/1/2016	10,706	9,641
Montgomery Gardens Family Phase I	2016-M	11/21/2016	23,573	9,464
Oak Lane at Little Egg Harbor	2017-C	3/10/2017	8,977	1,449
New Horizons Phase I	2017-A	4/12/2017	20,798	5,326
Montgomery Heights II	2017-3	4/28/2017	21,300	7,815
Willows at Whiting	2017-1	5/5/2017	10,079	1,934
Jacobs Landing	2017-2	5/18/2017	17,065	3,096
Residences at Willow Pond Village	2017-H	5/24/2017	2,089	1,989
Stafford Senior Apartments	2017-E	5/31/2017	13,065	548
Bridgeton Villas	2017-4	6/19/2017	9,553	7,082
Berkeley Terrace Apartments	2017-G	7/14/2017	17,500	15,635
New Hope Village	2017-D	9/14/2017	14,511	8,186
Victorian Towers	2017-5	10/31/2017	13,067	9,303
Gardens Family & Senior	2017-7	11/21/2017	23,568	22,947
Douglas Homes	2017-8	11/21/2017	12,583	12,251
Roseville Senior	2017-9	11/21/2017	7,238	6,551
Commons Family & Senior	2017-10	11/21/2017	40,321	33,622
Perth Amboy Housing Authority Family RAD	2017-K	11/30/2017	11,300	2,264
Washington Street/ St. James	2017-6	11/30/2017	17,375	17,098
Marveland Crescent	2017-M	12/22/2017	5,955	2,833
Cedar Meadows Apartments	2017-11	12/22/2017	16,070	10,303
Heritage Village at Galloway	2018-G 1,2	9/11/2018	16,021	1,027
Manahawkin Family Apartments	2018-I	11/15/2018	9,690	1,501
Flemington Junction Apartments	2018-J	11/1/2018	4,659	4,504
North Brunswick Crescent	2018-L 1,2	11/20/2018	15,255	14,806

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NOTE 8 CONDUIT DEBT OBLIGATIONS (CONTINUED)

Conduit Project (Continued)	Series	Closing Date	Debt Issuance	Balance 12/31/2021
Dalina Manor	2018-M	11/2/2018	\$ 2,804	\$ 2,713
Vista Village Apartments	2018-1	8/23/2018	10,263	3,395
Harvard Printing Apartments	2018-2	10/25/2018	9,690	9,311
Waretown Family Apartments	2019-A	2/8/2019	8,940	778
The Station at Grant Avenue	2019-B1,2	4/18/2019	15,415	7,046
Riverside Senior Apartments	2019-D	12/20/2019	15,070	15,070
Riverside Family Apartments	2019-F	12/20/2019	37,480	37,480
Al Gomer Residence	2019-1A,B	5/16/2019	9,525	7,743
Daughters of Israel	2019-2A,B	5/16/2019	19,770	19,600
Howell Family Apartments	2019-3A,B	4/5/2019	12,180	2,522
Sencit Liberty Apartments	2019-4A,B	9/30/2019	23,211	23,211
Franklin Square Village	2019-5	8/19/2019	25,500	25,500
Greater Englewood Apartments	2019-6	12/19/2019	22,600	22,000
Cooper Plaza Townhomes Preservation	2019-7A,B	12/12/2019	6,900	3,056
540 Broad Street	2019-8A	12/19/2019	15,000	15,000
Wemrock Senior Living	2020-1	5/7/2020	9,300	4,727
Post Road Gardens	2020-A	5/22/2020	36,800	36,800
Netherwoods Village	2020-2	12/4/2020	14,350	14,190
Baldwin Oaks	2020-3	12/31/2020	36,160	35,702
Audubon Towers	2021-2	4/6/2021	12,000	11,918
Whitlock Mills	2021-1	8/31/2021	26,321	26,321
Essex Plaza One	2021	10/27/2021	72,500	72,431
Zion Towers	2021.4	11/18/2021	33,150	33,150
Cherry Gardens	2021-B	12/16/2021	37,870	37,870
Browns Woods	2021-A	12/22/2021	12,825	12,825
Morristown Senior	2021-3	12/23/2021	31,710	31,710
Total Conduit Debt			<u>\$ 1,627,361</u>	<u>\$ 1,097,664</u>

*Capital Fund bonds to finance certain capital renovations

NOTE 9 FUNDS HELD IN TRUST FOR MORTGAGORS

Funds held by the Agency for its projects include proceeds from conversion of projects from nonprofit to limited dividend status in the form of development cost and community development escrows and unspent subsidies. These funds are available to absorb initial operating deficits, construction overruns, provide additional amenities to the projects, and for other contingencies.

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NOTE 9 FUNDS HELD IN TRUST FOR MORTGAGORS (CONTINUED)

Funds held in trust for mortgagors as of December 31, 2021, include the following:

General Fund:	
Community Development Escrows	\$ 2,233
Development Cost Escrows	426
Other Funds Held in Trust	310,392
Total General Fund	<u>313,051</u>
Multi-Family Housing Component	3,091
Total	<u><u>\$ 316,142</u></u>

NOTE 10 MORTGAGOR ESCROW DEPOSITS

The Agency holds, in escrow, monthly deposits from the projects for payments of property and liability insurance, hazard insurance, payments in lieu of taxes, and major repairs and replacements and undisbursed earnings. Mortgagor escrow deposits as of December 31, 2021, include the following:

General Fund:	
Reserve for Repairs and Replacements	\$ 46,557
Tax and Insurance Escrows	188,393
Total	<u><u>\$ 234,950</u></u>

NOTE 11 CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity is summarized as follows:

	Balance December 31, 2020	Additions	Reductions	Balance December 31, 2021	Due Within One Year
Bonds and Obligations, Net	\$ 1,918,934	\$ 271,164	\$ (249,031)	\$ 1,941,067	\$ 80,990
Minimum Escrow Requirement	6,712	514	(870)	6,356	-
Funds Held in Trust for Mortgagor	429,190	954,284	(1,067,332)	316,142	-
Other Noncurrent Liabilities	5,215	729	(744)	5,200	-
OPEB Liability	16,408	-	(5,395)	11,013	-
Net Pension Liability	44,414	-	(12,256)	32,158	-
Derivative Instruments	48,441	8,897	(21,833)	35,505	-
Unearned Revenues	55,820	130,791	(125,266)	61,345	-
Total	<u><u>\$ 2,525,134</u></u>	<u><u>\$ 1,366,379</u></u>	<u><u>\$ (1,482,727)</u></u>	<u><u>\$ 2,408,786</u></u>	<u><u>\$ 80,990</u></u>

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NOTE 12 NET POSITION

Changes in net position are summarized as follows:

	Net Investment in Capital			
	Assets	Restricted	Unrestricted	Total
Net Position at December 31, 2020	\$ 4,580	\$ 516,618	\$ 617,776	\$ 1,138,974
Net Income	-	67,548	19,443	86,991
Acquisition of Capital Assets	395	-	(395)	-
Transfer	-	11,376	(11,376)	-
Depreciation on Capital Assets	(799)	-	799	-
Net Position at December 31, 2021	<u>\$ 4,176</u>	<u>\$ 595,542</u>	<u>\$ 626,247</u>	<u>\$ 1,225,965</u>

Restricted Under Bond and Obligation Resolutions

As described in Note 3, monies within each Bond and Obligation Fund are pledged as security for the respective bondholders, and thus are restricted as to their application.

Restricted

Restricted net position represents the portion of total net position restricted by the various programs established for the sole purpose of providing housing and residential opportunities for individuals with special needs. All restricted amounts are net of related liabilities.

Appropriated General Fund Net Position

Appropriated General Fund net position is unrestricted net position that has been designated by the Agency's members for the following purposes at December 31, 2021. The appropriated general fund net position makes up part, but not all, of the unrestricted net position reported on the statement of net position.

ABC Corporation	\$ 9
Bond Refunding Proceeds	1,625
CDBG Advance Funding	2,283
CDBG RAP	1,485
CHOICE	2,076
CIAP Loan Program	1
Developmental Disabilities Partnership	2,176
Foreclosure Mediation Assistance Program	1,488
Homeless Management Information System	100
Hospital Partnership Subsidy Program	30,000
MBS Mortgage Backed Security Start up	782
Neighborhood Redevelopment and Revitalization	9,490
NJHMFA Portion of Undisbursed Mtg. Proceeds	55
Non-Bond Multi-Family Program	56,574
Portfolio Reserve Balance	634
Smart Start	4,047
Special Needs Housing Subsidy Loan Program	30,977
Special Needs Revolving Loan Program	822
Strategic Zone Lending Pool	5,731
UHORP Mortgage Commitment	1,153
Total	<u>\$ 151,508</u>

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NOTE 13 PENSION PLAN

Plan Description

The Agency contributes to a cost-sharing multiple-employer defined benefit pension plan, the Public Employees' Retirement System (PERS), which is administered by the New Jersey Division of Pensions and Benefits. This plan provides retirement, death and disability, and medical benefits to qualified members. All benefits vest after 10 years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS. Vesting and benefit provisions are established by N.J.S.A. 43:15A and 43:3B. The plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to: State of New Jersey, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0295.

Plan Benefits and Membership

The following represents the membership tiers for PERS:

Tier	Definition
1	Members Who Were Enrolled Prior to July 1, 2007
2	Members Who Were Eligible to Enroll on or After July 1, 2007, and Prior to November 2, 2008
3	Members Who Were Eligible to Enroll on or After November 2, 2008, and Prior to May 22, 2010
4	Members Who Were Eligible to Enroll on or After May 22, 2010, and Prior to June 28, 2011
5	Members Who Were Eligible to Enroll on or After June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tier 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credits, and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Funding Policy

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Pursuant to the provisions of P.L. 2011, C. 78, the active member contribution rate was 7.50% in State fiscal year 2021. Employer contributions are based on an actuarially determined amount which includes the normal cost and unfunded accrued liability.

The Agency's contributions to the plan for fiscal years ended December 31, 2021, 2020, and 2019, were \$3,179, \$2,979, and \$2,729, respectively, and were equal to the required contributions.

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NOTE 13 PENSION PLAN (CONTINUED)

Net Pension Liability

The net pension liability (NPL) was calculated for each entity within PERS based on a methodology that allocates the NPL and pension amounts based on the proportion of the total contributions made by each entity during the measurement period. The NPL was determined based on an actuarial valuation as of July 1, 2020, using updated actuarial assumptions applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021. The proportionate share for the Agency is 0.2686%, a decrease of 0.0016% from the prior year amount of 0.2702%. At December 31, 2021, the Agency reported a NPL of \$32,158 for its proportionate share of the NPL.

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

For the year ended December 31, 2021, the Agency recognized pension revenue of \$5,023. At December 31, 2021, the Agency reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net Difference Between Expected and Actual Experience	\$ 507	\$ 230
Changes of Assumptions	167	11,449
Changes in Proportion	822	2,282
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	-	8,471
Total	<u>\$ 1,496</u>	<u>\$ 22,432</u>

Actuarial Assumptions

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2022	\$ (7,508)
2023	(5,361)
2024	(3,655)
2025	(2,748)
2026	(1,664)
Total	<u>\$ (20,936)</u>

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NOTE 13 PENSION PLAN (CONTINUED)

Actuarial Assumptions (Continued)

The total pension liability (TPL) for the year ended June 30, 2021, was measured as of a valuation date of July 1, 2020, and projected to June 30, 2021 using the entry age normal cost method. The actuarial assumptions used in the July 1, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018. Significant actuarial assumptions used in the valuation included:

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	2.00-6.00% Based on Years of Service
Thereafter	3.00-7.00% Based on Years of Service
Long-Term Expected Rate of Return	7.00%

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% per annum at June 30, 2021) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2021, are summarized in the following table:

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NOTE 13 PENSION PLAN (CONTINUED)

Actuarial Assumptions (Continued)

Asset Class	Target	Long-Term Expected Real Rate of Return
Risk Mitigation Strategies	3.00 %	3.35 %
Cash Equivalents	4.00	0.50
U.S. Treasuries	5.00	0.95
Investment Grade Credit	8.00	1.68
High Yield	2.00	3.75
Private Credit	8.00	7.60
Real Assets	3.00	7.40
Real Estate	8.00	9.15
U.S. Equity	27.00	8.00
Non-U.S. Developed Markets Equity	13.50	8.71
Emerging Markets Equity	5.50	10.96
Private Equity	13.00	11.30

Discount Rate

The discount rate used to measure the total pension liability was 7.0% as of June 30, 2021. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of the actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the pension liability.

Sensitivity of the Agency's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the collective net pension liability of the participating employers as of June 30, 2021, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage-point higher than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Total Net Pension Liability PERS			
Local Group	\$ 16,304,502	\$ 11,972,783	\$ 8,296,705
Agency's Proportionate Share	43,794	32,158	22,285

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NOTE 14 OTHER POSTEMPLOYMENT BENEFITS

Plan Description

The Agency is a local employer in the State of New Jersey State Health Benefits Plan (SHBP). The State administers the plan and has the authority to establish and amend certain benefit provisions offered. The State's plan is considered a single employer defined benefit plan under the umbrella of the State plan for purposes of the Agency, is not a separate entity or trust, and does not issue stand-alone financial statements.

Benefits Provided

The Agency is responsible for the cost of health benefits provided to members of PERS who retired from the Agency with 25 years of service along with their spouses, and some dependent children. The plan offers comprehensive benefits through various plan providers consisting of hospital, medical, health, substance abuse, and prescription drug programs. At the valuation date of January 1, 2021, the following employees were covered by the benefit terms:

Active Plan Members	265
Retirees Currently Receiving Benefit Payments	<u>103</u>
Total	<u><u>368</u></u>
Spouses of Retirees	<u><u>62</u></u>

Contributions

On June 28, 2011, the State of New Jersey Legislature passed Pension and Health Benefits Reform. This legislation requires all employees to contribute a certain percentage of their health benefit premiums towards the cost of their coverage. The percentage is tiered based on coverage type and salary. The percentages range from 1% – 8.75% of the insurance premium based on salary, with a minimum of 1.5% of salary to be contributed. During the year ended December 31, 2021, the Agency paid \$4,246 in health insurance premiums for current employees. The Agency also paid \$1,274 for the year ended December 31, 2021, towards benefits for eligible retired members. Retired employees who are eligible for Medicare are also reimbursed for their portion of Medicare insurance premiums on a pay-as-you-go basis.

Net OPEB Liability

The Agency's net OPEB liability was measured as of December 31, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2021, which was rolled forward to a measurement date of December 31, 2021, for purposes of calculating the net OPEB liability.

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NOTE 14 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Net OPEB Liability (Continued)

Actuarial Assumptions

The total OPEB liability in the January 1, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.30%
Salary Increases	3.50%
Investment Rate of Return	4.50%
Healthcare Cost Trend Rates	5.70%-3.70% for 2021 increasing to an ultimate rate rate of 3.7% in 2100 to 2101

The plan has not had a formal actuarial experience study performed. Mortality rates were based on the PUBG.H-2010 Mortality Tables head count weighted, projected forward using Mortality Improvement Scale MP-2019 from 2010 base year on a generational basis. The other actuarial assumptions are based on the 2014 experience study report for the New Jersey Public Employees Retirement System (PERS).

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table as of December 31, 2021:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Cash	3.00 %	2.03 %
U.S. Core Fixed Income	47.00	3.69
U.S. Large Cap	10.50	7.24
U.S. Large & Mid Cap Growth	8.00	7.26
U.S. Large & Mid Cap Value	8.00	7.40
U.S. Mid Cap	7.00	7.85
US Small Caps	4.00	9.03
Non-US Equity	10.00	9.08
Foreign Developed	1.25	8.56
Emerging Markets	1.25	11.12
Total	<u>100.00 %</u>	

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NOTE 14 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Actuarial Methods and Assumptions

Discount Rate

The discount rate used to measure the OPEB liability was 4.50%. The projection of cash flows used to determine the discount rate assumed that Agency contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Plan		
	Total OPEB Liability (a)	Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Balances at December 31, 2020	\$ 43,898	\$ 27,490	\$ 16,408
Changes for the Year:			
Service Cost	1,397	-	1,397
Interest on Total OPEB Liability	2,010	-	2,010
Effect of Plan Changes	-	-	-
Differences Between Expected and Actual Experience	102	-	102
Effect of Assumptions, Changes, or Inputs	(1)	-	(1)
Losses	-	-	-
Employer Contributions	-	6,345	(6,345)
Net Investment Income	-	2,558	(2,558)
Benefit Payments	(1,274)	(1,274)	-
Administrative Expense	-	-	-
Net Changes	2,234	7,629	(5,395)
Balances at December 31, 2021	<u>\$ 46,132</u>	<u>\$ 35,119</u>	<u>\$ 11,013</u>

Sensitivity of the net OPEB liability to changes in the discount rate.

The following presents the net OPEB liability of the Agency calculated using the discount rate of 4.50%, as well as what the Agency's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.50%) or 1-percentage-point higher (5.50%) than the current discount rate:

	1% Decrease (3.50%)	Current Discount Rate (4.5%)	1% Increase (5.50%)
Net OPEB Liability	\$ 18,765	\$ 11,013	\$ 4,754

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NOTE 14 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Changes in the Net OPEB Liability (Continued)

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates.

The following presents the net OPEB liability of the Agency calculated using the current healthcare cost trend rates as well as what the Agency's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates. No trend is assumed for 2021 since plan premiums did not increase between 2020 and 2021. Healthcare cost trend rates through 2100 range from 31.90% to 3.6%:

	1% Decrease	Current Trend Rate	1% Increase
Net OPEB Liability	\$ 3,715	\$ 11,013	\$ 20,371

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan's fiduciary net position is available in the accompanying financial statements.

OPEB Expense and Deferred Outflows and Inflows of Resources

For the year ended December 31, 2021, the Agency recognized OPEB revenue of \$1,301. At December 31, 2021, the Agency reported deferred inflows of resources related to OPEB from the following sources:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Difference Between Expected and Actual Experience	\$ 701	\$ 95
Changes of assumptions	19,936	4,950
Net Difference Between Projected and Actual Earnings	2,550	-
Total	<u>\$ 23,187</u>	<u>\$ 5,045</u>

Amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2022	\$ (3,443)
2023	(3,660)
2024	(3,351)
2025	(2,979)
2026	(2,721)
Thereafter	(1,988)
Total	<u>\$ (18,142)</u>

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NOTE 15 DEFERRED COMPENSATION ACCOUNT

The Agency offers its employees a choice of two Deferred Compensation Plans in accordance with Internal Revenue Code Section 457. The Plans, available to all full-time employees at their option, permit employees to defer a portion of their salary to future years. The deferred compensation is not available to participants until termination, retirement, death, or unforeseeable emergency.

Amounts deferred under Section 457 plans must be held in trust for the exclusive benefit of participating employees and not be accessible by the Agency or its creditors.

NOTE 16 RESERVE FOR INTEREST REBATE

The Tax Reform Act of 1986 placed restrictions on the investments of the proceeds of certain tax-exempt bonds issued after December 31, 1986. Specifically, investment earnings which are above arbitrage bond yield are required to be rebated to the United States Treasury Department within 60 days of the end of the fifth bond year. A bond year is defined as ending on the anniversary date of the bond settlement.

The Agency has various issues of bonds outstanding, which also had various settlement dates. Rebate calculations on these bonds are required to be made at least once every five years. However, the Agency prepares annual rebate calculations for purposes of determining any contingent liability for rebate.

At this time, there is no rebate liability.

NOTE 17 DERIVATIVE INSTRUMENTS

The Agency has several variable rate bond series currently outstanding. In order to protect against the potential of rising interest rates, the Agency entered into various pay-fixed, receive-variable interest rate swaps at a cost anticipated to be less than what the Agency would have paid to issue fixed-rate debt. In some cases, the notional principal of the swap initially increases as the borrowed funds are anticipated to be loaned out. For footnote purposes, the fair values of the Agency's derivatives have been presented.

For each of the interest rate swaps, the Agency used one of the following methods to evaluate the hedge effectiveness of the potential hedging derivative instrument: consistent critical terms method, synthetic instrument method, or regression analysis method. The consistent critical terms method evaluates effectiveness by qualitative consideration of the uniformity of the significant terms of the hedgeable item with the terms of the potential hedging derivative instrument. If the relevant terms match, or in certain instances are similar, the potential hedging derivative instrument is determined to be effective. The synthetic instrument method evaluates effectiveness by combining the cash flows on the derivative with the cash flows on the hedged item to create a new instrument. The synthetic rate on the cash flows is calculated based on the combination of all the cash flows and is compared against the fixed rate on the derivative.

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NOTE 17 DERIVATIVE INSTRUMENTS (CONTINUED)

A potential hedging derivative instrument is effective if the actual synthetic rate is within a range of 90% to 111% of the fixed rate of the potential hedging derivative instrument to be substantially fixed. The regression analysis method examines the statistical relationship between changes in the fair values or cash flows of a hedged item and its associated potential hedging derivative. For a potential hedging derivative instrument evaluated using regression analysis to be considered effective for financial reporting purposes, the analysis should produce an R-squared of at least 0.80, an F-statistic that indicates statistical significance at the 95% confidence level, and a regression coefficient for the slope between -1.25 and -0.80.

Terms, Fair Values, and Credit Risk

At December 31, 2021, all multi-family derivatives met the criteria for effectiveness.

The terms and fair values of the outstanding swaps as of December 31, 2021, are summarized in the following tables. The swaps are utilized to hedge the risk from the associated variable rate debt. The Agency's swap agreements contain scheduled reductions to outstanding notional amounts that are expected to approximately follow scheduled or anticipated reductions in the associated bonds payable category. The Agency pays a fixed interest rate on the notional amount that represents the principal amount of the related bonds. The Agency receives either 1-month LIBOR times the notional amount for the taxable borrowings, or a percentage of 1-month LIBOR plus a fixed spread or The Securities Industry and Financial Markets Association Municipal Swap (SIFMA) Index times the notional amount for the tax-exempt borrowings from the counterparty, plus a fixed spread as applicable, as listed below. Where possible, only the net difference will be exchanged with the counterparty and the Agency continues to pay interest to the certificate-holders at the variable rate provided on the bonds. The purpose of the swap is to mitigate interest rate risk. The Agency will be exposed to variable rates if the counterparty to the swap defaults or if the swap is terminated.

NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021
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NOTE 17 DERIVATIVE INSTRUMENTS (CONTINUED)

The following table presents both the hedging derivative value and the off-market loan balances for Multi-Family Bond Component Swaps at December 31, 2021. This presentation has no effect on the net position of the Agency.

Associated Bond Issue	Variable Rate Bonds Outstanding	Swap Notional Amount	Swap Effective Date	Swap Termination Date	Fixed Rate Paid	Variable Rate Received	Hedging Derivative Value	Off-Market Loan Balance	Counterparty	Counterparty Credit Rating (Moody's/S&P/ Fitch)
Cash Flow Hedges:										
MHRB 2002-G	\$ 1,560	\$ 1,560	10/2/2002	5/1/2025	6.2450%	1-Mo LIBOR	\$ (170)	\$ -	Merrill Lynch Capital Services, Inc. (MLCS)	A2 / A- / AA-
MHRB 2013-5	90,630	24,985	11/1/2002	5/1/2029	4.9888%	USD-SIFMA Municipal Swap Index	(792)	(2,938)	Merrill Lynch Capital Services, Inc. (MLCS)	Aa2 / A- / AA-
MHRB 2013-5	-	17,400	11/1/2003	5/1/2033	4.3355%	USD-SIFMA Municipal Swap Index	(884)	(2,267)	Goldman Sachs MMDP	Aa2 / AA- / NR
MHRB 2013-5	-	47,730	5/1/2005	5/1/2024	4.0010%	67% 1M LIBOR + 18bp	(895)	(2,319)	Bank of America, N.A.	Aa2 / A+ / AA
MHRB 2013-6	12,645	5,915	5/8/2003	5/1/2035	5.2810%	1-Mo LIBOR	(447)	(877)	Bank of America, N.A.	Aa2 / A+ / AA
MHRB 2013-6	-	6,840	5/1/2004	11/1/2037	5.3150%	1-Mo LIBOR	(175)	(1,250)	JPMorgan Chase Bank, N.A.	Aa1 / A+ / AA
MRB 2018-F-HMFA #1426 - Heritage Village at Manalapan	27,185	2,255	11/1/2009	11/1/2038	4.4500%	USD-SIFMA Municipal Swap Index + 33bp	(161)	(248)	Wells Fargo Bank, N.A.	Aa1 / A+ / AA-
MRB 2018-F-HMFA #2190 - Royal Crescent	-	2,760	10/1/2008	11/1/2038	4.4950%	USD-SIFMA Municipal Swap Index + 33bp	(198)	(313)	Wells Fargo Bank, N.A.	Aa1 / A+ / AA-
MRB 2018-F; MRB 2018-G	-	47,265	8/21/2008	5/1/2048	4.6330%	USD-SIFMA Municipal Swap Index	(3,616)	(7,801)	Wells Fargo Bank, N.A.	Aa1 / A+ / AA-
MRB 2018-G	48,430	18,865	11/1/2006	5/1/2046	4.0493%	60.8% of 1-Mo LIBOR + 34 bp	(1,098)	(2,598)	Bank of America, N.A.	Aa2 / A+ / AA
MRB 2018-G	-	4,475	5/1/2006	11/1/2039	4.3900%	USD-SIFMA Municipal Swap Index	(732)	(507)	JPMorgan Chase Bank, N.A.	Aa1 / A+ / AA
MRB 2018-H- HMFA #2265 - Sharp Road	6,560	2,140	10/1/2009	11/1/2039	6.1460%	1-Mo LIBOR + 80bp	(245)	(338)	Wells Fargo Bank, N.A.	Aa1 / A+ / AA-
MRB 2018-H	-	1,700	11/1/2005	5/1/2036	5.4350%	1-Mo LIBOR	(212)	(282)	JPMorgan Chase Bank, N.A.	Aa1 / A+ / AA
MRB 2018-H	-	2,720	11/1/2008	11/1/2038	4.6025%	1-Mo LIBOR	(253)	(419)	Bank of America, N.A.	Aa2 / A+ / AA
MRB 2009-D HMFA 2101 - Acorn	14,905	1,215	5/1/2009	5/1/2039	5.8570%	1-Mo LIBOR + 40bp	(168)	(172)	Wells Fargo Bank, N.A.	Aa1 / A+ / AA-
MRB 2009-D HMFA 1352 - King	-	6,300	11/1/2008	11/1/2038	5.5160%	1-Mo LIBOR + 25bp	(817)	(814)	Wells Fargo Bank, N.A.	Aa1 / A+ / AA-
MRB 2009-D HMFA 2171 - Royal	-	1,290	8/1/2009	11/1/2047	5.8860%	1-Mo LIBOR + 40bp	(198)	(216)	Wells Fargo Bank, N.A.	Aa1 / A+ / AA-
MRB 2009-D HMFA 2272 - Toms	-	3,120	9/1/2009	11/1/2039	5.3420%	1-Mo LIBOR + 25bp	(455)	(342)	Wells Fargo Bank, N.A.	Aa1 / A+ / AA-
MRB 2009-D HMFA 1437 - Trenton	-	1,135	8/1/2008	11/1/2038	5.5660%	1-Mo LIBOR + 25bp	(140)	(148)	Wells Fargo Bank, N.A.	Aa1 / A+ / AA-
Total	<u>\$ 201,915</u>	<u>\$ 199,670</u>					<u>\$ (11,656)</u>	<u>\$ (23,849)</u>		
							<u>1, 2</u>	<u>1, 2</u>		

MHRB = Multi-Family Housing Revenue Bonds

MRB = Multi-Family Revenue Bonds

Σ 1 =	Derivative instrument	\$ (35,505)
Σ 2 =	Accumulated decrease in fair value of hedging derivative	(35,505)

NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY
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NOTE 17 DERIVATIVE INSTRUMENTS (CONTINUED)

Credit Risk

The aggregate notional outstanding amount of hedging derivative instrument positions at December 31, 2021, was \$199,670. This portfolio of derivative instruments is used to hedge \$201,915 of the Agency's total variable rate debt of \$205,600 as of December 31, 2021.

The swap agreements contain varying collateral agreements with the counterparties. At any point in time in which the outstanding swaps have positive fair values, each swap counterparty is required to post collateral to a third party when their credit rating, as determined by the specified nationally recognized credit rating agencies, falls below a trigger level as defined in the swap agreements. This protects the agency by mitigating the credit risk, and therefore termination risk, inherent in the swap. Collateral on all swaps is to be in the form of U.S. government securities held by a third-party custodian.

Basis Risk

Basis risk exists to the extent the Agency's variable-rate bond coupon payments do not exactly equal the index on the swap. The Agency's tax-exempt bonds are hedged with tax-exempt SIFMA based swaps and percentage of LIBOR swaps. The Agency's taxable bonds are hedged with taxable, LIBOR-based swaps. In this way, basis risk should be minimized.

Interest Rate Risk

The Agency's interest rate swaps serve to guard against a rise in variable interest rates associated with its outstanding variable rate bonds. In addition, certain bond proceeds are invested in variable rate Guaranteed Investment Contracts (GICs) or other variable rate investment obligations in order to further mitigate interest rate risk on the variable rate bonds.

Termination Risk

The Agency retains the right to terminate any swap agreement at the market value prior to maturity, and the Agency was granted the right to cancel certain agreements, in whole or in part, at Par. The Agency has termination risk under the contract particularly if an Additional Termination Event (ATE) as defined in the swap documents were to occur. An ATE occurs if either the credit rating of the bonds associated with a specific swap, or the credit rating of the swap counterparty falls below a threshold defined in each swap agreement. The Agency has purchased termination payment insurance on certain swap contracts, which acts as a buffer against a portion of potential termination payments if an ATE was to occur. As long as the swap insurer maintains at least a minimal rating as defined in the swap documents, the insurance policy will allow the Agency to avoid termination due to a decline in the credit rating of the agency bonds. If at the time of termination the swap has a negative fair value, the Agency would be liable to the counterparty for a payment equal to the swap's fair value.

NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021
(IN THOUSANDS)

NOTE 18 INTERFUND ALLOCATION AND TRANSFERS

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund services are provided or reimbursement occurs, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Transfers are normally made from the General Fund to the Housing Components to assist in funding bond issuances and cover related administrative expenses.

Interfund Receivable:

General Fund	\$ 2,257
Single Family Housing Component	<u>2</u>
Total	<u><u>\$ 2,259</u></u>

Interfund Payable:

Multi-Family Housing Component	<u><u>\$ 2,259</u></u>
--------------------------------	------------------------

Transfers:

General Fund	\$ (11,376)
Single Family Housing Component	6,910
Multi-Family Housing Component	<u>4,466</u>
Total	<u><u>\$ -</u></u>

NOTE 19 COMMITMENTS AND CONTINGENCIES

On March 15, 1994, the Agency entered into an Advances, Collateral Pledge, and Security Agreement (the Agreement) with the Federal Home Loan Bank of New York. As of December 31, 2021, the line of credit had \$5,182 aggregate amount outstanding which was comprised of three (3) separate fixed rate, amortizing advances. Repayments on the advances vary with maturity dates in 2038 and 2039, payable monthly at rates ranging from 5.08% to 6.57%. The Agency has pledged mortgages receivable totaling \$2,246 and \$3,364 of cash collateral securing this line of credit.

The Agency is a defendant in various legal actions arising in the ordinary course of business. The Agency is represented in these actions by the Attorney General of the State of New Jersey, acting as general counsel to the Agency, and by counsel to the Agency's various insurers. In the opinion of management and legal counsel, the ultimate disposition of these legal actions will not have a material adverse effect on the Agency's financial position.

The Agency participates in the Government National Mortgage Association (Ginnie Mae) Mortgage-Backed Securities (MBS) Programs. Through the MBS programs, Ginnie Mae guarantees securities that are issued by the Agency and backed by pools of mortgage loans. If a borrower fails to make a timely payment on a mortgage loan, the Agency must use its own funds to ensure that the security holders receive timely payment.

NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021
(IN THOUSANDS)

NOTE 19 COMMITMENTS AND CONTINGENCIES (CONTINUED)

All loans pooled under the Ginnie Mae MBS program are either insured by the Federal Housing Authority or United States Department of Agriculture Rural Development, or are guaranteed by the Veterans Administration. The Agency assesses the overall risk of loss on loans that it may be required to repurchase and set aside \$525 in their budget for potential payments due under this program.

NOTE 20 SUBSEQUENT EVENTS

In March 2022, the Agency obtained the remaining \$293,000 housing assistance funding due from State of New Jersey. Funding relates to the American Rescue Plan Act of 2021, P.L. 117-2, which was enacted in March 2021. A portion of those funds were allocated to the Homeowner Assistance Fund (HAF) by U.S. Treasury. New Jersey was allocated \$332 million in HAF funding by U.S. Treasury. New Jersey received a 10% advance (approximately \$32 million) from U.S. Treasury which was deposited with the New Jersey Department of Community Affairs.

In April 2022, The Agency obtained \$25,000 in state appropriations to capital improvement program.

The following ratings actions have occurred as of August 12, 2022:

- In March 2022 - Standard & Poor's Global Ratings (S&P) affirmed its AA- rating (stable outlook) on the Agency's Multi-Family Revenue Bonds (MF 2005) Resolution.
- In March 2022, Standard & Poor's Global Ratings (S&P) affirmed its AA rating (stable outlook) on the Agency's Multi-Family Housing Revenue Bonds (MF 1995) Resolution.
- In June 2022, Standard & Poor's Global Ratings (S&P) affirmed its AA rating (stable outlook) on the Agency's Issuer Credit Rating (ICR).
- In July 2022, Standard & Poor's Global Ratings (S&P) affirmed its AA rating (stable outlook) on the Agency's Single Family Housing Revenue Bonds (HRB) Resolution.
- In July 2022, Moody's Investors Service (Moody's) maintained its Aa2 rating (stable outlook) on the Agency's Single Family Housing Revenue Bonds (HRB) Resolution.

NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY
SCHEDULE OF AGENCY'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
DECEMBER 31, 2021
(IN THOUSANDS)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Agency's Proportion of Net Pension Liability	0.2686%	0.2702%	0.2720%	0.2841%	0.2949%
Agency's Proportionate Share of Net Pension Liability	\$ 32,158	\$ 44,414	\$ 50,549	\$ 53,554	\$ 66,132
Agency's Covered Payroll	\$ 20,585	\$ 19,754	\$ 20,212	\$ 20,815	\$ 19,000
Agency's Proportionate Share of Net Pension Liability as a Percentage of its Covered Payroll	156%	225%	250%	257%	348%
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	70.33%	42.90%	42.04%	40.45%	36.78%

NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY
SCHEDULE OF AGENCY'S PENSION CONTRIBUTIONS
DECEMBER 31, 2021
(IN THOUSANDS)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Actuarial Determined Contributions	\$ 3,179	\$ 2,979	\$ 2,729	\$ 2,705	\$ 2,632
Contributions in Relation to the Actuarial Determined Contribution	<u>3,179</u>	<u>2,979</u>	<u>2,729</u>	<u>2,705</u>	<u>2,632</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Agency's Covered Payroll	\$ 20,585	\$ 19,754	\$ 20,212	\$ 20,815	\$ 19,000
Contributions as a Percentage of Covered Payroll	15.44%	15.08%	13.50%	13.00%	13.85%

Notes to Schedule:

Valuation Date:

Actuarially determined contribution amounts were calculated as of July 1, 2020.

Methods and Assumptions Used to Determine

Contribution Rates:

Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level Dollar, open
Remaining Amortization Period	30 years
Asset Valuation Method	Five-year, smoothing difference between market value and expected actuarial value
Inflation	2.75%
Salary Increases	3.00% - 7.00%
Investment Rate of Return	7.30%
Retirement Age	Rates vary by participant age
Mortality	Society of Actuaries Scale MP-2021

Changes in Assumptions:

There were no significant changes in assumptions when comparing to the prior year valuation.

NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY
SCHEDULE OF AGENCY'S OPEB CONTRIBUTIONS
DECEMBER 31, 2021
(IN THOUSANDS)

	Last 10 Fiscal Years									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Total OPEB Liability:										
Service Cost	\$ 1,397	\$ 924	\$ 1,748	\$ 1,708	N/A	N/A	N/A	N/A	N/A	N/A
Interest on Total OPEB Liability	2,010	1,858	3,381	3,196	N/A	N/A	N/A	N/A	N/A	N/A
Changes of Benefit Terms	-	2,475	-	-	N/A	N/A	N/A	N/A	N/A	N/A
Difference Between Expected and Actual Experience	102	7	(935)	(138)	N/A	N/A	N/A	N/A	N/A	N/A
Changes of Assumptions	(1)	6,364	(29,903)	-	N/A	N/A	N/A	N/A	N/A	N/A
Benefit Payments	(1,274)	(1,161)	(1,155)	(1,704)	N/A	N/A	N/A	N/A	N/A	N/A
Net Change in total OPEB Liability	2,234	10,467	(26,864)	3,062	N/A	N/A	N/A	N/A	N/A	N/A
Total OPEB Liability - Beginning	43,898	33,431	60,295	57,233	N/A	N/A	N/A	N/A	N/A	N/A
Total OPEB Liability - Ending (a)	46,132	43,898	33,431	60,295	N/A	N/A	N/A	N/A	N/A	N/A
Plan Fiduciary Net Position:										
Contributions - Employer	6,345	6,332	6,899	13,795	N/A	N/A	N/A	N/A	N/A	N/A
Net Investment Income	2,558	2,909	2,185	(610)	N/A	N/A	N/A	N/A	N/A	N/A
Benefit Payments	(1,274)	(1,161)	(1,155)	(1,704)	N/A	N/A	N/A	N/A	N/A	N/A
Administrative Expenses	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A
Net Change in Plan Fiduciary Net Position	7,629	8,080	7,929	11,481	N/A	N/A	N/A	N/A	N/A	N/A
Plan Fiduciary Net Position - Beginning	27,490	19,410	11,481	-	N/A	N/A	N/A	N/A	N/A	N/A
Plan Fiduciary Net Position - Ending (b)	35,119	27,490	19,410	11,481	N/A	N/A	N/A	N/A	N/A	N/A
Net OPEB Liability (a) - (b)	\$ 11,013	\$ 16,408	\$ 14,021	\$ 48,814	N/A	N/A	N/A	N/A	N/A	N/A
Plan Fiduciary Net Position as a % of Total OPEB Liability	76.13%	62.62%	58.06%	19.04%	N/A	N/A	N/A	N/A	N/A	N/A
Covered Employee Payroll	\$ 20,496	\$ 21,544	\$ 20,240	\$ 18,991	N/A	N/A	N/A	N/A	N/A	N/A
Net OPEB Liability as a % of Covered Employee Payroll	53.73%	76.16%	69.27%	257.04%	N/A	N/A	N/A	N/A	N/A	N/A

Notes to Schedule:

Benefit Changes: None
Changes of Assumptions: None

This schedule presents all information that is available until 10 years of information is compiled.

N/A – Information not yet available

NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY
SCHEDULE OF AGENCY'S OPEB CONTRIBUTIONS
DECEMBER 31, 2021
(IN THOUSANDS)

	Last 10 Fiscal Years									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Actuarially Determined Contribution	\$ 3,775	\$ 2,835	\$ 4,967	\$ 5,441	N/A	N/A	N/A	N/A	N/A	N/A
Contribution in Relation to the Actuarially Determined Contribution	6,345	6,332	6,899	13,795	N/A	N/A	N/A	N/A	N/A	N/A
Contribution Deficiency (Excess)	<u>\$ (2,570)</u>	<u>\$ (3,497)</u>	<u>\$ (1,932)</u>	<u>\$ (8,354)</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Covered Employee Payroll	\$ 20,496	\$ 21,544	\$ 20,240	\$ 18,991	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a % of Covered Employee Payroll	30.96%	29.39%	34.09%	72.64%	N/A	N/A	N/A	N/A	N/A	N/A

Notes to Schedule:

Valuation Date: January 1, 2021

Actuarially determined contribution rates are calculated as of January 1, a year prior to the end of the fiscal year in which contributions are reported.

Methods and Assumptions Used to Determine the

Contribution Rates:

Actuarial Cost Method	Entry age normal
Amortization Method	Level Dollar Amortization, closed.
Amortization Period	10 years closed beginning with the 2020 fiscal year
Asset Valuation Method	Market Value
Inflation	2.30%
Healthcare Cost Trend Rate	31.90% (Pre-65 Trend), and 6.10% (Post-65 Trend), decreasing to an ultimate rate of 3.7% in 2100 to 2101. For Part-B Trend, 14.50% to 3.60% over that period.
Salary Increases	3.50%, average, including inflation
Investment Rate of Return	4.5%
Retirement Age	Expected retirements of employees with at least 25 years of service are assumed at a rate of 3.0% for employees aged under 49, increasing to a rate of 100% for employees aged 75.
	Expected retirements of employees with at least 26+ years of service are assumed at a rate of 2.25% for employees aged under 49, increasing to a rate of 100% for employees aged 75.
Mortality	PUBGH-2010

This schedule presents all information that is available until 10 years of information is compiled.

N/A – Information not yet available

NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY
SCHEDULE OF NET POSITION – SINGLE FAMILY HOUSING PROGRAM
DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2020)
(IN THOUSANDS)

	Housing Revenue Bonds	2020 Total
ASSETS		
Current Assets:		
Restricted Cash and Cash Equivalents	\$ 276,484	\$ 312,780
Restricted Investments - Current	-	-
Accrued Interest Receivable on Investments	154	154
Mortgage Loans Receivable, Net	27,365	26,063
Accrued Interest Receivable on Mortgages	5,135	5,389
Due from Loan Servicers	1,446	2,175
Due from Other Funds	2	162
Other Current Assets	1,220	3,002
Total Current Assets	<u>311,806</u>	<u>349,725</u>
Noncurrent Assets:		
Restricted Investments - Noncurrent	3,686	3,965
Mortgage Loans Receivable, Net	827,347	763,837
Supplemental Mortgages and Other Loans, Net	177	134
Real Estate Owned, Net	2,034	1,010
Total Noncurrent Assets	<u>833,244</u>	<u>768,946</u>
Total Assets	1,145,050	1,118,671
LIABILITIES		
Current Liabilities:		
Bonds and Obligations, Net	32,080	29,856
Accrued Interest Payable on Bonds and Obligations	7,433	7,479
Other Current Liabilities	793	757
Total Current Liabilities	<u>40,306</u>	<u>38,092</u>
Noncurrent Liabilities:		
Bonds and Obligations, Net	929,820	909,336
Total Noncurrent Liabilities	<u>929,820</u>	<u>909,336</u>
Total Liabilities	<u>970,126</u>	<u>947,428</u>
NET POSITION		
Restricted Under Bond and Obligation Resolutions	174,924	171,243
Total Net Position	<u>\$ 174,924</u>	<u>\$ 171,243</u>

NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION –
SINGLE FAMILY HOUSING PROGRAM
YEAR ENDED DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2020)
(IN THOUSANDS)

	Housing Revenue Bonds	2020 Total
OPERATING REVENUES		
Interest Income on Mortgage Loans	\$ 35,941	\$ 36,771
Recovery of Bad Debt	7,199	6,404
Other Income	-	-
Total Operating Revenues	<u>43,140</u>	<u>43,175</u>
OPERATING EXPENSES		
Interest and Amortization of Bond Prem/Disc	26,904	30,158
Servicing Fees and Other	2,913	2,844
Professional Services and Financing Costs	5,247	5,154
Loss on Sale of Real Estate Owned	3,206	4,289
Provision for Loan Losses	8,049	3,993
Total Operating Expenses	<u>46,319</u>	<u>46,438</u>
OPERATING LOSS	(3,179)	(3,263)
NONOPERATING REVENUES		
Investment Income	<u>(50)</u>	<u>1,465</u>
LOSS BEFORE TRANSFERS	(3,229)	(1,798)
TRANSFERS FROM (TO) OTHER RESOLUTIONS	<u>6,910</u>	<u>10,063</u>
INCREASE IN NET POSITION	3,681	8,265
Net Position - Beginning of Year	<u>171,243</u>	<u>162,978</u>
NET POSITION - END OF YEAR	<u><u>\$ 174,924</u></u>	<u><u>\$ 171,243</u></u>

NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY
SCHEDULE OF NET POSITION – MULTI-FAMILY HOUSING PROGRAM
DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2020)
(IN THOUSANDS)

	1991-I	Housing Revenue 1995	Revenue 2005	Total	2020 Total
ASSETS					
Current Assets:					
Restricted Cash and Cash Equivalents	\$ 8	\$ 207,696	\$ 283,065	\$ 490,769	\$ 458,797
Accrued Interest Receivable on Investments	179	124	140	443	496
Mortgage Loans Receivable, Net	6,359	8,555	45,620	60,534	43,935
Supplemental Mortgages and Other Loans, Net	-	47	-	47	422
Accrued Interest Receivable on Mortgages	337	1,586	2,740	4,663	5,116
Other Current Assets	358	2	-	360	406
Total Current Assets	7,241	218,010	331,565	556,816	509,172
Noncurrent Assets:					
Restricted Investments - Noncurrent	5,021	14,551	16,450	36,022	36,939
Mortgage Loans Receivable, Net	51,521	142,590	533,222	727,333	744,795
Supplemental Mortgages and Other Loans, Net	-	14,756	-	14,756	31,528
Total Noncurrent Assets	56,542	171,897	549,672	778,111	813,262
Total Assets	63,783	389,907	881,237	1,334,927	1,322,434
DEFERRED OUTFLOWS OF RESOURCES					
Accumulated Decrease in Fair Value of Hedging Derivatives	-	13,014	22,491	35,505	48,441
LIABILITIES					
Current Liabilities:					
Bonds and Obligations, Net	6,255	12,065	30,590	48,910	98,755
Accrued Interest Payable on Bonds and Obligations	754	1,386	3,749	5,889	6,328
Interfund Allocation	-	667	1,592	2,259	2,248
Other Current Liabilities	-	-	-	-	464
Total Current Liabilities	7,009	14,118	35,931	57,058	107,795
Noncurrent Liabilities:					
Bonds and Obligations, Net	58,375	184,494	687,388	930,257	880,988
Minimum Escrow Requirement	-	1,522	4,259	5,781	6,085
Funds Held in Trust for Mortgagor	-	3,091	-	3,091	3,091
Other Noncurrent Liabilities	-	-	495	495	345
Derivative Instruments	-	13,014	22,491	35,505	48,441
Total Noncurrent Liabilities	58,375	202,121	714,633	975,129	938,950
Total Liabilities	65,384	216,239	750,564	1,032,187	1,046,745
NET POSITION (DEFICIT)					
Unrestricted	(6,630)	-	-	(6,630)	-
Restricted Under Bond and Obligation Resolutions	5,029	186,682	153,164	344,875	324,130
Total Net Position	\$ (1,601)	\$ 186,682	\$ 153,164	\$ 338,245	\$ 324,130

NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY
SCHEDULE OF REVENUE, EXPENSES, AND CHANGES IN FUND NET POSITION –
MULTI-FAMILY HOUSING PROGRAM
YEAR ENDED DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2020)
(IN THOUSANDS)

	1991-I	Housing Revenue 1995	Revenue 2005	Total	2020 Total
OPERATING REVENUES					
Interest Income on Mortgage Loans	\$ 4,238	\$ 9,114	\$ 29,763	\$ 43,115	\$ 46,565
Fees and Charges	135	-	-	135	135
Recovery of Bad Debt	-	-	3,574	3,574	-
Other Income - Net	-	84	703	787	196
Total Operating Revenues	4,373	9,198	34,040	47,611	46,896
OPERATING EXPENSES					
Interest and Amortization of Bond Prem/Disc	4,764	9,284	24,807	38,855	42,194
Insurance Costs	-	6	27	33	49
Servicing Fees and Other	270	-	-	270	270
Professional Services and Financing Costs	7	14	918	939	858
Provision for Loan Losses	-	-	-	-	5,638
Total Operating Expenses	5,041	9,304	25,752	40,097	49,009
OPERATING INCOME (LOSS)	(668)	(106)	8,288	7,514	(2,113)
NONOPERATING REVENUES (EXPENSES)					
Investment Income	399	751	985	2,135	3,991
INCOME (LOSS) BEFORE TRANSFERS	(269)	645	9,273	9,649	1,878
TRANSFERS	-	-	4,466	4,466	3,703
INCREASE (DECREASE) IN NET POSITION	(269)	645	13,739	14,115	5,581
Net Position - Beginning of Year	(1,332)	186,037	139,425	324,130	318,549
NET POSITION - END OF YEAR	<u>\$ (1,601)</u>	<u>\$ 186,682</u>	<u>\$ 153,164</u>	<u>\$ 338,245</u>	<u>\$ 324,130</u>