NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEAR ENDED DECEMBER 31, 2020
(WITH COMPARATIVE INFORMATION FOR YEAR ENDED DECEMBER 31, 2019)

NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY
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(WITH COMPARATIVE INFORMATION
FOR YEAR ENDED DECEMBER 31, 2019)

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

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, 2020, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

Management's Responsibility 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

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 Agency as of December 31, 2020, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As described in Note 1, during fiscal year ended December 31, 2020, the Agency adopted GASB Statement No. 84 *Fiduciary Activities.* Our auditors' opinion was not modified with respect to this matter.

Other Matters

Report on Summarized Comparative Information

We have previously audited the Agency's 2019 basic financial statements, and we expressed unmodified audit opinions on those audited financial statements in our report dated June 23, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019 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, as outlined in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States 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.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise 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) on pages 68-71 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Board of Directors
New Jersey Housing and Mortgage Finance Agency

The Schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of New Jersey Housing and Mortgage Finance Agency as of and for the year ended December 31, 2019 (not presented herein), and have issued our report thereon dated June 23, 2020, which contained unmodified opinions on the respective financial, the business-type activities, each major fund, and the fiduciary fund. The Schedules for the year ended December 31, 2019 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 2019 financial statements. The Schedules have been subjected to the auditing procedures applied in the audit of the 2019 basic 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 Schedules are fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended December 31, 2019.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2021 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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Baltimore, Maryland
June 25, 2021

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 fund 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.

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, 2020 and 2019 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.

Overall Financial Highlights – Year Ended December 31, 2020

The Agency's overall net position increased by 2.1% from 2019 to 2020. 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.

In January 2020, $10,000 was transferred from the Agency's General Fund to the Single Family Bond Resolutions to fund future cost of issuance on bonds and to provide financial support to the resolutions.

In August 2020, the Agency issued $367,700 of Single Family Housing Revenue Bonds (SFHRB), 2020 Series E, F and G. This bond issue included both new money ($151,585) and refunding ($216,115) components. The refunding component, which refunded the Agency's Single Family Home Mortgage Bonds (SFHMB) Resolution in its entirety, is expected to generate approximately $23,991 in economic gains (11.1% of the refunded bonds) to the Resolution.

As a result of the refunding mentioned above, SFHMB's net position was transferred to SFHRB in the amount of $11,568. This includes 2,004 loans. In addition, the SFHRB Resolution purchased 689 new loans this year bringing the total increase of loans to 2,693.

In December 2020, the Agency issued $80,600 tax-exempt and taxable Multi-Family Revenue Bonds (MFRB) 2020 Series A-C which financed new money rental housing developments containing a total of 740 units and a $30,410 taxable economic refunding of existing Agency Bonds. The refunding is expected to generate net present value (NPV) savings in the amount of $11,548 which equates to approximately 38% of the refunded bonds. The Resolution received $3,640 from the Agency to pay cost of issuance on this transaction.

In 2020, the Agency received $4,887 from the State of New Jersey from the Federal Coronavirus Aid, Relief and Economic Security Act (CARES) to operate the Small Landlord Emergency Grant program.

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 2020, the Agency securitized 678 loans for $128,615 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. In 2020, the Agency committed $951 in SSNHF funds to create 8 beds in 2 units for individuals with special needs.

In 2020, under the US Department of Treasury Hardest Hit Funds program, the Agency closed 1,078 HomeSeeker Downpayment Assistance Loans, each as a second loan behind an Agency first mortgage loan. These are recorded as program income and program expense in the Agency's General Fund.

Overall Financial Highlights – Year Ended December 31, 2020 (Continued)

The Agency's Other Post-Employment Benefits (OPEB) net OPEB obligation increased by approximately $2,387. This is due to a reduction in the investment return assumption based on the decline in yield on fixed income investments and a change in actuarial assumptions.

The Agency's Pension liability decreased by $6,135 due to changes in actuarial assumptions used to determine the net Pension liability.

The Agency closed 4 conduit bond issues totaling $96,610 in 2020. In addition, the program has a pipeline in excess of 465,000.

The following ratings actions occurred in 2020:

- July 2020 - Moody's Investors Service (Moody's) upgraded its rating on the Agency's Single Family Housing Revenue Bonds (HRB) Resolution to Aa2 (with a stable outlook) from Aa3 (with a positive outlook).
- July 2020 - Standard & Poor's Global Ratings (S&P) affirmed its AA rating (stable outlook) on the Agency's Single Family Housing Revenue Bonds (HRB) Resolution.
- December 2020 - Standard & Poor's Global Ratings (S&P) affirmed its AA- rating (stable outlook) on the Agency's Multi-Family Revenue Bonds (MF 2005) Resolution.
- There was no rating actions by Standard and Poor's Global Ratings (S&P) in 2020 for the Agency's Multi-Family Housing Revenue Bonds (MF 1995) Resolution.

Financial Analysis

The following sections will discuss the Agency's financial results for 2020 compared to 2019. 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, 2020. The following table represents the comparison of net position as of December 31, 2020 and 2019. The change between December 31, 2020 and December 31, 2019 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 on pages 14-15.

Condensed Statement of Net Position

	2020	2019	% Change 2020 / 2019	% Change 2020 / 2019
Current and Other Assets	$ 1,640,203	$ 1,449,846	$ 190,357	13.1 %
Other Noncurrent Assets	2,288,953	2,315,270	(26,317)	(1.1)
Capital Assets	4,580	5,192	(612)	(11.8)
Total Assets	3,933,736	3,770,308	163,428	4.3
Deferred Outflows of Resources	59,403	51,560	7,843	15.2
Current Liabilities	409,433	401,270	8,163	2.0
Long-Term Liabilities	2,396,524	2,256,739	139,785	6.2
Total Liabilities	2,805,957	2,658,009	147,948	5.6
Deferred Inflows of Resources	48,208	49,497	(1,289)	(2.6)
Net Position:				
Net Investment in Capital Assets	4,580	5,192	(612)	(11.8)
Restricted	516,618	503,490	13,128	2.6
Unrestricted	617,776	605,680	12,096	2.0
Total Net Position	$ 1,138,974	$ 1,114,362	$ 24,612	2.2 %

Agency's Condensed Statement of Net Position (Continued)

The Agency's total assets increased by 4.3% between 2019 and 2020 resulting from the following factors:

- Cash, cash equivalents, and investments increased by $215,885 primarily due to unexpended bond proceeds from the SFHRB Resolution and the MFRB 2020 bond issuances.
- Mortgage loans receivable, supplemental loans receivable and accrued mortgage interest receivable decreased by $39,110, primarily due to prepayments and regular loan amortizations being greater than new loans disbursed during the year.
- Other current assets decreased by $5,155 due to the decrease in single family foreclosure claims receivable, as the volume of foreclosures continued to decrease, despite the economic downturns.
- As in prior years, the REO balances steadily decreased $6,808 as a result of an increase in the reserves on REO balances.
- The accumulated increase in fair value of hedging derivatives increased by $6,009 due to the changes in SIFMA and Libor rates as noted below.

The Agency's deferred outflows of resources increased 15.2% mostly resulting from an increase in derivative instruments and the OPEB valuation.

The Agency's total liabilities increased 5.6% between 2019 and 2020 resulting from the following factors:

- Unearned revenue decreased by $6,045, representing Hardest Hit Funds disbursed in 2020.
- Pension liability decreased by $6,135 due to changes in actuarial assumptions used to determine the net pension liability.
- OPEB liability increased by $2,387 due to a reduction in the investment return assumption based on the decline in yield on fixed income investments and a change in actuarial assumptions.
- Funds held in trust increased $115,529 due to a delay in the release of mortgage payment funds in late 2020.
- Bonds payable increased $35,371 as a result of the new 2020 SFHRB and MFRB bond issuances net of scheduled bond retirements and the refunding of the outstanding SFHMB bonds.
- Derivative instruments (hedging derivative value + off market loan balances) increased by $6,009 due to a multitude of factors. Individual swaps are affected by changes in Libor and/or SIFMA rates. In 2020, Libor rates trended downward leading up to the COVID-19 pandemic outbreak, followed by a rise into early April and then a sharp drop by early May before remaining in a low range throughout the rest of the year. SIFMA rates trended downward then upward in early 2020 before spiking to over 5% in the second half of March. By mid-April, SIFMA rates had dropped sharply below 1% where they remained the rest of the year. 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. See the notes to the financial statements for further analysis about specific derivative instruments held by the MFHRB and MFRB Resolutions.

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, 2020 and 2019. The table below summarizes the Agency's revenues and expenses for the years ended December 31, 2020 and 2019. 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 16.

Condensed Statements of Revenues, Expenses, and Changes in Net Position
Years Ended December 31, 2020 and 2019

	2020	2019	$ Change 2020 / 2019	% Change 2020 / 2019
Operating Revenues:				
Interest Income on Mortgage Loans	$ 91,678	$ 98,964	$ (7,286)	(7.4)%
Fees and Charges	41,165	45,556	(4,391)	(9.6)
Program Income	7,196	13,763	(6,567)	(47.7)
Grant Income	60,956	138,871	(77,915)	(56.1)
Recovery of Bad Debt and Mortgage Modifications	8,381	13,761	(5,380)	(39.1)
Other	9,794	47,544	(37,750)	(79.4)
Total Operating Revenues	219,170	358,459	(139,289)	(38.9)
Operating Expenses	215,319	298,822	(83,503)	(27.9)
Operating Income	3,851	59,637	(55,786)	(93.5)
Nonoperating Revenues	20,761	31,293	(10,532)	(33.7)
Increase in Net Position	24,612	90,930	(66,318)	(72.9)
Net Position - Beginning of Year	1,114,362	1,023,432	90,930	8.9
Net Position - End of Year	$ 1,138,974	$ 1,114,362	$ 24,612	2.2 %

The 38.9% decrease in operating revenue is due to the following factors:

- Fees and charges decreased by $4,391 and interest income on mortgage loans decreased by $7,286 due to a decrease in MBS production in 2020 along with a decrease in mortgages outstanding which resulted in a reduction of fees collected and interest earned.
- Program income decreased by $6,567 due to the winding down of the U.S. Treasury Hardest Hit Fund HomeKeeper and HomeSaver programs.
- Grant income decreased by $77,915 due to the decreased volume of Community Development Block Grants for Disaster recovery from Superstorm Sandy.
- Recovery on bad debt and mortgage modifications decreased by $5,380 due to the continued decreased volume of delinquent single family loans in need of modification.

(IN THOUSANDS)

- Other income decreased by $37,750, driven by the absence of major property sales in the current year in comparison to the 2019 sale of the Pilgrim Baptist I and II multifamily developments for around $40,000.

Nonoperating income (investment income) decreased 33.7% due to the volatility of the market in the current year.

Summary of Operating Expenses
Years Ended December 31, 2020 and 2019

	2020	2019	$ Change 2020 / 2019	% Change 2020 / 2019
Operating Expenses:				
Interest and Amortization	$ 72,704	$ 75,702	$ (2,998)	(4.0)%
Insurance Costs	875	1,020	(145)	(14.2)
Servicing Fees and Other	5,988	5,812	176	3.0
Salaries and Related Benefits	26,540	25,661	879	3.4
Professional Services and Financing Costs	11,893	11,267	626	5.6
General and Administrative Expenses	5,702	5,834	(132)	(2.3)
Grant Expense	60,519	139,147	(78,628)	(56.5)
Program Expense	6,257	11,717	(5,460)	(46.6)
Pension Expense	1,361	3,674	(2,313)	(63.0)
Loss on Sale of Real Estate Owned	4,533	5,418	(885)	(16.3)
Provision for Loan Losses	13,947	13,570	377	2.8
Contributions to the State	5,000	-	5,000	100.0
Total Operating Expenses	$ 215,319	$ 298,822	$ (83,503)	-27.9%

Total operating expenses decreased by 27.9%. The following significant fluctuations occurred within operating expenses:

- The Agency contributed $5,000 to the State of New Jersey in 2020 to support supportive housing related projects.

- Grant expense decreased by $78,628 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 $5,460 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.

- Pension expense decreased by $1,616 due to the change in actuarial and economic assumptions used to calculate the pension liability.

- Interest expense and amortization decreased $2,998, due in large part to the refunding of SFHMB bonds.

Debt Administration

At December 31, 2020, the Agency had $1,918,934 of bond principal outstanding, net of deferral on refunding, discount, and premium which represents an increase of 1.9% over the prior year. The following table summarizes the Agency's bonds payable outstanding at December 31, 2020 and 2019, and the changes in bonds payable. Dollars are expressed in thousands to provide easier comparison to the Statement of Net Position on pages 14-15.

	2020	2019	% Change 2020 / 2019
Bonds Payable, Net	$ 1,918,934	$ 1,883,563	1.9 %

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 2020, the Agency continued funding loans via the mortgage backed securities platform (MBS) in addition to the issuance of the $367,700 Series E-G bonds described on page 6. The 2020 Series E, F, G bonds included a $216,115 refunding component which refunded the Agency's SFHMB resolution in its entirety. 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 2020 with the issuance of the $80,600 Multi-Family Revenue Bonds 2020 Series A-C as described on page 6.

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 three 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.

- **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. Foreclosures are currently on hold due to a foreclosure and eviction moratorium that is currently in place under executive order from the Governor.

Economic Factors (Continued)

- **Trends in home prices** – New Jersey has seen the number of home sales rise in 2020 by 5.5% versus 2019 volumes. Average home sales prices increased in 2020 by 14.8$ over 2019.

- **Continued Effect of Superstorm Sandy** – The recovery from Superstorm Sandy continues to influence our multifamily production. CDBG-DR funds 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 2020, Moody's upgraded its rating on the Agency's SFHRB Resolution to Aa2 (stable outlook) from Aa3 (positive outlook). All other ratings by Moody's and S&P were either maintained, affirmed or no action was taken on all current ratings on the Agency and its other bond resolutions.

- **COVID-19** – In 2020, the COVID-19 pandemic negatively affected travel, commerce, and financial markets globally, although the Agency's financial results were not significantly impacted. On June 4, 2021, the public health emergency in the State was terminated by the Governor, although the State of Emergency was continued. As such, the State Legislature extended many of the official reporting requirements and renter and homeowner protections until the end of 2021 to prevent an immediate negative impact to residents until direct homeowner and rental assistance programs are implemented. There can be no assurances regarding what impact such programs will have on the national and State economies, and accordingly how they 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, 2020
(WITH COMPARATIVE SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2019)
(IN THOUSANDS)

	Primary Government						
	Bonds and Obligation Funds					Business-Type Activities	
	Single-Family Mortgage Component	Multi-Family Housing Component	General Fund	Subtotal	Interfund Eliminations	2020	2019
CURRENT ASSETS							
Cash and Cash Equivalents	$ -	$ -	$ 103,417	$ 103,417	$ -	$ 103,417	$ 181,850
Restricted Cash and Cash Equivalents	312,780	458,797	563,582	1,335,159	-	1,335,159	1,128,808
Investments	-	-	82,900	82,900	-	82,900	12,398
Restricted Investments	-	-	480	480	-	480	450
Accrued Interest Receivable on Investments	154	496	1,133	1,783	-	1,783	1,735
Mortgage Loans Receivable, Net	26,063	43,935	16,901	86,899	-	86,899	88,546
Supplemental Mortgages and Other Loans, Net	-	422	1,378	1,800	-	1,800	3,259
Fees and Other Charges Receivable	-	-	2,670	2,670	-	2,670	2,726
Accrued Interest Receivable on Mortgages	5,389	5,116	2,330	12,835	-	12,835	11,560
Due from Loan Servicers	2,175	-	637	2,812	-	2,812	3,911
Due from Other Funds	162	-	2,086	2,248	(2,248)	-	-
Other Current Assets	3,002	406	6,040	9,448	-	9,448	14,603
Total Current Assets	349,725	509,172	783,554	1,642,451	(2,248)	1,640,203	1,449,846
NONCURRENT ASSETS							
Investments	-	-	263,452	263,452	-	263,452	245,287
Restricted Investments	3,965	36,939	15,385	56,289	-	56,289	57,018
Mortgage Loans Receivable, Net	763,837	744,795	146,924	1,655,556	-	1,655,556	1,690,653
Supplemental Mortgages and Other Loans, Net	134	31,528	277,853	309,515	-	309,515	311,697
Real Estate Owned	1,010	-	107	1,117	-	1,117	7,925
Capital Assets, Net	-	-	4,580	4,580	-	4,580	5,192
Other Noncurrent Assets	-	-	3,024	3,024	-	3,024	2,690
Total Noncurrent Assets	768,946	813,262	711,325	2,293,533	-	2,293,533	2,320,462
Total Assets	1,118,671	1,322,434	1,494,879	3,935,984	(2,248)	3,933,736	3,770,308
DEFERRED OUTFLOWS OF RESOURCES							
Pension	-	-	5,298	5,298	-	5,298	9,128
OPEB	-	-	5,664	5,664	-	5,664	-
Accum. Decrease in Fair Value of Hedging Derivatives	-	48,441	-	48,441	-	48,441	42,432
Total Deferred Outflows of Resources	-	48,441	10,962	59,403	-	59,403	51,560

See accompanying Notes to Financial Statements.

NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY
STATEMENT OF NET POSITION (CONTINUED)
DECEMBER 31, 2020
(WITH COMPARATIVE SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2019)
(IN THOUSANDS)

	Primary Government						
	Bonds and Obligation Funds					Business-Type Activities	
	Single-Family Mortgage Component	Multi-Family Housing Component	General Fund	Subtotal	Interfund Eliminations	2020	2019
CURRENT LIABILITIES							
Bonds and Obligations, Net	$ 29,855	$ 98,755	$ -	$ 128,610	$ -	$ 128,610	$ 121,890
Accrued Interest Payable on Bonds and Obligations	7,479	6,328	-	13,807	-	13,807	14,503
Subsidy Payments Received in Advance	-	-	952	952	-	952	974
Advances from State of NJ for Bond/Hsng Assist	-	-	12,042	12,042	-	12,042	10,834
Other Current Liabilities	758	464	10,199	11,421	-	11,421	9,555
Due to Other Funds	-	2,248	-	2,248	(2,248)	-	-
Mortgagor Escrow Deposits	-	-	242,601	242,601	-	242,601	243,514
Total Current Liabilities	38,092	107,795	265,794	411,681	(2,248)	409,433	401,270
NONCURRENT LIABILITIES							
Bonds and Obligations, Net	909,336	880,988	-	1,790,324	-	1,790,324	1,761,673
Minimum Escrow Requirement	-	6,085	627	6,712	-	6,712	6,954
Funds Held in Trust for Mortgagors	-	3,091	426,099	429,190	-	429,190	313,661
Other Noncurrent Liabilities	-	345	4,870	5,215	-	5,215	5,584
OPEB Liability	-	-	16,408	16,408	-	16,408	14,021
Net Pension Liability	-	-	44,414	44,414	-	44,414	50,549
Derivative Instruments	-	48,441	-	48,441	-	48,441	42,432
Unearned Revenue	-	-	55,820	55,820	-	55,820	61,865
Total Noncurrent Liabilities	909,336	938,950	548,238	2,396,524	-	2,396,524	2,256,739
Total Liabilities	947,428	1,046,745	814,032	2,808,205	(2,248)	2,805,957	2,658,009
DEFERRED INFLOWS OF RESOURCES							
Pension	-	-	22,151	22,151	-	22,151	21,393
OPEB	-	-	26,057	26,057	-	26,057	28,104
Total Deferred Inflows of Resources	-	-	48,208	48,208	-	48,208	49,497
NET POSITION							
Net Investment in Capital Assets	-	-	4,580	4,580	-	4,580	5,192
Restricted Under Bond and Obligation Resolutions	171,243	324,130	-	495,373	-	495,373	481,527
Restricted for Special Needs Housing	-	-	21,245	21,245	-	21,245	21,963
Unrestricted	-	-	617,776	617,776	-	617,776	605,680
Total Net Position	$ 171,243	$ 324,130	$ 643,601	$ 1,138,974	$ -	$ 1,138,974	$ 1,114,362

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, 2020
(WITH COMPARATIVE SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED DECEMBER 31, 2019)
(IN THOUSANDS)

	Primary Government				
	Bonds and Obligation Funds			Business-Type Activities	
	Single-Family Mortgage Component	Multi-Family Housing Component	General Fund	2020	2019
OPERATING REVENUES					
Interest Income on Mortgage Loans	$ 36,771	$ 46,565	$ 8,342	$ 91,678	$ 98,964
Fees and Charges	-	135	41,030	41,165	45,556
Program Income	-	-	7,196	7,196	13,763
Grant Income	-	-	60,956	60,956	138,871
Recovery on Mortgage Modifications	-	-	-	-	2,662
Recovery of Bad Debt	6,404	-	1,977	8,381	11,099
Other Income - Net	-	196	9,598	9,794	47,544
Total Operating Revenues	43,175	46,896	129,099	219,170	358,459
OPERATING EXPENSES					
Interest and Amortization of Bond Premium and Discounts	30,158	42,194	352	72,704	75,702
Insurance Costs	-	49	826	875	1,020
Servicing Fees and Other	2,844	270	2,874	5,988	5,812
Salaries and Related Benefits	-	-	26,540	26,540	25,661
Professional Services and Financing Costs	5,154	858	5,881	11,893	11,267
General and Administrative Expenses	-	-	5,702	5,702	5,834
Grant Expense	-	-	60,519	60,519	139,147
Program Expense	-	-	6,257	6,257	11,717
Pension Expense	-	-	1,361	1,361	3,674
Loss on Sale of Real Estate Owned	4,289	-	244	4,533	5,418
Provision for Loan Losses	3,993	5,638	4,316	13,947	13,570
Contributions to the State	-	-	5,000	5,000	-
Total Operating Expenses	46,438	49,009	119,872	215,319	298,822
OPERATING (LOSS) INCOME	(3,263)	(2,113)	9,227	3,851	59,637
NONOPERATING REVENUES (EXPENSES)					
Investment Income	1,465	3,991	15,305	20,761	31,293
(LOSS) INCOME BEFORE TRANSFERS	(1,798)	1,878	24,532	24,612	90,930
TRANSFERS	10,063	3,703	(13,766)	-	-
INCREASE (DECREASE) IN NET POSITION	8,265	5,581	10,766	24,612	90,930
Net Position - Beginning of Year	162,978	318,549	632,835	1,114,362	1,023,432
NET POSITION - END OF YEAR	$ 171,243	$ 324,130	$ 643,601	$ 1,138,974	$ 1,114,362

See accompanying Notes to Financial Statements.

NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2020
(WITH COMPARATIVE SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED DECEMBER 31, 2019)
(IN THOUSANDS)

	Primary Government				
	Bonds and Obligation Funds			Business-Type Activities	
	Single-Family Mortgage Component	Multi-Family Housing Component	General Fund	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from Interest on Mortgages and Loans	$ 35,814	$ 46,252	$ 8,342	$ 90,408	$ 103,155
Receipts from Fees, Charges and Other	-	331	112,144	112,475	275,485
Receipts from Principal Payments on Mortgage Receivables	116,878	95,951	28,463	241,292	702,397
Receipts (Payments) for Funds Held in Trust	-	-	114,597	114,597	(2,807)
Payments to Employees	-	-	(32,938)	(32,938)	(39,402)
Payments to Vendors	(7,856)	(1,975)	(84,789)	(94,620)	(172,822)
Payments to Mortgage Purchases and Advances	(116,265)	(48,527)	(28,378)	(193,170)	(626,553)
Payments for Interest and Amortization	(33,185)	(42,541)	(352)	(76,078)	(78,320)
(Payments) Receipts for Other	(4,008)	(281)	-	(4,289)	(6,947)
Net Cash Provided (Used) by Operating Activities	(8,622)	49,210	117,089	157,677	154,186
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Bond Premium	15,347	-	-	15,347	11,352
Receipts from Proceeds of Sale of Bonds and Obligations	367,700	80,600	-	448,300	344,855
Payments for Retirement of Bonds	(301,500)	(124,200)	-	(425,700)	(347,027)
Transfers and Other	10,063	3,703	(13,766)	-	-
Net Cash Provided (Used) by Noncapital Financing Activities	91,610	(39,897)	(13,766)	37,947	9,180
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES					
Disposal of Capital Assets	-	-	-	-	-
Acquisition of Capital Assets	-	-	(444)	(444)	(170)
Net Cash Used by Capital Financing Activities	-	-	(444)	(444)	(170)
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchases of Investments	-	(15,161)	(102,931)	(118,092)	(36,416)
Sales/Maturities of Investments	-	16,159	14,234	30,393	60,648
Earnings on Investments	1,196	3,804	15,437	20,437	30,902
Net Cash Provided (Used) by Investing Activities	1,196	4,802	(73,260)	(67,262)	55,134
INCREASE IN CASH AND CASH EQUIVALENTS	84,184	14,115	29,619	127,918	218,330
Cash and Cash Equivalents - Beginning of Year	228,596	444,682	637,380	1,310,658	1,092,328
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 312,780	$ 458,797	$ 666,999	$ 1,438,576	$ 1,310,658

See accompanying Notes to Financial Statements.

NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY
STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED DECEMBER 31, 2020
(WITH COMPARATIVE SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED DECEMBER 31, 2019)
(IN THOUSANDS)

	Primary Government				
	Bonds and Obligation Funds			Business-Type Activities	
	Single-Family Mortgage Component	Multi-Family Housing Component	General Fund	2020	2019
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Operating Income (Loss)	$ (3,263)	$ (2,113)	$ 9,227	$ 3,851	$ 59,637
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Depreciation Expense	-	-	1,056	1,056	1,047
Loss (Gain) on Real Estate Owned	4,289	-	244	4,533	5,418
Provision for Loan Losses	3,993	5,638	4,316	13,947	13,570
Amortization of Premium and Discounts	(2,586)	10	-	(2,576)	(1,707)
Effects of Changes in Operating Assets, Liabilities and Deferred Outflows/Inflows of Resources:					
Mortgage Loans Receivable, Net	(19,238)	47,613	(1,836)	26,539	54,550
Fees and Other Charges Receivable	-	-	56	56	540
Mortgage Interest Receivable	(957)	(655)	-	(1,612)	2,393
Due from Loan Servicers and Insurers	1,155	-	(56)	1,099	(1,438)
Other Assets	5,936	(306)	(808)	4,822	6,712
Real Estate Owned	2,510	-	-	2,510	(1,184)
Due to/from other funds	(162)	(711)	873	-	-
Deferred Outflow of Resources - Pension	-	-	(1,834)	(1,834)	4,821
Accrued Interest Payable on Bonds	(441)	(255)	-	(696)	692
Advance from the State of New Jersey	-	-	1,208	1,208	(187)
Funds Held in Trust for Mortgagor	-	-	115,529	115,529	(7,967)
Minimum Escrow Requirement	-	(223)	(19)	(242)	(217)
Mortgagor Escrow Deposits	-	-	(913)	(913)	5,183
Subsidy Payments Received in Advance	-	-	(21)	(21)	(1,313)
Unearned Revenue	-	-	(6,045)	(6,045)	25,890
Net Pension Liability	-	-	(6,135)	(6,135)	(3,005)
OPEB Liability	-	-	2,387	2,387	(34,793)
Deferred Inflow of Resources - Commitment Fees	-	-	-	-	(43)
Deferred Inflow of Resources - Pension	-	-	(29,393)	(29,393)	(373)
Deferred Inflow of Resources - OPEB	-	-	28,104	28,104	28,104
Other Liabilities	142	212	1,149	1,503	(2,144)
Net Cash Provided (Used) by Operating Activities	$ (8,622)	$ 49,210	$ 117,089	$ 157,677	$ 154,186

See accompanying Notes to Financial Statements.

NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY
STATEMENT OF FIDUCIARY NET POSITION – OPEB TRUST
DECEMBER 31, 2020
(IN THOUSANDS)

ASSETS		
Cash and Cash Equivalents	$	824
Investments		26,969
Total Assets	$	27,793
LIABILITIES		
Accrued Expenses and Benefits Payable	$	303
NET POSITION, RESTRICTED FOR OPEB		27,490
Total Liabilities and Net Position	$	27,793

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, 2020
(IN THOUSANDS)

ADDITIONS		
Employer Trust Contributions	$	6,332
Investment Income (Loss):		
Interest		361
Other Income		-
Net Increase in Fair Value of Investments		2,614
Less: Direct Investment Expenses		(66)
Net Investment Income		2,909
Total Additions		9,241
DEDUCTIONS		
Benefit Payments		1,161
NET INCREASE IN NET POSITION		8,080
Net Position Restricted for OPEB - Beginning of Year		19,410
NET POSITION RESTRICTED FOR OPEB - END OF YEAR	$	27,490

See accompanying Notes to Financial Statements.

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.

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 $34,809 for the year ended December 31, 2020.

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 $7,511 for the year ended December 31, 2020.

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 and 80. 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.

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.

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, 2019, 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.

Multifamily Program – The Multifamily 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 Post Employment 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.

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, 2020.

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:

Asset Class	Useful Lives
Buildings and Building Improvements	25
Motor Vehicles	4
Machinery and Equipment	4-10
Furniture and Fixtures	5

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.

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 $265,892 as of December 31, 2020 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.

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 $1,267 as of December 31, 2020 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.

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, non-operating 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.

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.

New Accounting Pronouncements

In fiscal year 2020, the Agency implemented GASB Statement No. 84 – *Fiduciary Activities*. This statement improves guidance for identifying fiduciary activities for accounting and financial reporting purposes. The implementation of this standard did not have any impact on the financial reporting of the Agency in 2020.

NOTE 2 EARLY EXTINGUISHMENT OF DEBT

During the year ended December 31, 2020, 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 $326,335.

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, 2020, the Agency's bank balance amounted to $71,652, all of which was insured or collateralized.

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.

NOTE 3 INVESTMENTS AND DEPOSITS (CONTINUED)

Investment Types (Continued)

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.

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.

(IN THOUSANDS)

NOTE 3 INVESTMENTS AND DEPOSITS (CONTINUED)

The following assets held by the Agency as of December 31, 2020 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	$	71,652
Money Market Funds		725,007
NJ Cash Management Fund		364,432
Bank of America Cash Management Fund		277,485
Investments		403,121
Total	$	1,841,697

The following assets held by the Fiduciary Fund of the Agency as of December 31, 2020 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:	$	824
Investments		26,969
Total	$	27,793

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.

(IN THOUSANDS)

NOTE 3 INVESTMENTS AND DEPOSITS (CONTINUED)

Interest Rate Risk (Continued)

As of December 31, 2020, the value and maturities for the assets related to the General Fund were as follows:

		Maturities (in Years)				
Assets	Value	Less Than 1	1-5	6-10	11-15	More Than 15
Cash and Cash Equivalents:						
Cash and Cash Equivalents	$ 67,819	$ 67,819	$ -	$ -	$ -	$ -
Money Market Funds	46,929	46,929	-	-	-	-
NJ Cash Mgmt Fund	274,767	274,767	-	-	-	-
Bank of America Cash Mgmt Fund	277,484	277,484	-	-	-	-
Investment Type:						
Money Market Funds	13,871	13,871	-	-	-	-
U.S. Govt and Agency Obligations	165,513	89,580	46,600	29,333	-	-
Comm. Mortgage-Backed Securities	8,421	2,550	4,421	1,450	-	-
Collateralized Mortgage Obligations	834	364	470	-	-	-
Asset Backed Securities	52,928	20,197	32,731	-	-	-
Municipal Bonds	15,385	-	-	-	-	15,385
Corporate Notes	105,265	5,570	80,128	19,336	231	-
Total	$ 1,029,216	$ 799,131	$ 164,350	$ 50,119	$ 231	$ 15,385

As of December 31, 2020, the value and maturities for the assets related to the Fiduciary Fund were as follows:

		Maturities (in Years)	
Assets	Value	Less Than 1	1-5
Cash and Cash Equivalents	$ 824	$ 824	$ -
Mutual Funds	26,969	26,969	-
Total	$ 27,793	$ 27,793	$ -

As of December 31, 2020, the value and maturities for the assets related to the Bond Resolutions were as follows:

		Maturities (in Years)			
Assets	Value	Less Than 1	6-10	10-15	More Than 15
Cash and Cash Equivalents:					
Cash and Cash Equivalents	$ 3,833	$ 3,833	$ -	$ -	$ -
Money Market Funds	678,078	678,078	-	-	-
NJ Cash Management Fund	89,666	89,666	-	-	-
Investments:					
Guaranteed Investment Contracts	36,939	-	1,414	6,095	29,430
Federal Home Loan Mortgage Corp	3,965	-	-	3,965	-
Total	$ 812,481	$ 771,577	$ 1,414	$ 10,060	$ 29,430

(IN THOUSANDS)

NOTE 3 INVESTMENTS AND DEPOSITS (CONTINUED)

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.

As of December 31, 2020, the General Fund had the following investments, maturities, and credit quality:

	Value	Weighted Average Maturity (Years)	Credit Ratings S&P	Credit Ratings Moody's
Investment Type:				
Money Market Funds	$ 13,871	N/A	N/A	N/A
U.S. Govt and Agency Obligations	165,513	2.83	P1	P1
Comm. Mortgage-Backed Securities	8,421	22.25	AA+ to AAA	Aaa
Collateralized Mortgage Obligations	834	24.15	AAA to AA+	Aaa
Asset Backed Securities	52,928	8.04	AAA	Aaa
Municipal Bonds	15,385	27.35	AA-	Unrated
Corporate Notes	105,265	4.03	AAA to BBB	Aaa to Baa2
Total Investments	$ 362,217			

(IN THOUSANDS)

NOTE 3 INVESTMENTS AND DEPOSITS (CONTINUED)

Credit Risk (Continued)

As of December 31, 2020, the Bond Resolution had the following investments, maturities, and credit quality:

	Value	Weighted Average Maturity (Years)	Credit Ratings S&P	Credit Ratings Moody's
Investment type:				
Guaranteed Investment Contracts	$ 36,939	16.24	Unrated	Unrated
Federal Home Loan Mortgage Corp	3,965	11.55	AA+	AAA
Total Investments	$ 40,904			

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, 2020.

Issuer	December 31, 2020	
U.S. Treasury	$ 165,513	45.69%

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, 2020, 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, 2020:

Issuer	December 31, 2020	
Federal Home Loan Mortgage Corp	$ 3,965	9.69%
Guaranteed Investment Contracts	36,939	90.31%

(IN THOUSANDS)

NOTE 3 INVESTMENTS AND DEPOSITS (CONTINUED)

Concentration of Credit Risk (Continued)

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 $63,343 as of December 31, 2020. The required reserves were covered by the $36,939 restricted noncurrent investments at December 31, 2020. 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 $1,009 of Surety Bonds outstanding as of December 31, 2020. The remaining reserves were covered by restricted cash equivalents.

The debt service reserves required for the Single-Family Program were $18,124 as of December 31, 2020, which is 2% of bonds outstanding. The required reserves were covered by the $3,695 restricted noncurrent investments at December 31, 2020, 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.

As of December 31, 2020, the General Fund had the following recurring fair value measurements:

		Fair Value Measurements Using		
Investments by Fair Value Level	12/31/2020	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	$ 165,513	$ -	$ 165,513	$ -
Commercial Mortgage-Backed Securities	8,421	-	8,421	-
Collateralized Mortgage Obligations	834	-	834	-
Asset Backed Securities	52,928	-	52,928	-
Municipal Obligations	15,385	-	15,385	-
Total Debt Securities	243,081	-	243,081	-
Equity Securities:				
Corporate Notes	105,265	-	105,265	-
Total Investments by Fair Value Level	$ 348,346	$ -	$ 348,346	$ -
Mortgage Servicing Rights	$ 2,993	$ -	$ 2,993	$ -

(IN THOUSANDS)

NOTE 3 INVESTMENTS AND DEPOSITS (CONTINUED)

Fair Value Measurements (Continued)

As of December 31, 2020, the Bond Resolutions had the following recurring fair value measurements:

- Federal Home Loan Mortgage Corporation securities of $3,965 are valued using significant other observable inputs (Level 2).
- Pay-fixed, receive variable interest rate swap agreements of $48,441 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.

The Agency's investment income for the year ended December 31, 2020 is:

Interest Income on Investments	$	12,312
Unrealized Gain on Investments		8,449
Total	$	20,761

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, 2020 are as follows:

Mortgage Loans Receivable	$	795,677
Allowance for Loan Losses		(5,777)
Mortgage Receivable - Net		789,900
Less: Current Portion		(26,063)
Long Term Portion	$	763,837

(IN THOUSANDS)

NOTE 4 MORTGAGE LOANS RECEIVABLE (CONTINUED)

Multi-Family Housing Component

The Multi-Family Housing Component of the Agency's mortgage loans receivable as of December 31, 2020 consisted of the following:

Mortgage Loans Subject to Subsidy Contracts Under Section 8 of the United States Housing Act	$	41,202
Mortgage Loans Subject to Subsidy Contracts Under Section 236 of the National Housing Act		69,036
Unsubsidized Mortgage Loans		710,469
Subtotal		820,707
Allowance for Loan Losses		(7,184)
Undisbursed Mortgage Loans		(24,793)
Mortgage Receivable - Net		788,730
Less: Current Portion		(43,935)
Long Term Portion	$	744,795

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, 2020 consisted of the following:

Mortgage Loans Subject to Subsidy Contracts Under Section 8 of the United States Housing Act	$	1,855
Mortgage Loans Subject to Subsidy Contracts Under Section 236 of the National Housing Act		4,844
Unsubsidized Mortgage Loans		244,017
Loans Held for Sale		13,206
Subtotal		263,922
Allowance for Loan Losses		(97,844)
Advanced (Undisbursed) Mortgage Proceeds		(2,253)
Mortgage Receivable - Net		163,825
Less: Current Portion		(16,901)
Long Term Portion	$	146,924

NOTE 4 MORTGAGE LOANS RECEIVABLE (CONTINUED)

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 $420,165 at December 31, 2020. 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, 2020 include prepayment assumptions based on the Public Securities Associations Standard Prepayment Model, an internal rate of return of 13.5% to 15.5%, 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%.

The following is a summary of mortgage servicing rights activity for the year ended December 31, 2020.

Fair Value at Beginning of Year	$	2,647
Changes in Fair Value		346
Fair Value at End of Year	$	2,993

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, 2020 consisted of the following:

Supplemental Mortgages	$	3,358
Allowance for Loan Losses		(3,224)
Long-Term Supplemental Mortgages, Net	$	134

Multi-Family Housing Component

The Multi-Family Housing Component of the Agency's supplemental mortgage receivable and other loans as of December 31, 2020 consisted of the following:

Supplemental Mortgages	$	32,179
Allowance for Loan Losses		(229)
Supplemental Mortgages, Net		31,950
Less: Current Portion		(422)
Long Term Portion	$	31,528

(IN THOUSANDS)

NOTE 5 SUPPLEMENTAL MORTGAGES AND OTHER LOANS (CONTINUED)

General Fund Component

The General Fund supplemental mortgages and other loans receivable as of December 31, 2020 consisted of the following:

Mortgages Subject to Subsidy Contracts Under Section 236 of the National Housing Act	$ 492
Agency Supplemental Mortgages (Unsubsidized)	277,003
Special Needs Housing Trust Fund Mortgages	160,785
State of New Jersey Supplemental Mortgages	5,788
Other	622
Subtotal	444,690
Allowance for Loan Losses	(151,635)
Undisbursed Supplemental Mortgage Proceeds	(13,824)
Supplemental Mortgages and Other Loans Receivable, Net	279,231
Less: Current Portion	(1,378)
Long Term Portion	$ 277,853

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, 2019	Additions	Deletions	Balance December 31, 2020
Nondepreciable Capital Assets:				
Land	$ 1,225	$ -	$ -	$ 1,225
Depreciable Capital Assets:				
Building and Building Improvements	17,067	-	-	17,067
Motor Vehicles	519	17	-	536
Machinery and Equipment	7,732	425	(26)	8,131
Furniture and Fixtures	649	2	-	651
Total	25,967	444	(26)	26,385
Less Accumulated Depreciation:				
Building and Building Improvements	(13,866)	(683)	-	(14,549)
Motor Vehicles	(359)	(78)	-	(437)
Machinery and Equipment	(7,151)	(283)	26	(7,408)
Furniture and Fixtures	(624)	(12)	-	(636)
Total	(22,000)	(1,056)	26	(23,030)
Total Capital Assets, Net	$ 5,192	$ (612)	$ -	$ 4,580

Depreciation expense was $1,056 for the year ended December 31, 2020.

(IN THOUSANDS)

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, 2020 the following bonds and obligations:

Description of Bonds as Issued	Bonds Outstanding December 31, 2019	Issued	Reductions	Bonds Outstanding December 31, 2020	Amount Due Within One Year
Single Family Housing Revenue Bonds					
2018 Series A, 3.60% to 4.50%, due 2033 to 2048	$ 168,205	$ -	$ 17,320	$ 150,885	$ -
2018 Series B, 1.65% to 3.80%, due 2018 to 2032	172,420	-	17,460	154,960	11,175
2019 Series C, 2.55% to 4.75%, due 2026 to 2050	194,900	-	7,825	187,075	-
2019 Series D, 1.90% to 4.00%, due 2019 to 2026	53,560	-	7,970	45,590	8,460
2020 Series E, 1.50% to 3.50%, due 2028 to 2050	-	266,090	-	266,090	-
2020 Series F, .550% to 1.900%, due 2021 to 2028	-	46,240	-	46,240	1,825
2020 Series G, .0743% to 1.729%, due 2021 to 2026	-	55,370	-	55,370	8,395
Total Single Family Housing Revenue Bonds	589,085	367,700	50,575	906,210	29,855
Single Family Home Mortgage Bonds					
2009 Series A1, 3.63%, due 10/01/2041	60,480	-	60,480	-	-
2009 Series A2, 3.63%, due 10/01/2029	25,860	-	25,860	-	-
2011 Series A, 0.50% to 4.65%, due 10/01/2029	28,825	-	28,825	-	-
2009 Series B1, 2.64%, due 10/01/2041	61,500	-	61,500	-	-
2009 Series B2, 2.64%, due 10/01/2025	29,770	-	29,770	-	-
2011 Series B, 4.00% to 4.50%, due 10/01/2032	44,490	-	44,490	-	-
Total Single Family Home Mortgage Bonds	250,925	-	250,925	-	-
Total Single Family Bonds Program	840,010	367,700	301,500	906,210	29,855
Net Premium on Bonds Payable	20,220	15,347	2,586	32,981	-
Total Single Family Bonds Payable (Net)	$ 860,230	$ 383,047	$ 304,086	$ 939,191	$ 29,855

(IN THOUSANDS)

NOTE 7 BONDS AND OBLIGATIONS (CONTINUED)

Description of Bonds as Issued	Bonds Outstanding December 31, 2019	Issued	Reductions	Bonds Outstanding December 31, 2020	Amount Due Within One Year
Multi-Family Housing Revenue					
1991 Series I, (Presidential Plaza) 6.50% to 7.00%, due 1992 to 2030	$ 75,920	$ -	$ 5,450	$ 70,470	$ 5,840
Multi-Family Housing Revenue Bonds 1995 Resolution					
2000 Series C2, variable rate, due 2001 to 2032	4,115	-	205	3,910	225
2002 Series G, variable rate, due 2003 to 2025	2,320	-	370	1,950	390
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	21,585	-	1,915	19,670	1,915
2013 Series 2, 0.50% to 4.75%, due 2013 to 2046	57,750	-	2,530	55,220	2,680
2013 Series 3, 0.60% to 5.01%, due 2013 to 2034	12,875	-	720	12,155	775
2013 Series 5, variable rate, due 2013 to 2046	101,000	-	5,090	95,910	5,280
2013 Series 6, variable rate, due 2013 to 2037	13,995	-	660	13,335	690
Total Multi-Family Housing Revenue Bonds	220,010	-	11,490	208,520	11,955
Multi-Family Revenue Bonds 2005 Resolution					
2009 Series D, variable rate, due 2010 to 2048	15,835	-	450	15,385	480
2010 Series A, 0.8% to 4.65%, due 2011 to 2041	4,380	-	4,380	-	-
2010 Series C, 1.12% to 6.65%, due 2011 to 2044	27,410	-	27,410	-	-
2012 Series A, 1.00% to 4.55%, due 2013 to 2043	18,605	-	470	18,135	500
2012 Series C, 4.38%, due 2013 to 2043	2,885	-	55	2,830	60
2012 Series E, 1.439% to 5.086%, due 2013 to 2043	8,275	-	195	8,080	210
2012 Series F, 4.83%, due 2014 to 2042	325	-	5	320	5
2014 Series A, 0.5% to 4.55%, due 2016 to 2045	2,145	-	80	2,065	90
2014 Series B, 0.45% to 5.25%, due 2014 to 2046	22,435	-	785	21,650	830
2015 Series A, 0.55% to 4.00%, due 2016 to 2045	10,430	-	170	10,260	175
2015 Series C, 3.80%, due 2016 to 2047	7,495	-	165	7,330	165
2015 Series E, 0.813% to 4.671%, due 2015 to 2045	110,945	-	7,520	103,425	7,600
2016 Series A, 1.15% to 3.90%, due 2018 to 2050	41,990	-	915	41,075	955
2016 Series C, 1.30% to 5.00%, due 2016 to 2046	3,510	-	215	3,295	230
2016 Series D, 0.875% to 3.70%, due 2016 to 2036	2,255	-	80	2,175	90
2017 Series A, 1.35% to 4.20%, due 2018 to 2050	29,160	-	665	28,495	525
2017 Series B, 1.65% to 2.00%, due 2020 to 2021	56,005	-	17,070	38,935	38,935
2017 Series C, 1.50% to 4.968%, due 2017 to 2051	12,980	-	485	12,495	505
2017 Series D, 1.25% to 4.45%, due 2017 to 2048	42,135	-	2,445	39,690	2,455
2018 Series A, 1.90% to 4.10%, due 2019 to 2053	42,880	-	560	42,320	975
2018 Series B, 2.00% to 2.10%, due 2019 to 2020	36,470	-	36,470	-	-
2018 Series C, 2.75% to 4.55%, due 2019 to 2048	43,135	-	1,515	41,620	1,745
2018 Series D, 3.20%, due 2021	9,105	-	-	9,105	9,105
2018 Series E, 2.05% to 2.50%, due 2019 to 2021	4,935	-	2,390	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	49,700	-	730	48,970	540
2018 Series H, Variable Rate, due 2019 to 2039	6,960	-	195	6,765	205
2019 Series A, 1.25% to 3.15%, due 2020 to 2053	11,945	-	35	11,910	45
2019 Series B, 1.30% to 1.50%, due 2020 to 2023	25,845	-	1,610	24,235	9,880
2019 Series C, 1.90% to 4.00%, due 2020 to 2058	50,140	-	195	49,945	990
2020 Series A, .25% to 2.625%, due 2021 to 2056	-	26,320	-	26,320	70
2020 Series B, .35% to .55%, due 2022 to 2024	-	15,230	-	15,230	-
2020 Series C, .5% to 3.4%, due 2021 to 2055	-	39,050	-	39,050	1,050
Total Multi-Family Revenue Bonds	727,500	80,600	107,260	700,840	80,960
Total Multi-Family Bonds Program	1,023,430	80,600	124,200	979,830	98,755
Net Discount on Bonds Payable	(97)	9	(1)	(87)	-
Total Multi-Family Bonds Payable (Net)	1,023,333	$ 80,609	$ 124,199	979,743	98,755
Total Bonds Payable	$ 1,883,563			$ 1,918,934	$ 128,610

NOTE 7 BONDS AND OBLIGATIONS (CONTINUED)

In August 2020, the Agency issued $367,700 of Single Family Housing Revenue Bonds, 2020 Series E, F, and G. This bond issue included both new money ($151,585) and refunding ($216,115) components. The refunding component, which refunded the Agency's Single Family Home Mortgage Bonds Resolution in its entirety, is expected to generate approximately $23,991 in economic gains (11.1% of the refunded bonds) and $25,680 in net cash flow savings to the Resolution.

As noted above, in August 2020, the SFHRB Resolution issued $266,090 of Non-AMT bonds, $46,240 of AMT bonds and $55,370 of federally taxable bonds with interest rates ranging from .55%-3.5%. $216,115 of this bond issue was a refunding component issued to refund and defease SFHMB bonds issued in 2009 and 2011, respectively. The SFHMB 2009 bonds were fully refunded, however, the SFHMB 2011 bonds were advance refunded in the amount of $55,370.

In December 2020, the Agency issued $80,600 tax-exempt and taxable Multi-Family Revenue Bonds (MFRB) 2020 Series A-C which financed 7 new money rental housing developments containing a total of 740 units and a $30,410 taxable economic refunding of existing Agency Bonds. The refunding is expected to generate net present value (NPV) savings in the amount of $11,548 which equates to approximately 38% of the refunded bonds. The Resolution received $3,640 from the Agency to pay cost of issuance on this transaction.

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, 2020, there was $24,793 of undisbursed proceeds of construction loans and $51,501 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.

(IN THOUSANDS)

NOTE 7 BONDS AND OBLIGATIONS (CONTINUED)

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

	Fixed and Unhedged Variable Rate	
Agency Component	Principal	Interest
Single Family		
2021	$ 29,855	$ 29,748
2022	32,925	29,027
2023	34,365	28,231
2024	35,345	27,359
2025	35,810	26,400
2026-2030	185,405	117,175
2031-2035	199,620	86,005
2036-2040	160,335	52,454
2041-2045	108,665	27,177
2046-2050	81,470	7,839
2051-2055	2,415	42
Total	$ 906,210	$ 431,457

Future Principal and Interest Requirements

	Fixed and Unhedged Variable Rate		Hedged Variable Rate				Related Interest and Interest
Agency Component	Principal	Interest	Principal	Interest	Interest Rate Swaps, Net	Total Principal	Rate Swaps, Net
Multi-Family							
2021	$ 91,170	$ 27,989	$ 7,585	$ 1,351	$ 9,002	$ 98,755	$ 38,342
2022	40,905	26,228	7,895	1,327	8,641	48,800	36,196
2023	58,150	24,843	8,695	1,303	8,255	66,845	34,401
2024	36,715	23,416	9,655	1,268	7,026	46,370	31,710
2025	35,005	22,070	9,650	1,224	5,808	44,655	29,102
2026-2030	172,125	87,225	48,295	5,420	22,867	220,420	115,512
2031-2035	112,400	57,373	45,190	3,976	14,148	157,590	75,497
2036-2040	95,105	36,027	34,330	2,276	7,455	129,435	45,758
2041-2045	76,960	17,870	28,005	1,156	3,804	104,965	22,830
2046-2050	38,995	5,875	10,200	176	650	49,195	6,701
2051-2055	10,605	1,117	-	-	-	10,605	1,117
2056-2058	2,195	80	-	-	-	2,195	80
Total	$ 770,330	$ 330,113	$ 209,500	$ 19,477	$ 87,656	$ 979,830	$ 437,246

(IN THOUSANDS)

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, 2020, conduit debt outstanding aggregated $976,010.

The Agency's MF Conduit Bonds outstanding as of December 31, 2020 are as follows:

Conduit Project	Series	Closing Date	Debt Issuance	Balance 12/31/2020
*Capital Funds Program Revenue Bonds	2004-A	12/23/2004	$ 79,860	$ 17,535
*Capital Funds Program Revenue Bonds	2007-A	8/15/2007	18,585	5,280
2006-A Meadow Brook Apartments	2006-A	9/9/2006	8,350	6,315
Woodbury Oakwood Housing Project	2011-A	12/21/2011	4,550	4,220
Asbury Park Gardens	2012-A	7/1/2012	14,310	12,755
Washington Dodd Apartments	2012-F	12/12/2012	19,755	16,610
Carl Miller Homes	2012-C	12/28/2012	31,656	2,452
Hampshire House	2012-D	1/11/2013	6,400	5,935
Alexander Hamilton III	2013-B	2/20/2013	11,762	511
McIver Homes	2013-C	5/23/2013	5,200	4,120
Great Falls	2013-M	1/9/2014	15,400	14,512
Brigantine Apts.	2014-G	1/30/2014	11,510	10,640
Catherine Todd	2014-N	10/24/2014	9,415	4,285
Atlantic City Townhouses	2014-P	12/23/2014	17,800	12,917
Glennview Townhouses Phase II	2014-R	12/30/2014	6,243	2,900
Willows at Waretown	2014-M	6/27/2014	9,281	2,341
Paragon Village Senior Living Campus	2015-Q	2/27/2015	13,700	13,120
Fairview Homes	2015-L	5/7/2015	13,200	12,212
609 Broad	2015-D	5/12/2015	66,800	45,966
Lexington Manor	2015-B	6/29/2015	11,750	10,560
Hollybush I & II	2015-S	10/14/2015	14,500	13,755
Riverside Arms	2015-H	11/20/2015	17,550	11,291
Edward Sisco Senior Citizens Village	2015-O	12/4/2015	18,232	14,995
North 25 Apartments	2015-F	12/15/2015	14,850	14,180
Brunswick Estates	2015-AA	12/17/2015	27,000	9,924
Egg Harbor	2015-BB	12/30/2015	10,790	827
Colt Arms	2016-A	1/15/2016	21,455	16,190
Pavilion	2016-B	3/1/2016	26,667	21,974
The Aspire Project	2016-1	5/24/2016	49,935	49,935
Ocean Towers	2016-E	5/26/2016	9,200	6,208
Wesmont Station	2016-J	6/27/2016	2,638	2,528
Glassworks at Aberdeen	2016-L	8/23/2016	17,540	2,871
Keansburg Mixed Income	2016-I	9/27/2016	35,745	14,789
999 Broad Phase I	2016-H	11/1/2016	10,706	9,867
Montgomery Gardens Family Phase I	2016-M	11/21/2016	23,573	9,571
Oak Lane at Little Egg Harbor	2017-C	3/10/2017	8,977	1,465
New Horizons Phase I	2017-A	4/12/2017	20,798	5,381
Montgomery Heights II	2017-3	4/28/2017	21,300	21,300
Willows at Whiting	2017-1	5/5/2017	10,079	1,956

(IN THOUSANDS)

NOTE 8 CONDUIT DEBT OBLIGATIONS (CONTINUED)

Conduit Project	Series	Closing Date	Debt Issuance	Balance 12/31/2020
Jacobs Landing	2017-2	5/18/2017	$ 17,065	$ 3,126
Residences at Willow Pond Village	2017-H	5/24/2017	2,089	2,014
Stafford Senior Apartments	2017-E	5/31/2017	13,065	597
Bridgeton Villas	2017-4	6/19/2017	9,553	7,176
Camden Townhouses	2017-F	7/28/2017	15,075	-
Berkeley Terrace Apartments	2017-G	7/14/2017	17,500	15,800
New Hope Village	2017-D	9/14/2017	14,511	8,338
Victorian Towers	2017-5	10/31/2017	13,067	11,034
Gardens Family & Senior	2017-7	11/21/2017	23,568	23,264
Douglas Homes	2017-8	11/21/2017	12,583	12,471
Roseville Senior	2017-9	11/21/2017	7,238	6,641
Carrino Plaza Apartments	2017-L	11/29/2017	11,600	-
Commons Family & Senior	2017-10	11/21/2017	40,321	34,086
PERTH Amboy Housing Authority Family RAD	2017-K	11/30/2017	11,300	2,306
Washington Street/ St. James	2017-6	11/30/2017	17,375	17,285
Marveland Crescent	2017-M	12/22/2017	5,955	2,866
Cedar Meadows Apartments	2017-11	12/22/2017	16,070	10,417
Garden Spires	2018-A	8/23/2018	59,385	-
Spruce Spires	2018-B	8/23/2018	16,315	-
Grace West Apartments	2018-C	11/11/2018	45,000	-
Georgia King Village	2018-E	10/18/2018	40,640	-
Villa Victoria Apartments	2018-F	11/28/2018	24,000	-
Heritage Village at Galloway	2018-G 1,2	9/11/2018	16,021	1,033
Manahawkin Family Apartments	2018-I	11/15/2018	9,690	1,570
Flemington Junction Apartments	2018-J	11/1/2018	4,659	4,557
North Brunswick Crescent	2018-L 1,2	11/20/2018	15,255	14,977
Dalina Manor	2018-M	11/2/2018	2,804	2,745
Vista Village Apartments	2018-I	8/23/2018	10,263	3,430
Harvard Printing Apartments	2018-2	10/25/2018	9,690	9,442
Waretown Family Apartments	2019-A	2/8/2019	8,940	1,041
The Station at Grant Avenue	2019-B1,2	4/18/2019	15,415	13,530
Oceanport Gardens	2019-C	6/28/2019	14,700	-
Riverside Senior Apartments	2019-D	12/20/2019	15,070	15,070
Pilgrim Baptist Village I & II	2019-E	9/27/2019	44,000	44,000
Riverside Family Apartments	2019-F	12/19/2019	37,480	37,480
Peter J. McGuire Gardens Preservation	2019-G	11/21/2019	22,080	22,080
Al Gomer Residence	2019-1A,B	5/16/2019	9,525	9,524
Daughters of Isreal	2019-2A,B	5/16/2019	19,770	19,719
Howell Family Apartments	2019-3A,B	4/5/2019	12,180	9,854
Sencit Liberty Apartments	2019-4A,B	9/30/2019	23,211	16,374
Franklin Square Village	2019-5	8/19/2019	25,500	25,500
Greater Englewood Apartments	2019-6	12/19/2019	22,600	22,300
Cooper Plaza Townhomes Preservation	2019-7A,B	12/12/2019	6,900	3,087
540 Broad Street	2019-8A	12/19/2019	15,000	15,000
Wemrock Senior Living	2020-1	5/7/2020	9,300	4,773
Post Road Gardens	2020-A	5/22/2020	36,800	36,800
Netherwoods Village	2020-2	12/4/2020	14,350	14,350
Baldwin Oaks	2020-3	12/31/2020	36,160	36,160
		Total Conduit Debt	$ 1,627,700	$ 976,010

(IN THOUSANDS)

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.

Funds held in trust for mortgagors as of December 31, 2020, include the following:

General Fund:	
Community Development Escrows	$ 1,500
Development Cost Escrows	832
Other Funds Held in Trust	423,767
Total General Fund	426,099
Multi-Family Housing Component	3,091
Total	$ 429,190

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, 2020, include the following:

General Fund:	
Reserve for Repairs and Replacements	$ 194,239
Tax and Insurance Escrows	48,362
Total	$ 242,601

NOTE 11 CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity is summarized as follows:

	Balance December 31, 2019	Additions	Reductions	Balance December 31, 2020	Due Within One Year
Bonds and Obligations, Net	$ 1,883,563	$ 463,656	$ (428,285)	$ 1,918,934	$ 128,610
Minimum Escrow Requirement	6,954	162	(404)	6,712	-
Funds Held in Trust for Mortgagor	313,661	608,366	(492,837)	429,190	-
Other Noncurrent Liabilities	5,584	248	(617)	5,215	-
OPEB Liability	14,021	2,387	-	16,408	-
Net Pension Liability	50,549	-	(6,135)	44,414	-
Derivative Instrument	42,432	6,032	(23)	48,441	-
Unearned Revenues	61,865	8,895	(14,940)	55,820	-
Total	$ 2,378,629	$ 1,089,746	$ (943,241)	$ 2,525,134	$ 128,610

(IN THOUSANDS)

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, 2019	$ 5,192	$ 503,490	$ 605,680	$ 1,114,362
Net Income	-	(638)	25,250	24,612
Acquisition of Capital Assets	444	-	(444)	-
Transfer	-	13,766	(13,766)	-
Depreciation on Capital Assets	(1,056)	-	1,056	-
Net Position at December 31, 2020	$ 4,580	$ 516,618	$ 617,776	$ 1,138,974

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, 2020. 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	1,500
CHOICE	2,532
CIAP Loan Program	1,122
Developmental Disabilities Partnership	2,171
Foreclosure Mediation Asstistance Program	688
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	60
Non-Bond Multi-Family Program	59,492
Portfolio Reserve Balance	871
Smart Start	4,977
Special Needs Housing Subsidy Loan Program	33,000
Special Needs Revolving Loan Program	823
Strategic Zone Lending Pool	5,731
UHORP Mortgage Commitment	1,153
Total	$ 158,409

(IN THOUSANDS)

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 2019. 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, 2020, 2019, and 2018 were $2,979, $2,729, and $2,705, respectively, and were equal to the required contributions.

(IN THOUSANDS)

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, 2019, using updated actuarial assumptions applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020. The proportionate share for the Agency is 0.2702%, a decrease of 0.0084% from the prior year amount of 0.2786%. At December 31, 2020, the Agency reported a NPL of $44,414 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, 2020, the Agency recognized pension expense of $1,361. At December 31, 2020, the Agency reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net Difference Between Expected and Actual Experience	$ 809	$ 158
Changes of Assumptions	1,441	18,596
Changes in Proportion	1,530	3,397
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	1,518	-
Total	$ 5,298	$ 22,151

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:

Year Ending December 31,	Amount
2021	$ (5,530)
2022	(5,041)
2023	(2,881)
2024	(1,165)
2025	(2,236)
Total	$ (16,853)

(IN THOUSANDS)

NOTE 13 PENSION PLAN (CONTINUED)

Actuarial Assumptions (Continued)

The total pension liability (TPL) for the year ended June 30, 2020 was measured as of a valuation date of July 1, 2019 and projected to June 30, 2020 using the entry age normal cost method. The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2020. 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-2020.

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2020) 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, 2020 are summarized in the following table:

(IN THOUSANDS)

NOTE 13 PENSION PLAN (CONTINUED)

Asset Class	Target	Long-Term Expected Real Rate of Return
Risk Mitigation Strategies	3.00%	3.40%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Investment Grade Credit	8.00%	2.67%
High Yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Real Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
U.S. Equity	27.00%	7.71%
Non-U.S. Developed Markets Equity	13.50%	8.57%
Emerging Markets Equity	5.50%	10.23%
Private Equity	13.00%	11.42%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020. 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 78% 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, 2020, 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	$ 20,689,699	$ 16,435,616	$ 12,825,911
Agency's Proportionate Share	55,904	44,414	34,656

(IN THOUSANDS)

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, 2020, the following employees were covered by the benefit terms:

Active Plan Members	288
Retirees Currently Receiving Benefit Payments	94
Total	382
Spouses of Retirees	53

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, 2020, the Agency paid $3,349 in health insurance premiums for current employees. The Agency also paid $1,161 for the year ended December 31, 2020, 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, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2020 which was rolled forward to a measurement date of December 31, 2020 for purposes of calculating the net OPEB liability.

(IN THOUSANDS)

NOTE 14 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Net OPEB Liability (Continued)

Actuarial Assumptions

The total OPEB liability in the January 1, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.20%
Salary Increases	3.50%
Investment Rate of Return	4.50%
Healthcare Cost Trend Rates	3.20%-4.20% for 2020, increasing to an ultimate rate of 4.20% in 2068

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, 2020:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Cash	3.00 %	-0.49%
U.S. Core Fixed Income	47.00	0.83%
U.S. Large Caps	10.50	3.93%
U.S. Small Caps	4.00	5.09%
U.S. Mid Caps	7.00	4.27%
U.S. Large Growth	8.00	4.12%
U.S. Large Value	8.00	4.22%
Non-U.S. Equity	12.50	5.82%
Total	100.00 %	

(IN THOUSANDS)

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)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Balances at December 31, 2019	$ 33,431	$ 19,410	$ 14,021
Changes for the Year:			
Service Cost	924	-	924
Interest on Total OPEB Liability	1,857	-	1,857
Effect of Plance Changes	2,475	-	2,475
Differences Between Expected and Actual Experience	8	-	8
Effect of Assumptions, Changes or Inputs	6,364	-	6,364
Losses	-	-	-
Employer Contributions	-	6,332	(6,332)
Net Investment Income	-	2,909	(2,909)
Benefit Payments	(1,161)	(1,161)	-
Administrative Expense	-	-	-
Net Changes	10,467	8,080	2,387
Balances at December 31, 2020	$ 43,898	$ 27,490	$ 16,408

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 (4.50%)	1% Increase (5.50%)
Net OPEB Liability	$ 22,910	$ 16,408	$ 10,044

(IN THOUSANDS)

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 2020 since plan premiums did not increase between 2019 and 2020. Healthcare cost trend rates through 2068 range from 3.2% to 4.2 %:

	1% Decrease	Current Trend Rate	1% Increase
Net OPEB Liability	$ 9,201	$ 16,408	$ 25,882

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, 2020, the Agency recognized OPEB expense of $1,009. At December 31, 2020, 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	$ 820	$ 7
Changes of assumptions	23,258	5,657
Net Difference Between Projected and Actual Earnings	1,979	-
Total	$ 26,057	$ 5,664

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

Year Ending December 31,	Amount
2021	$ (3,197)
2022	(3,197)
2023	(3,414)
2024	(3,106)
2025	(2,734)
Thereafter	(4,745)
Total	$ (20,393)

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, the rebate liability is estimated to be $101.

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.

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, 2020, all multi-family derivatives met the criteria for effectiveness.

The terms and fair values of the outstanding swaps as of December 31, 2020, 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.

(IN THOUSANDS)

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, 2020. This presentation has no effect on the net position of the Agency.

Multi-Family Bond Component Swaps

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	$ 1,950	$ 1,950	10/2/2002	5/1/2025	6.2450%	1-Mo LIBOR	$ (302)	$ (1)	Merrill Lynch Capital Services, Inc. (MLCS)	A2 / A- / A+
MHRB 2013-5	95,910	27,740	11/1/2002	5/1/2029	4.9888%	USD-SIFMA Municipal Swap Index	(1,718)	(3,678)	Merrill Lynch Capital Services, Inc. (MLCS)	A2 / A- / A+
MHRB 2013-5	-	18,500	11/1/2003	5/1/2033	4.3355%	USD-SIFMA Municipal Swap Index	(1,726)	(2,622)	Goldman Sachs MMDP	Aa2 / AA- / NR
MHRB 2013-5	-	49,650	5/1/2005	5/1/2024	4.0010%	67% 1-Mo LIBOR + 18bp	(1,975)	(3,363)	Bank of America, N.A.	Aa2 / A+ / AA-
MHRB 2013-6	13,335	6,195	5/8/2003	5/1/2035	5.2810%	1-Mo LIBOR	(812)	(981)	Bank of America, N.A.	Aa2 / A+ / AA-
MHRB 2013-6	-	7,155	5/1/2004	11/1/2037	5.3150%	1-Mo LIBOR	(483)	(1,389)	JPMorgan Chase Bank, N.A.	Aa1 / A+ / AA
MRB 2018-F-HMFA #1426 - Heritage Village at Manalapan	27,185	2,340	1/1/2009	11/1/2038	4.4500%	USD-SIFMA Municipal Swap Index + 33bp	(296)	(269)	Wells Fargo Bank, N.A.	Aa1/ A+ / AA-
MRB 2018-F-HMFA #2190 - Royal Crescent	-	2,855	10/1/2008	11/1/2038	4.4950%	USD-SIFMA Municipal Swap Index + 33bp	(364)	(340)	Wells Fargo Bank, N.A.	Aa1/ A+ / AA-
MRB 2018-F; MRB 2018-G	-	46,830	8/21/2008	5/1/2048	4.6330%	USD-SIFMA Municipal Swap Index	(6,824)	(8,122)	Wells Fargo Bank, N.A.	Aa1/ A+ / AA-
MRB 2018-G	48,970	19,505	11/1/2006	5/1/2046	4.0493%	60.8% of 1-Mo LIBOR + 34 bp	(1,923)	(2,720)	Bank of America, N.A.	Aa2/ A+ / AA-
MRB 2018-G	-	4,625	5/1/2006	11/1/2039	4.3900%	USD-SIFMA Municipal Swap Index	(1,070)	(541)	JPMorgan Chase Bank, N.A.	Aa1/ A+ / AA
MRB 2018-H- HMFA #2265 - Sharp Road	6,765	2,205	10/1/2009	11/1/2039	6.1460%	1-Mo LIBOR + 80bp	(402)	(365)	Wells Fargo Bank, N.A.	Aa1/ A+ / AA-
MRB 2018-H	-	1,750	11/1/2005	5/1/2036	5.4350%	1-Mo LIBOR	(332)	(316)	JPMorgan Chase Bank, N.A.	Aa1/ A+ / AA
MRB 2018-H	-	2,810	11/1/2008	11/1/2038	5.6025%	1-Mo LIBOR	(442)	(454)	Bank of America, N.A.	Aa2/ A+ / AA-
MRB 2009-D HMFA 2101 - Acorn	15,385	1,255	5/1/2009	5/1/2039	5.8570%	1-Mo LIBOR + 40bp	(262)	(188)	Wells Fargo Bank, N.A.	Aa1/ A+ / AA-
MRB 2009-D HMFA 1352 - King	-	6,530	11/1/2008	11/1/2038	5.5160%	1-Mo LIBOR + 25bp	(1,287)	(890)	Wells Fargo Bank, N.A.	Aa1/ A+ / AA-
MRB 2009-D HMFA 2171 - Royal	-	1,310	8/1/2009	11/1/2047	5.8860%	1-Mo LIBOR + 40bp	(303)	(226)	Wells Fargo Bank, N.A.	Aa1/ A+ / AA-
MRB 2009-D HMFA 2272 - Toms	-	3,225	9/1/2009	11/1/2039	5.3420%	1-Mo LIBOR + 25bp	(699)	(371)	Wells Fargo Bank, N.A.	Aa1/ A+ / AA-
MRB 2009-D HMFA 1437 - Trenton	-	1,175	8/1/2008	11/1/2038	5.5660%	1-Mo LIBOR + 25bp	(223)	(162)	Wells Fargo Bank, N.A.	Aa1/ A+ / AA-
	$ 209,500	$ 207,605					$ (21,443)	$ (26,998)		
							1, 2	1, 2		

MHRB = Multi-Family Housing Revenue Bonds
MRB = Multi-Family Revenue Bonds

∑ 1 =	Derivative instrument	$ (48,441)
∑ 2 =	Accumulated decrease in fair value of hedging derivative	(48,441)

NOTE 17 DERIVATIVE INSTRUMENTS (CONTINUED)

Credit Risk

The aggregate notional outstanding amount of hedging derivative instrument positions at December 31, 2020 was $207,605. This portfolio of derivative instruments is used to hedge $209,500 of the Agency's total variable rate debt of $213,410 as of December 31, 2020.

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.

(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	$	2,086
Single Family Housing Component		162
	$	2,248
Interfund Payable:		
Multi-Family Housing Component	$	2,248
Transfers:		
General Fund	$	(13,766)
Single Family Housing Component		10,063
Multi-Family Housing Component		3,703
	$	-

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, 2020, 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 $3,272 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.

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.

The Agency has a $15,000 revolving line of credit with Wells Fargo Bank which accrues interest on any advances based on an applicable LIBOR rate as described in the agreement. At December 31, 2020, there were no advances under this line of credit. On December 31, 2020, the Agency and Wells Fargo Bank extended the availability of the line of credit through December 30, 2021.

NOTE 20 SUBSEQUENT EVENTS

The American Rescue Plan Act of 2021, P.L. 117-2, 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 an effort to be proactive, Agency staff presented a Request For Action at the April 8, 2021 Board meeting, requesting approval to apply for/accept funds from the American Rescue Plan.

At the June 9, 2021 Special Board meeting, which occurred after the release of the 10% advance of HAF funds, staff presented a Request for Action which requested (in part) approval of guidelines for the Emergency Rescue Mortgage Assistance (“ERMA”) Program as well as the Homeowner Assistance Fund (“HAF”) Housing Counseling Program. Staff also requested
approval to allocate up to $11 million of the $32 million advance to launch a Phase 1 Pilot of ERMA and the Housing Counseling Program.

The Agency must submit a plan for the use of the full $332 million to U.S. Treasury for approval. Once that approval is obtained, the remaining amount of HAF funds allocated to NJ will be released by U.S. Treasury.

NOTE 20 SUBSEQUENT EVENTS (CONTINUED)

The following ratings actions have occurred as of June 25, 2021:

- January 2021 – Moody's Investors Service (Moody's) affirmed its Ba1 rating on the Agency's PHA Capital Fund Program Revenue Bonds, 2004 Series A. At the same time, the outlook on these bonds was revised to stable from negative.

- January 2021 – Moody's Investors Service (Moody's) affirmed its Baa2 rating on the Agency's PHA Capital Fund Program Revenue Bonds, 2007 Series A. At the same time, the outlook on these bonds 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 Rating Services (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.

NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY
SCHEDULE OF AGENCY'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
AS OF DECEMBER 31, 2020
(IN THOUSANDS)

	2020	2019	2018	2017	2016
Agency's Proportion of Net Pension Liability	0.2702%	0.2720%	0.2841%	0.2949%	0.2783%
Agency's Proportionate Share of Net Pension Liability	$ 44,414	$ 50,549	$ 53,554	$ 66,132	$ 87,342
Agency's Covered Payroll	$ 19,754	$ 20,212	$ 20,815	$ 19,000	$ 18,509
Agency's Proportionate Share of Net Pension Liability as a Percentage of its Covered Payroll	225%	250%	257%	348%	472%
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	42.90%	42.04%	40.45%	36.78%	31.20%

NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY
SCHEDULE OF AGENCY'S PENSION CONTRIBUTIONS
AS OF DECEMBER 31, 2020
(IN THOUSANDS)

	2020	2019	2018	2017	2016
Actuarial Determined Contributions	$ 2,979	$ 2,729	$ 2,705	$ 2,632	$ 2,393
Contributions in Relation to the Actuarial Determined Contribution	$ 2,979	$ 2,729	$ 2,705	$ 2,632	$ 2,393
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
Agency's Covered Payroll	$ 19,754	$ 20,212	$ 20,815	$ 19,000	$ 18,509
Contributions as a Percentage of Covered Payroll	15.08%	13.50%	13.00%	13.85%	12.93%

Notes to Schedule

Valuation Date:
Actuarially determined contribution amounts were calculated as of July 1, 2019

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:	7.00%
Retirement age:	Rates vary by participant age
Mortality:	Society of Actuaries Scale MP-2020

Changes in Assumptions
There were no changes in assumptions when comparing to the prior year

NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY
SCHEDULE OF CHANGES IN THE AGENCY'S NET OPEB LIABILITY AND RELATED RATIOS
AS OF DECEMBER 31, 2020
(IN THOUSANDS)

	Last 10 Fiscal Years									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
TOTAL OPEB LIABILITY										
Service Cost	$ 924	$ 1,748	$ 1,708	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Interest on Total OPEB Liability	1,857	3,381	3,196	N/A	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	N/A
Difference Between Expected and Actual Experience	8	(935)	(138)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Changes of Assumptions	6,364	(29,903)	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Benefit Payments	(1,161)	(1,155)	(1,704)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net Change in total OPEB Liability	10,467	(26,864)	3,062	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total OPEB Liability - Beginning	33,431	60,295	57,233	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total OPEB Liability - Ending (a)	$ 43,898	$ 33,431	$ 60,295	N/A	N/A	N/A	N/A	N/A	N/A	N/A
PLAN FIDUCIARY NET POSITION										
Contributions - Employer	$ 6,332	$ 6,899	$ 13,795	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net Investment Income	2,909	2,185	(610)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Benefit Payments	(1,161)	(1,155)	(1,704)	N/A	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	N/A
Net Change in Plan Fiduciary Net Position	8,080	7,929	11,481	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Plan Fiduciary Net Position - Beginning	19,410	11,481	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Plan Fiduciary Net Position - Ending (b)	$ 27,490	$ 19,410	$ 11,481	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net OPEB Liability (a) - (b)	$ 16,408	$ 14,021	$ 48,814	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Plan Fiduciary Net Position as a % of Total OPEB Liability	62.62%	58.06%	19.04%	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Covered Employee Payroll	$ 21,544	$ 20,240	$ 18,991	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net OPEB Liability as a % of Covered Employee Payroll	76.16%	69.27%	257.04%	N/A	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 ten years of information is compiled.

N/A – Information not yet available

NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY
SCHEDULE OF AGENCY'S OPEB CONTRIBUTIONS
AS OF DECEMBER 31, 2020
(IN THOUSANDS)

	Last 10 Fiscal Years									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Actuarially Determined Contribution	$ 2,835	$ 4,967	$ 5,441	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contribution in Relation to the Actuarially Determined Contribution	6,332	6,899	13,795	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contribution Deficiency (Excess)	$ (3,497)	$ (1,932)	$ (8,354)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Covered Employee Payroll	$ 21,544	$ 20,240	$ 18,991	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a % of Covered Employee Payroll	29.39%	34.09%	72.64%	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Notes to schedule

Valuation date: 1/1/2019

Actuarially determined contribution rates are calculated as of January 1, two years 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	30 years
Asset valuation method	Market Value
Inflation	2.20 percent
Healthcare cost trend rate	0.0 percent, decreasing to an ultimate rate of 4.2 percent in 2068
Salary increases	3.50 percent, average, including inflation
Investment rate of return	4.50 percent
Retirement age	Expected retirements of employees with at least 25 years of service are assumed at a rate of 11.7% for employees aged 55, increasing to a rate of 50% for employees aged 65 or older
Mortality	PUBG.H-2010 Mortality Tables, head count weighted, projected forward using Mortality Improvement Scale MP-2019 from 2010 base year on a generational basis to reflect mortality improvements both before and after the valuation date (based on most recent tables published by the Society of Actuaries' Retirement Plans Experience Committee as of the measurement date). Employee rates before benefit commencement, healthy annuitant rates after benefit commencement, and disabled annuitant rates upon disability are used.

This schedule presents all information that is available until ten 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, 2020
(WITH COMPARATIVE SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2019)
(IN THOUSANDS)

	FY 2020			
	Housing Revenue Bonds	Home Mortgage Bonds	Total	2019 Total
ASSETS				
CURRENT ASSETS				
Restricted Cash and Cash Equivalents	$ 312,780	$ -	$ 312,780	$ 228,596
Accrued Interest Receivable on Investments	154	-	154	154
Mortgage Loans Receivable, Net	26,063	-	26,063	25,218
Accrued Interest Receivable on Mortgages	5,389	-	5,389	4,432
Due from Loan Servicers	2,175	-	2,175	3,330
Due from Other Funds	162	-	162	-
Other Current Assets	3,002	-	3,002	8,938
Total Current Assets	349,725	-	349,725	270,668
NONCURRENT ASSETS				
Restricted Investments - Noncurrent	3,965	-	3,965	3,696
Mortgage Loans Receivable, Net	763,837	-	763,837	749,843
Supplemental Mortgages and Other Loans, Net	134	-	134	90
Real Estate Owned, Net	1,010	-	1,010	7,447
Total Noncurrent Assets	768,946	-	768,946	761,076
Total Assets	1,118,671	-	1,118,671	1,031,744
LIABILITIES AND NET POSITION				
CURRENT LIABILITIES				
Bonds and Obligations, Net	29,855	-	29,855	28,100
Accrued Interest Payable on Bonds and Obligations	7,479	-	7,479	7,920
Other Current Liabilities	758	-	758	616
Total Current Liabilities	38,092	-	38,092	36,636
NONCURRENT LIABILITIES				
Bonds and Obligations, Net	909,336	-	909,336	832,130
Total Noncurrent Liabilities	909,336	-	909,336	832,130
Total Liabilities	947,428	-	947,428	868,766
NET POSITION				
Restricted Under Bond and Obligation Resolutions	171,243	-	171,243	162,978
Total Net Position	$ 171,243	$ -	$ 171,243	$ 162,978

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, 2020
(WITH COMPARATIVE SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED DECEMBER 31, 2019)
(IN THOUSANDS)

	FY 2020			
	Housing Revenue Bonds	Home Mortgage Bonds	Total	2019 Total
OPERATING REVENUES				
Interest Income on Mortgage Loans	$ 33,497	$ 3,274	$ 36,771	$ 35,912
Recovery on Mortgage Modifications	-	-	-	2,378
Recovery of Bad Debt	5,988	416	6,404	2,547
Total Operating Revenues	39,485	3,690	43,175	40,837
OPERATING EXPENSES				
Interest and Amortization of Bond Prem/Disc	23,619	6,539	30,158	30,343
Servicing Fees and Other	2,568	276	2,844	2,840
Professional Services and Financing Costs	5,150	4	5,154	5,571
Loss on Sale of Real Estate Owned	3,927	362	4,289	5,029
Provision for Loan Losses	3,846	147	3,993	8,507
Total Operating Expenses	39,110	7,328	46,438	52,290
OPERATING INCOME (LOSS)	375	(3,638)	(3,263)	(11,453)
NONOPERATING REVENUES				
Investment Income	1,428	37	1,465	6,119
INCOME (LOSS) BEFORE TRANSFERS	1,803	(3,601)	(1,798)	(5,334)
TRANSFERS FROM (TO) OTHER RESOLUTIONS	21,631	(11,568)	10,063	(688)
INCREASE IN NET POSITION	23,434	(15,169)	8,265	(6,022)
Net Position - Beginning of Year	147,809	15,169	162,978	169,000
NET POSITION - END OF YEAR	$ 171,243	$ -	$ 171,243	$ 162,978

NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY
SCHEDULE OF NET POSITION – MULTI-FAMILY HOUSING PROGRAM
DECEMBER 31, 2020
(WITH COMPARATIVE SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2019)
(IN THOUSANDS)

	FY 2020				
	1991-I	Housing Revenue 1995	Revenue 2005	Total	2019 Total
ASSETS AND DEFERRED OUTFLOWS					
CURRENT ASSETS					
Restricted Cash and Cash Equivalents	$ 560	$ 180,361	$ 277,876	$ 458,797	$ 444,682
Accrued Interest Receivable on Investments	206	153	137	496	315
Mortgage Loans Receivable, Net	5,931	10,579	27,425	43,935	46,920
Supplemental Mortgages and Other Loans, Net	-	422	-	422	46
Accrued Interest Receivable on Mortgages	372	1,276	3,468	5,116	4,036
Other Current Assets	189	71	146	406	99
Total Current Assets	7,258	192,862	309,052	509,172	496,098
NONCURRENT ASSETS					
Restricted Investments - Noncurrent	5,165	15,324	16,450	36,939	37,937
Mortgage Loans Receivable, Net	57,880	162,072	524,843	744,795	792,140
Supplemental Mortgages and Other Loans, Net	-	31,528	-	31,528	35,250
Total Noncurrent Assets	63,045	208,924	541,293	813,262	865,327
Total Assets	70,303	401,786	850,345	1,322,434	1,361,425
DEFERRED OUTFLOWS OF RESOURCES					
Accumulated Dec. in Fair Value of Hedging Derivatives	-	19,050	29,391	48,441	42,432
LIABILITIES AND NET POSITION					
CURRENT LIABILITIES					
Bonds and Obligations, Net	5,840	11,955	80,960	98,755	93,790
Accrued Interest Payable on Bonds and Obligations	822	1,444	4,062	6,328	6,583
Interfund Allocation	-	822	1,426	2,248	2,959
Other Current Liabilities	343	-	121	464	45
Total Current Liabilities	7,005	14,221	86,569	107,795	103,377
NONCURRENT LIABILITIES					
Bonds and Obligations, Net	64,630	196,559	619,799	880,988	929,543
Minimum Escrow Requirement	-	1,878	4,207	6,085	6,308
Funds Held in Trust for Mortgagor	-	3,091	-	3,091	3,091
Other Noncurrent Liabilities	-	-	345	345	557
Derivative Instruments	-	19,050	29,391	48,441	42,432
Total Noncurrent Liabilities	64,630	220,578	653,742	938,950	981,931
Total Liabilities	71,635	234,799	740,311	1,046,745	1,085,308
NET POSITION (DEFICIT)					
Restricted Under Bond and Obligation Resolutions	(1,332)	186,037	139,425	324,130	318,549
Total Net Position	$ (1,332)	$ 186,037	$ 139,425	$ 324,130	$ 318,549

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, 2020
(WITH COMPARATIVE SUMMARIZED FINANCIAL INFORMATION
FOR YEAR ENDED DECEMBER 31, 2019)
(IN THOUSANDS)

	FY 2020				
	1991-I	Housing Revenue 1995	Revenue 2005	Total	2019 Total
OPERATING REVENUES					
Interest Income on Mortgage Loans	$ 4,640	$ 10,357	$ 31,568	$ 46,565	$ 50,238
Fees and Charges	135	-	-	135	135
Recovery of Bad Debt	-	-	-	-	87
Other Income - Net	-	78	118	196	2,327
Total Operating Revenues	4,775	10,435	31,686	46,896	52,787
OPERATING EXPENSES					
Interest and Amortization of Bond Prem/Disc	5,157	9,894	27,143	42,194	45,010
Insurance Costs	-	6	43	49	49
Servicing Fees and Other	270	-	-	270	270
Professional Services and Financing Costs	8	18	832	858	731
Provision for Loan Losses	-	3,045	2,593	5,638	3,036
Total Operating Expenses	5,435	12,963	30,611	49,009	49,096
OPERATING (LOSS) INCOME	(660)	(2,528)	1,075	(2,113)	3,691
NONOPERATING (EXPENSES) REVENUES					
Investment Income	579	976	2,436	3,991	7,911
(LOSS) INCOME BEFORE TRANSFERS	(81)	(1,552)	3,511	1,878	11,602
TRANSFERS	-	-	3,703	3,703	1,139
(DECREASE) INCREASE IN NET POSITION	(81)	(1,552)	7,214	5,581	12,741
Net Position - Beginning of Year	(1,251)	187,589	132,211	318,549	305,808
NET POSITION - END OF YEAR	$ (1,332)	$ 186,037	$ 139,425	$ 324,130	$ 318,549