RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION

INTERIM FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

NINE MONTHS ENDED MARCH 31, 2022

RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION
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NINE MONTHS ENDED MARCH 31, 2022

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

Management and the Board of Commissioners
Rhode Island Housing and Mortgage Finance Corporation
Providence, Rhode Island

We have reviewed the accompanying interim financial statements of Rhode Island Housing and Mortgage Finance Corporation (a component unit of the State of Rhode Island), which comprise the combining statement of net position as of March 31, 2022, and the related combining statement of revenues, expenses and changes in net position and cash flows for the nine months then ended, the discretely presented component unit statement of fiduciary net position as of March 31, 2022 and the related statement of changes in fiduciary net position for the nine months then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of entity management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the interim financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these interim 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 interim financial statements that are free from material misstatement, whether due to fraud or error.

Accountants' Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants and the standards applicable to reviews of financial statements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of Rhode Island Housing and Mortgage Finance Corporation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Management and the Board of Commissioners
Rhode Island Housing and Mortgage Finance Corporation

Accountants' Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying interim financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Change in Accountant Principle

As discussed in Note 14 to the financial statements, Rhode Island Housing and Mortgage Finance Corporation adopted GASB Statement No. 91, *Conduit Debt Obligations*. As a result of the implementation of this standard, Rhode Island Housing and Mortgage Finance Corporation reported a restatement for the change in accounting principle. Our conclusion is not modified with respect to this matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedule of changes in total OPEB liability – and related ratios, as listed 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. Such information is the responsibility of management. We have not audited, reviewed, or complied the required supplementary information and we do not express and opinion, a conclusion, nor provide any assurance on it.

Supplementary Information

The accompanying supplementary information included in the combining statement of net position – single-family fund, combining statement of revenues, expenses, and changed in net position single-family fund, combining statement of net position – multi-family fund, combining statement of revenues, expenses, and changed in net position multi-family fund is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The supplementary information has been subjected to the review procedures applied in our review of the basic financial statements. We are not aware of any material modifications that should be made to the supplementary information. We have not audited the supplementary information and do not express an opinion on such information.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Cranston, Rhode Island
November 9, 2022

The accompanying basic financial statements include Rhode Island Housing and Mortgage Finance Corporation (the Corporation) and Affordable Housing Trust Fund (the Trust, a component unit of the Corporation), collectively referred to as Rhode Island Housing.

This section of Rhode Island Housing's financial statements presents Rhode Island Housing's management's discussion and analysis of the Corporation's financial position and performance as of March 31, 2022, and for the nine months then ended. This discussion and analysis is intended to serve as an introduction to the Corporation's basic financial statements. The Corporation's basic financial statements, accompanying notes, and supplementary information should be read in conjunction with the following discussion.

Financial Highlights

The financial highlights (in millions) of the Corporation as of and for the nine months ended March 31, 2022, increased (decreased) from the previous year as follows:

	2022	
	$	%
Mortgage Loans, Gross	(216.1)	(13.6)
Investments	183.6	30.0
Cash and Cash Equivalents	45.2	10.8
Total Assets	13.0	0.5
Bonds and Notes Payable	60.5	3.6
Total Net Position	(26.3)	(6.7)
Total Revenues	127.2	107.5
Total Expenses	175.9	191.7
Operating Income	(48.7)	(183.3)

Mortgage Loans represent the largest category of the Corporation's total assets at 52.1%. The decrease from prior year is a result of payoffs of single-family loans combined with the removal of the conduit debt from the Combining Statement of Net Position in accordance with Governmental Accounting Standards Board (GASB) Statement no. 91. New single-family mortgage production is securitized and categorized as an investment, resulting in an increase in Investments.

Bonds and notes payable represent the largest component of total liabilities at 77.5%. The increase relates to the issuance of single-family bonds.

The increases in Total Revenues and Total Expenses relate to the administration of various new Federal housing grants.

Overview of the Financial Statements

The Corporation engages only in business-type activities; that is, activities that are financed in whole or in part by charges to external parties for services, with funding sources that are primarily external to the Corporation. As a result, the Corporation's basic financial statements include the statement of net position, the statement of revenues, 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 Corporation's finances, in a manner similar to a private-sector business.

The statement of net position presents information on the Corporation's assets, liabilities, deferred inflows and outflows of resources, and net position. Over time, increases or decreases in the Corporation's net position may serve as an indicator of whether the financial position of the Corporation is improving or deteriorating. Other factors, both internal and external to the Corporation, should be considered when evaluating the Corporation's financial position. The statement of revenues, expenses, and changes in net position presents information on how the Corporation's net position changed during the year.

All assets, liabilities, deferred inflows and outflows of resources, and changes in net position are reported using the accrual basis of accounting for governmental entities and are reported as soon as the underlying event giving rise to the asset or liability and resulting change in net position occurs, regardless of the timing of when a corresponding amount of cash is received or paid. Consequently, certain revenues and expenses reported in the statement of revenues, expenses, and changes in net position will result in cash flows in future periods.

The Affordable Housing Trust Fund (the Trust) is a separate legal entity created pursuant to a trust agreement initiated by the Corporation. The Trust is a private-purpose trust established to assist in activities that involve the creation and preservation of affordable housing in the State. All resources of the Trust, including income on investments and other revenues, are held in trust for the benefit of private and nonprofit organizations. There is no requirement that any portion of the Trust's resources be preserved as capital. The Trust administers its affairs through its trustees, records its assets in segregated accounts and maintains financial records separate from the Corporation.

Operating Activity of the Corporation

The following table summarize the components of operating income, before the adjustment to record investments at fair value as required by Governmental Accounting Standards Board (GASB) Statement No. 31:

	Nine Months Ended March 31, 2022 and 2021 *(in Thousands)*		
	2022	2021	% Change
Revenues:			
Interest Income on Loans	$ 46,543	$ 52,102	(10.7)
Earnings on Investments	14,709	12,156	21.0
Gain on Sale of Loans	7,762	12,869	(39.7)
Grant Revenue	185,222	16,274	1,038.2
Other	23,663	12,138	94.9
Total Revenues	277,899	105,539	163.3
Expenses:			
Interest Expense	28,463	36,070	(21.1)
Provision for Loan Losses	1,500	1,500	-
REO Expenditures	(567)	189	(400.0)
Bond Issuance Costs	2,750	1,693	62.4
Operating Expenses	40,447	26,293	53.8
Grant Expense	185,317	15,743	1,077.1
Other Expenses	9,761	10,269	(5.0)
Total Expenses	267,671	91,757	191.7
Operating Income, Before Adjusting Investments to Fair Value	$ 10,228	$ 13,781	(25.8)

Operating loss, after adjusting investments to fair value, was $22.1 million for the nine-month period ended March 31, 2022, and operating income after fair value adjustment was $26.6 million for the nine-month period ended March 31, 2021. GASB Statement No. 31, which requires investments to be recorded at fair value, resulted in a decrease in operating income of $32.4 million in 2022 compared to an increase in operating income of $12.8 million in 2021.

The fair value of investments held in the form of Mortgage-backed Securities fluctuates in accordance with the changing interest rate environment. The Corporation intends to hold these investments to maturity, and does not expect to realize any gains or losses on these investments.

Gain on sale of loans was $7.8 million and $12.9 million for the nine months ended March 31, 2022 and 2021, respectively. Fluctuations are a result of different financing strategies to take advantage of changing market conditions. Loans can be sold to Fannie Mae or securitized and sold in the To-Be-Announced market which generates immediate revenue and increases the gain on sale of loans. In the past year, loans were primarily financed through tax-exempt bonds, securitized, and held as investments providing stable revenue over the life of the loans. This strategy results in an increase in investments, yielding increased earnings on investments.

Operating expenses of the Corporation (personnel services, other administrative expenses, and depreciation and amortization of other assets) totaled $40.4 million for the nine months ended March 31, 2022, an increase of 53.8% from $26.3 million for the nine months ended March 31, 2021. This is due to expenses relating to the administration of new federal programs.

Net interest income (interest on loans and investments less interest expense) is the largest component of the Corporation's operating income. Net interest income totaled $32.8 million for the nine months ended March 31, 2022, an increase of 16.3% from $28.2 million for the nine months ended March 31, 2021. Interest income on loans and investments decreased by $3.0 million from 2021 to 2022. Net interest income as a percentage of average bonds and notes payable was 2.54% in 2022 and 2.30% in 2021. Interest income on loans as a percentage of total loans was 4.20% in 2022 and 4.32% in 2021, while interest expense on bonds and notes was 2.21% in 2022 and 2.95% in 2021. This caused a total increase in the spread margin (i.e., differential between loans and bonds) to 1.99% in 2022 from 1.37% in 2021.

The Corporation's revenue recognition policy for delinquent loans requires that interest will stop accruing and any accrued interest will be reversed if any loan becomes 90 days past due on the contractual obligation. The Corporation will commence accruing interest income on such loans once the loans are made current.

The addition to the provision for loan loss for the nine months ended March 31, 2022 and 2021, was $1.5 million for both years. The adequacy of the allowance is based on a review of the Corporation's loan portfolio and an analysis of its current characteristics. The primary economic factors incorporated into the allowance estimates are: (1) recent performance characteristics of the single-family portfolio, and (2) net operating cash flows of the developments associated with multi-family loans.

The state of Rhode Island continues to be under a state of national emergency due to the COVID-19 outbreak. The Corporation derives a significant portion of its revenues from loans made to multi-family projects and single-family homeowners which may have both been impacted by business closures and job loss. This has resulted in an increase in delinquencies and uncertainly of collectability as the forbearance program has ended.

For single-family loans, an estimate of loss reserve is based on current delinquency, historical loss experience, and the last instance of economic softness and real estate depreciation. In addition, loans forbearance programs that resulted from COVID-19 related loss of income have recently been lifted. At this time, it is too early to determine the ultimate impact on loan collectability and a general percentage has been applied.

For the multi-family portfolios, a specific loan loss reserve analysis is performed for every loan demonstrating signs of financial strain. Cash flow projections are developed from the most recent audited financials for each of the sites which may be experiencing difficulty, and which have a mortgage loan. For each of these sites, an analysis of value is calculated and compared to the loan balance. This methodology is the same as that used in the formulation of the income approach found in standard real estate appraisals. Beyond the specific reserves derived above, a general reserve is also established. The general reserve is based on a range of reserve percentages applicable to each loan portfolio.

Financial Analysis of the Corporation

The following table summarize certain financial information regarding the Corporation's financial position:

	Nine Months Ended March 31, 2022 and 2021 *(in Thousands)*		
	2022	2021	% Change
Loans Receivable, Net	$ 1,321,320	$ 1,538,374	(14.1)
Investments	795,934	612,344	30.0
Cash and Cash Equivalents	464,420	419,265	10.8
Other Assets	44,577	43,307	2.9
Total Assets	2,626,251	2,613,290	0.5
Deferred Outflows of Resources	2,441	1,872	30.4
Bonds and Notes Payable	1,750,275	1,689,796	3.6
Other Liabilities	508,245	528,684	(3.9)
Total Liabilities	2,258,520	2,218,480	1.8
Deferred Inflows of Resources	1,366	1,531	(10.8)
Net Position:			
Net Investment in Capital Assets	9,662	9,980	(3.2)
Restricted	256,642	292,240	(12.2)
Unrestricted	102,502	92,931	10.3

Total assets of the Corporation increased .5% from 2021 to 2022, primarily due to the increase in cash and investments. Bonds and notes payable totaled $1.8 billion as of March 31, 2022, an increase of $60.5 million, or 3.6%, from March 31, 2021.

As of March 31, 2022 and 2021, the net position-to-asset ratio was 14.0% and 15.1%, respectively, while the loan-to-asset ratio was 50.3% and 58.9%, respectively. These ratios reflect the application of GASB Statement No. 31.

External Influences

The Rhode Island economy and the level of unemployment in the state of Rhode Island has a direct impact on the Corporation's delinquency experience within its portfolio. As of March 31, 2022, Rhode Island's unemployment rate was 3.4% compared to 6.0% as of March 31, 2021. The Corporation has also experienced a decrease in its 90+ delinquency rate to 5.96% in 2022 from 11.08% in 2021. The increase in both rates that were noted in the early phase of the COVID-19 pandemic, are showing signs of correcting.

Requests for Information

This management's discussion and analysis is designed to provide a general overview of the Corporation's finances. Questions concerning this report may be addressed to the Director of Accounting, Rhode Island Housing and Mortgage Finance Corporation, 44 Washington Street, Providence, Rhode Island, 02903. The Corporation maintains a website at: www.rihousing.com.

RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
COMBINING STATEMENT OF NET POSITION
MARCH 31, 2022
(SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT)

	Operating Fund	Single-Family Fund	Multi-Family Fund	Total
ASSETS				
Loans Receivable	$ 571,565,856	$ 346,259,343	$ 418,409,741	$ 1,336,234,940
Less Allowance for Loan Losses	(33,339,976)	(13,877,079)	-	(47,217,055)
Loans Receivable, Net	538,225,880	332,382,264	418,409,741	1,289,017,885
Loans Held for Sale	32,301,880	-	-	32,301,880
Investments	121,547,544	672,732,062	1,653,939	795,933,545
Accrued Interest - Loans	1,145,821	1,007,326	2,009,960	4,163,107
Accrued Interest - Investments	14,689	1,790,217	1,566	1,806,472
Cash and Cash Equivalents	129,106,719	268,957,428	66,355,839	464,419,986
Accounts Receivable, Net	13,414,015	70,073	902	13,484,990
Other Assets, Net	24,869,334	254,058	-	25,123,392
Interfund Receivable (Payable)	15,600	(7,800)	(7,800)	-
Total Assets	860,641,482	1,277,185,628	488,424,147	2,626,251,257
DEFERRED OUTFLOWS OF RESOURCES				
Loan Origination Costs	-	2,124	-	2,124
Hedging Instruments	316,086	-	-	316,086
Deferred OPEB Outflows	2,123,211	-	-	2,123,211
Total Deferred Outflows of Resources	2,439,297	2,124	-	2,441,421
Total Assets and Deferred Outflows of Resources	$ 863,080,779	$ 1,277,187,752	$ 488,424,147	$ 2,628,692,678
LIABILITIES				
Bonds and Notes Payable	$ 258,502,695	$ 1,102,103,026	$ 389,669,379	$ 1,750,275,100
Accrued Interest Payable on Bonds and Notes	461,109	13,162,207	5,871,303	19,494,619
Accounts Payable and Accrued Liabilities	17,310,297	-	9,472	17,319,769
Fees, Net	1,449,480	75,548	1,530,323	3,055,351
Escrow Deposits	468,375,325	-	-	468,375,325
Total Liabilities	746,098,906	1,115,340,781	397,080,477	2,258,520,164
DEFERRED INFLOWS OF RESOURCES				
Deferred OPEB Inflow	1,366,255	-	-	1,366,255
NET POSITION				
Net Investment in Capital Assets	9,661,675	-	-	9,661,675
Restricted by Bond Resolutions	3,451,753	161,846,971	91,343,670	256,642,394
Unrestricted	102,502,190	-	-	102,502,190
Total Net position	115,615,618	161,846,971	91,343,670	368,806,259
Total Liabilities, Deferred Inflows of Resources, and Net Position	$ 863,080,779	$ 1,277,187,752	$ 488,424,147	$ 2,628,692,678

See accompanying Notes to Combining Financial Statements.

RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
NINE MONTHS ENDED MARCH 31, 2022
(SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT)

	Operating Fund	Single-Family Fund	Multi-Family Fund	Total
OPERATING REVENUES				
Interest Income on Loans	$ 10,535,115	$ 11,759,971	$ 18,590,149	$ 40,885,235
Interest Income Attributable to Internal Servicing Activities	5,657,903	-	-	5,657,903
Total Interest Income on Loans	16,193,018	11,759,971	18,590,149	46,543,138
Income on Investments:				
Earnings on Investments	617,994	14,045,874	45,629	14,709,497
Net Decrease in Fair Value of Investments	(113,676)	(32,201,648)	(59,506)	(32,374,830)
Fees	21,821,000	-	-	21,821,000
Servicing Fee Income	1,841,843	-	-	1,841,843
Grant Revenue	185,222,102	-	-	185,222,102
Miscellaneous Income	42	-	-	42
Gain on Sale of Loans	7,761,979	-	-	7,761,979
Total Operating Revenues	233,344,302	(6,395,803)	18,576,272	245,524,771
OPERATING EXPENSES				
Interest Expense	4,724,246	14,922,790	8,816,357	28,463,393
Personnel Services	20,769,405	-	-	20,769,405
Other Administrative Expenses	17,595,632	-	-	17,595,632
Housing Initiatives	1,542,028	-	-	1,542,028
Provision for Loan Losses	1,500,000	-	-	1,500,000
REO (Recoveries) Expenditures	(541,603)	(25,107)	-	(566,710)
Bad Debt (Recoveries) Expense	(2,161)	-	-	(2,161)
Arbitrage Rebate	-	-	(28,300)	(28,300)
Bond Issuance Costs	637,295	2,113,093	-	2,750,388
Early Retirement of Debt	-	7,478	-	7,478
Depreciation and Amortization of Other Assets	2,077,710	3,816	-	2,081,526
Loan Costs	1,007,212	6,783,889	339,129	8,130,230
State Rental Subsidy Program	111,124	-	-	111,124
Grant Expense	185,317,153	-	-	185,317,153
Total Operating Expenses	234,738,041	23,805,959	9,127,186	267,671,186
OPERATING INCOME (LOSS)	(1,393,739)	(30,201,762)	9,449,086	(22,146,415)
Transfers In (Out)	5,260,871	-	(5,260,871)	-
CHANGE IN NET POSITION	3,867,132	(30,201,762)	4,188,215	(22,146,415)
Net Position - Beginning of Year	111,748,486	192,048,733	87,091,647	390,888,866
Adjustment to Net Postiion Related to GASB 91	-	-	63,808	63,808
Adjusted Net Position - Beginning of Year	111,748,486	192,048,733	87,155,455	390,952,674
NET POSITION - END OF YEAR	$ 115,615,618	$ 161,846,971	$ 91,343,670	$ 368,806,259

See accompanying Notes to Combining Financial Statements.

RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
COMBINING STATEMENT OF CASH FLOWS
NINE MONTHS ENDED MARCH 31, 2022
(SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT)

	Operating Fund	Single-Family Fund	Multi-Family Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Interest on Loans Receivable	$ 16,203,868	$ 11,882,298	$ 19,047,454	$ 47,133,620
Repayment of Loans Receivable	30,039,525	68,226,316	23,740,992	122,006,833
Fees Collected (Paid)	24,187,013	(10,413)	(58,279)	24,118,321
Other Receipts (Disbursements), Net	(6,425,248)	-	-	(6,425,248)
Loans Disbursed	(35,875,549)	(29,763,532)	-	(65,639,081)
Accounts Receivable, Net	799,625	-	-	799,625
Gain on Accounts Receivable	2,161	-	-	2,161
Loss on Loans Receivable	(160,024)	(122,921)	-	(282,945)
Income on REO Properties	541,602	25,107	-	566,709
Bond Issuance Costs	(637,295)	(2,113,093)	-	(2,750,388)
Personnel Services	(20,769,405)	-	-	(20,769,405)
Other Administrative Expenses	(17,595,766)	-	-	(17,595,766)
Housing Initiative Expenses	(1,541,892)	-	-	(1,541,892)
Other Assets	(2,992,366)	46,693	-	(2,945,673)
Arbitrage Rebate	-	-	28,300	28,300
Accounts Payable and Accrued Liabilities	614,407	-	(81,341)	533,066
Gain (Loss) on Sale of Loans	7,298,682	(6,783,889)	(339,130)	175,663
State Rental Subsidy Program	(111,124)	-	-	(111,124)
Transfers from (to) Other Programs	5,260,870	-	(5,260,870)	-
Adjustment to Beginning Net Position for GASB 91	-	-	63,808	63,808
Net Cash Provided (Used) by Operating Activities	(1,160,916)	41,386,566	37,140,934	77,366,584
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Proceeds from Sale of Bonds and Notes	387,000,000	327,151,861	1,402	714,153,263
Payment of Bond and Note Principal	(388,510,506)	(121,738,441)	(2,341,402)	(512,590,349)
Interest Paid on Bonds and Notes	(4,640,584)	(12,297,222)	(6,306,401)	(23,244,207)
Net Cash Provided (Used) by Noncapital Financing	(6,151,090)	193,116,198	(8,646,401)	178,318,707
CASH FLOWS FROM INVESTING ACTIVITIES				
Redemption of Investments	342,686,924	145,824,002	1,674,941	490,185,867
Earnings on Investments	619,949	13,850,612	48,891	14,519,452
Purchase of Investments	(342,003,264)	(297,358,483)	(1,698,011)	(641,059,758)
Net Cash Provided (Used) by Investing Activities	1,303,609	(137,683,869)	25,821	(136,354,439)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(6,008,397)	96,818,895	28,520,354	119,330,852
Cash and Cash Equivalents - Beginning of Year	135,115,116	172,138,533	37,835,485	345,089,134
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 129,106,719	$ 268,957,428	$ 66,355,839	$ 464,419,986

See accompanying Notes to Combining Financial Statements.

RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
COMBINING STATEMENT OF CASH FLOWS (CONTINUED)
NINE MONTHS ENDED MARCH 31, 2022
(SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT)

	Operating Fund	Single-Family Fund	Multi-Family Fund	Total
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating Income (Loss)	$ (1,393,739)	$ (30,201,762)	$ 9,449,086	$ (22,146,415)
Adjustments:				
Earnings on Investments	(619,949)	(13,850,612)	(48,891)	(14,519,452)
Net Decrease in Fair Value of Investments	113,676	32,201,648	59,506	32,374,830
Interest Paid on Bonds and Notes	4,640,584	12,297,222	6,306,401	23,244,207
Amortization of Bond Premium/Discount	-	(4,722,963)	1,402	(4,721,561)
Transfer of Investments and/or Net Position	5,260,871	-	(5,260,870)	1
(Increase) Decrease in Assets:				
Loans Receivable/Loss Allowance	(4,363,706)	38,339,863	23,740,992	57,717,149
Accrued Interest - Loans	10,850	122,327	48,835	182,012
Accrued Interest - Investments	1,955	(195,261)	3,261	(190,045)
Accounts Receivable, Net	667,282	-	-	667,282
Other Assets	(914,656)	50,388	-	(864,268)
(Increase) Decrease in Deferred Outflows	543,914	121	-	544,035
Increase (Decrease) in Liabilities:				
Accrued Interest - Bonds and Notes	83,662	7,356,008	2,927,651	10,367,321
Accounts Payable and Accrued Liabilities	614,409	-	(28,161)	586,248
Fees, Net	613,244	(10,413)	(58,278)	544,553
Escrow Deposits	(6,419,313)	-	-	(6,419,313)
Total Adjustments	232,823	71,588,328	27,691,848	99,512,999
Net Cash Provided (Used) by Operating Activities	$ (1,160,916)	$ 41,386,566	$ 37,140,934	$ 77,366,584

See accompanying Notes to Combining Financial Statements.

RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
STATEMENT OF FIDUCIARY NET POSITION –
PRIVATE PURPOSE TRUST COMPONENT UNIT AFFORDABLE HOUSING TRUST
MARCH 31, 2022
(SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT)

ASSETS	
Loans Receivable	$ 44,528,640
Less Allowance for Loan Losses	(4,000,000)
Loans Receivable, Net	40,528,640
Investments	38,800
Accrued Interest - Loans	67,377
Accrued Interest - Investments	47
Cash and Cash Equivalents	71,881,286
Accounts Receivable, Net	17,781
Other Assets, Net	403,137
Total Assets	$ 112,937,068
LIABILITIES	
Accounts payable and accrued liabilities	$ 22,292
Total liabilities	22,292
NET POSITION	
Restricted for Organizations	112,914,776
Total Liabilities and Net Position	$ 112,937,068

See accompanying Notes to Combining Financial Statements.

RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION –
PRIVATE PURPOSE TRUST COMPONENT UNIT AFFORDABLE HOUSING TRUST
NINE MONTHS ENDED MARCH 31, 2022
(SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT)

REVENUES	
Interest Income on Loans	$ 659,782
Earnings on Investments:	
Interest on Investments	45,067
Net Decrease in Fair Value of Investments	(5)
Trust Receipts	214,279
Total Revenues	919,123
EXPENSES	
Housing Initiatives	362,500
Provision for Loan Losses (Recoveries)	-
Cost to Sell Loans	355
Total Expenses	362,855
CHANGE IN NET POSITION	556,268
Net Position - Beginning of Year	112,358,508
NET POSITION - END OF YEAR	$ 112,914,776

See accompanying Notes to Combining Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization and Description of Financial Reporting Entity

Rhode Island Housing and Mortgage Finance Corporation (the Corporation) is a public instrumentality established in 1973 by an Act of the Rhode Island General Assembly. The Corporation was created to originate loans and administer other activities to expand the supply of housing available to persons of low and moderate income and to stimulate the construction and rehabilitation of housing and health care facilities in the State of Rhode Island (the State). It has the power to issue negotiable notes and bonds to achieve its corporate purpose. The notes and bonds do not constitute a debt of the State, and the State is not liable for the repayment of such obligations.

The Corporation is considered a component unit of the State and is included in the State's comprehensive annual financial report.

The Corporation is exempt from federal and state income taxes.

In evaluating the inclusion of other separate and distinct legal entities as component units within its financial reporting structure, the Corporation applies the criteria prescribed by Governmental Accounting Standards Board (GASB). Through the application of GASB criteria, the Corporation determined that the Affordable Housing Trust Fund (the Trust) is a component unit of the Corporation, and the Trust has been presented in the accompanying fiduciary fund financial statements. Control over and financial accountability for the Trust is determined based on appointment by a voting majority of the Trust's trustees.

B. Affordable Housing Trust Fund

The Affordable Housing Trust Fund (the Trust) is a separate legal entity created pursuant to a trust agreement initiated by the Corporation. The Trust is a private-purpose trust established to assist in activities that involve the creation and preservation of affordable housing in the State. All resources of the Trust, including income on investments and other revenues, are held in trust for the benefit of private and nonprofit organizations. Trust receipts are derived from payments related to affordable housing preservation transactions and funds received to administer housing programs. There is no requirement that any portion of the Trust's resources be preserved as capital. The Trust administers its affairs through its trustees, records its assets in segregated accounts, and maintains financial records separate from the Corporation.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Financial Statements Presentation, Measurement Focus, and Basis of Accounting

The Corporation engages only in business-type activities. Business-type activities are activities that are financed in whole or in part by fees charged to external parties. The accompanying combining statement of net position, statement of revenues, expenses, and changes in net position, and statement of cash flows (enterprise fund financial statements) present the financial information of the Corporation.

The Corporation classifies its business-type activities into funds, reported as separate columns within the enterprise fund financial statements, each representing a fiscal and accounting entity with a self-balancing set of accounts segregated to carry on specific activities in accordance with bond resolutions established under various trust indentures, special regulations restrictions, or limitations. All inter-fund activity has been eliminated from the combining totals in the accompanying financial statements. Transfers between funds are made to cover the operating costs associated with management of bond resolutions. Transfers also consist of reimbursement of collateral for bond resolutions previously funded by the operating fund.

The Operating Fund accounts for the receipt of income not directly pledged to the repayment of specific bonds and notes, expenses related to the Corporation's administrative functions, and for various housing program activities that are not covered by bond resolutions. The Operating Fund also accounts for the activities of the Corporation's two separate subsidiaries: Rhode Island Housing Equity Corporation and Rhode Island Housing Development Corporation. The Single-Family Housing Fund includes transactions and programs designed to provide affordable housing to eligible persons and families within the State for properties with one to four dwelling units. All loans whether originated by the Corporation or purchased from participating lenders, are in compliance with bond resolutions. The Multi-Family Fund includes financing activities with the intent to originate multi-family loans secured by a lien.

The Trust engages only in fiduciary activities. Separate financial statements are presented for the Trust as fiduciary activities are excluded from presentation in enterprise fund financial statements.

The Corporation and the Trust use the economic resources measurement focus and accrual basis of accounting. The accompanying financial statements have been prepared in conformance with generally accepted accounting principles (GAAP) for governments as prescribed by GASB, which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Financial Statements Presentation, Measurement Focus, and Basis of Accounting (Continued)

The Corporation has presented an unclassified combining statement of net position in accordance with financial institution industry trade practice. Although contractual terms define the principal amount of loans receivable and the amount of principal required to be paid on bonds and notes payable within one year from the date of the combining statement of net position, the actual principal amounts received on loans and repaid on bonds and notes are significantly affected by changes in interest rates, economic conditions, and other factors. Consequently, the principal amount of loans receivable and the principal amount payable for bonds and notes based on contractual terms would not be representative of actual amounts received or paid, and such amounts are not reliably estimable.

The Corporation distinguishes between operating and nonoperating revenues and expenses. Operating revenues and expenses generally result from providing services in connection with the Corporation's principal ongoing operations. Operating expenses include the cost of services provided, administrative expenses, and depreciation and amortization expense. All other revenues and expenses are reported as nonoperating revenues and expenses.

D. Loans Receivable and Allowance for Loan Losses

Loans receivables are reported at their outstanding principal balance adjusted for any charge-offs and the allowance for loan losses.

In general, interest income on loans receivable is recognized on the accrual basis. A loan is considered delinquent when payments are not made in accordance with contractual terms. Loans go into "nonaccrual status" when loan payments are delinquent for ninety days or more. Interest income is no longer accrued, and any accrued interest is reversed. Loans are returned to accrual status when all amounts contractually due are brought current or the loans have been restructured and future payments are reasonably assured. For certain deferred loans which specify that interest is payable based on available cash flow or the availability of other specified sources, related interest is recorded as income when received.

Losses on loans are provided for under the allowance method of accounting. The allowance is increased by provisions charged to operating expenses and by recoveries of previously charged-off loans. The allowance is decreased as loans are charged off.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Loans Receivable and Allowance for Loan Losses (Continued)

The allowance represents an amount that management believes will be adequate to provide for potential loan losses based on an evaluation of collectability and prior loss experience, known and inherent risk in the portfolio, changes in the nature, and volume of the loan portfolio, overall portfolio quality, specifically identified high risk loans, the estimated value of the underlying collateral, current and anticipated economic conditions that may affect the borrower's ability to pay, historical loss experience, and the types of mortgage insurance or guarantee programs provided by outside parties. Substantially all loans are secured by real estate in Rhode Island; accordingly, the ultimate collectability of the loans is susceptible to changes in market conditions in this area. Management believes the allowance for loan losses is adequate. While management uses available information to recognize losses on loans, evaluation assessments made by management are inherently subjective and future adjustments to the allowance may be necessary if economic conditions differ substantially from the assumptions used at the time of the evaluation.

Loans originated and intended for sale in the secondary market are carried at the lower of cost or estimated fair value in the aggregate. Such loans are presented as loans held for sale on the accompanying statements of net position. Gains and losses from sales of loans are recognized based upon the difference between the fair value of mortgage-backed securities forward contracts at date of commitment and the carrying value of the underlying loans.

E. Cash and Cash Equivalents

Cash and cash equivalents represent funds on deposit with various financial institutions and funds held by the trustees of the various bond programs. Deposits held in financial institutions and all highly liquid investments, such as U.S. Treasury Bills and Notes, with original maturities of 90 days or less are considered cash and cash equivalents.

F. Investments

Investments held by the Corporation consist of those permitted by the various bond resolutions and the Corporation's investment policy. Investments include securities of the U.S. Government and of U.S. Government agencies, securities guaranteed by the U.S. Government and U.S. Government agencies, savings accounts, and guaranteed investment contracts.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Investments (Continued)

In accordance with GASB Statement No. 31 (GASB 31), money market investments having a remaining maturity of one year or less at time of purchase are reported at amortized cost if the fair value of such investments is not significantly affected by the impairment of the credit standing of the issuer or by other factors. Investments in nonparticipating interest earning investment contracts, such as nonnegotiable and nontransferable guaranteed investment contracts, which are redeemable at contract or stated value rather than fair value based on current market rates and certificates of deposit with redemption terms that do not consider market rates, are reported at cost or amortized cost provided that the fair value of such contracts is not significantly affected by the impairment of the credit standing of the issuer or other factors. Investments not reported at cost or amortized cost are reported at fair value in accordance with GASB No. 31. The fair value of securities is provided by an investment trustee as reported by recognized pricing firms. The reported amounts of investments not otherwise reported at fair value approximate their fair value.

All investment income, including changes in the fair value of investments, is reported as revenue in the Corporation's statement of revenues, expenses, and changes in net position and in the Trust's statement of changes in fiduciary net position. The Corporation records a liability for the portion of investment income that is rebate able to the United States government under Section 103A of the Internal Revenue Code, as amended, (the Code) for tax-exempt bonds sold after 1981. The Code requires that such excess investment income be remitted to the Internal Revenue Service. Such rebate able investment income is included in Accounts Payable and Accrued Liabilities in the accompanying statement of net position and recorded within Operating Expenses in the statement of revenues, expenses, and changes in net position.

G. Bond Issuance Costs, Premiums, Discounts, and Early Retirements

In accordance with GASB Statement No. 65, costs associated with issuing bonds are reported in the combining statement of revenues, expenses, and changes in net position in the year the bond is issued. In addition, when refinancing debt, the costs associated with the refinanced bond are also reported in the combining statement of revenues, expenses, and changes in net position in the year in which the bond is refinanced.

Premiums and discounts are capitalized and amortized using a method that approximates the interest method over the life of the related issue or to the date the Corporation has the option to redeem the bonds.

The Corporation periodically retires bonds prior to their redemption date. Any premium paid on the call related to the early retirement of bonds that are not refunded is reported in the combining statement of revenues, expenses, and changes in net position.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Other Assets

Other assets of the Corporation are principally comprised of property and equipment, certain other real estate owned, and deferred servicing costs related to service release premiums paid to participating originating lenders for origination of single-family loans. The Corporation depreciates property and equipment on a straight-line basis over the assets' estimated lives, which range from 3 to 40 years.

The Corporation states its other real estate owned acquired through or in lieu of foreclosure at the lower of cost or fair value less the cost to sell. Fair value of such assets is determined based on independent appraisals and other relevant factors. Other real estate owned in the Single-Family Fund is partially insured or guaranteed by outside parties and it is anticipated that the Corporation will recover substantially all the balance of these assets through such insurance and from proceeds from the sale of the underlying properties. The Corporation holds such properties for subsequent sale in a manner that will allow maximization of value. Carrying costs relating to other real estate owned are recorded in the Operating Fund.

I. Total Other Postemployment Benefits Other than Pensions (OPEB) Liability

The total OPEB liability is measured as the portion of the actuarial present value of projected benefits that is attributed to past periods of employee service. The total OPEB liability is measured as of a date (measurement date) no earlier than the end of the employer's prior fiscal year and no later than the end of the current fiscal year, consistently applied from period to period. The measurement date for the reported liability was June 30, 2020.

The Corporation reports total OPEB liability as a component of accounts payable and accrued liabilities on the combining statement of net position.

J. Deferred Inflows and Outflows of Resources

Deferred outflows of resources represent the consumption of net assets that applies to a future period or periods and so will not be recognized as an outflow of resources (expense) until then. Deferred inflows of resources represent an acquisition of net position that applies to a future period or periods and so will not be recognized as an inflow of resources (revenue) until that time.

The Corporation reports deferred outflows of resources related to loan origination costs in the statement of net position. Expenses will be recognized once the related loans are sold.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Deferred Inflows and Outflows of Resources (Continued)

Fair values of both hedging derivatives and investment derivatives (if any) are presented on the combining statement of net position either as a derivative liability (negative fair value) or as a derivative asset (positive fair value). The difference between the notional amount and fair value of the derivatives that are determined to be effective hedges is recorded as a deferred inflow or outflow of resources on the Corporation's combining statement of net position. The Corporation currently has one type of derivative instrument outstanding: mortgage-backed security forward contracts.

The Corporation reports deferred outflows and inflows related to Other Postemployment Benefits (OPEB) in the statement of net position which result from differences between expected and actual experience, changes in assumptions or other inputs and contributions after the measurement date. These amounts are deferred and included in OPEB expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits, the one exception being contributions made after the measurement date which are recognized as OPEB expense in the following year.

The Corporation reports a deferred inflow of resources related to OPEB. That deferred inflow results from contributions made subsequent to the measurement date.

K. Net Position

Net position is classified into three components: net investment in capital assets, restricted, and unrestricted. Net investment in capital assets represents the net book value of all capital assets reduced by the outstanding balances of bonds and other debt and deferred inflows of resources, if any, used to acquire, construct, or improve these assets, and increased by deferred outflows of resources related to those assets, if any. Restricted net position consists of restricted assets that have been limited in use as specified either externally by creditors, contributors, laws, or government regulations, or internally by enabling legislation or law. Restricted assets are reduced by liabilities and deferred inflows of resources related to the restricted assets. Unrestricted net position consists of amounts not included in net investment in capital assets or restricted net position.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Net Position (Continued)

The Corporation classifies all net position amounts associated with its bond resolutions as restricted net position. Under bond indentures, all assets assigned to these programs are pledged for the benefit of the bondholders of each program; consequently, the Corporation classifies all such amounts, while retained in the bond programs, as restricted. Transfers from the bond programs to the Operating Fund are made when transfers are approved and authorized by the Corporation's management and such amounts are not specifically required to be retained within the bond program. Transfers during the period ended March 31, 2022, include cash transfers for reimbursement of activities in support of the bond programs.

Restricted net position in the Operating Fund is comprised of the amount of assets required to be pledged as collateral to a lender in excess of outstanding amounts borrowed, as well as assets restricted for federal programs. At March 31, 2022, the restricted amount totaled $3,451,753.

L. Interest Income on Loans

The Corporation presents two categories of interest income. The first category, "interest income on loans," represents the interest component of the mortgagors' payments due to all mortgage servicing entities (including the Corporation's Operating Fund). The second category, "interest income attributable to internal servicing activities," represents compensation earned for mortgage servicing for those loans serviced by the Corporation. Together, these two components comprise interest income on loans owned by the Corporation.

M. Use of Estimates

Management has made several estimates and assumptions relating to the reporting of assets and liabilities, revenues and expenses, and disclosure of contingent assets and liabilities when preparing the financial statements in conformity with accounting principles generally accepted in the United States. Actual results could differ from those estimates.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Fee and Grant Revenue

Recognition of grant revenue is based on the susceptibility of accrual as determined by the legal and contractual requirements established by each grantor. For grants not restrictive as to specific purposes and revocable only for failure to comply with general prescribed requirements, revenues are recognized when actually received. Where expenditure is the prime factor in determining eligibility, grant revenue is recognized as allowable expenditures are made. Fee income is accrued as earned and includes fees received from loan originations, securitization premiums, loan servicing fees and Section 8 administrative fees received from the U.S. Department of Housing and Urban Development (HUD), including administrative fees that are paid by HUD to the Corporation under the Performance-Based Contract Administration (PBCA) contract for certain Section 8 projects throughout Rhode Island.

NOTE 2 RESTRICTED ASSETS

Certain assets are restricted by covenants and agreements as a result of transactions, including bond sales, mortgages generated with lending institutions, and funding provided by HUD programs. All Assets in the Single-Family and Multi-Family funds are restricted. Restricted assets in the Operating Fund include Cash and Cash Equivalents, Investments, Loans, and Other Assets. At March 31, 2022, restricted assets in the Operating Fund totaled $644,706,975.

NOTE 3 LOANS RECEIVABLE

The Corporation provides single-family mortgage loans to qualified borrowers in the State. The mortgage loans are generally required to be insured through the Federal Housing Administration (FHA), guaranteed by the Department of Veterans Administration (VA) or USDA Rural Development, or conventionally financed with traditional primary mortgage insurance. Under the single-family program guidelines, conventionally financed single-family mortgage loans with an initial loan-to-value ratio of greater than 80% are insured by private mortgage insurance carriers. As these loans amortize and the loan-to-value ratio falls below 80%, the private mortgage insurance coverage may be terminated.

NOTE 3 LOANS RECEIVABLE (CONTINUED)

At March 31, 2022, the single-family mortgage loan balances in the Single-Family Fund are insured, subject to maximum insurable limits as follows:

Private Mortgage Insurance	$ 72,837,780
FHA Insurance	126,312,766
VA Guaranteed	3,540,434
USDA/RD Guaranteed	4,035,024
Uninsured	139,533,339
Total	$ 346,259,343

The FHA program insures the repayment of the unpaid principal amount of the mortgage upon foreclosure and conveyance of title to the Secretary of HUD. The insurance proceeds are usually paid in cash, but at the discretion of the Secretary, may be settled through issuance of 20-year debentures. The VA mortgage loan guarantee covers from 25% up to 50% of the original principal amount of a loan up to a maximum of $60,000 depending on the loan amount. Private mortgage insurers must be qualified to insure mortgages purchased by the Federal Home Loan Mortgage Corporation or the Federal National Mortgage Association (FNMA) and must be authorized to do business in the State. Private mortgage insurance typically covers between 6% and 35% of claims depending upon the premium plan and coverage selected when the loan is originated. The risk exists that if these private mortgage insurance companies are not able to honor claims, these loans would be considered uninsured.

The Corporation has entered into a risk-sharing agreement with HUD whereby HUD will provide partial mortgage insurance on affordable multi-family housing developments financed by the Corporation. The risk of loss to the Corporation varies from 10% to 50% depending on the level of participation by HUD. In the Multi-Family Fund and Operating Fund, loan balances at March 31, 2022, of $384,220,428 and $153,207,536, respectively, are insured under such agreements subject to maximum participation limits. At March 31, 2022, loan balances of $6,386,721, in the Trust are also insured under such agreements.

In May 2012, the Corporation entered into an agreement with FNMA whereby single-family mortgage loans originated under the Corporation's program guidelines may be sold directly to FNMA or pooled into a mortgage-backed security that will be guaranteed by FNMA. As of March 31, 2022, 2,813 loans had been sold directly to FNMA and eight mortgage-backed securities had been issued.

NOTE 3 LOANS RECEIVABLE (CONTINUED)

As of March 31, 2022, the percentage of loan dollars that are in a first lien position by fund is as follows:

Operating	51.9 %
Single-Family	87.7
Multi-Family	99.3
Affordable Housing Trust	32.0

The payment of interest by borrowers on certain loans recorded in the Corporation's Operating Fund, Single-Family Fund, and Multi-Family Fund is deferred and payable by borrowers only from available cash flow, as defined in the loan agreements or other specified sources. Interest income on such loans is recorded as revenue when received from the borrower. For the nine months ended March 31, 2022, interest received under such deferred loan arrangements was $379,997 in the Operating Fund and $542,123 in the Single-Family Fund. In addition, the Corporation administers certain federal and state loan programs, which are either deferred forgivable loans or noninterest bearing. Loans under these programs totaled $224,235,841 at March 31, 2022.

At March 31, 2022, principal balances outstanding under deferred and noninterest- bearing loan arrangements are as follows:

Operating Fund:	
Single-Family Loans	$ 38,010,214
Multi-Family Loans	254,218,270
Subtotal	292,228,484
Single-Family Fund:	
Single-Family Loans	13,004,372
Total	$ 305,232,856

Certain loans recorded in the Corporation's Operating Fund and Single-Family Fund are on nonaccrual status due to delinquency over 90 days. At March 31, 2022, principal outstanding under such nonaccrual status loans is as follows:

Operating Fund:	
Single-Family Loans	$ 9,363,258
Multi-Family Loans	-
Subtotal	9,363,258
Single-Family Fund:	
Single-Family Loans	21,422,484
Total	$ 30,785,742

NOTE 3 LOANS RECEIVABLE (CONTINUED)

A summary of the changes in the allowance for loan losses is as follows:

Balance - Beginning of Year	$ 46,000,000
Loans Charged Off, Net of Recoveries	(201,605)
Write-Down of REO Properties	(81,340)
Provision for Loan Losses	1,500,000
Balance - End of Period	$ 47,217,055

In addition to the allowance for loan losses, the Corporation maintains an escrow account funded by certain mortgage lenders (the Mortgage Lender's Reserve Account). This Mortgage Lenders Reserve Account equals a percentage of the outstanding principal balance of certain mortgage loans purchased from an applicable mortgage lender and is available to the Corporation in the event the proceeds realized upon the default and foreclosure of any covered mortgage loan is less than the amount due to the Corporation. At March 31, 2022, the Mortgage Lender's Reserve Account totaled $294,868.

NOTE 4 CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash and Cash Equivalents

The Corporation assumes levels of custodial credit risk for its cash and cash equivalents. Custodial credit risk is the risk that in the event of a financial institution failure, the Corporation's deposits may not be returned to it. Cash and cash equivalents are exposed to custodial credit risk as follows: a) uninsured and uncollateralized; b) uninsured and collateralized with securities held by the financial institution trust departments in the Corporation's or Trust's name; and c) uninsured and collateralized with securities held by financial institution trust departments or agents which are not held in the Corporation's or Trust's name.

The State requires that certain uninsured deposits of the State and State Agencies be collateralized. Section 35-10.1-7 of the General Laws of the State, dealing with the collateralization of public deposits, requires all time deposits with maturities of greater than 60 days and all deposits in institutions that do not meet its minimum capital standards as required by its Federal regulator be collateralized. The Corporation does not have any additional policy regarding custodial credit risk for its deposits.

NOTE 4 CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Cash and Cash Equivalents (Continued)

Cash and cash equivalents in the Single-Family Fund and Multi-Family Fund are principally invested in short-term United States Government money market funds. The funds are rated AAA and invested only in U.S. Treasuries, U.S. Agencies, and repurchase agreements collateralized by U.S. Treasury and Agency securities. Since the funds offer a floating rate that tends to move with other market U.S. risk-free rates, there is substantially no interest rate risk associated with these short-term investments. Because of the quality of the underlying securities in the asset pool and the institutions involved in the management and custody, there is no material credit or custodial risk in this portfolio. These investments are used as temporary cash management instruments. The fair value of these money market funds reflects the net asset value reported by the fund administrator which is a stable $1 per unit. The underlying investments which are short-term cash equivalent type investments are generally carried at amortized cost which approximates fair value. There are no withdrawal limitations for the money market mutual funds.

Investments

The first objective of the Corporation investment strategy is to minimize risk and maximize the preservation of capital. All investments are to be made in a manner to minimize any risk which would jeopardize the safety of the principal invested. The second objective is to maintain sufficient liquidity to match cash flow requirements. The third objective is to maximize yield after satisfying the first two objectives. Other major considerations include diversification of risk and maintenance of credit ratings.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment in a debt instrument. As a means of limiting exposure to fair value losses arising from rising interest rates, the Board of Commissioners' (the Board) established an investment policy for the Corporation's Operating Fund that limits the maximum maturities or repricing maturities as follows:

Maturity	Maximum Investment
Less than One Year	100%
One to Five Years	25%
Greater than Five Years	0%

At March 31, 2022, the Operating Fund holds two investments with a maturity of greater than five years. These investments are marketable securities that are pledged as collateral to a lender for borrowings.

NOTE 4 CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Investments (Continued)

While each of the bond resolutions contains investment policies which describe acceptable investments, there are no specific policies for percentage maximum investments with respect to the Single-Family Fund, Multi-Family Fund, and the Trust (collectively referred to as the Other Funds). The Corporation strives to match asset and liability maturities. The Corporation manages interest rate risk by considering variables such as mortgage prepayment frequency, expected asset lives, utilization of interest sensitivity gap (segmented time distribution), and simulation analysis.

Investments include mortgage-backed securities backed by government-insured single-family mortgage loans originated under the Corporation's program guidelines. These securities are pass-through securities which require monthly payments by an FHA-approved or Fannie Mae-approved lender and are guaranteed by either the Government National Mortgage Association (GNMA) or (FNMA). The securities are subject to interest rate risk due to prepayments and the fair value of the securities which vary with the change in market interest rates. The securities are intended to be held to maturity. The securities are held by the Single-Family and Operating Funds and are carried at fair value totaling $672,892,815 at March 31, 2022.

The Corporation 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 prices in active markets for identical assets. Level 2 inputs are observable market-based inputs or unobservable inputs that are corroborated by market data. Level 3 inputs are unobservable inputs that are not corroborated by market data.

The Corporation has recurring fair value measurements in the form of Fixed Income Securities (U.S. Treasuries, mortgage-backed securities, and obligations of government-sponsored enterprises) as of March 31, 2022, $121,547,544 in the Operating Fund, $669,848,567 in the Single-Family Fund, $1,653,939 in the Multi-Family Fund, and $38,800 in the Trust that are valued using quoted market prices (Level 1 inputs). Included in Operating Fund investments are fair value measurements for escrow funds relating to homeowners and to multi-family developments. The Corporation does not measure the fair value of guaranteed investment contracts in the amount of $2,883,495 in the Single-Family Fund as of March 31, 2022.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The current Board-approved policy requires all investments in the Operating Fund to be rated at least Single A by a nationally recognized rating agency. Generally, each of the bonded resolutions in the Single-Family Fund and Multi-Family Fund contain policies that require investments that do not impair the existing ratings on the related bonds. The Trust has no minimum rating requirements.

NOTE 4 CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Investments (Continued)

Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer regardless of its credit history. The Board-approved policy for the Operating Fund limits the amount that may be invested with any one issuer as follows:

United States Government Obligations	100% of Portfolio
United States Agency Obligations	100% of Portfolio
Repurchase Agreements	50% of Portfolio
Collective Short-Term Funds	25% of Portfolio
All Other Investments	10% of Portfolio

Although there are no specific concentration policies for maximum percentage of investments, the Corporation attempts to diversify as much as possible given the limited number of issuers of AAA-rated investments.

At March 31, 2022, all Operating Fund investments were invested in securities of the U.S. Government and Agency securities, with no concentration of more than 5% of total Operating Fund investments in any particular agency for which the investments were not secured by the U.S. Government.

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Corporation will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The policy in the Operating Fund is that all purchases are held in a safekeeping or custodial account at an approved safekeeping agent of the Corporation in the Corporation's name. At March 31, 2022, there were no investments in the Operating Fund subject to custodial credit risk.

There are no other specific custodial credit risk policies for the other funds. Most of the Corporation's investments in other funds are either in Guaranteed Investment Contracts (GICs) in bonded resolutions, which are direct investments not subject to custodial credit risk, or in accounts managed by a financial advisory firm with underlying investments restricted to U.S. Government and Agency securities. At March 31, 2022, there were no investments in any of the other funds subject to custodial credit risk.

As established in the Board-approved investment policy, the Corporation can enter into interest rate swap agreements and other similar interest rate related derivative instruments to reduce interest rate mismatches between its loan and investment assets and its bond and note liabilities. These types of derivative instruments expose the Corporation to certain risks including credit risk, interest rate risk, and counterparty risk. At March 31, 2022, the Corporation was not party to any interest rate swap agreements. At March 31, 2022, the Corporation had entered into certain commitments to sell loans, which expose the Corporation to interest rate risk as discussed further in Note 9.

NOTE 5 ACCOUNTS RECEIVABLE

Accounts receivable balance at March 31, 2022, is comprised of the following:

Due from Federal Government	$ 3,006,480
Tax Sale Receivables	1,579,794
Customer and Program Related Accounts	9,330,197
Total Receivable	13,916,471
Allowance	(431,482)
Receivable, Net	$ 13,484,990

NOTE 6 OTHER ASSETS

Other assets, net, consisted of the following at March 31, 2022:

Real Estate Owned	$ 944,659
Capital Assets (Depreciable), Net	9,661,675
Purchased Mortgage Servicing Rights and Excess Servicing, Net	14,610,910
Other Assets	(93,852)
Total	$ 25,123,392

Depreciation expense related to capital assets for the nine months ended March 31, 2022, was $486,101.

Amortization expense related to purchased mortgage servicing rights for the nine months ended March 31, 2022, was $1,595,425.

Other assets of the Trust consisted of federal program properties totaling $403,137 at March 31, 2022.

NOTE 7 BONDS AND NOTES PAYABLE

The Corporation issues serial bonds and term bonds under various bond resolutions to provide permanent financing for the origination or purchase from participating originating lenders of single-family loans, to provide permanent financing for qualified housing developments, and to provide financing for other purposes.

NOTE 7 BONDS AND NOTES PAYABLE (CONTINUED)

The Corporation obtains principally first and second mortgage liens on real property financed. The Corporation assigns such liens to the respective bonds when the mortgage loans are permanently financed using bond proceeds. Bonds and notes are secured by related revenues and assets of the respective programs in which the related bonds and notes payable are reported.

The provisions of the applicable trust indentures require or allow for the redemption of bonds by the Corporation through the use of unexpended bond proceeds and excess funds accumulated primarily through the prepayment of mortgage loans. All outstanding bonds are subject to redemption at the option of the Corporation, in whole or in part at any time after certain dates, as specified in the respective bond series indentures.

Principal and interest on substantially all bonds is payable semi-annually.

The Corporation is required by the Internal Revenue Service as well as its various bond resolutions to comply with certain tax code provisions and bond covenants. The most significant of these include the following: all debt payments must be current, annual reports and budgets must be filed with the trustee, and the Corporation must comply with various restrictions on investment earnings from bond proceeds. The Corporation's management believes it was in compliance with these covenants as of March 31, 2022.

Bonds and notes payable at March 31, 2022, are as follows:

Description	Amount
Operating Fund Bonds and Notes:	
Federal Home Loan Bank, due 2022 to 2027, Interest from 0.260% to 1.14%	$ 11,175,000
Federal Financing Bank, due 2056 to 2060, Interest from 2.239% to 3.577%	145,311,050
General Obligation Bonds Series 2018, Mandatory Tender Bonds, due 2032, Interest at 3.12%	5,000,000
Notes Payable, due 2027 to 2048, Interest from 2.75% to 6.25%	15,016,645
Lines of Credit, Payable on Demand, Interest from 1.150% to 1.350%	82,000,000
Total Operating Fund Bonds and Notes	258,502,695
Single-Family Fund:	
Homeownership Opportunity Bonds:	
Series 10-A:	
Term Bonds, due 2022 to 2027, Interest at 6.50%	940,000

NOTE 7 BONDS AND NOTES PAYABLE (CONTINUED)

Description	Amount
Single-Family Fund (Continued):	
Homeownership Opportunity Bonds (Continued):	
Series 15-A:	
Term Bonds, due 2024, Interest at 6.85%	$ 380,000
Series 46-T:	
Term Bonds, due 2034, Interest at Variable Rate	15,000,000
Series 48-T:	
Term Bonds, due 2034, Interest at Variable Rate	15,000,000
Series 64-T:	
Term Bonds, due 2023 to 2034, Interest from 3.00% to 4.00%	10,800,000
Series 65-T:	
Serial Bonds, due 2022 to 2025, Interest from 3.286% to 3.886%	14,730,000
Term Bonds, due 2034 to 2039, Interest from 2.913% to 4.433%	6,740,000
Subtotal	21,470,000
Series 66 A-1:	
Term Bonds, due 2033, Interest at 4.00%	4,525,000
Series 66 A-2:	
Term Bonds, due 2032, Interest at 4.00%	430,000
Series 66 C-2:	
Serial Bonds, due 2022 to 2026, Interest from 2.95% to 3.65%	10,260,000
Series 67-A:	
Term Bonds, due 2041, Interest at 3.55%	2,530,000
Series 67-B:	
Term Bonds, due 2026 to 2046, Interest from 2.40% to 3.55%	2,695,000
Series 67-C:	
Serial Bonds, due 2022 to 2027, Interest from 2.05% to 3.00%	10,590,000
Term Bonds, due 2030 to 2038, Interest from 3.25% to 3.50%	9,870,000
Subtotal	20,460,000

NOTE 7 BONDS AND NOTES PAYABLE (CONTINUED)

Description	Amount
Single-Family Fund (Continued):	
Homeownership Opportunity Bonds (Continued):	
Series 68-B:	
Term Bonds, due 2031 to 2046, Interest from 3.00% to 3.40%	$ 9,910,000
Series 68-C:	
Serial Bonds, due 2022 to 2026, Interest from 2.00% to 2.65%	24,305,000
Term Bonds, due 2031 to 2039, Interest from 3.15% to 3.50%	60,865,000
Subtotal	85,170,000
Series 69-A:	
Serial Bonds, due 2022 to 2029, Interest from 2.40% to 3.50%	13,175,000
Series 69-B:	
Term Bonds, due 2048, Interest from 4.00%	21,895,000
Series 69-T:	
Serial Bonds, due 2022 to 2024, Interest from 3.20% to 3.40%	3,930,000
Series 70:	
Serial Bonds, due 2022 to 2031, Interest from 1.60% to 2.55%	26,945,000
Term Bonds, due 2034 to 2049, Interest from 2.80% to 4.00%	54,075,000
Subtotal	81,020,000
Series 71:	
Serial Bonds, due 2022 to 2032, Interest from 1.40% to 2.55%	24,970,000
Term Bonds, due 2034 to 2049, Interest from 2.75% to 3.75%	59,725,000
Subtotal	84,695,000
Series 72-A:	
Serial Bonds, due 2022 to 2031, Interest from 0.55% to 2.20%	14,950,000
Term Bonds, due 2035 to 2050, Interest from 2.30% to 3.50%	41,755,000
Subtotal	56,705,000

NOTE 7 BONDS AND NOTES PAYABLE (CONTINUED)

Description	Amount
Single-Family Fund (Continued):	
Homeownership Opportunity Bonds (Continued):	
Series 73-A:	
Serial Bonds, due 2025 to 2032, Interest from 0.80% to 1.95%	$ 28,815,000
Term Bonds, due 2035 to 2050, Interest from 2.10% to 3.00%	96,770,000
Subtotal	125,585,000
Series 73-T:	
Serial Bonds, due 2022 to 2025, Interest from .70% to 1.25%	13,355,000
Series 74:	
Serial Bonds, due 2022 to 2033, Interest from 1.30% to 5.00%	62,360,000
Term Bonds, due 2036 to 2049, Interest from 2.125% to 3.00%	72,700,000
Subtotal	135,060,000
Series 75-A:	
Serial Bonds, due 2022 to 2033, Interest from 0.100% to 1.95%	29,690,000
Term Bonds, due 2036 to 2051, Interest from 2.05% to 3.00%	114,900,000
Subtotal	144,590,000
Series 75-T:	
Serial Bonds, due 2022 to 2028, Interest from .20% to 1.55%	27,865,000
Series 76-A:	
Serial Bonds, due 2026 to 2033, Interest from 1.80% to 5.00%	32,335,000
Term Bonds, due 2036 to 2051, Interest from 2.35% to 3.00%	92,590,000
Subtotal	124,925,000
Series 76-T:	
Serial Bonds, due 2022 to 2026, Interest from .86% to 1.72%	13,800,000
Unamortized Bond Premium	31,768,026
Total Homeownership Opportunity Bonds	1,077,938,026

NOTE 7 BONDS AND NOTES PAYABLE (CONTINUED)

Description	Amount
Single-Family Fund (Continued):	
Home Funding Bonds:	
Series 2, Subseries 2C:	
Term Bonds, due 2041, Interest at 2.73%	$ 13,010,000
Series 5:	
Term Bonds, due 2028 to 2040, Interest from 2.75% to 3.35%	11,155,000
Unamortized Bond Premium	-
Total Home Funding Bonds	24,165,000
Total Single-Family Fund	1,102,103,026
Multi-Family Fund:	
Funding Bonds:	
2009 Series A, Subseries 2009A-1:	
Term Bonds, due 2051, Interest at 3.01%	51,000,000
2009 Series A, Subseries 2009A-2:	
Term Bonds, due 2051, Interest at 2.32%	14,100,000
2010 Series A:	
Serial Bonds, due 2021, Interest at 4.00%	-
Term Bonds, due 2025 to 2035, Interest from 4.625% to 5.25%	15,550,000
Subtotal	15,550,000
2011 Series A:	
Term Bonds, due 2026 to 2032, Interest from 4.125% to 4.625%	3,460,000
Total Funding Bonds	84,110,000
Development Bonds:	
2013 Series 1-B:	
Serial Bonds, due 2022 to 2023, Interest from 2.55% to 2.85%	1,095,000
Term Bonds, due 2027 to 2048, Interest from 3.25% to 4.125%	28,780,000
Subtotal	29,875,000
2014 Series 3-B:	
Serial Bonds, due 2022 to 2025, Interest from 2.50% to 2.95%	995,000
Term Bonds, due 2029 to 2049, Interest from 3.40% to 4.125%	13,715,000
Subtotal	14,710,000

NOTE 7 BONDS AND NOTES PAYABLE (CONTINUED)

Description	Amount
Multi-Family Fund (Continued):	
Development Bonds (Continued):	
2016 Series 1-B:	
Serial Bonds, due 2022 to 2026, Interest from 1.65% to 2.650%	$ 930,000
Term Bonds, due 2031 to 2056, Interest from 3.15% to 4.10%	15,350,000
Subtotal	16,280,000
2016 Series 1-C:	
Serial Bonds, due 2022 to 2026, Interest from 2.00% to 3.00%	2,515,000
Term Bonds, due 2031 to 2041, Interest from 3.50% to 4.10%	15,170,000
Subtotal	17,685,000
2017 Series 1-B:	
Term Bonds, due 2052, Interest at 4.20%	1,555,000
2017 Series 2-T:	
Serial Bonds, due 2022 to 2028, Interest from 2.599% to 3.639%	6,875,000
2017 Series 4-B:	
Serial Bonds, due 2022 to 2028, Interest from 2.10% to 3.05%	2,300,000
Term Bonds, due 2032 to 2037, Interest from 3.35% to 3.80%	31,620,000
Subtotal	33,920,000
2019 Series 1-A:	
Serial Bonds, due 2049, Interest at 1.70%	12,000,000
2019 Series 1-B:	
Serial Bonds, due 2022 to 2031, Interest from 1.55% to 2.40%	3,445,000
Term Bonds, due 2034 to 2059, Interest from 2.75% to 3.40%	32,555,000
Subtotal	36,000,000
2019 Series 2-T:	
Serial Bonds, due 2022 to 2031, Interest from 2.00% to 2.95%	1,950,000
Term Bonds, due 2039 to 2051, Interest from 3.30% to 3.50%	9,570,000
Subtotal	11,520,000

NOTE 7 BONDS AND NOTES PAYABLE (CONTINUED)

Description	Amount
Multi-Family Fund (Continued):	
Development Bonds (Continued):	
2020 Series 1-T:	
Term Bonds, due 2022 to 2038, Interest from 0.857% to 2.993%	$ 43,635,000
2021 Series 1-A:	
Term Bonds, due 2040, Interest at 0.45%	23,650,000
2021 Series 1-B:	
Serial Bonds, due 2023 to 2035, Interest from 0.35% to 2.00%	1,230,000
Term Bonds, due 2035 to 2040, Interest from 2.00% to 2.15%	9,520,000
Subtotal	10,750,000
2021 Series 2-T:	
Serial Bonds, due 2022 to 2032, Interest from 0.447% to 2.39%	18,390,000
Term Bonds, due 2035 to 2040, Interest from 2.54% to 3.032%	28,745,000
Subtotal	47,135,000
Unamortized Bond Discount	(30,621)
Total Development Bonds	305,559,379
Total Multi-Family Fund	389,669,379
Total Bonds and Notes Payable	$ 1,750,275,100

The Operating Fund's lines of credit were established with financial institutions primarily to make funds available for the origination, or purchase from participating originating lenders, of single-family loans prior to the receipt of the respective bond proceeds. At March 31, 2022, the Corporation may borrow up to a maximum of $135,000,000 under various revolving loan agreements expiring between August 2022 and January 2023. Borrowings under the lines of credit are payable on demand and are unsecured. One line of credit has a variable interest rate. As of March 31, 2022, the borrowings were $17,000,000 and the rate was 1.350%. The remaining line of credit agreements have fixed interest rates which range from 1.086% to 1.45%. Outstanding borrowings under these agreements totaled $65,000,000 at March 31, 2022.

NOTE 7 BONDS AND NOTES PAYABLE (CONTINUED)

The Corporation entered into a standby letter of credit agreement with a financial institution whereby the financial institution guarantees payment not to exceed $1,400,000 to the beneficiary in the event of a request for drawing made by the beneficiary.

Homeownership Opportunity Bonds Series 46-T and 48-T bear interest at taxable rates established monthly or quarterly, which range from 0.515% to 0.535% at March 31, 2022.

Bonds and notes payable activity for the nine months ended March 31, 2022, is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Bonds and Notes Payable:				
General Obligations Bonds	$ 5,000,000	$ -	$ -	$ 5,000,000
Unsecured Notes	82,009,000	377,000,000	(377,009,000)	82,000,000
Secured Notes	173,004,200	2,000,000	(3,501,506)	171,502,694
Revenue Bonds	1,293,420,547	311,180,000	(112,828,141)	1,491,772,406
Total	$ 1,553,433,747	$ 690,180,000	$ (493,338,647)	$ 1,750,275,100

The schedule below reflects bond and note maturities, and related interest for each fiscal year relating to the respective bonds and notes as of March 31, 2022, (dollars in thousands):

	Operating Fund Bonds/Notes		Single-Family Fund Bonds		Multi-Family Fund Bonds/Notes	
Fiscal Year	Principal	Interest	Principal	Interest	Principal	Interest
2022	$ 53,518	$ 3,682	$ 17,300	$ 28,866	$ 2,280	$ 11,738
2023	35,133	5,544	39,325	28,376	5,490	11,681
2024	7,233	5,134	38,155	27,413	6,935	11,550
2025	2,337	4,902	38,450	26,470	7,365	11,390
2026	2,447	4,823	40,625	25,554	9,155	11,206
2027-2031	21,245	22,611	211,220	24,571	48,130	10,987
2032-2036	17,583	19,932	189,730	19,174	50,505	9,677
2037-2041	21,162	16,683	167,385	14,623	147,015	8,199
2042-2046	23,940	12,981	152,810	10,260	42,540	3,700
2047-2051	27,849	9,095	170,780	5,804	42,075	2,311
2052-2056	34,629	4,487	4,555	137	16,920	986
2057-2061	11,426	415	-	-	11,290	391
Total	$ 258,503	$ 110,289	$ 1,070,335	$ 211,248	$ 389,700	$ 93,816

NOTE 7 BONDS AND NOTES PAYABLE (CONTINUED)

Changes in direct borrowings and placements for the nine months ended March 31, 2022, are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
General Obligation Bonds	$ 5,000,000	$ -	$ -	$ 5,000,000	$ -
Notes from Direct Borrowings and Direct Placements	108,509,890	379,000,000	(379,318,246)	108,191,644	99,454,646
Total	$ 113,509,890	$ 379,000,000	$ (379,318,246)	$ 113,191,644	$ 99,454,646

Debt service requirements on direct borrowings and placements at March 31, 2022, are as follows (dollars in thousands):

	Business-Type Activities			
	Bonds		Notes from Direct Borrowings and Direct Placements	
Fiscal Year	Principal	Interest	Principal	Interest
2022	$ -	$ 156	$ 53,112	$ 1,400
2023	-	156	28,460	1,101
2024	5,000	78	5,482	825
2025	-	-	505	724
2026	-	-	529	700
2027-2031	-	-	10,225	2,909
2032-2036	-	-	3,737	2,047
2037-2041	-	-	3,759	1,086
2042-2046	-	-	2,058	272
2047-2051	-	-	325	21
Total	$ 5,000	$ 390	$ 108,192	$ 11,085

NOTE 8 CONDUIT DEBT

To further economic development in the State, the Corporation issues bonds that provide financing for the acquisition, construction, and rehabilitation of multi-family housing for low-income renters. The properties financed are pledged as collateral, and the bonds are payable solely from payments received from the Developers on the underlying mortgage or promissory notes. In addition, no commitments beyond the collateral, the payments from the Developers, and maintenance of the tax-exempt status of the conduit debt obligation were extended by the Corporation for any of those bonds. At March 31, 2022, the bonds have an aggregate outstanding principal amount payable of $130,200,113.

NOTE 9 COMMITMENTS AND CONTINGENCIES

The Corporation is party to financial instruments with off-balance-sheet risk in connection with its commitments to provide financing. Such commitments expose the Corporation to credit risk in excess of the amounts recognized in the accompanying combining statements of net position. The Corporation's exposure to credit loss in the event of nonperformance by the borrowers is represented by the contractual amount of such instruments. The Corporation uses the same credit policies in making commitments as it does for on-balance-sheet instruments.

Total credit exposure as a result of loan commitments at March 31, 2022, is as follows:

Single-Family Fund	$ -
Operating Fund	127,126,597
Multi-Family Fund Trust	-
Trust	10,202,582
Total	$ 137,329,179

Commitments to extend credit are agreements to lend to a borrower as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses. The Corporation evaluates each borrower's creditworthiness on a case-by-case basis. Interest rates on approved loan commitments are principally fixed rates.

The Corporation has entered into contracts with multiple developments under the Neighborhood Opportunities Program to fund projects over the next seven years for a total of $6,442,339, subject to the availability of funds. As of March 31, 2022, $5,344,591 has been paid under these contracts.

The Corporation is party to certain claims and lawsuits which are being contested, certain of which the Corporation and respective legal counsel are unable to determine the likelihood of an unfavorable outcome or the amount or range of potential loss. In the opinion of management, the ultimate liability with respect to these actions and claims will not have a material adverse effect on either the financial position or the results of operations of the Corporation.

The Corporation is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; or acts of God for which the Corporation carries commercial insurance. Neither the Corporation nor its insurers have settled any claims which exceeded the Corporation's insurance coverage in any of the last three fiscal years. There have been no significant reductions in any insurance coverage from amounts in the prior year. The Corporation also is self-insured for unemployment compensation, and no accrual has been recorded in the accompanying financial statements for claims expected to arise from services rendered on or before March 31, 2022, because the Corporation officials are of the opinion that, based on prior experience, such claims will not be material.

NOTE 10 DERIVATIVE INSTRUMENTS

In July 2013, the Corporation converted its loan funding platform from a mortgage revenue bond program to a program primarily financed through the sale of whole loans and mortgage-backed securities guaranteed by FNMA and GNMA as to timely payment of principal and interest. The securities represent pools of qualified first mortgage loans originated by the Corporation approved lenders. Under this program, the Corporation periodically enters into forward contracts to sell the securities to investors before the securities are ready for delivery (referred to as a to-be-announced or TBA Mortgage-Backed Security Contract). The Corporation enters into TBA Mortgage-Backed Security Contracts to hedge the interest rate risk for loan commitments made to originating mortgage lenders. TBA Mortgage-Backed Security Contracts are derivative instruments due to one or more of the following factors that are not designated at the time the Corporation and the investor enter into the transaction: settlement factors; the reference rates or interest rates the security will bear; and notional amounts in the form of the principal amount of the future Mortgage-Backed Securities. In addition, payment to the Corporation by the investor is not required until the investor receives the security, enabling the investor to take a position on interest rates without making a payment. Finally, the TBA Mortgage-Backed Security Contracts may be "net settled" because neither party is required to deliver or purchase an asset to settle the TBA Mortgage-Backed Securities Contract.

At March 31, 2022, TBA Mortgage-Backed Securities Contracts with a total notional amount of $27,500,000 and fair market values totaling $27,706,219 were outstanding, resulting in a hedging instrument of $206,219. These contracts are valued using quoted market prices (Level 1 inputs) and the fair values of such contracts are included in the combining statements of net position as deferred outflows of resources. In addition, the Corporation entered into commitments to sell loans to Fannie Mae with a total notional amount of $10,450,000 and fair market values totaling $10,559,867 resulting in a hedging instrument of $109,867. These contracts are valued using quoted market prices (Level 1 inputs) and the fair values of such contracts are also included in the combining statements of net position as deferred outflows of resources.

NOTE 11 EMPLOYEE BENEFITS

Employee Benefit Plan

The Corporation has adopted an employee retirement plan created in accordance with Internal Revenue Code Section 401(a). The Corporation's 401(a) money Purchase Pension Plan (the Plan) is a defined contribution plan, administered by Voya Financial. Regular full-time employees who meet certain requirements as to length of service are eligible. The Corporation contributes a set percentage of an employee's annual eligible compensation to the Plan. The contribution requirements, and benefit provisions, are established and may be amended by management of the Corporation along with the Board of Commissioners. Contributions to the plan for the nine months ended March 31, 2022, were $1,304,128. The assets of the Plan were placed under a separate trust agreement for the benefit of the applicable employees and, therefore, are neither an asset nor a liability of the Corporation.

NOTE 11 EMPLOYEE BENEFITS (CONTINUED)

Postemployment Healthcare Plan

The Rhode Island Housing Retiree Healthcare Plan (RIHRHP) is a single-employer, defined benefit healthcare plan administered by the Corporation. RIHRHP provides medical insurance benefits to eligible employees who retire from active full-time employment based on years of service and age.

RIHRHP currently pays for postemployment healthcare benefits on a pay-as-you-go basis. As of March 31, 2022, RIHRHP has not established a trust fund to irrevocably segregate assets to fund liability associated with the postemployment benefits, which would require the reporting of a trust fund in accordance with GASB guidelines. Administration costs are financed from current operations. RIHRHP does not issue a stand-alone financial report.

Employees become eligible at 28 years of service or at age 59½ with 10 years of service. RIHRHP pays a percentage of the cost of insurance, ranging from 50% to 100%, based on a combination of years of service and age. The benefit provisions are established and may be amended by management of the Corporation along with the Board of Commissioners.

Membership in the plan consisted of the following at June 30, 2019, the date of the last actuarial valuation.

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	32
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	-
Active Plan Members	219
Total Plan Members	251

Total OPEB Liability

RI Housing's total OPEB liability of $9,508,274 is based on an actuarial valuation performed as of June 30, 2019. Updated procedures were used to roll forward the total OPEB liability to the measurement date of June 30, 2021.

NOTE 11 EMPLOYEE BENEFITS (CONTINUED)

Actuarial Assumptions and Methods

The total OPEB liability was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Actuarial Cost Method	Individual Entry-Age Normal
Discount Rate	2.45% as of June 30, 2020; Based on the Mur Index Rate.
Inflation	2.25%
Salary Increases	3.50% to 7.50%
Demographic Assumptions	Due to the size of the plan, the demographic a are not based on formal experience studies. H gains and losses are monitored during each e adjustments are made to retirement and witho assumptions as needed.
Mortality	For health retirees, the general- distinct PubG Retiree mortality tables are used. The rates ar a full generational basis using the ultimate mo improvement rates in the scale MP-2014 table for future mortality improvements.
Health Care Cost Trend Rates	Pre-65: Initial rate of 7.00%, declining to an ul 4.00% after 14 years; Post-65: Initial rate of 6. to an ultimate rate of 4.00% after 10 years.
Participation Rates	70% for retirees with 10 to 15 years of service 85% for retirees with 16 to 27 years of service 100% for retirees with 28 or more years of ser retirement.
Other Information	
Notes:	The discount rate changed from 3.13% as of . to 2.45% as of June 30, 2020. Additionally, the trend rates were updated to reflect the repeal tax on high-cost employer health plans.

NOTE 11 EMPLOYEE BENEFITS (CONTINUED)

Schedule of Changes in Total OPEB Liability and Related Ratios for Fiscal Year Ended June 30, 2021

Total OPEB Liability:	
Service Cost	$ 522,439
Interest on Total OPEB Liability	248,792
Difference Between Expected and Actual Experience of the Total OPEB Liability	9,438
Changes in Assumptions	1,115,337
Benefit Payments	(150,259)
Net Change in Total OPEB Liability	1,745,747
Total OPEB Liability - Beginning	7,762,527
Total OPEB Liability - End of Period	$ 9,508,274
Covered-Employee Payroll	$ 16,179,697
Total OPEB Liability as a Percentage of Covered-Employee Payroll	58.77%

Changes of assumptions reflect a change in the discount rate from 3.13% as of June 30, 2019, to 2.45% as of June 30, 2020.

The total OPEB Liability at March 31, 2022, of $9,508,274 is included with accounts payable and accrued liabilities in the Operating Fund.

Sensitivity of Total OPEB Liability to the Discount Rate Assumption

Regarding the sensitivity of the total OPEB liability to changes in the discount rate, the following presents the plan's total OPEB liability, calculated using a discount rate of 2.45% as of June 30, 2021, as well as what the plan's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher:

	1% Decrease (1.45%)	Current Discount Rate (2.45%)	1% Increase (3.45%)
Total OPEB Liability	$ 11,559,180	$ 9,508,274	$ 7,904,559

NOTE 11 EMPLOYEE BENEFITS (CONTINUED)

Sensitivity of Total OPEB Liability to the Healthcare Cost Trend Rate Assumption

Regarding the sensitivity of the total OPEB liability to changes in the healthcare cost trend rates, the following presents the plan's total OPEB liability, calculated using the assumed trend rates as well as what the plan's total OPEB liability would be if it were calculated using a trend rate that is one percent lower or one percent higher: For the year ended June 30, 2021, the healthcare cost trend rates for members who are pre-65 were 7.00% and for members who are post-65 were 6.00%:

	1% Decrease	Current Healthcare Cost Trend Rate Assumptions	1% Increase
Total OPEB Liability	$ 7,589,727	$ 9,508,274	$ 12,118,894

Deferred Outflows and Deferred Inflows Related to OPEB

For the fiscal year ended June 30, 2021, RIHRHP recognized OPEB expense of $832,251. At June 30, 2021, RIHRHP reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	$ 11,991	$ 827,829
Changes in Assumptions	1,952,797	538,426
Contributions Subsequent to the Measurement Date	158,423	-
Total	$ 2,123,211	$ 1,366,255

Amounts reported as deferred outflows of resources related to contributions after the measurement date will be recognized as a reduction of the total OPEB liability in the subsequent year.

NOTE 11 EMPLOYEE BENEFITS (CONTINUED)

Deferred Outflows and Deferred Inflows Related to OPEB (Continued)

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

Deferred Outflows and Deferred Inflows to be Recognized in Future OPEB Expense

Year Ending June 30,	Net Deferred Outflows/ (Inflows)
2022	$ 61,020
2023	61,020
2024	61,020
2025	61,020
2026	61,020
Thereafter	293,433
Total	$ 598,533

NOTE 12 OTHER CONTINGENCIES

The Corporation derives a significant portion of its revenues from loans made to multifamily projects and single-family homeowners which may have both been impacted by business closures and job loss as a result of the COVID-19 pandemic. This has resulted in an increase in delinquency and loans in forbearance. The situation creates uncertainty about the impact of future revenues that might be generated from these loans.

NOTE 13 SUBSEQUENT EVENTS

The Corporation has instructed its trustee to redeem the following bonds outstanding:

Date of Call	Principal Program	Outstanding
April 1, 2022	Multi-Family Development Bonds	$ 16,000,000
April 1, 2022	Homeownership Opportunity Bonds	46,685,000
April 1, 2022	Home Funding Bonds	23,965,000
June 15, 2022	Homeownership Opportunity Bonds	36,250,000

The Corporation issue debt as outlined below:

Date of Issuance	Principal Program	Outstanding
May 12, 2022	Homeownership Opportunity Bonds	$ 118,220,000

NOTE 13 SUBSEQUENT EVENTS (CONTINUED)

The Corporation plans to issue debt as outlined below. Please note that the amount below is approximate and subject to change until bonds have been committed for purchase:

Date of Issuance	Principal Program	Outstanding
July 21, 2022	Multi-Family Development Bonds	$ 28,265,000

NOTE 14 RESTATEMENT

The Corporation previously reported the activities of conduit debt in the Multi-family Mortgage Revenue Bond Program within the Multi-family fund. As a result of the implantation of GASB No. 91, *Conduit Debt Obligations*, as of July 1, 2021, the Corporation removed the activity related to this activity.

Accordingly, the Corporation restated beginning balances of assets, liabilities and net position as follows:

	Rhode Island Housing	Multi-Family Fund	Multi-Family Mortgage Revenue Bond Program
Net Position at June 30, 2021, as Previously Reported GASB 91 Adjustment	$ 390,888,866	$ 87,091,647	$ (63,808)
	63,808	63,808	63,808
Net Position at July 1, 2021, as Restated	$ 390,952,674	$ 87,155,455	$ -

RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST FOUR FISCAL YEARS*
(SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT)

	2021	2020	2019	2018
Total OPEB Liability:				
Service Cost	$ 522,439	$ 544,653	$ 537,100	$ 619,903
Interest on Total OPEB Liability	248,792	258,543	233,195	193,253
Differences Between Expected and Actual Experience of Total OPEB Liability	9,438	(1,010,025)	4,859	
Changes in Assumptions	1,115,337	1,167,026	(72,478)	(754,007)
Benefit Payments	(150,259)	(134,837)	(94,763)	(76,424)
Net Change in Total OPEB Liability	1,745,747	825,360	607,913	(17,275)
Total OPEB Liability - Beginning	7,762,527	6,937,167	6,329,254	6,346,529
Total OPEB Liability - Ending	$ 9,508,274	$ 7,762,527	$ 6,937,167	$ 6,329,254
Covered-Employee Payroll	$ 16,179,697	$ 16,567,803	$ 16,562,167	$ 13,634,804
Total OPEB liability as a Percentage of Covered-Employee Payroll	58.77%	46.85%	41.89%	46.42%

* This schedule is intended to show information for 10 years. Additional years' information will be displayed as it becomes available.

RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
COMBINING STATEMENT OF NET POSITION – SINGLE-FAMILY FUND
MARCH 31, 2022
(SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT)

	Homeownership Opportunity Bond Program	Home Funding Bond Program	Single-Family Fund Totals
ASSETS			
Loans Receivable	$ 337,128,852	$ 9,130,491	$ 346,259,343
Less Allowance for Loan Losses	(13,877,079)	-	(13,877,079)
Loans Receivable, Net	323,251,773	9,130,491	332,382,264
Investments	657,970,249	14,761,813	672,732,062
Accrued Interest - Loans	979,793	27,533	1,007,326
Accrued Interest - Investments	1,742,390	47,827	1,790,217
Cash and Cash Equivalents	241,816,285	27,141,143	268,957,428
Accounts Receivable	70,073	-	70,073
Other Assets, Net	252,778	1,280	254,058
Interfund Receivable (Payable)	(26,397)	18,597	(7,800)
Total Assets	1,226,056,944	51,128,684	1,277,185,628
DEFERRED OUTFLOWS OF RESOURCES			
Loan Origination Costs	2,124	-	2,124
Total Deferred Outflows of Resources	2,124	-	2,124
Total Assets and Deferred Outflows of Resources	$ 1,226,059,068	$ 51,128,684	$ 1,277,187,752
LIABILITIES			
Bonds and Notes Payable	$ 1,077,938,026	$ 24,165,000	$ 1,102,103,026
Accrued Interest Payable on Bonds and Notes	12,809,175	353,032	13,162,207
Fees, Net	75,548	-	75,548
Total Liabilities	1,090,822,749	24,518,032	1,115,340,781
NET POSITION			
Net Position - Restricted	135,236,319	26,610,652	161,846,971
Total Liabilities and Net Position	$ 1,226,059,068	$ 51,128,684	$ 1,277,187,752

RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION – SINGLE-FAMILY FUND
NINE MONTHS ENDED MARCH 31, 2022
(SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT)

	Homeownership Opportunity Bond Program	Home Funding Bond Program	Single-Family Fund Totals
OPERATING REVENUES			
Interest Income on Loans	$ 11,414,913	$ 345,058	$ 11,759,971
Earnings on Investments:			
Interest on Investments	13,556,714	489,160	14,045,874
Net Decrease in Fair Value of Investments	(31,285,520)	(916,128)	(32,201,648)
Total Operating Revenues	(6,313,893)	(81,910)	(6,395,803)
OPERATING EXPENSES			
Interest Expenses	14,741,851	180,939	14,922,790
REO Expenditures	(25,107)	-	(25,107)
Bond Issuance Costs	2,113,093	-	2,113,093
Early Retirement of Debt	7,478	-	7,478
Depreciation and Amortization of Other Assets	-	3,816	3,816
Loan Costs	6,783,889	-	6,783,889
Total Operating Expenses	23,621,204	184,755	23,805,959
Transfers In (Out)	(20,000,000)	20,000,000	-
CHANGE IN NET POSITION	(49,935,097)	19,733,335	(30,201,762)
Net Position - Beginning of Year	185,171,416	6,877,317	192,048,733
NET POSITION - END OF YEAR	$ 135,236,319	$ 26,610,652	$ 161,846,971

RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
COMBINING STATEMENT OF NET POSITION – MULTI-FAMILY FUND
MARCH 31, 2022
(SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT)

	Multi-Family Housing Bond Program	Multi-Family Mortgage Revenue Bond Program	Multi-Family Funding Bond Program	Multi-Family Development Bonds	Multi-Family Fund Total
ASSETS					
Loans Receivable	$ -	$ -	$ 83,946,801	$ 334,462,940	$ 418,409,741
Investments	-	-	-	1,653,939	1,653,939
Accrued Interest - Loans	-	-	446,833	1,563,127	2,009,960
Accrued Interest - Investments	-	-	-	1,566	1,566
Cash and Cash Equivalents	-	-	11,633,984	54,721,855	66,355,839
Accounts Receivable, Net	-	-	-	902	902
Interfund Receivable (Payable)	-	-	-	(7,800)	(7,800)
Total Assets	$ -	$ -	$ 96,027,618	$ 392,396,529	$ 488,424,147
LIABILITIES					
Bonds and Notes Payable	$ -	$ -	$ 84,110,000	$ 305,559,379	$ 389,669,379
Accrued Interest Payable on Bonds and Notes	-	-	1,397,682	4,473,621	5,871,303
Accounts Payable and Accrued Liabilities	-	-	-	9,472	9,472
Fees, Net	-	-	-	1,530,323	1,530,323
Total liabilities	-	-	85,507,682	311,572,795	397,080,477
NET POSITION					
Net Position - Restricted	-	-	10,519,936	80,823,734	91,343,670
Total Liabilities and Net Position	$ -	$ -	$ 96,027,618	$ 392,396,529	$ 488,424,147

RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION – MULTI-FAMILY FUND
NINE MONTHS ENDED MARCH 31, 2022
(SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT)

	Multi-Family Housing Bond Program	Multi-Family Mortgage Revenue Bond Program	Multi-Family Funding Bond Program	Multi-Family Development Bonds	Multi-Family Fund Total
OPERATING REVENUES					
Interest Income on Loans	$ -	$ -	$ 4,037,421	$ 14,552,728	$ 18,590,149
Total Interest Income on Loans	-	-	4,037,421	14,552,728	18,590,149
Earnings on Investments:					
Interest on Investments	-	-	1,994	43,635	45,629
Net Decrease in Fair Value of Investments	-	-	-	(59,506)	(59,506)
Total Operating Revenues	-	-	4,039,415	14,536,857	18,576,272
OPERATING EXPENSES					
Interest Expense	-	-	2,101,171	6,715,186	8,816,357
Arbitrage rebate	-	-	-	(28,300)	(28,300)
Loan Costs	36,751	-	38,598	263,780	339,129
Total Operating Expenses	36,751	-	2,139,769	6,950,666	9,127,186
OPERATING INCOME (LOSS)	(36,751)	-	1,899,646	7,586,191	9,449,086
Transfers In (Out)	36,751	-	(1,561,402)	(3,736,220)	(5,260,871)
CHANGE IN NET POSITION	-	-	338,244	3,849,971	4,188,215
Net Position - Beginning of Year	-	(63,808)	10,181,692	76,973,763	87,091,647
Restatement	-	63,808	-	-	63,808
As restated	-	-	10,181,692	76,973,763	87,155,455
NET POSITION - END OF YEAR	$ -	$ -	$ 10,519,936	$ 80,823,734	$ 91,343,670