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COLORADO HOUSING AND FINANCE AUTHORITY

AUDITED FINANCIAL STATEMENTS AND ANNUAL FINANCIAL INFORMATION REPORT As of December 31, 2012

Single Family Mortgage Bonds Outstanding under Master Indenture of Trust dated as of October 1, 2001

Series	CUSIP	Series	CUSIP
SF01AA-1	196479VK2	SF06B-2	196483CB5
SF01AA-2	196479RM3	SF06B-3	196483CC3
SF01AA-3	196479RR2	SF06C-1	196483DT5
SF01AA-4	196479CF4	SF06C-2	196483CH2
SF02A-1	196479DK2	SF06C-3	196483AF8
SF02A-2	196479DL0	SF07A-1	196483DU2
SF02A-3	196479DM8	SF07A-2	196483CF6
SF02A-5	196479DH9	SF07A-3	196483AL5
SF02B-2	196479VL0	SF07B-1	196483DV0
SF02B-3	196479VF3	SF07B-1	196483EE7
SF02C-3	196479VH9	SF07B-1	196483EF4
SF02C-5	196479FD6	SF07B-1	196483EG2
SF03A-1	196479VM8	SF07B-2	196483AR2
SF03B-1	196483DP3	SF07B-3	196483AS0
SF03B-1	196483DY4	SF08A-1	196483DW8
SF03B-1	196483DZ1	SF08A-1	196483EH0
SF03B-1	196483EA5	SF08A-1	196483EJ6
SF03B-2	196483DQ1	SF08A-1	196483EK3
SF03B-2	196483EB3	SF08A-2	196483DX6
SF03B-2	196483EC1	SF08A-2	196483EL1
SF03B-2	196483ED9	SF08A-2	196483EM9
SF03B-3	196483BW0	SF08A-2	196483EN7
SF03C-1	196483DR9	SF08A-5	196483AY7
SF03C-2	196479HW2	SF09A	196479QA0
SF04A-2	196479JF7	SF09A	196479QB8
SF04A-3	196479JD2	SF09A	196479QC6
SF04B-2	196479KD0	SF09A	196479QD4
SF04B-3	196479KB4	SF09A	196479QE2
SF05A-2	196479KM0	SF09A	196479QF9
SF05A-3	196479KH1	SF09A	196479QG7
SF05B-1A	196479KT5	SF09A	196479QH5
SF05B-1B	196479KU2	SF09A	196479QJ1
SF05B-2	196479RG6	SF11B-1	196479UF4
SF06A-1	196479QK8	SF11B-2	196479UG2
SF06A-2	196479QL6	SF11D-1	196479UK3
SF06A-3	196479QM4	SF11D-2	196479UL1
SF06A-4	196479LJ6	SF12A-1	196479UZ0
SF06B-1	196483DS7	SF12A-2	196479VA4

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COLORADO HOUSING AND FINANCE AUTHORITY

AUDITED FINANCIAL STATEMENTS AND
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As of December 31, 2012

Single Family Mortgage Bonds
Outstanding under Master Indenture of Trust
dated as of October 1, 2001

INTRODUCTION

The Colorado Housing and Finance Authority (the "**Authority**") is providing its Audited Financial Statements and the other information in this Annual Report as of December 31, 2012 (this "**Annual Report**") pursuant to Continuing Disclosure Undertakings entered into by the Authority with respect to the Bonds listed on the cover page of this Annual Report (the "**Bonds**") which are Outstanding under the Authority's Master Indenture of Trust dated as of October 1, 2001 (the "**Master Indenture**"). The information in this Annual Report is subject to change without notice, and the availability of this Annual Report does not under any circumstances create any implication that there has been no change in the affairs of the Authority, the trust estate with respect to the Bonds or otherwise since the date hereof. This Annual Report speaks only as of its date. Capitalized terms contained in this Annual Report and not otherwise defined herein shall have the meanings ascribed thereto in the related Official Statements with respect to the Bonds.

COLORADO HOUSING AND FINANCE AUTHORITY

Employees and Pension Information

As of December 31, 2012, the Authority had approximately 180 full-time employees, all of whom were members of the Public Employees' Retirement Association of Colorado ("**PERA**"). State statutes required the Authority to contribute 13.7% of each participating employee's gross salary to PERA in 2012. In 2012, the Authority's PERA contribution totaled approximately $1,769,000, compared to an Authority contribution in 2011 of $1,869,000. See footnote (11) of the audited 2012 financial statements of the Authority attached as **Appendix C** to this Annual Report for further information.

Selected Financial Information

The audited 2012 financial statements of the Authority attached hereto as **Appendix C** provide certain financial information about the Authority on a fund accounting basis, including a description of its General Fund.

Financial Information for the General Fund

The following table sets forth historical selected financial information for the General Fund for the five years ended December 31, 2012 as provided by the Authority.

Colorado Housing and Finance Authority
General Fund
Selected Financial Information
Years Ended December 31
(in thousands of dollars)

	FY 2012	FY 2011	FY 2010	FY 2009	FY 2008
Interest and investment revenue:					
Loans receivable	$ 7,665	$ 12,719	$ 13,302	$ 18,035	$ 15,586
Investments	149	730	426	394	1,750
Net increase (decrease) in fair value of long-term investments	(13)	74	47	(185)	41
Total interest and investment revenue	7,801	13,523	13,775	18,244	17,377
Interest expense - bonds and notes payable	4,544	5,722	5,603	6,457	8,989
Net interest and investment revenue	3,257	7,801	8,172	11,787	8,388
Other revenue (expense):					
Rental operations	2,675	8,804	9,306	7,460	8,424
Fees and miscellaneous income	45,503	35,731	39,219	27,106	17,592
Hedging activity loss	445	(527)	(200)	-	-
Gains on sales of capital assets	39,154	(30)	128	2	6,091
Total other revenue	87,777	43,978	48,453	34,568	32,107
Net revenue	91,034	51,779	56,625	46,355	40,495
Operating expenses:					
Salaries and related benefits	17,836	18,210	17,808	16,180	14,935
General operating	17,874	38,962	54,306	16,334	14,160
Provision for losses	1,407	3,791	2,916	3,662	2,985
Other interest expense	173	1,038	1,068	1,099	1,137
Transfers	(4,073)	(7,005)	(2,236)	(4,078)	10,663
Depreciation	2,634	3,684	3,773	3,159	2,685
Total operating expenses	35,851	58,680	77,635	36,356	46,565
Change in net assets	55,183	(6,901)	(21,010)	9,999	(6,070)
Net Assets, end of year	$ 180,578	$ 125,395	$ 132,296	$ 153,306	$ 143,307
Bonds and Notes Payable	$ 141,973	$ 140,773	$ 190,178	$ 203,041	$ 287,704
Total Assets	$ 376,461	$ 344,403	$ 400,091	$ 394,396	$ 465,149

Obligations of the Authority

The following is a summary of certain obligations incurred by the Authority to provide funds for and otherwise operate the Authority and its programs. See also footnote (3) to the audited financial statements of the Authority attached hereto as **Appendix C**.

Commercial Loan Programs

The Authority has financed rental loans with proceeds of its Multifamily Housing Insured Mortgage Revenue Bonds (outstanding as of December 31, 2012 in an aggregate principal amount of $72,290,000) and, since 2000, has financed rental and business loans and certain guaranteed participation interests with proceeds of its Multi-Family/Project Bonds, which were outstanding as of December 31, 2012 in an aggregate principal amount of $747,870,000. Certain of the Multi-Family/Project Bonds are secured by the full faith and credit of the Authority, as described in "General Obligations – Multi-Family/Project Bonds" under this caption.

Bonds secured by a pledge of loan revenues as well as bonds secured by loan revenues and the general obligation of the Authority have also been privately placed to institutional purchasers by the Authority in order to finance rental loans. See "General Obligations – Privately Placed Bonds" under this caption. The Authority has also issued general obligation housing bonds to finance a rental loan secured by a pledge of loan revenues as well as the full faith and credit of the Authority. See "General Obligations – General Obligation Bonds" under this caption. Projects in the RAP Program have been acquired using a combination of revenue bonds, the Authority's general fund monies, proceeds of general obligation bonds and non-recourse seller carryback financing. See footnote (6) of the audited financial statements of the Authority attached hereto as **Appendix C** for more information regarding these outstanding bonds and notes. The Authority has also acted as a conduit issuer of bonds supported by letters of credit or other credit facilities. These conduit bonds are payable only with amounts received from the conduit borrower, and are therefore not reported as obligations of the Authority on its financial statements.

Business loans and participation interests have also been financed by the Authority with the proceeds of the general obligation bonds described in "General Obligations – General Obligation Bonds" and privately placed bonds, secured by loan and participation revenues as well as the full faith and credit of the Authority. See "General Obligations – Privately Placed Bonds" under this caption. In connection with its Special Projects financing program, the Authority has acted as a conduit issuer in the issuance of its industrial development revenue bonds to finance certain manufacturing facilities and solid waste disposal facility projects for corporations. These bonds are payable only with amounts received from the conduit borrower and are therefore not reported as obligations of the Authority on its financial statements.

Single Family Mortgage Programs

In connection with its Single Family Mortgage Programs, the Authority has previously issued numerous series of its Single-Family Program Bonds as senior and subordinate bonds, payable from the revenues of pledged mortgage loans and outstanding as of December 31, 2012 in the aggregate principal amount of $19,125,000. The Authority has also issued its Single Family Mortgage Bonds (referred to as "**Bonds**" in this Annual Report) under the Master Indenture, payable from the revenues of mortgage loans held thereunder, outstanding as of December 31, 2012 in the aggregate principal amount of $1,456,200,000. See **Appendix B** to this Annual Report for further detail about the Bonds. Subordinate bonds issued as part of the Single-Family Program Bonds and Class III Bonds outstanding under the

Master Indenture are also general obligations of the Authority, as described in "General Obligations – Single-Family Bonds – Subordinate Bonds and Class III Bonds" under this caption.

In addition, the Authority previously issued its 2009AA Program Bonds under a Master Indenture dated as of December 1, 2009 (the "**NIBP Master Indenture**"), payable from amounts on deposit in an escrow fund until converted and thereafter payable from the revenues of mortgage loans and mortgage-backed securities held thereunder. In May, 2011, the Authority converted $58,800,000 aggregate principal amount of its 2009AA Program Bonds and issued its Single Family Program Class I Bonds, Series 2011AA (Mortgage-Backed Securities Program) in the aggregate principal amount of $39,200,000 under the NIBP Master Indenture, the proceeds of which were used to finance Mortgage Loans through the purchase of mortgage-backed securities guaranteed by Ginnie Mae ("**Ginnie Mae Certificates**"). These bonds secured by Ginnie Mae Certificates under the NIBP Master Indenture were outstanding as of December 31, 2012 in the aggregate principal amount of $91,935,000. Bonds secured by escrowed amounts in the aggregate principal amount of $110,085,000 remained outstanding under the NIBP Master Indenture as of December 31, 2012. In March 2012, $106,325,000 aggregate principal amount of 2009AA Program Bonds under the NIBP Master Indenture which remained unconverted as of December 31, 2011 was redeemed with escrowed amounts. The Authority redeemed the remaining unconverted 2009AA Program Bonds on December 10, 2012 using escrowed amounts.

The Authority has also issued general obligation bonds through private placement in order to finance single family mortgage loans. See "General Obligations – Privately Placed Bonds" under this caption. For more detailed information concerning the outstanding bonds of the Authority issued in connection with its Single Family Mortgage Programs, see www.chfainfo.com and footnote (6) of the audited financial statements of the Authority attached hereto as **Appendix C**. The Authority's financing activities in connection with its Single Family Mortgage Programs also include the sale of certain single family mortgage loans to Fannie Mae and the issuance and sale of Ginnie Mae Certificates in order to finance first mortgage loans as part of the Non-Qualified Single Family Mortgage Programs.

Except for bonds specifically identified in Appendix B to this Annual Report as Bonds under the Master Indenture, the revenue bonds described above and at the Authority's website are secured separately from and are not on parity with the Bonds and are issued and secured under resolutions or indentures of the Authority other than the Master Indenture.

General Obligations

Many of the bonds and notes issued by the Authority to finance its programs are secured by a pledge of specific revenues, with an additional pledge of its full faith and credit, as described under this caption. Other obligations of the Authority entered in connection with its programs or its operations are not secured by specific revenues or assets other than the Authority's full faith and credit. The bonds, notes and other obligations which are general obligations of the Authority are described below.

Multi-Family/Project Bonds. The Authority has issued Class I Multi-Family/Project Bonds (outstanding as of December 31, 2012 in an aggregate principal amount of $248,565,000) in order to finance business loans which are payable not only from a senior lien on loan revenues but also as general obligations of the Authority. The Authority has also issued Class II Multi-Family/Project Bonds (outstanding as of December 31, 2012 in the aggregate principal amount of $21,820,000). These Class II Multi-Family/Project Bonds are payable from loan revenues on a subordinate lien basis to the Class I Multi-Family/Project Bonds.

Single Family Bonds – Subordinate Bonds and Class III Bonds. The Subordinate Bonds for the various series of the Authority's Single-Family Program Senior and Subordinate Bonds are payable from mortgage loan revenues on a subordinate lien basis and are also general obligations of the Authority. The aggregate principal amount of such Subordinate Bonds as of December 31, 2012 was $120,000. The Authority has also issued Class III Bonds, the proceeds of which have been used to finance mortgage loans for the Single Family Mortgage Programs. These Class III Bonds, outstanding in the aggregate principal amount of $47,200,000 as of December 31, 2012, are payable from mortgage loan revenues under the Master Indenture and are also general obligations of the Authority. See **Appendix B** to this Annual Report for more information about these Class III Bonds.

Privately Placed Bonds. The Authority has issued general obligation bonds through private placement in order to finance rental loans. As of December 31, 2012, such privately placed bonds were outstanding in an aggregate principal amount of $20,884,000. The Authority has also funded participation interests and business loans using proceeds of its privately placed bonds, outstanding as of December 31, 2012 in the aggregate principal amount of $19,782,255. In addition, the Authority has issued general obligation bonds through private placement in order to finance single family mortgage loans. As of December 31, 2012, such privately placed bonds were outstanding in an aggregate principal amount of $19,536,001.

Loans Backed by Authority General Obligation. The Authority has acquired or originated certain uninsured rental and business loans using proceeds of, and pledged to the repayment of, its Multi-Family/Project Bonds, outstanding as of December 31, 2012 in the aggregate principal amount of $274,832,155. The Authority has pledged its full faith and credit to the payment of a substantial portion of such loans. The Authority has also assumed, as a general obligation, 50% risk of loss in the mortgage loans acquired by the Authority and insured by the FHA under Section 542(c) of the Housing and Community Development Act of 1992, as amended. As of December 31, 2012, such 542(c) mortgage loans were outstanding in the amount of $217,533,284 ($28,345,774 held under the General Resolution and securing the Multifamily Housing Insured Mortgage Revenue Bonds and $189,187,510 held under the Multi-Family/Project Master Indenture and securing the Multi-Family/Project Bonds). In the case of a §542(c) claim, the Authority is responsible, as a general obligation, to reimburse FHA for 50% of any loss incurred by the FHA as a result of and after the final settlement of such claim. See "Programs to Date – Commercial Loan Programs – Rental Finance Programs" under this caption. To date, the Authority has incurred risk-sharing losses of approximately $11.8 million following the defaults on insured mortgage loans for certain projects, the foreclosure and sale of those projects and the settlement of the respective final insurance claims with FHA. In addition, the mortgage loans for the Platte Valley Village II project in the approximate aggregate principal amount of $1.781 million, for the Fox Run Apartments project in the approximate aggregate principal amount of $3.455 million and for the Gold Camp Apartments project in the approximate aggregate principal amount of $1.195 million have also defaulted. The Authority has filed insurance claims and received insurance proceeds from HUD with respect to these loans. It is likely that the Authority will incur a risk-sharing liability with respect to these loans, for which the Authority believes it is adequately reserved.

Interest Rate Contracts; Derivative Products. The Authority has pledged its full faith and credit to secure its obligation to make termination payments under the Interest Rate Contracts relating to the Bonds under the Master Indenture, under the derivative products relating to the Multi-Family/Project Bonds under the related master indenture and under the derivative product relating to the Multi-Family Housing Insured Mortgage Revenue Bonds under the general bond resolution. See **Appendix B** – "THE OUTSTANDING BONDS AND AUXILIARY OBLIGATIONS – The Outstanding Auxiliary

Obligations" to this Annual Report. See also footnote (8) to the audited financial statements of the Authority attached hereto as **Appendix C**.

Other Borrowings. The Authority has entered into agreements with the Federal Home Loan Bank of Topeka and a commercial bank for borrowings from time to time. Such borrowings are also general obligations of the Authority and have generally been used to date to make or purchase loans pending the permanent financing of such loans. As of December 31, 2012, $71.5 million in borrowings were outstanding under those agreements. See footnote (5) to the audited financial statements of the Authority attached hereto as **Appendix C**. The Authority has also borrowed amounts evidenced by Rural Business Cooperative Service Notes (outstanding as of December 31, 2012 in the aggregate principal amount of $787,123), which have been used to finance project or working capital loans or participations therein for small businesses in rural areas. The Authority has pledged its full faith and credit to the payment of such notes.

General Obligation Ratings. Moody's has assigned an "A2" rating and S&P has assigned an "A" rating to the Authority's ability to repay its general obligation liabilities. The ratings have been assigned based on the Authority's management, financial performance and overall program performance. There is no assurance that any such rating will continue for any given period of time or that any such rating will not be revised downward or withdrawn entirely by Moody's or S&P, respectively, if, in the judgment of the issuing rating agency, circumstances so warrant.

Summary of Certain Authority Obligations

The following is a table which lists certain obligations of the Authority and sets forth the respective outstanding amount for such obligations as of December 31, 2012. Further detail regarding these items is provided under the other subcaptions of "Obligations of the Authority" in this Annual Report.

Summary of Certain Authority Obligations as of December 31, 2012

Certain Authority Obligations	Outstanding Amount (December 31, 2012)
Single Family Mortgage Bonds (2001 Master Indenture) [(1)]	$1,456,200,000
Single Family Program Senior/Subordinate Bonds (Separate Indentures)	19,125,000
Single Family Program Bonds (NIBP Master Indenture) [(2)]	91,935,000
Multifamily Housing Insured Mortgage Revenue Bonds (General Resolution)	72,290,000
Multi-Family/Project Bonds (Master Indenture)	747,870,000
Privately Placed Bonds:	
Rental Finance	20,884,000
Business Finance	19,782,255
Single Family	19,536,001

[(1)] These are the Bonds issued and outstanding under the Master Indenture. See **Appendix A** to this Supplement for more information about the Bonds.

[(2)] In March 2012, $106,325,000 aggregate principal amount of 2009AA Program Bonds under the NIBP Master Indenture was redeemed with escrowed amounts. The Authority redeemed the remaining 2009AA Program Bonds under the NIBP Master Indenture on December 10, 2012 using escrowed amounts.

The following table identifies the specific components of the Authority Obligations listed on the preceding table which are general obligations of the Authority as well as other general obligations of the Authority as of December 31, 2012. Further detail regarding these items is provided under the other sub captions of "Obligations of the Authority" in this Annual Report.

General Obligations of the Authority as of:	**12/31/2012**
General Obligations	
MF Project Bonds:	
Class I (w/ GO Pledge)	248,565,000
Class II (w/ GO Pledge)	21,820,000
SF Program Subordinate Bonds	120,000
SF Mortgage Bonds, Class III	47,200,000
Privately Placed Bonds:	
Rental Finance	20,884,000
Business Finance	19,782,255
Single Family	19,536,001
Other Borrowings:	
Line of Credit	71,475,000
Rural Business Cooperative Service Notes	787,123

CERTAIN PROGRAM ASSUMPTIONS

Private Mortgage Insurance Mortgage Loans and Private Insurers

Private Mortgage Insurance Mortgage Loans must be insured by a private insurance company approved by the Authority, qualified to transact business in the State and to provide insurance on mortgages purchased by Freddie Mac or Fannie Mae and rated by each Rating Agency then rating the Bonds, at the time each Private Mortgage Insurance Mortgage Loan under the Master Indenture is made or originated, as set forth in the respective series indenture (a "**Private Insurer**"). As of December 31, 2012, 18.40% of the $1.055 billion aggregate principal amount of First Mortgage Loans in the Trust Estate was Private Mortgage Insurance Mortgage Loans. The following Private Insurers were providing insurance for the respective percentages of First Mortgage Loans (based on outstanding principal balance) as of December 31, 2012:

Private Mortgage Insurance Mortgage Loans and Private Insurers

Name of Private Insurer [(1)]	Percentage of Trust Estate [(2)]	Percentage of Private Mortgage Insurance Mortgage Loans [(3)]
Mortgage Guaranty Ins.	6.87%	37.35%
Genworth	5.31	28.86
RMIC	2.15	11.69
United Guaranty Corp.	2.00	10.86
PMI Mortgage Insurance [(4)]	1.05	5.70
Triad Guaranty Insurance	0.54	2.92
Radian Guaranty Inc.	0.40	2.19
Policyholders Benefit Co.	0.01	0.03
Other	.07	0.40
Total Percentage	**18.40%**	**100.00%**

(1) The ratings of several of these Private Insurers have been downgraded since the time that the Private Mortgage Insurance Mortgage Loans in the Trust Estate which are insured by such Private Insurers were originated, and such ratings are in most cases below the rating levels which were required for such Private Insurers by the applicable series indentures at the time of such originations.

(2) Aggregate principal balance of First Mortgage Loans in the Trust Estate as of December 31, 2012 was approximately $1.055 billion.

(3) Aggregate principal balance of First Mortgage Loans as of December 31, 2012 which were Private Mortgage Insurance Mortgage Loans was approximately $194.2 million.

(4) In October 2011, Arizona regulators took control of PMI Mortgage Insurance, instituting a partial claim payment plan under which insurance claims made to PMI would be paid 50% in cash and the remainder of the claims were be deferred In November 2011, PMI Mortgage Insurance filed a voluntary petition under Chapter 11 of the U.S. Bankruptcy Code. An Order for Appointment of Receiver and Injunction was entered on March 2012, placing PMI Mortgage Corporation into rehabilitation.

Investments

In connection with the issuance of Bonds (including the Remarketed Bonds) outstanding under the Master Indenture, the Authority has invested certain amounts in Series subaccounts of Funds related to such Bonds in investment agreements with the investment providers and amounts invested, and at the rates, as of December 31, 2012 as set forth in the following table. As of December 31, 2012, the total amounts in Funds held under the Master Indenture invested with the respective investment providers were as follows: $106,982,986 with Natixis Funding Corp.; $48,108,263 with Trinity Funding Company, LLC; $9,613,500 with Royal Bank of Canada; and $5,500,000 with Rabobank International.

Outstanding Investment Agreements
(as of December 31, 2012)

Series	Funds Invested (in related Series subaccounts)	Investment Providers[1]	Amounts Invested	Rates	Termination Dates
2001AA	Revenue Fund, Debt Service Reserve Fund	Trinity Funding Company, LLC	$ 30,431,783	5.30%/ 3 month LIBOR	3/1/36
2002A	Revenue Fund, Redemption Fund, Rebate Fund, Debt Service Reserve	Trinity Funding Company, LLC	8,350,268	5.10%	11/1/32
2002A	Debt Service Reserve Fund	Trinity Funding Company, LLC	4,475,500	5.60%	11/1/32
2002B	Revenue Fund [2]	Natixis Funding Corp. [2]	19,807,742	4.60%	11/1/32
2003A	Revenue Fund	Trinity Funding Company, LLC	4,850,712	4.13%	11/1/32
2004B	Revenue Fund [2]	Natixis Funding Corp. [2]	6,337,681	4.60%	11/1/34
2006A	Revenue Fund, Rebate Fund [2]	Natixis Funding Corp. [2]	24,638,568	4.60%	11/1/36
2006A	Debt Service Reserve Fund	Rabobank International	5,500,000	4.71%	11/1/36
2006B	Debt Service Reserve Fund	Royal Bank of Canada	9,613,500	5.56%	11/1/36
2008A	Revenue Fund, Redemption Fund [3]	Natixis Funding Corp. [3]	56,198,995	4.27%	11/1/38

(1) Neither the Authority nor the Remarketing Agent makes any representation about the financial condition or creditworthiness of the Investment Providers. Prospective investors are urged to make their own investigation into the financial condition and creditworthiness of the Investment Providers.

(2) These funds are invested under a master repurchase agreement entered with Natixis Funding Corp. on January 29, 2010 (the "**Master Repurchase Agreement**"). The Master Repurchase Agreement replaced the investment agreements previously in effect, and provides for the delivery of securities to the Trustee at a collateralization level of 105%.

(3) This investment agreement has not been collateralized. However, the Authority has the right to terminate this investment agreement without penalty at any time.

As of December 31, 2012, the following balances were held in the respective subaccounts under the Master Indenture:

ACCOUNTS	AMOUNTS ON DEPOSITS
SF 2001AA LOAN-RECYCLING	16,548
SF 2001AA LOAN-RECYCLING (Non-Qualified)	348
SF 2002A LOAN-RECYCLING	2,442
SF 2002B LOAN-RECYCLING (Non-Qualified)	3,966
SF 2002B LOAN-RECYCLING	3,764
SF 2002C LOAN-RECYCLING	680
SF 2003A LOAN-RECYCLING	2,757
SF 2003B LOAN-RECYCLING (Non-Qualified)	32,178
SF 2003B LOAN-RECYCLING	282,638
SF 2004A LOAN-RECYCLING	272
SF 2006B LOAN-RECYCLING	3,458,573
SF 2006C LOAN-RECYCLING	3,412,693
SF 2007A LOAN-RECYCLING	753
SF 2008A ACQUISITION	521

Investment Information

Bond Issue Account	Investment Type	Amount	Interest Rate	Maturity Date
SF 2001AA LOAN-RECYCLING	INVESTMENT AGREEMENT	16,548	5.30	03/01/36
SF 2001AA LOAN-RECYCLING NQ	MONEY MARKET	348		Short Term
SF 2001AA REVENUE	INVESTMENT AGREEMENT	14,983,452	5.30	03/01/36
SF 2001AA REVENUE	INVESTMENT AGREEMENT	3,532,870	0.31	03/01/36
SF 2001AA REVENUE	MONEY MARKET	1,528		Short Term
SF 2001AA REVENUE NQ LOAN	INVESTMENT AGREEMENT	9,415,462	0.31	03/01/36
SF 2001AA REVENUE NQ LOAN	MONEY MARKET	23,636		Short Term
SF 2001AA DSR	INVESTMENT AGREEMENT	2,500,000	5.30	03/01/36
SF 2001AA DSR	MONEY MARKET	84,746		Short Term
SF 2001AA DSR	MONEY MARKET	242,398		Short Term
SF 2001AA DSR	FEDERAL HOME LOAN BANK	11,945	4.13	03/13/20
SF 2001AA DSR	FEDERAL HOME LOAN MTG CORP	1,107,725	3.75	03/27/19
SF 2001AA DSR	US GOV AGENCY COUPON BOND	1,313,483	4.63	08/15/28
SF 2001AA DSR	GNMA MBS	432,082	4.00	02/20/41
SF 2001AA DSR	GNMA MBS	11,345	5.00	02/20/39
SF 2001AA DSR	GNMA MBS	10,847	4.50	04/01/40
SF 2001AA DSR	HOUSING BOND	896,500	5.20	06/01/33
		34,584,914		
SF 2002A LOAN-RECYCLING	INVESTMENT AGREEMENT	2,442	5.10	11/01/32
SF 2002A REVENUE	INVESTMENT AGREEMENT	8,255,286	5.10	11/01/32
SF 1992A REDEMPTION	INVESTMENT AGREEMENT	15,067	5.10	11/01/32
SF 2002A REBATE	INVESTMENT AGREEMENT	79,915	5.10	11/01/32
SF 2002A DSR	INVESTMENT AGREEMENT	4,475,500	5.60	11/01/32
		12,828,210		
SF 2002B LOAN-RECYCLING NQ	REPURCHASE AGREEMENT	3,966	4.60	11/01/32
SF 2002B LOAN-RECYCLING Q	MONEY MARKET	3,764		Short Term
SF 2002B REVENUE Q LOAN	MONEY MARKET	6,726		Short Term
SF 2002B REVENUE Q LOAN	REPURCHASE AGREEMENT	16,570,696	4.60	11/01/32
SF 2002B REVENUE NQ LOAN	REPURCHASE AGREEMENT	3,237,046	4.60	11/01/32
SF 2002B REFUNDING	MONEY MARKET	701,529		Short Term
SF 2002B DSR	MONEY MARKET	101		Short Term
SF 2002B DSR	FEDERAL HOME LOAN BANK	994	4.13	03/13/20
SF 2002B DSR	FEDERAL HOME LOAN MTG CORP	6,700,894	6.25	07/15/32
SF 2002B DSR	GNMA MBS	1,031	5.00	02/20/39
SF 2002B DSR	GNMA MBS	1,521	4.50	04/01/40
		27,228,267		
SF 2002C LOAN-RECYCLING Q	MONEY MARKET	680		Short Term
SF 2002C REVENUE Q LOAN	MONEY MARKET	3,814,637		Short Term
SF 2002C REVENUE Q LOAN	MONEY MARKET	255,618		Short Term
SF 2002C REVENUE NQ LOAN	MONEY MARKET	722,085		Short Term
SF 2002C REVENUE NQ LOAN	MONEY MARKET	588,779		Short Term
SF 2002C REFUNDING	MONEY MARKET	350,210		Short Term
SF 2002C DSR	FEDERAL HOME LOAN BANK	6,967	4.13	03/13/20
SF 2002C DSR	FEDERAL HOME LOAN MTG CORP	196,929	3.75	03/27/19
SF 2002C DSR	FEDERAL NATIONAL MTG ASSOC	8,125,198	6.63	11/15/30
SF 2002C DSR	GNMA MBS	6,189	5.00	02/20/39
SF 2002C DSR	GNMA MBS	6,084	4.50	04/01/40
		14,073,375		

Bond Issue Account	Investment Type	Amount	Interest Rate	Maturity Date
SF 2003A LOAN-RECYCLING	INVESTMENT AGREEMENT	300	4.13	11/01/32
SF 2003A LOAN-RECYCLING	MONEY MARKET	2,457		Short Term
SF 2003A REVENUE	INVESTMENT AGREEMENT	4,850,712	4.13	11/01/32
SF 2003A REVENUE	MONEY MARKET	3,677		Short Term
SF 2003A REFUNDING	MONEY MARKET	145,668		Short Term
SF 2003A DSR	FEDERAL HOME LOAN BANK	2,982	4.13	03/13/20
SF 2003A DSR	FEDERAL HOME LOAN MTG CORP	2,740,560	6.25	07/15/32
SF 2003A DSR	GNMA MBS	2,064	5.00	02/20/39
SF 2003A DSR	GNMA MBS	2,434	4.50	04/01/40
		7,750,853		
SF 2003B LOAN-RECYCLING NQ	MONEY MARKET	32,178		Short Term
SF 2003B LOAN-RECYCLING Q	MONEY MARKET	282,638		Short Term
SF 2003B REVENUE Q LOAN	MONEY MARKET	987,984		Short Term
SF 2003B REVENUE Q LOAN	MONEY MARKET	13,474,724		Short Term
SF 2003B REVENUE NQ LOAN	MONEY MARKET	131,358		Short Term
SF 2003B REVENUE NQ LOAN	MONEY MARKET	537,108		Short Term
SF 2003B REFUNDING	MONEY MARKET	879,663		Short Term
SF 2003B DSR	MONEY MARKET	202		Short Term
SF 2003B DSR	FEDERAL HOME LOAN BANK	2,982	4.13	03/13/20
SF 2003B DSR	FEDERAL HOME LOAN MTG CORP	68,925	3.75	03/27/19
SF 2003B DSR	FEDERAL NATIONAL MTG ASSOC	9,442,688	6.63	11/15/30
SF 2003B DSR	GNMA MBS	3,095	5.00	02/20/39
SF 2003B DSR	GNMA MBS	2,840	4.50	04/01/40
		25,846,384		
SF 2003C REVENUE Q LOAN	MONEY MARKET	1,673,611		Short Term
SF 2003C REFUNDING	MONEY MARKET	865,255		Short Term
SF 2003C DSR	MONEY MARKET	418		Short Term
SF 2003C DSR	FEDERAL HOME LOAN BANK	7,961	4.13	03/13/20
SF 2003C DSR	FEDERAL HOME LOAN MTG CORP	6,139,260	3.75	03/27/19
SF 2003C DSR	GNMA MBS	8,254	5.00	02/20/39
SF 2003C DSR	GNMA MBS	7,098	4.50	04/01/40
		8,701,857		
SF 2004A LOAN-RECYCLING	MONEY MARKET	272		Short Term
SF 2004A REVENUE	MONEY MARKET	1,389,441		Short Term
SF 2004A REVENUE	MONEY MARKET	2,307,646		Short Term
SF 2004A REFUNDING	MONEY MARKET	875,518		Short Term
SF 2004A DSR	FEDERAL HOME LOAN BANK	2,192,760	4.13	03/13/20
SF 2004A DSR	GNMA MBS	1,984,785	5.00	02/20/39
SF 2004A DSR	GNMA MBS	1,950,043	4.50	04/01/40
		10,700,465		
SF 2004B REVENUE	REPURCHASE AGREEMENT	6,337,681	4.60	11/01/34
SF 2004B REFUNDING	MONEY MARKET	696,072		Short Term
SF 2004B DSR	FEDERAL HOME LOAN MTG CORP	4,859,923	6.25	07/15/32
		11,893,676		

Bond Issue Account	Investment Type	Amount	Interest Rate	Maturity Date
SF 2005A REVENUE	MONEY MARKET	2,187,558		Short Term
SF 2005A REVENUE	MONEY MARKET	3,570,065		Short Term
SF 2005A REFUNDING	MONEY MARKET	840,608		Short Term
SF 2005A DEBT-SERVICE CI	MONEY MARKET	124		Short Term
SF 2005A DSR	MONEY MARKET	361		Short Term
SF 2005A DSR	FEDERAL HOME LOAN BANK	6,967	4.13	03/13/20
SF 2005A DSR	FEDERAL HOME LOAN MTG CORP	4,992,149	3.75	03/27/19
SF 2005A DSR	GNMA MBS	6,189	5.00	02/20/39
SF 2005A DSR	GNMA MBS	5,882	4.50	04/01/40
		11,609,901		
SF 2005B REVENUE	MONEY MARKET	4,806,006		Short Term
SF 2005B REVENUE	MONEY MARKET	6,246,176		Short Term
SF 2005B REFUNDING	MONEY MARKET	1,606,791		Short Term
SF 2005B DSR	MONEY MARKET	198		Short Term
SF 2005B DSR	FEDERAL HOME LOAN BANK	8,956	4.13	03/13/20
SF 2005B DSR	FEDERAL HOME LOAN MTG CORP	9,029,192	3.75	03/27/19
SF 2005B DSR	GNMA MBS	8,254	5.00	02/20/39
SF 2005B DSR	GNMA MBS	7,906	4.50	04/01/40
		21,713,478		
SF 2006A REVENUE	REPURCHASE AGREEMENT	24,484,241	4.60	11/01/36
SF 2006A REBATE	REPURCHASE AGREEMENT	154,328	4.60	11/01/36
SF 2006A DSR	INVESTMENT AGREEMENT	5,500,000	4.71	11/01/36
		30,138,568		
SF 2006B LOAN-RECYCLING	MONEY MARKET	3,458,573		Short Term
SF 2006B REVENUE	MONEY MARKET	5,990,790		Short Term
SF 2006B REVENUE	MONEY MARKET	17,926,864		Short Term
SF 2006B REFUNDING	MONEY MARKET	1,008,933		Short Term
SF 2006B DSR	INVESTMENT AGREEMENT	9,613,500	5.56	11/01/36
		37,998,660		
SF 2006C LOAN-RECYCLING	MONEY MARKET	3,412,693		Short Term
SF 2006C REVENUE	MONEY MARKET	5,849,231		Short Term
SF 2006C REVENUE	MONEY MARKET	2,883,879		Short Term
SF 2006C REBATE	MONEY MARKET	316		Short Term
SF 2006C REFUNDING	MONEY MARKET	1,282,242		Short Term
SF 2006C DSR	FEDERAL HOME LOAN BANK	8,956	4.13	03/13/20
SF 2006C DSR	FEDERAL HOME LOAN MTG CORP	5,006,918	3.75	03/27/19
SF 2006C DSR	GNMA MBS	7,220	5.00	02/20/39
SF 2006C DSR	GNMA MBS	7,402	4.50	04/01/40
SF 2006C DSR TAXABLE	FEDERAL HOME LOAN BANK	6,967	4.13	03/13/20
SF 2006C DSR TAXABLE	FEDERAL HOME LOAN MTG CORP	2,998,243	3.75	03/27/19
SF 2006C DSR TAXABLE	GNMA MBS	6,189	5.00	02/20/39
SF 2006C DSR TAXABLE	GNMA MBS	6,996	4.50	04/01/40
		21,477,253		

Bond Issue Account	Investment Type	Amount	Interest Rate	Maturity Date
SF 2007A LOAN-RECYCLING	MONEY MARKET	753		Short Term
SF 2007A REVENUE	MONEY MARKET	4,181,424		Short Term
SF 2007A REVENUE	MONEY MARKET	12,061,660		Short Term
SF 2007A REBATE	MONEY MARKET	23,704		Short Term
SF 2007A REFUNDING	MONEY MARKET	1,563,697		Short Term
SF 2007A DSR	FEDERAL HOME LOAN BANK	1,881,215	4.13	03/13/20
SF 2007A DSR	GNMA MBS	1,700,065	5.00	02/20/39
SF 2007A DSR	GNMA MBS	1,671,102	4.50	04/01/40
SF 2007A DSR TAXABLE	MONEY MARKET	38,572		Short Term
SF 2007A DSR TAXABLE	MONEY MARKET	91,926		Short Term
SF 2007A DSR TAXABLE	FEDERAL HOME LOAN BANK	1,084,934	4.13	03/13/20
SF 2007A DSR TAXABLE	GNMA MBS	325,142	4.50	02/01/40
SF 2007A DSR TAXABLE	GNMA MBS	16,281	4.00	12/20/40
SF 2007A DSR TAXABLE	GNMA MBS	980,014	5.00	02/20/39
SF 2007A DSR TAXABLE	GNMA MBS	963,868	4.50	04/01/40
		26,584,359		
SF 2007B REVENUE	MONEY MARKET	4,420,071		Short Term
SF 2007B REVENUE	MONEY MARKET	22,853,420		Short Term
SF 2007B REFUNDING	MONEY MARKET	1,582,976		Short Term
SF 2007B DSR	FEDERAL HOME LOAN BANK	1,791,633	4.13	03/13/20
SF 2007B DSR	GNMA MBS	1,619,601	5.00	02/20/39
SF 2007B DSR	GNMA MBS	1,591,000	4.50	04/01/40
SF 2007B DSR TAXABLE	MONEY MARKET	248,706		Short Term
SF 2007B DSR TAXABLE	MONEY MARKET	959,572		Short Term
SF 2007B DSR TAXABLE	FEDERAL HOME LOAN BANK	320,503	4.13	03/13/20
SF 2007B DSR TAXABLE	GNMA MBS	33,298	4.00	12/20/40
SF 2007B DSR TAXABLE	GNMA MBS	392,582	4.00	02/20/41
SF 2007B DSR TAXABLE	GNMA MBS	3,460,456	6.50	03/01/40
SF 2007B DSR TAXABLE	GNMA MBS	288,846	5.00	02/20/39
SF 2007B DSR TAXABLE	GNMA MBS	284,820	4.50	04/01/40
		39,847,484		
SF 2008A ACQUISITION	MONEY MARKET	521		Short Term
SF 2008A REVENUE Q LOAN	INVESTMENT AGREEMENT	41,706,413	4.27	11/01/38
SF 2008A REVENUE Q LOAN	MONEY MARKET	47,184		Short Term
SF 2008A REVENUE NQ LOAN	INVESTMENT AGREEMENT	13,204,371	4.27	11/01/38
SF 2008A REVENUE NQ LOAN	MONEY MARKET	72,770		Short Term
SF 2008A REFUNDING	INVESTMENT AGREEMENT	1,288,210	4.27	11/01/38
SF 2008A REFUNDING	MONEY MARKET	1,197,814		Short Term
SF 2008A DSR	MONEY MARKET	491		Short Term
SF 2008A DSR	GNMA MBS	8,253	5.00	02/20/39
SF 2008A DSR	GNMA MBS	1,893,261	4.50	04/01/40
SF 2008A DSR TAXABLE	MONEY MARKET	1,018,941		Short Term
SF 2008A DSR TAXABLE	MONEY MARKET	1,728,544		Short Term
SF 2008A DSR TAXABLE	FEDERAL HOME LOAN BANK	331,452	4.13	03/13/20
SF 2008A DSR TAXABLE	GNMA MBS	911,770	7.00	12/20/39
SF 2008A DSR TAXABLE	GNMA MBS	132,149	7.50	12/20/39
SF 2008A DSR TAXABLE	GNMA MBS	1,094,114	4.00	12/20/40
SF 2008A DSR TAXABLE	GNMA MBS	1,322,775	4.00	02/20/41
SF 2008A DSR TAXABLE	GNMA MBS	2,567,370	6.00	03/01/40
SF 2008A DSR TAXABLE	GNMA MBS	1,894,866	7.00	03/01/40
SF 2008A DSR TAXABLE	GNMA MBS	299,163	5.00	02/20/39
SF 2008A DSR TAXABLE	GNMA MBS	294,554	4.50	04/01/40
		71,014,987		

Bond Issue Account	Investment Type	Amount	Interest Rate	Maturity Date
SF 2009A REVENUE	MONEY MARKET	2,534,164		Short Term
SF 2009A REVENUE	MONEY MARKET	802,086		Short Term
SF 2009A DSR	MONEY MARKET	2,223		Short Term
SF 2009A DSR	FEDERAL HOME LOAN BANK	1,612,470	4.13	03/13/20
SF 2009A DSR	GNMA MBS	1,457,641	5.00	02/20/39
SF 2009A DSR	GNMA MBS	1,431,911	4.50	04/01/40
		7,840,496		
SF 2011C REVENUE	MONEY MARKET	174		Short Term
SF 2011C DEBT-SERVICE CI	MONEY MARKET	153,400		Short Term
		153,574		
SF 2012A REVENUE	MONEY MARKET	15,500		Short Term
SF 2012A DSR	FEDERAL HOME LOAN BANK	2,131,035	4.13	03/13/20
SF 2012A DSR	FEDERAL HOME LOAN MTG CORP	1,052,814	6.25	07/15/32
SF 2012A DSR	GNMA MBS	153,574	5.00	02/20/39
		5,115,118		

Investment Type	Amount
FEDERAL HOME LOAN BANK	11,411,681
FEDERAL HOME LOAN MTG CORP	44,893,530
FEDERAL NATIONAL MTG ASSOC	17,567,886
GNMA MBS	33,036,422
HOUSING BOND	896,500
INVESTMENT AGREEMENT	119,440,048
MONEY MARKET	147,754,374
REPURCHASE AGREEMENT	50,787,957
US GOV AGENCY COUPON BOND	1,313,4832
	427,101,881

INDEPENDENT AUDITORS

The financial statements of the Authority as of and for the years ended December 31, 2012 with summarized Financial Information for 2011, have been audited by KPMG LLP, independent auditors, as stated in their report appearing therein, and are the most recent audited financial statements of the Authority available. These financial statements are attached hereto as Appendix C

COLORADO HOUSING AND FINANCE AUTHORITY

By: /s/ Cris A. White
Executive Director

APPENDIX A

The Outstanding Bonds and Auxiliary Obligations

The Outstanding Bonds

As of December 31, 2012, the Authority had issued and outstanding the following Series of Bonds under the Master Indenture in the Classes as indicated:

Title of Bonds	Principal Amount Issued	Outstanding Principal Amount (December 31, 2012)
2001 Series AA:		
Taxable Adjustable 2001 Series AA-1 (Class I) [5]	$50,000,000	$30,000,000[1]
Adjustable 2001 Series AA-2 (Class I)	46,840,000	46,840,000
Adjustable 2001 Series AA-3 (Class I)	25,000,000	25,000,000
2001 Series AA-4 (Class II)	10,000,000	5,000,000
2002 Series A:		
Adjustable 2002 Series A-1 (Class I)	$41,000,000	$7,385,000
Adjustable 2002 Series A-2 (Class I)	12,990,000	3,810,000
Adjustable 2002 Series A-3 (Class I)	23,075,000	17,865,000
2002 Series A-5 (Class II)	12,455,000	1,455,000
2002 Series B:		
Taxable Adjustable 2002 Series B-2 (Class I) [5]	$60,000,000	$8,525,000[1]
Adjustable 2002 Series B-3 (Class I)[1]	40,000,000	23,240,000
2002 Series C:		
Adjustable 2002 Series C-3 (Class I)	$40,000,000	$35,630,000
2002 Series C-5 (Class III)	17,000,000	425,000
2003 Series A:		
Adjustable 2003 Series A-1 (Class I) [5]	$42,000,000	$4,620,000[1]
2003 Series A-3 (Class II)	7,000,000	2,500,000
2003 Series A-4 (Class III)	9,000,000	540,000
2003 Series B:		
Taxable Adjustable 2003 Series B-1 (Class I) [5]	$40,000,000	$28,970,000[1]
Taxable Adjustable 2003 Series B-2 (Class I) [5]	80,000,000	13,625,000[1]
Adjustable 2003 Series B-3 (Class I)	60,000,000	56,970,000
2003 Series C:		
Taxable Adjustable 2003 Series C-1 (Class I) [5]	$70,000,000	$9,535,000[1]
Adjustable 2003 Series C-2 (Class I)	40,000,000	32,290,000
2004 Series A:		
Adjustable 2004 Series A-2 (Class I)	$50,000,000	$40,340,000
2004 Series A-3 (Class III)	13,000,000	880,000
2004 Series B:		
Adjustable 2004 Series B-2 (Class I)	$40,000,000	$32,290,000
2004 Series B-3 (Class III)	11,000,000	1,415,000

Title of Bonds	Principal Amount Issued	Outstanding Principal Amount (December 31, 2012)
2005 Series A:		
Adjustable 2005 Series A-2 (Class I)	$40,000,000	$36,010,000
2005 Series A-3 (Class III)	10,000,000	1,285,000
2005 Series B:		
Adjustable 2005 Series B-2 (Class I)	$80,000,000	$36,650,000
2005 Series B-1A (Class I)	40,000,000	13,065,000
2005 Series B-1B (Class I)	40,000,000	13,065,000
2006 Series A:		
Taxable Adjustable 2006 Series A-1 (Class I)	$30,000,000	$ 2,185,000
Adjustable 2006 Series A-2 (Class I)	20,590,000	17,590,000
Adjustable 2006 Series A-3 (Class I)	40,000,000	40,000,000
2006 Series A-4 (Class II)	19,410,000	15,210,000
2006 Series B:		
Taxable Adjustable 2006 Series B-1 (Class I) (5)	$60,000,000	$3,250,000(1)
Adjustable 2006 Series B-2 (Class I)	49,325,000	49,325,000
Adjustable 2006 Series B-3 (Class I)	62,945,000	62,945,000
2006 Series C:		
Taxable Adjustable 2006 Series C-1 (Class I) (5)	$60,000,000	$3,230,000(1)
Adjustable 2006 Series C-2 (Class I)	70,700,000	60,900,000
2006 Series C-3 (Class II)	29,300,000	22,100,000
2007 Series A:		
Taxable Adjustable 2007 Series A-1 (Class I) (5)	$70,000,000	$7,595,000(1)
Adjustable 2007 Series A-2 (Class I)	70,000,000	70,000,000
2007 Series A-3 (Class III)	35,000,000	22,700,000
2007 Series B:		
Taxable Adjustable 2007 Series B-1 (Class I) (5)	$120,000,000	$36,370,000(1)
Adjustable 2007 Series B-2 (Class I)	50,000,000	50,000,000
Adjustable 2007 Series B-3 (Class II)	50,000,000	50,000,000
2008 Series A:		
Taxable Adjustable 2008 Series A-1 (Class I) (5)	$ 60,000,000	$40,040,000(1)
Taxable Adjustable 2008 Series A-2 (Class I) (5)	170,000,000	50,960,000(1)
2008 Series A-5 (Class III)	23,955,000	19,955,000
2009 Series A:		
2009 Series A-1 (Class I)	$90,000,000	$58,895,000
2011 Series B:		
Adjustable 2011 Series B-1 (Class I) (1)	$32,530,000	$32,530,000
Adjustable 2011 Series B-2 (Class I) (1)	31,650,000	31,650,000
2011 Series C:		
Taxable Adjustable 2011 Series C (Class I) (1)(2)	$108,970,000	$33,750,000
2011 Series D:		
Adjustable 2011 Series D-1 (Class I) (1)(3)	$29,955,000	$22,960,000

Title of Bonds	Principal Amount Issued	Outstanding Principal Amount (December 31, 2012)
Adjustable 2011 Series D-2 (Class I) (1)(3)	24,130,000	24,130,000
2012 Series A:		
Adjustable 2012 Series A-1 (Class I) (2)(4)	$19,100,000	$18,705,000
Adjustable 2012 Series A-2 (Class I) (2)(4)	80,000,000	80,000,000
Total Class I Bonds:	$2,250,800,000	$1,312,735,000
Total Class II Bonds:	128,165,000	96,265,000
Total Class III Bonds:	118,955,000	47,200,000
Total Class IV Bonds:	0	0
TOTAL	**$2,497,920,000**	**$1,456,200,000**

(1) These Bonds are index rate bonds, which bear interest at an adjustable rate determined monthly by a calculation agent based on one-month LIBOR plus an established spread.

(2) The Taxable Single Family Mortgage Class I Adjustable Index Rate Note, 2011 Series C, was issued by the Authority to evidence the obligation of the Authority to repay a loan by JPMorgan Chase Bank, National Association, made to the Authority under a Loan and Security Agreement dated as of November 1, 2011. The 2011 Series C Note matures on May 1, 2013 and is subject to mandatory sinking fund redemption payments on each May 1 and November 1 prior to that maturity date.

(3) The Single Family Class I Adjustable Index Rate Bonds, 2011 Series D, were issued by the Authority directly to Wells Fargo Bank, National Association ("**Wells**"), as the purchaser. In connection with such issuance and purchase, the Authority and Wells entered into a Continuing Covenant Agreement dated as of November 1, 2011. The 2011 Series D-1 Bonds mature on November 1, 2014, and the 2011 Series D-2 Bonds mature on November 1, 2016. The 2011 Series D-1 Bonds are subject to mandatory sinking fund redemption payments on each May 1 and November 1 prior to their maturity date, and mandatory sinking fund redemption payments are due on such dates for the 2011 Series D-2 Bonds commencing on May 1, 2015 through their maturity date.

(4) The Single Family Class I Adjustable Rate Bonds, 2012 Series A ("**2012A Bonds**"), were issued by the Authority directly to Wells, as the purchaser, pursuant to a Continuing Covenant Agreement dated as of September 1, 2012 (the "**CCA**"). The 2012A Bonds bear interest in the LIBOR Index Rate Mode during the Initial Direct Purchase Period, which ends no later than the Bank Purchase Date (September 19, 2015). On such Bank Purchase Date, the 2012A Bonds will be subject to mandatory purchase from Wells Fargo. In the event that 2012A Bonds are not purchased or remarketed on such Bank Purchase Date, (i) the 2012A Bonds will bear interest at the Amortization Period Rate unless an Event of Default as defined in the CCA has occurred at which time the 2012A Bonds will bear interest at the Default Rate, and (ii) the Aggregate Principal Amount of such 2012A Bonds will be payable in semiannual installments on each Amortization Principal Payment Date. The amount of such principal payments will be determined in order to fully amortize the Aggregate Principal Amount of such 2012A Bonds equally with the final principal payment due and payable on the third (3rd) anniversary of the Bank Purchase Date (September 19, 2018).

(5) Federal Home Loan Bank Seattle ("**FHLB Seattle**") purchased Series of Bonds (as indicated) for which Fannie Mae and Freddie Mac were currently providing a Credit and Liquidity Facility and the Facility was terminated with respect to such Bonds in connection with such purchase. At the time of such purchase, these Bonds will be converted to bear interest at an adjustable rate determined monthly by a calculation agent based on one-month LIBOR plus an established spread. After conversion, there will be no remarketing agents for these Bonds. Interest will be payable monthly on such Bonds. The Authority has retained the right to change the interest rate mode on the Bonds prior to maturity.

The Outstanding Auxiliary Obligations

The Auxiliary Obligations under the Master Indenture are the obligations of the Authority for the payment of money under Liquidity Facilities and Interest Rate Contracts.

Outstanding Liquidity Facilities

The Authority has previously entered into standby bond purchase agreements (constituting Liquidity Facilities under the Master Indenture) among the Authority, the Paying Agent and a Liquidity

Facility Provider. The following table describes the Liquidity Facilities in effect as of December 31, 2012 except as noted (or to be in effect as a result of the remarketing of the Remarketed Bonds) with respect to the outstanding Series of Adjustable Rate Bonds under the Master Indenture, the name of the respective Liquidity Facility Providers, the expiration dates (unless earlier terminated or, in some cases as permitted, extended), the Bank Bond rates, terms for accelerated payments and lien levels. As of December 31, 2012, the aggregate principal amount of Bonds for which Fannie Mae and Freddie Mac (TCLP) provided the Credit and Liquidity Facility was $71,840,000, for which the Federal Home Loan Bank of Topeka provided Liquidity Facilities was $388,975,000, for which Royal Bank of Canada provided Liquidity Facilities was $240,930,000, and for which Barclays Bank PLC provided a Liquidity Facility was $95,520,000.

The Authority's obligations to repay the Liquidity Facility Providers prior to stated maturity or any mandatory sinking fund redemption date for any principal amounts due on any Bank Bonds outstanding under a Liquidity Facility constitute in some cases Class III Obligations under the Master Indenture and also constitute general obligations of the Authority and, for other Series including the Remarketed Bonds, constitute Class I Obligations under the Master Indenture. See "Part II - CERTAIN BONDOWNERS' RISKS – Risks Related to the Liquidity Facility Providers and the Liquidity Facilities."

Outstanding Liquidity Facilities and Providers [1]

Series of Adjustable Rate Bonds	Related Liquidity Facility Provider	Expiration Date of Liquidity Facility	Bank Bond Rate/ Accelerated Payments/Lien
2001AA-1[2]	Fannie Mae and Freddie Mac [2]	December 31, 2015[2] [4]	[2]
2001AA-2	Fannie Mae and Freddie Mac	December 31, 2015[4]	[5]
2001AA-3	Fannie Mae and Freddie Mac	December 31, 2015[4]	[5]
2002A-1, A-2, and A-3	Federal Home Loan Bank of Topeka	April 25, 2014	[6]
2002B-2[2]	Fannie Mae and Freddie Mac[2]	December 31, 2015 [2][4]	[2]
2002B-3	Barclays Bank PLC [3]	December 18, 2015 [3]	[9]
2002C-3	Barclays Bank PLC [3]	December 18, 2015 [3]	[9]
2003A-1[2]	Fannie Mae and Freddie Mac [2]	December 31, 2015 [2][4]	[2]
2003B-1[2]	Fannie Mae and Freddie Mac [2]	December 16, 2015 [2][4]	[2]
2003B-2 [2]	Fannie Mae and Freddie Mac [2]	December 31, 2015 [2][4]	[5]
2003B-3	Federal Home Loan Bank of Topeka	December 16, 2013	[6]
2003C-1[2]	Fannie Mae and Freddie Mac [2]	December 31, 2015 [2][4]	[2]
2003C-2	Royal Bank of Canada	October 12, 2014	[7]
2004A-2	Royal Bank of Canada	October 12, 2014	[7]
2004B-2	Royal Bank of Canada	October 12, 2014	[7]
2005A-2	Royal Bank of Canada	October 12, 2014	[7]
2005B-2	Barclays Bank PLC	September 6, 2013	[8]
2006A-1, A-2 and A-3	Federal Home Loan Bank of Topeka	May 6, 2014	[6]
2006B-1[2]	Fannie Mae and Freddie Mac [2]	December 16, 2015 [2][4]	[2]
2006B-2 and B-3	Federal Home Loan Bank of Topeka	June 3, 2014	[6]
2006C-1[2]	Fannie Mae and Freddie Mac [2]	December 16, 2015 [2][4]	[2]
2006C-2	Federal Home Loan Bank of Topeka	June 24, 2014	[6]
2007A-1[2]	Fannie Mae and Freddie Mac [2]	December 16, 2015 [2][4]	[2]
2007A-2	Federal Home Loan Bank of Topeka	June 24, 2014	[6]
2007B-1[2]	Fannie Mae and Freddie Mac [2]	December 31, 2015 [2][4]	[2]
2007B-2	Royal Bank of Canada	October 12, 2014	[7]
2007B-3	Royal Bank of Canada	May 16, 2015	[7]
2008A-1[2] and A-2[2]	Fannie Mae and Freddie Mac [2]	December 31, 2015 [2][4]	[2]

(1) As of December 31, 2012 (except as noted). Certain adjustable Bonds have been issued and purchased directly for a term which, upon expiration, will result in a mandatory tender and a Liquidity Facility may be delivered in connection with the remarketing of such Bonds. See footnote 5 in "The Outstanding Bonds" under this caption.
(2) FHLB Seattle purchased $236,720,000* aggregate principal amount of the Bonds (as noted) for which Fannie Mae and Freddie Mac were currently providing the Credit and Liquidity Facility, and the Facility will be terminated with respect to such Bonds in connection with such purchase. See footnote 5 in "The Outstanding Bonds" under this caption.
(3) Effective in connection with the remarketing of these Remarketed Bonds on December 19, 2012.
(4) Fannie Mae and Freddie Mac have extended the expiration date of the Credit and Liquidity Facility for these Bonds from 2012 to 2015.
(5) (a) Bank Rate: prime rate (based on JPMorgan Prime Rate) plus 1.00%.
(b) Term out provisions: accelerated principal payment due in full on tenth anniversary of the purchase date. Class I lien.
(6) (a) Bank Rate: One-Month LIBOR plus 2.00% (1.50% for 2003 Series B-3 Bonds).
(b) Term out provisions: repayments due 90 days following purchase date in equal semiannual installments until fifth anniversary of the purchase date. Class III lien/General Obligation.
(7) (a) Bank Rate: for the first 90 days following the purchase date, the "Base Rate" which equals the highest of (i) the prime rate plus 2.50%, (ii) the Fed funds rate plus 3.00% and (iii) 8.00%; then for the period 91-180 days following the purchase date, the Base Rate plus 1.00%; then for the period 181 days and higher following the purchase date, the Base Rate plus 2.00%.
(b) Term out provisions: repayments due on the first business day of February, May, August or November on or following 90 days following purchase date and thereafter quarterly on each such dates in equal installments to the third anniversary of such purchase date. Class I lien.
(8) (a) Bank Rate: for the first 30 days following the purchase date, the "Base Rate" which equals the highest of (i) the Fed funds rate plus 5%, (ii) the prime rate plus 5% and (iii) Three-Month LIBOR plus 5%; then for the period 31-90 days following the purchase date, the Base Rate plus 2.00%; then for the period 91 days and higher following the purchase date, equal to the highest of (1) 12% per annum, (2) 150% of LIBOR and (3) 150% of the yield on actively traded 30-year United States Treasury Bonds.
(b) Term out provisions: accelerated principal payment due in full on the date which is three years following the purchase date. Class III lien/General Obligation.
(9) (a) Bank Rate: for the first 60 days following the purchase date, the "Base Rate" which equals the highest of (i) the Fed funds rate plus 2.5%, (ii) the prime rate plus 2.5%, (iii) 150% of yield on actively traded 30-year United States Treasury Bonds and (iv) 8%; then for the period 61-120 days following the purchase date, the Base Rate plus 1.00%; then for the period 121 days and higher following the purchase date, the Base Rate plus 2.00%.
(b) Term out provisions: accelerated principal payment due in full on the date which is three years following the purchase date. Class I lien.
* Preliminary, subject to change.

Outstanding Interest Rate Contracts

The Authority has previously entered into the following Interest Rate Contracts which were in effect with respect to outstanding Adjustable Rate Bonds under the Master Indenture as of December 31, 2012:

Outstanding Interest Rate Contracts (2)	Amount (1)	Counterparty (2)
2001 Series AA Interest Rate Contracts:		
Taxable Adjustable 2001 Series AA-1 (Class I)	$30,000,000	Barclays Bank PLC
Adjustable 2001 Series AA-2 (Class I)	46,840,000	Barclays Bank PLC
Adjustable 2001 Series AA-3 (Class I)	15,340,000	Barclays Bank PLC
2002 Series A Interest Rate Contract:		
Adjustable 2002 Series A-3 (Class I)	17,165,000	Barclays Bank PLC
2002 Series B Interest Rate Contract:		
Adjustable 2002 Series B-3 (Class I)	36,630,000	Barclays Bank PLC
2002 Series C Interest Rate Contract:		
Adjustable 2002 Series C-3 (Class I)	38,200,000	Barclays Bank PLC
2003 Series B Interest Rate Contracts:		
Taxable Adjustable 2003 Series B-1 (Class I)	31,305,000	Barclays Bank PLC
Taxable Adjustable 2003 Series B-2 (Class I)	17,680,000	Royal Bank of Canada
Adjustable 2003 Series B-3 (Class I)	56,970,000	Barclays Bank PLC

Outstanding Interest Rate Contracts [2]	Amount [1]	Counterparty [2]
2003 Series C Interest Rate Contracts:		
Adjustable 2003 Series C-2 (Class I)	37,980,000	Barclays Bank PLC
2004 Series A Interest Rate Contracts:		
Adjustable 2004 Series A-2 (Class I) [3]	47,480,000	Wells Fargo [3]
2004 Series B Interest Rate Contracts:		
Adjustable 2004 Series B-2 (Class I) [3]	37,980,000	Wells Fargo [3]
2005 Series A Interest Rate Contracts:		
Adjustable 2005 Series A-1 (Class I)	2,170,000	UBS Investment Bank
Adjustable 2005 Series A-2 (Class I) [3]	40,000,000	Wells Fargo [3]
2005 Series B Interest Rate Contract:		
Adjustable 2005 Series B-2 (Class I) [3]	70,350,000	Wells Fargo [3]
2006 Series A Interest Rate Contracts:		
Taxable Adjustable 2006 Series A-1 (Class I)	2,185,000	JPMorgan Chase Bank, N.A.
Adjustable 2006 Series A-3 (Class I)	40,000,000	Bank of America, N.A.
2006 Series B Interest Rate Contracts:		
Taxable Adjustable 2006 Series B-1 (Class I)	13,640,000	JPMorgan Chase Bank, N.A.
Adjustable 2006 Series B-2 (Class I)	49,325,000	Bank of America, N.A.
Adjustable 2006 Series B-3 (Class I)	62,945,000	Bank of America, N.A.
2006 Series C Interest Rate Contracts:		
Taxable Adjustable 2006 Series C-1 (Class I)	13,620,000	JPMorgan Chase Bank, N.A.
Adjustable 2006 Series C-2 (Class I)	58,350,000	Bank of America, N.A.
2007 Series A Interest Rate Contracts:		
Taxable Adjustable 2007 Series A-1 (Class I)	20,245,000	JPMorgan Chase Bank, N.A.
Adjustable 2007 Series A-2 (Class I)	70,000,000	Bank of America, N.A.
2007 Series B Interest Rate Contracts:		
Taxable Adjustable 2007 Series B-1 (Class I)	49,115,000	JPMorgan Chase Bank, N.A.
Adjustable 2007 Series B-2 (Class I)	50,000,000	Bank of America, N.A.
Adjustable 2007 Series B-3 (Class II)	50,000,000	Barclays Bank PLC
2008 Series A Interest Rate Contracts:		
Taxable Adjustable 2008 Series A-1 (Class I)	42,000,000	JPMorgan Chase Bank, N.A.
Taxable Adjustable 2008 Series A-2 (Class I)	67,385,000	BNY Mellon
2012 Series A Interest Rate Contracts:		
Adjustable 2012 Series A-1 (Class I)	18,705,000	Barclays Bank PLC
Adjustable 2012 Series A-2 (Class I) [3]	80,000,000	Wells Fargo [3]
Total Outstanding Class I Interest Rate Contracts	$1,163,605,000	
Total Outstanding Class II Interest Rate Contracts	$ 50,000,000	

(1) As of December 31, 2012.

(2) In November 2011, the Authority issued its 2011 Series B Bonds, 2011 Series C Note and 2011 Series D Bonds (collectively, the "**2011 Bonds**"), the proceeds of which were used to refund all or a portion of certain outstanding Bonds. In connection with the refunding of such Bonds, certain of these Interest Rate Contracts have been allocated in whole or in part to the 2011 Bonds. These allocations are not shown separately in this table.

(3) On December 28, 2012, the Authority novated (transferred) $275.8 million in swap agreements from AIG to Wells Fargo. The novation was undertaken to eliminate the weaker credit counterparty, AIG, in favor of a stronger one, Wells Fargo and the floating rate calculation was changed to be based on LIBOR in the new agreements.

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APPENDIX B

The Mortgage Loan Portfolio

As of December 31, 2012, First Mortgage Loans with an outstanding aggregate principal balance of $1,020,087,132 and Second Mortgage Loans with an outstanding aggregate principal balance of $35,002,595 had been acquired in the Acquisition Account as a part of the Trust Estate. The following information with respect to such outstanding Mortgage Loans has been provided as of the dates so indicated:

INFORMATION CONCERNING THE MORTGAGE LOANS AS OF

December 31, 2012

Series of Bond [1]	Outstanding Aggregate Principal Balance of First Mortgage Loans	Aggregate Number of Outstanding First Mortgage Loans	Average Principal Balance per First Mortgage Loan	Average Principal Coupon of First Mortgage Loans	Weighted Average Maturity of First Mortgage Loans	Outstanding Aggregate Principal Balance of Second Mortgage Loans	Aggregate Number of Outstanding Second Mortgage Loans	Average Principal Balance per Second Mortgage Loan
SF01AA	$51,892,483	567	$91,521	5.99%	21.48	$22,127,255		5,586
SF02A	$22,373,401	260	$86,052	5.78%	20.09			
SF02B	$32,861,045	338	$97,222	5.97%	20.75	$361,177		97
SF02C	$42,662,258	435	$98,074	5.80%	20.63	$499,138		136
SF03A [3]	$20,119,720	205	$98,145	5.52%	20.43			
SF03B	$63,458,235	637	$99,620	5.47%	20.71	$2,497,405		674
SF03C	$40,327,580	412	$97,882	5.49%	20.97			
SF04A	$36,701,603	356	$103,094	5.17%	21.43			
SF04B	$33,478,888	274	$122,186	5.23%	21.88			
SF05A	$39,682,394	341	$116,371	5.47%	22.16			
SF05B	$69,180,371	615	$112,488	5.45%	22.48			
SF06A	$46,389,450	431	$107,632	5.30%	22.84			
SF06B	$73,862,425	657	$112,424	5.61%	23.37	$1,846,692		482
SF06C	$60,795,822	519	$117,140	6.13%	23.84	$5,456,070		1,402
SF07A	$77,735,993	660	$117,782	5.68%	24.22	$2,164,857		583
SF07B	$97,411,336	810	$120,261	6.00%	24.56			
SF08A [3]	$135,887,755	1,051	$129,294	6.21%	26.15	$50,000		2
SF09A	$49,037,874	438	$111,959	5.43%	25.45			
SFSurplus [2]	$26,228,498	517	$50,732	6.76%	16.13			
Total	$1,020,087,132	9,523	$107,118	5.75%	22.92	$35,002,595		8,962

(1) Proceeds of the Authority's 2011 Bonds were used to refund all or a portion of certain outstanding Bonds. In connection with the refunding of such Bonds, the Mortgage Loans originally financed with the proceeds of a Series of the refunded Bonds have been deemed under the Indenture to have been financed by both the refunded Bonds and the 2011 Bonds used to redeem the refunded Bonds of such Series. All of such Mortgage Loans deemed to relate to the 2011 Bonds continue to be shown in the following tables under this caption within the original Series.

(2) Pursuant to Section 5.5(a) of the Master Indenture, the Authority established a surplus assets subaccount in the Acquisition Account of the Program Fund to which excess cash in the Trust Estate was deposited and used to acquire existing mortgage loans. Such existing mortgage loans are currently held in the surplus assets subaccount as Mortgage Loans under the Master Indenture. Mortgage Repayments and Prepayments relating to such Mortgage Loans held in the surplus assets subaccount may be applied to redeem Bonds of any Series under the Master Indenture as directed by the Authority, except to the extent limited by the provisions of the Series Indenture related to a particular Series. These Mortgage Loans are reflected in the line for "Surplus Assets" in the following tables under this caption.

(3) Proceeds of the Authority's 2012 Series A Bonds were used to refund all of the Authority's 2003 Series A-2 Bonds and 2008 Series A-3 Bonds. In connection with the refunding of such Bonds, the Mortgage Loans originally financed with proceeds of each subseries of the refunded Bonds have been deemed under the Indenture to have been financed by the 2012 Series A Bonds.

MORTGAGE INSURANCE INFORMATION FOR MORTGAGE LOANS AS OF DECEMBER 31, 2012

First Mortgage Loans

Series of Bonds	Private Mortgage Insurance	FHA – Insured	VA – Guaranteed	RHCDS-Guaranteed	Uninsured	Second Mortgage Loans - Uninsured
2001AA	12.1%	44.4%	3.3%	3.3%	7.1%	29.9%
2002A	2.7%	84.6%	5.4%	3.6%	3.7%	0.0%
2002B	6.9%	77.7%	4.5%	3.8%	6.0%	1.1%
2002C	6.8%	77.3%	6.4%	3.0%	5.3%	1.2%
2003A	1.6%	85.6%	6.8%	1.3%	4.6%	0.0%
2003B	4.1%	80.0%	3.6%	3.3%	5.3%	3.8%
2003C	1.3%	87.7%	3.8%	2.9%	4.4%	0.0%
2004A	6.7%	71.0%	7.4%	4.6%	10.3%	0.0%
2004B	3.2%	75.8%	16.3%	2.0%	2.6%	0.0%
2005A	3.5%	79.4%	8.2%	3.0%	5.9%	0.0%
2005B	6.2%	74.7%	10.2%	3.8%	5.1%	0.0%
2006A	11.1%	66.0%	10.5%	2.5%	9.8%	0.0%
2006B	22.0%	54.5%	4.4%	3.4%	13.2%	2.4%
2006C	24.3%	58.4%	2.8%	1.9%	4.4%	8.2%
2007A	43.4%	39.8%	3.0%	1.5%	9.6%	2.7%
2007B	43.6%	43.3%	3.3%	1.5%	8.4%	0.0%
2008A	37.7%	53.0%	4.4%	1.8%	3.2%	0.0%
2009A	0.5%	81.1%	4.8%	1.6%	12.1%	0.0%
Surplus Assets	0.6%	69.3%	3.4%	17.0%	9.6%	0.0%
Average for Portfolio	18.4%	63.1%	5.4%	2.9%	6.9%	3.3%

INFORMATION CONCERNING PROPERTY TYPES FOR FIRST MORTGAGE LOANS AS OF DECEMBER 31, 2012

Series of Bonds	Single Family Detached	Condo/Townhome	Other
2001AA	79.3%	16.4%	4.3%
2002A	72.4%	25.0%	2.5%
2002B	69.2%	27.0%	3.8%
2002C	66.3%	29.1%	4.6%
2003A	63.4%	31.8%	4.8%
2003B	69.4%	27.7%	3.0%
2003C	66.7%	29.1%	4.1%
2004A	68.4%	27.0%	4.6%
2004B	71.5%	24.6%	3.9%
2005A	71.0%	25.0%	4.0%
2005B	67.5%	27.4%	5.0%
2006A	69.5%	25.6%	4.9%
2006B	72.3%	23.2%	4.5%
2006C	69.3%	22.7%	8.0%
2007A	69.9%	22.8%	7.3%
2007B	69.1%	26.2%	4.6%
2008A	78.4%	17.2%	4.4%
2009A	76.9%	18.2%	4.9%
Surplus Assets	77.3%	12.4%	10.1%
Average for Portfolio	71.7%	23.4%	4.9%

FORECLOSURE AND DELINQUENCY STATISTICS
FOR FIRST & SECOND MORTGAGES [4]
December 31, 2012

Series of Bonds [1]	Number of Loans Financed	Number of Loans Prepaid in Full	Number of Loans Foreclosed to Date	Number of Real Estate Owned Loans	Number of Mortgage Loans Outstanding	Number of Delinquent 60+ Days	Value of Delinquent Loans	Percentage of Total Loans Deliquent 60+ Days *	Number of Loans in Foreclosure	Value of Foreclosure	Percentage of Loans in Foreclosure *	Percentage of All Loans Delinquent and Foreclosure *
SF01AA	12,932	6,567	218	4	6,153	58	$2,205,697	2.98%	13	$1,498,528	2.02%	5.00%
SF02A	1,147	761	126	0	260	5	$558,826	2.50%	10	$823,972	3.68%	6.18%
SF02B	1,760	1,134	192	0	435	10	$998,433	3.01%	5	$485,492	1.46%	4.47%
SF02C	2,065	1,329	166	2	571	8	$740,728	1.72%	4	$459,281	1.06%	2.78%
SF03A	667	368	94	0	205	5	$563,674	2.80%	3	$335,481	1.67%	4.47%
SF03B	3,006	1,487	209	4	1,311	15	$1,356,230	2.06%	9	$1,125,325	1.71%	3.76%
SF03C	936	411	113	1	412	4	$471,187	1.17%	13	$1,238,422	3.07%	4.24%
SF04A	817	338	123	3	356	5	$408,847	1.11%	8	$897,094	2.44%	3.56%
SF04B	621	244	102	0	274	1	$127,742	0.38%	8	$726,623	2.17%	2.55%
SF05A	696	252	103	0	341	3	$342,737	0.86%	8	$1,073,372	2.70%	3.57%
SF05B	1,228	430	183	2	615	7	$968,485	1.40%	10	$1,397,612	2.02%	3.42%
SF06A	767	235	101	2	431	9	$1,246,041	2.69%	6	$644,515	1.39%	4.08%
SF06B	2,249	926	185	6	1,139	19	$2,151,286	2.84%	14	$1,549,008	2.05%	4.89%
SF06C	3,456	1,397	140	2	1,921	9	$980,163	1.48%	14	$1,814,145	2.74%	4.22%
SF07A	2,124	731	151	4	1,243	10	$1,234,240	1.54%	17	$1,949,436	2.44%	3.98%
SF07B	1,413	433	170	5	810	16	$2,102,894	2.16%	22	$3,161,112	3.25%	5.40%
SF08A	1,935	600	282	9	1,053	40	$5,127,098	3.77%	30	$4,202,875	3.09%	6.86%
SF09A	652	165	51	1	438	10	$1,273,991	2.60%	10	$1,238,613	2.53%	5.12%
SFSurplus	524	4	4	7	517	14	$804,357	3.07%	17	$922,629	3.52%	6.58%
Total	38,995	17,812	2,713	52	18,485	248	$23,662,657	2.24%	221	$25,543,534	2.42%	4.66%

[1] Estimated
* Percentages are based on outstanding principal amount of the Mortgage Loans.

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APPENDIX C

Financial Statements for the
Years ended December 31, 2012 and with summarized Financial Information for 2011
and Independent Accountants' Reports

COLORADO HOUSING AND FINANCE AUTHORITY
ANNUAL FINANCIAL REPORT
(With Independent Auditors' Report Thereon)
December 31, 2012 and 2011

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Prepared by:
Accounting Division

COLORADO HOUSING AND FINANCE AUTHORITY – Annual Financial Report

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EXECUTIVE LETTER

Message from Cris White,
Executive Director and CEO
March 28, 2013

In 2012, CHFA's work played an important role in strengthening Colorado's economy while fulfilling our mission of affordable housing and economic development finance. The estimated economic benefit resulting from our efforts during the past year exceeded $970 million and supported over 5,000 jobs.

Specifically, CHFA supported:

- 2,535 households with home mortgage loans or CHFA Statewide Mortgage Credit Certificates;
- Homebuyer education classes for 6,888 households;
- The construction or preservation of 22 affordable rental housing developments consisting of a total of 1,659 units;
- 278 small and medium sized businesses in accessing capital, impacting 3,227 jobs; and
- 31 Colorado nonprofit organizations with missions related to CHFA's work in affordable housing or economic development through sponsorships and donations totaling over $166 thousand.

These accomplishments are the result of our continued efforts to better understand and address our partners' and customers' needs. Through strategic outreach, CHFA gained input and formed new relationships that were instrumental in allowing us to increase the number of Coloradans we serve.

Among CHFA's expanded product offerings were three new home finance programs designed to maximize borrower benefit, while improving the overall asset quality of the single family portfolio. CHFA SmartStep blended CHFA's most popular programs – our lowest interest rate loan, down payment assistance, and an expanded Mortgage Credit Certificate – into one easy to use resource for lenders and customers. CHFA Advantage utilizes Fannie Mae's Risk Share loan program to serve borrowers who have maintained a strong credit history. Our new Federal Housing Administration (FHA) Streamline Refinance provides a refinance option for existing borrowers to take advantage of the low interest rate environment, while still allowing CHFA to maintain a positive relationship with our customers who've demonstrated a strong payment history.

Additionally, CHFA was pleased to reemerge in the multi-family arena after three years of inactivity in our 4 percent bond and direct lending programs due to ongoing market hurdles resulting from the 2008 economic decline. In 2012, CHFA supported 10 affordable housing developments with 4 percent Low Income Housing Tax Credit (LIHTC) allocations, and also provided financing for two of the ten transactions. In total, these developments will support the preservation of 600 affordable rental housing units and the construction of 324 new units. CHFA's ability to contribute resources toward affordable rental housing helped meet a critical need for Colorado, as rental vacancies decreased statewide.

CHFA's business finance team partnered with the Colorado Office of Economic Development and International Trade to launch the Colorado Capital Access and Cash Collateral Support programs. Utilizing resources made available through the Small Business Jobs Act of 2010, these programs will help small and medium sized businesses access capital by using a small amount of public-sector resources to leverage private-sector resources that otherwise might not be available.

In another example of CHFA's commitment to innovation and operational enhancement, CHFA embarked on a new partnership with Dovenmuehle Mortgage, Inc. (DMI) for the servicing of CHFA's single family loan portfolio. By forming an alliance with DMI, CHFA expects to achieve a number of benefits over time including improved asset performance, enhanced customer service, and greater control over indirect costs and technology investment. The financial and operational savings generated will allow CHFA to remain focused on investing as many resources as possible back into its mission of affordable housing and economic development.

Throughout the year ahead, CHFA will continue to remain focused on strengthening our financial and operational framework so we may further our mission of affordable housing and economic development finance on behalf of Colorado.

Sincerely,

Cris A. White

Cris A. White
Executive Director and CEO

MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)

This section of the Colorado Housing and Finance Authority's (the Authority) annual financial report presents management's discussion and analysis of the financial position and results of operations at and for the years ended December 31, 2012 and 2011. This information is being presented to provide additional information regarding the activities of the Authority and to meet the disclosure requirements of Government Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* (GASB No. 34).

The Authority is a public enterprise that finances affordable housing, business and economic growth opportunities for residents and businesses of Colorado. Its dual mission is to increase the availability of affordable, decent and accessible housing for lower- and moderate-income Coloradans, and to strengthen the state's development by providing financial assistance to businesses.

Established by the Colorado General Assembly in 1973, the Authority raises funds through the public and private sale of bonds and notes, which are not obligations of the State of Colorado. The proceeds are loaned to eligible borrowers, primarily through private lending institutions across the state under sound fiscal practices established by the Authority. As a self-sustaining organization, the Authority's operating revenues come from loan and investment income, program administration fees, loan servicing and gains on sales of loans. The Authority receives no tax appropriations, and its net revenues are reinvested in its programs and used to support bond ratings.

In addition, the Authority participates in the Government National Mortgage Association (Ginnie Mae or GNMA) Mortgage Backed Securities (MBS) Programs. Through the MBS Programs, Ginnie Mae guarantees securities that are issued by the Authority and backed by pools of mortgage loans. Holders of the securities receive a "pass-through" of the principal and interest payments on a pool of mortgage loans, less amounts required to cover servicing costs and Ginnie Mae guaranty fees. The Ginnie Mae guaranty ensures that the holder of the security issued by the Authority receives the timely payment of scheduled monthly principal and any unscheduled recoveries of principal on the underlying mortgage loans, plus interest at the rate provided for in the securities. All loans pooled under the Ginnie Mae MBS Programs are either insured by the Federal Housing Administration or United States Department of Agriculture Rural Development, or are guaranteed by the Veterans Administration.

Overview of the Financial Statements

The basic financial statements consist of a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position, a Statement of Cash Flows and the notes thereto. The Authority, a body corporate and political subdivision of the State of Colorado, is a public purpose financial enterprise and therefore follows enterprise fund accounting. The financial statements offer information about the Authority's activities and operations.

The Statement of Net Position includes all of the Authority's assets and liabilities, presented in order of liquidity, along with deferred outflows and deferred inflows. The resulting net position presented in these statements is displayed as invested in capital assets, restricted or unrestricted. Net position is restricted when its use is subject to external limits such as bond indentures, legal agreements or statutes. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial assets of the Authority are improving or deteriorating.

All of the Authority's current year revenues and expenses are recorded in the Statement of Revenues, Expenses and Changes in Net Position. This statement measures the activities of the Authority's operations over the past year and presents the resulting change in net position - calculated as revenues less expenses.

The final required financial statement is the Statement of Cash Flows. The primary purpose of this statement is to provide information about the Authority's cash receipts and cash payments during the reporting period. This statement reports cash receipts, cash payments and net changes in cash resulting from operating, noncapital financing, capital and related financing and investing activities. The statement provides information regarding the sources and uses of cash and the change in the cash balance during the reporting period.

The notes to the financial statements provide additional information that is essential for a full understanding of the information provided in the financial statements. The notes follow the Statement of Cash Flows.

Debt Activity

The Authority issued $10.5 million in Multi-Family/Project 2012 Series A and $17.5 million in Multi-Family/Project 2012 Series B bonds during the third quarter of 2012 to finance different multi-family projects.

In an effort to reduce liquidity facility needs, the Authority refunded or converted $335.8 million in outstanding single family variable rate demand obligations (VRDOs) into floating rate notes (FRNs) during 2012. Refunding or converting VRDOs requiring liquidity facilities into FRNs has proven to be an effective means for the Authority to reduce costs related to the indenture and we will continue to seek these opportunities in 2013.

During 2012, the Authority put in place a new $58.9 million liquidity facility and renewed $245.1 million in expiring liquidity agreements. The Authority also entered into a number of replacement liquidity facility agreements with high quality banks in order to eliminate exposure from existing facility providers that were facing declining credit ratings. To this end, the Authority put in place $147.8 million in replacement liquidity agreements.

The Authority novated (transferred) $275.8 million in swap agreements from AIG to Wells Fargo in December 2012. The novation was undertaken to eliminate the weaker credit counterparty, AIG, in favor of a stronger one, Wells Fargo, and the floating rate calculation was changed to be based on LIBOR in the new agreements. The Authority will evaluate additional novation and replacement opportunities that may arise in 2013.

Programs – The financial statements present the activities of the Authority's housing and lending programs. Combining schedules for these programs are provided in the supplemental schedules.

Financial Highlights

- Total net loans receivable as of December 31, 2012 were $1.9 billion, a decrease of $357.2 million, or 15.5%, compared to the amount outstanding as of December 31, 2011. Loan repayments occurred without a corresponding increase in new loans retained as the Authority continued to issue and sell Ginnie Mae securities during the year. During 2012, $365.5 million in loans were sold through the issuance of Ginnie Mae securities.

- Total investments as of December 31, 2012 were $800.9 million, a decrease of $83.7 million, or 9.5%, compared to the amount outstanding as of December 31, 2011. The decrease in investments was due to scheduled bond payments and additional unscheduled redemptions.

- Total deferred outflows as of December 31, 2012 were $233.5 million, a decrease of $33.9 million, or 12.7%, compared to the amount outstanding as of December 31, 2011, which reflects market expectations of future interest rate increases (increase in forward yield curve).

- As of December 31, 2012, total debt outstanding was $2.5 billion, a decrease of $426.3 million, or 14.5%, compared to the balance at December 31, 2011. Payments of loans have been used to reduce bond balances.

- Net position as of December 31, 2012 was $312.2 million, an increase of $41.7 million, or 15.4%, compared to the balance at December 31, 2011, increasing the Authority's capital position. Net position as a percent of total assets increased from 8.0% as of December 31, 2011 to 10.5% as of December 31, 2012.

- As reflected in the Statement of Revenues, Expenses and Changes in Net Position, the change in net position increased by $24.7 million, or 145.9%, compared to December 31, 2011. The increase in the change in net position compared to prior year was primarily composed of the following:
  - A $6.6 million decrease in net interest income as a result of lower investment rates and higher bond expenses.
  - A $30.2 million decrease in other operating revenues is a result of the following:
    - $6.1 million decrease in real estate owned (REO) rental income.
    - $8.3 million increase in gain on sale of loans.
    - $12.1 million increase in investment derivative activity loss.
    - $22.3 million decrease in fair value of investments.
    - $2.0 million increase in loan servicing and other revenues.
  - A $22.3 million decrease in operating expenses due primarily to a decrease in costs related to the Lehman swap termination settlement.
  - A $39.2 million increase in gain on sale of capital assets due to the sale of the four Rental Acquisition Program (RAP) properties during the first quarter of 2012.

Analysis of Financial Activities

Condensed Summary of Net Position
(in thousands of dollars)

For the years ended December 31,	2012	2011	2010
Assets			
Cash	**$ 156,431**	$ 89,292	$ 91,981
Investments	**800,929**	884,670	872,861
Loans receivable	**1,915,886**	2,264,846	2,601,983
Loans receivable held for sale	**29,967**	38,206	47,478
Capital assets, net	**8,110**	24,160	26,741
Other assets	**60,666**	70,365	79,061
Total assets	**2,971,989**	3,371,539	3,720,105
Deferred Outflows			
Accumulated decrease in fair value of hedging derivatives	**233,514**	267,410	180,245
Liabilities			
Bonds and notes payable, net and short-term debt	**2,509,249**	2,935,507	3,303,668
Derivative instruments and related borrowings	**312,524**	335,558	243,572
Other liabilities	**70,062**	97,362	99,531
Total liabilities	**2,891,835**	3,368,427	3,646,771
Deferred Inflows			
Accumulated increase in fair value of hedging derivatives	**1,489**	-	-
Net position:			
Invested in capital assets	**8,110**	24,160	26,741
Restricted by bond indentures	**129,758**	137,096	113,252
Unrestricted	**174,311**	109,266	113,586
Total net position	**$ 312,179**	$ 270,522	$ 253,579

Comparison of Years Ended December 31, 2012 and 2011

Total assets decreased $399.6 million, or 11.9%, from the prior year. Cash and investments, combined, decreased $16.6 million, or 1.7%. Loans receivable decreased by $357.2 million, or 15.5%, as a result of loan repayments occurring without a corresponding increase in new loans retained as the Authority continued to issue and sell Ginnie Mae securities during the year. Deferred outflows decreased $33.9 million, or 12.7%, from the prior year, due to market expectations of future interest rate increases (increase in the forward yield curve).

Total liabilities decreased $476.6 million, or 14.1%, from the prior year. Bonds and notes payable decreased $426.3 million, or 14.5%, primarily due to scheduled bond payments and additional unscheduled redemptions. Derivative instruments and related borrowings decreased $23.0 million, or 6.9%, from prior year due to a slight increase in market interest rates.

Comparison of Years Ended December 31, 2011 and 2010

Total assets decreased $348.6 million, or 9.4%, from the prior year. Cash and investments, combined, increased $9.1 million, or 1.0%. Loans receivable decreased by $346.4 million, or 13.1%, as a result of loan repayments occurring without a corresponding increase in new loans retained as the Authority continued to issue Ginnie Mae securities during the year. Deferred outflows increased $87.2 million, or 48.4%, from the prior year, due to a decline in market expectations of future interest rates (decline in the forward yield curve).

Total liabilities decreased $278.3 million, or 7.6%, from the prior year. Bonds and notes payable decreased $368.2 million, or 11.1%, primarily due to scheduled bond payments and additional unscheduled redemptions. Derivative instruments and related borrowings increased $92.0 million, or 37.8%, from prior year due to declining market interest rates.

Subsequent Events

In 2012, the Authority established a contractual, sub-servicing relationship with Dovenmuehle Mortgage, Inc. (DMI) for its single family portfolio beginning March 1, 2013.

This approach will allow the Authority and its customers to benefit from the established infrastructure, technology, and economies of scale that a sub-servicer can provide. At the same time, it will reduce the Authority's long-term costs, allowing the organization to remain focused on investing as much of its resources as possible back into its mission of affordable housing and business finance.

The Authority will retain its mortgage servicing rights, which ensures that its ongoing vested and proactive relationship with its customers, investors, mortgage insurance providers, and guarantors will be actively maintained. Additionally, the Authority will retain key components of its internal loan servicing operation to help oversee DMI and to ensure that the Authority maintains an active and productive role in shaping the quality of loan servicing provided.

Condensed Summary of Revenues, Expenses and Changes in Net Position
(in thousands of dollars)

For the years ended December 31,	2012	2011	2010
Interest income and expense:			
Interest on loans receivable	**$ 113,216**	$ 134,597	$ 151,319
Interest on investments	**23,291**	23,423	18,094
Interest on debt	**(123,606)**	(138,545)	(141,458)
Net interest income	**12,901**	19,475	27,955
Other operating income (loss):			
Rental income	**2,675**	8,804	9,306
Gain on sale of loans	**25,103**	16,792	19,817
Investment derivative activity loss	**(13,820)**	(1,715)	(473)
Net increase in the fair value of investments	**3,590**	25,887	7,324
Other revenues	**21,468**	19,443	19,400
Total other operating income	**39,016**	69,211	55,374
Total operating income	**51,917**	88,686	83,329
Operating expenses:			
Salaries and related benefits	**17,836**	18,210	17,808
General operating	**19,750**	40,783	55,636
Depreciation	**2,722**	3,684	3,773
Provision for loan losses	**9,106**	9,036	6,521
Total operating expenses	**49,414**	71,713	83,738
Net operating income (loss)	**2,503**	16,973	(409)
Nonoperating expenses:			
Federal grant receipts	**112,954**	134,491	134,613
Federal grant payments	**(112,954)**	(134,491)	(134,613)
Gain (loss) on sale of capital assets	**39,154**	(30)	128
Total nonoperating income and expenses, net	**39,154**	(30)	128
Change in net position	**41,657**	16,943	(281)
Net position:			
Beginning of year	**270,522**	253,579	253,860
End of year	**$ 312,179**	$ 270,522	$ 253,579

Comparison of Years Ended December 31, 2012 and 2011

Total operating income decreased by $36.8 million in 2012, or 41.5%, compared to 2011. The following contributed to the decrease:

- Interest income decreased by $21.5 million in 2012 as a result of higher prepayments without a corresponding increase in new loan production retained.
- Interest expense related to debt decreased by $14.9 million due to lower outstanding balances.
- Gain on sale of loans increased by $8.3 million in 2012 related primarily to the increased amount of issuance of GNMA securities.
- The fair value of investments decreased by $22.3 million due primarily to stable market interest rates during 2012.

Total operating expenses decreased $22.3 million in 2012, or 31.1%, compared to 2011. The decrease was primarily due to a decrease in general operating costs related to the Lehman swap termination settlement.

Total nonoperating revenues and expenses, net, increased by $39.1 million, or 100%, compared to 2011. The increase is due to the gain on sale of RAP properties. The federal grant receipts/payments consist primarily of pass-through amounts related to the Authority's role as a contract administrator of the U.S. Department of Housing and Urban Development's Section 8 subsidy program. Under the Section 8 subsidy program, tenants pay 30% of their income toward rent and the balance is paid by federal subsidy.

Comparison of Years Ended December 31, 2011 and 2010

Total operating income increased by $5.4 million in 2011, or 6.4%, compared to 2010. The following contributed to the increase:

- Interest income decreased by $11.4 million in 2011 as a result of higher prepayments without a corresponding new loan investment.
- Interest expense related to debt decreased by $2.9 million due to lower outstanding balances.
- Gain on sale of loans decreased by $3.0 million in 2011 related primarily to the reduced amount of issuance of GNMA securities.
- The fair value of investments increased by $18.6 million due primarily to a decrease in market interest rates during 2011.

Total operating expenses decreased $12.0 million in 2011, or 14.4%, compared to 2010. The decrease was primarily due to an increase in salaries and related benefits due to increased staffing, merit increases and health insurance costs, a decrease in general operating costs related to swap terminations, a decrease in depreciation expense due to assets becoming fully depreciated and an increase in provision for loan losses due to increasing delinquencies and foreclosures.

Total nonoperating revenues and expenses, net, consist primarily of pass-through amounts related to the Authority's role as a contract administrator of the U.S. Department of Housing and Urban Development's Section 8 subsidy program. Under the Section 8 subsidy program, tenants pay 30% of their income toward rent and the balance is paid by federal subsidy.

INDEPENDENT AUDITORS' REPORT

KPMG LLP
Suite 800
1225 17th Street
Denver, CO 80202-5598

Independent Auditors' Report

The Board of Directors
Colorado Housing and Finance Authority
Denver, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Colorado Housing and Finance Authority (the Authority) as of and for the years ended December 31, 2012 and 2011, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Colorado Housing and Finance Authority as of December 31, 2012 and 2011, and the changes in financial position and cash flows for the years then ended, in accordance with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages 4 – 11 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements as a whole. The supplementary information included in Schedules 1 through 7 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information included in Schedules 1 through 7 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information included in Schedules 1 through 7 is fairly stated in all material respects in relation to the basic financial statements as a whole.

The executive letter has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2013 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

KPMG LLP

Denver, Colorado
March 28, 2013

BASIC FINANCIAL STATEMENTS

Colorado Housing and Finance Authority
Statements of Net Position
For the years ended December 2012 and 2011
(in thousands of dollars)

	2012	2011
Assets		
Current assets:		
Cash		
Restricted	$ 89,268	$ 56,011
Unrestricted	67,163	33,281
Investments (partially restricted, see note 2)	461,711	538,082
Loans receivable (partially restricted, see note 3)	93,831	113,701
Loans receivable held for sale	29,967	38,206
Other current assets	20,035	25,049
Total current assets	761,975	804,330
Noncurrent assets:		
Investments (partially restricted, see note 2)	339,218	346,588
Loans receivable, net (partially restricted, see note 3)	1,822,055	2,151,145
Capital assets, net	8,110	24,160
Other assets	40,631	45,316
Total noncurrent assets	2,210,014	2,567,209
Total assets	2,971,989	3,371,539
Deferred Outflows		
Accumulated decrease in fair value of hedging derivatives	233,514	267,410
Liabilities		
Current liabilities:		
Short-term debt	71,475	46,100
Bonds payable	172,041	321,512
Notes payable	103	104
Other current liabilities	64,140	73,421
Total current liabilities	307,759	441,137
Noncurrent liabilities:		
Bonds and notes payable, net	2,265,630	2,567,791
Derivative instruments	239,291	281,951
Hybrid instrument borrowing	73,233	53,607
Other liabilities	5,922	23,941
Total noncurrent liabilities	2,584,076	2,927,290
Total liabilities	2,891,835	3,368,427
Deferred Inflows		
Accumulated increase in fair value of hedging derivatives	1,489	-
Net position		
Invested in capital assets	8,110	24,160
Restricted by bond indentures	129,758	137,096
Unrestricted	174,311	109,266
Total net position	$ 312,179	$ 270,522

See accompanying notes to basic financial statements.

Colorado Housing and Finance Authority
Statements of Revenues, Expenses and Changes in Net Position
For the years ended December 2012 and 2011

(in thousands of dollars)

		2012		2011
Interest income and expense:				
Interest on loans receivable	**$**	**113,216**	$	134,597
Interest on investments		**23,291**		23,423
Interest on debt		**(123,606)**		(138,545)
Net interest income		**12,901**		19,475
Other operating income (loss):				
Rental income		**2,675**		8,804
Gain on sale of loans		**25,103**		16,792
Investment derivative activity loss		**(13,820)**		(1,715)
Net increase in the fair value of investments		**3,590**		25,887
Other revenues		**21,468**		19,443
Total other operating income		**39,016**		69,211
Total operating income		**51,917**		88,686
Operating expenses:				
Salaries and related benefits		**17,836**		18,210
General operating		**19,750**		40,783
Depreciation		**2,722**		3,684
Provision for loan losses		**9,106**		9,036
Total operating expenses		**49,414**		71,713
Net operating income		**2,503**		16,973
Nonoperating income and expenses:				
Federal grant receipts		**112,954**		134,491
Federal grant payments		**(112,954)**		(134,491)
Gain (loss) on sale of capital assets		**39,154**		(30)
Total nonoperating income and expenses		**39,154**		(30)
Change in net position		**41,657**		16,943
Net position:				
Beginning of year		**270,522**		253,579
End of year	**$**	**312,179**	$	270,522

See accompanying notes to basic financial statements.

Colorado Housing and Finance Authority
Statements of Cash Flows
For the years ended December 2012 and 2011
(in thousands of dollars)

		2012		2011
Cash flows from operating activities:				
Principal payments received on loans receivable and receipts from dispositions of other real estate owned	**$**	**411,579**	$	303,302
Interest payments received on loans receivable		**116,272**		138,083
Payments for loans receivable		**(427,769)**		(367,983)
Receipts from sales of Ginnie Mae securities		**390,631**		420,989
Receipts from rental operations		**2,865**		8,748
Receipts from other revenues		**21,731**		19,391
Payments for salaries and related benefits		**(17,617)**		(18,775)
Payments for goods and services		**(50,009)**		(41,362)
All other, net		**8,688**		1,503
Net cash provided by operating activities		**456,371**		463,896
Cash flows from noncapital financing activities:				
Net increase (decrease) in short-term debt		**25,375**		(41,800)
Proceeds from issuance of bonds		**133,375**		266,435
Proceeds from (payments on) issuance of notes payable		**137**		1,388
Receipts from federal grant programs		**114,064**		135,352
Payments for federal grant programs		**(112,954)**		(134,491)
Principal paid on bonds		**(579,500)**		(583,898)
Payments on terminations of interest rate swaps		**5,337**		-
Principal paid on notes payable		**(103)**		(105)
Interest paid on short-term debt		**(182)**		(271)
Interest rate swap settlements		**(84,086)**		(92,102)
Interest paid on bonds		**(50,036)**		(49,000)
Interest paid on notes payable		**(1,140)**		(756)
Bond issuance costs paid		**(1,788)**		(1,728)
Net cash used in noncapital financing activities		**(551,501)**		(500,976)
Cash flows from capital and related financing activities:				
Purchase of capital assets		**(487)**		(1,133)
Proceeds from the disposal of capital assets		**52,970**		-
Net cash provided by (used in) capital and related financing activities		**52,483**		(1,133)
Cash flows from investing activities:				
Proceeds from maturities and sales of investments		**2,761,770**		3,089,608
Purchase of investments		**(2,674,441)**		(3,075,530)
Income received from investments		**22,457**		21,446
Net cash provided by investing activities		**109,786**		35,524
Net increase (decrease) in cash		**67,139**		(2,689)
Cash at beginning of year		**89,292**		91,981
Cash at end of year	$	**156,431**	$	89,292
Restricted	$	**89,268**	$	56,011
Unrestricted		**67,163**		33,281
Cash, end of year	$	**156,431**	$	89,292

Continued on the next page

Colorado Housing and Finance Authority

Statements of Cash Flows *(continued)*

For the years ended December 2012 and 2011

(in thousands of dollars)

	2012	2011
Reconciliation of operating income to net cash provided (used) by operating activities:		
Net operating income	$ **2,503**	$ 16,973
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	**2,722**	3,684
Amortization of service release premiums	**6,060**	3,538
Amortization of deferred loan fees/costs, net	**222**	65
Amortization of derivatives related borrowings	**(6,807)**	(6,364)
Provision for loan losses	**9,106**	9,036
Interest on investments	**(23,291)**	(23,418)
Interest on debt	**130,412**	144,909
Unrealized loss on investment derivatives	**13,820**	1,715
Unrealized gain on investments	**(3,590)**	(25,887)
(Gain) loss on sale of REO	**(1,166)**	1,631
Gain on sale of loans receivable held for sale	**(25,103)**	(16,792)
Changes in assets and liabilities:		
Loans receivable and other real estate owned	**369,368**	350,818
Accrued interest receivable on loans and investments	**3,014**	3,742
Other assets	**3,046**	1,446
Accounts payable and other liabilities	**(23,945)**	(1,200)
Net cash provided by operating activities	$ **456,371**	$ 463,896

See accompanying notes to basic financial statements.

NOTES TO BASIC FINANCIAL STATEMENTS

1) Organization and Summary of Significant Accounting Policies

(a) Authorizing Legislation and Reporting Entity

Authorizing Legislation - The Colorado Housing and Finance Authority (the Authority) is a body corporate and a political subdivision of the State of Colorado (the State) established pursuant to the Colorado Housing and Finance Authority Act, Title 29, Article 4, Part 7 of the Colorado Revised Statutes, as amended (the Act). The Authority is not a state agency and is not subject to administrative direction by the State. The governing body of the Authority is its board of directors (the Board). Operations of the Authority commenced in 1974. The Authority is not a component unit of the State or any other entity.

The Authority was created for the purpose of making funds available to assist private enterprise and governmental entities in providing housing facilities for lower- and moderate-income families. Under the Act, the Authority is also authorized to finance projects and working capital loans to industrial and commercial enterprises (both for-profit and nonprofit) of small and moderate size.

In 1992, Colorado voters approved an amendment to the State Constitution, Article X, Section 20, which, among other things, imposes restrictions on increases in revenue and expenditures of state and local governments. In the opinion of its bond counsel, the Authority qualifies as an enterprise under the amendment and therefore is exempt from its provisions.

In 2001, the Colorado state legislature repealed the limitation on the amount of debt that the Authority can issue as well as removed the moral obligation of the State on future debt issues of the Authority. The bonds, notes and other obligations of the Authority do not constitute debt of the State.

Blended Component Units – Rental Acquisition Program (RAP) - Hyland Park Centre Corporation (Hyland Park), Tanglewood Oaks Apartments Corporation (Tanglewood), and Village of Yorkshire Corporation (Yorkshire) have been designated as blended component units and included in the Authority's financial statements. Hyland Park, Tanglewood and Yorkshire were public, nonprofit instrumentalities of the Authority, each of which owns and operates a single, separate multi-family rental housing project.

In March 2012, the Authority completed the sale of the real estate for all Blended Component Units. In addition, the Authority completed the sale of real estate for Maple Tree Settlement, which is not a Blended Component Unit, but is part of the RAP. Each of these properties was sold at a gain. The gain on sale is reported in nonoperating revenues and expenses, net.

Lending and Housing Programs – The Authority accounts for its lending and operating activities in the following groups:

General Program – The General Program is the Authority's primary operating program. It accounts for assets, liabilities, revenues and expenses not directly attributable to a bond program. Most of the bond resolutions of the programs permit the Authority to make cash transfers to the general accounts after establishing reserves required by the bond resolutions. The general accounts financially support the bond programs when necessary. The general accounts include proprietary loan programs developed by the Authority to meet the needs of low- and moderate-income borrowers not served by traditional lending programs. The general accounts also include administrative activities related to the federal government's Section 8 housing assistance payments program.

Single Family Program – The Single Family Program includes bonds issued and assets pledged for payment of the bonds under the related indentures. Loans acquired under this program with the proceeds of single family bond issues include Federal Housing Administration (FHA), conventional, United States Department of Agriculture (USDA) Rural Development, Rural Economic and Community Development Department (RD), and Veterans Administration (VA) loans made under various loan programs.

Multi-Family/Business Program – The Multi-Family/Business Program includes bonds issued and assets pledged for payment of the bonds under the related indentures. Loans acquired under this program with the proceeds of multi-family and business (sometimes referred to as project) bond issues include loans made for the purchase, construction or rehabilitation of multi-family rental housing. In addition, business loans are made to both for-profit and nonprofit organizations primarily for the purpose of acquisition or expansion of their facilities or for the purchase of equipment.

(b) Basis of Accounting

The Authority presents its financial statements in accordance with United States Generally Accepted Accounting Principles (U.S. GAAP) as established by the Governmental Accounting Standards Board (GASB). For financial purposes, the Authority is considered a special-purpose government engaged in business-type activities. The financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when incurred. All significant intra-entity transactions have been eliminated.

(c) Summary of Significant Accounting Policies

Estimates – The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Significant estimates to the Authority's financial statements include the allowance for loan losses and fair value estimates. Actual results could differ from those estimates.

Cash and Restricted Cash – The Authority's cash and cash equivalents are represented by cash on hand and demand deposits held in banks. Restricted cash includes payments received on pledged assets and used for the payment of bonds under the related indenture agreements. Also included in restricted cash are escrow balances, payments in process and various government deposits.

Restricted Assets – Essentially all investments and loans receivable are restricted assets. Restricted assets are held for the benefit of respective bondholders and accounted for by program. Certain other assets are held on behalf of various governmental housing initiatives or regulations.

Investments – Noncurrent investments of the Authority, representing those investments which are held as reserves under indenture or other restrictions, are reported at fair value based on values obtained from third-party pricing services. The values are based on quoted market prices when available or on adjusted value in relation to observable prices on similar investments. All other investments are reported at amortized cost. Virtually all investments are restricted.

Loans Receivable – Mortgage loans receivable are reported at their unpaid principal balance net of deferred down payment assistance expense, deferred fee income, loan origination costs and an allowance for estimated loan losses. Deferred down payment assistance expense, deferred fee income and loan origination costs are capitalized and amortized over the contractual life of the loan using the effective interest method. Virtually all mortgage loans receivable are serviced by the Authority and are restricted.

Loans Receivable Held for Sale – Loans originated or acquired and intended for sale in the secondary market are carried at the lower of cost or fair value. Gains and losses on loan sales (sales proceeds minus carrying value) are reported as other operating income.

Allowance for Loan Losses – The allowance for loan losses is a reserve against current operations based on management's estimate of expected loan losses. Management's estimate considers such factors as the payment history of the loans, the projected cash flows of the borrowers, estimated value of the collateral, subsidies, guarantees, mortgage insurance, historical loss experience for each loan type, additional guarantees provided by the borrowers and economic conditions. Based on the review of these factors, a total reserve amount is calculated and a provision is made against current operations to reflect the estimated balance.

Troubled Debt Restructuring – A restructuring of a debt constitutes a troubled debt restructuring if the creditor for economic or legal reasons related to the debtor's financial difficulties grants a concession to the debtor that it would not otherwise consider. Whatever the form of concession granted by the creditor to the debtor in a troubled debt restructuring, the creditor's objective is to make the best of a difficult situation. That is, the creditor expects to obtain more cash or other value from the debtor, or to increase the probability of receipt, by granting the concession than by not granting it.

Interest income is recognized using the new interest rate after restructuring, which approximates the effective interest rate. Additional information is disclosed in the loans receivable note. See note 3.

Capital Assets – The Authority's capital assets consist of two groups. Corporate capital assets include those capital assets other than those used in its RAP activities. The RAP properties were sold in 2012 at a gain.

Capital assets are defined by the Authority as assets with an initial, individual cost of $2,500. Capital assets are depreciated or amortized using the straight-line method over their estimated useful lives, which are 30 years for buildings and from 3 to 10 years for furniture and equipment.

Other Assets – The major other assets are as follows:

- *Mortgage servicing rights (servicing release premiums)*: amortized over the life of the related loans using the effective interest method. Unamortized costs totaling $18.9 million and $21.5 million were outstanding at December 31, 2012 and 2011, respectively. Included in these amounts are mortgage servicing rights of $9.5 million and $9.5 million as of December 31, 2012 and 2011, respectively, related to loans sold by the Authority for which the Authority retained the mortgage servicing rights. These mortgage servicing rights are reported at the lower of cost or fair value. In 2012, the Authority recognized an impairment loss of $2.4 million due to a decrease in the current Ginnie Mae security interest rate compared to the Authority's Ginnie Mae portfolio weighted rate. The impairment loss is reported in general operating expense on the Statement of Revenues, Expenses and Changes in Net Position. In 2011, the Authority recognized an impairment loss of $635 thousand.
- *Other real estate owned (REO)*: represents real estate acquired through foreclosure and in-substance foreclosures. Other real estate owned is recorded at the lower of the investment in the loan or the estimated net realizable value, which equals estimated fair value minus closing costs.
- *Bond and note issuance costs*: costs of debt issuance are deferred and amortized to interest expense over the lives of the bond issues using the effective interest method.

Bonds – Bonds payable are limited obligations of the Authority, and are not a debt or liability of the State or any subdivisions thereof. Each bond issue is secured, as described in the applicable trust indenture, by all revenues, moneys, investments, mortgage loans, and other assets in the accounts of the program. Substantially all of the Authority's loans and investments are pledged as security for the bonds. The provisions of the applicable trust indentures require or allow for redemption of bonds through the use of unexpended bond proceeds and excess funds accumulated primarily through prepayment of mortgage loans and program certificates. All outstanding bonds are subject to redemption at the option of the Authority, in whole or in part at any time after certain dates, as specified in the respective series indentures.

The Authority issues fixed rate and variable rate bonds. The rate on the fixed rate bonds is set at bond closing. The variable rate bonds bear interest at either a monthly or a weekly rate until maturity or earlier redemption. For bonds that pay weekly rates, the remarketing agent for each bond issue establishes the weekly rate according to each indenture's remarketing agreement. The weekly rates are communicated to the various bond trustees for preparation of debt service payments. The weekly rate, as set by the remarketing agent, allows the bonds to trade in the secondary market at a price equal to 100% of the principal amount of the bonds outstanding, with each rate not exceeding maximum rates permitted by law. The variable rate bonds that bear interest monthly are based on the one-month London Interbank Offered Rate (LIBOR).

Variable rate bonds have an assumed Stand-by Purchase Agreement (SBPA), which states that the issuer of the SBPA will purchase the bonds in the event the remarketing agent is unsuccessful in marketing the bonds. In this event, the interest rate paid by the Authority will be calculated using a defined rate from the SBPA. If the bonds remain unsold for a period of 90 days, they are deemed to be "bank bonds" and the Authority is required to repurchase the bonds from the SBPA issuer. The timing of this repurchase, or term out, will vary by issuer from two years to ten years.

Bond Discounts and Premiums – Discounts and premiums on bonds payable are amortized to interest expense over the lives of the respective bond issues using the effective interest method.

Debt Refundings – For current refundings and advance refundings resulting in defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense over the remaining life of the old or new debt, whichever is shorter. The difference is amortized using the effective interest method, with the exception of the amount relating to deferred loss on interest rate swap hedging relationship termination, which is amortized on a straight-line basis. The deferred refunding amounts are classified as a component of bonds payable in the statement of net position.

Derivative Instruments – Derivative instruments, as defined in GASB No. 53, *Accounting and Financial Reporting for Derivative Instruments*, are measured on the Statement of Net Position at fair value. Changes in fair value for those derivative instruments that meet the criteria for hedging instruments under GASB No. 53 are reported as deferred inflows and outflows. Changes in fair value of investment derivative instruments, which are ineffective derivative instruments, are reported within investment derivative activity loss in the period of change.

Derivative Instruments - Interest Rate Swap Agreements – The Authority enters into interest rate swap agreements (Swap) with rated swap counterparties in order to (1) provide lower cost fixed rate financing for its loan production needs through synthetic fixed rate structures and (2) utilize synthetic fixed rate structures with refunding bonds in order to generate cash flow savings. The interest differentials to be paid or received under such swaps are recognized as an increase or decrease in interest expense of the related bond liability. The Authority enters into fixed payor swaps, where it pays a fixed interest rate in exchange for receiving a variable interest rate from the counterparty. The variable interest rate may be based on either a taxable or tax-exempt index. By entering into a swap agreement, the Authority hedges its interest rate exposure on the associated variable rate bonds. With the exception of one swap, at December 31, 2012 and 2011, all of the swaps are considered hedging derivatives. Additional information about the swap agreements is provided in note 8.

Derivative Instruments - Forward Sales Contracts – Forward sales securities commitments and private investor sales commitments are utilized to hedge changes in fair value of mortgage loan inventory and commitments to originate mortgage loans. At December 31, 2012, the Authority had executed 31 forward sales transactions with an $88.0 million notional amount with five counterparties with concentrations and ratings (Standard and Poor's/Moody's Investors Service) as shown in note 8. The forward sales will all settle by March 19, 2013. These contracts are considered investment derivative instruments.

Hybrid Instrument Borrowings – Hybrid instrument borrowings represent cash premiums received on interest rate swaps that had a fair value other than zero at the date of execution, generally because the fixed rates were different from market rates at that date. Interest expense is imputed on these borrowings, which are reported at amortized cost.

Other Liabilities – The major other liabilities are as follows:

- *Servicing escrow:* The net amount of collected escrow funds currently being held on behalf of borrowers to pay future obligations of property taxes and insurance premiums due on real properties. The Authority has a corresponding asset that is recorded in restricted cash.
- *Deferred Low Income Housing Tax Credit (LIHTC) Income:* Compliance monitoring fees collected in advance on multi-family properties that have been awarded low-income housing tax credits to be used over a 15-year period. These fees cover the ongoing cost the Authority incurs to certify that these properties remain low-income compliant during the 15-year period and continue to be eligible to use the tax credits awarded.
- *Compensated Absences*: Employees accrue paid time off at a rate based on length of service. Employees may accrue and carry over a maximum of 150% of their annual paid time off benefit. The liability for compensated absences is based on current salary rates and is reported in the Statement of Net Position.
- *Capital lease*: The Authority includes as capital assets the present value of noncancelable lease payments for leases that qualify as a capital lease. Capital lease payments of principal and interest total $66 thousand per year through 2016.

Classification of Revenues and Expenses – The Authority distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the Authority's ongoing operations. The principal operating revenues of the Authority are interest income on loans and investment income. The Authority also recognizes revenues from rental operations and other revenues, which include loan servicing fees and other administrative fees. Operating expenses include interest expense, administrative expenses, depreciation, and the provision for loan losses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The Authority's nonoperating revenues and expenses consist primarily of pass-through amounts related to the Authority's role as a contract administrator of the U.S. Department of Housing and Urban Development's Section 8 subsidy program. Under the Section 8 subsidy program, tenants pay 30% of their income toward rent and the balance is paid to the Authority by federal subsidy.

In addition, under the federal government's American Recovery and Reinvestment Act (ARRA), passed in February 2009, the Authority became the allocator of the Tax Credit Assistance Program (TCAP) and the Tax Credit Exchange Program (TCEP). The two programs were created to assist developers holding allocations of federal LIHTC. In 2009, the Authority received an allocation of over $60 million in federal funds to distribute to projects already underway across the State. As of December 31, 2011, all TCEP and TCAP funds have been distributed, and the Authority has no remaining obligations under the programs.

Future Accounting Principles – GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which is effective for financial statements for periods beginning after December 15, 2012. The standard includes new requirements related to the proper classification of certain items that were previously reported as assets or liabilities as deferred outflows/inflows of deferred resources or the recognition of certain items that were previously reported as assets and liabilities as outflows (expenses)/inflows (revenues) of resources. These determinations are based on the definitions of those elements in GASB Concepts Statement No. 4, *Elements of Financial Statements*. This will be applicable to the Authority in 2013 as the Authority has a number of accounts that were previously recognized as assets or liabilities that will now be considered an outflow or inflow of resources, related to the purchase of loans and the issuing of bonds.

In addition, GASB issued Statement No. 66, *Technical Corrections - 2012*, which is effective for financial statements for periods beginning after December 15, 2012. The standard is designed to improve accounting and financial reporting by resolving conflicting guidance that resulted from the issuance of two pronouncements – Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November, 1989 FASB and AICPA Pronouncements*. This standard will be applicable to the

(tabular dollar amounts are in thousands)

Authority in 2013, since the standard amends previous accounting rules related to the Authority's activity of purchasing loans and the transfer of service fees when loans are sold. The Authority has determined that this will not impact the presentation of the financial statements.

Reclassifications – Certain prior year amounts have been reclassified to conform to current year presentation.

(2) Cash and Investments

The Authority is authorized by means of a Board-approved investment policy to invest in notes, bonds and other obligations issued or guaranteed by the U.S. government and certain governmental agencies. Additionally, the Authority is permitted to invest, with certain restrictions as to concentration of risk, collateralization levels, maximum periods to maturity, and/or underlying rating levels applied, in revenue or general obligations of states and their agencies, certificates of deposits, U.S. dollar denominated corporate or bank debt, commercial paper, repurchase agreements backed by U.S. government or agency securities, money market mutual funds and investment agreements. The Authority is also subject to permissible investments as authorized by Title 24, Article 75, Part 6 of the Colorado Revised Statutes (CRS). Permissible investments pursuant to the CRS are either identical to or less restrictive than the Authority's investment policy. In addition, each of the trust indentures established under the Authority's bond programs contains requirements as to permitted investments of bond fund proceeds, which may be more or less restrictive than the Authority's investment policy. These investments are included in the disclosures below under State and political subdivision obligations.

Interest Rate Risk

As of December 31, 2012, the Authority had the following investment maturities:

	Investment Maturities (In Years)				
Investment Type	**Less Than 1**	**1-5**	**6-10**	**More Than 10**	**Total**
Certificate of deposit	$ 39,900	$ -	$ -	$ -	$ 39,900
External investment pool	96,984	-	-	-	96,984
Investment agreements - uncollateralized	140,510	-	-	33,481	173,991
Money market mutual fund	108,790	-	-	-	108,790
Repurchase agreement	73,338	-	-	15,107	88,445
State & political subdivision obligations	-	-	-	2,325	2,325
U.S. government agencies	1,424	17,052	57,344	213,909	289,729
U.S. Treasury	765	-	-	-	765
Total	$ 461,711	$ 17,052	$ 57,344	$ 264,822	$ 800,929

(tabular dollar amounts are in thousands)

As of December 31, 2011, the Authority had the following investment maturities:

	Investment Maturities (In Years)				
Investment Type	**Less Than 1**	**1-5**	**6-10**	**More Than 10**	**Total**
Certificate of deposit	$ 2,700	$ -	$ -	$ -	$ 2,700
External investment pool	100,336	-	-	-	100,336
Investment agreements - uncollateralized	105,364	-	-	33,481	138,845
Money market mutual fund	275,372	-	-	-	275,372
Repurchase agreement	52,369	-	-	15,107	67,476
State & political subdivision obligations	-	-	-	2,587	2,587
U.S. government agencies	1,283	17,727	56,212	221,474	296,696
U.S. Treasury	658	-	-	-	658
Total	$ 538,082	$ 17,727	$ 56,212	$ 272,649	$ 884,670

General Program investments of $45.9 million include investments pledged as of December 31, 2012 as follows: a $39.9 million certificate of deposit pledged to the Federal Home Loan Bank (FHLB) line of credit and COLOTRUST investments of Rural Development Loan Program (RDLP), RDLP II and RDLP V in the amounts of $313 thousand, $329 thousand and $22 thousand, respectively; each pledged as collateral for the RDLP notes payable and $688 thousand of investments pledged as collateral for private placement bonds.

General Program investments of $9.7 million include investments pledged as of December 31, 2011 as follows: a $2.7 million certificate of deposit pledged to the FHLB line of credit and COLOTRUST investments of RDLP, RDLP II and RDLP V in the amounts of $152 thousand, $511 thousand and $18 thousand, respectively; each pledged as collateral for the RDLP notes payable and $2.0 million of investments pledged as collateral for private placement bonds.

All Single Family and Multi-Family/Business Program investments, which total $755.0 million and $875.0 million as of December 31, 2012 and 2011, respectively, are restricted under bond indentures or other debt agreements, or otherwise pledged as collateral for borrowings.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Authority's investment policy requires 1) staggered maturities to avoid undue concentrations of assets in a specific maturity sector, 2) stable income, 3) adequate liquidity to meet operations and debt service obligations, and 4) diversification to avoid overweighting in any one type of security.

(tabular dollar amounts are in thousands)

Credit Risk – The following table provides credit ratings of the Authority's investments as determined by Standard and Poor's and/or Moody's Investors Service.

	2012		2011	
Investment Type	**Rating**	**Total**	**Rating**	**Total**
Certificate of deposit	Not Rated	$ 39,900	Not Rated	$ 2,700
External investment pool	AAA	96,984	AAA	100,336
Investment agreements - uncollateralized	AA/Aa	96,318	AA/Aa	59,453
Investment agreements - uncollateralized	A/Aa	12,268	A/Aa	45,534
Investment agreements - uncollateralized	A/A	56,199	AAA/Aaa	27,970
Investment agreements - uncollateralized	AA/A	8,818	AA/Aaa	5,500
Money market mutual fund	AAA/Aaa	108,790	AAA/Aaa/NR	275,372
Repurchase agreements	AA/Aaa	88,833	AA/Aaa	67,864
State and political subdivision obligations	AAA/Aaa/AA/Baa	2,325	AAA/Aaa/AA	2,587
U.S. government agencies	AA/Aaa	289,729	AA/Aaa	296,696
U.S. Treasury	AA/Aaa	765	AA/Aaa	658
Total		$ 800,929		$ 884,670

Of the investments in securities issued by state and political subdivisions, 40.4% and 46.6% as of December 31, 2012 and 2011, respectively, are rated AAA. Investment agreements meet the requirements of the rating agency providing the rating on the related debt issue and of the Board's investment policy. The Board's investment policy states that the Authority is empowered to invest in any security that is a revenue or general obligation of any political subdivision. The credit rating at the time of purchase must be rated in one of its two highest rating categories by one or more nationally recognized organizations which regularly rate such obligations and concentration limits may not exceed more than 20% of the investment portfolio.

As of December 31, 2012 and 2011, the Authority had invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST), an investment vehicle established for local governmental entities in Colorado to pool funds available for investment. COLOTRUST is reflected in the above tables as an external investment pool. The State Securities Commissioner administers and enforces all State statutes governing COLOTRUST. COLOTRUST operates similarly to a money market fund and each share's fair value is $1.00.

Concentration of Credit Risk – The Authority has various maximum investment limits both by type of investment and by issuer to prevent inappropriate concentration of credit risk. The following table provides information on issuers in which the Authority has investments representing more than 5% of its total investments as of December 31, 2012 and 2011.

Issuer	2012	2011
External investment pool - COLOTRUST	12.11%	11.34%
Investment agreements - uncollateralized - IXIS	12.55%	8.31%
Investment agreements - uncollateralized - Trinity	6.14%	4.74%
Money market fund - Fidelity	7.56%	0.11%
Money market fund - Heritage	6.02%	6.02%
Repurchase agreements - IXIS	8.21%	5.70%
U.S. government agencies - FHLB	5.45%	2.48%
U.S. government agencies - FHLMC	4.97%	6.76%
U.S. government agencies - FNMA	6.62%	5.93%
U.S. government agencies - GNMA	19.13%	18.35%

(tabular dollar amounts are in thousands)

Custodial Credit Risk – Investments – Custodial credit risk is the risk that, in the event of the failure of the custodian, the Authority will not be able to recover the value of its investment or collateral securities that are in the possession of the custodian. All securities owned by the Authority are either in the custody of the related bond indenture trustees or held in the name of the Authority by a party other than the issuer of the security.

Custodial Credit Risk – Cash Deposits – In the case of cash deposits, custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. All deposit accounts were either covered by the Federal Deposit Insurance Corporation or collateralized in accordance with the State of Colorado's Division of Banking's Public Deposit Protection Act.

Included in cash deposits are escrow deposits in the amount of $37.8 million and $24.7 million held in a fiduciary capacity as of December 31, 2012 and 2011, respectively. These escrow deposits are primarily held for the payment of property taxes and insurance on behalf of the mortgagors whose loans are owned or serviced by the Authority.

(3) Loans Receivable, Related Allowances and Troubled Debt Restructuring

Loans receivable and loans receivable held for sale at December 31, 2012 and 2011 consist of the following:

	2012	2011
General Fund	$ 191,864	$ 222,249
Single Family Fund:		
Program Senior and Subordinate	20,640	54,300
Mortgage	1,050,852	1,285,980
Total Single Family Fund loans	1,071,492	1,340,280
Multi-Family/Business Fund:		
Insured Mortgage Revenue	42,815	49,697
Multi-Family/Project	667,360	727,057
Total Multi-Family/Business Fund loans	710,175	776,754
Less intercompany loans, included in Multi-Family/Project above	(2,726)	(16,852)
Total loans receivable	1,970,805	2,322,431
Payments in process	(5,024)	112
Deferred cash assistance expense	5,387	6,082
Deferred fee income	(7,497)	(8,150)
Allowance for loan losses	(17,818)	(17,423)
Total loans receivable, net	$ 1,945,853	$ 2,303,052

Substantially all loans are restricted by bond indentures or other debt agreements.

Loans in the Single Family Program and the Multi-Family/Business Program in the table above are grouped based on the related bond type (see note 6 for additional information).

General Program loans include single family, multi-family and business finance loans acquired under various programs of the General Program, loans to be sold through the issuance of GNMA securities, loans held as investments, and loans backed by bonds within the General Program. These loans are typically collateralized by mortgages on real property and improvements. Certain of these loans are also guaranteed by agencies of the U.S. government.

Single family bond program loans are collateralized by mortgages on applicable real property and, in the case of loans with an initial loan-to-value ratio of 80% or more, are generally either insured by the FHA or guaranteed by the VA or RD or insured by private mortgage insurance.

The single family loan portfolio included in the general and single family programs as of December 31, 2012 comprised of $746.9 million of FHA insured loans, $58.9 million of VA guaranteed loans, $33.2 million of RD loans and $195.2 million of conventional insured loans with the balance of $143.6 million made up of uninsured conventional and second mortgage loans.

The single family loan portfolio included in the general and single family programs as of December 31, 2011 comprised of $926.5 million of FHA insured loans, $84.4 million of VA guaranteed loans, $38.9 million of RD loans and $249.2 million of conventional insured loans with the balance of $168.0 million made up of uninsured conventional and second mortgage loans.

The Authority is exposed to operational risk, which makes it subject to loss or repurchase of insured FHA loans if specific guidelines are not met. As of December 31, 2012 and 2011, the Authority recorded a reserve of $353 thousand and $458 thousand for claim refunds to be paid to the U.S. Department of Housing and Urban Development (HUD), respectively.

As of December 31, 2012 and 2011, single family mortgage loans with pending foreclosure actions have aggregate principal balances of approximately $28.1 million and $63.1 million, respectively. As of December 31, 2012 and 2011, the aggregate principal balance of single family mortgage loans delinquent 91 days or greater was approximately $75.3 million and $117.0 million, respectively.

The Multi-Family/Business Program loans and a portion of General Program loans are commercial loans. Commercial loans are collateralized by mortgages on applicable real estate and, in some cases, are insured by an agency of the U.S. government, which reduces the credit risk exposure for that type of insured loan.

As of December 31, 2012, approximately $447.7 million, or 69.0%, of the commercial loan balances are not covered by insurance. The insured loans comprised of $214.8 million of Section 542(c) risk share loans, which are 50% insured, and $38.2 million of Sections 221(d) and 223(f) new construction and rehabilitation loans, which are 99% insured.

As of December 31, 2011, approximately $526.4 million, or 74.4%, of the commercial loan balances are not covered by insurance. The insured loans comprised of $240.0 million of Section 542(c) risk share loans, which are 50% insured, and $39.5 million of Sections 221(d) and 223(f) new construction and rehabilitation loans, which are 99% insured.

As of December 31, 2012, commercial loans with pending foreclosure actions had an aggregate principal balance of approximately $5.2 million, of which $2.5 million was insured. A reserve amount of $714 thousand has been established for the uninsured portion of these loans. There were no commercial loans with pending foreclosure actions as of December 31, 2011. As of December 31, 2012 and 2011, commercial loans delinquent 91 days or greater aggregate principal balances were approximately $6.1 million and $804 thousand, respectively.

(tabular dollar amounts are in thousands)

Activity in the allowance for loan loss for the years ended December 31, 2012 and 2011 was as follows:

	2012	2011
Beginning balance	$ 17,423	$ 19,737
Provision	9,106	9,036
Net charge-offs		
Single-family	(8,288)	(8,568)
Multi-family/Business	(423)	(2,782)
Ending balance	$ 17,818	$ 17,423

The Authority services loans on the behalf of others, primarily for Ginnie Mae, which are not reported on the Statement of Net Position. As of December 31, 2012 and 2011, these outstanding loan balances were $1.2 billion and $1.0 billion, respectively.

Under the Ginnie Mae program, the Authority must use its own funds if a borrower fails to make a timely payment on a mortgage loan. The Authority must also assess the overall performance of the portfolio and will repurchase certain loans as necessary to maintain required delinquent thresholds. All Ginnie Mae loans are either insured by the FHA or RD, or are guaranteed by the VA.

(tabular dollar amounts are in thousands)

The Authority has granted terms and interest rate concessions to Debtors, which are considered troubled debt restructuring, as of December 31, 2012 and 2011, as summarized below:

Single Family Program Loans:	**2012**	**2011**
Aggregate recorded balance	$17,168	$26,524
Number of loans	118	177
Gross interest revenue if receivables had been current	$1,013	$1,600
Interest revenue included in changes in net position	$689	$973

Multi-Family/Business Program Loans:	**2012**	**2011**
Aggregate recorded balance	$25,638	$29,008
Number of loans	32	35
Gross interest revenue if receivables had been current	$1,532	$1,803
Interest revenue included in changes in net position	$1,355	$1,748

(tabular dollar amounts are in thousands)

(4) Capital Assets and Rental Acquisition Program (RAP)

Capital asset activity for the year ended December 31, 2012 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Nondepreciable capital assets:				
Land	$ 4,785	$ -	$ (3,212)	$ 1,573
Construction in progress	241	68	-	309
Total nondepreciable capital assets	5,026	68	(3,212)	1,882
Depreciable capital assets:				
Cost:				
Computer equipment/software *	13,523	340	-	13,863
Furniture and equipment	1,067	19	-	1,086
Rental property - nonbuilding related	2,171	60	(2,231)	-
Buildings and related improvements	27,772	-	(19,981)	7,791
Total depreciable capital assets	44,533	419	(22,212)	22,740
Less accumulated depreciation:				
Computer equipment/software *	(9,797)	(2,036)	-	(11,833)
Furniture and equipment	(513)	(137)	-	(650)
Rental property - nonbuilding related	(817)	(44)	861	-
Buildings and related improvements	(14,272)	(505)	10,748	(4,029)
Total accumulated depreciation	(25,399)	(2,722)	11,609	(16,512)
Total depreciable capital assets, net	19,134	(2,303)	(10,603)	6,228
Total capital assets, net	$ 24,160	$ (2,235)	$ (13,815)	$ 8,110

* Includes capital lease

(tabular dollar amounts are in thousands)

Capital asset activity for the year ended December 31, 2011 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Nondepreciable capital assets:				
Land	$ 4,785	$ -	$ -	$ 4,785
Construction in progress	762	619	(1,140)	241
Total nondepreciable capital assets	5,547	619	(1,140)	5,026
Depreciable capital assets:				
Cost:				
Computer equipment/software	12,416	1,107	-	13,523
Furniture and equipment	995	72	-	1,067
Rental property - nonbuilding related	2,021	421	(271)	2,171
Buildings and related improvements	27,718	54	-	27,772
Total depreciable capital assets	43,150	1,654	(271)	44,533
Less accumulated depreciation:				
Computer equipment/software	(7,571)	(2,226)	-	(9,797)
Furniture and equipment	(398)	(115)	-	(513)
Rental property - nonbuilding related	(816)	(242)	241	(817)
Buildings and related improvements	(13,171)	(1,101)	-	(14,272)
Total accumulated depreciation	(21,956)	(3,684)	241	(25,399)
Total depreciable capital assets, net	21,194	(2,030)	(30)	19,134
Total capital assets, net	$ 26,741	$ (1,411)	$ (1,170)	$ 24,160

(tabular dollar amounts are in thousands)

As discussed in note 1(c), the Authority's capital assets consist of two groups: corporate capital assets and RAP capital assets. In March 2012, the Authority sold all RAP real estate for a gain. The gain on sale is reported in nonoperating revenues and expenses, net.

Summary of capital asset activity for these two groups for the year ended December 31, 2012 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Corporate activities:				
Cost	$ 24,195	$ 427	$ -	$ 24,622
Accumulated depreciation	(13,961)	(2,551)	-	(16,512)
Net	10,234	(2,124)	-	8,110
RAP activities:				
Cost	25,364	60	(25,424)	-
Accumulated depreciation	(11,438)	(171)	11,609	-
Net	13,926	(111)	(13,815)	-
Total capital assets, net	$ 24,160	$ (2,235)	$ (13,815)	$ 8,110

Summary of capital asset activity for these two components for the year ended December 31, 2011 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Corporate activities:				
Cost	$ 23,501	$ 1,834	$ (1,140)	$ 24,195
Accumulated depreciation	(11,216)	(2,745)	-	(13,961)
Net	12,285	(911)	(1,140)	10,234
RAP activities:				
Cost	25,196	439	(271)	25,364
Accumulated depreciation	(10,740)	(939)	241	(11,438)
Net	14,456	(500)	(30)	13,926
Total capital assets, net	$ 26,741	$ (1,411)	$ (1,170)	$ 24,160

(tabular dollar amounts are in thousands)

Summary of financial information for the Authority's RAP activities as of December 31, 2012 and 2011 was as follows:

For the years ended December 31,	2012	2011
Property, net of accumulated depreciation	$ -	$ 13,926
Total assets	-	19,334
Total liabilities	-	14,348
Net position	-	4,986

For the years ended December 31,	2012	2011
Operating income:		
Rental income	$ 1,700	$ 8,096
Interest income	1	7
General operating expenses	(892)	(4,544)
Depreciation expense	(173)	(939)
Interest expense	(453)	(1,060)
Total operating income	183	1,560
Nonoperating income:		
Gain on sale of capital assets	39,154	(30)
Transfer liquid assets from discontinued operations	(44,323)	-
Total nonoperating income	(5,169)	(30)
Change in net position	$ (4,986)	$ 1,530

(5) Short-Term Debt

The Authority has agreements with the FHLB of Topeka for collateralized borrowings in an amount not to exceed the lending limit internally established by the FHLB, which is 40% of the Authority's total assets, or $1.2 billion. As of December 31, 2012 and 2011, the Authority had $71.5 million and $46.1 million of short-term debt outstanding with the FHLB, respectively. Borrowings under these agreements are used to support the Authority's various lending programs, to purchase loans to be sold through the issuance of GNMA securities and activities related to the Authority's private activity bond volume cap preservation program. Amounts drawn under the agreements bear interest at the same rates charged by the FHLB to its member banks and are collateralized by certain mortgage loans and investments. There are no commitment fees associated with these agreements.

The Authority also has a revolving, unsecured, commercial bank line of credit agreement for borrowings of up to $30.0 million. Amounts drawn under the agreement bear interest fixed at 1.95% per annum above the daily one-month LIBOR. This line of credit agreement terminates on September 30, 2013. The Authority pays an unused line fee at the rate of 0.25% per annum, payable in arrears on the first business day after each calendar quarter. The fee is based upon the amount by which the daily average of the aggregate principal amount of the borrowings outstanding is less than the line of credit.

(tabular dollar amounts are in thousands)

Short-term debt activity for the years ended December 31, 2012 and 2011 was as follows:

	2012	2011
Beginning balance	$ 46,100	$ 87,900
Additions	3,125,105	5,228,735
Reductions	(3,099,730)	(5,270,535)
Ending balance	$ 71,475	$ 46,100

(6) Bonds, Notes Payable and Other Liabilities

The Authority issues bonds and notes payable to finance its lending programs. Proceeds from long-term debt of the Single Family and Multi-Family/Business bonds are used for funding of single family, multi-family and business loans. Long-term debt of the General Programs (including notes payable) is used to finance single family and business loans related to various private placements, the Authority's RAP activities and general corporate purposes. The aggregate principal amounts of bonds and notes payable outstanding as of December 31, 2012 and 2011 are shown in the table on the following pages. Interest is payable semiannually unless otherwise noted. Interest rates on variable rate debt reset on a weekly or monthly basis. At December 31, 2012, these rates ranged from 0.12% to 1.12%. At December 31, 2011, these rates ranged from 0.08% to 1.85%. Nineteen of the bond series reset on a monthly basis based on LIBOR, and one bond sub-series resets monthly based on the Securities Industry Financial Markets Association Municipal Swap Index (SIFMA).

The Authority issued $10.5 million in Multi-Family/Project 2012 Series A and $17.5 million in Multi-Family/Project 2012 Series B bonds during the third quarter of 2012 to finance different multi-family projects.

During 2012, the Authority put in place a new $58.9 million liquidity facility and renewed $151.2 million in expiring liquidity agreements with Barclays Capital. The Authority also renewed $93.9 million in expiring liquidity facilities with FHLB of Topeka during the course of 2012. The Authority entered into several replacement liquidity facility agreements with high quality banks in order to eliminate exposure to banks providing existing facilities and facing declining credit ratings. To this end, the Authority put in place $50 million in new liquidity facilities with the Royal Bank of Canada as a replacement bank for facilities provided by KBC and $73.9 million in new liquidity agreements with JPMorgan Chase as a replacement bank for facilities provided by Credit Agricole. JPMorgan Chase also provided a liquidity agreement of $23.9 million to replace facilities provided by the TCLP.

(tabular dollar amounts are in thousands)

Descripton and due date		Interest rate (%)	2012	2011
Bonds payable:				
General Fund (prior to 2011, all General Fund bonds carry the Authority's general obligation pledge):				
Single Family:				
Taxable Mortgage Revenue Bonds: (* *principal and interest payable monthly*)				
2000 Series A*	2013 - 2020	6.91	$ 352	$ 358
2001 Series AP*	2013 - 2021	6.14	1,209	1,220
2004 Series A*	2013 - 2024	4.95	646	815
2004 Series B*	2013 - 2035	4.98	1,754	2,075
2004 Series CV*	2013 - 2035	5.14	950	1,146
2005 Series A *	2013 - 2035	5.17	3,834	5,135
2005 Series B*	2013 - 2036	5.32	3,475	4,651
2006 Series A*	2013 - 2036	5.92	3,757	5,774
2007 Series A*	2013 - 2037	5.50	3,559	4,672
Total Single Family			19,536	25,846
Multi-Family/Business Finance:				
Guaranteed Loan Participation Purchase Bonds: *(* principal and interest payable monthly)*				
1999 Series A	2013 - 2024	5.71	148	491
2003 Series A*	2013 - 2023	5.00	6	193
2004 Series A*	2013 - 2024	4.62	233	935
2004 Series B*	2013 - 2024	4.88	3,664	4,652
2005 Series A*	2013 - 2025	4.81	1,962	2,241
2006 Series A*	2013 - 2026	5.98	1,178	2,366
2007 Series A*	2013 - 2027	5.89	863	1,933
2011 Series A*	2013 - 2031	2.92	3,096	4,678
2012 Series A*	2013 - 2025	2.84	6,325	-
Total Guaranteed Loan Participation Purchase Bonds			17,475	17,489
Project Loan Participation Purchase Bonds: *(* principal and interest payable monthly)*				
2004 Series AP*	2013 - 2024	4.90	2,307	3,556
Taxable Rental Project Revenue Bonds: *(* principal and interest payable monthly)*				
2000 Series A	2013 - 2020	6.15	3,512	3,799
2002 Series AV*	2013 - 2022	5.55	3,481	5,176
2003 Series AV*	2013 - 2024	5.19	3,225	3,332
2004 Series A*	2013 - 2024	4.90	10,666	11,087
Total Taxable Rental Project Revenue Bonds			20,884	23,394
Total Multi-Family/Business Finance			40,666	44,439
Total General Fund			60,202	70,285

Table continued on following page.

(tabular dollar amounts are in thousands)

Descripton and due date		Interest rate (%)	2012	2011
Single Family Fund:				
Single Family Program Senior and Subordinate Bonds:				
1998 Series A	2013 - 2029	6.50 - 6.60	$ -	$ 1,820
1998 Series B	2013 - 2029	5.50	-	2,198
1998 Series C	2013 - 2029	5.63	-	3,698
1998 Series D	2013 - 2029	6.13 - 6.35	-	2,935
1999 Series A	2013 - 2030	6.05 - 6.45	2,315	3,340
1999 Series B	2013 - 2030	6.50 - 6.80	-	1,075
1999 Series C	2013 - 2031	6.75 - 7.05	-	2,810
2000 Series A	2013 - 2031	7.35 - 7.50	-	1,480
2000 Series B	2013 - 2031	6.70 - 7.25	-	1,630
2000 Series C	2013 - 2031	5.70 - 8.40	-	1,040
2000 Series D	2013 - 2032	6.75 - 6.90	1,635	1,905
2000 Series E	2013 - 2032	6.60 - 7.00	1,605	1,780
2001 Series A	2013 - 2032	5.00 - 6.50	3,940	4,345
2001 Series B	2013 - 2033	5.00 - 6.80	4,275	5,160
2001 Series C	2013 - 2033	4.88 - 6.60	5,355	6,505
Total Single Family Program Senior and Subordinate Bonds			19,125	41,721
Single Family Mortgage Bonds:				
2001 Series AA	2013 - 2038	Variable & 5.25	106,840	111,840
2002 Series A	2013 - 2032	Variable & 5.65	30,515	33,895
2002 Series B	2013 - 2030	Variable	31,765	31,765
2002 Series C	2013 - 2030	Variable & 4.40	36,055	39,485
2003 Series A	2013 - 2032	Variable & 4.75 - 5.15	7,660	29,065
2003 Series B	2013 - 2028	Variable	99,565	102,845
2003 Series C	2013 - 2032	Variable	41,825	43,125
2004 Series A	2013 - 2032	Variable & 5.25	41,220	42,190
2004 Series B	2013 - 2032	Variable & 5.25	33,705	34,585
2005 Series A	2013 - 2033	Variable & 5.25	37,295	38,095
2005 Series B	2013 - 2036	Variable & 4.98 - 5.22	62,780	68,490
2006 Series A	2013 - 2036	Variable & 5.00	74,985	77,350
2006 Series B	2013 - 2036	Variable	115,520	115,520
2006 Series C	2013 - 2036	Variable & 4.63	86,230	97,830
2007 Series A	2013 - 2037	Variable & 4.80	100,295	100,295
2007 Series B	2013 - 2038	Variable	136,370	136,370
2008 Series A	2013 - 2038	Variable & 5.00	110,955	194,790
2009 Series A	2013 - 2029	3.10 - 5.50	58,895	69,570
2011 Series AA	2013 - 2041	1.00 - 5.00	91,935	96,415
2011 Series B	2013 - 2014	Variable	64,180	64,180
2011 Series C	2013 - 2013	Variable	33,750	108,970
2011 Series D	2013 - 2016	Variable	47,090	54,085
2012 Series A	2013 - 2038	Variable	98,705	-
Total Single Family Mortgage Bonds			1,548,135	1,690,755
Single Family Program Bonds:				
2009 Series AA	2015	Variable - NIBP	-	216,410
Total Single Family Fund			1,567,260	1,948,886

Table continued on following page.

(tabular dollar amounts are in thousands)

Descripton and due date		Interest rate (%)	2012	2011
Multi-Family/Business Fund:				
Multi-Family Housing Insured - Mortgage Revenue Bonds:				
1997 Series B	2013 - 2038	5.70 - 5.90	$ 3,895	$ 3,915
1997 Series C	2013 - 2039	5.60 - 5.75	8,705	8,715
1998 Series A	2013 - 2039	5.35 - 5.50	7,095	9,220
1998 Series B	2013 - 2040	5.45 - 5.55	1,075	1,525
1999 Series A	2013 - 2041	5.10 - 6.65	17,360	17,920
1999 Series B	2013 - 2041	5.65 - 5.85	4,710	5,075
1999 Series C	2013 - 2041	6.05 - 6.20	5,515	5,565
2002 Series AA	2013 - 2030	Variable	23,935	25,420
Total Multi-Family Housing Insured - Mortgage Revenue Bonds			72,290	77,355
Multi-Family/Project Bonds: *(* principal and interest payable quarterly on some of the bonds)*				
2000 Series A	2013 - 2030	Variable	18,110	18,110
2000 Series B*	2013 - 2042	Variable & 5.90 - 6.00	8,575	25,410
2001 Series A	2013 - 2043	5.30 - 5.55	5,965	22,710
2002 Series A	2013 - 2042	Variable & 5.70	19,390	22,150
2002 Series C	2013 - 2042	Variable & 5.30	103,630	108,660
2003 Series A	2013 - 2033	Variable	36,730	37,210
2004 Series A	2013 - 2045	Variable & 4.60	63,610	73,255
2005 Series A	2013 - 2040	Variable	60,120	63,730
2005 Series B	2013 - 2040	Variable	22,730	25,065
2006 Series A	2013 - 2036	Variable	44,945	51,815
2007 Series B	2013 - 2038	Variable	72,490	78,545
2008 Series A	2013 - 2043	Variable	30,325	30,775
2008 Series B	2013 - 2052	Variable	162,375	163,505
2008 Series C	2013 - 2038	Variable	33,575	34,650
2009 Series A	2013 - 2041	Variable & 3.00 - 5.40	37,350	41,630
2012 Series A	2013 - 2051	2.75 - 4.50	10,500	-
2012 Series B	2013 - 2054	2.55 - 4.20	17,450	-
Total Multi-Family/Project Bonds			747,870	797,220
Total Multi-Family/Business Fund			820,160	874,575
Total bonds payable			$ 2,447,622	$ 2,893,746
Premiums and losses classified as bonds payable				
Deferred premiums			$ 2,000	$ 3,273
Deferred losses on refunding			(19,418)	(15,147)
Bonds payable, net			2,430,204	2,881,872
Notes payable			7,570	7,535
Bonds and notes payable, net			$ 2,437,774	$ 2,889,407
Statement of Net Assets Summary				
Current:				
Bonds payable			$ 172,041	$ 321,512
Notes payable			103	104
Noncurrent:				
Bonds and notes payable, net			2,265,630	2,567,791
Total			$ 2,437,774	$ 2,889,407

(tabular dollar amounts are in thousands)

A breakdown of bonds payable as of December 31, 2012 and 2011, by fixed and variable interest rates, follows in the table below. Certain of the Authority's variable rate debt has been hedged by entering into pay fixed/receive variable rate interest rate swap agreements as further described in note 8. Such debt is referred to in the table as synthetic fixed rate debt.

Description	2012	2011
Fixed rate debt	$ 451,432	$ 552,332
Synthetic fixed rate debt	1,820,834	1,944,459
Unhedged variable rate debt	175,356	396,955
Total	$ 2,447,622	$ 2,893,746

Included in certain of the bond issues shown in the previous table are capital appreciation term bonds. The principal amounts of these bonds appreciate based on semiannual compounding of the original principal balances at the interest rates specified. The capital appreciation term bonds were called on July 1, 2012. The appreciated balances of these bonds at maturity, and as reflected in the accompanying Statement of Net Position as of December 31, 2012 and 2011, are as follows:

	2012			2011		
Description and due date	Interest Rate	Maturity	Appreciated Balances	Interest Rate	Maturity	Appreciated Balances
Single Family Program Senior and Subordinate Bonds:						
1998 Series B - 2025-2029	0.00%	$ -	$ -	5.50%	$ 5,046	$ 2,198
1998 Series C - 2020-2029	0.00%	-	-	5.63%	7,459	3,698
			$ -			$ 5,896

Also included in the table of bonds and notes payable outstanding are certain Single Family and Multi-Family/Project bonds, which carry the Authority's general obligation pledge. These general obligation bonds are presented in the following table as of December 31, 2012 and 2011:

Description	2012	2011
General Fund Program Bonds	$ 50,781	$ 65,607
Single Family Program Subordinate Bonds	120	310
Single Family Mortgage Bonds, Class III	47,200	53,480
Multi-Family/Project Bonds, Class I	248,565	265,430
Multi-Family/Project Bonds, Class II	21,820	22,095
Multi-Family/Project Bonds, Class III	-	1,700
Total	$ 368,486	$ 408,622

(tabular dollar amounts are in thousands)

Standby Purchase Agreements provide liquidity support on variable rate bonds that are remarketed weekly. The liquidity/commitment fees vary by agreement and are based on a percentage of the outstanding bond balance, payable monthly or quarterly. Liquidity fees for the years ended December 31, 2012 and 2011 were $10.8 million and $10.2 million, respectively. A schedule of providers and maturities is presented below, as of December 31, 2012:

Liquidity Expiration	Barclays Bank PLC. (1)	FHLB (2)	JP Morgan (3)	Royal Bank of Canada (4)	TCLP (5)	Grand Total
2013	$ 98,610	$ 501,600	$ -	$ -	$ -	$ 600,210
2014	-	442,785	96,425	190,930	71,840	801,980
2015	58,870	-	-	50,000	-	108,870
Total	$ 157,480	$ 944,385	$ 96,425	$ 240,930	$ 71,840	$ 1,511,060

The following provides the terms of the debt service requirements that would result if the SBPA commitments were to be exercised (bank bond rate, accelerated payment schedule, and lien):

(1) (a) Bank Rate: for the first 30 days following the purchase date, the "Base Rate" which equals the highest of the Fed funds plus 5%, prime rate plus 5% and Three-Month LIBOR plus 5%; then for the period 31-90 days following the purchase date, the Base Rate plus 2.00%; then for the period 91 days and higher following the purchase date, 12%.
(b) Term out provisions: accelerated principal payment due in full on the date, which is three years following the purchase date. Class III lien/General Obligation.
(2) (a) Bank Rate: One-Month LIBOR plus 2.00% (1.50% for 2003 Series B-3 Bonds).
(b) Term out provisions: repayments due 90 days following purchase date in equal semiannual installments until fifth anniversary of the purchase date. Class III lien/General Obligation.
(3) (a) Bank Rate: for the first 90 days following the purchase date, the "Base Rate" which equals the highest of (i) the prime rate plus 1.50%, (ii) the Fed funds rate plus 2.00% and (iii) 7.50%; then for the period 91 days and higher following the purchase date, the Base Rate plus1.00%.
(b) Term out provisions: repayments due on the first business day of April and October on or following 90 days following purchase date and thereafter on each such dates in equal installments to the fifth anniversary of such purchase date. Class I lien.
(4) (a) Bank Rate: for the first 90 days following the purchase date, the "Base Rate" which equals the highest of (i) the prime rate plus 2.50%, (ii) the Fed funds rate plus 3.00% and (iii) 8.00%; then for the period 91-180 days following the purchase date, the Base Rate plus 1.00%; then for the period 181 days and higher following the purchase date, the Base Rate plus 2.00%.
(b) Term out provisions: repayments due on the first business day of February, May, August or November on or following 90 days following purchase date and thereafter quarterly on each such dates in equal installments to the third anniversary of such purchase date. Class I lien.
(5) (a) Bank Rate: prime rate (based on JPMorgan Prime Rate) plus 1.00%.
(b) Term out provisions: accelerated principal payment due in full on tenth anniversary of the purchase date. Class I lien.

(tabular dollar amounts are in thousands)

The following table presents the detail of bonds, notes payable and other noncurrent liabilities including activity for the noncurrent portion for the year ended December 31, 2012:

Description	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable	$ 2,571,541	$ 133,375	$ (430,569)	$ 2,274,347	$ 173,275
Deferred premiums	2,907	-	(1,048)	1,859	141
Deferred losses on refunding	(14,088)	(12,494)	8,539	(18,043)	(1,375)
Net bonds payable	2,560,360	120,881	(423,078)	2,258,163	172,041
Notes payable	7,431	137	(101)	7,467	103
Arbitrage rebate payable	1,479	218	(855)	842	-
Deferred income	2,722	228	(348)	2,602	186
Other liabilities	19,740	340	(17,602)	2,478	73
Total other liabilities	23,941	786	(18,805)	5,922	259
Total liabilities	$ 2,591,732	$ 121,804	$ (441,984)	$ 2,271,552	$ 172,403

The following table presents the detail of bonds, notes payable and other noncurrent liabilities including activity for the noncurrent portion for the year ended December 31, 2011:

Description	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable	$ 2,911,864	$ 266,435	$ (606,758)	$ 2,571,541	$ 322,205
Deferred premiums	3,002	-	(95)	2,907	366
Deferred losses on refunding	(4,537)	(11,450)	1,899	(14,088)	(1,059)
Net bonds payable	2,910,329	254,985	(604,954)	2,560,360	321,512
Notes payable	6,173	1,388	(130)	7,431	104
Arbitrage rebate payable	2,942	1,006	(2,469)	1,479	-
Deferred income	3,041	12	(331)	2,722	195
Other liabilities	2,784	19,006	(2,050)	19,740	17,009
Total other liabilities	8,767	20,024	(4,850)	23,941	17,204
Total liabilities	$ 2,925,269	$ 276,397	$ (609,934)	$ 2,591,732	$ 338,820

(tabular dollar amounts are in thousands)

Bonds and notes payable sinking fund installments and contractual maturities subsequent to December 31, 2012, using rates in effect as of December 31, 2012, are as follows:

Years Ending	General Fund		Single Family		Multi-Family		Notes Payable	
December 31,	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2013	$ -	$ 3,171	$ 99,497	$ 18,385	$ 73,778	$ 6,424	$ 103	$ 378
2014	84	3,168	98,309	17,535	93,777	6,213	5,340	253
2015	165	3,160	80,004	16,737	93,807	5,993	105	90
2016	170	3,150	125,774	16,115	155,677	5,767	1,300	13
2017	165	3,140	85,244	15,334	94,022	5,418	107	7
2018-2022	7,970	14,958	270,342	67,637	59,174	24,749	437	20
2023-2027	31,223	8,050	208,610	53,869	27,670	21,340	178	3
2028-2032	3,096	5,049	255,460	33,376	39,690	17,429	-	-
2033-2037	17,329	3,177	278,735	15,368	87,475	11,922	-	-
2038-2042	-	-	65,285	8,034	80,930	5,596	-	-
2043-2047	-	-	-	-	6,845	2,190	-	-
2048-2052	-	-	-	-	5,650	991	-	-
2053-2054	-	-	-	-	1,665	87	-	-
Total	$ 60,202	$ 47,023	$ 1,567,260	$ 262,390	$ 820,160	$ 114,119	$ 7,570	$ 764

In response to capital market disruptions nationally, in late 2009, the U.S. Department of the Treasury (the Treasury) announced a plan to assist Housing and Finance Authorities (HFAs) through a two-part initiative: a new bond purchase program called the New Issue Bond Program (NIBP) to support new lending by HFAs and a temporary credit and liquidity program (TCLP) to improve the access of HFAs to liquidity for outstanding HFA bonds.

The NIBP provided financing for HFAs to issue new mortgage revenue bonds no later than December 31, 2011. Pursuant to the NIBP, the Authority issued its Single Family Program Class I Bonds in the amount of $275.2 million on January 12, 2010. Using authority under the Housing and Economic Recovery Act of 2008 (HERA), the Treasury purchased securities of Fannie Mae and Freddie Mac backed by these mortgage revenue bonds. The bonds initially carried variable interest rates that approximate the investment interest rates earned from the investment of bond proceeds. The bonds must be converted to fixed rate debt, concurrent with the issuance of other mortgage revenue bonds by the Authority or redeemed no later than December 31, 2015. As of December 31, 2011, $216.4 million in NIBP bonds had not been converted. As of December 31, 2012, all bonds related to the NIBP had been redeemed or converted to fixed rate debt.

The TCLP allows Fannie Mae and Freddie Mac to provide replacement credit and liquidity facilities to HFAs. The Treasury will backstop the replacement credit and liquidity facilities for the HFAs by purchasing an interest in them using HERA authority. The TCLP was set to expire December 31, 2012 but was extended to December 31, 2015 subject to submission and acceptance of a plan submitted by the Authority to extinguish TCLP facilities by the new expiration date. Pursuant to the TCLP, the Authority utilized $903.7 million to replace Standby Purchase Agreements on its variable rate bonds that are remarketed weekly, of which $71.8 million and $492.3 million was outstanding as of December 31, 2012 and 2011, respectively. The Authority plans to replace the TCLP facility with liquidity facilities provided by other banks or convert the underlying variable rate bonds to fixed rate bonds or to variable-rate debt that does not require standby liquidity.

(7) Conduit Debt Obligation

The Authority has issued certain conduit bonds, the proceeds of which were made available to various developers and corporations for rental housing and commercial purposes. Other conduit proceeds were made available to the State of

Colorado for the Colorado Unemployment Insurance Trust Fund. The bonds are payable solely from amounts received by the trustees from the revenue earned by the developers and corporations. Loan and corresponding debt service payments are generally guaranteed by third-party irrevocable direct-pay letters of credit or other credit enhancement arrangements. The faith and credit of the Authority is not pledged for the payment of the principal or interest on the bonds. Accordingly, these obligations are excluded from the Authority's financial statements.

As of December 31, 2012, there were 53 series of conduit bonds outstanding, with an aggregate principal amount outstanding of $963.8 million. As of December 31, 2011, there were 68 series of bonds outstanding, with an aggregate principal amount outstanding of $407.3 million.

(8) Derivative Instruments

The Authority reports derivative instruments at fair value. The fair value of all derivatives is reported on the Statement of Net Position as a derivative instrument at the end of the year. If the interest rate hedge is considered ineffective, an investment derivative, the change in fair value is reported on the Statement of Revenues, Expenses and Changes in Net Position as investment derivative activity loss. The annual changes in the fair value of effective hedging derivative instruments are reported as deferred inflows and outflows, as appropriate, on the Statement of Net Position.

Swaps Transactions – The Authority has entered into pay fixed, receive variable interest rate swaps in order to (1) provide lower cost fixed rate financing for its production needs through synthetic fixed rate structures and (2) utilize synthetic fixed rate structures with refunding bonds in order to generate cash flow savings. The objective of the swaps is to hedge interest rate risk.

The fair values take into consideration the prevailing interest rate environment and the specific terms and conditions of each swap. All fair values were estimated using the zero-coupon discounting method. This method calculates the future payments required by the swap, assuming that the current forward rates implied by the yield curve are the market's best estimate of future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero coupon rate bonds due on the date of each future net settlement payment on the swaps.

(a) The Authority's interest rate swaps, which were used to hedge interest rate risk, are considered to be hedging derivative instruments under GASB No. 53, with the exception of Single Family Swap 2001-AA, which is considered to be an investment derivative instrument.

(b) On September 19, 2012, the Authority refunded certain single family bonds that were subject to existing interest rate swap agreements that were considered effective interest rate hedges. As a result of the partial refunding, deferred outflows related to those hedges in the amount of $10.4 million has been reclassified to deferred refunding loss, which is presented as part of bonds and notes payable in the basic financial statements. The deferred refunding loss is amortized to interest expense over the life of the new debt using the straight line method. The interest expense is offset by an equal amount that is accreted to deferred outflows over the remaining life of the respective swap.

(c) On December 28, 2012, the Authority novated (transferred) $275.8 million in swap agreements from AIG to Wells Fargo. The novation was undertaken to eliminate the weaker credit counterparty, AIG, in favor of a stronger one, Wells Fargo and the floating rate calculation was changed to be based on LIBOR in the new agreements.

(tabular dollar amounts are in thousands)

A summary of interest rate swaps for the years ended December 31, 2012, and 2011 was as follows:

Summary of Interest Rate Swaps	2012 Fair Value	2011 Fair Value
Par optional termination right with trigger	$ 71,723	$ 101,856
Par optional termination right	65,358	66,850
Trigger	18,886	20,665
Plain	83,041	91,853
Total fair value	$ 239,008	$ 281,224

Trigger: The variable rate received on these swaps is 68% of the one-month LIBOR, if LIBOR is equal to or greater than 3.5%. The variable rate received on these swaps is SIFMA plus a spread if the one-month LIBOR is less than 3.5%. See further discussion in the basis risk section below.

Par optional termination right: Certain swaps contain a cancellation clause that provides the Authority the option to cancel a certain amount of the swaps on certain dates. The Authority may cancel the optional termination amount for no payment (callable at par). The optional termination dates coincide with the debt service dates on the associated hedged bonds payable. These dates and amounts are provided in the table below.

Detail of Outstanding Interest Rate Swaps – The key terms, including the fair values and counterparty credit ratings of the outstanding swaps as of December 31, 2012, are shown in the table below. The notional amounts of the swaps approximate the principal amounts of the associated debt. Except as discussed under amortization risk below, the Authority's swap agreements contain scheduled reductions to outstanding notional amounts that are expected to approximately follow scheduled or anticipated reductions in the associated bonds payable. Based on the standard swap agreement, payments are settled on a net basis.

The Authority enters into master netting arrangements with each of its swap counterparties. All of the agreements provide for the netting of the value of assets and liability positions of all transactions with the respective counterparty. There are no other significant transactions with these counterparties outside of these swap agreements, such that the aggregate amount of liabilities included in the master netting arrangements is equal to the net fair value of the swaps.

(tabular dollar amounts are in thousands)

Outstanding Swaps at December 31, 2012:

Associated Bond Issue	Current Notional Amount	Effective Date	Termination Date	Fixed Rate Paid	Variable Rate Received *	Embedded Options	Optional Termination Date, at Par	Optional Termination Amount	Counterparty Rating S&P/Moody's	2012 Fair Value **	Change in Fair Value	2011 Fair Value **
Single Family:												
Investment derivative:												
2001AA-1 ****	$ 30,000	12/1/2009	11/1/2038	4.4850%	Trigger, SIFMA + .05% or 68% LIBOR	***	1) 11/1/2015 2) 11/1/2017 3) 11/1/2019	Up to: 1) 7,500 2) 15,000 3) all remaining	A+ / A2	$ (1,733)	$ (63)	$ (1,670)
Hedging derivatives:												
2001AA-2 ****	46,840	12/4/2008	5/1/2031	4.6000%	Trigger, SIFMA + .05% or 68% LIBOR				A+ / A2	(7,160)	(115)	(7,045)
2001AA-3	15,340	12/2/2008	5/1/2018	5.5260%	Trigger, SIFMA + .05% or 68% LIBOR				A+ / A2	(2,003)	191	(2,194)
2002A-3 ****	17,165	12/4/2008	11/1/2021	4.7490%	Trigger, SIFMA + .05% or 68% LIBOR				A+ / A2	(1,599)	22	(1,621)
2002B-3 ****	36,630	12/4/2008	11/1/2021	4.5060%	Trigger, SIFMA + .05% or 68% LIBOR				A+ / A2	(3,740)	(66)	(3,674)
2002C-3 ****	38,200	12/4/2008	5/1/2022	4.4220%	Trigger, SIFMA + .15% or 68% LIBOR				A+ / A2	(4,370)	(208)	(4,162)
2003A-2 ****	-	12/2/2008	11/1/2021	4.1600%	Trigger, SIFMA + .05% or 68% LIBOR					-	1,969	(1,969)
2003B-1 ****	31,305	12/2/2008	11/1/2026	4.8510%	LIBOR + .05%	***	5/1/2015	27,305	A+ / A2	(3,001)	641	(3,642)
2003B-2	17,680	10/29/2008	5/1/2028	4.9380%	LIBOR + .05%	***	11/1/2018	all remaining	AA- / Aa3	(2,545)	213	(2,758)
2003B-3 ****	56,970	12/2/2008	11/1/2026	4.3840%	Trigger, SIFMA + .15% or 68% LIBOR	***	5/1/2015	43,170	A+ / A2	(1,251)	1,151	(2,402)
2003C-1	-	12/3/2003	5/1/2012	4.0330%	Bayerische + .05%					-	45	(45)
2003C-2 ****	37,980	12/2/2008	11/1/2026	4.5950%	Trigger, SIFMA + .15% or 68% LIBOR	***	5/1/2015	28,780	A+ / A2	(734)	812	(1,546)
2004A-1	-	9/1/2004	5/1/2012	4.4600%	Bayerische + .05%					-	39	(39)
2004A-2 (SPV)	47,480	7/28/2004	11/1/2026	4.3685%	Trigger, SIFMA + .15% or 68% LIBOR	***	5/1/2015	35,970	AA- / Aa3	(267)	4,440	(4,707)
2004B-1	-	12/1/2004	5/1/2012	4.0520%	LIBOR + .05%					-	27	(27)
2004B-2 (SPV)	37,980	11/1/2004	11/1/2026	4.1220%	Trigger, SIFMA + .15% or 68% LIBOR	***	5/1/2015	28,780	AA- / Aa3	(216)	3,247	(3,463)
2005A-1	2,170	5/1/2005	5/1/2013	4.3555%	LIBOR + .05%				A / A2	(30)	183	(213)
2005A-2 (SPV)	40,000	3/16/2005	11/1/2027	4.0710%	Trigger, SIFMA + .15% or 68% LIBOR	***	5/1/2015	32,290	AA- / Aa3	(258)	3,317	(3,575)
2005B-2 (SPV)	70,350	7/20/2005	5/1/2034	4.1693%	Trigger, SIFMA + .15% or 68% LIBOR	***	5/1/2015	48,650	AA- / Aa3	(547)	6,066	(6,613)
2006A-1	2,185	3/1/2006	11/1/2013	5.1610%	LIBOR + .05%				A+ / Aa3	(62)	161	(223)
2006A-3	40,000	1/18/2006	11/1/2036	4.3129%	Trigger, SIFMA + .15% or 68% LIBOR	***	5/1/2019	37,810	A / A3	(6,948)	(166)	(6,782)
2006B-1	13,640	11/1/2006	11/1/2014	5.6685%	LIBOR + .05%				A+ / Aa3	(773)	866	(1,639)
2006B-2	49,325	7/26/2006	11/1/2034	4.1951%	Trigger, SIFMA + .05% or 68% LIBOR	***	5/1/2019	16,700	A / A3	(7,079)	466	(7,545)
2006B-3	62,945	7/26/2006	11/1/2036	4.5445%	Trigger, SIFMA + .15% or 68% LIBOR	***	5/1/2019	59,190	A / A3	(12,025)	(122)	(11,903)
2006C-1	13,620	1/2/2007	11/1/2014	5.3143%	LIBOR + .05%				A+ / Aa3	(720)	802	(1,522)
2006C-2 (A)	7,090	12/20/2006	5/1/2016	4.2884%	Trigger, SIFMA + .05% or 68% LIBOR	***			A / A3	(906)	147	(1,053)
2006C-2 (B)	5,305	12/20/2006	11/1/2016	4.2884%	Trigger, SIFMA + .05% or 68% LIBOR	***			A / A3	(766)	184	(950)
2006C-2 (C)	10,605	12/20/2006	11/1/2017	4.2884%	Trigger, SIFMA + .05% or 68% LIBOR	***	11/1/2013	5,300	A / A3	(1,032)	218	(1,250)
2006C-2 (D)	35,350	12/20/2006	11/1/2034	4.2884%	Trigger, SIFMA + .05% or 68% LIBOR	***	11/1/2019	21,210	A / A3	(5,631)	178	(5,809)
2007A-1	20,245	6/1/2007	5/1/2015	5.1911%	LIBOR + .05%				A+ / Aa3	(1,267)	1,078	(2,345)
2007A-2	70,000	5/9/2007	11/1/2037	4.1530%	Trigger, SIFMA + .15% or 68% LIBOR	***	5/1/2019	62,910	A / A3	(11,155)	(310)	(10,845)
2007B-1	49,115	11/1/2007	11/1/2026	5.5800%	LIBOR + 0.05%	***	11/1/2017	24,610	A+ / Aa3	(7,489)	1,291	(8,780)
2007B-2	50,000	10/18/2007	5/1/2038	4.5075%	Trigger, SIFMA + .15% or 68% LIBOR	***	5/1/2019	46,545	A / A3	(9,079)	(115)	(8,964)
2007B-3 ****	50,000	12/2/2008	5/1/2038	4.4050%	Trigger, SIFMA + .15% or 68% LIBOR	***	1) 11/1/2013 2) 11/1/2015 3) 11/1/2017	Up to: 1) 12,500 2) 25,000 3) 50,000	A+ / A2	(3,954)	603	(4,557)
2008A-1	42,000	6/4/2008	5/1/2038	4.4140%	Trigger, SIFMA + .05% or 68% LIBOR	***	1) 11/1/2013 2) 11/1/2016 3) 11/1/2018	Up to: 1) 13,720 2) 26,500 3) 36,275	A+ / Aa3	(5,822)	514	(6,336)
2008A-2	67,385	6/4/2008	11/1/2027	4.5960%	LIBOR +.05%	***	5/1/2018	all remaining	AA- / Aa1	(8,451)	848	(9,299)
2008A-3 (SPV)	-	6/4/2008	5/1/2038	5.4450%	LIBOR +.05%	***				-	8,411	(8,411)
2012A-1 ****	18,705	9/19/2012	11/1/2021	4.1600%	Trigger, SIFMA + .05% or 68% LIBOR				A+ / A2	(14)	(14)	-
2012A-2 (SPV)	80,000	9/19/2012	5/1/2038	5.4450%	LIBOR +.05%	***	1) 5/1/2014 2) 5/1/2016 3) 5/1/2018	Up to: 1) 20,000 2) 40,000 3) all remaining	AA- / Aa3	(1,552)	(1,552)	-
Total	1,213,605									(114,179)	35,399	(149,578)

Table continued on following page.

(tabular dollar amounts are in thousands)

Associated Bond Issue	Current Notional Amount	Effective Date	Termination Date	Fixed Rate Paid	Variable Rate Received *	Embedded Options	Optional Termination Date, at Par	Optional Termination Amount	Counterparty Rating S&P/Moody's	2012 Fair Value **	Change in Fair Value	2011 Fair Value **
Multi-Family/Business:												
2000A-1 ****	$ 12,750	11/21/2008	10/1/2020	5.2350%	SIFMA + .05				A+ / A2	$ (2,306)	$ 59	$ (2,365)
2000A-2 ****	5,125	11/21/2008	4/1/2015	5.8000%	SIFMA + .05				A+ / A2	(233)	190	(423)
2000B-1 (SPV)	4,685	10/19/2000	7/1/2020	7.3900%	Citigroup 3 month + .25%				AAA / NR	(1,212)	152	(1,364)
2002A-1 ****	8,960	11/21/2008	10/1/2022	5.1000%	SIFMA + .15				A+ / A2	(1,689)	16	(1,705)
2002AA ****	23,935	11/21/2008	10/1/2023	6.0350%	SIFMA + .05				A+ / A2	(5,055)	8	(5,063)
2002C-2 ****	70,715	11/21/2008	10/1/2032	5.1240%	Trigger, SIFMA + .15% or 68% LIBOR	***	4/1/2018	59,340	A+ / A2	(6,362)	264	(6,626)
2002C-4 ****	31,960	11/21/2008	10/1/2032	5.0440%	Trigger, SIFMA + .05% or 68% LIBOR	***	4/1/2018	26,785	A+ / A2	(3,068)	117	(3,185)
2003A-1 ****	1,049	12/3/2008	10/1/2013	4.5550%	LIBOR +.05%	***	10/1/2013	16,520	A+ / A2	(10)	60	(70)
2004A-1 (SPV)	38,730	11/1/2004	10/1/2025	5.5281%	LIBOR +.05%	***	10/1/2014	all remaining	A- / Baa1	(3,296)	1,426	(4,722)
2004A-1 ****	10,000	5/29/2009	5/1/2013	5.3640%	LIBOR				AA- / Aa3	(108)	288	(396)
2004A-2 (SPV)	10,785	9/22/2004	4/1/2045	4.8840%	SIFMA +.15%	***	10/1/2019	all remaining	A- / Baa1	(2,231)	(276)	(1,955)
2005A-1 (A) (SPV)	4,665	8/1/2005	10/1/2035	5.8200%	LIBOR +.05%	***	4/1/2015	all remaining	A- / Baa1	(551)	121	(672)
2005A-1 (B) (SPV)	2,935	8/1/2005	10/1/2020	5.2050%	LIBOR +.05%				A- / Baa1	(752)	(9)	(743)
2005A-1 (C) (SPV)	9,720	8/1/2005	10/1/2025	5.7120%	LIBOR +.05%	***	4/1/2015	all remaining	A- / Baa1	(1,062)	276	(1,338)
2005A-2 (SPV)	17,015	7/1/2005	4/1/2036	4.2850%	SIFMA + .05%	***	4/1/2015	all remaining	A- / Baa1	(1,374)	259	(1,633)
2005A-3 (A) (SPV)	6,165	4/13/2005	4/1/2040	4.6560%	SIFMA +.15%	***	10/1/2020	all remaining	A- / Baa1	(1,270)	(112)	(1,158)
2005A-3 (B) (SPV)	5,950	10/1/2005	4/1/2032	4.4800%	SIFMA +.15%	***	4/1/2015	all remaining	A- / Baa1	(500)	69	(569)
2005B-1	12,715	3/1/2006	4/1/2036	5.2350%	LIBOR +.05%	***	10/1/2015	11,125	A / A3	(1,575)	247	(1,822)
2005B-2 (A)	3,455	1/2/2006	10/1/2040	4.7350%	SIFMA +.15%	***	10/1/2015	3,305	A / A3	(350)	(2)	(348)
2005B-2 (B)	5,745	9/1/2006	10/1/2038	4.5270%	SIFMA +.15%	***	10/1/2021	4,520	A / A3	(1,182)	(123)	(1,059)
2006A-1 ****	29,155	12/3/2008	4/1/2027	5.7100%	LIBOR + .05%	***	10/01/16	10,270	A+ / A2	(2,736)	(39)	(2,697)
2006A-1 (F)	10,955	12/1/2006	10/1/2036	5.3420%	LIBOR +.05%	***	4/1/2021	8,040	A / A3	(2,786)	(50)	(2,736)
2007B-1 ****	28,175	12/3/2008	4/1/2038	5.6400%	LIBOR + .05%	***	1) 10/1/2017 2) 4/1/2022	Up to: 1) 14,220 2) 17,015	A+ / A2	(2,921)	64	(2,985)
2007B-1 (G)	7,440	10/1/2007	4/1/2028	5.2200%	LIBOR +.05%	***	4/1/2028	6,190	A / A3	(1,948)	(15)	(1,933)
2007B-2 (A) ****	2,570	12/3/2008	10/1/2036	4.2870%	SIFMA +.15%	***	10/1/2017	2,040	A+ / A2	(276)	(34)	(242)
2007B-2 (B) ****	2,000	12/3/2008	4/1/2038	4.5350%	SIFMA +.15%	***	10/2/2017	1,780	A+ / A2	(233)	(36)	(197)
2007B-2 (C) ****	4,710	12/3/2008	4/1/2038	4.4700%	SIFMA +.15%	***	10/2/2017	4,395	A+ / A2	(700)	(79)	(621)
2007B-2 (D) ****	4,670	12/3/2008	4/1/2028	4.6510%	SIFMA +.15%	***	4/1/2023	3,835	A+ / A2	(1,096)	(83)	(1,013)
2007B-3 (A) ****	2,420	12/3/2008	10/1/2037	4.2970%	SIFMA +.05%	***	10/1/2017	2,065	A+ / A2	(274)	(39)	(235)
2007B-3 (B) ****	4,615	12/3/2008	10/1/2019	4.0967%	SIFMA +.05%	***	10/1/2014	4,430	A+ / A2	(258)	91	(349)
2007B-3 (C) ****	2,275	12/3/2008	4/1/2038	4.8805%	SIFMA +.05%	***	10/1/2017	2,205	A+ / A2	(370)	(38)	(332)
2008A-1 ****	14,640	12/3/2008	4/1/2029	5.1300%	LIBOR + .05%	***	1) 4/1/2018 2) 4/1/2019	Up to: 1) 3,070 2) all remaining	A+ / A2	(1,514)	(148)	(1,366)
2008A-2 ****	7,475	12/3/2008	4/1/2043	4.5400%	SIFMA +.15%	***	4/1/2019	6,340	A+ / A2	(1,128)	(147)	(981)
2008B (a) ****	114,720	12/3/2008	10/1/2044	5.1722%	LIBOR				AA- / Aa3	(47,538)	3,243	(50,781)
2008B (b) ****	46,480	12/3/2008	3/1/2047	5.2071%	LIBOR				AA- / Aa3	(21,296)	1,664	(22,960)
2008C-3 ****	7,570	12/3/2008	10/1/2038	4.3400%	SIFMA + .05%	***	4/1/2019	6,500	A+ / A2	(1,251)	(163)	(1,088)
2009A-1 ****	30,300	6/24/2009	10/1/2041	4.7900%	SIFMA + .05%	***	1) 10/1/2014 2) 4/1/2024	Up to: 1) 13,580 2) all remaining	A+ / A2	(4,318)	(404)	(3,914)
Total	607,229									(124,829)	6,817	(131,646)
Total	$ 1,820,834									$ (239,008)	$ 42,216	$ (281,224)

(*) SIFMA is the Securities Industry Financial Markets Association Municipal Swap Index. LIBOR is the London Interbank Offered Rate.
(**) All fair values include the effect of any related embedded option.
(***) Par optional termination right.
(****) Swaps for which cash premiums were received in 2008. The outstanding unamortized balance of the premium is reported on the Statement of Net Position as hybrid instrument borrowings.
(SPV) Counterparty operates as a special purpose vehicle.

Risk Disclosure

Credit Risk: All of the Authority's swaps rely upon the performance of the third parties who serve as swap counterparties, and as a result, the Authority is exposed to credit risk – that is, the risk that a swap counterparty fails to perform according to its contractual obligations. The appropriate measurement of this risk at the reporting date is the fair value of the swaps, as shown in the column labeled "Fair Value" in the outstanding swaps table above. The Authority is exposed to credit risk in the amount of any positive net fair value exposure to each counterparty. As of December 31, 2012, the Authority was exposed to minimal credit risk to any of its counterparties. To mitigate credit risk, the Authority maintains strict credit standards for swap counterparties. All swap counterparties must be rated in the AA/Aa or higher category by either Standard & Poor's (S&P) or Moody's Investors Service (Moody's), respectively, at the time the contract is executed.

(tabular dollar amounts are in thousands)

At December 31, 2012, the Authority had executed 71 swap transactions with nine counterparties with concentrations and ratings (Standard and Poor's/ Moody's Investors Service) as shown in the following table:

Swap Count	Notional Amount	Concentration	Counterparty Rating (S&P / Moody's)
1	$ 2,170	0.1%	A / A2
14	370,930	20.4%	A / A3
8	95,965	5.3%	A- / Baa1
31	674,204	37.0%	A+ / A2
6	140,805	7.7%	A+ / Aa3
1	67,385	3.7%	AA- / Aa1
9	464,690	25.5%	AA- / Aa3
1	4,685	0.3%	AAA / NR
71	$ 1,820,834	100%	

At December 31, 2011, the Authority had executed 74 swap transactions with nine counterparties with concentrations and ratings (Standard and Poor's/ Moody's Investors Service) as shown in the following table:

Swap Count	Notional Amount	Concentration	Counterparty Rating (S&P / Moody's)
14	$ 384,215	19.8%	A / A2
2	8,880	0.5%	A / Aa3
13	385,250	19.8%	A- / WR
6	179,240	9.2%	A+ / Aa1
31	701,674	36.0%	A+ / Aa3
4	193,600	10.0%	AA- / Aa1
1	80,100	4.1%	AA- / Aaa
1	5,095	0.3%	AAA / NR
2	6,405	0.3%	NR / Baa1
74	$ 1,944,459	100%	

Interest Rate Risk: The Authority is exposed to interest rate risk in that as the variable rates on the swaps agreements decrease, the Authority's net payment on the swap agreement could increase.

Basis Risk: The Authority is exposed to basis risk when the variable interest rate paid to the holders of its variable rate demand obligations (VRDOs) is not equivalent to the variable interest rate received from its counterparties on the related swap agreements. When exposed to basis risk, the net interest expense incurred on the combination of the swap agreement and the associated variable rate debt may be higher or lower than anticipated.

The Authority's tax-exempt variable-rate bond interest payments are substantially equivalent to the SIFMA rate (plus a trading spread). Certain tax-exempt swaps, as indicated in the table above, contain a trigger feature in which the Authority receives a rate indexed on SIFMA should LIBOR be less than a predetermined level (the trigger level, 3.5%), or a rate pegged at a percentage of LIBOR should LIBOR be equal to or greater than the predetermined trigger level. For these swaps, the Authority would be negatively exposed to basis risk during the time period it is receiving the rate based on a percentage of LIBOR should the relationship between LIBOR and SIFMA converge.

The Authority's taxable variable-rate bond interest payments are substantially equivalent to LIBOR (plus a trading spread). The Authority is receiving LIBOR (plus a trading spread) or LIBOR flat for all of its taxable swaps and therefore is only exposed to basis risk to the extent that the Authority's bonds diverge from their historic trading relationship with LIBOR.

Termination Risk: The Authority's swap agreements do not contain any out-of-the-ordinary termination events that would expose it to significant termination risk. In keeping with market standards, the Authority or the counterparty may terminate each swap if the other party fails to perform under the terms of the contract. In addition, the swap documents allow either party to terminate in the event of a significant loss of creditworthiness. If at the time of the termination a swap has a negative value, the Authority would be liable to the counterparty for a payment equal to the fair value of such swap.

There are certain termination provisions relevant to the Authority's counterparties operating as special purpose vehicles (SPV) with a terminating structure. In the case of certain events, including the credit downgrade of the SPV or the failure of the parent company to maintain certain collateral levels, the SPV would be required to wind up its business and terminate all of its outstanding transactions with all clients, including the Authority. All such terminations would be at mid-market pricing. In the event of such termination, the Authority would be exposed to the risk of market re-entry and the cost differential between the mid-market termination and the offered price upon re-entry.

Rollover Risk: The Authority is exposed to rollover risk only on swaps that mature or may be terminated at the counterparty's option prior to the maturity of the associated debt. As of December 31, 2012 and 2011, the Authority was not exposed to rollover risk.

Amortization Risk: The Authority is exposed to amortization risk in the event that the swap amortization schedules fail to match the actual amortization of the underlying bonds as a result of loan prepayments, which significantly deviate from expectations. If prepayments are significantly higher than anticipated, the Authority would have the option of reinvesting or recycling the prepayments, or calling unhedged bonds. Alternatively, if the Authority chose to call bonds associated with the swap, the Authority could elect an early termination of the related portions of the swap at a potential cost to the Authority. If prepayments are significantly lower than anticipated and the associated bonds remained outstanding longer than the relevant portion of the swap, the Authority could experience an increase in its exposure to unhedged variable rate bonds. Alternatively, the Authority could choose to enter into a new swap or an extension of the existing swap. If interest rates are higher at the time of entering into a new swap or swap extension, such action would result in an increased cost to the Authority.

Collateral Requirements: The Authority is subject to a contingency feature that would require the Authority to post collateral on swap agreements if the Class I obligations credit rating falls to a Moody's A1, or equivalent ratings by S&P and Fitch, and is greater than the established thresholds. As of December 31, 2012 and 2011, all agreements were rated higher than the Moody's A1 and did not require collateral.

The majority of the class 1 bonds are rated AAA by both rating agencies. The bond indentures for these swaps are over collateralized and the underlying assets are insured. The likelihood that the bonds would be downgraded by four categories is considered remote, but if it were to occur, it would require the Authority to post collateral approximately equal to the fair value of the interest rate swap.

(tabular dollar amounts are in thousands)

Swap Payments – Using interest rates as of December 31, 2012, debt service requirements of the Authority's outstanding variable-rate debt and net swap payments were as follows. As rates vary, variable rate interest rate payments on the bonds and net swap payments will change.

Years Ending December 31,	Principal	Interest	Swaps, Net	Total
2013	$ 113,329	$ 5,837	$ 80,863	$ 200,029
2014	106,425	5,307	75,584	187,316
2015	93,280	4,805	70,664	168,749
2016	107,930	4,502	66,462	178,894
2017	121,775	4,224	61,802	187,801
2018-2022	368,245	17,291	249,283	634,819
2023-2027	308,170	12,194	171,804	492,168
2028-2032	264,905	7,773	107,759	380,437
2033-2037	243,740	3,378	49,899	297,017
2038-2042	58,980	578	15,517	75,075
2043-2047	34,055	139	3,860	38,054
Total	$1,820,834	$ 66,028	$ 953,497	$ 2,840,359

Hybrid Instrument Borrowings – Certain interest rate swaps, as identified on the detailed swap table above, include fixed rates that were off-market at the execution of the interest rate swaps. For financial reporting purposes, these interest rate swaps are considered hybrid instruments and are bifurcated between borrowings, with an aggregate original amount of $98.5 million reflecting the fair value of the instrument at its execution, and an interest rate swap with a fixed rate that was considered at-the-market at execution. Activity for the hybrid instrument borrowings for the years ended December 31, 2012 and 2011 was as follows:

	2012	2011
Beginning balance	$ 53,607	$ 59,972
Additions	25,018	-
Reductions	(5,392)	(6,365)
Ending balance	$ 73,233	$ 53,607

(tabular dollar amounts are in thousands)

The following table sets forth as of December 31, 2012, payments of principal and interest on the hybrid instrument borrowings for the next five years and thereafter. The total payments generally reflect the difference between the stated fixed rate of the hybrid instrument and the at-the-market fixed rate at the execution of the instrument.

Years Ending December 31,	Principal and Interest
2013	$ 15,079
2014	14,146
2015	9,433
2016	6,426
2017	5,658
2018-2022	13,880
2023-2027	6,056
2028-2032	1,969
2033-2037	468
2038-2042	111
2043-2047	7
Total	$ 73,233

Forward Sales Contracts – The Authority has entered into forward sales contracts for the delivery of Ginnie Mae securities in order to lock in the sales price for the securitization of certain taxable single family loans. The contracts offset changes in interest rates between the time of the loan reservations and the securitization of such loans into Ginnie Mae securities. These contracts are considered investment derivative instruments, such that their change in fair value is reported as investment derivative activity losses on the Statement of Revenues, Expenses and Changes in Net Position.

The outstanding forward contracts, summarized by counterparty as of December 31, 2012, were as follows:

Count	Par	Exposure	Original Sales Price	12/31/12 Premium	Fair Value	Counterparty Rating
2	$ 1,000	1.2%	$ 1,063	$ 1,064	$ 1	BBB-/n/a
2	8,000	9.8%	8,648	8,661	13	A2/P2
3	10,000	12.3%	10,790	10,861	71	A1/P1
2	17,000	20.9%	18,408	18,453	45	A2/P1
22	45,500	55.8%	49,098	49,251	153	A1/P1
31	$ 81,500	100.0%	$ 88,007	$ 88,290	$ 283	

(tabular dollar amounts are in thousands)

The outstanding forward contracts, summarized by counterparty as of December 31, 2011, were as follows:

Count	Par	Exposure	Original Sales Price	12/31/11 Premium	Fair Value	Counterparty Rating
5	$ 20,500	26.4%	$ 21,698	$ 21,916	$ 218	A/A1
17	35,000	45.2%	37,346	37,654	308	A/Aa3
12	22,000	28.4%	23,348	23,549	201	AA-/Aa3
34	$ 77,500	100.0%	$ 82,392	$ 83,119	$ 727	

Summary

A summary of derivative instruments activity for the years ended December 31, 2012 and 2011 is as follows:

	2012				2011			
	Hedging	Investments			Hedging	Investments		
	Swaps	Swaps	Forwards	Total	Swaps	Swaps	Forwards	Total
Fair value, beginning	$ 279,554	$ 1,670	$ 727	$ 281,951	$ 183,441	$ 359	$ (200)	$ 183,600
Settlements	(76,057)	(1,222)	(727)	(78,006)	(87,108)	(1,146)	200	(88,054)
Change in fair value	33,778	1,285	283	35,346	183,221	2,457	727	186,405
Fair value, ending	$ 237,275	$ 1,733	$ 283	$ 239,291	$ 279,554	$ 1,670	$ 727	$ 281,951

(9) Debt Refundings

On September 19, 2012, the Authority issued its Single Family Bonds 2012 Series A and B in the aggregate principal amount of $99.1 million. The entire proceeds of the bonds were used to refund a portion of various single family mortgage bonds. The refunding resulted in a decrease in the aggregate future debt service requirement, including related fees, of approximately $3.9 million based on the change in variable interest rates at the time of refunding and an approximate economic gain to the Authority of $2.6 million. In accordance with GASB Statement No. 23, *Accounting and Financial Reporting for Refundings of Debt Reported by Proprietary Activities*, $10.9 million was deferred and is being amortized over the contractual life of the new debt.

In addition, the Authority converted $236.7 million in outstanding VRDOs into FRNs through a direct placement transaction with Federal Home Loan Bank (FHLB) of Seattle. Refunding or converting VRDOs requiring liquidity facilities into FRNs has proven to be an effective means for the Authority to reduce costs related to the indenture and we will continue to seek these opportunities in 2013.

On November 10, 2011, the Authority issued its Single Family Bonds 2011 Series B, C and D, in the aggregate principal amount of $227.2 million. The entire proceeds of the bonds were used to refund a portion of various single family mortgage bonds. The refunding resulted in a decrease in the aggregate future debt service requirement of approximately $1.4 million, based on the change in variable interest rates at the time of refunding and an approximate economic gain to the Authority of $468 thousand. In accordance with GASB Statement No. 23, $11.5 million was deferred and is being amortized over the contractual life of the new debt.

(tabular dollar amounts are in thousands)

Economic gain or loss is calculated as the difference between the present value of the old debt service requirements, including related fees, and the present value of the new debt service requirements less related upfront costs of issuance, bond call premiums and bond insurance premiums, discounted at the effective interest rate.

In prior years, the Authority defeased certain bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Authority's financial statements. On December 31, 2012, $58.9 million of bonds outstanding are considered defeased.

(10) Restricted and Unrestricted Net Position

The amounts restricted for the Single Family bond programs and the Multi-Family/Business bond programs are for the payment of principal, redemption premium, if any, and interest, including net swap payments, on all outstanding single family and multi-family/business bond issues, in the event that no other funds are legally available for such payments. Such assets are segregated within the Single Family and Multi-Family/Business bond programs and are held in cash, loans receivable and investments.

The Board may authorize the withdraw of all or part of this restricted balance if (1) updated cash flow projections indicate that adequate resources will exist after any withdrawal to service the outstanding debt, subject to approval by the bond trustee and the rating agency review; (2) the Authority determines that such funds are needed for the implementation or maintenance of any duly adopted program of the Authority; and (3) no default exists in the payment of the principal, redemption premium, if any, or interest on such bonds.

The Board has designated certain amounts of the unrestricted net position of the General Programs as of December 31, 2012 and 2011, for various purposes, as indicated in the following table. These designations of net position are not binding, and can be changed by the Board.

Unrestricted Net Position for the years ended December 31, 2012 and 2011:

	2012	2011
Designations:		
Housing loans	$ 70,874	$ 76,786
Commerical loans	15,079	17,757
General operating and working capital	11,496	14,723
Rating agency reserves	23,189	-
General obligation bonds	31,321	-
Nongeneral obligation bonds	22,352	-
Total general programs unrestricted net position	$ 174,311	$ 109,266

(11) Retirement Plans

The Authority contributes to the Local Government Division Trust fund (Trust) a cost-sharing multiple-employer public defined benefit plan administered by the Public Employees' Retirement Association of Colorado (PERA). The Trust provides retirement, disability and death benefits for members or their beneficiaries. Generally, all employees of the Authority are members of the Trust.

(tabular dollar amounts are in thousands)

The Authority contributes to the Health Care Trust Fund (Health Fund), a cost-sharing multiple-employer postemployment health care plan administered by PERA. The Health Fund provides a health care premium subsidy to PERA participating benefit recipients and their eligible beneficiaries.

Colorado Revised Statutes assign the authority to establish Trust and Health Fund benefit provisions to the State Legislature. PERA issues a publicly available annual financial report that includes financial statements and required supplementary information for the Trust and the Health Fund. That report may be obtained by writing to PERA at P.O. Box 5800 Denver, Colorado 80217-5800, by calling PERA at 303-832-9550 or 1-800-759-PERA (7372) or from PERA's website at www.copera.org.

Plan members and the Authority are required to contribute to the Trust at rates set by Colorado Statutes. A portion of the Authority's contribution is allocated for the Health Fund. Member contributions to the Health Fund are not required.

The contribution rate for members and the Authority's contributions to the Trust and Health Fund, which equaled the Authority's required contributions for each year, were as follows:

	2012	2011
Contribution rate of covered salary:		
Members	8.00%	8.00%
Authority:		
Trust	12.68%	12.68%
Health Fund	1.02%	1.02%
Total Authority contribution rate	13.70%	13.70%
Contributions by the Authority:		
Trust	$ 1,637	$1,730
Health Fund	132	139
Total Authority contributions	$ 1,769	$1,869

An additional benefit offered to eligible Authority employees through PERA is a Voluntary Investment Program, established under Section 401(k) of the Internal Revenue Code. Participants invest a percentage of their annual gross salary up to the annual Internal Revenue Service limit of their gross salaries. The Authority contributed 1% of each participating employee's salary as part of the 401(k) match, and in addition to the 1% contribution, the Authority matched half of the employee's 401(k) contribution up to 5% of the participating employee's gross salary for a maximum Authority match of 3.5%. Starting in 2012, employees are required to invest a percentage of their annual gross salary to participate in the plan and receive the Authority's 1% contribution and match.

Contributions by the Authority for the years ended December 31, 2012 and 2011 were $389 thousand and $396 thousand, respectively. Contributions by participating employees for the years ended December 31, 2012 and 2011 were $951 thousand and $902 thousand, respectively. All required contributions are paid in full annually.

(12) Risk Management

The Authority has an Enterprise Risk Management program under which various risks of loss associated with its business operations are identified and managed. The ERM program includes Internal Audit, Compliance and Security/Privacy. The risk management techniques utilized include a combination of standard policies and procedures and purchased insurance.

Commercial general liability, property losses, business automobile liability, workers' compensation, Crime, Executive Risk Package with Directors' and Officer and Employed Lawyers Professional Liability, Network Security and Privacy coverage and public officials' liability are all managed through purchased insurance. There were no significant reductions or changes in insurance coverage from the prior year. Settled claims did not exceed insurance coverage in any of the past three years.

(13) Related-Party Transactions

The Authority has three outstanding loans with the Housing Authority of the City of Loveland, Colorado, the Executive Director of which is a member of the Authority's Board. The unpaid principal balance for the years ended December 31, 2012 and 2011 were $2.6 million and $2.7 million, respectively.

(14) Commitments and Contingencies

The Authority had outstanding commitments to make or acquire single family and multi-family/business loans of $66.9 million and $6.4 million, respectively, as of December 31, 2012. The Authority had outstanding commitments to make or acquire single family and multi-family/business loans of $62.1 million and $3.0 million, respectively, as of December 31, 2011.

There are a limited number of claims or suits pending against the Authority arising in the Authority's ordinary course of business. In the opinion of the Authority's management and counsel, any losses that might result from these claims and suits are either covered by insurance or, to the extent not covered by insurance, would not have a material adverse effect on the Authority's financial position.

The Authority participates in the Ginnie Mae Mortgage-Backed Securities (MBS) Programs. Through the MBS Programs, Ginnie Mae guarantees securities that are issued by the Authority and backed by pools of mortgage loans. If a borrower fails to make a timely payment on a mortgage loan, the Authority must use its own funds to ensure that the security holders receive timely payment. All loans pooled under the Ginnie Mae MBS Program are either insured by the FHA or RD, or are guaranteed by the VA. The Authority assesses the overall risk of loss on loans that it may be required to repurchase and repurchases the loans as necessary. The Authority repurchased $48.0 million and $21.3 million of these loans in 2012 and 2011, respectively.

15) Subsequent Events

In 2012, the Authority established a contractual, sub-servicing relationship with Dovenmuehle Mortgage, Inc. (DMI) for its single family portfolio beginning March 1, 2013.

This approach will allow the Authority and its customers to benefit from the established infrastructure, technology, and economies of scale that a sub-servicer can provide. At the same time, it will reduce the Authority's long-term costs, allowing the organization to remain focused on investing as much of its resources as possible back into its mission of affordable housing and business finance.

The Authority will retain its mortgage servicing rights, which ensures that its ongoing vested and proactive relationship with its customers, investors, mortgage insurance providers, and guarantors will be actively maintained. Additionally, the Authority will retain key components of its internal loan servicing operation to help oversee DMI and to ensure that the Authority maintains an active and productive role in shaping the quality of loan servicing provided.

SUPPLEMENTAL INFORMATION

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Colorado Housing and Finance Authority
Combining Schedule - Statement of Net Position
For the year ended December 31, 2012
(with summarized financial information for December 31, 2011)
(in thousands of dollars)

	General Programs	Single Family	Multi-Family/ Business	Eliminations	2012	Summarized 2011
Assets						
Current assets:						
Cash *(Note 2)*						
Restricted	$ 89,268	$ -	$ -	$ -	**$ 89,268**	$ 56,011
Unrestricted	67,163	-	-	-	**67,163**	33,281
Investments *(Note 2)*	45,897	304,017	111,797	-	**461,711**	538,082
Loans receivable *(Note 3)*	35,001	35,630	23,291	(91)	**93,831**	113,701
Loans receivable held for sale *(Note 3)*	29,967	-	-	-	**29,967**	38,206
Accrued interest receivable	2,204	7,410	4,495	(65)	**14,044**	16,909
Deferred debt financing costs, net	-	384	149	-	**533**	667
Other assets	5,019	327	112	-	**5,458**	7,473
Due (to) from other programs	(47,498)	34,214	13,284	-	**-**	-
Total current assets	227,021	381,982	153,128	(156)	**761,975**	804,330
Noncurrent assets:						
Investments *(Note 2)*	-	252,655	86,563	-	**339,218**	346,588
Loans receivable, net *(Note 3)*	116,006	1,033,258	675,426	(2,635)	**1,822,055**	2,151,145
Capital assets - nondepreciable *(Note 4)*	1,881	-	-	-	**1,881**	5,026
Capital assets - depreciable, net *(Note 4)*	6,229	-	-	-	**6,229**	19,134
Other real estate owned, net	3,620	3,371	2,342	-	**9,333**	10,619
Deferred debt financing costs, net	-	6,910	2,685	-	**9,595**	12,006
Other assets	21,703	-	-	-	**21,703**	22,691
Total noncurrent assets	149,439	1,296,194	767,016	(2,635)	**2,210,014**	2,567,209
Total assets	376,460	1,678,176	920,144	(2,791)	**2,971,989**	3,371,539
Deferred Outflows						
Accumulated decrease in fair value of hedging derivatives	-	108,686	124,828	-	**233,514**	267,410
Liabilities						
Current liabilities:						
Short-term debt *(Note 5)*	71,475	-	-	-	**71,475**	46,100
Bonds payable *(Note 6)*	-	98,263	73,778	-	**172,041**	321,512
Notes payable *(Note 6)*	103	-	-	-	**103**	104
Accrued interest payable	614	11,916	9,129	(65)	**21,594**	25,544
Federally assisted program advances	1,708	-	-	-	**1,708**	458
Accounts payable and other liabilities	38,194	1,028	1,616	-	**40,838**	47,419
Total current liabilities	112,094	111,207	84,523	(65)	**307,759**	441,137
Noncurrent liabilities:						
Bonds payable, net *(Note 6)*	60,202	1,455,831	742,130	-	**2,258,163**	2,560,360
Derivative instruments	283	114,180	124,828	-	**239,291**	281,951
Derivatives related borrowing	-	49,626	23,607	-	**73,233**	53,607
Notes payable *(Note 6)*	10,193	-	-	(2,726)	**7,467**	7,431
Other liabilities *(Note 6)*	5,080	582	260	-	**5,922**	23,941
Total noncurrent liabilities	75,758	1,620,219	890,825	(2,726)	**2,584,076**	2,927,290
Total liabilities	187,852	1,731,426	975,348	(2,791)	**2,891,835**	3,368,427
Deferred Inflows						
Accumulated increase in fair value of hedging derivatives	-	1,489	-	-	**1,489**	-
Net position						
Invested in capital assets, net of related debt	5,384	-	-	2,726	**8,110**	24,160
Restricted by bond indentures	6,187	53,947	69,624	-	**129,758**	137,096
Unrestricted *(Note 10)*	177,037	-	-	(2,726)	**174,311**	109,266
Total net position	$ 188,608	$ 53,947	$ 69,624	$ -	**$ 312,179**	$ 270,522

See accompanying independent auditors' report.

Colorado Housing and Finance Authority

Combining Schedule - Statement of Revenues, Expenses and Changes in Net Position

For the year ended December 31, 2012

(with summarized financial information for the year ended December 31, 2011)

(in thousands of dollars)

	General Program	Single Family	Multi-Family/ Business	Eliminations	2012	Summarized 2011
Interest income and expense:						
Interest on loans receivable	$ 7,665	$ 61,679	$ 44,261	$ (389)	**$ 113,216**	$ 134,597
Interest on investments	150	16,123	7,018	-	**23,291**	23,423
Interest on debt	(4,718)	(79,656)	(39,621)	389	**(123,606)**	(138,545)
Net interest income (expense)	3,097	(1,854)	11,658	-	**12,901**	19,475
Other operating income (loss):						
Rental income	2,675	-	-	-	**2,675**	8,804
Loan servicing income	13,730	-	(33)	-	**13,697**	13,630
Section 8 administration fees	3,882	-	-	-	**3,882**	5,052
Gain on sale of loans	25,103	-	-	-	**25,103**	16,792
Investment derivative activity gain (loss)	445	(14,265)	-	-	**(13,820)**	(1,715)
Net increase (decrease) in the fair value of investments	(13)	3,087	516	-	**3,590**	25,887
Other revenues (losses)	2,788	1,124	(23)	-	**3,889**	761
Total other operating income (loss)	48,610	(10,054)	460	-	**39,016**	69,211
Total operating income (loss)	51,707	(11,908)	12,118	-	**51,917**	88,686
Operating expenses:						
Salaries and related benefits	17,836	-	-	-	**17,836**	18,210
General operating	17,787	1,392	571	-	**19,750**	40,783
Depreciation	2,722	-	-	-	**2,722**	3,684
Provision for losses	1,407	6,356	1,343	-	**9,106**	9,036
Total operating expenses	39,752	7,748	1,914	-	**49,414**	71,713
Net operating income (loss)	11,955	(19,656)	10,204	-	**2,503**	16,973
Nonoperating income and expenses:						
Federal grant receipts	112,954	-	-	-	**112,954**	134,491
Federal grant payments	(112,954)	-	-	-	**(112,954)**	(134,491)
Gains on sales of capital assets	39,154	-	-	-	**39,154**	(30)
Total nonoperating income and expenses, net	39,154	-	-	-	**39,154**	(30)
Income before transfers	51,109	(19,656)	10,204	-	**41,657**	16,943
Transfers from (to) other programs	4,073	3,335	(7,408)	-	**-**	-
Change in net position	55,182	(16,321)	2,796	-	**41,657**	16,943
Net position:						
Beginning of year	133,426	70,268	66,828	-	**270,522**	253,579
End of year	$ 188,608	$ 53,947	$ 69,624	$ -	**$ 312,179**	$ 270,522

See accompanying independent auditors' report.

Colorado Housing and Finance Authority
Combining Schedule - Statement of Cash Flows
For the year ended December 31, 2012
(with summarized financial information for the year ended December 31, 2011)
(in thousands of dollars)

	General Program	Single Family	Multi-Family/ Business	Eliminations	**2012**	Summarized 2011
Cash flows from operating activities:						
Principal payments received on loans receivable & receipts from dispositions of other real estate owned	$ 65,925	$ 267,909	$ 77,745	$ -	**$ 411,579**	$ 303,302
Interest payments received on loans receivable	8,161	64,055	44,541	(485)	**116,272**	138,083
Payments for loans receivable	(400,294)	(47)	(13,302)	(14,126)	**(427,769)**	(367,983)
Receipts from sales of Ginnie Mae securities	390,631	-	-	-	**390,631**	420,989
Receipts (payments) for loan transfers between programs	(1,441)	(1,562)	3,003	-	**-**	-
Receipts from rental operations	2,865	-	-	-	**2,865**	8,748
Receipts from other revenues	20,662	1,124	(55)	-	**21,731**	19,391
Payments for salaries and related benefits	(17,617)	-	-	-	**(17,617)**	(18,775)
Payments for goods and services	(48,805)	(1,339)	135	-	**(50,009)**	(41,362)
All other, net	8,913	-	(225)	-	**8,688**	1,503
Net cash provided by (used in) operating activities	29,000	330,140	111,842	(14,611)	**456,371**	463,896
Cash flows from noncapital financing activities:						
Net increase (decrease) in short-term debt	25,375	-	-	-	**25,375**	(41,800)
Proceeds from issuance of bonds	6,325	99,100	27,950	-	**133,375**	266,435
Proceeds from issuance of notes payable	137	-	-	-	**137**	1,388
Receipts from federal grant programs	114,064	-	-	-	**114,064**	135,352
Payments for federal grant programs	(112,954)	-	-	-	**(112,954)**	(134,491)
Principal paid on bonds	(16,408)	(480,727)	(82,365)	-	**(579,500)**	(583,898)
Payments on terminations of interest rate swaps	-	5,337	-	-	**5,337**	-
Principal paid on notes payable	(103)	-	-	-	**(103)**	(105)
Interest paid on short-term debt	(182)	-	-	-	**(182)**	(271)
Interest rate swap settlements	-	(53,547)	(30,539)	-	**(84,086)**	(92,102)
Interest paid on bonds	(3,198)	(35,052)	(11,786)	-	**(50,036)**	(49,000)
Interest paid on notes payable	(1,140)	-	-	-	**(1,140)**	(756)
Bond issuance costs paid	-	(1,788)	-	-	**(1,788)**	(1,728)
Transfers to (from) other programs	24,397	(10,534)	(13,863)	-	**-**	-
Net cash used provided by (used in) noncapital financing activities	36,313	(477,211)	(110,603)	-	**(551,501)**	(500,976)
Cash flows from capital and related financing activities:						
Purchase of capital assets	(487)	-	-	-	**(487)**	(1,133)
Proceeds from the disposal of capital assets	52,970	-	-	-	**52,970**	-
Principal paid on capital-related debt	(14,126)	-	-	14,126	**-**	-
Interest paid on capital-related debt	(485)	-	-	485	**-**	-
Net cash provided by (used in) capital and related financing activities	37,872	-	-	14,611	**52,483**	(1,133)
Cash flows from investing activities:						
Proceeds from maturities and sales of investments	1,451,130	910,230	400,410	-	**2,761,770**	3,089,608
Purchase of investments	(1,487,324)	(778,867)	(408,250)	-	**(2,674,441)**	(3,075,530)
Income received from investments	148	15,708	6,601	-	**22,457**	21,446
Net cash provided by (used in) investing activities	(36,046)	147,071	(1,239)	-	**109,786**	35,524
Net increase (decrease) in cash	67,139	-	-	-	**67,139**	(2,689)
Cash at beginning of year	89,292	-	-	-	**89,292**	91,981
Cash at end of year	$ 156,431	$ -	$ -	$ -	**$ 156,431**	$ 89,292
Restricted	$ 89,268	$ -	$ -	$ -	**$ 89,268**	$ 56,011
Unrestricted	67,163	-	-	-	**67,163**	33,281
Cash, end of year	$ 156,431	-	$ -	$ -	**$ 156,431**	$ 89,292

Continued on the next page

Colorado Housing and Finance Authority

Combining Schedule - Statement of Cash Flows *(continued)*

For the year ended December 31, 2012

(with summarized financial information for the year ended December 31, 2011)

(in thousands of dollars)

	General Program	Single Family	Multi-Family/ Business	Eliminations	**2012**	Summarized 2011
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:						
Net operating income (loss)	$ 11,955	$ (19,656)	$ 10,204	$ -	**$ 2,503**	$ 16,973
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation expense	2,722	-	-	-	**2,722**	3,684
Amortization of service release premiums	6,060	-	-	-	**6,060**	3,538
Amortization of deferred loan fees/costs, net	(430)	796	(144)	-	**222**	65
Amortization of imputed debt associated with swaps	-	(4,060)	(2,747)	-	**(6,807)**	(6,364)
Provision for losses	1,407	6,356	1,343	-	**9,106**	9,036
Interest on investments	(150)	(16,123)	(7,018)	-	**(23,291)**	(23,418)
Interest on debt	4,718	83,715	42,368	(389)	**130,412**	144,909
Unrealized loss on derivatives	(445)	14,265	-	-	**13,820**	1,715
Unrealized gain on investments	13	(3,087)	(516)	-	**(3,590)**	(25,887)
(Gain) loss on sale of REO	(65)	(1,124)	23	-	**(1,166)**	1,631
Gain on sale of loans	(25,103)	-	-	-	**(25,103)**	(16,792)
Changes in assets and liabilities:						
Loans receivable and other real estate owned	48,661	267,424	67,409	(14,126)	**369,368**	350,818
Accrued interest receivable on loans and investments	1,092	1,580	438	(96)	**3,014**	3,742
Other assets	2,985	54	7	-	**3,046**	1,446
Accounts payable and other liabilities	(24,420)	-	475	-	**(23,945)**	(1,200)
Net cash provided by (used in) operating activities	$ 29,000	$ 330,140	$ 111,842	$ (14,611)	**$ 456,371**	$ 463,896

See accompanying independent auditors' report.