

NEW ISSUE - Book-Entry Only

INTEREST ON THE 2018 SERIES A BONDS IS INCLUDED IN GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES. In addition, in the opinion of Sherman & Howard L.L.C., the 2018 Series A Bonds, their transfer and the income therefrom shall at all times be free from taxation by the State of Colorado under Colorado law in effect on the date of delivery of the 2018 Series A Bonds. See "Part I – TAX MATTERS."



COLORADO HOUSING AND FINANCE AUTHORITY Federally Taxable Multi-Family/Project Bonds

\$56,255,000
Class I Bonds
2018 Series A-1

\$35,000,000
Class I Adjustable Rate Bonds
2018 Series A-2

Dated: Date of Delivery

Due: As shown on inside front cover

The 2018 Series A Bonds shown above are being issued by the Colorado Housing and Finance Authority as fully registered bonds pursuant to a Master Indenture of Trust dated as of March 1, 2000, as amended, and a 2018 Series A Indenture dated as of March 1, 2018, each between the Authority and Wells Fargo Bank, National Association, as Trustee. Proceeds of the 2018 Series A Bonds, together with other available funds, are expected to be used to refund certain outstanding bonds of the Authority, to make deposits to certain funds and to pay certain costs of issuance in accordance with the 2018 Series A Indenture.

The 2018 Series A-1 Bonds will bear interest at the fixed rates shown on the inside front cover. The 2018 Series A-2 Bonds will bear interest at a Weekly Rate determined prior to the date of delivery of the 2018 Series A-2 Bonds to be effective to and including the following Tuesday, and thereafter determined on each Tuesday by Barclays Capital Inc. in its capacity as the 2018A-2 Remarketing Agent, to be effective from and including each Wednesday to and including the following Tuesday. Following the initial Interest Period, the interest rate mode on the 2018 Series A-2 Bonds may be converted, at the election of the Authority, to a different interest rate mode as described herein. Interest on the 2018 Series A Bonds will be payable on each April 1 and October 1, commencing on October 1, 2018 with respect to the 2018 Series A-1 Bonds and April 1, 2018 with respect to the 2018 Series A-2 Bonds, on any redemption date and at maturity. Principal of the 2018 Series A Bonds is payable in the amounts and on the dates shown on the inside front cover, subject to prior redemption and purchase. **THIS OFFICIAL STATEMENT IS NOT INTENDED TO DESCRIBE THE 2018 SERIES A-2 BONDS THAT ARE NOT IN THE WEEKLY RATE MODE.**

While any of the 2018 Series A-2 Bonds are in a Weekly Mode Period, owners of any such 2018 Series A-2 Bonds will have the right to tender their Bonds for purchase and will also be required to tender their Bonds for purchase at the times and subject to the conditions set forth in the Indenture and as described herein. Payment of the purchase price for 2018 Series A-2 Bonds tendered for purchase and not remarketed or for which remarketing proceeds are not available will be supported by a Standby Bond Purchase Agreement (referred to herein as the "Initial 2018A-2 Liquidity Facility") among the Authority, Federal Home Loan Bank of Topeka (the "2018A-2 Liquidity Facility Provider") and Wells Fargo Bank, National Association, as Paying Agent. Coverage under the Initial 2018A-2 Liquidity Facility, unless extended or earlier terminated, is stated to expire on March 28, 2021. **Under certain circumstances described herein, the obligation of the 2018A-2 Liquidity Facility Provider to purchase the 2018 Series A-2 Bonds tendered for purchase under the Initial 2018A-2 Liquidity Facility or subject to mandatory purchase may be terminated and, in some of such circumstances, the termination of such obligation will be immediate and without notice to such owners. In such event, sufficient funds may not be available to purchase such 2018 Series A-2 Bonds.** Neither the Authority nor the 2018A-2 Remarketing Agent is obligated to purchase 2018 Series A-2 Bonds tendered by the owners of such 2018 Series A-2 Bonds or subject to mandatory purchase if remarketing proceeds and payments under the Initial 2018A-2 Liquidity Facility are insufficient to pay the purchase price of the 2018 Series A-2 Bonds.

The 2018 Series A Bonds, when issued, will be registered in the name of Cede & Co., as holder of the 2018 Series A Bonds and nominee of The Depository Trust Company, New York, New York. One fully registered bond equal to the principal amount of the 2018 Series A Bonds of each maturity will be registered in the name of Cede & Co. Individual purchases of 2018 Series A Bonds will be made in book-entry form only, and beneficial owners of the 2018 Series A Bonds will not receive physical delivery of bond certificates representing their interest in the 2018 Series A Bonds, except as described herein. Payments of principal of and interest on the 2018 Series A Bonds will be made directly to DTC or its nominee, Cede & Co., by the Paying Agent, so long as DTC or Cede & Co. is the sole registered owner. Upon receipt of payments of principal and interest, DTC is to remit such payments to the DTC participants for subsequent disbursement to the beneficial owners of the 2018 Series A Bonds. Disbursement of such payments to DTC participants is the responsibility of DTC, and disbursement of such payments to the beneficial owners of the 2018 Series A Bonds is the responsibility of the DTC participants and the indirect participants, as more fully described herein.

SEE MATURITY SCHEDULES ON INSIDE FRONT COVER

The 2018 Series A Bonds are subject to redemption at par prior to maturity, including special redemption, optional redemption and mandatory sinking fund redemption as described herein.

The Master Indenture provides for four classes of Obligations (which may be Bonds or Derivative Products) thereunder – Class I, Class II, Class III and Class IV Obligations. The 2018 Series A Bonds are Class I Obligations, payable from the revenues, assets and moneys pledged under the Indenture as described herein on an equal and ratable basis with all other Class I Obligations now or hereafter outstanding under the Master Indenture. Additional Obligations may be issued by the Authority under the Master Indenture in each of the four Classes and as general obligations of the Authority upon delivery of a Cash Flow Statement and satisfaction of certain other conditions as set forth in the Master Indenture. **In no event shall the 2018 Series A Bonds constitute an obligation or liability of the State of Colorado or any political subdivision thereof other than the Authority. The Authority has no taxing power nor does it have the power to pledge the general credit or taxing power of the State of Colorado or any other political subdivision thereof (other than the general credit of the Authority, which general credit is not being pledged for the payment of the 2018 Series A Bonds).**

This cover page contains only a brief description of the Authority, the 2018 Series A Bonds and the security therefor. It is not intended to be a summary of material information with respect to the 2018 Series A Bonds. Potential investors should read this entire Official Statement to obtain information necessary to make an informed investment decision and should pay particular attention to the discussion in "Part II – CERTAIN BONDOWNERS' RISKS."

The 2018 Series A Bonds are offered when, as and if issued and delivered to the Underwriters, subject to approval by Sherman & Howard L.L.C., Denver, Colorado, Bond Counsel, and certain other conditions. Certain legal matters will be passed on for the Authority by Charles K. Knight, Esq., its General Counsel, and by Kutak Rock LLP, Disclosure Counsel to the Authority. The Underwriters and the 2018A-2 Remarketing Agent are being represented in connection with the purchase and remarketing of the 2018 Series A Bonds by their counsel, Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C. CSG Advisors Incorporated is serving as financial advisor to the Authority in connection with the issuance of the 2018 Series A Bonds. It is expected that the 2018 Series A Bonds will be delivered (through DTC) in New York, New York on or about March 28, 2018.

Barclays[†]
BofA Merrill Lynch
Stifel

RBC Capital Markets
George K. Baum & Company
Wells Fargo Securities

Dated: March 6, 2018

[†] Sole underwriter of the 2018 Series A-2 Bonds is Barclays Capital Inc.

MATURITY SCHEDULES

**Federally Taxable Multi-Family/Project Class I
2018 Series A-1 Bonds
(CUSIP 6-digit issuer no. 196479*)**

\$47,635,000 Serial Bonds (Price of each Maturity: 100%)

<u>Maturity (April 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>CUSIP*</u>	<u>Maturity (October 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>CUSIP*</u>
2018	--	--	--	2018	\$3,040,000	2.150%	G45
2019	\$2,115,000	2.250%	G52	2019	2,170,000	2.400	G60
2020	2,225,000	2.500	G78	2020	2,290,000	2.625	G86
2021	2,365,000	2.750	G94	2021	2,435,000	2.800	H28
2022	2,505,000	2.900	H36	2022	2,535,000	3.000	H44
2023	2,595,000	3.050	H51	2023	2,385,000	3.125	H69
2024	2,300,000	3.250	H77	2024	2,340,000	3.300	H85
2025	2,165,000	3.350	H93	2025	1,950,000	3.400	J26
2026	1,795,000	3.450	J34	2026	1,715,000	3.500	J42
2027	1,450,000	3.500	J59	2027	1,455,000	3.550	J67
2028	1,450,000	3.600	J75	2028	1,425,000	3.600	J83
2029	1,450,000	3.700	J91	2029	1,480,000	3.750	K24

\$8,620,000 of 3.900% Term Bonds due October 1, 2032 - Price: 100%; CUSIP*: K32

**Federally Taxable Multi-Family/Project Class I Adjustable Rate
2018 Series A-2 Bonds
(CUSIP 6-digit issuer no. 196479*)**

\$35,000,000 of Class I Adjustable Rate Term Bonds due April 1, 2040 – Price: 100%; CUSIP*: G29

* Neither the Authority nor the Underwriters take any responsibility for the accuracy of the CUSIP numbers, which are being provided solely for the convenience of the owners of the 2018 Series A Bonds.

No dealer, broker, salesman or other person has been authorized by the Colorado Housing and Finance Authority or by the Underwriters to give any information or to make any representations, other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. The information in this Official Statement is subject to change without notice, and neither the delivery of this Official Statement nor any sale hereunder, under any circumstance, creates any implication that there has been no change in the affairs of the Authority or otherwise since the date hereof. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the 2018 Series A Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

The information set forth in this Official Statement has been furnished by the Authority and obtained from other sources believed to be reliable. This Official Statement contains, in part, estimates and matters of opinion which are not intended as statements of fact, and no representation or warranty is made as to the correctness of such estimates and opinions, or that they will be realized. All information regarding the Authority and the 2018 Series A Bonds is contained in this Official Statement. While the Authority maintains an Internet website for various purposes, none of the information on this website is intended to assist investors in making any investment decision or to provide any continuing information (except in the case of the limited information provided in the section entitled "For Investors") with respect to the Bonds (including the 2018 Series A Bonds), the Borrowers, the Authority Projects, the Loans, or any other bonds or obligations of the Authority.

The Underwriters have reviewed the information in this Official Statement in accordance with, and as a part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of the information.

THE PRICES AT WHICH THE 2018 SERIES A BONDS ARE OFFERED TO THE PUBLIC BY THE UNDERWRITERS (AND THE YIELDS RESULTING THEREFROM) MAY VARY FROM THE INITIAL PUBLIC OFFERING PRICES APPEARING ON THE FRONT COVER PAGE HEREOF. IN ADDITION, THE UNDERWRITERS MAY ALLOW CONCESSIONS OR DISCOUNTS FROM SUCH INITIAL PUBLIC OFFERING PRICES TO DEALERS AND OTHERS. IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE 2018 SERIES A BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

The 2018 Series A Bonds have not been approved or disapproved by the Securities and Exchange Commission or any state securities commission nor has the Commission or any state securities commission passed upon the accuracy or adequacy of this Official Statement. Any representation to the contrary is a criminal offense.

This Official Statement contains statements relating to future results that are "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995. When used in this Official Statement, the words "estimate," "forecast," "intend," "expect," "project," "budget," "plan" and similar expressions identify forward-looking statements.

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE AUTHORITY DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN ITS EXPECTATIONS, OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR.

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**This Official Statement is comprised of the front cover page,
Parts I and II and the Appendices.
OFFICIAL STATEMENT**

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COLORADO HOUSING AND FINANCE AUTHORITY
Federally Taxable Multi-Family/Project Bonds

\$56,255,000
Class I Bonds
2018 Series A-1

\$35,000,000
Class I Adjustable Rate Bonds
2018 Series A-2

PART I

INTRODUCTION

This Official Statement, which includes the front cover page, this Part I, Part II and the Appendices hereto, provides certain information concerning the Colorado Housing and Finance Authority (the "**Authority**") and otherwise in connection with the offer and sale of the above-captioned Federally Taxable Multi-Family/Project Class I Bonds, 2018 Series A-1 (the "**2018 Series A-1 Bonds**") and Federally Taxable Multi-Family/Project Class I Adjustable Rate Bonds, 2018 Series A-2 (the "**2018 Series A-2 Bonds**") and, together with the 2018 Series A-1 Bonds, the "**2018 Series A Bonds**"). The 2018 Series A Bonds are being issued pursuant to the Master Indenture of Trust dated as of March 1, 2000, as amended (the "**Master Indenture**"), and the 2018 Series A Indenture dated as of March 1, 2018 (the "**2018 Series A Indenture**," and together with the Master Indenture, the "**Indenture**"), each between the Authority and Wells Fargo Bank, National Association, Denver, Colorado, as Trustee (the "**Trustee**"). Capitalized terms used herein and not defined have the meanings specified in the Indenture. See **Appendix C** – "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE."

This introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by the information contained in, the entire Official Statement, including the front cover page, this Part I, Part II hereof and the Appendices hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement. The offering of 2018 Series A Bonds to potential investors is made only by means of the entire Official Statement. This Official Statement does not constitute a contract between the Authority or the Underwriters, and any one or more owners of the 2018 Series A Bonds.

Colorado Housing and Finance Authority

The Authority is a body corporate and political subdivision of the State of Colorado (the "**State**") established by the Colorado General Assembly for the purposes, among others, of increasing the supply of decent, safe and sanitary housing for low and moderate income families and promoting economic growth and development in the State. In order to achieve its authorized purposes, the Authority currently operates numerous housing, rental and business finance programs. See "Part II – COLORADO HOUSING AND FINANCE AUTHORITY – Programs to Date." The Authority is governed by a Board of Directors and is authorized to issue its bonds, notes and other obligations in order to provide sufficient funds to achieve its purposes. *For financial information concerning the Authority, see "Part II – COLORADO HOUSING AND FINANCE AUTHORITY – Authority Financial Statements" and "– The General Fund," and the financial statements of the Authority attached as **Appendix A** hereto.*

Authority for Issuance

The 2018 Series A Bonds are authorized to be issued pursuant to the Colorado Housing and Finance Authority Act, being Part 7 of Article 4 of Title 29 of the Colorado Revised Statutes, as amended (the "**Act**") and the Supplemental Public Securities Act, being Part 2 of Article 57 of Title 11 of the Colorado Revised Statutes. The 2018 Series A Bonds are being issued and secured under the Indenture.

Purposes of the 2018 Series A Bonds

Proceeds of the 2018 Series A Bonds, together with other available funds, will be used to refund certain bonds of the Authority outstanding under the Master Indenture and to make deposits to certain funds and accounts in accordance with the 2018 Series A Indenture, including the payment of costs of issuance, as described in "Part I – PLAN OF FINANCE – Sources and Use of Funds" and "– The Refunding Plan." Certain loans previously allocated under the Master Indenture to the Refunded Bonds, as defined below, will be allocated to the 2018 Series A Bonds (collectively, the "**2018A Loans**") as described in "Part I – CERTAIN PROGRAM ASSUMPTIONS – Transfer of Loans as 2018A Loans." See also **Appendix G-1 – CERTAIN INFORMATION REGARDING 2018A LOANS AS OF JANUARY 31, 2018.**"

Description of the 2018 Series A Bonds

Interest Rates and Payments; Authorization Denominations

Interest on the 2018 Series A-1 Bonds is payable at the rates shown on the inside front cover hereof on October 1, 2018 and thereafter semiannually on April 1 and October 1 of each year, to be computed on the basis of a 360-day year of twelve 30-day months. See "Part I – TERMS OF THE 2018 SERIES A BONDS – General." The 2018 Series A-1 Bonds are to be issued in denominations of \$5,000 and any integral multiple thereof. Principal of the 2018 Series A-1 Bonds is payable in the amounts and on the dates shown on the inside front cover hereof, subject to prior redemption.

The 2018 Series A-2 Bonds initially will bear interest at a Weekly Rate. While in a Weekly Rate Mode, interest on the 2018 Series A-2 Bonds will be determined and adjusted weekly, payable semiannually on April 1 and October 1 of each year, commencing April 1, 2018, as described in "Part I – TERMS OF THE 2018 SERIES A BONDS – Determination of Interest Rates on 2018 Series A-2 Bonds," and will be computed on the basis of a 365-day year or a 366-day year, as applicable, for the number of days actually elapsed. The 2018 Series A-2 Bonds bearing interest at a Weekly Rate are to be issued in authorized denominations of \$100,000 or integral multiples of \$5,000 in excess of \$100,000. Principal of the 2018 Series A-2 Bonds is payable in the amount and on the date shown on the inside front cover hereof, subject to prior redemption or purchase. The Authority may change the interest rate Mode with respect to the 2018 Series A-2 Bonds from the Weekly Rate Mode to the Daily Rate, Term Rate or Fixed Rate Mode. **THIS OFFICIAL STATEMENT IS NOT INTENDED TO DESCRIBE 2018 SERIES A-2 BONDS THAT ARE NOT IN A WEEKLY RATE MODE.**

Redemption and Tender

Certain of the 2018 Series A Bonds are subject to special, optional and mandatory sinking fund redemption prior to maturity. The 2018 Series A-2 Bonds are also subject to optional and mandatory tender for purchase, as described under "Part I – TERMS OF THE 2018 SERIES A BONDS." See "Part II – CERTAIN BONDOWNERS' RISKS – Considerations Regarding Redemption."

For a more complete description of the 2018 Series A Bonds and the Indenture pursuant to which such 2018 Series A Bonds are being issued, see "Part I – TERMS OF THE 2018 SERIES A BONDS" and Appendix C – "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE."

Security and Sources of Payment

All Obligations under the Master Indenture (which may be Bonds or Derivative Products and may be outstanding as Class I, Class II, Class III or Class IV Obligations) will be secured by and payable from all of the Authority's rights and interests in and to the revenues, assets and moneys pledged under the Master Indenture, in particular the Revenues, the Loans and the moneys held in the Debt Service Reserve Fund, the Revenue Fund and the other funds and accounts under the Master Indenture (collectively, the "**Trust Estate**") with each class secured by a first, second, third and fourth priority lien, respectively. See "Part II – SECURITY FOR THE OBLIGATIONS" and **Appendix G-2** – "CERTAIN INFORMATION ABOUT THE MASTER INDENTURE LOAN PORTFOLIO, AUTHORITY PROJECTS AND FUND BALANCES." In accordance with the Indenture, Obligations may also be designated as General Obligations of the Authority. As of January 31, 2018, Bonds issued under the Master Indenture were outstanding in an aggregate principal amount of \$415,150,000[†], with \$244,830,000[†] outstanding as Class I Bonds and \$170,320,000[†] outstanding as Class II Bonds. Upon the redemption of the Refunded Bonds, Certain Outstanding Class I Bonds will remain designated as General Obligations of the Authority. There are no Class III or Class IV Obligations outstanding under the Master Indenture. See "Part II – COLORADO HOUSING AND FINANCE AUTHORITY – Obligations of the Authority – Summary of Certain Authority Obligations" and **Appendix B** – "OUTSTANDING MASTER INDENTURE OBLIGATIONS."

The 2018 Series A Bonds as described on the front cover page hereof are being issued as Class I Obligations pursuant to the Indenture and will only be secured by and payable from the Trust Estate as described herein. The Trust Estate is pledged under the Indenture to secure the Class I Obligations as a first priority lien, as described in "Part II – SECURITY FOR THE OBLIGATIONS – Pledge of Trust Estate." None of the 2018 Series A Bonds are being issued as Class II Obligations, Class III Obligations or Class IV Obligations, which are secured by a second, third, and fourth priority lien, respectively, on the Trust Estate. The 2018 Series A Bonds are not being designated as General Obligations of the Authority. As part of the Trust Estate, the 2018 Series A Bonds are secured by the Debt Service Reserve Fund established under the Master Indenture. The Debt Service Reserve Fund Requirement for the 2018 Series A Bonds will be satisfied as described in "Part I – PLAN OF FINANCE – Sources and Uses of Funds." See also "Part I – CERTAIN PROGRAM ASSUMPTIONS – Debt Service Reserve Fund" and "Part II – SECURITY FOR THE OBLIGATIONS." **In no event shall the 2018 Series A Bonds constitute an obligation or liability of the State or any political subdivision thereof. The Authority has no taxing power nor does it have the power to pledge the general credit or the taxing power of the State or any political subdivision thereof (other than the general credit of the Authority, which general credit is not being pledged for payment of the 2018 Series A Bonds).**

Upon delivery of the 2018 Series A Bonds, the Authority will enter into a Standby Bond Purchase Agreement to establish an initial liquidity facility for the 2018 Series A-2 Bonds (the "**Initial 2018A-2 Liquidity Facility**") with Federal Home Loan Bank of Topeka, as the initial standby bond purchaser (referred to herein as the "**2018A-2 Liquidity Facility Provider**"). See **Appendix K** – "CERTAIN TERMS OF THE INITIAL 2018A-2 LIQUIDITY FACILITY" and **Appendix L** – "2018A-2 LIQUIDITY FACILITY PROVIDER." The Authority may replace the Initial 2018A-2 Liquidity Facility with a new Liquidity Facility (an "**Alternate Liquidity Facility**") in accordance with the procedures set forth in the Indenture. See "Part II – SECURITY FOR THE OBLIGATIONS – Liquidity Facilities." UNDER CERTAIN CIRCUMSTANCES, THE OBLIGATION OF THE 2018A-2 LIQUIDITY FACILITY PROVIDER TO PURCHASE THE 2018 SERIES A-2 BONDS TENDERED BY THE OWNERS THEREOF OR SUBJECT TO MANDATORY PURCHASE MAY BE TERMINATED AND, IN SOME OF SUCH CIRCUMSTANCES, THE TERMINATION OF SUCH OBLIGATION WILL BE IMMEDIATE AND WITHOUT NOTICE TO SUCH OWNERS. IN SUCH EVENT OF IMMEDIATE

[†] Certain of such Bonds will be refunded by the 2018 Series A Bonds.

TERMINATION, SUFFICIENT FUNDS MAY NOT BE AVAILABLE TO PURCHASE SUCH 2018 SERIES A-2 BONDS TENDERED BY THE OWNERS OF SUCH 2018 SERIES A-2 BONDS OR SUBJECT TO MANDATORY PURCHASE. IN ADDITION, THE INITIAL 2018A-2 LIQUIDITY FACILITY DOES NOT PROVIDE SECURITY FOR THE PAYMENT OF PRINCIPAL OF OR INTEREST ON THE 2018 SERIES A-2 BONDS. **Neither the Authority nor the 2018A-2 Remarketing Agent is obligated to purchase 2018 Series A-2 Bonds so tendered or subject to mandatory purchase if remarketing proceeds or payments under the Initial 2018A-2 Liquidity Facility are insufficient to pay the purchase price of such 2018 Series A-2 Bonds.**

Continuing Disclosure Undertaking

In connection with the issuance of the 2018 Series A Bonds, the Authority will deliver a Continuing Disclosure Undertaking, in the form attached as **Appendix J** hereto, by which the Authority will agree to make available by filing with the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System ("EMMA"), in compliance with Rule 15c2-12 of the Securities Exchange Act of 1934 ("**Rule 15c2-12**"), certain annual financial information and audited financial statements, commencing with the fiscal year ending December 31, 2017, and notice of certain events.

The Authority discovered in 2013 that certain fiscal year 2012 annual financial information filings to be made by the Authority on behalf of a non-housing conduit borrower for bonds issued by the Authority were not made on a timely basis. Such filings have been made with EMMA and subsequent filings have been made by the Authority on a timely basis. Such filings for future years are expected to be timely filed with EMMA as required by the related continuing disclosure agreement.

Investment Considerations

The purchase and ownership of the 2018 Series A Bonds involve investment risks. Prospective purchasers of the 2018 Series A Bonds being offered by this Official Statement are urged to read this Official Statement in its entirety. For a discussion of certain such risks relating to the 2018 Series A Bonds, see "Part II – CERTAIN BONDOWNERS' RISKS."

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TERMS OF THE 2018 SERIES A BONDS

General

The 2018 Series A Bonds, to be dated the date of delivery thereof, will mature, subject to prior redemption as described in "Prior Redemption" under this caption, in the amount and on the dates as shown on the inside front cover page of this Official Statement. The principal or redemption price of the 2018 Series A Bonds is payable to Cede & Co. as long as it is the registered owner of each of the 2018 Series A Bonds. The 2018 Series A-1 Bonds are issuable in denominations of \$5,000 and any integral multiple thereof and the 2018 Series A-2 Bonds are issuable in denominations of \$100,000 or integral multiples of \$5,000 in excess of \$100,000. Interest on the 2018 Series A-1 Bonds will be computed on the basis of a 360-day year of twelve 30-day months and interest on the 2018 Series A-2 Bonds will be computed on the basis of a 365-day year or a 366-day year, as applicable, for the number of days actually elapsed.

Interest Rates and Payment of Interest on 2018 Series A-1 Bonds

The 2018 Series A-1 Bonds will bear interest at the rates per annum shown on the inside front cover of this Official Statement. Interest on the 2018 Series A-1 Bonds will be payable on each Interest Payment Date to Cede & Co. as long as it is the registered owner of each of the 2018 Series A-1 Bonds, commencing on October 1, 2018, and at maturity.

Determination of Interest Rates on 2018 Series A-2 Bonds

General. Any 2018 Series A-2 Bond may bear interest at a Daily Rate, a Weekly Rate, a Term Rate, or a Fixed Rate until its respective maturity or prior redemption. The Mode of the 2018 Series A-2 Bonds from the delivery date until further designation by the Authority will be the Weekly Mode. Thereafter, the Authority may change any of the 2018 Series A-2 Bonds from one Mode to another Mode as described in "Adjustment Between Modes" under this caption. The interest rate on the 2018 Series A-2 Bonds is to be determined by the 2018A-2 Remarketing Agent (initially, Barclays Capital Inc.) in accordance with the Indenture as described below. Interest on the 2018 Series A-2 Bonds will be payable on each Interest Payment Date to Cede & Co. as long as it is the registered owner of each of the 2018 Series A-2 Bonds, commencing on April 1, 2018, and at maturity.

*Conversion of the interest rate on the 2018 Series A-2 Bonds such that all of the 2018 Series A-2 Bonds covered by the Initial 2018A-2 Liquidity Facility bear interest a Fixed Rate would result in a termination of the Initial 2018A-2 Liquidity Facility. See **Appendix K** – "CERTAIN TERMS OF THE INITIAL 2018A-2 LIQUIDITY FACILITY."*

Weekly Rate. During any Interest Period in which any 2018 Series A-2 Bonds are in a Weekly Mode, the 2018A-2 Remarketing Agent is to determine the Weekly Rate by 4:00 p.m., Eastern time, on Tuesday of each week or, if such Tuesday is not a Business Day, the next succeeding day or, if such day is not a Business Day, then the Business Day next preceding such Tuesday. The Weekly Rate determined by the 2018A-2 Remarketing Agent is to be the minimum interest rate which, in the opinion of the 2018A-2 Remarketing Agent under then-existing market conditions, would result in the sale of such 2018 Series A-2 Bonds on such date at a price equal to the principal amount thereof plus accrued and unpaid interest, if any. If the 2018A-2 Remarketing Agent fails to establish a Weekly Rate for any week (or if the method for determining the Weekly Rate shall be held to be unenforceable by a court of law of competent jurisdiction), then such 2018 Series A-2 Bonds are to bear interest from the last date on which the Weekly Rate was determined by the 2018A-2 Remarketing Agent (or the last date on which interest was legally paid) until such time as the 2018A-2 Remarketing Agent determines the Weekly Rate (or until there is delivered an opinion of counsel to the effect that the method of determining such interest was enforceable) (i) if such 2018 Series

A-2 Bonds are secured by a Liquidity Facility and the Liquidity Facility Provider has not failed to honor its obligation to purchase such Bonds, at the One-Month LIBOR Rate plus 0.20% or (ii) if such 2018 Series A-2 Bonds are not secured by a Liquidity Facility or if the Liquidity Facility Provider has failed to honor its obligation to purchase such Bonds, the Prime Rate plus 1.00%. Such rates shall be as reported on the day such Weekly Rate would otherwise have been determined by the Remarketing Agent. **"One-Month LIBOR Rate"** means the rate for deposits in U.S. dollars with one-month maturity as published by Reuters (or such other service as may be nominated by Intercontinental Exchange, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and their assigns, for the purpose of displaying London interbank offered rates for U.S. dollar deposits) as of 11:00 a.m., London time, on the applicable Rate Determination Date. If the rate is no longer available as described in the preceding sentence, then "One-month LIBOR Rate" will be the rate in effect for the immediately preceding Rate Determination Date.

The 2018A-2 Remarketing Agent is to make the Weekly Rate available: (i) after 4:00 p.m., Eastern time, on the date of determination of such rate by telephone to any Owner, the Authority, the Trustee, the Paying Agent and the Liquidity Facility Provider; and (ii) by telecopy, telegraph, telex, facsimile transmission, e-mail transmission or other similar electronic means of communication, including a telephonic communication confirmed by writing or other transmission, to the Paying Agent, not later than 4:00 p.m., Eastern time, on the second Business Day after the date of such rate determination.

THIS OFFICIAL STATEMENT IS NOT INTENDED TO DESCRIBE 2018 SERIES A-2 BONDS THAT ARE NOT IN A WEEKLY RATE MODE.

Adjustment Between Modes

Any change to a different Mode requires delivery to the Trustee, the Paying Agent and the 2018A-2 Remarketing Agent of: (i) a notice from each Rating Agency confirming that the rating on the 2018 Series A-2 Bonds will not be reduced or withdrawn (other than a withdrawal of a short term rating upon a change to a Fixed Rate Mode) as a result of such change in Mode; and (ii) a Liquidity Facility (except if the change is to the Fixed Rate Mode or, in the case of a change to a Term Rate, the Authority elects not to have a Liquidity Facility with respect to such Bonds in a Term Rate Mode). The Authority may change a 2018 Series A-2 Bond (other than a 2018 Series A-2 Bond in the Fixed Rate Mode) from one Mode to another Mode by giving written notice no later than the 45th day (or such shorter time as may be agreed upon by the Authority, the Trustee, the Paying Agent and the Remarketing Agent) preceding the proposed date of Mode change to the Trustee, the Paying Agent, the Remarketing Agent and the Liquidity Facility Provider. Such notice is to include: (i) the new Mode; (ii) the length of the initial Interest Period if the change is to a Term Rate Mode; and (iii) whether or not the 2018 Series A-2 Bonds to be converted to a new Mode will be covered by the Liquidity Facility. The Trustee is to give notice to Owners of 2018 Series A-2 Bonds, with a copy to the Municipal Securities Rule Making Board ("**MSRB**"), by mail no less than 30 days prior to the proposed date of the Mode change stating that such Bonds are subject to mandatory purchase on such date. The 2018 Series A-2 Bonds are subject to mandatory purchase on any day on which a different Mode for such Bonds begins. See "Optional and Mandatory Tender for Purchase – Mandatory Purchase - Mandatory Purchase on Mode Change Date" under this caption. **So long as the 2018 Series A-2 Bonds are registered in the DTC book-entry system described in Appendix F hereto, such notices will be sent only to DTC's nominee.**

Optional and Mandatory Tender for Purchase

Optional Tender

Optional Tenders during the Weekly Mode. During any Interest Period for a Weekly Mode, any 2018 Series A-2 Bond (other than a Bank Bond) is to be purchased in an Authorized Denomination from its Owner at the option of the Owner on any Business Day at a purchase price equal to the principal amount thereof tendered for purchase plus accrued interest to the Purchase Date defined below (the "**Purchase Price**" for such 2018 Series A-2 Bonds in the Weekly Mode), payable by wire transfer in immediately available funds, upon delivery to the 2018A-2 Remarketing Agent of an irrevocable written notice or an irrevocable telephonic notice, promptly confirmed in writing to the Paying Agent, in the case of 2018 Series A-2 Bonds in the Weekly Mode, which notice states the CUSIP number, the Bond number, the principal amount of such 2018 Series A-2 Bond, the principal amount thereof to be purchased and the date on which the same is to be purchased (the "**Purchase Date**" for such 2018 Series A-2 Bonds in the Weekly Mode), which date is to be a Business Day specified by the Owner. In the case of 2018 Series A-2 Bonds tendered for purchase during the Weekly Mode, such notice is to be delivered by the Owner by no later than 4:00 p.m., New York City time on a Business Day not less than seven days before the Purchase Date specified by the Owner in such notice. For payment of such Purchase Price, such 2018 Series A-2 Bonds are to be delivered (with all necessary endorsements) at or before 10:00 a.m., New York City time, on the Purchase Date at the office of the Paying Agent in Denver, Colorado. Payment of the Purchase Price is to be made by wire transfer in immediately available funds by the Paying Agent by the close of business on the Purchase Date. An Owner who gives the notice described above may repurchase the 2018 Series A-2 Bonds so tendered, if the 2018A-2 Remarketing Agent agrees to sell the tendered Bonds to such Owner, in which case the delivery requirements set forth above will be waived. See "Payment of Tender Price Upon Purchase" under this caption for the sources of payment of such Purchase Price.

Mandatory Purchase

Mandatory Purchase on Mode Change Date. The 2018 Series A-2 Bonds to be changed from one Mode to another Mode (other than a change to the Fixed Rate Mode) will be subject to mandatory tender for purchase on each day on which a new Mode for the 2018 Series A-2 Bonds begins (the "**Mode Change Date**") at a purchase price equal to the Purchase Price. The Trustee is to give notice by first-class mail, or transmitted in such other matter (such as by electronic means) as may be customary for the industry as directed in writing by the Authority, to the Owners of the 2018 Series A-2 Bonds and to the MSRB no less than 30 days prior to the Mandatory Purchase Date. Such notice is to state the Mandatory Purchase Date, the Purchase Price, the numbers of the 2018 Series A-2 Bonds to be purchased if less than all of the 2018 Series A-2 Bonds owned by such Owners are to be purchased and that interest on the 2018 Series A-2 Bonds subject to mandatory purchase will cease to accrue from and after the Mandatory Purchase Date. The failure to transmit such notice with respect to any 2018 Series A-2 Bond shall not affect the validity of the mandatory purchase of any other 2018 Series A-2 Bond with respect to which such notice was transmitted. Any notice transmitted will be conclusively presumed to have been given, whether or not actually received by the Owner. The 2018 Series A-2 Bonds subject to mandatory purchase on the Mode Change Date are to be delivered (with all necessary endorsements) to the office of the Paying Agent in Denver, Colorado at or before 10:00 a.m., New York City time, on the Mode Change Date. Payment of the Purchase Price is to be made by wire transfer in immediately available funds by the close of business on the Mode Change Date. **So long as the 2018 Series A-2 Bonds are registered in the DTC book-entry system described in Appendix F hereto, such notices will be sent only to DTC's nominee and the MSRB.**

Mandatory Purchase upon Termination, Replacement or Expiration of Liquidity Facility. If at any time the Trustee receives notice from the Authority or the Liquidity Facility Provider that the 2018 Series A-2 Bonds having the benefit of such Liquidity Facility tendered for purchase shall, on the date specified

in such notice, cease to be subject to purchase pursuant to such Liquidity Facility as a result of (i) the termination, replacement or expiration of the term, as extended, of that Liquidity Facility, including but not limited to termination at the option of the Authority in accordance with the terms of such Liquidity Facility, or (ii) termination upon the occurrence and continuance of certain specified events under such Liquidity Facility (i.e., a Notice of Termination Date as defined in the Liquidity Facility), then such 2018 Series A-2 Bonds shall be purchased or deemed purchased at the Purchase Price.

Any purchase of the 2018 Series A-2 Bonds as described in the preceding paragraph shall occur: (1) on the fifth Business Day preceding any expiration or termination of a Liquidity Facility without replacement by an Alternate Liquidity Facility, or on the fifth Business Day preceding the effective date of any termination of a Liquidity Facility as set forth in a Notice of Termination Date delivered to the Trustee as described in clause (ii) of the preceding paragraph, and (2) on the proposed date of the replacement of a Liquidity Facility in any case where an Alternate Liquidity Facility is anticipated to be delivered to the Trustee pursuant to the Indenture.

The Trustee is to give notice of mandatory purchase as described in the next preceding paragraph by first-class mail, or transmitted in such other manner (such as by readily available electronic means) as may be customary for the industry as directed in writing by the Authority, to the Owners of the 2018 Series A-2 Bonds subject to mandatory purchase, with a copy to the MSRB, no less than 15 days prior to the Mandatory Purchase Date (or in connection with a Mandatory Purchase Date described in clause (ii) of the next preceding paragraph, not less than 3 days prior to the Mandatory Purchase Date). The notice shall state the Mandatory Purchase Date, the Purchase Price and that interest on the 2018 Series A-2 Bonds subject to mandatory purchase shall cease to accrue from and after the Mandatory Purchase Date. The failure to transmit such notice with respect to any 2018 Series A-2 Bond shall not affect the validity of the mandatory purchase of any other 2018 Series A-2 Bond with respect to which notice was so transmitted. Any notice transmitted as described will be conclusively presumed to have been given, whether or not actually received by any Owner. The 2018 Series A-2 Bonds purchased pursuant to the Indenture are to be delivered by the Owners (with all necessary endorsements) to the office of the Paying Agent in Denver, Colorado, at or before 10:00 a.m., New York City time, on the Mandatory Purchase Date, and payment of the Purchase Price of such the 2018 Series A-2 Bonds is to be made by wire transfer in immediately available funds by the Paying Agent by the close of business on such Mandatory Purchase Date.

Mandatory Purchase at the Direction of the Authority. When the Weekly Mode is in effect, and prior to any termination or expiration of the Liquidity Facility then in effect with respect to the 2018 Series A-2 Bonds, the 2018 Series A-2 Bonds are subject to mandatory tender for purchase on any Business Day designated by the Authority, with the consent of the 2018A-2 Remarketing Agent and the Liquidity Facility Provider, at the Purchase Price, payable in immediately available funds. The Trustee is to give notice of mandatory purchase pursuant to the Indenture by first-class mail, or transmitted in such other manner (such as by readily available electronic means) as may be customary for the industry as directed in writing by the Authority, to the Owners of the 2018 Series A-2 Bonds subject to mandatory purchase, with a copy to the MSRB, no less than 15 days prior to the Mandatory Purchase Date. The notice shall state the Mandatory Purchase Date, the Purchase Price and that interest on the 2018 Series A-2 Bonds subject to mandatory purchase shall cease to accrue from and after the Mandatory Purchase Date. The failure to transmit such notice with respect to any 2018 Series A-2 Bond shall not affect the validity of the mandatory purchase of any other 2018 Series A-2 Bond with respect to which notice was so transmitted. Any notice transmitted as described will be conclusively presumed to have been given, whether or not actually received by any Owner. The 2018 Series A-2 Bonds purchased pursuant to the Indenture are to be delivered by the Owners (with all necessary endorsements) to the office of the Paying Agent in Denver, Colorado, at or before 10:00 a.m., New York City time, on the Mandatory Purchase Date, and payment of the Purchase Price of such the 2018 Series A-2 Bonds is to be made by wire

transfer in immediately available funds by the Paying Agent by the close of business on such Mandatory Purchase Date.

Payment of Tender Price Upon Purchase

Any 2018 Series A-2 Bonds required to be purchased in accordance with the Indenture as described in "Optional Tender" and "Mandatory Purchase" under this caption are to be purchased from the Owners thereof on the Purchase Date at the Purchase Price. The Indenture creates a separate fund (the "**Purchase Fund**") to be maintained by the Paying Agent, with separate accounts designated as the Remarketing Proceeds Account and the Standby Purchase Account. Funds for the payment of the Purchase Price are to be made solely from the following sources in the order of priority indicated:

- (1) proceeds of the sale of remarketed 2018 Series A-2 Bonds (except proceeds of remarketed Bank Bonds to the extent applied to any amount owing to the 2018A-2 Liquidity Facility Provider) pursuant to the Indenture and the Remarketing Agreement and furnished to the Paying Agent by the 2018A-2 Remarketing Agent for deposit into the Remarketing Proceeds Account; and
- (2) money furnished by the 2018A-2 Liquidity Facility Provider to the Trustee for deposit with the Paying Agent from requests under the Initial 2018A-2 Liquidity Facility, if any, as described in **Appendix K – "CERTAIN TERMS OF THE INITIAL 2018A-2 LIQUIDITY FACILITY."**

Moneys held in the Standby Purchase Account and the Remarketing Proceeds Account will be held by the Trustee uninvested and separate and apart from all other funds and accounts. **So long as the 2018 Series A-2 Bonds are registered in the DTC book-entry system described in Appendix F, any notices will be sent only to DTC's nominee.**

The obligation of the 2018A-2 Liquidity Facility Provider to purchase the 2018 Series A-2 Bonds tendered for purchase under the Initial 2018A-2 Liquidity Facility may be terminated immediately without notice to the owners of such 2018 Series A-2 Bonds if the long-term ratings by S&P and Moody's of such 2018 Series A-2 Bonds shall have been withdrawn, suspended, or reduced below "BBB-" by S&P and "Baa3" by Moody's. See Appendix K – "CERTAIN TERMS OF THE INITIAL 2018A-2 LIQUIDITY FACILITY – Events of Default Under the Initial 2018A-2 Liquidity Facility." NEITHER THE AUTHORITY NOR THE 2018A-2 REMARKETING AGENT IS OBLIGATED TO PURCHASE 2018 SERIES A-2 BONDS TENDERED BY THE OWNERS OF SUCH 2018 SERIES A-2 BONDS OR SUBJECT TO MANDATORY PURCHASE IF REMARKETING PROCEEDS AND PAYMENTS UNDER THE INITIAL 2018A-2 LIQUIDITY FACILITY ARE INSUFFICIENT TO PAY THE PURCHASE PRICE OF SUCH 2018 SERIES A-2 BONDS.

Book-Entry System

The Depository Trust Company, New York, New York ("**DTC**") will act as securities depository for the 2018 Series A Bonds. The ownership of one fully registered Bond for each maturity as set forth on the inside front cover page of this Official Statement, each in the aggregate principal amount of such maturity, will be registered in the name of Cede & Co., as nominee for DTC. Information concerning the book-entry system provided by DTC is set forth in **Appendix F – "BOOK-ENTRY SYSTEM."** **So long as the 2018 Series A Bonds are registered in the DTC book-entry form described in Appendix F hereto, each Beneficial Owner of a 2018 Series A Bond should make arrangements with a Participant in DTC to receive notices or communications with respect to matters concerning the 2018 Series A Bonds.**

Defeasance and Discharge

The Indenture provides the Authority with the right to discharge the pledge and lien created by the Indenture with respect to any 2018 Series A Bonds by depositing with the Trustee or the Paying Agent sufficient moneys or Defeasance Securities to pay when due the principal or Redemption Price of, if applicable, and interest due or to become due on such 2018 Series A Bonds at the maturity or redemption thereof. See **Appendix C** – "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Discharge of Indenture; Defeasance of Bonds."

Prior Redemption

Prepayments, Excess Revenues and Debt Service Reserve Fund Reductions. Except as described in the following sentence and subject to the limitations described in the following paragraph, the 2018 Series A Bonds are subject to special redemption prior to maturity, in whole or in part at any time upon notice as provided in the Master Indenture, at a Redemption Price equal to 100% of the Aggregate Principal Amount of the 2018 Series A Bonds or portions thereof to be so redeemed, together with accrued interest to the date of redemption, from and to the extent there are moneys and/or Investment Securities in the 2018 Series A subaccount of the Class I Special Redemption Account and/or in the 2018 Series A subaccount of the Revenue Fund and available to be transferred to the 2018 Series A subaccount of the Class I Special Redemption Account on or before the day that notice of redemption is given pursuant to the Indenture. Bank Bonds shall be redeemed before any other 2018 Series A Bonds are redeemed. If, after giving effect to the preceding sentence, less than all of the 2018 Series A Bonds are to be redeemed in accordance with this paragraph, such 2018 Series A Bonds shall be redeemed on a pro rata by tenor and maturity basis, or on any other basis determined by the Authority consistent with the most recently filed Cash Flow Statement. Amounts on deposit in the Revenue Fund, including Loan Repayments and Prepayments and amounts in excess of the applicable Debt Service Reserve Fund Requirement transferred to the Revenue Fund from the applicable account of the Debt Service Reserve Fund, are to be transferred to the applicable Special Redemption Account of the Redemption Fund at the election of the Authority and as otherwise required in accordance with the provisions of the Master Indenture described in **Appendix C** – "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Revenue Fund."

It is anticipated that moneys will be available to redeem a substantial portion of the 2018 Series A Bonds without premium in accordance with the provisions described in the preceding paragraph. Such moneys may be directed to the respective Special Redemption Account of the Redemption Fund and available for this redemption as a result of excess revenues resulting from 2018A Loan payments and prepayments, and other sources.

Cross-Calls and Recycling. Pursuant to the Master Indenture, the Authority may, by delivery of an Authority Request to the Trustee, instruct the Trustee to transfer moneys on deposit in any Series subaccount of a Class Account of the Redemption Fund to any other Series subaccount of the same Class Account to be applied to the redemption of the same Class of Bonds of a different Series. Any such Authority Request is to (i) certify that it is consistent with the most recently filed Related Cash Flow Statement and not prohibited by the Related Series Indenture, and (ii) be accompanied by evidence of satisfaction of all Asset Requirements for the 2018 Series A Bonds. The 2018 Series A Indenture does not prohibit cross calls, but does restrict the use of certain Loan Repayments and Prepayments as discussed in "Prepayments, Excess Revenues and Debt Service Reserve Fund Reductions" under this caption. In addition, the Master Indenture permits the Authority, by delivery of an Authority Request to the Trustee at any time prior to the giving of notice of redemption, to instruct the Trustee to transfer moneys on deposit in a subaccount of an Account in the Revenue Fund to a Related subaccount of the Loan Recycling Account to be used to finance or refinance Loans as permitted by the Master Indenture. See **Appendix C** – "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Revenue Fund." *The Authority may transfer Prepayments or Loan Repayments to the Loan Recycling Account of*

the Program Fund to finance Loans or transfer such Prepayments or Loan Repayments to the Special Redemption Accounts of the Redemption Fund at any time in accordance with the Master Indenture. See "Part II – CERTAIN BONDOWNERS' RISKS – Considerations Regarding Redemption."

Optional Redemption

General. The 2018 Series A Bonds shall be subject to redemption prior to maturity at the option of the Authority from any source, including without limitation the proceeds of refunding bonds or other financing provided by the Authority or from the sale or other voluntary disposition of Mortgage Loans, as further described under this caption.

2018 Series A-1 Bonds. The 2018A-1 Bonds maturing on and after October 1, 2027 are subject to redemption from any source, in whole or in part, in Authorized Denominations on any date on or after April 1, 2027, at a Redemption Price equal to the principal amount thereof plus accrued interest, if any, to the date of redemption.

2018 Series A-2 Bonds. The 2018 Series A-2 Bonds in the Weekly Mode are subject to redemption, in whole or in part, in Authorized Denominations on any date at a Redemption Price equal to the principal amount thereof plus accrued interest, if any, to the date of redemption.

Mandatory Sinking Fund Redemption

The 2018 Series A-1 Bonds maturing on October 1, 2032 shall be redeemed prior to their maturity, in part, by payment of 2018 Series A Class I Sinking Fund Installments, upon notice as provided in the Indenture and described in "Notice of Redemption" under this caption, on each of the dates set forth below and in the respective principal amounts set forth opposite each such date, in each case at a Redemption Price of 100% of the principal amount of such 2018 Series A-1 Bonds or portions thereof to be so redeemed, plus accrued interest to the redemption date as follows:

<u>Date</u> <u>(April 1)</u>	Class I <u>Sinking Fund</u> <u>Installments</u>	<u>Date</u> <u>(October 1)</u>	Class I <u>Sinking Fund</u> <u>Installments</u>
2030	\$1,505,000	2030	\$1,530,000
2031	1,560,000	2031	1,600,000
2032	1,625,000	2032 ⁽¹⁾	800,000

⁽¹⁾ Final maturity

The 2018 Series A-2 Bonds shall be redeemed prior to their maturity, in part, by payment of 2018 Series A Class I Sinking Fund Installments, upon notice as provided in the Indenture and described in "Notice of Redemption" under this caption, on each of the dates set forth below and in the respective principal amounts set forth opposite each such date, in each case at a Redemption Price of 100% of the principal amount of such 2018 Series A-2 Bonds or portions thereof to be so redeemed, plus accrued interest to the redemption date as follows:

<u>Date</u> <u>(April 1)</u>	<u>Class I</u> <u>Sinking Fund</u> <u>Installments</u>	<u>Date</u> <u>(October 1)</u>	<u>Class I</u> <u>Sinking Fund</u> <u>Installments</u>
2032	--	2032	\$865,000
2033	\$ 1,715,000	2033	1,760,000
2034	1,785,000	2034	1,780,000
2035	1,800,000	2035	1,670,000
2036	1,595,000	2036	1,590,000
2037	1,265,000	2037	1,035,000
2038	1,065,000	2038	1,100,000
2039	1,110,000	2039	1,000,000
2040 ⁽¹⁾	13,865,000	2040	--

⁽¹⁾ Final maturity

Upon any purchase pursuant to the Indenture or redemption (other than mandatory sinking fund redemption) of the 2018 Series A Bonds for which 2018 Series A Class I Sinking Fund Installments have been established, there shall be credited toward each 2018 Series A Class I Sinking Fund Installment thereafter to become due an amount bearing the same ratio to such 2018 Series A Class I Sinking Fund Installment as (i) the total principal amount of such 2018 Series A Bonds so purchased or redeemed bears to (ii) the total amount of all such Class I Sinking Fund Installments to be credited. If, however, there shall be filed with the Trustee an Authority Request specifying a different method for crediting 2018 Series A Class I Sinking Fund Installments upon any such purchase or redemption of 2018 Series A Bonds and certifying that such request is consistent with the most recently filed Cash Flow Statement Related to the 2018 Series A Bonds, then such 2018 Series A Class I Sinking Fund Installments shall be so credited as shall be provided in such Authority Request.

Mandatory Redemption of Bank Bonds

Bank Bonds are required to be redeemed in accordance with the terms of the Initial 2018A-2 Liquidity Facility and, pursuant to the Indenture, shall be redeemed prior to any other 2018 Series A-2 Bonds.

Selection of 2018 Series A Bonds for Partial Redemption

Other than with respect to redemptions from 2018 Series A Class I Sinking Fund Installments and redemptions of Bank Bonds, if less than all of the 2018 Series A Bonds are to be redeemed, the particular 2018 Series A Bonds or the respective portions thereof to be redeemed shall be selected randomly by lot by the Bond Registrar in such manner as the Bond Registrar in its discretion deems fair and appropriate.

Notice of Redemption

When any of the 2018 Series A Bonds are to be redeemed, the Bond Registrar is to cause notice of such redemption to be mailed by first class mail, or transmitted in such other manner (such as by readily available electronic means) as may be customary for the industry as directed in writing by the Authority, not more than 30 days nor less than 15 days prior to the redemption date with respect to the 2018 Series A-2 Bonds in the Weekly Mode and not more than 60 days nor less than 25 days prior to the redemption date with respect to the 2018 Series A-1 Bonds, to the registered Owner of each 2018 Series A Bond to be redeemed at such Owner's address as it appears in the registration records of the Bond Registrar or at such other address as is furnished in writing by such Owner to the Bond Registrar. However, failure to give any such notice to any Owner, or any defect therein, shall not affect the validity

of the redemption proceedings for any 2018 Series A Bond with respect to which no such failure or defect has occurred. **So long as the 2018 Series A Bonds are registered in the DTC book-entry system described in Appendix F hereto, such notices will be sent only to DTC's nominee.**

Purchase in Lieu of Redemption

If Bonds of any particular Series, Class and maturity are called for redemption, upon Authority Request the Bonds so called shall be purchased in lieu of such redemption by the Trustee or Paying Agent for the account of the Authority on the date upon which such Bonds were to have been redeemed, at a purchase price not to exceed the applicable Redemption Price thereof, plus accrued interest, if any, thereon to, but not including, such date, or at any higher purchase price consistent with the most recent Cash Flow Statement. At the election of the Authority, but not otherwise, such Bonds shall be canceled by the Trustee upon such purchase in lieu of redemption. The Authority shall deliver any such Authority Request not later than the Business Day preceding the date upon which such Bonds were to have been redeemed, which Authority Request shall state the aggregate principal amount of each Series, Class and maturity of Bonds for which an election to purchase in lieu of redemption pursuant to this Master Indenture is being made, and the source of payment for such purchase in lieu of redemption. Any such purchase in lieu of redemption may be made from any moneys designated by the Authority, and, upon receipt thereof if such moneys are not already held in the Trust Estate, the Trustee shall use such moneys for such purpose. The Authority is expressly authorized to tender, and to direct the Trustee and the Paying Agent to purchase from the Authority, any Bonds for cancellation in lieu of redemption. Neither the Trustee nor the Paying Agent shall be required to advance any of their own money to make any such purchase or purchases.

Unless the Authority shall designate a different source, the Trustee shall apply, or cause the Paying Agent to apply, available moneys in the Redemption Fund in lieu of redemption to pay the purchase price (exclusive of accrued interest) of Bonds purchased in lieu of redemption pursuant to the Master Indenture. Unless the Authority shall designate a different source, the Trustee shall apply, or cause the Paying Agent to apply, available moneys from the Revenue Fund in accordance with the Master Indenture, from the Class I Debt Service Fund in accordance with the Master Indenture, from the Class II Debt Service Fund in accordance with the Master Indenture, from the Class III Debt Service Fund in accordance with the Master Indenture, or from the Class IV Debt Service Fund in accordance with the Master Indenture to pay accrued interest on such Bonds purchased pursuant to the Master Indenture.

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PLAN OF FINANCE

Sources and Uses of Funds

The following are the estimated sources and uses of funds relating to the 2018 Series A Bonds.

	<u>Estimated Amounts</u>
SOURCES OF FUNDS:	
Proceeds of 2018 Series A Bonds.....	\$ 91,255,000.00
Investments and cash on deposit in Refunded Bonds subaccounts of the Debt Service Reserve Fund.....	10,519,000.00
Other available funds.....	<u>910,000.00</u>
TOTAL SOURCES OF FUNDS	<u>\$102,684,000.00</u>
USES OF FUNDS:	
For Refunding ⁽¹⁾	\$ 91,255,000.00
For Deposit to 2018A subaccount of the Debt Service Reserve Fund ⁽²⁾	10,519,000.00
For Deposit to 2018A subaccount of the Revenue Fund	10,000.00
For Deposit to 2018A Costs of Issuance Account ⁽³⁾	<u>900,000.00</u>
TOTAL USES OF FUNDS.....	<u>\$102,684,000.00</u>

⁽¹⁾ See "The Refunding Plan" under this caption.

⁽²⁾ See "Part I – CERTAIN PROGRAM ASSUMPTIONS – Debt Service Reserve Fund" and "Part II – SECURITY FOR THE OBLIGATIONS – Debt Service Reserve Fund." Certain available funds and/or investments of the Authority will be transferred and deposited to the 2018A subaccount of the Debt Service Reserve Fund at the time of delivery of the 2018 Series A Bonds and invested in certain permitted Investment Securities, as described in "Part I – CERTAIN PROGRAM ASSUMPTIONS – Investments." Under the Indenture, the Authority may at any time replace such cash with a Qualified Surety Bond to satisfy the Debt Service Reserve Fund Requirement.

⁽³⁾ Available funds of the Authority will be deposited to the Costs of Issuance Account in the Program Fund and used to pay costs of issuance and Underwriter's compensation relating to the 2018 Series A Bonds. For information concerning the Underwriter's compensation, see "Part I – UNDERWRITING."

The Refunding Plan

Proceeds of the 2018 Series A Bonds will be used to refund the following Bonds of the Authority issued under the Master Indenture in the following amounts (collectively, the “**Refunded Bonds**”):

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<u>Series of Bonds</u>	<u>Aggregate Principal Amount</u>
Taxable Multi-Family/Project Adjustable Rate Class I Bonds, 2003 Series A-1	\$25,240,000
Taxable Multi-Family/Project Adjustable Rate Class II Bonds, 2003 Series A-2	985,000
Taxable Multi-Family/Project Adjustable Rate Class I Bonds, 2004 Series A-1	11,230,000
Taxable Multi-Family/Project Adjustable Rate Class I Bonds, 2005 Series A-1	17,215,000
Taxable Multi-Family/Project Adjustable Rate Class I Bonds, 2005 Series B-1	8,470,000
Taxable Multi-Family/Project Adjustable Rate Class I Bonds, 2006 Series A-1	18,490,000
Taxable Multi-Family/Project Adjustable Rate Class I Bonds, 2008 Series C-1	9,625,000

Upon the issuance of the 2018 Series A Bonds and the redemption of the Refunded Bonds, certain insured rental loans pledged under the Master Indenture will be transferred to the 2018 Series A Subaccount of the Acquisition Account and reallocated as the 2018A Loans. See "Part I – CERTAIN PROGRAM ASSUMPTIONS – Transfer of Loans as 2018A Loans" and **Appendix G-1** hereto.

2018A-2 Derivative Product

The Authority has entered into an interest rate swap agreement (the “**2018A-2 Derivative Product**”) with The Bank of New York Mellon (the “**2018A-2 Reciprocal Payor**”) with respect to a portion of the 2018 Series A-2 Bonds. The purpose of the 2018A-2 Derivative Product is to place the aggregate net obligation of the Authority with respect to the 2018 Series A-2 Bonds to which the 2018A-2 Derivative Product applies on an approximately fixed-rate basis beginning on April 1, 2018. Payments made to the 2018A-2 Reciprocal Payor by the Authority under the interest rate swap agreement would be made semiannually (April 1 and October 1) on the basis of a notional principal amount (\$35,000,000) and the relationship between an agreed-upon fixed rate (3.145%) and a variable interest rate (One-Month LIBOR Rate) which is expected to equal or approximate the interest rate on the portion of 2018 Series A-2 Bonds to which the 2018A-2 Derivative Product applies. The Authority’s obligation to make regular interest payments to the 2018A-2 Reciprocal Payor is a Class I Obligation under the Master Indenture, secured on parity with the lien on the Trust Estate of the other Class I Obligations. Payments made to the Authority by the 2018A-2 Reciprocal Payor are pledged as Revenues under the Master Indenture. The Authority's obligation to make termination payments under the 2018A-2 Derivative Product, in the event of early termination, is a general obligation of the Authority and not an Obligation under the Master Indenture. Unless earlier terminated (in which case a termination fee may be payable by the Authority to the 2018A-2 Reciprocal Payor, or by the 2018A-2 Reciprocal Payor to the Authority), the 2018A-2 Derivative Product will expire on April 1, 2040.

CERTAIN PROGRAM ASSUMPTIONS

Transfer of Loans as 2018A Loans

Generally

Proceeds of the 2018 Series A Bonds are expected to be used to redeem and pay the Refunded Bonds. In connection with such refunding, certain insured multifamily loans previously made or refinanced by the Authority with proceeds of the Refunded Bonds will be transferred to the 2018 Series A Subaccount of the Acquisition Account and reallocated as 2018A Loans. See "Part I – PLAN OF FINANCE – The Refunding Plan" and **Appendix G-1** hereto.

Interest Rates

The existing loans to be transferred and reallocated as 2018A Loans upon redemption and payment of the Refunded Bonds currently bear or will bear interest at the rates shown in **Appendix G-1** – "CERTAIN INFORMATION REGARDING 2018A LOANS AS OF JANUARY 31, 2018."

Debt Service Reserve Fund

The Debt Service Reserve Fund Requirement for the 2018 Series A Bonds will be, as of any date of calculation, an amount equal to (a) the sum of (i) two-thirds of the maximum principal and interest payment due for any period of twelve consecutive calendar months on Loans Related to the 2018 Series A Bonds that are insured or guaranteed by the United States of America and any agency or instrumentality thereof and (ii) the maximum principal and interest payment due for any period of twelve consecutive calendar months on Loans Related to the 2018 Series A Bonds that are not insured or guaranteed by the United States of America and any agency or instrumentality thereof, less (b) the aggregate amount in the subaccounts of the Debt Service Reserve Fund for all other Series of Bonds in excess of the aggregate Debt Service Reserve Fund Requirements for all such other Series of Bonds, but only to the extent such excess has not been taken into account in the calculation of the debt service reserve fund requirement for any other Series of Bonds. Certain Investment Securities and/or cash currently on deposit in the subaccounts of the Debt Service Reserve Fund related to the Refunded Bonds will be transferred and deposited to the 2018 Series A subaccount of the Debt Service Reserve Fund to fund the Debt Service Reserve Fund Requirement for the 2018 Series A Bonds. See "Part I – PLAN OF FINANCE – Sources and Uses of Funds." See also "Part II – SECURITY FOR THE OBLIGATIONS – Debt Service Reserve Fund."

Investments

Amounts in the 2018 Series A subaccounts of the Debt Service Fund, the Debt Service Reserve Fund, the Revenue Fund and prepayments deposited in the Loan Recycling Account will be invested by the Trustee at the direction of the Authority in certain permitted Investment Securities (the "**2018A Investments**") pursuant to the terms of the Master Indenture. See **Appendix C** – "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Definitions – Investment Securities" for a description of the permitted Investment Securities in which such amounts may be invested.

In connection with the prior issuance of certain Multi-Family/Project Bonds outstanding under the Master Indenture, the Authority has invested certain amounts in Series subaccounts of Funds related to such Obligations in investment agreements with the investment providers and at the rates set forth in the table below. As of January 31, 2018, the total amounts in Funds held under the Master Indenture invested with respective investment providers were as follows: \$264,172 with GE Funding Capital

Market Services, Inc.; \$11,957,081 with CDC Funding Corp.; and \$14,805,918 with Natixis Funding Corp.

**Outstanding Investment Agreements
(as of January 31, 2018)**

<u>Series</u>	<u>Funds Invested (in related Series subaccounts)</u>	<u>Investment Provider</u> ⁽¹⁾	<u>Amounts Invested</u>	<u>Rate</u>	<u>Termination Date</u>
2000A	Revenue Fund	GE Funding Capital Market Services, Inc. ⁽²⁾	\$264,172	6.00%	10/1/2032
2002C	Revenue Fund	CDC Funding Corp.	10,965,504	4.26%	10/1/2042
2002C	Debt Service Reserve Fund	CDC Funding Corp.	991,577	4.89%	10/1/2042
2007B	Revenue Fund	Natixis Funding Corp.	4,227,685	4.46%/	10/1/2038
				one month LIBOR minus 10 bps	
2007B	Loan Recycling ⁽³⁾	Natixis Funding Corp.	241,303	4.46%/	10/1/2038
				one month LIBOR minus 10 bps	
2007B	Debt Service Reserve Fund ⁽³⁾	Natixis Funding Corp.	2,564,523	5.27%	10/1/2038
2008A	Revenue Fund	Natixis Funding Corp.	1,691,057	3.61%/	4/1/2043
				one month LIBOR minus 10 bps	
2008A	Debt Service Reserve Fund	Natixis Funding Corp.	1,556,823	4.33%	4/1/2043
2008B	Revenue Fund	Natixis Funding Corp.	4,524,527	4.71%	5/1/2052

- (1) Neither the Authority nor the Underwriters make any representation about the financial condition or creditworthiness of the investment providers listed in this chart. Prospective investors are urged to make their own investigation into the financial condition and creditworthiness of the Investment Providers. See "Part II – SECURITY FOR THE OBLIGATIONS."
- (2) GE Funding Capital Market Services, Inc. was originally known as FGIC Capital Market Services, Inc. The name of FGIC Capital Market Services, Inc. was changed to GE Funding Capital Market Services, Inc. after General Electric Corporation sold its interests in Financial Guaranty Insurance Company to outside investors in 2003. The obligations of GE Funding Capital Market Services, Inc. under the applicable investment agreements are unconditionally guaranteed by General Electric Capital Corporation.
- (3) 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%.

In accordance with the terms of the Master Indenture, the Authority has also from time to time instructed the Trustee to invest certain moneys held by the Trustee in Funds and Accounts relating to prior Obligations in permitted Investment Securities. Information about such investments is available in filings with EMMA that the Authority makes quarterly and annually in connection with certain outstanding Bonds under the Master Indenture.

The assumptions made by the Authority as to projected cash flows include the assumption that the investment rates provided by the 2018A Investments and by the investment agreements on the preceding table will be available as described. However, in the event that the 2018A Investments or any investment agreement shown on the preceding table is terminated as a result of default by the respective investment provider or for any other reason, it may not be possible to reinvest such proceeds and deposits at these assumed rates and the cash flows may be adversely affected. *Neither the Authority nor the Underwriters make any representation about the financial condition or creditworthiness of any of the investment providers shown on the preceding table. Prospective investors are urged to make their own investigation into the financial condition and creditworthiness of the investment providers shown in the preceding table.*

TAX MATTERS

IN THE OPINION OF BOND COUNSEL, THE INTEREST ON THE 2018 SERIES A BONDS IS INCLUDED IN GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES PURSUANT TO THE TAX CODE. IN THE OPINION OF BOND COUNSEL, THE 2018 SERIES A BONDS, THEIR TRANSFER AND THE INCOME THEREFROM IS FREE FROM TAXATION BY THE STATE OF COLORADO UNDER COLORADO LAW IN EFFECT AS OF THE DATE OF DELIVERY OF THE 2018 SERIES A BONDS.

Bond Counsel will express no other opinion as to any tax consequences regarding the 2018 Series A Bonds. Owners of the 2018 Series A Bonds should consult with their own tax advisors as the tax consequences pertaining to the 2018 Series A Bonds, such as the consequences of a sale, transfer, redemption or other disposition of the 2018 Series A Bonds prior to stated maturity, and as to other applications of federal, state, local or foreign tax laws.

The opinions expressed by Bond Counsel are based on existing law as of the delivery date of the 2018 Series A Bonds. No opinion is expressed as of any subsequent date nor is any opinion expressed with respect to pending or proposed legislation. Amendments to the federal and state tax laws may be pending now or could be proposed in the future which, if enacted into law, could adversely affect the value of the 2018 Series A Bonds and the exclusion of the 2018 Series A Bonds from certain Colorado taxation as described above, or any combination thereof from the date of issuance of the 2018 Series A Bonds or any other date, or which could result in other adverse tax consequences. In addition, future court actions or regulatory decisions could affect the market value of the 2018 Series A Bonds. Bond Owners are advised to consult with their own advisors with respect to such matters.

UNDERWRITING

The 2018 Series A-1 Bonds are to be purchased from the Authority by the underwriters listed on the front cover page of this Official Statement (the "**Underwriters**"). See "Part I – CERTAIN RELATIONSHIPS OF PARTIES." The Underwriters have agreed, subject to certain conditions, to purchase all but not less than all of the 2018 Series A-1 Bonds at a price equal to \$56,255,000 (being the par amount of the 2018 Series A-1 Bonds). The Underwriters are to be paid a fee of \$369,799.34 with respect to the offering of the 2018 Series A-1 Bonds.

The 2018 Series A-2 Bonds are to be purchased from the Authority by Barclays Capital Inc. ("**Barclays**"). See "Part I – CERTAIN RELATIONSHIPS OF PARTIES." Barclays has agreed, subject to certain conditions, to purchase all but not less than all of the 2018 Series A-2 Bonds at a price equal to \$35,000,000 (being the par amount of the 2018 Series A-2 Bonds). Barclays is to be paid a fee of \$105,669.04 with respect to the offering of the 2018 Series A-2 Bonds. The initial public offering prices of the 2018 Series A-1 Bonds and the 2018 Series A-2 Bonds purchased by the Underwriters and Barclays, respectively, may be changed from time to time by the Underwriters and Barclays, respectively.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Under certain circumstances, the Underwriters and their affiliates may have certain creditor and/or other rights against the Authority and its affiliates in connection with such activities. In the course of their various business activities, the Underwriters and their respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or

instruments of the Authority (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the Authority. The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to the clients that they should acquire, long and/or short positions in such assets, securities and instruments.

George K. Baum & Company, one of the Underwriters of the 2018 Series A-1 Bonds, and Pershing LLC ("**Pershing**"), a subsidiary of The Bank of New York Mellon Corporation, have a distribution agreement enabling Pershing to obtain and distribute certain municipal securities underwritten by or allocated to George K. Baum & Company. Under the distribution agreement, George K. Baum & Company will allocate a portion of received takedowns, fees or commissions to Pershing for 2018 Series A-1 Bonds sold under the agreement.

Wells Fargo Bank, National Association, acting through its Municipal Products Group ("**WFBNA**"), one of the Underwriters of the 2018 Series A-1 Bonds, has entered into an agreement (the "**WFA Distribution Agreement**") with its affiliate, Wells Fargo Clearing Services, LLC (which uses the trade name "**Wells Fargo Advisors**") ("**WFA**"), for the distribution of certain municipal securities offerings, including the 2018 Series A-1 Bonds. Pursuant to the WFA Distribution Agreement, WFBNA will share a portion of its underwriting compensation with respect to the Bonds with WFA. WFBNA has also entered into an agreement (the "**WFSLLC Distribution Agreement**") with its affiliate Wells Fargo Securities, LLC ("**WFSLLC**"), for the distribution of municipal securities offerings, including the 2018 Series A-1 Bonds. Pursuant to the WFSLLC Distribution Agreement, WFBNA pays a portion of WFSLLC's expenses based on its municipal securities transactions. WFBNA, WFSLLC, and WFA are each wholly-owned subsidiaries of Wells Fargo & Company.

Wells Fargo Securities is the trade name for certain securities-related capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wells Fargo Bank, National Association, which conducts its municipal securities sales, trading and underwriting operations through the Wells Fargo Bank, NA Municipal Products Group, a separately identifiable department of Wells Fargo Bank, National Association, registered with the Securities and Exchange Commission as a municipal securities dealer pursuant to Section 15B(a) of the Securities Exchange Act of 1934.

REMARKETING AGENTS

The 2018A-2 Remarketing Agent

Barclays Capital Inc. has initially been appointed to serve as Remarketing Agent for the 2018 Series A-2 Bonds (the "**2018A-2 Remarketing Agent**") pursuant to the Indenture and a Remarketing Agreement dated as of March 1, 2018, as amended, between the Authority and the 2018A-2 Remarketing Agent (the "**Remarketing Agreement**"). See "Part I – CERTAIN RELATIONSHIPS OF PARTIES." If 2018 Series A-2 Bonds are tendered or deemed tendered for purchase as described herein under the caption "Part I – TERMS OF THE 2018 SERIES A BONDS – Optional and Mandatory Tender for Purchase," the 2018A-2 Remarketing Agent is required to use its best efforts to remarket such 2018 Series A-2 Bonds in accordance with the terms of the Indenture and the Remarketing Agreement. The 2018A-2 Remarketing Agent will also be responsible for determining the rates of interest for the 2018 Series A-2 Bonds in accordance with the Indenture. The 2018A-2 Remarketing Agent is to transfer any proceeds of remarketing of the 2018 Series A-2 Bonds it receives to the Paying Agent for deposit to the Remarketing Proceeds Subaccount of the Purchase Fund in accordance with the 2018 Series A Indenture.

The 2018A-2 Remarketing Agent may at any time resign and be discharged of its duties and obligations under the Remarketing Agreement upon providing the Authority, the Trustee, the Paying Agent and the 2018A-2 Liquidity Facility Provider with thirty (30) days' prior written notice, except that such resignation shall not take effect until the appointment of a successor remarketing agent; provided that, if a successor remarketing agent has not been appointed by the end of such 30-day notice period, such resignation shall take effect upon the earlier of (i) the appointment of a successor remarketing agent and (ii) 60 additional days have passed. The 2018A-2 Remarketing Agent may be removed at any time, at the direction of the Authority, except that the Authority shall not remove the 2018A-2 Remarketing Agent until the appointment of a successor remarketing agent under the 2018 Series A Indenture, which successor remarketing agent shall be required to purchase any 2018 Series A-2 Bonds that the 2018A-2 Remarketing Agent has in inventory at the time of such replacement. The 2018A-2 Remarketing Agent shall pay over, deliver and assign any monies and 2018 Series A-2 Bonds held by it in such capacity to its successor. The appointment of any successor remarketing agent shall be subject to the prior written consent of the 2018A-2 Liquidity Facility Provider. Upon the resignation or removal of the 2018A-2 Remarketing Agent, the Authority is to promptly cause the Paying Agent to give notice thereof by mail to all Owners and to any rating agency which has assigned a rating to the Series 2018 Series A-2 Bonds.

Remarketing Agents for Adjustable Rate Bonds

In connection with the Adjustable Rate Bonds outstanding under the Master Indenture, the Authority has entered into remarketing agreements (the "**Remarketing Agreements**") with the respective remarketing agents set forth in the following table (the "**Remarketing Agents**").

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**Outstanding Remarketing Agents under Master Indenture
as of January 31, 2018**

<u>Series of Bonds</u>	<u>Remarketing Agent</u>
2000 Series A-1	Barclays Capital Inc.
2002 Series C-1	J.P. Morgan Securities LLC
2002 Series C-2	Barclays Capital Inc.
2003 Series A-1	George K. Baum & Company
2003 Series A-2	George K. Baum & Company
2004 Series A-1	J.P. Morgan Securities LLC
2005 Series A-1	J.P. Morgan Securities LLC
2005 Series B-1	RBC Capital Markets, LLC
2005 Series B-2	RBC Capital Markets, LLC
2006 Series A-1	Barclays Capital Inc.
2007 Series B-1	J.P. Morgan Securities LLC
2007 Series B-2	J.P. Morgan Securities LLC
2008 Series A-1	RBC Capital Markets, LLC
2008 Series B	RBC Capital Markets, LLC
2008 Series C-1	Loop Capital Markets, LLC
2008 Series C-3	D.A. Davidson & Co.
2009 Series A-1	Barclays Capital Inc.
2013 Series A	J.P. Morgan Securities LLC

The Remarketing Agents are Paid by the Authority

The Remarketing Agents' responsibilities include determining the interest rate from time to time and remarketing the respective Adjustable Rate Bonds that are optionally tendered by the owners. The Remarketing Agents are appointed by the Authority and are paid by the Authority for their respective services. As a result, the interests of the Remarketing Agents may differ from those of existing holders and potential purchasers of Adjustable Rate Bonds.

The Remarketing Agents may Purchase Adjustable Rate Bonds for their own Account

The Remarketing Agents are permitted, but not obligated, to purchase the tendered Adjustable Rate Bonds for their own account. The Remarketing Agents, in their sole discretion, may acquire tendered Adjustable Rate Bonds for their own inventory in order to achieve a successful remarketing of the Adjustable Rate Bonds (*i.e.*, because there otherwise are not enough buyers to purchase the Adjustable Rate Bonds) or for other reasons. However, the Remarketing Agents are not obligated to purchase Adjustable Rate Bonds, and may cease doing so at any time without notice. The Remarketing Agents may also make a market in the Adjustable Rate Bonds by purchasing and selling such Adjustable Rate Bonds other than in connection with an optional tender and remarketing. Such purchases and sales may be at or below par. However, the Remarketing Agents are not required to make a market in the Adjustable Rate Bonds. If the Remarketing Agents purchase Adjustable Rate Bonds for their own account, they may offer those Adjustable Rate Bonds at a discount to par to some investors. The Remarketing Agents may also sell any Adjustable Rate Bonds they have purchased to one or more affiliated investment vehicles for collective ownership or enter into derivative arrangements with affiliates or others in order to reduce its exposure to the Adjustable Rate Bonds. The purchase of Adjustable Rate Bonds by the Remarketing Agents may create the appearance that there is greater third party demand for the Adjustable Rate Bonds in the market than is actually the case. The practices described above also may reduce the supply of Adjustable Rate Bonds that may be tendered in a remarketing.

Adjustable Rate Bonds may be Offered at Different Prices on any Date

The Remarketing Agents are required to determine on the rate determination date the applicable rate of interest that, in their judgment, is the lowest rate that would permit the sale of the respective Adjustable Rate Bonds at par plus accrued interest, if any, on the date the rate becomes effective (the "**Effective Date**"). The interest rate will reflect, among other factors, the level of market demand for such Adjustable Rate Bonds (including whether the Remarketing Agents are willing to purchase such Adjustable Rate Bonds for their own account). The Remarketing Agreements require that the Remarketing Agents use their best efforts to sell respective tendered Adjustable Rate Bonds at par, plus accrued interest. There may or may not be Adjustable Rate Bonds tendered and remarketed on a rate determination date or an Effective Date, the Remarketing Agents may or may not be able to remarket any respective Adjustable Rate Bonds tendered for purchase on such date at par and the Remarketing Agents may sell such Bonds at varying prices to different investors on such date or any other date. The Remarketing Agents are not obligated to advise purchasers in a remarketing if they do not have third party buyers for all of the Adjustable Rate Bonds at the remarketing price.

The Ability to Sell the Adjustable Rate Bonds other than through Tender Process may be Limited

While the Remarketing Agents may buy and sell the Adjustable Rate Bonds, they are not obligated to do so and may cease doing so at any time without notice. Thus, investors who purchase the Adjustable Rate Bonds, whether in a remarketing or otherwise, should not assume that they will be able to sell their Adjustable Rate Bonds other than by tendering the Adjustable Rate Bonds in accordance with the tender process.

LITIGATION

At the time of the delivery of and payment for the 2018 Series A Bonds, the Authority will deliver an opinion of its General Counsel, Charles K. Knight, Esq., to the effect that no litigation before any court is pending or, to his knowledge, threatened against the Authority in any way affecting the existence of the Authority or the titles of its officers to their respective offices, or seeking to restrain or to enjoin the issuance, sale or delivery of the 2018 Series A Bonds, or which would materially adversely affect the financial condition of the Authority, or in any way contesting or affecting the validity or enforceability of the 2018 Series A Bonds, the Indenture, the contract for the purchase of the 2018 Series A-1 Bonds or the contract for purchase of the 2018 Series A-2 Bonds.

RATINGS

Standard & Poor's Ratings Services ("**S&P**") and Moody's Investors Service ("**Moody's**") have assigned the 2018 Series A-1 Bonds ratings of "AAA" and "Aaa" respectively and have assigned the 2018 Series A-2 Bonds ratings of "AAA/A-1+" and "Aaa/VMIG-1" respectively, based (in the case of the short-term ratings) on the delivery of the Initial 2018A-2 Liquidity Facility by the 2018A-2 Liquidity Facility Provider. Such ratings reflect only the views of S&P and Moody's, respectively, at the time such ratings are given, and are not a recommendation to buy, sell or hold the 2018 Series A Bonds. The Authority makes no representation as to the appropriateness of such ratings. An explanation of the significance of and the methodology with respect to the ratings given by S&P and Moody's, respectively, may be obtained from S&P and Moody's, respectively. Generally, a rating agency bases its rating on the information and materials furnished it and on investigations, studies and assumptions of its own. 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 S&P or Moody's, respectively, if, in the judgment of the issuing rating agency, circumstances so warrant. Therefore, after the date hereof, investors should not assume that such ratings are still in effect. Any such downward revision or withdrawal of any such rating may have an adverse effect on the marketability or market price of the 2018 Series A Bonds. The

Authority has no obligation to oppose, or to provide Owners of the 2018 Series A Bonds with notice of, any such revision or withdrawal of a rating, except in connection with the reporting of events as provided in the Continuing Disclosure Undertaking (see **Appendix J** hereto).

LEGAL MATTERS

In connection with the issuance and sale of the 2018 Series A Bonds, Sherman & Howard L.L.C., as Bond Counsel, will deliver the opinion included as **Appendix E** hereto. Kutak Rock LLP will pass upon certain legal matters relating to the 2018 Series A Bonds as Disclosure Counsel to the Authority. Certain legal matters relating to the 2018 Series A Bonds will be passed upon for the Authority by Charles K. Knight, Esq., its General Counsel. Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C. will pass upon certain matters for the Underwriters.

Neither Sherman & Howard L.L.C., Kutak Rock LLP nor Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C. have participated in any independent verification of the information concerning the financial condition or capabilities of the Authority contained in this Official Statement.

FINANCIAL ADVISOR

The Authority has retained CSG Advisors Incorporated as its financial advisor (the "**Financial Advisor**") in connection with the issuance of the 2018 Series A Bonds. The Financial Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement. The Financial Advisor will act as an independent advisory firm and will not be engaged in the business of underwriting, trading or distributing the 2018 Series A Bonds.

CERTAIN RELATIONSHIPS OF PARTIES

Barclays Capital Inc., George K. Baum & Company and RBC Capital Markets, LLC, which are serving as Underwriters of the 2018 Series A Bonds, serve as remarketing agents for various other Series of Bonds under the Master Indenture. Affiliates of Barclays Capital Inc., Merrill Lynch, Pierce, Fenner & Smith Incorporated and RBC Capital Markets, LLC, which are serving as Underwriters of the 2018 Series A Bonds, have provided Derivative Products in connection with other Series of Bonds under the Master Indenture as described in **Appendix B** hereto. Wells Fargo Bank, National Association is serving as an Underwriter of the 2018 Series A-1 Bonds and as Trustee for the 2018 Series A Bonds and will be compensated separately for serving in each capacity.

NO IMPAIRMENT OF CONTRACT BY THE STATE

Pursuant to the provisions of Section 29-4-731 of the Act, the Authority has included in the Indenture the pledge and agreement of the State of Colorado that the State of Colorado will not limit or alter the rights vested by the Act in the Authority to fulfill the terms of any agreements made with Bond Owners, or in any way impair the rights and remedies of such Owners until the Bonds, together with the interest thereon and all costs and expenses in connection with any action or proceedings by or on behalf of such Owners, are fully met and discharged.

LEGALITY FOR INVESTMENT AND SECURITY FOR DEPOSITS

Pursuant to Section 29-4-723 of the Act and Title 24, Article 75, Part 6 of the Colorado Revised Statutes (C.R.S. 24-74-601.2), that the Bonds are eligible for investment in the State by all public officers, public bodies and political subdivisions of the State, banking associations, savings and loan associations, trust companies, investment companies and insurance companies, and all executors, administrators, trustees and other fiduciaries of funds in their control or belonging to them; provided that, at the time of purchase by a public entity, such Bonds carry at least two credit ratings at or above “A” or its equivalent from nationally recognized statistical rating organizations and the period from the date of settlement of the Bonds to their maturity date or dates of optional redemption that has been exercised as of the date the Bonds are purchased is no more than five years. The Act makes the Bonds securities which may properly and legally be deposited with and received by any municipal officer or any agency or political subdivision of the State for any purpose for which the deposit of bonds, notes or obligations of the State is authorized by law.

INDEPENDENT AUDITORS

The most recent audited financial statements of the Authority, included in **Appendix A** hereto, have been audited by RSM US LLP, independent auditors, as stated in their report appearing therein. RSM US LLP has not performed any procedures related to this Official Statement.

MISCELLANEOUS

This Official Statement speaks only as of its date, and the information contained herein is subject to change. All quotations from, and summaries and explanations of the statutes, regulations and documents contained herein do not purport to be complete and reference is made to said laws, regulations and documents for full and complete statements of their provisions. Copies, in reasonable quantity, of such laws, regulations and documents, including the Indenture, may be obtained, during the offering period, upon request to the Authority and upon payment to the Authority of a charge for copying, mailing and handling, at 1981 Blake Street, Denver, Colorado 80202, Attention: Chief Financial Officer.

The distribution of this Official Statement has been duly authorized by the Authority. Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as an agreement or contract between the Authority and the purchasers or owners of any 2018 Series A Bonds.

**COLORADO HOUSING AND FINANCE
AUTHORITY**

By: /s/ Patricia Hippe
Chief Financial Officer

(End of Part I)

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PART II

COLORADO HOUSING AND FINANCE AUTHORITY

Background

In 1973, upon a finding that there existed in the State a shortage of decent, safe and sanitary housing available within the financial capabilities of low and moderate income families, the Colorado General Assembly established the Colorado Housing Finance Authority, since renamed the Colorado Housing and Finance Authority, as a body corporate and a political subdivision of the State for the purpose of increasing the supply of decent, safe and sanitary housing for such families. The Act authorizes the Authority, among other things, to make loans to individuals and sponsors to finance the construction, reconstruction, rehabilitation or purchase of housing facilities for low and moderate income families and to purchase mortgage loans from, and lend moneys to, qualified Mortgage Lenders under terms and conditions which provide for loans to finance housing facilities for low and moderate income families. The Act was amended in 1982 to authorize the Authority to finance project and working capital loans to commercial and industrial enterprises of small and moderate size.

In order to achieve its authorized purposes, the Authority currently operates Qualified and Non-Qualified Single Family Mortgage Programs and various rental and business finance programs. See "Programs To Date" under this caption. The Act authorizes the Authority to issue its bonds, notes and other obligations in order to provide sufficient funds to achieve its purposes as set forth in the Act. Bonds or notes issued with respect to such programs are and will be separately secured from other bonds of the Authority, including the Bonds, except as described in "Part II – SECURITY FOR THE OBLIGATIONS."

Board of Directors and Staff Officers

The Board of Directors of the Authority consists of the Colorado State Auditor, a member of the Colorado General Assembly appointed jointly by the Speaker of the House and the Majority Leader in the Senate, an executive director of a principal department of State government appointed by the Governor of Colorado and eight public members appointed by the Governor with the consent of the Senate. Members of the Board of Directors continue to serve after the end of their respective terms until a successor has been duly appointed and confirmed. The present members of the Board of Directors of the Authority are as follows:

Present Board of Directors of the Authority

Name	Affiliation	End of Current Term
Paul Washington, Chair ⁽¹⁾	Market Director, Rocky Mountain Region, Jones Lang LaSalle, Inc.; Denver, Colorado	July 1, 2021
Steven Hutt, Chair, <u>pro tem</u> ⁽²⁾	Executive Director, Denver Employees Retirement Plan; Denver, Colorado	July 1, 2021
Max Tyler, Secretary/Treasurer ⁽³⁾	Retired; Lakewood, Colorado	July 1, 2019
Julie Brewen	Executive Director; Fort Collins Housing Authority dba Housing Catalyst; Fort Collins, Colorado	July 1, 2019
Irving Halter	Executive Director, Colorado Department of Local Affairs; Denver, Colorado	At the pleasure of the Governor
Amber L. Hills	President, Lakewood Market FirstBank; Lakewood, Colorado	July 1, 2021
Chris Holbert	State Senate Majority Leader; Parker, Colorado	December 31, 2018
Jody Kole	Executive Director, Grand Junction Housing Authority; Grand Junction, Colorado	July 1, 2021
Jennifer Lopez	Project Manager, Cardinal Capital Management, Inc.	July 1, 2021
Dianne Ray	Colorado State Auditor; Denver, Colorado	Standing
Cecilia Sanchez de Ortiz	Retired; Denver, Colorado	July 1, 2019

- ⁽¹⁾ This Board member was elected as Chair of the Board effective March 23, 2017.
⁽²⁾ This Board member was elected as Chair, pro tem, of the Board effective March 23, 2017.
⁽³⁾ This Board member was appointed as Secretary/Treasurer of the Board effective March 23, 2017.

The principal staff officers of the Authority are as follows:

Cris A. White, Executive Director, was appointed as Executive Director in March 2010, after serving as Chief Operating Officer since February 2002. Mr. White joined the staff in 1988 and served in various capacities until January 1996. He rejoined the staff in September of 1996 as the Director of Asset Management, after serving in the interim as a business development executive with an international equipment and real estate mortgage lender. On February 1, 2001, Mr. White was appointed Deputy Executive Director for Asset Management and Business Support Services and served until his present appointment. He also continued to serve as Director of Asset Management until December 10, 2001. Mr. White has a Bachelor's Degree in Business Administration from Regis College.

Jaime G. Gomez, Deputy Executive Director and Chief Operating Officer, joined the staff in August 1999. Prior to his appointment as Chief Operating Officer in March 2010, Mr. Gomez served as the Director of Commercial Lending following a corporate reorganization in July 2003 which merged the Authority's Business Finance and Rental Finance Divisions, forming the Commercial Lending Division (now referred to as the Community Development Division). Prior to that position, Mr. Gomez served as the Director of Business Finance. Mr. Gomez is a graduate of the University of Colorado with a degree in Finance. Mr. Gomez has prior experience working in both the public and private sector, including five-and-a-half years as director of finance and business development for the Colorado Office of Economic Development. Mr. Gomez was also designated as a certified bank examiner by the Federal

Reserve Board of Governors in February of 1991. Mr. Gomez was appointed as Deputy Executive Director on January 31, 2017.

Charles K. Knight, General Counsel and Assistant Secretary, joined the staff in April 2016, following a nationwide search. Prior to joining the Authority, Mr. Knight served as the founder of Venture Law Advisors, LLC ("**Venture**") a law firm representing emerging growth companies. Prior to forming Venture, Mr. Knight served as President and Chief Executive Officer of AmeriVest Properties Inc., a publicly held real estate investment trust based in Denver, and held senior executive and legal positions with other public and private companies. Mr. Knight also served on the Board of Directors of the Authority from July 2011 through March 2016. Mr. Knight received a Bachelor's Degree in experimental psychology from the University of California at Santa Barbara and Master of Business Administration and Juris Doctor Degrees from the University of California at Los Angeles. The Authority maintains risk management, internal audit and compliance functions under the Director of Enterprise Risk who reports to the General Counsel.

Patricia Hippe, Chief Financial Officer, joined the staff in October 2011. Prior to joining the Authority, Ms. Hippe spent 16 years at the Minnesota Housing Finance Agency, the first five years as the Finance Director and later as the Deputy Commissioner and Chief Financial Officer. Prior to her work with the Minnesota Housing Finance Agency, Ms. Hippe was the assistance vice president and corporate trust officer for Wells Fargo Bank, formerly known as Norwest Bank, from 1994 to 1995. From 1984 to 1994, Ms. Hippe was the manager of secondary market programs for Higher Education Management and Resources (HEMAR) Management Corporation. In this capacity, she oversaw the daily finance, accounting and secondary market operations of HEMAR's seven affiliate companies which specialized in providing student loan secondary market programs. Ms. Hippe received her Bachelor's Degree in Business Administration from the University of Minnesota, and earned her Master of Business Administration Degree from the University of St. Thomas in St. Paul, Minnesota and has successfully completed exams for Certified Public Accountants (inactive status) and Certified Management Accountants.

Dan McMahon was named **Director of Home Finance** on February 5, 2013 after serving as Interim Director of Home Finance since November 27, 2012. Mr. McMahon joined the Authority in March 2000 and most recently served as Manager of Home Finance Loan Production. Mr. McMahon received a Bachelor of Arts Degree and a Master's Degree in Non-Profit Management from Regis University in Denver, Colorado. Mr. McMahon has more than 15 years' experience in various capacities in public and non-profit real estate lending and development.

Thomas Bryan, Director of Accounting/Controller, joined the staff as Controller in February 2014. Mr. Bryan brought experience in governmental and not-for-profit accounting, having served for four years as Controller for the City of Centennial and for five years as Accounting Manager for the Town of Parker, Colorado. He graduated with a Bachelor of Science degree in Business and Accounting from the University of Phoenix and earned his Master of Business Administration degree from DeVry University's Keller Graduate School of Management. Mr. Bryan is a Certified Public Accountant with an active license in the State of Colorado and has obtained the designation of Certified Public Funds Investment Manager through the Association of Public Treasurers of the United States and Canada.

Steve Johnson was appointed as **Director of Community Development** in July 2010. Mr. Johnson began working for the Authority in 1996 as a Business Finance Loan Officer. In 1999, he was promoted to Manager of Business Lending Production. Most recently, Mr. Johnson has led the Authority's small business team's efforts to diversify and expand the products available to help small businesses access capital. Mr. Johnson is the vice chair of the Colorado Enterprise Fund, and a board member of the Council of Development Finance Agencies (CDFA). He graduated from Hillsdale College in Michigan with a Bachelor of Arts degree in marketing and finance.

D. Brian Miller was appointed as **Director of Asset Management** in October 2006. Prior to his current position, Mr. Miller served as the Manager of Multifamily Loan Compliance Department, as well as various other positions within the Asset Management Division since joining the Authority in November 1998. Mr. Miller has over fifteen years' experience in financial services and asset management. Mr. Miller is a graduate of the University of Northern Colorado with a Bachelor's Degree in Finance.

Employees and Pension Information

As of December 31, 2017, the Authority had approximately 164 full-time employees and 4 part-time employees, all of whom were members of the Public Employees' Retirement Association of Colorado ("**PERA**"). State statutes required the Authority to contribute 12.68% of each participating employee's gross salary to PERA in 2017. In 2017, the Authority's PERA contribution totaled approximately \$2.1 million. For more information with respect to the Authority's participation in PERA, see footnote (12) of the audited 2016 financial statements of the Authority, included in **Appendix A** hereto (as of the date of this Official Statement, the 2017 audited financial statements of the Authority are not yet available).

As of December 31, 2015, the Authority implemented GASB Statement No. 68 *Accounting and Financial Reporting for Pensions* ("**Statement No. 68**"), which addresses the accounting and financial reporting for employer pension plans provided to employees by pension plans administered through trusts that have certain characteristics. The Authority provides its employees with pension benefits through both a defined benefit and defined contribution pension plan as administered by PERA. Statement No. 68 details how cost-sharing multiple-employer defined benefit plans, such as the plans administered by PERA on behalf of the Authority, will recognize pension liabilities based upon the employer's proportionate share of the collective net pension liability of the trust. As of December 31, 2016 the Authority reported a net pension liability of \$25.2 million. The net pension liability increased to \$32.5 million in fiscal year 2017. Statement No. 68 also addresses the note disclosure and required supplementary information requirements for reporting the pension liability. The Authority has no legal obligation to fund any of PERA's unfunded pension liability nor does it have any ability to affect funding, benefit, or annual required contribution decisions made by PERA or the General Assembly. However, as described in footnote (1)(c) of the audited 2016 financial statements, accounting changes adopted to conform to the provisions of Statement No. 68 were applied retroactively by restating the basic financial statements for all prior periods presented. See the audited financial statements of the Authority, available included in **Appendix A** hereto, for a discussion of Statement No. 68 and other new accounting principles that will be applicable to the Authority in future fiscal years.

Insurance Coverage

The Authority maintains general liability, public officials, crime/fidelity, cyber liability and automobile insurance coverage.

Authority Financial Statements

The audited 2016 financial statements of the Authority, attached as **Appendix A** hereto, provide certain financial information about the Authority on a fund accounting basis, including a description of its General Fund. See "Part II – INDEPENDENT AUDITORS." These financial statements have been included solely for purposes of providing a general overview for potential purchasers of the financial status of the Authority given that the Authority operates the programs which result in the Loans securing Obligations under the Master Indenture and also services such Loans. The 2018 Series A Bonds are limited obligations of the Authority secured by and payable only from the Trust Estate, except in the limited case of those Bonds and Derivative Products designated as general obligations of the Authority. See "Obligations of the Authority – General Obligations" and "The General Fund" under this caption. *The overall financial status of the Authority does not indicate and will not necessarily affect whether amounts will be available in the Trust Estate to pay principal and interest on 2018 Series A Bonds when due.*

Colorado Housing and Finance Authority
Statements of Net Position
For the years ended December 2016 and 2015
(in thousands of dollars)

Colorado Housing and Finance Authority
Statement of Net Position
As of December 2016 and 2015
(in thousands of dollars)

	2016	2015
Assets		
Current assets:		
Cash		
Restricted	\$ 117,993	\$ 97,753
Unrestricted	43,088	46,735
Investments (partially restricted, see note 2)	291,336	317,090
Loans receivable (partially restricted, see note 3)	34,644	87,617
Loans receivable held for sale	128,425	48,762
Other current assets	25,792	15,325
Total current assets	641,278	613,282
Noncurrent assets:		
Investments (partially restricted, see note 2)	246,338	285,312
Loans receivable, net (partially restricted, see note 3)	1,004,680	1,078,058
Capital assets, net	4,441	5,544
Other assets	32,525	27,130
Total noncurrent assets	1,287,984	1,396,044
Total assets	1,929,262	2,009,326
Deferred outflows of resources		
Accumulated increase in fair value of hedging derivatives	95,952	120,171
Pension contributions and investment earnings	6,507	2,558
Refundings of debt	5,741	7,584
Total deferred outflows of resources	108,200	130,313
Liabilities		
Current liabilities:		
Short-term debt	61,005	77,505
Bonds payable	46,947	84,192
Notes payable	103	102
Other current liabilities	172,899	95,498
Total current liabilities	280,954	257,297
Noncurrent liabilities:		
Bonds and notes payable	1,232,092	1,352,902
Derivative instruments	91,385	121,187
Hybrid instrument borrowing	26,687	37,599
Net pension liability - proportionate share	25,185	19,395
Other liabilities	11,563	7,189
Total noncurrent liabilities	1,386,912	1,538,272
Total liabilities	1,667,866	1,795,569
Deferred inflows of resources		
Accumulated decrease in fair value of hedging derivatives	4,830	3,843
Pension investment differences	296	193
Total deferred inflows of resources	5,126	4,036
Net position		
Investment in capital assets	4,441	5,543
Restricted primarily by bond indentures	155,022	142,115
Unrestricted	205,007	192,376
Total net position	\$ 364,470	\$ 340,034

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 2016 and 2015
(in thousands of dollars)

Colorado Housing and Finance Authority
Statement of Revenues, Expenses and Changes in Net Position
For the years ended December 2016 and 2015
(in thousands of dollars)

	2016	2015
Interest income and expense:		
Interest on loans receivable	\$ 63,648	\$ 72,283
Interest on investments	14,472	23,667
Interest on debt	(53,367)	(72,616)
Net interest income	24,753	23,334
Other operating income (loss):		
Rental income	17	17
Gain on sale of loans	86,527	50,065
Investment derivative activity gain	2,651	1,569
Net decrease in the fair value of investments	(5,032)	(13,123)
Other revenues	29,487	26,749
Total other operating income	113,650	65,277
Total operating income	138,403	88,611
Operating expenses:		
Salaries and related benefits	22,207	18,647
General operating	90,306	51,872
Depreciation	932	1,109
Provision for loan losses	(180)	525
Total operating expenses	113,265	72,153
Net operating income	25,138	16,458
Nonoperating income and expenses:		
Federal grant receipts	129,405	120,224
Federal grant payments	(129,405)	(120,224)
Loss on sale of capital assets	(702)	-
Total nonoperating income and expenses	(702)	-
Change in net position	24,436	16,458
Net position:		
Beginning of year	340,034	340,229
Restatement due to GASB 68	-	(16,653)
End of year	\$ 364,470	\$ 340,034

See accompanying notes to basic financial statements.

The General Fund

Generally

CERTAIN OBLIGATIONS UNDER THE MASTER INDENTURE HAVE BEEN OR MAY IN THE FUTURE BE DESIGNATED AS GENERAL OBLIGATIONS OF THE AUTHORITY. SEE "PART II – SECURITY FOR THE OBLIGATIONS" AND **APPENDIX B** – "OUTSTANDING MASTER INDENTURE OBLIGATIONS." THE FOLLOWING INFORMATION REGARDING THE AUTHORITY'S GENERAL FUND IS PROVIDED ONLY IN CONNECTION WITH OBLIGATIONS WHICH HAVE BEEN OR ARE IN THE FUTURE SO DESIGNATED.

The General Fund is funded principally from reimbursement of administrative expenses and other allowable transfers from other funds (including the transfer of assets in excess of specified parity levels from other bond issues); loan fees payable to the Authority by borrowers; servicing fees payable to the Authority in connection with outstanding loans, income on investments and mortgage loans held temporarily (for warehousing purposes) and permanently in the General Fund; and administrative fees payable by the federal government in connection with the Section 8 housing assistance payments program. Uses of amounts in the General Fund include payment of general and other administrative expenses and payment of costs relating to those activities deemed necessary to fulfill the Authority's corporate purposes and not payable from other funds of the Authority. The General Fund itself is not subject to any pledge created under the Master Indenture.

The Authority Board, in its discretion, has historically from time to time designated portions of the General Fund balance to particular purposes, and may do so in the future, which may affect the availability of the General Fund for payments in connection with any Bonds or Derivative Products which have been designated as general obligations. The designations have been or may be for particular uses by means of annual appropriations to certain programs, the establishment of reserves in limited situations and the imposition of restrictions on the fund balance. Designations by the Authority's Board using each of these means may also be redesignated at any time in the Board's discretion. The Authority Board also annually restricts the fund balance of the General Fund (net of amounts previously appropriated or restricted for various funds, debt service reserves, or operating reserves) for the benefit of the holders of certain bonds of the Authority in the event that no other moneys are legally available for debt service payments. As long as the Authority is not in default under the related indenture or resolution for such bonds, the Board may withdraw such restricted amounts at any time.

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, 2016 as provided by the Authority.

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

	FY <u>2016</u>	FY <u>2015</u>	FY <u>2014</u>	FY <u>2013</u>	FY <u>2012</u>
Interest and investment revenue:					
Loans receivable	\$ 8,145	\$ 7,191	\$ 6,461	\$ 6,835	\$ 7,120
Investments	570	724	184	153	149
Net increase (decrease) fair value of long-term investments	(106)	(210)	(46)	(157)	(13)
Total interest and investment revenue	<u>8,609</u>	<u>7,705</u>	<u>6,599</u>	<u>6,831</u>	<u>7,256</u>
Interest expense - bonds and notes payable	<u>1,395</u>	<u>1,307</u>	<u>1,485</u>	<u>2,985</u>	<u>4,266</u>
Net interest and investment revenue	<u>7,214</u>	<u>6,398</u>	<u>5,114</u>	<u>3,846</u>	<u>2,990</u>
Other revenue (expense):					
Fees and miscellaneous income	115,973	76,810	46,032	46,586	48,470
Hedging activity loss	2,572	250	(1,154)	992	445
Gain on sales of capital assets	(702)	-	(20)	5	39,154
Total other revenue	<u>117,843</u>	<u>77,060</u>	<u>44,858</u>	<u>47,583</u>	<u>88,069</u>
Net revenue	<u>125,057</u>	<u>83,458</u>	<u>49,972</u>	<u>51,429</u>	<u>91,059</u>
Operating expenses:					
Salaries and related benefits	22,207	1,994	33,631	16,505	17,836
General operating	87,094	49,641	23,059	15,715	17,989
Provision for losses	662	429	(1,180)	1,078	1,407
Other interest expense - RAP	-	-	-	-	173
Transfers	2,414	605	(1,851)	12,333	(4,073)
Depreciation	932	1,109	1,197	1,655	2,722
Total operating expense	<u>113,309</u>	<u>53,778</u>	<u>54,856</u>	<u>47,286</u>	<u>36,054</u>
Change in net assets	<u>11,748</u>	<u>29,680</u>	<u>(4,884)</u>	<u>4,143</u>	<u>55,005</u>
Restatement due to GASB 68	-	(16,653)	-	-	-
Net Assets, end of year	<u>\$ 215,477</u>	<u>\$ 203,729</u>	<u>\$ 190,702</u>	<u>\$ 195,586</u>	<u>\$ 191,443</u>
Bonds and Notes Payable	<u>\$ 90,286</u>	<u>\$ 100,079</u>	<u>\$ 87,105</u>	<u>\$ 78,430</u>	<u>\$ 141,973</u>
Total Assets	<u>\$ 442,363</u>	<u>\$ 410,179</u>	<u>\$ 349,559</u>	<u>\$ 319,057</u>	<u>\$ 379,295</u>

Sources: Derived based on the audited financial statements of the Authority for years ended December 31, 2012-2016. See the audited 2016 financial statements of the Authority, included in **Appendix A** hereto.

Authority Policy Regarding Swaps

The Master Indenture permits the Authority to enter into "Derivative Products," which include interest rate exchange or swap contracts, cash flow exchange contracts, forward swaps, interest rate floors, caps or collars and other derivative products. See **Appendix B** hereto and "Part II – SECURITY FOR THE OBLIGATIONS – Derivative Products." Under the master indenture relating to its Multi-Family/Project Bonds, the Authority is also permitted to, and has entered into, certain derivative products which are described in footnote (8) of the audited 2016 financial statements of the Authority included in **Appendix A** hereto.

Programs to Date

The following is a brief summary of the programs currently operated by the Authority. This summary has been included solely for purposes of providing information about the Authority's activities to assist a potential investor in evaluating the Authority and its programs. **Except as otherwise described herein, the loans referred to below are not pledged in any way as security for the Bonds. See "Part II – SECURITY FOR THE OBLIGATIONS."** See also "Obligations of the Authority" under this caption.

Commercial Loan Programs

The Authority's Community Development Division encompasses the Authority's Low Income Housing Tax Credit allocation unit, and the Community Development Lending team, which is comprised of the Multifamily Affordable Housing Lending ("**Multifamily Lending**") and Business Finance Lending programs.

Multifamily Lending Programs. The Multifamily Lending programs work toward providing financing to sponsors of affordable rental housing properties. Financing options include construction to permanent loans, permanent-only loans, acquisition loans, acquisition/rehabilitation loans and, in certain circumstances, refinancing of existing debt. Other financing structures may be considered, based upon the property characteristics and sub-market due diligence, as well as the demonstrated experience and financial capacity of the sponsor.

The mortgages originated under the multifamily loan programs include a combination of insured and uninsured mortgages. The Authority is a Tier I lender under Section 542(c) of the Housing and Community Development Act of 1992, as amended (the "**Risk-Share Program**"), which provides insurance on multifamily loans and is a credit enhancement mechanism available only to qualified housing and finance agencies acting as the mortgage lender. These insured loans have been funded by the Authority as described in "Obligations of the Authority – Commercial Loan Programs" under this caption. In the case of a claim under the Risk-Share Program, the Authority is responsible to reimburse the U.S. Department of Housing and Urban Development ("**HUD**") for 50% of any loss incurred by HUD as a result of and after settlement of such claim. See "Obligations of the Authority – General Obligations – Loans Backed by Authority General Obligation" under this caption. The Indenture may include loans insured by the Federal Housing Administration ("**FHA**") under its Multifamily Accelerated Processing, which requires payment by FHA of not less than 90% for such programs as the programs authorized under Sections 221(d)(3), 221(d)(4) and 223(f) of the National Housing Act of 1934, as amended. For certain information regarding the Authority's outstanding insured rental loans, see footnote (3) to the audited 2016 financial statements of the Authority attached as **Appendix A** hereto. See **Appendix G-1** hereto for a description of the insured rental loans included as of January 31, 2018 in the Trust Estate for the Bonds (which will include the 2018 Series A Bonds).

The Authority also makes uninsured multifamily loans to §501(c)(3) nonprofit corporations and public housing authorities as well as to for-profit borrowers and has made multifamily rental loans to for-

profit borrowers in support of certain rental housing facilities at Fort Carson Army Base and at the United States Air Force Academy in Colorado Springs, Colorado.

Uninsured multifamily loans have also been made by the Authority using funds from amounts in its General Fund designated as the *Housing Opportunity Fund* ("**HOF**") under a program referred to as the "**HOF Program**." Under the HOF Program, the Authority makes fixed interest rate loans and provides interest rate subsidies to nonprofit and for profit developers in support of rental housing facilities targeted to support affordable rental housing. All HOF loans must conform to standard Authority diligence processes and underwriting criteria, unless waived in accordance with the Authority's standard process, and will be secured by either first or second mortgages on real estate (maximum combined Loan to Value/Cost of 95% for non-profits and 90% for all others). Loan terms on HOF loans may range up to 40 years.

Under its *Rental Acquisition Program*, the Authority has in the past acquired and rehabilitated apartment buildings located throughout Colorado for rental to persons and families of low and moderate income. At the present time, the Authority does not own any facilities under this Program. The Authority may in the future seek opportunities to acquire other rental properties in underserved areas within the State of Colorado at such time as such transactions support the goals of the Authority with respect to affordable rental housing in Colorado.

Business Finance Programs. The Authority originates uninsured loans as part of its direct business loan programs, including the *CHFA Direct Loan Program*, the *Non-Profit Real Estate Loan Program*, the *U.S. Small Business Administration 504 Program* (the "**SBA 504 Program**"), the *CHFA Rural Loan Program*, the *Rural Development Loan Program* ("**RDLP**"), and the *RENEW Program* described below. These business loans must meet certain economic development or job creation/retention objectives under the Act and are made to Colorado businesses to provide long-term, fixed rate financing for real estate and equipment. The uninsured direct business loans are secured by a first lien on the assets financed, are made in amounts up to ninety percent (90%) of the lesser of cost or appraised value of the collateral, are fully-amortizing over terms of up to thirty (30) years for real estate loans and seven years for equipment, and generally require guarantees from principals of the business having a twenty percent or greater ownership interest. A guaranty is also required from the operating company if different from the Borrower. Some of the Authority's small business loans may carry credit enhancement by an agency or instrumentality of the United States under an insurance program requiring payment of not less than 50% of the principal amount of such mortgage in the event of default. Direct small business loans insured to date have utilized the USDA Rural Development guarantee programs.

- Under the CHFA Direct Loan Program, the Authority provides loans to for-profit businesses to acquire, construct and/or rehabilitate and equip commercial, retail or manufacturing facilities.
- Under the Non-Profit Real Estate Loan Program, the Authority provides loans to non-profit organizations to fund real estate acquisition.
- Under the Small Business Administration ("**SBA**") 504 Program, the Authority provides direct loans to for-profit businesses to finance owner-occupied real estate and/or equipment. The Program provides a direct loan option (where the Authority originates the first mortgage loan which generally finances 50% of the project costs). An SBA-approved company provides a second mortgage for up to 40% of the total project costs, with the Borrower providing the remaining 10% of the costs. The Authority may also fund a SBA-approved subordinate mortgage on a short term basis in conjunction with its first mortgage lien. This structure may be necessary in instances when interim financing is not in place by the borrower. The Authority's subordinate mortgage loan is taken out by the SBA following the

sale of the agency's debentures typically occurring within 45-60 days. The underwriting of these interim mortgages must conform to the Authority's small business loans underwriting criteria and program guidelines.

- RDLP was created through a partnership with the USDA Intermediary Relending Program to provide financing for community and economic development projects based in rural areas of Colorado. Rural communities are defined as those with populations of less than 25,000. Under the program, CHFA originates direct loans for small businesses to finance real estate, machinery, and equipment providing the borrower with a long-term, fixed interest rate throughout the term of the loan. The maximum loan size is \$500,000.

Contract Management. The Authority provides contract management administration by serving as fund administrator to third party organizations whose activities align with its mission. The contracts range from overseeing programs that are designed to increase access to capital for small business lending to managing revolving loan funds. The Authority's role may include registration of third party originated loans, underwriting loans on behalf of a funder, closing and servicing responsibilities. In exchange for these services, the Authority earns a fee either through the collection of an administrative fee and/or spread income on loans serviced.

One of the contract management administration roles performed by the Authority is with HUD for the provision of Performance-Based Contract Administration ("**PBCA**") services under Section 8 of the United States Housing Act of 1937, as amended ("**Section 8**"). The Authority entered into an annual contribution contract ("**ACC**") with HUD in 2001 (the "**Colorado ACC**"), which was renewed until 2011. A solicitation issued by HUD at that time for PBCA services and subsequent actions were protested by numerous states and the protests were supported by the U.S. Government Accountability Office ("**GAO**"). The GAO determination was appealed by HUD and numerous suits and countersuits followed. In the meantime, the Colorado ACC has been extended until the end of 2018, and the Authority has continued to perform the PBCA services and receive significant fees.

HUD now anticipates announcing its procurement process so that new ACCs can be entered into beginning in federal fiscal year 2018. It is uncertain what the procurement process will be and whether the Authority will be chosen by HUD to continue as the contract administrator for Colorado. In the event the Colorado ACC is awarded to another administrator, the Authority's future level of fee revenues could be materially impacted.

Single Family Mortgage Programs

Under its Single Family Mortgage Programs, the Authority may purchase mortgage loans for single-family residential dwellings from qualified originating Mortgage Lenders, or may, under certain programs, provide loans directly to individual borrowers. The Authority presently acquires mortgage loans under its *Non-Qualified Single Family Mortgage Program* and its *Qualified Single Family Mortgage Program*. Under a Qualified Single Family Mortgage Program, mortgage loans are made to eligible borrowers meeting certain income limit requirements, for (property meeting all requirements for purchase under the applicable Single Family Mortgage Program "**Eligible Property**") not exceeding certain Purchase Price limits, and subject to certain other restrictions imposed, in some cases, by the Tax Code. The Authority permits eligible borrowers under its Non-Qualified Single Family Mortgage Program to meet certain income limits which are generally somewhat higher than the limits permitted for a Qualified Single Family Mortgage Program. Except for the CHFA Section 8 Homeownership Programs, which have prior ownership restrictions, there is no limit imposed by the Authority on prior home ownership or limit on the purchase price of a residence which may be acquired with the proceeds of a loan under the Non-Qualified Single Family Mortgage Program, although all such mortgage loans must meet any applicable loan limits. Proceeds of a mortgage loan under the Non-Qualified Single Family

Mortgage Program may also be used under the Authority's refinancing programs to refinance existing Mortgage Loans. In many other respects, the requirements for the Authority's Non-Qualified Single Family Mortgage Program are the same as the requirements for a Qualified Single Family Mortgage Program. For certain information regarding the outstanding mortgage loans acquired under the Single Family Mortgage Programs, see footnote (3) to the audited 2016 financial statements of the Authority attached as **Appendix A** hereto.

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 the programs described in "Programs to Date" under this caption. This summary has been included solely for purposes of providing information to assist a potential investor in evaluating the Authority's financial status. See also footnote (6) to the audited 2016 financial statements of the Authority included in **Appendix A** hereto.

Commercial Loan Programs

The Authority has financed rental loans with proceeds of its Federally Insured Multi-Family Housing Loan Program Pass-Through Revenue Bonds under a Master Indenture of Trust dated as of June 1, 2013 by and between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee, outstanding as of January 31, 2018 in an aggregate principal amount of \$170,171,873. Since 2000, the Authority has financed rental and business loans and certain guaranteed participation interests with proceeds of its Multi-Family/Project Bonds, which were outstanding as of January 31, 2018 in an aggregate principal amount of \$415,150,000. 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. 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 2016 financial statements of the Authority included in **Appendix A** hereto 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. See footnote (7) of the audited 2016 financial statements of the Authority included in **Appendix A** hereto.

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 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.

Except for the Bonds outstanding under the Master Indenture, the revenue bonds described above and on the Authority's website are secured separately from and are not on parity with the 2018 Series A Bonds and are issued and secured under resolutions or indentures of the Authority other than the Master Indenture.

Single Family Mortgage Program

In connection with its Single Family Mortgage Program, the Authority has issued its Single Family Mortgage Bonds and Notes under a master indenture (the "**Single Family Master Indenture**"), payable from the revenues of mortgage loans held thereunder, outstanding as of January 31, 2018 in the aggregate principal amount of \$598,309,435.

In connection with its Single Family Mortgage Program, the Authority has issued its Homeownership Bonds under a master indenture dated as of December 1, 2009 (the "**Homeownership Master Indenture**"), payable from the revenues of the mortgage loans held thereunder, outstanding as of January 31, 2018 in the aggregate principal amount of \$171,874,453.

The Authority's financing activities in connection with the Single Family Mortgage Program also include the sale of certain single family mortgage loans to Fannie Mae and Freddie Mac, and the issuance and/or sale of Fannie Mae Certificates, Freddie Mac Certificates and Ginnie Mae Certificates in order to finance certain first mortgage loans. See footnote (15) of the audited 2016 financial statements of the Authority attached as **Appendix A** hereto for a discussion of the Authority's obligation to advance funds to holders of such Ginnie Mae Certificates in the event of a defaulted mortgage loan and amounts so advanced in fiscal years 2015 and 2016. Proceeds of bonds under the Single Family Master Indenture may be used to finance second mortgage loans and/or downpayment assistance grants relating to such first mortgage loans financed by and securing the Ginnie Mae Certificates, Fannie Mae Certificates or Freddie Mac Certificates.

For more detailed information concerning the outstanding bonds of the Authority issued in connection with its Single Family Mortgage Programs, see footnote (6) of the audited 2016 financial statements of the Authority attached as **Appendix A** hereto. 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.

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 certain Class I Bonds (outstanding as of January 31, 2018 in an aggregate principal amount of \$151,605,000) in order to finance business loans which are payable not only from a senior lien on loan revenues under the Master Indenture but also as general obligations of the Authority. The Authority has also issued certain Class II Bonds (outstanding as of January 31, 2018 in the aggregate principal amount of \$17,210,000) in order to finance certain rental and business loans which are payable not only from a lien on loan revenues under the Master Indenture but also as general obligations of the Authority. These Class II Bonds are payable from loan revenues on a subordinate lien basis to the Class I Bonds.

Privately Placed Bonds. The Authority has issued general obligation bonds through private placement in order to finance rental loans. As of January 31, 2018, such privately placed bonds were outstanding in an aggregate principal amount of \$8,097,000. The Authority has also funded business loans using proceeds of its privately placed bonds, outstanding as of January 31, 2018 in the aggregate principal amount of \$3,880,000.

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 Bonds, outstanding as of January 31, 2018 in the aggregate principal amount of \$167,484,438. 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 the Risk-Share Program. As of January 31, 2018, such mortgage loans insured under the Risk-Share Program were outstanding in the amount of \$242,425,381 (\$72,259,883 held under the Master Indenture and \$170,165,498 held under the General Fund of the Authority).

In the case of a claim under the Risk-Share Program, the Authority is responsible, as a general obligation, to reimburse HUD 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. Since 2013, the Authority has incurred losses under the Risk-Share Program of approximately \$1.2 million following the defaults on the mortgage loans, including those for the Fox Run, Platte Valley Village II and Gold Camp projects. Losses include the defaults on such insured mortgage loans, the foreclosure and sale of those projects and the settlement of the respective final insurance claims with HUD. Presently, the Authority has no risk-share loans in foreclosure.

Interest Rate Contracts; Derivative Products. The Authority has pledged its full faith and credit to secure its obligation to make termination payments under the Derivative Products relating to the Bonds under the Master Indenture and under the derivative products relating to the Single Family Bonds under the Single Family Master Indenture. See **Appendix B** – "OUTSTANDING MASTER INDENTURE OBLIGATIONS – Outstanding Derivative Products." See also "Authority Policy Regarding Swaps" under this caption and footnote (8) to the audited 2016 financial statements of the Authority attached as **Appendix A** hereto.

Other Borrowings. The Authority has entered into agreements with the Federal Home Loan Bank of Topeka ("**FHLB**") and a commercial bank for borrowings from time to time. The agreement with the FHLB is 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. The agreement with the commercial bank is for an unsecured revolving line of credit for borrowings up to \$50 million. Such borrowings have generally been used to date to support the Authority's various lending programs by purchasing loans pending the permanent financing of such loans and, with respect to FHLB borrowings, for activities related to the Authority's private activity bond volume cap preservation program. As of December 31, 2017, borrowings in the aggregate principal amount of \$92,785,000 were outstanding under those agreements. See footnote (5) to the audited 2016 financial statements of the Authority attached as **Appendix A** hereto.

The Authority has also borrowed amounts evidenced by Rural Business Cooperative Service Notes (outstanding as of January 31, 2018 in the aggregate principal amount of \$397,070), 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, both with a stable outlook, 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 January 31, 2018. Further detail regarding these items is provided under the other subcaptions of "Obligations of the Authority."

Summary of Certain Authority Obligations as of January 31, 2018

<u>Certain Authority Obligations</u>	<u>Outstanding Amount (January 31, 2018)</u>
Federally Insured Multi-Family Housing Loan Program Pass-Through Revenue Bonds (MF Pass-Through Indenture)	\$ 170,296,760
Multi-Family/Project Bonds (Master Indenture) ⁽¹⁾	415,150,000
Single Family Program Bonds (Homeownership Master Indenture) ⁽²⁾	171,368,690
Single Family Mortgage Bonds (2001 Master Indenture)	598,309,435
Privately Placed Bonds:	
Rental Finance	8,097,000
Business Finance	3,880,000

(1) These Bonds include the Refunded Bonds but not the 2018 Series A Bonds.

(2) The Authority issued bonds to refund a portion of its Homeownership Class I Adjustable Rate Bonds 2017 Series BB Bonds under the Homeownership Master Indenture on February 28, 2018 in the aggregate principal amount of \$73,115,747.

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 January 31, 2018. Further detail regarding these items is provided under the other subcaptions of "Obligations of the Authority."

General Obligations of the Authority as of January 31, 2018

General Obligations	Outstanding Amount (January 31, 2018)
Multi-Family/Project Bonds:	
Class I	\$151,605,000
Class II	17,210,000
Privately Placed Bonds:	
Rental Finance	8,097,000
Business Finance	3,880,000
Other Borrowings:	
Line of Credit	111,685,000
Rural Business Cooperative Service Notes	397,070

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SECURITY FOR THE OBLIGATIONS

Pledge of Trust Estate

All Obligations (which may be Bonds or Derivative Products) outstanding under the Master Indenture are secured by and payable from revenues, assets and moneys pledged for the payment thereof under the Master Indenture (the "**Trust Estate**"). The pledge and lien of the Master Indenture on the Trust Estate is created and established in the following order of priority: first, to secure the payment of the principal of and interest on the Class I Obligations; second, to secure the payment of the principal of and interest on the Class II Obligations; third, to secure the payment of the principal and interest on the Class III Obligations; and fourth, to secure the payment of principal of and interest on the Class IV Obligations. Obligations may also be designated as General Obligations of the Authority. For a description of the Obligations presently outstanding under the Master Indenture, see **Appendix B – "OUTSTANDING MASTER INDENTURE OBLIGATIONS."** *Notes and bonds heretofore or hereafter issued to provide funds for programs of the Authority (other than the Obligations under the Master Indenture) are and will be authorized and secured by resolutions and indentures of the Authority other than the Master Indenture, are not and will not be secured by the pledge of the Master Indenture and do not and will not rank on a parity with the Bonds. See "Part II – COLORADO HOUSING AND FINANCE AUTHORITY – Programs to Date."*

Under the Master Indenture, the Trust Estate pledged to secure the Obligations includes:

- (i) the proceeds of Bonds issued under the Master Indenture;
- (ii) the Revenues (as described in "Revenues" under this caption) and all moneys and securities in the Funds and Accounts from time to time held by the Trustee under the terms of the Master Indenture (except moneys and securities in the Rebate Fund, the Excess Earnings Fund and a Bond Purchase Fund) and investments, if any, thereof (other than the Rebate Requirement which is to be deposited in the Rebate Fund and any Excess Earnings which are to be deposited in the Excess Earnings Fund);
- (iii) the rights and interests of the Authority in the Loans and the Financing Documents (except for certain rights and interest expressly retained by the Authority therein) described in "The Loans and Authority Projects" under this caption;
- (iv) the proceeds of mortgage insurance, guaranty benefits and other security related to Loans received by the Authority; and
- (v) all right, title and interest of the Authority in any Credit Enhancement Facility, Liquidity Facility, Derivative Product and Reciprocal Payments.

In no event shall the 2018 Series A Bonds constitute an obligation or liability of the State or any political subdivision thereof (except the Authority). The Authority has no taxing power nor does it have the power to pledge the general credit or the taxing power of the State or any political subdivision thereof (other than the general credit of the Authority, which general credit is not pledged for the payment of the Bonds except in the case of Bonds specifically designated as general obligations of the Authority).

Revenues

Under the Master Indenture, "**Revenues**" means (a) all Loan Repayments, Prepayments and, except insofar as such payments may constitute Servicing Fees, any penalty payments on account of overdue Loan Repayments, (b) payments to be made by the Authority for deposit to the Revenue Fund with respect to Authority Projects in accordance with the most recently filed Cash Flow Statement, (c) Investment Revenues, and (d) all other payments and receipts received by the Authority with respect to Loans. "Revenues" does not include (i) Servicing Fees, unless such fees are specifically pledged to the Trustee, or (ii) any commitment, reservation, extension, or application fees charged by the Authority in connection with a Loan, or (iii) accrued interest received in connection with the purchase of any Investment Securities, or (iv) amounts collected with respect to Loans representing housing assistance payments under any applicable agreement with the U.S. Department of Housing and Urban Development.

Pursuant to the Master Indenture, all Revenues related to each Series of Bonds, in addition to other amounts, are to be deposited into the subaccount of the Revenue Fund related to such Series of Bonds. On the last business day prior to each Bond Payment Date, the Trustee is required to make certain transfers of amounts from each Series subaccount of the Revenue Fund, to the extent moneys are available, to various Funds and Accounts in a certain priority, as provided in the Master Indenture. See **Appendix C** – "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Revenue Fund – Allocation of Revenues from the Revenue Fund." Among these transfers, the Trustee is to deposit into: (i) the related Series Subaccount of the related Class Special Redemption Account, the Loan Recycling Account (at the election of the Authority), or any combination of the two, the amount needed, if any, to ensure that the Class Asset Requirement for the related Series of Bonds will be met on such Bond Payment Date; and (ii) each Series subaccount of the Related Class Special Redemption Account not related to such Series of Bonds, on a proportionate basis with all such unrelated subaccounts, the amount of any deficiency resulting from the lack of moneys sufficient to make the deposit described in (i).

The Class Asset Requirements applicable to each Series of Bonds are set forth in each Related Series Indenture. See **Appendix D** – "CLASS ASSET REQUIREMENTS."

The Loans and Authority Projects

Master Indenture Requirements

The Trust Estate pledged under the Master Indenture to secure Obligations issued thereunder includes the rights and interests of the Authority in the Loans and the Financing Documents (except for certain rights and interests expressly retained by the Authority therein), and in the Authority Projects. Under the Master Indenture, "**Loan**" means a loan of money, including advances, in the form of a construction loan, a permanent loan or a combined construction and permanent loan made by the Authority to a Borrower with the proceeds of Bonds or obligations refunded by Bonds or with Prepayments for the financing of a portion of the costs of a Housing Facility or Project, which Loan is evidenced by a Note pursuant to a Loan Agreement. "**Housing Facility**" means a facility designed and financed for the primary purpose of providing dwelling accommodations in accordance with the Act. "**Project**" means a work or improvement located in the State designed to provide facilities for manufacturing, warehousing, commercial, recreational, hotel, office, research and development or other business purpose (not including a Housing Facility). "**Financing Documents**" include, with respect to any Loan, the Loan Agreement, the Note, the Mortgage and any insurance guaranties and other security for the repayment of the Loan. The Authority is permitted by the Master Indenture to apply the proceeds of Obligations issued under the Master Indenture to make or purchase (as Loans) mortgage loans which are insured or guaranteed by an agency or instrumentality of the United States under an insurance program such as the programs described in **Appendix H** – "FEDERAL INSURANCE PROGRAMS." The Authority is also permitted by the Master Indenture to apply the proceeds of Obligations issued under the Master Indenture to make or purchase (as Loans) uninsured mortgage loans made for housing

facilities which are secured only by a mortgage on the related housing facilities or made for certain commercial Projects (as defined above). The Authority is also permitted by the Master Indenture to apply proceeds to Bonds for the financing of a portion of the costs of an Authority Project. An "**Authority Project**" means a housing facility or other asset intended to be owned and operated by the Authority, or the financing and refinancing of designated expenditures and/or obligations of the Authority, or any combination thereof.

Outstanding Loans, Authority Projects and Fund Balances

For information concerning the Outstanding Loans, Authority Projects and Fund balances securing the Obligations issued now and hereafter under the Master Indenture, see **Appendix G-2** hereto.

Debt Service Reserve Fund

Each Series Indenture establishes a subaccount of the Debt Service Reserve Fund for the related Series of Bonds. The Debt Service Reserve Fund Requirement for each Series of Bonds is established by the Related Series Indenture. See generally "Part I – CERTAIN PROGRAM ASSUMPTIONS – Debt Service Reserve Fund." The Debt Service Reserve Fund Requirement for any Series of Bonds is based on the maximum principal and interest due for a particular period on Loans related to a Series of Bonds and does not directly relate to the aggregate principal amount of such Bonds outstanding.

Amounts in the Debt Service Reserve Fund are to be transferred to the Debt Service Fund and applied by the Trustee to the payment of principal and interest on the Bonds issued under the Master Indenture, in order of Class, in the event that amounts on deposit in the Debt Service Fund for the Related Class are insufficient to make such payments on any Bond Payment Date. When making such payments, the Trustee is to transfer amounts first from the Series subaccount of the Debt Service Reserve Fund related to the Bonds for which the payment will be made and, second, from any unrelated Series subaccounts.

For further information with respect to the Debt Service Reserve Fund, see **Appendix C** – "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Debt Service Reserve Fund."

Liquidity Facilities

Pursuant to the respective Series Indenture, the Authority has entered into, and expects in the future to enter into, Liquidity Facilities in connection with Adjustable Rate Bonds issued under the Master Indenture. See **Appendix B** – "OUTSTANDING MASTER INDENTURE OBLIGATIONS – Outstanding Liquidity Facilities" for a description of the outstanding Liquidity Facilities under the Master Indenture. The Authority may elect to replace any Liquidity Facility with an Alternate Liquidity Facility. The Authority shall promptly notify the Trustee, the 2018A-2 Remarketing Agent with respect to the applicable series of the Adjustable Rate Bonds and the Paying Agent of the Authority's intention to deliver an Alternate Liquidity Facility at least 45 days prior to such delivery. Upon receipt of such notice, if the Alternate Liquidity Facility is to be provided by an entity other than the provider of a then current Liquidity Facility, the Trustee will promptly mail a notice of the anticipated delivery of an Alternate Liquidity Facility, including the name of the provider of such Alternate Liquidity Facility, by first-class mail (or transmitted in such other manner as may be customary for the industry as directed in writing by the Authority) to the related Remarketing Agent, and to each Owner of the Adjustable Rate Bonds at such Owner's registered address, at least 30 days prior to delivery of the Alternate Liquidity Facility.

Any Alternate Liquidity Facility must be an irrevocable letter of credit and related reimbursement agreement, line of credit, standby bond purchase agreement or similar agreement, providing for direct payments to or upon the order of the Paying Agent of amounts up to the principal of the Adjustable Rate Bonds when due upon purchase pursuant to a tender and the interest portion of the purchase price of the

Adjustable Rate Bonds consisting of accrued interest for the number of days required by each Rating Agency then rating the Adjustable Rate Bonds in order to ensure that the rating of the Adjustable Rate Bonds will not be adversely affected, as evidenced in writing from each such Rating Agency to the Trustee, at the Maximum Rate as defined in each Series Indenture.

An Alternate Liquidity Facility (along with the requisite favorable opinions of counsel) must be delivered to the Trustee no later than the applicable expiration date of the then-current Liquidity Facility.

Derivative Products

In connection with the issuance of certain Adjustable Rate Bonds, the Authority has entered, and expects in the future to enter, into interest rate swap agreements (the "**Derivative Products**") with a counterparty with respect to such Adjustable Rate Bonds. See "Part II – COLORADO HOUSING AND FINANCE AUTHORITY – Obligations of the Authority – General Obligations – Derivative Products; Interest Rate Contracts," "Part II – CERTAIN BONDOWNERS' RISKS – Risks Related to Derivative Products" and **Appendix B** – "OUTSTANDING MASTER INDENTURE OBLIGATIONS – Outstanding Derivative Products." Any payments or receipts received by the Authority under the Derivative Products will be pledged as Revenues, as described in **Appendix C** – "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Authorization and Issuance of Bonds and Derivative Products." The Authority's obligation to make regular interest payments to the Counterparty under each of the Derivative Products has constituted, and is expected in the future to constitute, a Class I Obligation under the Master Indenture, secured on parity with the lien on the Trust Estate of the other Class I Obligations, other than as indicated in **Appendix B** hereto. The Authority's obligation to make termination payments under each of the Derivative Products in the event of early termination, and in the future is expected to be, a general obligation of the Authority and not an Obligation under the Master Indenture. See "Part II – CERTAIN BONDOWNERS' RISKS – Risks Related to Derivative Products" and "Part II – COLORADO HOUSING AND FINANCE AUTHORITY – Obligations of the Authority – General Obligations."

Issuance of Additional Bonds

The Master Indenture permits the Authority to issue additional Bonds thereunder from time to time, without limitation as to amount, secured on an equal lien with the outstanding Bonds of the respective class, upon delivery of a Cash Flow Statement and satisfaction of certain other conditions. The Authority may not issue additional Bonds if such issuance would result in a lowering, suspension or withdrawal of the ratings then applicable to any Bonds issued under the Master Indenture. See **Appendix C** – "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Issuance of Additional Bonds" and "– Issuance of Refunding Bonds." The Authority expects to issue additional Bonds in the future under the Master Indenture. See "Pledge of Trust Estate" under this caption. For a description of the Bonds presently outstanding under the Master Indenture, see **Appendix B** – "OUTSTANDING MASTER INDENTURE OBLIGATIONS – Outstanding Bonds."

CERTAIN BONDOWNERS' RISKS

Limited Security

The Bonds are special limited obligations of the Authority payable by Class priority and solely from the Trust Estate (except in the case of Bonds which have been specifically designated as general obligations of the Authority). See "Part II – SECURITY FOR THE OBLIGATIONS – Pledge of Trust Estate." There is no assurance that the Loans in or expected to be in the Trust Estate will perform in accordance with the assumptions made and that Revenues will be sufficient to pay debt service on the Bonds when due. See **Appendix C** – "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Revenue Fund." Additional Obligations may be issued by the Authority under the Master Indenture on a parity with each Class of Bonds outstanding, upon satisfaction of certain conditions set forth in the Master Indenture.

Origination of New Loans

There are numerous reasons why the entire amount deposited to the subaccount of the Acquisition Account of the Program Fund for a particular Series of Bonds might not be used to originate new Loans as expected and within the required timeframes. Proceeds of a Series of Bonds and exchanged amounts relating thereto in the related subaccount of the Acquisition Account which have not been used to make new Loans or finance new Authority Projects must be used to redeem Bonds of such Series at par as set forth in Part I.

Considerations Regarding Redemption

A significant portion of the outstanding Loans are now subject to voluntary prepayment by the respective Borrowers at any time and, additionally, numerous loans will become subject to voluntary prepayment by the Borrowers prior to the optional redemption date. Voluntary prepayments may result from a refinancing provided by any source, including the Authority. Involuntary prepayments may also be made on the Loans as a result of damage or destruction of the housing facilities, or acceleration or sale of a Loan in the event of a Borrower default. Any Loan or Authority Project is also subject without restriction to voluntary sale, assignment or other disposition.

PURSUANT TO THE SPECIAL REDEMPTION PROVISIONS OF THE INDENTURE, EXCEPT AS OTHERWISE PROVIDED IN THE RELATED SERIES INDENTURE, THE BONDS MAY BE REDEEMED PRIOR TO THEIR STATED MATURITY FROM ANY MONEYS AND/OR INVESTMENT SECURITIES ON DEPOSIT IN THE RESPECTIVE ACCOUNTS OF THE REDEMPTION FUND, INCLUDING UNEXPENDED BOND PROCEEDS, EXCESS REVENUES FROM REGULAR LOAN PAYMENTS, VOLUNTARY OR INVOLUNTARY PREPAYMENTS AND AMOUNTS DEPOSITED AS A RESULT OF ANY OTHER EVENT AS DESCRIBED HEREIN. THE TIME OR RATE OF SUCH PREPAYMENTS OR DEPOSITS CANNOT BE PREDICTED. **However, it is assumed that a substantial portion of each Series of Bonds subject to such special redemption under the Indenture will be redeemed prior to their respective stated maturities at a redemption price equal to the principal amount of such Series of Bonds to be redeemed, without premium (except in limited circumstances). The 2018 Series A Bonds are subject to redemption as described in "Part I – TERMS OF THE 2018 SERIES A BONDS – Prior Redemption."**

Tax Exempt Status of Tax-Exempt Bonds

Any opinion to be delivered by Bond Counsel concurrently with delivery of any tax-exempt Bonds will assume compliance by the Authority with certain requirements of the Tax Code that must be met subsequent to the issuance of such Bonds. The Authority will certify, represent and covenant to

comply with such requirements. Failure to comply with such requirements could cause the interest on the tax-exempt Bonds to be included in gross income, or could otherwise adversely affect such opinions, retroactive to the date of issuance of such Bonds. Furthermore, the opinion of Bond Counsel is rendered as of the date of delivery of the particular Series of Bonds and speaks only to laws in effect as of such date. Amendments to federal and state tax laws are proposed from time to time and could be enacted in the future. There can be no assurance that any such future amendments will not adversely affect the value of such Series of Bonds, the exclusion of interest on the tax-exempt Bonds from gross income, alternative minimum taxable income, state taxable income, or any combination from the date of issuance of the particular Series of Bonds or any other date, or that such changes will not result in other adverse federal or state tax consequences.

Conditions to Payment of FHA Insurance

The failure to maintain adequate casualty insurance on any Housing Facility insured under an FHA program may result in the loss of FHA mortgage insurance benefits in the event of damage to or destruction of such Project. FHA mortgage insurance benefits may also be impaired as a result of the failure to pay required mortgage insurance premiums to the FHA and failure of the mortgagee to provide the FHA on a timely basis with required notice. As described in **Appendix H** – "FEDERAL INSURANCE PROGRAMS," the mortgagee is responsible for servicing the Loans and the maintenance of the FHA mortgage insurance in connection with insured Loans under the Multi-Family Housing Facility Loan Program. See "Part II – COLORADO HOUSING AND FINANCE AUTHORITY – Programs to Date."

Risks Related to Derivative Products

Each of the Derivative Products exposes the Authority to certain risks including, but not limited to, the risk that payments received by the Authority from the applicable Counterparty could be substantially less than the floating rate interest payments due on the related Series of Bonds. Pursuant to each of the Derivative Products, the Authority will pay interest to the Counterparty at a fixed rate and will receive interest from the Counterparty at a variable rate which will be based on a LIBOR or SIFMA Index. To the extent Counterparty payments are based on a LIBOR or SIFMA Index, the amount of actual interest payments due on the respective Adjustable Rate Bonds may differ from the amount of such interest payments to be made by the Counterparty and the Trust Estate may not be sufficient to pay interest as due.

The payment obligations of the Authority under the Derivative Products do not remove the obligations of the Authority to pay interest on the related Series of Bonds from the Trust Estate. A negative change to the financial position of any of the Counterparties (including bankruptcy or insolvency) at any time may negatively impact payments to the Authority pursuant to the applicable Interest Rate Contract to an extent that cannot be determined. In addition, each Interest Rate Contract is subject to termination upon the occurrence of certain events, and no assurance can be given that the Derivative Products, or any of them, will continue to be in effect. The Owners of the Bonds do not have any rights under any Interest Rate Contract or against any Counterparty. See "Part II – SECURITY FOR THE OBLIGATIONS – Derivative Products" and **Appendix B** – "OUTSTANDING MASTER INDENTURE OBLIGATIONS – Outstanding Derivative Products." See also footnote (8) to the audited 2016 financial statements of the Authority for a description of certain further risks associated with the Derivative Products.

Risks Related to Liquidity Providers and Liquidity Facilities

Creditworthiness of the Liquidity Providers

The short-term credit ratings of the Adjustable Rate Bonds under the Master Indenture are based on the issuance of the respective Liquidity Facilities relating to such Adjustable Rate Bonds. Such ratings are based solely on the general credit of the respective Liquidity Provider. Any downgrade in the ratings of the related Liquidity Provider may impact the interest rate of the related Adjustable Rate Bonds.

Each Liquidity Facility provides the Trustee with the liquidity support necessary to purchase the applicable Adjustable Rate Bonds deemed tendered for purchase as described in the related Series Indenture. If remarketing proceeds are not sufficient to provide funds sufficient to pay the purchase price of tendered Adjustable Rate Bonds, the Trustee is required to draw funds under the applicable Liquidity Facility. The ability of the respective Liquidity Provider to honor such drawings may be adversely affected by its financial condition at the time of such draws. No assurance is given as to the current or future financial condition of any Liquidity Provider or the financial condition of any entity with which any Liquidity Provider may merge or by which it may be acquired. For more information about the Liquidity Providers and Outstanding Liquidity Facilities, see **Appendix B** – "OUTSTANDING MASTER INDENTURE OBLIGATIONS – Outstanding Liquidity Facilities." If a Liquidity Provider becomes insolvent or otherwise becomes a debtor in bankruptcy, timely payment of the purchase price of related Adjustable Rate Bonds subject to tender for purchase might depend entirely on the sufficiency of the Trust Estate to pay such amounts.

Inability to Obtain Substitute Liquidity Facility

Each Liquidity Facility expires on a particular date which is much earlier than the maturity dates of the related Adjustable Rate Bonds. See **Appendix B** hereto. No assurances can be given that the Authority will be able to extend any of the Liquidity Facilities or obtain a Substitute Liquidity Facility with respect to any series of Adjustable Rate Bonds upon the terms required by the respective Series Indenture until and including the final maturity dates of such Adjustable Rate Bonds or until the interest rate on such Adjustable Rate Bonds is converted to a Fixed Rate. Failure to extend a Liquidity Facility or obtain a Substitute Liquidity Facility will result in a mandatory purchase of the related Adjustable Rate Bonds prior to maturity at a price of par. The mandatory purchase of such Adjustable Rate Bonds on such a mandatory bond purchase date may not be waived. As a result, related Adjustable Rate Bonds subject to such mandatory purchase will become Bank Bonds under the Master Indenture. See "Interest Costs Associated with Bank Bonds" under this caption.

Increased Costs Associated with Bank Bonds

Pursuant to the Liquidity Facilities, certain unpaid fees will bear interest at the "Default Rate" and Bank Bonds will bear interest at a rate as set forth in the related Liquidity Facilities. Those interest rates can be substantially higher than the variable rate that otherwise would apply to the calculation of interest on the Adjustable Rate Bonds; any increase in those interest rates increases the amount of interest payable by the Trust Estate under the Master Indenture and may affect its sufficiency to pay the Bonds. These outstanding Bank Bonds bear interest at rates substantially higher than the variable rate that would otherwise apply and, in connection with several Series, principal and interest on such Bank Bonds will be payable under the accelerated amortization provisions of the related Liquidity Facility. Payments of interest and regularly scheduled principal, and such principal as may be redeemed prior to regularly scheduled payment dates, on such Bank Bonds are on parity with the lien of the related Adjustable Rate Bonds which have been purchased. Principal payments due on the Bank Bonds following any acceleration by the Liquidity Facility Provider will be Class III Obligations and constitute general obligations of the Authority. See "Inability to Obtain Substitute Liquidity Facility" under this caption.

Expiration of HAP Contracts

A portion of the insured and uninsured rental loans pledged to secure Obligations under the Master Indenture are secured in part by housing assistance payments ("**HAP**") contracts with terms expiring prior to expiration of the related insured and uninsured rental loan. Generally, these HAP contracts are renewals of previous HAP contracts, in some cases after "mark-to-market" mortgage restructurings, pursuant to the Multifamily Assisted Housing Reform and Affordability Act of 1997, as amended. The insured and uninsured rental loans typically require borrowers to renew the respective HAP contract for the longer of the minimum period that the related project is subject to low-income occupancy and rent restrictions under the CHFA Regulatory Agreement (15 or 20 years) or the period the insured or uninsured rental loan is outstanding. There is no assurance that such renewals will be provided by HUD, as they are subject, among other things, to the availability of Congressional appropriations. The failure or inability to renew the HAP contracts could adversely affect the sufficiency of revenues available to the development owners to make required payments on their loans, which loan payments are pledged under the Master Indenture for payment of the Bonds outstanding thereunder or increase the level of prepayments. See "Considerations Regarding Redemption" under this caption. For more information regarding the Section 8 Subsidy Program as it applies to the Loans securing the Bonds, see **Appendix I** hereto.

Enforcement of Regulatory Agreements

The CHFA Regulatory Agreements allow for enforcement by declaration of default under the Loans and an acceleration of the Loans at the discretion of the Authority. Such acceleration may, under certain circumstances, require HUD consent. Despite the authority granted under the Loan documents, it may not be feasible to accelerate the debt evidenced by the Loans for a covenant default relating to the Projects, including a tax-related covenant default. *There is no provision in the Bonds or the Indenture for an acceleration of the indebtedness evidenced by the Bonds or payment of additional interest in the event interest on the Bonds were declared taxable, and the Authority will not be liable under the Bonds or the Indenture for any such payment on the Bonds whatsoever.*

(End of Part II)

APPENDIX A

**Annual Financial Report
(With Independent Auditor's Report Thereon)
December 31, 2016 and 2015**

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COLORADO HOUSING AND FINANCE AUTHORITY
ANNUAL FINANCIAL REPORT
(With Independent Auditors' Report Thereon)
December 31, 2016 and 2015



Prepared by:
Accounting Division

COLORADO HOUSING AND FINANCE AUTHORITY – Annual Financial Report

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colorado housing and finance authority



**EXECUTIVE LETTER
(UNAUDITED)**

**Message from Cris White,
Executive Director and CEO
March 23, 2017**

CHFA's programs to support housing stability and economic prosperity were in demand throughout Colorado in 2016. CHFA was pleased to exceed production goals in all three lines of CHFA's business, in addition to setting a new record for the most single family mortgage production in our history - a significant indicator of the great need for affordable homeownership options in Colorado.

Overall in 2016, CHFA supported:

- 6,114 Colorado households in obtaining home purchase loans, mortgage refinance loans, or mortgage credit certificates;
- the development or preservation of 62 affordable rental housing projects, supporting a total of 5,573 rental housing units; and
- 414 businesses with our capital access and business lending programs, which combined supported 4,486 jobs.

CHFA made a \$1.7 billion direct investment into our mission last year. The economic activity estimated to occur as a result of this investment is \$2.5 billion.

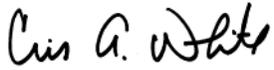
Home prices grew by more than 8 percent in 2016, bringing the median sales price to \$310,000. To support the growing need for affordable homeownership, CHFA invested \$1.3 billion in first mortgage home loans in 2016. This surpassed our previous record for highest annual production of \$745.9 million, achieved in 2015. Additionally, enrollment in statewide CHFA-sponsored homebuyer education classes reached an all-time high in 2016, with 10,719 households served.

In 2016's third quarter, the median rent in Colorado was \$1,267, which is a 48.8% increase over the last five years. As unaffordability became more widespread across Colorado last year, CHFA invested \$323.2 million in multifamily loans and Low Income Housing Tax Credits to support the development or preservation of affordable rental housing properties. This investment translates to 5,573 units to be developed or preserved throughout Colorado.

CHFA's investment in economic development via our business finance programs strengthened Colorado communities in 2016. We exceeded our 2016 business finance production goal by more than 200 percent, investing \$70.0 million to help businesses grow across the state. In addition, credit enhancement programs administered by CHFA, Colorado Credit Reserve and Cash Collateral Support, leveraged a combined \$52.0 million in private sector lending to support Colorado businesses in 2016.

CHFA's Housing Opportunity Fund (HOF) remains an important resource to support our mission. In 2016, we doubled its balance by contributing \$23.8 million, bringing the balance available to \$42.2 million. HOF supported 652 new or preserved rental housing units in 2016, including 100 units serving formerly homeless families and individuals, and 196 serving seniors and disabled individuals. In addition, \$11.6 million in HOF has been committed to support future projects. In the coming years, we expect HOF to continue to be a source of funding that accommodates an array of affordable housing and community development activities throughout Colorado.

As Colorado continues to grow and change, CHFA will continue to fulfill our mission and aspire to realize our vision that everyone in Colorado will have the opportunity for housing stability and economic prosperity. This will take strong partnerships, creative solutions, and a continued commitment to our values.



Cris A. White
Executive Director and CEO



INDEPENDENT AUDITORS' REPORT

Independent Auditor's 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 Colorado Housing and Finance Authority (the Authority) as of and for the years ended December 31, 2016 and 2015, 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 accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's 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 audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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 respective financial position of the Colorado Housing and Finance Authority as of December 31, 2016 and 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The executive letter and the supplementary information, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 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 it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 23, 2017, 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.

RSM US LLP

Denver, Colorado
March 23, 2017



**MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)**



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 as of and for the years ended December 31, 2016 and 2015. 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*.

The Authority is a public purpose financial enterprise, a body corporate and political subdivision of the State of Colorado (the State), 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. 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.

The Authority participates in the Government National Mortgage Association (Ginnie Mae) Mortgage Backed Securities (MBS) Programs. Through the MBS Programs, Ginnie Mae guarantees securities that are issued by the Authority and that are backed by pools of mortgage loans. Ginnie Mae securities, which can be held or sold, carry the full faith and credit guaranty of the United States government. 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 are guaranteed by the United States Department of Agriculture Rural Development or the Veterans Administration.

The Authority also participates in the Federal National Mortgage Association (Fannie Mae) Mortgage Backed Securities (MBS) and Whole Loan Commitment Programs. Fannie Mae is a Government-Sponsored Enterprise with a public mission to provide stability in and to increase the liquidity of the residential mortgage market for homebuyers. The Authority is a Fannie Mae Seller/Servicer, either selling whole loans to Fannie Mae for cash or swapping pooled loans for mortgage-backed securities (MBS) issued by Fannie Mae, which securities can be held or sold.

The Authority also participates in the Federal Home Loan Corporation (Freddie Mac) Whole Loan Commitment Program. Freddie Mac is a Government-Sponsored Enterprise with a public mission to provide liquidity, stability and affordability to the nation's housing market. The Authority is a Freddie Mac Seller/Servicer, selling whole loans to Freddie Mac for cash.

Overview of the Financial Statements

The basic financial statements consist of the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position, the Statement of Cash Flows and the notes thereto. The Authority 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.



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.

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.

Required and other supplementary information is presented following the notes to financial statements to provide selected pension information and other supplemental information, such as combining schedules for the Authority's programs.

Debt Activity

On May 5, 2016, the Authority issued \$12.5 million in tax exempt, Federally Insured Multi-Family Pass-Through, Series 2016-I Bonds to fund the construction and permanent loan for Montbello VOA Senior Housing Project.

On July 20, 2016, the Authority issued \$18.0 million in tax exempt, Federally Insured Multi-Family Pass-Through, Series 2016-II Bonds to fund the construction and permanent loan for Crisman Apartments Project.

On August 31, 2016, the Authority issued \$7.5 million in tax exempt, Federally Insured Multi-Family Pass-Through, Series 2016-III Bonds to fund the construction and permanent loan for Willow Street Residences Project.

On September 29, 2016, the Authority issued \$12.4 million in tax exempt, Federally Insured Multi-Family Pass-Through, Series 2016-IV Bonds to fund the construction and permanent loan for Porter House Apartments Project.

On October 25, 2016, the Authority issued \$1.2 million in Federally Taxable 2016 Series A-1 Bonds and \$10.5 million in non-AMT 2016 Series A-2 bonds to fund building improvements at the Authority's headquarters.

On December 14, 2016 the Authority issued \$44.0 million in tax exempt, Federally Insured Multi-Family Pass-Through, Series 2016-V Bonds to refund a portion of bonds within the Multi-Family Project Indenture. In connection with the refunding, certain outstanding Federally Insured mortgage loans were transferred and pledged to the 2016-V Series Bonds.

Programs – The financial statements present the activities of the Authority's housing and lending programs. Information regarding these programs is provided in the supplemental schedules.

Financial Highlights

- Total cash and investments as of December 31, 2016 were \$698.8 million, a decrease of \$48.1 million, or 6.4%, compared to the amount outstanding as of December 31, 2015. The decrease was primarily the result of payments made against interest rate swap agreements and scheduled payments of principal and interest on bonds outstanding.
- Total net loans receivable as of December 31, 2016 were \$1.2 billion, a decrease of \$46.7 million, or 3.8%, compared to the amount outstanding as of December 31, 2015. Loan repayments occurred without a



Management's Discussion and Analysis
(unaudited)

corresponding increase in new loans retained as the Authority continued in 2016 to sell all of its single family loan production through four vehicles: sales of Ginnie Mae and Fannie Mae mortgage backed securities or by direct sale to Fannie Mae or Freddie Mac. During 2016, \$972.3 million in loans were sold through the issuance and sale of Ginnie Mae securities, \$202.1 million in loans were pooled and swapped for Fannie Mae mortgage backed securities, which were subsequently sold, \$66.9 million in loans were sold directly to Fannie Mae and \$25.5 million in loans were sold directly to Freddie Mac.

- Total deferred outflows as of December 31, 2016 were \$108.2 million, a decrease of \$22.1 million, or 17.0%, compared to the amount outstanding as of December 31, 2015, reflecting an increase in market interest rates.
- As of December 31, 2016, bonds, notes payable and short-term debt were \$1.3 billion, a decrease of \$174.6 million, or 11.5%, compared to the balance at December 31, 2015. Payments of loans, together with available cash, have been used to reduce bond balances.
- Net position as of December 31, 2016 was \$364.5 million, an increase of \$24.4 million, or 7.2%, compared to the balance at December 31, 2015. Net position as a percent of total assets increased from 16.9% as of December 31, 2015 to 18.9% as of December 31, 2016.
- As reflected in the Statement of Revenues, Expenses and Changes in Net Position, the change in net position was \$8.0 million or 48.5% more than the results at December 31, 2015. The increase in the change in net position compared to prior year was primarily composed of the following:
 - A \$1.4 million increase in net interest income as a result of lower bond expense.
 - A \$48.4 million increase in other operating income is a result of the following:
 - \$36.5 million increase in gain on sale of loans
 - \$1.1 million increase in investment derivative activity
 - \$8.1 million increase in fair value of investments
 - \$2.7 million increase in loan servicing and other revenues
 - A \$41.1 million increase in operating expenses due primarily to expenses related to the down payment assistance program.



Analysis of Financial Activities

Condensed Summary of Net Position

(in thousands of dollars)

As of December 31,	2016	2015	2014
Assets			
Cash	\$ 161,081	\$ 144,488	\$ 118,512
Investments	537,674	602,402	715,558
Loans receivable, net	1,039,324	1,165,675	1,385,457
Loans receivable held for sale	128,425	48,762	44,463
Capital assets, net	4,441	5,544	6,363
Other assets	58,317	42,455	42,460
Total assets	1,929,262	2,009,326	2,312,813
Deferred outflows of resources			
Accumulated increase in fair value of hedging derivatives	95,952	120,171	129,664
Pension contributions and investment earnings	6,507	2,558	-
Refundings of debt	5,741	7,584	12,472
Total deferred outflows of resources	108,200	130,313	142,136
Liabilities			
Bonds, notes payable and short-term debt	1,340,147	1,514,701	1,856,112
Derivative instruments and related borrowings	118,072	158,786	181,616
Net pension liability - proportionate share	25,185	19,395	-
Other liabilities	184,462	102,687	72,378
Total liabilities	1,667,866	1,795,569	2,110,106
Deferred inflows of resources			
Accumulated decrease in fair value of hedging derivatives	4,830	3,843	4,614
Pension investment differences	296	193	-
Total deferred inflows of resources	5,126	4,036	4,614
Net position			
Investment in capital assets	4,441	5,543	6,363
Restricted primarily by bond indentures	155,022	142,115	139,680
Unrestricted	205,007	192,376	194,186
Total net position	\$ 364,470	\$ 340,034	\$ 340,229



Comparison of Years Ended December 31, 2016 and 2015

Total assets decreased \$80.1 million, or 4.0%, from the prior year. Total cash and investments decreased \$48.1 million, or 6.4% primarily as a result of payments made against interest rate swap agreements and scheduled payments of principal and interest on bonds outstanding. Net loans receivable decreased by \$46.7 million, or 3.8%, as a result of loan repayments occurring without a corresponding increase in new loans retained as the Authority continued in 2016 to sell all of its single family loan production through four vehicles: sales of Ginnie Mae and Fannie Mae mortgage backed securities or by direct sale to Fannie Mae or Freddie Mac. Deferred outflows decreased \$22.1 million, or 17.0%, from the prior year, reflecting an increase in market interest rates.

Total liabilities decreased \$127.7 million, or 7.1%, from the prior year. Bonds, notes payable and short-term debt decreased \$174.6 million, or 11.5% from the prior year, primarily due to scheduled bond payments and additional unscheduled redemptions. Derivative instruments and related borrowings decreased \$40.7 million, or 25.6%, from the prior year due to an increase in market interest rates.

Comparison of Years Ended December 31, 2015 and 2014

Total assets decreased \$303.5 million, or 13.1%, from the prior year. Total cash and investments decreased \$87.2 million, or 10.5% primarily as a result of payments made against interest rate swap agreements and scheduled payments of principal and interest on bonds outstanding. Net loans receivable, including loans receivable held for sale, decreased by \$215.5 million, or 15.1%, as a result of loan repayments occurring without a corresponding increase in new loans retained as the Authority continued in 2015 to sell all of its single family loan production through three vehicles: sales of Ginnie Mae and Fannie Mae mortgage backed securities or by direct sale to Fannie Mae. Deferred outflows decreased \$11.8 million, or 8.3%, from the prior year, reflecting an increase in market interest rates.

Total liabilities decreased \$314.5 million, or 14.9%, from the prior year. Bonds, notes payable and short-term debt decreased \$341.4 million, or 18.4% from the prior year, primarily due to scheduled bond payments and additional unscheduled redemptions. Derivative instruments and related borrowings decreased \$22.8 million, or 12.6%, from the prior year due to an increase in market interest rates.



*Management's Discussion and Analysis
(unaudited)*

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

For the years ended December 31,	2016	2015	2014
Interest income and expense:			
Interest on loans receivable	\$ 63,648	\$ 72,283	\$ 83,347
Interest on investments	14,472	23,667	21,522
Interest on debt	(53,367)	(72,616)	(80,603)
Net interest income	24,753	23,334	24,266
Other operating income (loss):			
Rental income	17	17	32
Gain on sale of loans	86,527	50,065	23,846
Investment derivative activity gain (loss)	2,651	1,569	(3,194)
Net increase (decrease) in the fair value of investments	(5,032)	(13,123)	8,790
Other revenues	29,487	26,749	22,739
Total other operating income	113,650	65,277	52,213
Total operating income	138,403	88,611	76,479
Operating expenses:			
Salaries and related benefits	22,207	18,647	16,977
General operating	90,306	51,872	24,489
Depreciation	932	1,109	1,197
Provision for loan losses	(180)	525	(2,698)
Total operating expenses	113,265	72,153	39,965
Net operating income	25,138	16,458	36,514
Nonoperating expenses:			
Federal grant receipts	129,405	120,224	116,944
Federal grant payments	(129,405)	(120,224)	(116,944)
Loss on sale of capital assets	(702)	-	(20)
Total nonoperating income and expenses, net	(702)	-	(20)
Change in net position	24,436	16,458	36,494
Net position:			
Beginning of year	340,034	340,229	303,735
Restatement due to GASB 68	-	(16,653)	-
End of year	\$ 364,470	\$ 340,034	\$ 340,229



Comparison of Years Ended December 31, 2016 and 2015

Total operating income increased by \$49.8 million in 2016, or 56.2%, compared to 2015. The following contributed to the increase:

- Interest income decreased by \$17.8 million in 2016 as a result of higher loan prepayments without a corresponding increase in new loan production retained.
- Interest expense related to debt decreased by \$19.2 million due to lower outstanding balances and reducing interest through actions to restructure debt.
- Gain on sale of loans increased \$36.5 million due to increased loan activity related to the down payment assistance grant program offered in 2016.
- The fair value of investments and investment derivative activity collectively increased by \$9.2 million due primarily to changes in market rates during 2016.
- Other revenues increased \$2.7 million due to higher servicing fee income collected.

Total operating expenses increased \$41.1 million in 2016, or 57.0%, compared to 2015. The increase was primarily due to expenses related to the down payment assistance program that began in 2015.

The federal grant receipts/payments consisted 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, 2015 and 2014

Total operating income increased by \$12.1 million in 2015, or 15.9%, compared to 2014. The following contributed to the increase:

- Interest income decreased by \$8.9 million in 2015 as a result of higher loan prepayments without a corresponding increase in new loan production retained.
- Interest expense related to debt decreased by \$8.0 million due to lower outstanding balances and reducing interest through actions to restructure debt.
- Gain on sale of loans increased \$26.2 million due to increased loan activity related to the down payment assistance grant program offered in 2015.
- The fair value of investments and investment derivative activity collectively decreased by \$17.2 million due primarily to changes in market rates during 2015.
- Other revenues increased \$4.0 million due to higher servicing fee income collected.

Total operating expenses increased \$32.2 million in 2015, or 80.5%, compared to 2014. The increase was primarily due to expenses related to the down payment assistance program that began in 2015.

The federal grant receipts/payments consisted 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.



BASIC FINANCIAL STATEMENTS

Colorado Housing and Finance Authority

Statement of Net Position

As of December 2016 and 2015

(in thousands of dollars)

	2016	2015
Assets		
Current assets:		
Cash		
Restricted	\$ 117,993	\$ 97,753
Unrestricted	43,088	46,735
Investments (partially restricted, see note 2)	291,336	317,090
Loans receivable (partially restricted, see note 3)	34,644	87,617
Loans receivable held for sale	128,425	48,762
Other current assets	25,792	15,325
Total current assets	641,278	613,282
Noncurrent assets:		
Investments (partially restricted, see note 2)	246,338	285,312
Loans receivable, net (partially restricted, see note 3)	1,004,680	1,078,058
Capital assets, net	4,441	5,544
Other assets	32,525	27,130
Total noncurrent assets	1,287,984	1,396,044
Total assets	1,929,262	2,009,326
Deferred outflows of resources		
Accumulated increase in fair value of hedging derivatives	95,952	120,171
Pension contributions and investment earnings	6,507	2,558
Refundings of debt	5,741	7,584
Total deferred outflows of resources	108,200	130,313
Liabilities		
Current liabilities:		
Short-term debt	61,005	77,505
Bonds payable	46,947	84,192
Notes payable	103	102
Other current liabilities	172,899	95,498
Total current liabilities	280,954	257,297
Noncurrent liabilities:		
Bonds and notes payable	1,232,092	1,352,902
Derivative instruments	91,385	121,187
Hybrid instrument borrowing	26,687	37,599
Net pension liability - proportionate share	25,185	19,395
Other liabilities	11,563	7,189
Total noncurrent liabilities	1,386,912	1,538,272
Total liabilities	1,667,866	1,795,569
Deferred inflows of resources		
Accumulated decrease in fair value of hedging derivatives	4,830	3,843
Pension investment differences	296	193
Total deferred inflows of resources	5,126	4,036
Net position		
Investment in capital assets	4,441	5,543
Restricted primarily by bond indentures	155,022	142,115
Unrestricted	205,007	192,376
Total net position	\$ 364,470	\$ 340,034

See accompanying notes to basic financial statements.

Colorado Housing and Finance Authority
Statement of Revenues, Expenses and Changes in Net Position

For the years ended December 2016 and 2015

(in thousands of dollars)

	2016	2015
Interest income and expense:		
Interest on loans receivable	\$ 63,648	\$ 72,283
Interest on investments	14,472	23,667
Interest on debt	(53,367)	(72,616)
Net interest income	24,753	23,334
Other operating income (loss):		
Rental income	17	17
Gain on sale of loans	86,527	50,065
Investment derivative activity gain	2,651	1,569
Net decrease in the fair value of investments	(5,032)	(13,123)
Other revenues	29,487	26,749
Total other operating income	113,650	65,277
Total operating income	138,403	88,611
Operating expenses:		
Salaries and related benefits	22,207	18,647
General operating	90,306	51,872
Depreciation	932	1,109
Provision for loan losses	(180)	525
Total operating expenses	113,265	72,153
Net operating income	25,138	16,458
Nonoperating income and expenses:		
Federal grant receipts	129,405	120,224
Federal grant payments	(129,405)	(120,224)
Loss on sale of capital assets	(702)	-
Total nonoperating income and expenses	(702)	-
Change in net position	24,436	16,458
Net position:		
Beginning of year	340,034	340,229
Restatement due to GASB 68	-	(16,653)
End of year	\$ 364,470	\$ 340,034

See accompanying notes to basic financial statements.

Colorado Housing and Finance Authority

Statement of Cash Flows

For the years ended December 2016 and 2015

(in thousands of dollars)

	2016	2015
Cash flows from operating activities:		
Principal payments received on loans receivable and receipts from dispositions of other real estate owned	\$ 974,533	\$ 450,109
Interest payments received on loans receivable	64,917	74,123
Payments for loans receivable	(1,405,172)	(807,829)
Receipts from sales of Ginnie Mae securities	614,840	623,901
Receipts from rental operations	17	17
Receipts from other revenues	29,774	26,724
Payments for salaries and related benefits	(15,675)	(17,177)
Payments for goods and services	(91,997)	(52,078)
All other, net	14,990	32,020
Net cash provided by operating activities	186,227	329,810
Cash flows from noncapital financing activities:		
Net increase (decrease) in short-term debt	(16,500)	15,700
Proceeds from issuance of bonds	106,041	125,300
Proceeds from issuance of notes payable	-	266
Receipts from federal grant programs	129,941	119,282
Payments for federal grant programs	(129,405)	(120,224)
Principal paid on bonds	(264,573)	(483,652)
Interest rate swap activity, net	(5,793)	(5,754)
Principal paid on notes payable	(103)	(104)
Interest paid on short-term debt	(504)	(235)
Interest rate swap settlements	(44,674)	(60,485)
Interest paid on bonds	(18,159)	(17,757)
Interest paid on notes payable	(10)	(10)
Net cash used in noncapital financing activities	(243,739)	(427,673)
Cash flows from capital and related financing activities:		
Purchase of capital assets	(530)	(291)
Net cash used in capital and related financing activities	(530)	(291)
Cash flows from investing activities:		
Proceeds from maturities and sales of investments	2,140,154	2,593,526
Purchase of investments	(2,080,462)	(2,493,489)
Income received from investments	14,943	24,093
Net cash provided by investing activities	74,635	124,130
Net increase in cash	16,593	25,976
Cash at beginning of year	144,488	118,512
Cash at end of year	\$ 161,081	\$ 144,488
Restricted	\$ 117,993	\$ 97,753
Unrestricted	43,088	46,735
Cash, end of year	\$ 161,081	\$ 144,488

Continued on the next page

Colorado Housing and Finance Authority

Statement of Cash Flows *(continued)*

For the years ended December 2016 and 2015

(in thousands of dollars)

	2016	2015
Reconciliation of operating income to net cash provided by operating activities:		
Net operating income	\$ 25,138	\$ 16,458
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	932	1,109
Amortization and fair value adjustments of service release premiums	15,657	8,212
Proportionate share of net pension expense	1,943	377
Amortization of derivatives related borrowings	(10,912)	(7,657)
Provision for loan losses	(180)	525
Interest on investments	(14,472)	(23,667)
Interest on debt	64,279	80,273
Unrealized gain on investment derivatives	(2,651)	(1,569)
Unrealized loss on investments	5,032	13,123
Gain on sale of REO	(59)	(278)
Gain on sale of loans receivable held for sale	(86,527)	(50,065)
Changes in assets and liabilities:		
Loans receivable and other real estate owned	116,370	257,870
Accrued interest receivable on loans and investments	1,269	1,840
Other assets	(18,620)	(3,409)
Accounts payable and other liabilities	89,028	36,668
Net cash provided by operating activities	\$ 186,227	\$ 329,810

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 (the 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.

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, liabilities, deferred outflows and deferred inflows 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 – Amounts related to Single Family and Multi-Family/Business Programs are considered restricted and are detailed in the supplemental schedules. 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. Money market investments are reported at amortized cost. Investment amounts related to Single Family and Multi-Family/Business Programs are considered restricted and are detailed in the supplemental schedules.

Loans Receivable – Mortgage loans receivable are reported at their unpaid principal balance net of an allowance for estimated loan losses. Loans related to Single Family and Multi-Family/Business Programs are considered restricted and are detailed in the supplemental schedules.

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 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.



Notes to Basic Financial Statements
(tabular dollar amounts are in thousands)

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 – Capital assets are defined by the Authority as assets with an initial, individual cost of \$10 thousand or greater. 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 – Other assets is primarily made up of mortgage servicing rights. Mortgage servicing rights are amortized over the estimated life of the related loans using the effective interest method. Unamortized costs totaling \$29.2 million and \$23.3 million were outstanding at December 31, 2016 and 2015, respectively. Included in these amounts are mortgage servicing rights of \$24.4 million and \$18.6 million as of December 31, 2016 and 2015, respectively, related to loans sold by the Authority for which the Authority retained the mortgage servicing. These mortgage servicing rights are reported at the lower of cost or fair value.

The Authority recorded impairment losses of \$4.1 million and \$1.1 million on mortgage servicing rights as of December 31, 2016 and 2015, respectively. The impairment losses are reported in general operating expense on the Statement of Revenues, Expenses and Changes in Net Position.

Bonds – Bonds payable are general and 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. Virtually 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 Authority has variable rate demand bonds that have Stand-by Purchase Agreements (SBPA), which state 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 to five 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 terminated interest rate swap hedging relationships, which is amortized on a straight-line basis. The deferred refunding amounts are classified as a component of deferred outflows on 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 starting 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. The Authority's interest rate swaps are generally considered to be hedging derivative instruments under GASB No. 53. However, certain interest rate swaps have been deemed ineffective and are classified as investment derivative instruments. Additional information about the swap agreements is provided in note 8.

Derivative Instruments – Forward Sales Contracts – Forward sales of mortgage backed securities within the To-Be-Announced market are utilized to hedge changes in fair value of mortgage loan inventory and commitments to purchase mortgage loans at fixed rates. At December 31, 2016, the Authority had executed 114 forward sales transactions with a \$384.0 million notional amount with six 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 21, 2017. These contracts are considered investment derivative instruments and carry a fair value of \$2.4 million as of December 31, 2016.

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.

Net Pension Liability – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position of the Public Employee's Retirement Association of Colorado (PERA) pension plan and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms.

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.

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, gain on sale



Notes to Basic Financial Statements
(tabular dollar amounts are in thousands)

of 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.

New Accounting Principles – As of December 31, 2016, the Authority implemented GASB Statement No. 72, *Fair Value Measurement and Application*. This statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

The Statement establishes a hierarchy of inputs to valuation techniques to measure fair value. That hierarchy has three levels. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are inputs – other than quoted prices – included within Level 1 that are observable for the asset or liability, either directly or indirectly. Finally, Level 3 inputs are unobservable inputs, such as management's assumptions of the default rate among underlying mortgages of a mortgage-backed security.

The requirements of this Statement will enhance comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. This Statement also will enhance fair value application guidance and related disclosures in order to provide information to financial statement users about the impact of fair value measurements on a government's financial position. The provisions of this statement were implemented as of December 31, 2016.

GASB issued Statement No. 79, *Certain External Investment Pools and Pool Participants*. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. An external investment pool qualifies for that reporting if it meets all of the applicable criteria established in this Statement. The specific criteria address (1) how the external investment pool transacts with participants; (2) requirements for portfolio maturity, quality, diversification, and liquidity; and (3) calculation and requirements of a shadow price. Significant noncompliance prevents the external investment pool from measuring all of its investments at amortized cost for financial reporting purposes. Professional judgment is required to determine if instances of noncompliance with the criteria established by this Statement during the reporting period, individually or in the aggregate, were significant. This statement was applicable to the Authority's investments in external investment pools as of December 31, 2016.

Future Accounting Principles – GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which is effective for financial statements for periods beginning after June 15, 2018. This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans. The scope of this Statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this Statement identifies



Notes to Basic Financial Statements
(tabular dollar amounts are in thousands)

the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed. This Statement will be applicable to the Authority in 2018; however, the financial impact of the applicability of Statement No. 75 on the Authority's financial statements has not yet been determined.

GASB issued Statement No. 80, *Blending Requirements for Certain Component Units—an amendment of GASB Statement No. 14*, which is effective for reporting periods beginning after June 15, 2016. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity*, as amended. This Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, *Determining Whether Certain Organizations Are Component Units*. This Statement will be applicable to the Authority in 2017; however, the financial impact of the applicability of Statement No. 80 on the Authority's financial statements has not yet been determined.

GASB issued Statement No. 82, *Pension Issues an amendment of GASB Statements No. 67, No. 68, and No.73*. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements No. 67 and No. 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. This Statement clarifies that payments made by an employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contributions for purposes of Statement No. 67 and as employee contributions for the purposes of Statement No. 68. It also requires that an employer's expense and expenditures for those amounts be recognized in the period for which the contribution is assessed and classified in the same manner as the employer classifies similar compensation other than pensions (for example, as salaries and wages or as fringe benefits).

The requirements of this Statement are effective for reporting periods beginning after June 15, 2016, except for the requirements of this Statement for the selection of assumptions in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements for the selection of assumptions are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017.

GASB issued Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. An exception to that requirement is provided for a business-type activity that normally expects to hold custodial assets for three months or less. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4)



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(tabular dollar amounts are in thousands)

custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria. As the Authority does not currently participate in fiduciary activities subject to this Statement, no impact to Authority's financial statements is anticipated at this time. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged.

Reclassifications – Certain reclassifications have been made to the statement of net position as of December 31, 2015 in order to conform to the presentation used for December 31, 2016. These reclassifications had no effect on the change in net position or net position as previously reported.

(2) Cash and Investments

Cash and Cash Equivalents – The Authority's cash and cash equivalents are reported as either restricted or unrestricted and are represented by cash on hand and demand deposits held in banks. Cash is classified as restricted when its use is subject to external limits such as bond indentures, legal agreements or statutes. 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. As of December 31, 2016 and 2015, the Authority had unrestricted cash of \$43.1 million and \$46.7 million, respectively.

Restricted cash as of December 31, 2016 and 2015 was as follows:

Summary of Restricted Cash	2016	2015
Customer escrow accounts	\$ 101,524	\$ 73,901
Payments in process	12,454	20,398
Administered program deposits	4,015	3,454
Total fair value	\$ 117,993	\$ 97,753

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 fully 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 \$101.5 million and \$73.9 million held in a fiduciary capacity as of December 31, 2016 and 2015, 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.

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'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. The Authority is also subject to permissible investments as authorized by Title 24, Article 75, Part 6 of the Statutes. Permissible investments pursuant to the Statutes 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



Notes to Basic Financial Statements
(tabular dollar amounts are in thousands)

Authority's investment policy. These investments are included in the disclosures below under State and political subdivision obligations.

General Program investments of \$22.5 million include investments pledged as of December 31, 2016 as follows: a \$9 million overnight deposit pledged to the FHLB line of credit and Colorado Local Government Liquid Asset Trust (COLOTRUST) investments of Rural Development Loan Program (RDLP), RDLP II and RDLP V in the amounts of \$856 thousand, \$740 thousand and \$262 thousand, respectively; each pledged as collateral for the RDLP notes payable and \$98 thousand of investments pledged as collateral for private placement bonds.

General Program investments of \$89.1 million include investments pledged as of December 31, 2015 as follows: a \$18.4 million certificate of deposit and a \$57.0 million Federal Home Loan Bank (FHLB) discount note pledged to the FHLB line of credit and Colorado Local Government Liquid Asset Trust (COLOTRUST) investments of Rural Development Loan Program (RDLP), RDLP II and RDLP V in the amounts of \$811 thousand, \$423 thousand and \$503 thousand, respectively; each pledged as collateral for the RDLP notes payable and \$945 thousand of investments pledged as collateral for private placement bonds.

All Single Family and Multi-Family/Business Program investments, which total \$515.2 million and \$513.3 million as of December 31, 2016 and 2015, respectively, are restricted under bond indentures or other debt agreements, or otherwise pledged as collateral for borrowings. These amounts are detailed in the supplemental schedules.

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Except for the money market mutual fund investments, substantially all of the Authority's investments are subject to this risk.

As of December 31, 2016, the Authority had the following investment maturities:

Investment Type	Investment Maturities (In Years)				Total
	Less Than 1	1-5	6-10	More Than 10	
External investment pool	\$ 8,831	\$ -	\$ -	\$ -	\$ 8,831
Investment agreements - uncollateralized	50,010	-	-	22,830	72,840
Money market mutual fund	96,483	-	-	-	96,483
Overnight deposit	9,000	-	-	-	9,000
Repurchase agreement	8,539	-	-	4,506	13,045
State & political subdivision obligations	393	-	-	-	393
U.S. government agencies	117,910	25,947	-	192,500	336,357
U.S. Treasury	170	555	-	-	725
Total	\$ 291,336	\$ 26,502	\$ -	\$ 219,836	\$ 537,674



Notes to Basic Financial Statements
(tabular dollar amounts are in thousands)

As of December 31, 2015, the Authority had the following investment maturities:

Investment Type	Investment Maturities (In Years)				Total
	Less Than 1	1-5	6-10	More Than 10	
Certificate of deposit	\$ 18,400	\$ -	\$ -	\$ -	\$ 18,400
External investment pool	7,124	-	-	-	7,124
Investment agreements - uncollateralized	79,166	-	-	27,148	106,314
Money market mutual fund	42,196	-	-	-	42,196
Repurchase agreement	19,652	-	-	4,506	24,158
State & political subdivision obligations	-	-	-	425	425
U.S. government agencies	77,083	31,195	-	221,464	329,742
U.S. Treasury	73,468	-	575	-	74,043
Total	\$ 317,089	\$ 31,195	\$ 575	\$ 253,543	\$ 602,402

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.

Investment Type	2016		2015	
	Rating	Total	Rating	Total
Certificate of deposit	Not Rated	\$ -	Not Rated	\$ 18,400
External investment pool	AAAm	8,831	AAAm	7,124
Investment agreements - uncollateralized	AA+/A1	1,983	AA+/A1	10,794
Investment agreements - uncollateralized	A/A2	13,419	A/A2	17,134
Investment agreements - uncollateralized	A+/Aa2	5,500	A+/Aa2	5,500
Investment agreements - uncollateralized	AA-/Aa3	3,339	AA-/Aa3	4,376
Investment agreements - uncollateralized	AA/Aa2	15,487	AA/Aa2	30,683
Investment agreements - uncollateralized	AA+/Aa2	33,112	AA+/Aa2	37,827
Money market mutual fund	AAAm/Aaa	96,483	AAAm/Aaa	42,196
Overnight deposit	Not Rated	9,000	Not Rated	-
Repurchase agreements	AA+/Aaa	13,045	AA+/Aaa	24,158
State and political subdivision obligations	AAA/Aaa	393	AAA/Aaa	425
U.S. government agencies	AA+/Aaa	336,357	AA+/Aaa	329,742
U.S. Treasury	AA+/Aaa	725	AA+/Aaa	74,043
Total		\$ 537,674		\$ 602,402

Of the investments in securities issued by state and political subdivisions, 100% are rated AAA as of December 31, 2016 and 2015. 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



Notes to Basic Financial Statements
(tabular dollar amounts are in thousands)

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, 2016 and 2015, the Authority had invested in 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, 2016 and 2015.

Issuer	2016	2015
FHLB	19.67%	16.14%
FHLMC	15.29%	15.72%
FNMA	3.94%	5.36%
GNMA	17.56%	20.58%
Goldman Sachs	5.70%	0.00%
Invesco	7.77%	0.00%
IXIS	7.80%	11.95%
Mass Mutual	6.16%	0.00%
Trinity	0.00%	6.28%
US Treasury	0.13%	12.29%
Wells Fargo	12.25%	4.26%

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.



Notes to Basic Financial Statements
(tabular dollar amounts are in thousands)

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

Loans receivable and loans receivable held for sale at December 31, 2016 and 2015 consisted of the following:

	2016	2015
General Fund	\$ 236,464	\$ 164,902
Single Family Fund	418,446	536,362
Multi-Family/Business Fund:		
Multi-Family/Project	456,321	499,457
Multi-Family Pass Through	74,579	24,734
Total Multi-Family/Business Fund	530,900	524,191
Less intercompany loans, included in Multi-Family/Project above	(11,679)	(1,443)
Total loans receivable	1,174,131	1,224,012
Payments in process	(762)	(2,844)
Allowance for loan losses	(5,620)	(6,731)
Total loans receivable, net	\$ 1,167,749	\$ 1,214,437

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). Amounts related to these programs are considered restricted and are detailed in the supplemental schedules.

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 Ginnie Mae securities, loans to be sold to Fannie Mae and Freddie Mac, loans to be pooled and swapped for securities issued by Fannie Mae, 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 insured or 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, 2016 was comprised of \$376.5 million of FHA insured loans, \$18.9 million of VA guaranteed loans, \$18.5 million of RD guaranteed loans and \$68.4 million of conventional insured loans with the balance of \$112.0 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, 2015 was comprised of \$404.3 million of FHA insured loans, \$27.3 million of VA guaranteed loans, \$20.8 million of RD guaranteed loans and \$73.8 million of conventional insured loans with the balance of \$113.4 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, 2016 and 2015, the Authority recorded a reserve of \$202 thousand and \$205 thousand, respectively, for claim refunds to be paid to the U.S. Department of Housing and Urban Development (HUD).



Notes to Basic Financial Statements
(tabular dollar amounts are in thousands)

As of December 31, 2016 and 2015, single family mortgage loans with pending foreclosure actions have aggregate principal balances of approximately \$6.9 million and \$7.9 million, respectively. As of December 31, 2016 and 2015, the aggregate principal balance of single family mortgage loans delinquent 91 days or greater was approximately \$31.9 million and \$39.2 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, 2016, approximately \$306.7 million, or 72.2%, of the commercial loan balances are not covered by insurance. The insured loans were comprised of \$203.2 million of Section 542(c) risk share loans, which are 50% insured, and \$3.4 million of Section 221(d) new construction and rehabilitation loans, which are 99% insured.

As of December 31, 2015, approximately \$313.8 million, or 72.9%, of the commercial loan balances are not covered by insurance. The insured loans were comprised of \$184.5 million of Section 542(c) risk share loans, which are 50% insured, and \$7.2 million of Sections 221(d) and 223(f) new construction and rehabilitation loans, which are 99% insured.

As of December 31, 2016 and 2015, there were no commercial loans with pending foreclosure actions. As of December 31, 2016 and 2015, commercial loans delinquent 91 days or greater aggregate principal balances were approximately \$0 and \$161 thousand, respectively.

Activity in the allowance for loan loss for the years ended December 31, 2016 and 2015 was as follows:

	<u>2016</u>	<u>2015</u>
Beginning balance	\$ 6,731	\$ 8,948
Provision	(179)	525
Net charge-offs		
Single-family	(714)	(1,835)
Multi-family/Business	(218)	(907)
Ending balance	<u>\$ 5,620</u>	<u>\$ 6,731</u>

The Authority services loans that it securitizes as Ginnie Mae mortgage-backed securities and sells. As of December 31, 2016 and 2015, these loans totaled \$1.9 billion and \$1.5 billion, respectively.

The Authority services loans on the behalf of others, primarily for Fannie Mae and Freddie Mac, which are not reported on the Statement of Net Position. As of December 31, 2016 and 2015, these outstanding loan balances were \$564.8 million and \$411.5 million, respectively.



Notes to Basic Financial Statements
(tabular dollar amounts are in thousands)

The Authority has granted terms and interest rate concessions to debtors, which are considered troubled debt restructurings, as of December 31, 2016 and 2015, as summarized below:

Single Family Program Loans:	2016	2015
Aggregate recorded balance	\$ 46,768	\$ 46,047
Number of loans	386	369
Gross interest revenue if receivables had been current	\$ 2,619	\$ 2,223
Interest revenue included in changes in net position	\$ 1,801	\$ 1,807
Multi-Family/Business Program Loans:	2016	2015
Aggregate recorded balance	\$ 18,971	\$ 17,351
Number of loans	19	22
Gross interest revenue if receivables had been current	\$ 1,126	\$ 966
Interest revenue included in changes in net position	\$ 961	\$ 991



Notes to Basic Financial Statements
(tabular dollar amounts are in thousands)

(4) Capital Assets

Capital asset activity for the year ended December 31, 2016 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Nondepreciable capital assets:				
Land	\$ 1,573	\$ -	\$ -	\$ 1,573
Construction in progress	-	475	-	475
Total nondepreciable capital assets	1,573	475	-	2,048
Depreciable capital assets:				
Cost:				
Computer equipment/software *	15,196	55	(8,176)	7,075
Furniture and equipment	1,116	-	(862)	254
Buildings and related improvements	8,042	-	(3,506)	4,536
Total depreciable capital assets	24,354	55	(12,544)	11,865
Less accumulated depreciation:				
Computer equipment/software *	(14,359)	(510)	8,172	(6,697)
Furniture and equipment	(919)	(77)	862	(134)
Buildings and related improvements	(5,105)	(345)	2,809	(2,641)
Total accumulated depreciation	(20,383)	(932)	11,843	(9,472)
Total depreciable capital assets, net	3,971	(877)	(701)	2,393
Total capital assets, net	\$ 5,544	\$ (402)	\$ (701)	\$ 4,441

* Includes capital lease



Notes to Basic Financial Statements
(tabular dollar amounts are in thousands)

Capital asset activity for the year ended December 31, 2015 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Nondepreciable capital assets:				
Land	\$ 1,573	\$ -	\$ -	\$ 1,573
Construction in progress	234	301	(535)	-
Total nondepreciable capital assets	1,807	301	(535)	1,573
Depreciable capital assets:				
Cost:				
Computer equipment/software *	14,678	518	-	15,196
Furniture and equipment	1,116	-	-	1,116
Buildings and related improvements	8,035	7	-	8,042
Total depreciable capital assets	23,829	525	-	24,354
Less accumulated depreciation:				
Computer equipment/software *	(13,701)	(658)	-	(14,359)
Furniture and equipment	(831)	(88)	-	(919)
Buildings and related improvements	(4,741)	(364)	-	(5,105)
Total accumulated depreciation	(19,273)	(1,110)	-	(20,383)
Total depreciable capital assets, net	4,556	(585)	-	3,971
Total capital assets, net	\$ 6,363	\$ (284)	\$ (535)	\$ 5,544

* Includes capital lease

(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 \$771.7 million. As of December 31, 2016 and 2015, the Authority had \$61.0 million and \$77.5 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 and sale of Ginnie Mae 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 \$50.0 million. Amounts drawn under the agreement bear interest fixed at 1.5% per annum above the one week or one-month LIBOR rate. This line of credit agreement terminates on October 3, 2017. The Authority pays an unused line fee at the rate of 0.2% per annum, payable in arrears on the first business day after each calendar quarter. The fee is based upon the average daily unused amount of the line of credit computed on the basis of a 360-day year. As of December 31, 2016 and 2015, there were no outstanding balances.



Notes to Basic Financial Statements
(tabular dollar amounts are in thousands)

Short-term debt activity for the years ended December 31, 2016 and 2015 was as follows:

	<u>2016</u>	<u>2015</u>
Beginning balance	\$ 77,505	\$ 61,805
Additions	4,817,491	4,160,340
Reductions	<u>(4,833,991)</u>	<u>(4,144,640)</u>
Ending balance	<u>\$ 61,005</u>	<u>\$ 77,505</u>

(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 Program (including notes payable) is used to finance single family and business loans. The aggregate principal amounts of bonds and notes payable outstanding as of December 31, 2016 and 2015 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, 2016, these rates ranged from 0.57% to 1.32%. At December 31, 2015, these rates ranged from 0.01% to 0.98%.



Notes to Basic Financial Statements
(tabular dollar amounts are in thousands)

Outstanding Bonds at December 31, 2016:

Description and due date	Interest rate (%)	2016	2015
Bonds payable:			
General Fund (prior to 2011, all General Fund bonds carry the Authority's general obligation pledge):			
Multi-Family/Business Finance:			
Guaranteed Loan Participation Purchase Bonds: (* principal and interest payable monthly)			
2004 Series B*	2016 - 2016	4.88	\$ -
2011 Series A*	2017 - 2031	2.92	426
2012 Series A*	2017 - 2025	2.84	4,187
Total Guaranteed Loan Participation Purchase Bonds		4,613	6,702
Taxable Rental Project Revenue Bonds: (* principal and interest payable monthly)			
2000 Series A	2017 - 2020	6.15	2,240
2002 Series AV*	2017 - 2022	5.55	1,138
2003 Series AV*	2017 - 2024	5.19	605
2004 Series A*	2017 - 2024	4.90	7,937
Total Taxable Rental Project Revenue Bonds		11,920	13,256
Total Multi-Family/Business Finance		16,533	19,958
Total General Fund		16,533	19,958
Single Family Fund:			
Single Family Mortgage Bonds:			
2001 Series AA	2017 - 2038	Variable	69,695
2002 Series A	2017 - 2021	Variable	8,905
2002 Series B	2017 - 2021	Variable	23,240
2002 Series C	2017 - 2022	Variable	18,990
2003 Series B	2017 - 2028	Variable	33,990
2006 Series A	2017 - 2036	Variable	32,170
2006 Series B	2017 - 2036	Variable	66,780
2006 Series C	2016 - 2016	Variable	-
2007 Series A	2017 - 2037	Variable	39,300
2007 Series B	2017 - 2038	Variable	99,940
2008 Series A	2017 - 2038	Variable & 5.00	70,015
2009 Series A	2016 - 2016	3.85 - 4.35	-
2011 Series AA	2017 - 2029	3.00 - 5.00	9,615
2011 Series D	2016 - 2016	Variable	-
2012 Series A	2017 - 2038	Variable	53,110
2013 Series AA	2017 - 2041	2.80	21,485
2013 Series B	2017 - 2036	Variable	28,645
2014 Series A	2017 - 2027	1.17 - 3.53	33,240
2015 Series A	2017 - 2031	1.09 - 4.00	64,675
2015 Series B	2017 - 2026	1.02 - 3.42	17,285
Total Single Family Mortgage Bonds		691,080	848,555
Total Single Family Fund		691,080	848,555

Table continued on following page.



Notes to Basic Financial Statements
(tabular dollar amounts are in thousands)

Description and due date	Interest rate (%)	2016	2015	
Multi-Family/Business Fund:				
Multi-Family/Project Bonds: (* principal and interest payable quarterly on some of the bonds)				
2000 Series A	2017 - 2030	Variable	8,225	13,500
2000 Series B*	2017 - 2020	Variable	2,710	3,260
2002 Series A	2016 - 2016	Variable	-	2,490
2002 Series C	2017 - 2032	Variable	15,675	61,315
2003 Series A	2017 - 2033	Variable	31,560	31,560
2004 Series A	2017 - 2034	Variable	15,140	38,610
2005 Series A	2017 - 2036	Variable	18,605	26,750
2005 Series B	2017 - 2040	Variable	14,295	17,660
2006 Series A	2017 - 2036	Variable	36,930	36,930
2007 Series B	2017 - 2038	Variable	49,905	56,120
2008 Series A	2017 - 2043	Variable	21,440	24,165
2008 Series B	2017 - 2052	Variable	153,245	155,470
2008 Series C	2017 - 2038	Variable	14,300	14,350
2009 Series A	2017 - 2041	Variable & 4.00 - 5.40	24,945	27,105
2012 Series A	2017 - 2051	2.75 - 4.50	10,190	10,330
2012 Series B	2017 - 2054	2.55 - 4.20	17,025	17,240
2013 Series A	2017 - 2023	Variable	3,670	4,165
2013 Series I	2017 - 2044	3.20	24,262	24,776
2016 Series A	2017 - 2041	0.88 - 4.00	11,725	-
2016 Series I	2017 - 2056	1.05 - 3.45	12,500	-
2016 Series II	2017 - 2056	0.90 - 3.00	18,000	-
2016 Series III	2017 - 2052	2.15 - 3.10	7,500	-
2016 Series IV	2017 - 2056	2.20 - 3.13	12,365	-
2016 Series V	2017 - 2045	3.40	43,951	-
Total Multi-Family/Project Bonds			568,163	565,796
Total Multi-Family/Business Fund			568,163	565,796
Total bonds payable		\$	1,275,776	\$ 1,434,309
Premiums and losses classified as bonds payable				
Bond premiums (unamortized)			2,297	1,715
Bonds payable		\$	1,278,073	\$ 1,436,024
Notes payable			1,069	1,172
Bonds and notes payable		\$	1,279,142	\$ 1,437,196
Current:				
Bonds payable		\$	46,947	\$ 84,192
Notes payable			103	102
Noncurrent:				
Bonds and notes payable			1,232,092	1,352,902
Total		\$	1,279,142	\$ 1,437,196



Notes to Basic Financial Statements
(tabular dollar amounts are in thousands)

A breakdown of bonds payable as of December 31, 2016 and 2015, 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	2016	2015
Fixed rate debt	\$ 326,652	\$ 286,679
Synthetic fixed rate debt	784,889	948,625
Unhedged variable rate debt	164,235	199,005
Total	\$ 1,275,776	\$ 1,434,309

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, 2016 and 2015:

Description	2016	2015
General Fund Program Bonds	\$ 11,920	\$ 14,330
Single Family Mortgage Bonds, Class III	4,585	8,655
Multi-Family/Project Bonds, Class I	164,220	195,165
Multi-Family/Project Bonds, Class II	17,210	17,210
Total	\$ 197,935	\$ 235,360



Notes to Basic Financial Statements
(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. During 2016 and 2015, the Authority renewed or replaced expiring liquidity facilities of \$399.8 million and \$482.6 million, respectively. Liquidity fees for the years ended December 31, 2016 and 2015 were \$4.0 million and \$4.9 million, respectively.

A schedule of providers and maturities is presented below, as of December 31, 2016:

Liquidity Expiration	Bank of America (1)	FHLB (2)	Royal Bank of Canada (3)	Sumitomo MBC (4)	Grand Total
2018	\$ 42,230	\$ 359,625	\$ -	\$ 6,275	\$ 408,130
2019	-	94,800	102,970	-	197,770
2020	-	98,950	-	-	98,950
2021	-	-	-	40,920	40,920
Total	\$ 42,230	\$ 553,375	\$ 102,970	\$ 47,195	\$ 745,770

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 90 days following the purchase date, the "Base Rate", for any day, a per annum rate to the highest of (a) the Federal Fund Rate plus 2.00%, (b) the prime rate plus 1.00%, (c) the LIBOR Rate plus 2.00%, and (d) seven and one-half percent (7.50%), then from and after the ninety-first (91st) day, the Base Rate plus 1.00% per annum.
 (b) Term out provisions: three hundred sixty-six (366) days following the earlier of (x) the Purchase Date, or (y) the last day of the Purchase Period. Semiannual Principal payment due the date that is the earlier of (x) the five year anniversary of the related Purchase Date, or (y) the five year anniversary of the last day of the Purchase Period.
- (2) (a) Bank Rate: One-Month LIBOR plus 2.00%.
 (b) Term out provisions: repayments due 366 days following the purchase date in equal semiannual installments until fifth anniversary of the purchase date.
- (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 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.
- (4) (a) Bank Rate: for the first 60 days following the purchase date, the "Base Rate", for any day, a per annum rate to the highest of (i) prime rate plus 2.00%, (ii) the Federal Fund Rate plus 3.00%, (iii) the One Month LIBOR Rate plus 3.00%, (iv) the SIFMA Rate plus 3.00%, and (v) six and one-half percent (6.50%), then from and after the ninety-first (91st) day, the Base Rate plus 1.00% per annum.
 (b) Term out provisions: repayments due 366 days following the Purchase date in quarterly installments to the fifth anniversary of purchase date.



Notes to Basic Financial Statements
(tabular dollar amounts are in thousands)

The following table presents the detail of bonds, notes payable and certain other liabilities that include current and noncurrent activity for the year ended December 31, 2016:

Description	Beginning			Ending		Current	Noncurrent
	Balance	Additions	Reductions	Balance			
Bonds payable	\$ 1,434,309	\$ 106,041	\$ (264,574)	\$ 1,275,776	\$ 46,863	\$ 1,228,913	
Bond premiums - unamortized	1,715	776	(194)	2,297	84	2,213	
Total bonds payable	1,436,024	106,817	(264,768)	1,278,073	46,947	1,231,126	
Notes payable	1,172	-	(103)	1,069	103	966	
Arbitrage rebate payable	499	5	(504)	-	-	-	
Unearned revenue	2,902	791	(426)	3,267	218	3,049	
Other liabilities	4,066	5,076	(509)	8,633	119	8,514	
Total other liabilities	7,467	5,872	(1,439)	11,900	337	11,563	
Total	\$ 1,444,663	\$ 112,689	\$ (266,310)	\$ 1,291,042	\$ 47,387	\$ 1,243,655	

The following table presents the detail of bonds, notes payable and certain other liabilities that include current and noncurrent activity for the year ended December 31, 2015:

Description	Beginning			Ending		Current	Noncurrent
	Balance	Additions	Reductions	Balance			
Bonds payable	\$ 1,792,660	\$ 125,300	\$ (483,651)	\$ 1,434,309	\$ 84,092	\$ 1,350,217	
Bond premiums - unamortized	638	1,324	(247)	1,715	100	1,615	
Total bonds payable	1,793,298	126,624	(483,898)	1,436,024	84,192	1,351,832	
Notes payable	1,009	266	(103)	1,172	102	1,070	
Arbitrage rebate payable	488	11	-	499	-	499	
Unearned revenue	2,557	737	(392)	2,902	193	2,709	
Other liabilities	1,858	2,614	(406)	4,066	85	3,981	
Total other liabilities	4,903	3,362	(798)	7,467	278	7,189	
Total	\$ 1,799,210	\$ 130,252	\$ (484,799)	\$ 1,444,663	\$ 84,572	\$ 1,360,091	



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(tabular dollar amounts are in thousands)

Bonds and notes payable sinking fund installments and contractual maturities subsequent to December 31, 2016, using rates in effect as of December 31, 2016, are as follows:

Years Ending December 31,	General Fund		Single Family		Multi-Family / Business		Notes Payable	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ 648	\$ 742	\$ 38,500	\$ 8,935	\$ 7,715	\$ 8,090	\$ 103	\$ 11
2018	661	703	39,455	8,463	17,080	8,016	104	10
2019	598	662	41,000	8,005	12,790	7,734	105	9
2020	333	625	42,010	7,503	3,595	7,660	90	8
2021	-	615	43,180	6,951	3,100	7,612	57	7
2022 - 2026	13,867	1,460	154,715	27,039	16,115	37,386	260	25
2027 - 2031	426	62	128,815	15,368	48,185	35,529	130	15
2032 - 2036	-	-	157,605	8,404	119,535	32,277	137	8
2037 - 2041	-	-	45,800	3,070	80,200	26,332	83	1
2042 - 2046	-	-	-	-	73,954	19,877	-	-
2047 - 2051	-	-	-	-	5,960	11,186	-	-
2052 - 2056	-	-	-	-	179,934	4,082	-	-
Total	\$ 16,533	\$ 4,869	\$ 691,080	\$ 93,738	\$ 568,163	\$ 205,781	\$ 1,069	\$ 94

(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. 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, 2016 and 2015, the aggregate principal amount of conduit debt outstanding totaled \$942.6 million and \$954.1 million, respectively.

(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 an interest rate hedge is considered ineffective, it is referred to as an investment derivative and 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



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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.

The Authority's interest rate swaps, which were used to hedge interest rate risk, are generally considered to be hedging derivative instruments under GASB No. 53. However, certain interest rate swaps have been deemed ineffective and are classified as investment derivative instruments.

On February 8, April 4, August 19, October 1, and December 12, 2016, the Authority partially redeemed from loan prepayments certain multi-family bonds subject to existing interest rate swap agreements that were considered effective interest rate hedges. As a result of the redemptions, \$34.7 million of the existing swaps were reclassified from effective hedges to investment derivative instruments during 2016.

On April 1, 2016, the Authority partially or fully redeemed certain multi-family bonds subject to existing interest rate swap agreements that were considered effective interest rate hedges. As a result of the redemptions, \$6.0 million of the existing swaps were reclassified from effective hedges to investment derivative instruments during 2016.

On May 1 and November 1, 2016, the Authority partially redeemed from loan repayments and prepayments certain single family bonds subject to existing interest rate swap agreements that were considered effective interest rate hedges. As a result of the redemptions, \$24.7 million of the existing swaps were reclassified from effective hedges to investment derivative instruments during 2016.

On December 14, 2016, the Authority partially or fully redeemed from refunding bond proceeds certain multi-family bonds subject to existing interest rate swap agreements that were considered effective interest rate hedges. As a result of the redemptions, \$12.4 million of the existing swaps were reclassified from effective hedges to investment derivative instruments during 2016.

On February 5, 2015, the Authority fully redeemed and refunded with fixed rate bonds certain single family bonds subject to existing interest rate swap agreements that were considered effective interest rate hedges. As a result of the redemption and refunding, \$113.9 million of the existing swaps were reclassified from effective hedges to investment derivative instruments during 2015.

On May 1 and November 1, 2015, the Authority partially redeemed from loan repayments and prepayments certain single family bonds subject to existing interest rate swap agreements that were considered effective interest rate hedges. As a result of the redemptions, \$20.2 million of the existing swaps were reclassified from effective hedges to investment derivative instruments during 2015.

On February 12, April 6, and September 1, 2015, the Authority partially redeemed from loan prepayments certain multi-family bonds subject to existing interest rate swap agreements that were considered effective interest rate hedges. As a result of the redemptions, \$30.9 million of the existing swaps were reclassified from effective hedges to investment derivative instruments during 2015.

On January 9, February 20, April 1, and October 1, 2015, the Authority partially or fully redeemed from surplus funds certain multi-family bonds subject to existing interest rate swap agreements that were considered effective interest rate hedges. As a result of the redemptions, \$20.0 million of the existing swaps were reclassified from effective hedges to investment derivative instruments during 2015.



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A summary of interest rate swaps for the years ended December 31, 2016 and 2015 was as follows:

Summary of Interest Rate Swaps	2016	2015
	Fair Value	Fair Value
Par optional termination right with trigger	\$ 15,230	\$ 24,490
Par optional termination right	9,518	17,947
Trigger	7,287	9,878
Plain	61,728	68,678
Total fair value	\$ 93,763	\$ 120,993

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, 2016, are shown in the table below. 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.



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Outstanding Swaps at December 31, 2016:

Swap Series	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	2016 Fair Value **	Change in Fair Value	2015 Fair Value **
Single Family:												
Investment derivatives (includes overhedged portion of interest rate swaps):												
								Up to: 1) 11/1/2017 2) 11/1/2019				
2001AA-1 ****	\$ 22,500	12/1/2009	11/1/2038	4.4850%	Trigger, SIFMA + .15% or 68% LIBOR	***		1) 7,500 2) all remaining	A- / A1	\$ (485)	\$ (617)	\$ 132
2002C-3 ****	8,315	12/4/2008	5/1/2022	4.4220%	Trigger, SIFMA + .15% or 68% LIBOR				A- / A1	425	48	377
2006A-3	10,065	1/18/2006	11/1/2036	4.3129%	Trigger, SIFMA + .15% or 68% LIBOR	***	5/1/2019	9,514	A+ / A1	688	183	505
2006B-2	6,770	7/26/2006	11/1/2034	4.1951%	Trigger, SIFMA + .05% or 68% LIBOR	***	5/1/2019	4,134	A+ / A1	42	(111)	153
2006B-3	16,745	7/26/2006	11/1/2036	4.5445%	Trigger, SIFMA + .15% or 68% LIBOR	***	5/1/2019	15,746	A+ / A1	624	21	603
2006C-2 (C)	5,305	12/20/2006	11/1/2017	4.2884%	Trigger, SIFMA + .05% or 68% LIBOR	***			A+ / A1	152	152	-
2006C-2 (D)	340	12/20/2006	11/1/2034	4.2884%	Trigger, SIFMA + .05% or 68% LIBOR	***	11/1/2019	249	A+ / A1	28	28	-
2007A-2	28,785	5/9/2007	11/1/2037	4.1530%	Trigger, SIFMA + .15% or 68% LIBOR	***	5/1/2019	26,597	A+ / A1	1,827	(371)	2,198
2012A-2 (SPV)	825	6/4/2008	5/1/2038	4.4140%	65% LIBOR + .10%	***	5/1/2018	all remaining	AA- / Aa2	39	(52)	91
Total	99,650									3,340	(719)	4,059
Hedging derivatives:												
2001AA-2 ****	40,920	12/4/2008	5/1/2031	4.6000%	Trigger, SIFMA + .05% or 68% LIBOR				A- / A1	4,117	(936)	5,053
2001AA-3	6,275	12/2/2008	5/1/2018	5.5260%	Trigger, SIFMA + .05% or 68% LIBOR				A- / A1	139	(326)	465
2002A-3 ****	8,905	12/4/2008	11/1/2021	4.7490%	Trigger, SIFMA + .05% or 68% LIBOR				A- / A1	339	(207)	546
2002B-3 ****	23,240	12/4/2008	11/1/2021	4.5060%	Trigger, SIFMA + .05% or 68% LIBOR				A- / A1	977	(511)	1,488
2002C-3 ****	21,225	12/4/2008	5/1/2022	4.4220%	Trigger, SIFMA + .15% or 68% LIBOR				A- / A1	1,286	(385)	1,671
2003B-2	9,355	10/29/2008	5/1/2028	4.9380%	LIBOR + .05%	***	11/1/2018	8,050	AA- / Aa3	550	(348)	898
2006A-3	29,935	1/18/2006	11/1/2036	4.3129%	Trigger, SIFMA + .15% or 68% LIBOR	***	5/1/2019	28,296	A+ / A1	1,849	(1,411)	3,260
2006B-2	20,580	7/26/2006	11/1/2034	4.1951%	Trigger, SIFMA + .05% or 68% LIBOR	***	5/1/2019	12,566	A+ / A1	1,208	(1,065)	2,273
2006B-3	46,200	7/26/2006	11/1/2036	4.5445%	Trigger, SIFMA + .15% or 68% LIBOR	***	5/1/2019	43,444	A+ / A1	3,728	(2,108)	5,836
2006C-2 (A)	-	12/20/2006	5/1/2016	4.2884%	Trigger, SIFMA + .05% or 68% LIBOR	***			A+ / A1	-	(89)	89
2006C-2 (B)	-	12/20/2006	11/1/2016	4.2884%	Trigger, SIFMA + .05% or 68% LIBOR	***			A+ / A1	-	1	(1)
2006C-2 (C)	-	12/20/2006	11/1/2017	4.2884%	Trigger, SIFMA + .05% or 68% LIBOR	***			A+ / A1	-	(328)	328
2006C-2 (D)	28,645	12/20/2006	11/1/2034	4.2884%	Trigger, SIFMA + .05% or 68% LIBOR	***	11/1/2019	20,961	A+ / A1	(1,460)	(713)	(747)
2007A-2	39,300	5/9/2007	11/1/2037	4.1530%	Trigger, SIFMA + .15% or 68% LIBOR	***	5/1/2019	36,313	A+ / A1	2,126	(1,673)	3,799
2007B-1	25,615	11/1/2007	11/1/2026	5.5800%	LIBOR + .05%	***	11/1/2017	23,585	A+ / Aa3	951	(1,165)	2,116
2007B-2	49,325	10/18/2007	5/1/2038	4.5075%	Trigger, SIFMA + .15% or 68% LIBOR	***	5/1/2019	46,545	A+ / A1	3,316	(1,626)	4,942
2007B-3 ****	25,000	12/2/2008	5/1/2038	4.4050%	Trigger, SIFMA + .15% or 68% LIBOR	***	11/1/2017	all remaining	A- / A1	638	(800)	1,438
2008A-1	12,800	6/4/2008	5/1/2038	5.4450%	LIBOR + .05%	***	11/1/2018	all remaining	A+ / Aa3	879	(1,033)	1,912
2008A-2	37,070	6/4/2008	11/1/2027	4.5960%	LIBOR + .05%	***	5/1/2018	33,105	AA- / Aa2	1,527	(1,239)	2,766
2012A-1 ****	13,935	12/2/2008	11/1/2021	4.1600%	Trigger, SIFMA + .05% or 68% LIBOR				A- / A1	(148)	(10)	(138)
2012A-2 (SPV)	39,175	6/4/2008	5/1/2038	4.4140%	65% LIBOR + .10%	***	5/1/2018	all remaining	AA- / Aa2	197	(33)	230
Total	477,500									22,219	(16,005)	38,224
Total Single Family	577,150									25,559	(16,724)	42,283

Table continued on following page.



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Swap Series	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	2016 Fair Value **	Change in Fair Value	2015 Fair Value **
Multi-Family:												
Investment derivatives (includes overhedged portion of interest rate swaps):												
2002A-1 ****	6,055	11/21/2008	10/1/2022	5.1000%	SIFMA + .15%				A- / A1	660	(323)	983
2002C-2 ****	45,885	11/21/2008	10/1/2032	5.1240%	Trigger, SIFMA + .15% or 68% LIBOR	***	4/1/2018	42,940	A- / A1	2,240	177	2,063
2002C-4 ****	28,635	11/21/2008	10/1/2032	5.0440%	Trigger, SIFMA + .05% or 68% LIBOR	***	4/1/2018	26,785	A- / A1	475	(261)	736
2005B-2 (B)	2,700	9/1/2006	10/1/2038	4.5270%	SIFMA + .15%	***	10/1/2021	2,311	A+ / A1	337	(126)	463
2007B-2 (A) ****	1,220	12/3/2008	10/1/2036	4.2870%	SIFMA + .15%	***	10/1/2017	1,152	A- / A1	30	(49)	79
2007B-2 (C) ****	2,865	12/3/2008	4/1/2038	4.4695%	SIFMA + .15%	***	10/1/2017	2,820	A- / A1	75	(12)	87
2007B-2 (D) ****	4,400	12/3/2008	4/1/2028	4.6510%	SIFMA + .15%	***	4/1/2023	3,835	A- / A1	699	(219)	918
2007B-3 (A) ****	2,150	12/3/2008	10/1/2037	4.2970%	SIFMA + .05%	***	10/1/2017	2,065	A- / A1	12	12	-
2007B-3 (C) ****	2,220	12/3/2008	4/1/2038	4.8805%	SIFMA + .05%	***	10/1/2017	2,205	A- / A1	64	64	-
2008A-2 ****	2,530	12/3/2008	4/1/2043	4.4540%	SIFMA + .15%	***	4/1/2019	2,373	A- / A1	174	174	-
2008C-3 ****	3,450	12/3/2008	10/1/2038	4.3400%	SIFMA + .05%	***	4/1/2019	3,222	A- / A1	228	(150)	378
2009A-1 ****	3,930	6/24/2009	10/1/2041	4.7900%	SIFMA + .05%	***	4/1/2024	3,216	A- / A1	736	600	136
2013A ****	2,125	11/21/2008	10/1/2023	6.0350%	SIFMA + .05%				A- / A1	345	(117)	462
Total	108,165									6,075	(230)	6,305
Hedging derivatives:												
2000A-1 ****	8,225	11/21/2008	10/1/2020	5.2350%	SIFMA + .05%				A- / A1	459	(424)	883
2000B-1 (SPV)	-	10/19/2000	7/1/2020	7.3900%	Citigroup 3 month + .25%				A+ / A3	-	(462)	462
2002C-2 ****	17,525	11/21/2008	10/1/2032	5.1240%	Trigger, SIFMA + .15% or 68% LIBOR	***	4/1/2018	16,400	A- / A1	(1,614)	429	(2,043)
2002C-4 ****	-	11/21/2008	10/1/2032	5.0440%	Trigger, SIFMA + .05% or 68% LIBOR	***	4/1/2018		A- / A1	-	658	(658)
2003A ****	11,210	11/21/2008	10/1/2023	6.0350%	SIFMA + .05%				A- / A1	103	(228)	331
2005B-2 (B)	2,580	9/1/2006	10/1/2038	4.5270%	SIFMA + .15%	***	10/1/2021	2,209	A+ / A1	226	(121)	347
2006A-1 ****	13,245	12/3/2008	4/1/2027	5.7100%	LIBOR + .05%	***			A- / A1	(371)	(704)	333
2006A-1 (F)	9,800	12/1/2006	10/1/2036	5.3420%	LIBOR + .05%	***	4/1/2021	8,040	A+ / A1	1,243	(404)	1,647
								Up to:				
							1) 10/1/2017	1) 14,220				
2007B-1 ****	24,505	12/3/2008	4/1/2038	5.6400%	LIBOR + .05%	***	2) 4/1/2022	2) all remaining	A- / A1	21	(771)	792
2007B-1 (G)	7,040	10/1/2007	4/1/2028	5.2200%	LIBOR + .05%	***	10/1/2022	6,190	A+ / A1	1,003	(282)	1,285
2007B-2 (A) ****	940	12/3/2008	10/1/2036	4.2870%	SIFMA + .15%	***	10/1/2017	888	A- / A1	(39)	(32)	(7)
2007B-2 (B) ****	1,830	12/3/2008	4/1/2038	4.5350%	SIFMA + .15%	***	10/2/2017	1,780	A- / A1	(7)	(73)	66
2007B-2 (C) ****	1,600	12/3/2008	4/1/2038	4.4695%	SIFMA + .15%	***	10/1/2017	1,575	A- / A1	7	(171)	178
2007B-2 (D) ****	-	12/3/2008	4/1/2028	4.6510%	SIFMA + .15%	***			A- / A1	-	110	(110)
2007B-3 (A) ****	-	12/3/2008	10/1/2037	4.2970%	SIFMA + .05%	***	10/1/2017		A- / A1	-	(78)	78
2007B-3 (C) ****	-	12/3/2008	4/1/2038	4.8805%	SIFMA + .05%	***	10/1/2017		A- / A1	-	(141)	141
								Up to:				
							1) 4/1/2018	1) 3,070				
2008A-1 ****	12,085	12/3/2008	4/1/2029	5.1300%	LIBOR + .05%	***	2) 4/1/2019	2) 7,350	A- / A1	(49)	(345)	296
2008A-2 ****	4,230	12/3/2008	4/1/2043	4.4540%	SIFMA + .15%	***	4/1/2019	3,967	A- / A1	158	(465)	623
2008B (a) ****	108,495	12/3/2008	10/1/2044	5.1722%	LIBOR				AA- / Aa3	40,837	(3,893)	44,730
2008B (b) ****	44,750	12/3/2008	3/1/2047	5.2071%	LIBOR				AA- / Aa3	19,481	(1,485)	20,966
2008C-3 ****	3,510	12/3/2008	10/1/2038	4.3400%	SIFMA + .05%	***	4/1/2019	3,278	A- / A1	167	(149)	316
2009A-1 ****	9,650	6/24/2009	10/1/2041	4.7900%	SIFMA + .05%	***	4/1/2024	7,899	A- / A1	661	(1,227)	1,888
2013A ****	3,670	11/21/2008	10/1/2023	6.0350%	SIFMA + .05%				A- / A1	(157)	(18)	(139)
Total	284,890									62,129	(10,276)	72,405
Total Multi-Family	393,055									68,204	(10,506)	78,710
Total	\$970,205									\$ 93,763	\$ (27,230)	\$ 120,993

(*) 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 the amount of \$73.4 million 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, 2016 and 2015, 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. Since the time of contract execution, certain counterparty ratings were lowered due to the national recession.

At December 31, 2016, the Authority had executed 43 swap transactions with five 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)
26	\$ 388,005	39.99%	A- / A1
10	304,115	31.35%	A+ / A1
3	162,600	16.76%	AA- / Aa3
2	77,070	7.94%	AA- / Aa2
2	38,415	3.96%	A+ / Aa3
43	\$ 970,205	100.00%	

At December 31, 2015, the Authority had executed 45 swap transactions with six 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)
25	\$ 446,105	40.42%	A- / A2
12	335,365	30.39%	A / A1
3	165,475	14.99%	AA- / Aa3
2	99,565	9.02%	AA- / Aa2
2	53,775	4.87%	A+ / Aa3
1	3,260	0.30%	A+ / A3
45	\$ 1,103,545	100.00%	

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 would 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



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(tabular dollar amounts are in thousands)

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) and are reset on a weekly basis. The Authority is receiving one-month 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, 2016 and 2015, 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: As of December 31, 2016 and 2015, swaps with a fair value of \$81.4 million and \$100.7 million, respectively, require the Authority to post collateral in the event that the underlying Class I bond rating drops below Aa3 as issued by Moody's Investor Service or AA- as issued by Standard & Poor's. Collateral requirements range up to 100% of the fair value of the swap depending on the bond rating. Over collateralization is required for investments posted in lieu of cash. At December 31, 2016 and 2015, the ratings of bonds subject to collateral requirements exceed the levels specified in the swap agreements.



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Swap Payments – Using interest rates as of December 31, 2016, 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
2017	\$ 75,065	\$ 6,376	\$ 37,805	\$ 119,246
2018	45,465	5,973	34,993	86,431
2019	46,880	5,665	33,163	85,708
2020	48,455	5,354	31,270	85,079
2021	50,325	5,018	29,336	84,679
2022-2026	189,605	20,875	121,711	332,191
2027-2031	206,405	14,079	81,179	301,663
2032-2036	199,200	7,773	42,444	249,417
2037-2041	67,940	2,726	15,097	85,763
2042-2046	32,665	872	4,845	38,382
2047	8,200	27	152	8,379
Total	\$ 970,205	\$ 74,738	\$ 431,995	\$ 1,476,938

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 \$98.0 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, 2016 and 2015 was as follows:

	2016	2015
Beginning balance	\$ 37,599	\$ 49,399
Reductions	(10,912)	(11,800)
Ending balance	\$ 26,687	\$ 37,599



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The following table sets forth as of December 31, 2016, 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
2017	\$ 5,120
2018	3,750
2019	2,914
2020	2,476
2021	2,016
2022-2026	6,360
2027-2031	3,063
2032-2036	845
2037-2041	129
2042-2046	14
Total	\$ 26,687

Forward Sales Contracts – The Authority has entered into forward sales of mortgage backed securities with the To-Be-Announced market in order to lock in the sales price of certain single family loans to be securitized and later sold. The contracts offset potential changes in interest rates between the time of the loan reservation and the securitization and sale of such loans into Ginnie Mae and Fannie Mae securities. These contracts are considered investment derivative instruments, such that their change in fair value is reported as investment derivative activity gains or losses on the Statement of Revenues, Expenses and Changes in Net Position.

The outstanding forward contracts, summarized by counterparty as of December 31, 2016, were as follows:

Count	Par	Exposure	Original Sales		12/31/16		Counterparty Rating (S&P / Moody's)
			Price	Premium	Fair Value		
31	\$ 72,000	18.80%	\$ 76,453	\$ 75,598	\$ (855)	A+ / A1	
18	46,000	12.00%	48,646	48,130	(516)	A- / A1	
7	13,000	3.40%	13,612	13,531	(81)	AA- / Aa2	
10	68,000	17.70%	72,041	71,864	(177)	A- / Baa1	
18	68,000	17.70%	72,342	72,086	(256)	A+ / A3	
30	117,000	30.40%	124,316	123,823	(493)	AA- / Aa2	
114	\$ 384,000	100.00%	\$ 407,410	\$ 405,032	\$ (2,378)		



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The outstanding forward contracts, summarized by counterparty as of December 31, 2015, were as follows:

Count	Par	Exposure	Original Sales		12/31/14		Counterparty Rating (S&P / Moody's)
			Price	Premium	Fair Value	Fair Value	
5	\$ 28,500	17.90%	\$ 30,711	\$ 30,645	\$ (66)	A / A1	
11	15,000	9.40%	15,848	15,868	20	A- / A2	
9	21,500	13.50%	22,910	22,948	38	AA- / Aa2	
10	19,500	12.20%	20,603	20,668	65	A+ / A3	
31	75,000	47.00%	80,235	80,372	137	AA- / Aa2	
66	\$ 159,500	100.00%	\$ 170,307	\$ 170,501	\$ 194		

Summary

A summary of derivative instruments activity for the years ended December 31, 2016 and 2015 is as follows:

	2016				2015			
	Hedging	Investments		Total	Hedging	Investments		Total
	Swaps	Swaps	Forwards		Swaps	Swaps	Forwards	
Fair value, beginning	\$ 110,629	\$ 10,364	\$ 194	\$ 121,187	\$ 121,908	\$ 9,864	\$ 445	\$ 132,217
Settlements	(25,679)	(8,084)	(194)	(33,957)	(44,675)	(8,152)	(445)	(53,272)
Change in fair value	(1,585)	8,118	(2,378)	4,155	33,396	8,652	194	42,242
Fair value, ending	\$ 83,365	\$ 10,398	\$ (2,378)	\$ 91,385	\$ 110,629	\$ 10,364	\$ 194	\$ 121,187

(9) Debt Refundings

On December 14, 2016, the Authority issued Federally Taxable, Federally Insured Multi-Family Pass-Through, Series 2016-V Bonds in the aggregate principal amount of \$44.0 million. The entire proceeds of the bonds were used to defease (refund) portions of the Multi-Family/Project Bonds 2002 Series C-2, 2002 Series C-4, 2004 Series A-1, 2005 Series A-1, 2005 Series A-3 and 2005 Series B-1. The refund resulted in an overall reduction of locked in interest rate spread on variable rate debt.

On February 5, 2015, the Authority issued Single Family Mortgage Bonds 2015 Series A in the aggregate principal amount of \$99.8 million. The entire proceeds of the bonds were used to refund the Single Family Mortgage Bonds 2003 Series C-1 and C-2, 2004 Series B-2, 2005 Series B1-A and B1-B, Series 2005 B-2, and 2011 Series D-2. The refunding resulted in a decrease in the aggregate future debt service requirement of approximately \$10.1 million and an approximate economic gain to the Authority of \$8.7 million. In accordance with GASB No. 23, *Accounting and Financial Reporting for Refundings of Debt Reported by Proprietary Activities*, a gain of \$1.2 million was deferred and is being amortized over the contractual life of the new debt as an adjustment to interest expense.

On April 29, 2015, the Authority issued Single Family Mortgage Bonds 2015 Series B in the aggregate principal amount of \$25.5 million. The entire proceeds of the bonds were used to refund the Single Family Mortgage Bonds 2003 Series B-3. The refunding resulted in a decrease in the aggregate future debt service requirement of approximately \$2.5 million and an approximate economic gain to the Authority of \$2.4 million. In accordance with GASB No. 23, *Accounting and Financial*



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Reporting for Refundings of Debt Reported by Proprietary Activities, a gain of \$1.5 million was deferred and is being amortized over the contractual life of the new debt as an adjustment to interest expense.

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.

(10) Fair Value Measurement

The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the assets and liabilities and gives the highest priority to Level 1 measurements and the lowest priority to Level 3 measurements. These measurements are described as follows:

Level 1 – Unadjusted quoted prices for identical instruments in active markets.

Level 2 – Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs are observable.

Level 3 – Valuations derived from valuation techniques in which significant inputs are unobservable.

The Authority has the following recurring fair value measurements as of December 31, 2016:

	12/31/2016	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
Money market mutual funds	\$ 96,483	\$ 96,483	\$ -	\$ -
State & political subdivision obligations	393	-	393	-
U.S. government agencies	336,358	78,923	257,435	-
U.S. Treasuries	724	555	170	-
Total investments by fair value level		<u>\$ 175,960</u>	<u>\$ 257,998</u>	<u>\$ -</u>
Other investments not subject to the leveling hierarchy				
Investment agreements - uncollateralized	72,840			
Repurchase agreements	13,045			
Overnight deposit	9,000			
External investment pools	8,831			
Total investments	<u>\$ 537,674</u>			
Derivative instruments				
Forward sale agreements	\$ (2,378)	\$ -	\$ (2,378)	\$ -
Hedging and investment derivatives	93,763	-	93,763	-
Total derivative instruments	<u>\$ 91,385</u>	<u>\$ -</u>	<u>\$ 91,385</u>	<u>\$ -</u>



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Investments and derivative instruments classified as Level 2 are valued using either bid evaluation or a matrix-based pricing technique. Bid evaluations are typically based on market quotations, yields, maturities, call features and ratings. Matrix pricing is used to value securities based on a securities' relationship to benchmark quoted prices.

As of December 31, 2016 the Authority held investments totaling \$94.9 million that were not subject to the leveling hierarchy. These investments consisted of private, guaranteed investment contracts categorized as either investment agreements, repurchase agreements or overnight deposits. Additionally, the Authority held investments in an external governmental investment pool totaling \$8.8 million which were not subject to the leveling hierarchy.

(11) 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 withdrawal 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, 2016 and 2015, 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, 2016 and 2015:

	2016	2015
Designations:		
Housing lending program	\$ 127,367	\$ 108,142
Commerical lending program	7,482	16,584
General operating and working capital reserves	23,624	23,227
Debt reserves	46,534	44,423
Total general programs unrestricted net position	\$ 205,007	\$ 192,376

(12) Retirement Plans

(a) Summary of Significant Accounting Policies

Pensions – The Authority participates in the Local Government Division Trust Fund (LGDTF), a cost-sharing multiple-employer defined benefit pension fund administered by the Public Employees' Retirement Association of Colorado (PERA). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the LGDTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For



this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

(b) General Information about the Pension Plan

Plan description – Eligible employees of the Authority are provided with pensions through the LGDTF. Plan benefits are specified in Title 24, Article 51 of the Colorado Revised Statutes (C.R.S.), administrative rules set forth at 8 C.C.R. 1502-1, and applicable provisions of the federal Internal Revenue Code. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report that can be obtained at www.copera.org/investments/pera-financial-reports.

Benefits provided – PERA provides retirement, disability and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

The lifetime retirement benefit for all eligible retiring employees under the PERA Benefit Structure is the greater of the:

- Highest average salary multiplied by 2.5% and then multiplied by years of service credit
- The value of the retiring employee's member contribution account plus a 100% match on eligible amounts as of the retirement date. This amount is then annuitized into a monthly benefit based on life expectancy and other actuarial factors.

In all cases the service retirement benefit is limited to 100% of highest average salary and also cannot exceed the maximum benefit allowed by federal Internal Revenue Code.

Members may elect to withdraw their member contribution accounts upon termination of employment with all PERA employers; waiving rights to any lifetime retirement benefits earned. If eligible, the member may receive a match of either 50% or 100% on eligible amounts depending on when contributions were remitted to PERA, the date employment was terminated, whether five years of service credit has been obtained and the benefit structure under which contributions were made.

Benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments (COLAs), referred to as annual increases in the C.R.S. Benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007 receive an annual increase of 2%, unless PERA has a negative investment year, in which case the annual increase for the next three years is the lesser of 2% or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the prior calendar year. Benefit recipients under the PERA benefit structure who began eligible employment after January 1, 2007 receive an annual increase of the lesser of 2% or the average CPI-W for the prior calendar year, not to exceed 10% of PERA's Annual Increase Reserve for the LGDTF.

Disability benefits are available for eligible employees once they reach five years of earned service credit and are determined to meet the definition of disability. The disability benefit amount is based on the retirement benefit formula shown above considering a minimum of 20 years of service credit, if deemed disabled.

Survivor benefits are determined by several factors, which include the amount of earned service credit, highest average salary of the deceased, the benefit structure(s) under which service credit was obtained, and the qualified survivor(s) who will receive the benefits.

Contributions – Eligible employees and the Authority are required to contribute to the LGDTF at a rate set by Colorado statute. The contribution requirements are established under C.R.S. § 24-51-401, et seq. Eligible employees are required



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to contribute 8% of their PERA-includable salary. The employer contribution requirements are summarized in the table below:

	Rate
Employer Contribution Rate ¹	10.00%
Amount of Employer Contribution apportioned to the Health Care Trust	
Fund as specified in C.R.S. § 24-51-208(1)(f) ¹	-1.02%
Amount Apportioned to the LGDTF ¹	8.98%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411 ¹	2.20%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411 ¹	1.50%
Total Employer Contribution Rate to the LGDTF ¹	12.68%

¹Rates are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42).

Employer contributions are recognized by the LGDTF in the period in which the compensation becomes payable to the member and the Authority is statutorily committed to pay the contributions to the LGDTF. Employer contributions recognized by the LGDTF from the Authority were \$1.6 million and \$1.5 million for the years ended December 31, 2016 and 2015, respectively.

(c) Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31 2016, the Authority reported a liability of \$25.2 million for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014. Standard update procedures were used to roll forward the total pension liability to December 31, 2015. The Authority's proportion of the net pension liability was based on the Authority's contributions to the LGDTF for the calendar year 2015 relative to the total contributions of participating employers to the LGDTF.

At December 31, 2015, the Authority's proportion was 2.3%, which was a decrease of 0.1% from its proportion measured as of December 31, 2014.



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For the year ended December 31, 2016, the Authority recognized pension expense of \$1.9 million. At December 31, 2016, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	\$ 105	\$ -
Change of assumptions or other inputs		255
Net difference between projected and actual earnings on pension plan investments	3,843	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	629	41
Contributions subsequent to the measurement date	1,930	n/a
Total	\$ 6,507	\$ 296

The \$1.9 million reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ending December 31,	Pension Expense
2017	\$ 1,359
2018	1,106
2019	1,013
2020	803
2021	-
Thereafter	-



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Actuarial assumptions – The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions and other inputs:

Price inflation	2.80%
Real wage growth	1.10%
Wage inflation	3.90%
Salary increases, including wage inflation	3.90% - 10.85%
Long-term investment Rate of Return, net of pension plan investment expenses, including price inflation	7.50%
Future post-retirement benefit increases: PERA Benefit Structure hired prior to 1/1/07; and DPS Benefit Structure (automatic)	2.00%
PERA Benefit Structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve

Mortality rates were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on a projection of Scale AA to 2020 with Males set back 1 year, and Females set back 2 years.

The actuarial assumptions used in the December 31, 2014 valuation were based on the results of an actuarial experience study for the period January 1, 2008 through December 31, 2011, adopted by PERA's Board on November 13, 2012, and an economic assumption study, adopted by PERA's Board on November 15, 2013 and January 17, 2014.

Changes to assumptions or other inputs since the December 31, 2013 actuarial valuation are as follows:

- The following programming changes were made:
 - Valuation of the full survivor benefit without any reduction for possible remarriage.
 - Reflection of the employer match on separation benefits for all eligible years.
 - Reflection of one year of service eligibility for survivor annuity benefit.
 - Refinement of the 18 month annual increase timing.
 - Refinements to directly value certain and life, modified cash refund and pop-up benefit forms.
- The following methodology changes were made:
 - Recognition of merit salary increases in the first projection year.
 - Elimination of the assumption that 35% of future disabled members elect to receive a refund.
 - Removal of the negative value adjustment for liabilities associated with refunds of future terminating members.
 - Adjustments to the timing of the normal cost and unfunded actuarial accrued liability payment calculations to reflect contributions throughout the year.

The LGDTF's long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.



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As of the most recent analysis of the long-term expected rate of return, presented to the PERA Board on November 15, 2013, the target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	10 Year Expected Geometric Real rate of Return *
U.S. Equity – Large Cap	26.76%	5.00%
U.S. Equity – Small Cap	4.40%	5.19%
Non U.S. Equity – Developed	22.06%	5.29%
Non U.S. Equity – Emerging	6.24%	6.76%
Core Fixed Income	24.05%	0.98%
High Yield	1.53%	2.64%
Long Duration Gov't/Credit	0.53%	1.57%
Emerging Market Bonds	0.43%	3.04%
Real Estate	7.00%	5.09%
Private Equity	7.00%	7.15%
Total	100.00%	

* In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected rate of return assumption of 7.5%.

Discount rate – The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projections years, total covered payroll was assumed to increase annually at a rate of 3.9%.
- Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law, including current and estimated future AED and SAED, until the Actuarial Value Funding Ratio reaches 103.0%, at which point, the AED and SAED will each drop 0.5% every year until they are zero. Additionally, estimated employer contributions included reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. As the ad hoc post-retirement benefit increases financed by the AIR are defined to have a present value at the long-term expected rate of return on plan investments equal to the amount transferred for their future payment, AIR transfers to the fiduciary net position and the subsequent AIR benefit payments have not impact on the Single Equivalent Interest Rate (SEIR) determination process when the timing of AIR cash flows is not a factor (i.e. the plan's fiduciary net position is not projected to be depleted). When AIR cash flow timing is a factor in the SEIR determination process (i.e. the plan's fiduciary net position is projected to be depleted), AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.



- Benefit payments and contributions were assumed to be made at the end of the month.

Based on the above actuarial cost method and assumptions, the LGDTF's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination does not use the Municipal Bond Index Rate. There was no change in the discount rate from the prior measurement date.

Sensitivity of the Authority's proportionate share of the net pension liability to changes in the discount rate – The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.5%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5%) or 1-percentage-point higher (8.5%) than the current rate:

	1.0% Decrease (6.5%)	Current Discount Rate (7.5%)	1.0% Increase (8.5%)
Proportionate share of the net pension liability \$	\$ 38,612	\$ 25,185	\$ 14,049

Pension plan fiduciary net position – Detailed information about the LGDTF's fiduciary net position is available in PERA's comprehensive annual financial report which can be obtained at www.copera.org/investments/pera-financial-reports.

(d) Defined Contribution Retirement Plans

PERAPlus 401(k) Plan

Plan Description - Employees of the Authority that are also members of the LGDTF may voluntarily contribute to the PERAPlus 401(k) plan, an Internal Revenue Code Section 401(k) defined contribution plan administered by PERA. Title 24, Article 51, Part 14 of the C.R.S., as amended, assigns the authority to establish the Plan provisions to the PERA Board of Trustees. PERA issues a publicly available comprehensive annual financial report for the Program. That report can be obtained at www.copera.org/investments/pera-financial-reports.

Funding Policy - The PERAPlus 401(k) plan is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. In addition, the Authority has agreed to match employee contributions up to 3.5% of covered salary as determined by the Internal Revenue Service. Employees are immediately vested in their own contributions, employer contributions and investment earnings. For the years ended December 31, 2016 and 2015, program members contributed \$1.2 million and \$1.1 million, respectively, and the Authority recognized expense of \$430 thousand and \$401 thousand, respectively, related to the PERAPlus 401(k) plan.

PERAPlus 457 Plan

Plan Description - Employees of the Authority that are also members of the LGDTF may voluntarily contribute to the PERAPlus 457 plan, an Internal Revenue Code Section 457 defined contribution plan administered by PERA. Title 24, Article 51, Part 14 of the C.R.S., as amended, assigns the authority to establish the Plan provisions to the PERA Board of Trustees. PERA issues a publicly available comprehensive annual financial report for the Program. That report can be obtained at www.copera.org/investments/pera-financial-reports.

Funding Policy - The PERAPlus 457 plan is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. The Authority does not match employee contributions. Employees are immediately vested in their own contributions and investment



earnings. For the years ended December 31, 2016 and 2015, program members contributed \$76 thousand and \$55 thousand, respectively.

(e) Other Post-Employment Benefits

Health Care Trust Fund

Plan Description – The Authority contributes to the Health Care Trust Fund (HCTF), a cost sharing multiple employer healthcare trust administered by PERA. The HCTF benefit provides a health care premium subsidy and health care programs (known as PERACare) to PERA participating benefit recipients and their eligible beneficiaries. Title 24, Article 51, Part 12 of the C.R.S., as amended, establishes the HCTF and sets forth a framework that grants authority to the PERA Board to contract, self-insure and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of health care subsidies. PERA issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for the HCTF. That report can be obtained at www.copera.org/investments/pera-financial-reports.

Funding Policy – The Authority is required to contribute at a rate of 1.02% of PERA-includable salary for all PERA members as set by statute. No member contributions are required. The contribution requirements for the Authority are established under Title 24, Article 51, Part 4 of the C.R.S., as amended. The apportionment of the contributions to the HCTF is established under Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended. For the years ending December 31, 2016 and 2015, the Authority's contributions to the HCTF were \$144 thousand and \$132 thousand, respectively, equal to their required contributions for each year.

(13) Risk Management

The Authority's Legal and Risk Management function consists of Legal Operations, Internal Audit, Regulatory Compliance and Information Security and Privacy. The Authority embraces the Three Lines of Defense Model to enterprise risk management, in which senior management and the board of directors can look to (a) operating management, (b) the risk and compliance functions and (c) internal audit testing to appropriately manage risk. The Enterprise Risk Management (ERM) program oversight is through the ERM Committee. The Committee consists of General Counsel, Executive Director, Chief Financial Officer, Chief Operating Officer, Director of IT, and the Director of Enterprise Risk. The risk management techniques utilized include annual risk assessments with periodic updates, established policies and procedures, which are tested based on risk, and purchased insurance. Commercial general liability, property losses, automobile liability, worker's compensation, crime, Executive Risk package with Directors' and Officer and Employed Lawyers Professional Liability, cyber coverage and public officials liability are all shared risk managed through purchased insurance. Settled claims did not exceed insurance coverage in the past three years.

(14) Related-Party Transactions

As of the year ended December 31, 2016, the Authority allocated Federal and State Low Income Housing Tax Credits in the amount of \$4.6 million to housing projects in which the Fort Collins Housing Authority (FCHA) is the general partner. Federal tax credits are provided annually for each of ten years and State tax credits are provided annually for each of six years. In addition, the Authority has an outstanding loan with the FCHA. As of December 31, 2016 and 2015, the unpaid principal balance on the loan was \$4.3 million and \$1.0 million, respectively. The Executive Director of the FCHA is a member of the Authority's Board.

As of the year ended December 31, 2016, the Authority allocated Federal Low Income Housing Tax Credits in the amount of \$2.3 million to housing projects in which the Grand Junction Housing Authority (GJHA) is the general partner. The allocated tax credits will be provided annually for each of ten years. In addition, the Authority has three outstanding loans with the



Notes to Basic Financial Statements
(tabular dollar amounts are in thousands)

GJHA. As of December 31, 2016 and 2015, the unpaid principal balance on the loans totaled \$5.1 million and \$3.6 million, respectively. The Executive Director of the GJHA is a member of the Authority's Board.

As of the year ended December 31, 2016, the Authority allocated Federal and State Low Income Housing Tax Credits in the amount of \$5.1 million to housing projects in which the Housing Authority of the City of Loveland, Colorado (HACL) is the developer or a limited partner. Federal tax credits are provided annually for each of ten years and State tax credits are provided annually for each of six years. In addition, the Authority has four outstanding loans with the HACL. As of December 31, 2016 and 2015, the unpaid principal balance on the loans totaled \$5.8 million and \$2.5 million, respectively. The Executive Director of the HACL was a member of the Authority's Board.

(15) Commitments and Contingencies

The Authority had outstanding commitments to make or acquire single family and multi-family/business loans of \$55.3 million and \$28.5 million, respectively, as of December 31, 2016. The Authority had outstanding commitments to make or acquire single family and multi-family/business loans of \$57.2 million and \$71.4 million, respectively, as of December 31, 2015. As of December 31, 2016 and 2015 the Authority also had outstanding commitments to various vendors related to building improvements at the Authority's headquarters totaling \$10.8 million and \$0, respectively.

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 advance 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 are guaranteed by the VA or RD. The Authority assesses the overall risk of loss on loans that it may be required to repurchase and advances funds to repurchase the loans as necessary. Advances are recovered as claims are processed or loans are modified. The Authority repurchased \$35.4 million and \$34.6 million of these loans in 2016 and 2015, respectively. Claims, recoveries and proceeds from re-pooled, modified loans substantially reimburse the Authority over time.

The Authority also participates in the Whole Loan Sales and Mortgage-Backed Securities (MBS) programs with Fannie Mae. Through the consideration of Whole Loan Sales to Fannie Mae, the Authority receives cash for mortgages. Through the MBS program, the Authority swaps loans for securities issued by Fannie Mae. Whole Loans Sales are serviced by the Authority in an Actual/Actual remittance method and the MBS loans are serviced by the Authority in a Schedule/Schedule remittance method. Under the Schedule/Schedule method if a borrower fails to make a timely payment on a MBS mortgage loan, the Authority must advance its own funds to ensure that the security holders receive timely payment. 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 \$201 thousand and \$1.0 million of these loans in 2016 and 2015, respectively. The Authority did not have any repurchase obligations as of December 31, 2016.

Beginning 2016, the Authority also participates in the Whole Loan Sales program with Freddie Mac. Through the consideration of Whole Loan Sales to Freddie Mac, the Authority receives cash for mortgages. Whole Loans Sales are serviced by the Authority in a Schedule/Actual remittance method. Under the Schedule/Actual method if a borrower fails to make a timely payment on a mortgage loan, the Authority must advance its own funds to ensure that the interest is current. 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 \$0 of these loans in 2016. The Authority did not have any repurchase obligations as of December 31, 2016.



REQUIRED SUPPLEMENTAL INFORMATION

colorado housing and finance authority



**Colorado Housing and Finance Authority
Schedule of the Authority's Share of Net Pension Liability**

Last 10 Fiscal Years*

(in thousands of dollars)

	<u>2014</u>	<u>2015</u>
Proportion of the net pension liability	2.16%	2.29%
Proportionate share of net pension liability	\$ 19,360	\$ 25,185
Covered-employee payroll	\$ 11,857	\$ 12,984
Proportionate share of the net pension liability as a percentage of its covered-employee payroll	163.28%	193.97%
Plan fiduciary net position as a percentage of the total pension plan liability	80.72%	76.87%

* This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

**Colorado Housing and Finance Authority
Schedule of Authority Contributions**

Local Government Division Trust Fund

Last 10 Fiscal Years*

(in thousands of dollars)

	<u>2014</u>	<u>2015</u>
Contractually required contribution	\$ 1,504	\$ 1,646
Contributions in relation to the contractually required contribution	1,504	1,646
Contribution deficiency	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 11,857	\$ 12,984
Contributions as a percentage of covered-employee payroll	12.68%	12.68%

* This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.



SUPPLEMENTAL INFORMATION

colorado housing and finance authority



Colorado Housing and Finance Authority Combining Schedule - Statement of Net Position

As of December 31, 2016

(with summarized financial information for December 31, 2015)

(in thousands of dollars)

	General Programs	Single Family	Multi-Family/ Business	Eliminations	2016	Summarized 2015
Assets						
Current assets:						
Cash (Note 2)						
Restricted	\$ 117,993	\$ -	\$ -	\$ -	\$ 117,993	\$ 97,753
Unrestricted	43,088	-	-	-	43,088	46,735
Investments (Note 2)	17,924	146,519	126,893	-	291,336	317,090
Loans receivable (Note 3)	3,535	13,883	17,615	(389)	34,644	87,617
Loans receivable held for sale (Note 3)	128,425	-	-	-	128,425	48,762
Accrued interest receivable	3,013	3,584	1,762	(38)	8,321	10,346
Other assets	17,415	30	26	-	17,471	4,979
Due (to) from other programs	(31,884)	15,734	16,150	-	-	-
Total current assets	299,509	179,750	162,446	(427)	641,278	613,282
Noncurrent assets:						
Investments (Note 2)	4,583	186,198	55,557	-	246,338	285,312
Loans receivable, net (Note 3)	102,529	402,598	510,843	(11,290)	1,004,680	1,078,058
Capital assets - nondepreciable (Note 4)	2,048	-	-	-	2,048	1,573
Capital assets - depreciable, net (Note 4)	2,393	-	-	-	2,393	3,971
Other real estate owned, net	246	653	571	-	1,470	1,988
Other assets	31,055	-	-	-	31,055	25,142
Total noncurrent assets	142,854	589,449	566,971	(11,290)	1,287,984	1,396,044
Total assets	442,363	769,199	729,417	(11,717)	1,929,262	2,009,326
Deferred outflows of resources						
Accumulated increase in fair value of hedging derivatives	-	31,139	64,813	-	95,952	120,171
Pension contributions and investment earnings	6,507	-	-	-	6,507	2,558
Refundings of debt	-	3,942	1,799	-	5,741	7,584
Total deferred outflows of resources	6,507	35,081	66,612	-	108,200	130,313
Liabilities						
Current liabilities:						
Short-term debt (Note 5)	61,005	-	-	-	61,005	77,505
Bonds payable (Note 6)	648	38,556	7,743	-	46,947	84,192
Notes payable (Note 6)	103	-	-	-	103	102
Accrued interest payable	87	4,932	5,766	(38)	10,747	12,176
Federally assisted program advances	1,111	-	-	-	1,111	896
Accounts payable and other liabilities	107,243	301	53,497	-	161,041	82,426
Total current liabilities	170,197	43,789	67,006	(38)	280,954	257,297
Noncurrent liabilities:						
Bonds payable (Note 6)	15,885	654,050	561,191	-	1,231,126	1,351,831
Derivative instruments	(2,378)	25,559	68,204	-	91,385	121,187
Derivatives related borrowing	-	14,705	11,982	-	26,687	37,599
Net pension liability - proportionate share	25,185	-	-	-	25,185	19,395
Notes payable (Note 6)	12,645	-	-	(11,679)	966	1,071
Other liabilities (Note 6)	11,563	-	-	-	11,563	7,189
Total noncurrent liabilities	62,900	694,314	641,377	(11,679)	1,386,912	1,538,272
Total liabilities	233,097	738,103	708,383	(11,717)	1,667,866	1,795,569
Deferred inflows of resources						
Accumulated decrease in fair value of hedging derivatives	-	1,608	3,222	-	4,830	3,843
Pension investment differences	296	-	-	-	296	193
Total deferred inflows of resources	296	1,608	3,222	-	5,126	4,036
Net position						
Investment in capital assets, net of related debt	4,441	-	-	-	4,441	5,543
Restricted primarily by bond indentures	6,029	64,569	84,424	-	155,022	142,115
Unrestricted (Note 11)	205,007	-	-	-	205,007	192,376
Total net position	\$ 215,477	\$ 64,569	\$ 84,424	\$ -	\$ 364,470	\$ 340,034

colorado housing and finance authority



Colorado Housing and Finance Authority

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

For the year ended December 31, 2016

(with summarized financial information for the year ended December 31, 2015)

(in thousands of dollars)

	General Program	Single Family	Multi-Family/ Business	Eliminations	2016	Summarized 2015
Interest income and expense:						
Interest on loans receivable	\$ 8,145	\$ 24,357	\$ 31,291	\$ (145)	\$ 63,648	\$ 72,283
Interest on investments	570	10,534	3,368	-	14,472	23,667
Interest on debt	(1,395)	(31,097)	(21,020)	145	(53,367)	(72,616)
Net interest income	7,320	3,794	13,639	-	24,753	23,334
Other operating income (loss):						
Rental income	17	-	-	-	17	17
Loan servicing income	19,502	-	(29)	-	19,473	17,854
Section 8 administration fees	-	-	-	-	-	-
Gain on sale of loans	86,527	-	-	-	86,527	50,065
Investment derivative activity gain (loss)	2,572	835	(756)	-	2,651	1,569
Net decrease in the fair value of investments	(106)	(3,901)	(1,025)	-	(5,032)	(13,123)
Other revenues	9,927	36	51	-	10,014	8,895
Total other operating income (loss)	118,439	(3,030)	(1,759)	-	113,650	65,277
Total operating income	125,759	764	11,880	-	138,403	88,611
Operating expenses:						
Salaries and related benefits	22,207	-	-	-	22,207	18,647
General operating	87,095	639	2,572	-	90,306	51,872
Depreciation	932	-	-	-	932	1,109
Provision for losses	662	(257)	(585)	-	(180)	525
Total operating expenses	110,896	382	1,987	-	113,265	72,153
Net operating income (loss)	14,863	382	9,893	-	25,138	16,458
Nonoperating income and expenses:						
Federal grant receipts	129,405	-	-	-	129,405	120,224
Federal grant payments	(129,405)	-	-	-	(129,405)	(120,224)
Loss on sale of capital assets	(702)	-	-	-	(702)	-
Total nonoperating income and expenses, net	(702)	-	-	-	(702)	-
Income (loss) before transfers	14,161	382	9,893	-	24,436	16,458
Transfers from (to) other programs	(2,414)	(537)	2,951	-	-	-
Change in net position	11,747	(155)	12,844	-	24,436	16,458
Net position:						
Beginning of year	203,730	64,724	71,580	-	340,034	340,229
Restatement due to GASB 68	-	-	-	-	-	(16,653)
End of year	\$ 215,477	\$ 64,569	\$ 84,424	\$ -	\$ 364,470	\$ 340,034

colorado housing and finance authority



Colorado Housing and Finance Authority Combining Schedule - Statement of Cash Flows

For the year ended December 31, 2016

(with summarized financial information for the year ended December 31, 2015)

(in thousands of dollars)

	General Program	Single Family	Multi-Family/ Business	Eliminations	2016	Summarized 2015
Cash flows from operating activities:						
Principal payments received on loans receivable						
& receipts from dispositions of other real estate owned	\$ 782,780	\$ 118,011	\$ 63,507	\$ 10,235	\$ 974,533	\$ 450,109
Interest payments received on loans receivable	8,087	25,066	31,900	(136)	64,917	74,123
Payments for loans receivable	(1,385,114)	(313)	(19,745)	-	(1,405,172)	(807,829)
Receipts from sales of Ginnie Mae securities	614,840	-	-	-	614,840	623,901
Receipts from rental operations	17	-	-	-	17	17
Receipts from other revenues	29,714	38	22	-	29,774	26,724
Payments for salaries and related benefits	(15,675)	-	-	-	(15,675)	(17,177)
Payments for goods and services	(91,466)	(531)	-	-	(91,997)	(52,078)
All other, net	14,990	-	-	-	14,990	32,020
Net cash provided by (used in) operating activities	(41,827)	142,271	75,684	10,099	186,227	329,810
Cash flows from noncapital financing activities:						
Net increase (decrease) in short-term debt	(16,500)	-	-	-	(16,500)	15,700
Proceeds from issuance of bonds	-	-	106,041	-	106,041	125,300
Proceeds from issuance of notes payable	-	-	-	-	-	266
Receipts from federal grant programs	129,941	-	-	-	129,941	119,282
Payments for federal grant programs	(129,405)	-	-	-	(129,405)	(120,224)
Principal paid on bonds	(3,425)	(157,475)	(103,673)	-	(264,573)	(483,652)
Interest rate swap activity, net	(3,847)	(1,819)	(127)	-	(5,793)	(5,754)
Principal paid on notes payable	(103)	-	-	-	(103)	(104)
Interest paid on short-term debt	(504)	-	-	-	(504)	(235)
Interest rate swap settlements	-	(25,053)	(19,621)	-	(44,674)	(60,485)
Interest paid on bonds	(830)	(10,135)	(7,194)	-	(18,159)	(17,757)
Interest paid on notes payable	(10)	-	-	-	(10)	(10)
Transfers to (from) other programs	6,450	1,904	(8,354)	-	-	-
Net cash used in noncapital financing activities	(18,233)	(192,578)	(32,928)	-	(243,739)	(427,673)
Cash flows from capital and related financing activities:						
Purchase of capital assets	(530)	-	-	-	(530)	(291)
Proceeds from issuance of capital-related debt	11,725	-	-	(11,725)	-	-
Principal paid on capital-related debt	(1,490)	-	-	1,490	-	-
Interest paid on capital-related debt	(136)	-	-	136	-	-
Net cash provided by (used in) capital and related financing activities	9,569	-	-	(10,099)	(530)	(291)
Cash flows from investing activities:						
Proceeds from maturities and sales of investments	1,115,086	662,532	362,536	-	2,140,154	2,593,526
Purchase of investments	(1,048,587)	(622,953)	(408,922)	-	(2,080,462)	(2,493,489)
Income received from investments	585	10,728	3,630	-	14,943	24,093
Net cash provided by (used in) investing activities	67,084	50,307	(42,756)	-	74,635	124,130
Net increase in cash						
	16,593	-	-	-	16,593	25,976
Cash at beginning of year	144,488	-	-	-	144,488	118,512
Cash at end of year	\$ 161,081	\$ -	\$ -	\$ -	\$ 161,081	\$ 144,488
Restricted	\$ 117,993	\$ -	\$ -	\$ -	\$ 117,993	\$ 97,753
Unrestricted	43,088	-	-	-	43,088	46,735
Cash, end of year	\$ 161,081	\$ -	\$ -	\$ -	\$ 161,081	\$ 144,488

Continued on the next page.

colorado housing and finance authority



Colorado Housing and Finance Authority

Combining Schedule - Statement of Cash Flows (continued)

For the year ended December 31, 2016

(with summarized financial information for the year ended December 31, 2015)

(in thousands of dollars)

	General Program	Single Family	Multi-Family/ Business	Eliminations	2016	Summarized 2015
Reconciliation of operating income to net cash provided by (used in) operating activities:						
Net operating income	\$ 14,863	\$ 382	\$ 9,893	\$ -	\$ 25,138	\$ 16,458
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation expense	932	-	-	-	932	1,109
Amortization and fair value adjustments of service release premiums	15,657	-	-	-	15,657	8,212
Proportionate share of net pension expense	1,943	-	-	-	1,943	377
Amortization of imputed debt associated with swaps	-	(4,449)	(6,463)	-	(10,912)	(7,657)
Provision for losses	662	(257)	(585)	-	(180)	525
Interest on investments	(570)	(10,534)	(3,368)	-	(14,472)	(23,667)
Interest on debt	1,395	35,546	27,483	(145)	64,279	80,273
Unrealized (gain) loss on investment derivatives	(2,572)	(835)	756	-	(2,651)	(1,569)
Unrealized loss on investments	106	3,901	1,025	-	5,032	13,123
(Gain) loss on sale of REO	28	(36)	(51)	-	(59)	(278)
Gain on sale of loans	(86,527)	-	-	-	(86,527)	(50,065)
Changes in assets and liabilities:						
Loans receivable and other real estate owned	(5,122)	117,734	(6,477)	10,235	116,370	257,870
Accrued interest receivable on loans and investments	(58)	709	609	9	1,269	1,840
Other assets	(18,762)	109	33	-	(18,620)	(3,409)
Accounts payable and other liabilities	36,198	1	52,829	-	89,028	36,668
Net cash provided by (used in) operating activities	\$ (41,827)	\$ 142,271	\$ 75,684	\$ 10,099	\$ 186,227	\$ 329,810

APPENDIX B

Outstanding Master Indenture Obligations

Outstanding Bonds

As of January 31, 2018, the Authority had issued and had Outstanding the following Series of Bonds under the Master Indenture in the Classes as indicated:

<u>Title of Bonds</u>	<u>Principal Amount Issued</u>	<u>Outstanding Principal Amount (January 31, 2018)</u>
2000 Series A:		
Adjustable 2000 Series A-1 (Class I)	\$56,195,000	\$5,150,000
2002 Series C:		
Taxable Adjustable 2002 Series C-1 (Class I)	\$10,920,000	\$ 7,885,000
Adjustable 2002 Series C-2 (Class I)	70,715,000	7,160,000
2003 Series A:		
Taxable Adjustable 2003 Series A-1 (Class I) ⁽²⁾	\$37,415,000 ⁽¹⁾	\$25,240,000
Taxable Adjustable 2003 Series A-2 (Class II) ⁽²⁾	11,365,000	985,000
2004 Series A:		
Taxable Adjustable 2004 Series A-1 (Class I) ⁽²⁾	\$66,280,000 ⁽¹⁾	\$11,230,000
2005 Series A:		
Taxable Adjustable 2005 Series A-1 (Class I) ⁽²⁾	\$33,740,000 ⁽¹⁾	\$17,215,000
2005 Series B:		
Taxable Adjustable 2005 Series B-1 (Class I) ⁽²⁾	\$16,550,000 ⁽¹⁾	\$8,470,000
Adjustable 2005 Series B-2 (Class I)	10,820,000	3,545,000
2006 Series A:		
Taxable Adjustable 2006 Series A-1 (Class I) ⁽²⁾	\$57,130,000 ⁽¹⁾	\$33,480,000
2007 Series B:		
Taxable Adjustable 2007 Series B-1 (Class I)	\$55,710,000 ⁽¹⁾	\$42,935,000
Adjustable 2007 Series B-2 (Class I)	31,170,000	4,200,000
2008 Series A:		
Taxable Adjustable 2008 Series A-1 (Class II)	\$23,090,000	\$17,210,000
2008 Series B:		
Taxable Adjustable 2008 Series B (Class II)	\$165,565,000	\$150,950,000
2008 Series C:		
Taxable Adjustable 2008 Series C-1 (Class I) ⁽²⁾	\$13,000,000 ⁽¹⁾	\$9,625,000
Adjustable 2008 Series C-3 (Class I)	12,055,000 ⁽¹⁾	3,410,000
2009 Series A:		
Adjustable 2009 Series A-1 (Class I)	\$33,210,000	\$16,435,000
2009 Series A-2 (Class II)	14,225,000	1,175,000

<u>Title of Bonds</u>	<u>Principal Amount Issued</u>	<u>Outstanding Principal Amount (January 31, 2018)</u>
2012 Series A:		
2012 Series A (Class I)	\$10,500,000	\$10,045,000
2012 Series B:		
2012 Series B (Class I)	\$17,450,000	\$16,805,000
2013 Series A:		
2013 Series A (Class I)	\$7,880,000	\$2,675,000
2016 Series A:		
2016 Series A-1 (Class I)	\$1,250,000	\$900,000
2016 Series A-2 (Class I)	\$10,475,000	\$10,475,000
2017 Series A:		
2017 Series A (Class I)	<u>\$7,950,000</u>	<u>\$7,950,000</u>
Total	<u>\$1,350,605,000</u>	<u>\$415,150,000</u>
Total Class I Bonds	\$ 836,715,000	\$244,830,000
Total Class II Bonds	\$ 445,955,000	\$170,320,000
Total Class III Bonds	\$ 67,935,000	\$-0-

⁽¹⁾ Designated as general obligations of the Authority.

⁽²⁾ Bonds being refunded, in whole or in part, by the 2018 Series A Bonds.

Outstanding Derivative Products

In connection with the issuance of certain Bonds under the Master Indenture, the Authority has previously entered into the interest rate swap agreements listed on the following table ("**Derivative Products**") which were outstanding as of January 31, 2018. As of January 31, 2018, the total notional amount of Derivative Products provided by Barclays Bank PLC was \$170,705,000; by Royal Bank of Canada, was \$150,950,000; and by Bank of America, N.A., was \$21,520,000.

Except as noted in the table below, the Authority's obligation to make interest payments to the respective Counterparty under each of these Derivative Products constitutes a Class I Obligation under the Master Indenture, secured on parity with the lien on the Trust Estate of the other Class I Obligations. The Authority's obligation to make termination payments under each of these Derivative Products in the event of early termination is a general obligation of the Authority and not secured as an Obligation under the Master Indenture. See "Part II – CERTAIN BONDOWNERS' RISKS – Risks Related to Derivative Products" and "Part II – COLORADO HOUSING AND FINANCE AUTHORITY – Obligations of the Authority – General Obligations."

See also footnote (8) to the audited 2016 financial statements of the Authority, included in Appendix A hereto, for a description of the key terms of the outstanding Derivative Products, including the fair values and the counterparty credit ratings, as of December 31, 2016.

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<u>Outstanding Derivative Products</u>	<u>Amount⁽¹⁾</u>	<u>Counterparty</u>
Surplus Assets Derivative Products ⁽²⁾		
MFP Surplus Asset (Class I)	\$ 2,430,000	Barclays Bank PLC
MFP Surplus Asset (Class I)	2,645,000	Bank of America, N.A.
MFP Surplus Asset (Class I)	3,370,000	Barclays Bank PLC
MFP Surplus Asset (Class I)	4,320,000	Barclays Bank PLC
MFP Surplus Asset (Class I)	5,155,000	Barclays Bank PLC
MFP Surplus Asset (Class I)	6,560,000	Barclays Bank PLC
MFP Surplus Asset (Class I)	8,150,000	Barclays Bank PLC
MFP Surplus Asset (Class I) ⁽³⁾	27,415,000	Barclays Bank PLC
MFP Surplus Asset (Class I) ⁽³⁾	43,945,000	Barclays Bank PLC
2000 Series A Derivative Products:		
Adjustable 2000 Series A-1 (Class I)	5,480,000	Barclays Bank PLC
2002 Series C Derivative Products:		
Adjustable 2002 Series C-2 (Class I) ⁽³⁾	7,160,000	Barclays Bank PLC
2003 Series A Derivative Products		
Taxable Adjustable 2003 Series A-1 (Class I)	9,890,000	Barclays Bank PLC
2005 Series B Derivative Products:		
Adjustable 2005 Series B-2 (Class I)	2,500,000	Bank of America, N.A.
2006 Series A Derivative Products:		
Taxable Adjustable 2006 Series A-1 (Class I)	5,535,000	Barclays Bank PLC
Taxable Adjustable 2006 Series A-1 (Class I)	9,455,000	Bank of America, N.A.
2007 Series B Derivative Products:		
Taxable Adjustable 2007 Series B-1 (Class I)	9,185,000	Barclays Bank PLC
Taxable Adjustable 2007 Series B-1 (Class I)	6,920,000	Bank of America, N.A.
2008 Series A Derivative Products:		
Taxable Adjustable 2008 Series A-1 (Class II)	11,345,000	Barclays Bank PLC
2008 Series B Derivative Products:		
Taxable Adjustable 2008 Series B (Class II)	150,950,000	Royal Bank of Canada
2008 Series C Derivative Products:		
Adjustable 2008 Series C-1 (Class I) ⁽³⁾	9,625,000	Barclays Bank PLC
Adjustable 2008 Series C-3 (Class I)	3,410,000	Barclays Bank PLC
2009 Series A Derivative Products:		
Adjustable 2009 Series A-1 (Class I)	5,055,000	Barclays Bank PLC
2013 Series A Derivative Products:		
Adjustable 2013 Series A (Class I)	<u>2,675,000</u>	Barclays Bank PLC
Total Outstanding Derivative Products		
Total Outstanding Class I Derivative Products	\$180,880,000	
Total Outstanding Class II Derivative Products	\$162,295,000	
Total Outstanding Class III Derivative Products	<u>None</u>	

(1) As of January 31, 2018.

(2) Surplus Asset Derivative Products effectively serve as interest rate hedges against other outstanding series of Bonds under the Master Indenture.

(3) In connection with the refunding of the Refunded Bonds, these outstanding Derivative Products will be terminated, the Authority entered into the 2018A-2 Derivative Product described under "Part I – PLAN OF FINANCE" with respect to the 2018 Series A-2 Bonds. 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 respective Liquidity Facility Providers. The following table describes the Liquidity Facilities currently in effect as of January 31, 2018 except as noted with respect to the outstanding Series of Adjustable Rate Bonds

under the Master Indenture, the name of the respective Liquidity Facility Providers, the applicable expiration dates (unless extended or earlier terminated), the Bank Bond rates, terms for accelerated payments and liens.

The Authority's obligations to repay the Liquidity Facility Providers prior to stated maturity for any principal amounts due on any Bank Bonds outstanding under a Liquidity Facility constitute Class III Obligations under the Master Indenture and also constitute general obligations of the Authority. See "Part II – CERTAIN BONDOWNERS' RISKS – Risks Related to Derivative Products."

Outstanding Liquidity Facilities and Providers ⁽¹⁾

<u>Series of Adjustable Rate Bonds</u>	<u>Related Liquidity Facility Provider</u>	<u>Expiration Date of Liquidity Facility</u>	<u>Bank Bond Rate/ Accelerated Payments/Lien</u>
2000 Series A-1	Federal Home Loan Bank of Topeka	March 21, 2019	(2)
2002 Series C-1 and C-2	Federal Home Loan Bank of Topeka	November 16, 2018	(2)
2003 Series A-1 and A-2	Federal Home Loan Bank of Topeka	September 23, 2018	(2)
2004 Series A-1	Federal Home Loan Bank of Topeka	September 21, 2019	(2)
2005 Series A-1	Federal Home Loan Bank of Topeka	April 12, 2018	(2)
2005 Series B-1 and B-2	Federal Home Loan Bank of Topeka	December 14, 2018	(2)
2006 Series A-1	Federal Home Loan Bank of Topeka	August 24, 2018	(2)
2007 Series B-1 and B-2	Federal Home Loan Bank of Topeka	August 24, 2018	(2)
2008 Series A-1	Federal Home Loan Bank of Topeka	April 12, 2018	(2)
2008 Series B	Federal Home Loan Bank of Topeka	June 25, 2018	(2)
2008 Series C-1 and C-3	Federal Home Loan Bank of Topeka	December 17, 2018	(2)
2009 Series A-1	Federal Home Loan Bank of Topeka	June 24, 2019	(2)
2013 Series A	Federal Home Loan Bank of Topeka	August 24, 2018	(2)
2018 Series A-2 ⁽³⁾⁽⁴⁾	Federal Home Loan Bank of Topeka	March 28, 2021	(2)

⁽¹⁾ As of January 31, 2018.

⁽²⁾ Bank Rate: One-Month LIBOR Rate from time to time in effect plus 2.00%

Term out provisions: 10 semi-annual payments (5 years). Class III lien/General Obligation.

⁽³⁾ The Initial 2018A-2 Liquidity Facility is being entered in connection with the 2018 Series A-2 Bonds.

⁽⁴⁾ See **Appendix K** hereto.

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APPENDIX C

Summary of Certain Provisions of the Indenture

The Master Indenture and the 2018 Series A Indenture (collectively, the "**Indenture**") contain various provisions and covenants, some of which are summarized below. Reference is made to the Indenture for a full and complete statement of its provisions. Copies of the Indenture are available as provided in "Part II - MISCELLANEOUS."

Certain Definitions

"Account" or "Accounts" means one or more of the special trust accounts created and established pursuant to the Master Indenture or a Series Indenture.

"Acquisition Account" mean the Account so designated, which is created and established in the Program Fund by the Master Indenture.

"Administrative Expenses" means all the Authority's expenses of administering its activities under the Indenture and the Act. Such expenses may include, without limiting the generality of the foregoing, (i) Fiduciary Expenses, (ii) the fees and expenses of any auction agent, market agent and any broker-dealer then acting under a Series Indenture with respect to auction rate Bonds, (iii) the fees and expenses of any calculation agent then acting under a Series Indenture with respect to index-based Bonds, (iv) the costs of any remarketing of any Bonds, including the fees and expenses of any remarketing agent then acting under a Series Indenture with respect to such Bonds, (v) the fees and expenses due to any Credit Facility Provider or any Liquidity Facility Provider with respect to any Bonds for which any Credit Enhancement Facility or a Liquidity Facility is in place, (vi) the fees and expenses of the Authority incurred in connection with the preparation of legal opinions and other authorized reports or statements attributable to the Bonds, (vii) fees and expenses associated with the delivery of a substitute Credit Enhancement Facility or Liquidity Facility under a Series Indenture, (viii) fees and expenses associated with the monitoring of the Bonds, the Loans, the Housing Facilities, the Projects and the Authority Projects by the Rating Agencies, (ix) fees and expenses associated with (but not payments under) Derivative Products, (x) Costs of Issuance not paid from proceeds of Bonds, and (xi) salaries, supplies, utilities, labor, materials, office rent, maintenance, furnishings, equipment, machinery and apparatus, including information processing equipment, telephone, software, insurance premiums, legal, accounting, management, consulting and banking services and expenses, travel and other operating costs of the Authority, and payments to pension, retirement, dental, health and hospitalization and life and disability insurance benefits, and any other employee benefits; and any other expenses required or permitted to be paid by the Authority, all to the extent properly allocable to a financing under the Indenture.

"Aggregate Principal Amount" means, as of any date of calculation, the principal amount or Compound Accreted Value of the Bond referred to.

"Amortized Value" means, when used with respect to Investment Securities purchased at a premium above or at a discount below par, the value as of any given date obtained by dividing the total amount of the premium or the discount at which such Investment Securities were purchased by the number of days remaining to the first call date (if callable) or the maturity date (if not callable) of such Investment Securities at the time of such purchase and by multiplying the amount so calculated by the number of days having passed from the date of such purchase; and (i) in the case of Investment Securities purchased at a premium, by deducting the product thus obtained from the purchase price and (ii) in the

case of Investment Securities purchased at a discount, by adding the product thus obtained to the purchase price.

"Authority Certificate" means a document signed by an Authorized Officer either (i) attesting or acknowledging the circumstances, representations or other matters therein stated or set forth or (ii) setting forth matters to be determined by such Authorized Officer pursuant to the Master Indenture.

"Authority Derivative Payment" means a payment required to be made by or on behalf of the Authority due to a Reciprocal Payor pursuant to a Derivative Product.

"Authority Payment Account" means the Account so designated which is created and established in the Debt Service Fund with respect to General Obligation Bonds by the Master Indenture.

"Authority Project" means a housing facility or other asset intended to be owned and operated by the Authority, or the financing and refinancing of designated expenditures and/or obligations of the Authority, or any combination thereof.

"Authority Project Subaccount" means the subaccount so designated which is created and established in the Series subaccount of the Acquisition Account by the Series Indenture.

"Authority Request" means a written request or direction of the Authority signed by an Authorized Officer.

"Authorized Officer" means the Chairman, Chairman pro tem or Executive Director of the Authority and any other officer designated from time to time as an Authorized Officer by resolution of the Authority and, when used with reference to any act or document, also means any other person authorized by resolution of the Authority to perform such act or sign such document.

"Bond" or "Bonds" means any of the bonds, notes or other financial obligations (however denominated) of the Authority authorized and issued under the Indenture.

"Bond Counsel" means any attorney or firm of attorneys of nationally recognized standing in the field of municipal law whose opinions are generally accepted by purchasers of municipal bonds, appointed from time to time by the Authority.

"Bond Payment Date" means each date on which interest or a Principal Installment or both are payable on such Bond, and unless limited, means all such dates.

"Borrower" means the maker of, and any other party obligated on, a promissory note in connection with a Housing Facility or Project.

"Business Day" means a day on which the Trustee, any Paying Agent, the Remarketing Agent, the Liquidity Facility Provider or banks or trust companies in New York, New York, are not authorized or required to remain closed and on which The New York Stock Exchange is not closed.

"Capital Appreciation Bonds" means any Bond of a Series, Class, tenor and maturity so designated in the Related Series Indenture for which certain determinations hereunder are made on the basis of Compound Accreted Value rather than principal amount.

"Cash Flow Statement" means, with respect to any particular Bonds, a certificate prepared by or on behalf of the Authority with respect to Cash Flows setting forth, for the period extending from the date of such certificate to the latest maturity of the Bonds then outstanding, (i) all Revenues expected to be

received during such period; (ii) the application of all such Revenues in accordance with the Indenture; (iii) the resulting balances on each Bond Payment Date and Derivative Payment Date, if any; and establishing under all scenarios included in the Cash Flows, that anticipated Revenues will be at least sufficient to pay the principal of and interest on the Obligations when due and all Administrative Expenses payable under the Indenture when due. Each Cash Flow Statement shall be accompanied by all supporting Cash Flows. Reference to a Cash Flow Statement with respect to a Series shall be taken to mean a Cash Flow Statement with respect to such Series and any other Series to which it has been linked for Cash Flow Statement purposes.

"Cash Flows" means cash flow schedules prepared by or on behalf of the Authority, presented in sufficient detail acceptable to the Rating Agencies and including a listing of all assumptions and scenarios used in the preparation of such cash flow schedules. The assumptions used and scenarios included shall be acceptable to the Rating Agencies.

"Class I Bonds" means the Colorado Housing and Finance Authority Multi-Family/Project Class I Bonds authorized by, and at any time Outstanding pursuant to, the Indenture.

"Class I Debt Service Fund" means the Fund so designated, which is created and established by the Master Indenture.

"Class I Obligations" means Class I Bonds and any Derivative Product the priority of payment of which is equal with that of Class I Bonds.

"Class I Sinking Fund Installment" means the amount designated for any particular due date in the Related Series Indenture for the retirement of Class I Bonds on an unconditional basis, less any amount credited pursuant to the Master Indenture.

"Class II Bonds" means the Colorado Housing and Finance Authority Multi-Family/Project Class II Bonds authorized by, and at any time Outstanding pursuant to, the Indenture.

"Class II Debt Service Fund" means the Fund so designated, which is created and established by the Master Indenture.

"Class II Obligations" means Class II Bonds and any Derivative Product the priority of payment of which is equal with that of Class II Bonds.

"Class II Sinking Fund Installment" means the amount designated for any particular due date for the retirement of Class II Bonds, as set forth in the Related Series Indenture, which amount may be conditioned upon the transfer of sufficient moneys to the Class II Debt Service Fund, plus all such amounts specified for any prior date or dates, to the extent such amounts have not been paid or discharged, less any amounts credited pursuant to the Master Indenture.

"Class III Bonds" means the Colorado Housing and Finance Authority Multi-Family/Project Class III Bonds authorized by, and at any time Outstanding pursuant to, the Indenture.

"Class III Debt Service Fund" means the Fund so designated, which is created and established by the Master Indenture.

"Class III Obligations" means Class III Bonds and any Derivative Product the priority of payment of which is equal with that of Class III Bonds.

"Class III Sinking Fund Installment" means the amount designated for any particular due date for the retirement of Class III Bonds, as set forth in the Related Series Indenture, which amount may be

conditioned upon the transfer of sufficient moneys to the Class III Debt Service Fund, plus all such amounts specified for any prior date or dates, to the extent such amounts have not been paid or discharged, less any amounts credited pursuant to the Master Indenture.

"Class IV Bonds" means the Colorado Housing and Finance Authority Multi-Family/Project Class IV Bonds authorized by, and at any time Outstanding pursuant to, the Indenture.

"Class IV Debt Service Fund" means the Fund so designated, which is created and established by the Master Indenture.

"Class IV Obligations" means Class IV Bonds and any Derivative Product the priority of payment of which is equal with that of Class IV Bonds.

"Class IV Sinking Fund Installment" means the amount designated for any particular due date for the retirement of Class IV Bonds, as set forth in the Related Series Indenture, which amount may be conditioned upon the transfer of sufficient moneys to the Class IV Debt Service Fund, plus all such amounts specified for any prior date or dates, to the extent such amounts have not been paid or discharged, less any amounts credited pursuant to the Master Indenture.

"Costs of Issuance" means the items of expense payable or reimbursable directly or indirectly by the Authority and other costs incurred by the Authority, all related to the authorization, sale and issuance of Bonds and Derivative Products or otherwise pursuant to the Indenture, which costs and items of expense shall include, but not be limited to, underwriters' compensation, initial fees and expenses due to any Credit Facility Provider or Liquidity Facility Provider, printing costs, costs of developing, reproducing, storing and safekeeping documents and other information processing or storage of materials, equipment and software related to the Bonds, filing and recording fees, travel expenses incurred by the Authority in relation to such issuance of Bonds or otherwise pursuant to the Indenture, initial fees or charges of the Trustee, the Bond Registrar and the Paying Agent, initial premiums with respect to insurance required by the Indenture to be paid by the Authority or by the Trustee, legal fees and charges, consultants' fees, accountants' fees, costs of bond ratings, and fees and charges for execution, transportation and safekeeping of the Bonds.

"Cost of Issuance Account" means the Account so designated, which is created and established within the Program Fund by the Master Indenture.

"Credit Enhancement Facility" means an insurance policy insuring, or a letter of credit or surety bond or other financial instrument providing a direct or indirect source of funds for, the timely payment of principal of and interest on the Bonds of a Series or portion thereof (but not necessarily principal due upon acceleration thereof under the Master Indenture), as shall be designated pursuant to a Series Indenture with respect to such Series.

"Credit Facility Provider" means a commercial bank or other Person providing a Credit Enhancement Facility pursuant to any Series Indenture with respect to a Series.

"Debt Service Payment" means, when used with respect to any Bond Payment Date, the sum of the (i) interest, if any, and (ii) Principal Installments, if any, due and payable on such Bond Payment Date with respect to the Bonds referred to.

"Debt Service Reserve Fund" means the Fund so designated, which is created and established by the Master Indenture.

"Debt Service Reserve Fund Requirement," with respect to each Series of Bonds, shall have the meaning set forth in the Related Series Indenture. See Part I.

"Defeasance Securities" means any Investment Securities used to effect defeasance of Bonds in accordance with the Master Indenture if upon such defeasance the Bonds so defeased are rated in the highest rating category by each Rating Agency rating such Bond, and which are not subject to redemption by the issuer prior to their maturity.

"Depository" means any bank, trust company, or savings and loan association (including any Fiduciary) selected by the Authority and approved by the Trustee as a depository of moneys, Loans, Investment Securities or Financing Documents held under the provisions of the Indenture, and its successor or successors.

"Derivative Product" means a written contract or agreement between the Authority and a Reciprocal Payor, which provides that the Authority's obligations thereunder will be conditioned on the absence of (i) a failure by the Reciprocal Payor to make any payment required thereunder when due and payable, or (ii) a default thereunder with respect to the financial status of the Reciprocal Payor; and:

(i) under which the Authority is obligated to pay (whether on a net payment basis or otherwise) on one or more scheduled and specified Derivative Payment Dates, the Authority Derivative Payments in exchange for the Reciprocal Payor's obligations to pay (whether on a net payment basis or otherwise), or to cause to be paid, to the Authority, Reciprocal Payments on one or more scheduled and specified Derivative Payment Dates in the amounts set forth in the Derivative Product;

(ii) for which the Authority's obligations to make Authority Derivative Payments may be secured by a pledge of and lien on the Trust Estate on an equal and ratable basis with the Outstanding Class I Bonds, Class II Bonds, Class III Bonds or Class IV Bonds, as the case may be; and

(iii) under which the Reciprocal Payments are to be made directly to the Trustee for deposit into the Revenue Fund.

"Excess Earnings" means, with respect to Loans held in any subaccount of the Acquisition Account or the Loan Recycling Account established in connection with a Series of Tax-exempt Bonds, the "excess earnings," as defined in Treasury Regulations §1.148-10T, with respect thereto.

"Excess Earnings Fund" means the Fund so designated, which is created and established by the Master Indenture.

"Fiduciary" means the Trustee, the Bond Registrar, the Paying Agent, or a Depository or any or all of them, as may be appropriate.

"Fiduciary Expenses" means the fees and expenses of the Fiduciaries, except Servicing Fees payable to such persons.

"Financing Documents" means, with respect to any Loan, the Loan Agreement between the Authority and the Borrower with respect to the Loan, the Note duly executed by the Borrower evidencing its obligation to repay the Loan, the Mortgage on the real property or leasehold constituting part of the Housing Facility or Project, financing statements duly prepared and registered pursuant to the Uniform Commercial Code, and such insurance, guaranties and other security for the repayment of the Loan as required by the Authority.

"Fiscal Year" means a period beginning on January 1 in any year and ending December 31 of the same year or such other twelve month period as may be adopted by the Authority in accordance with law.

"Fund" or "Funds" means one or more of the special trust funds created and established pursuant to the Master Indenture or a Series Indenture.

"General Obligation Bonds" means Bonds for the payment of which the Authority pledges its full faith and credit, subject only to the provisions of any agreements with the owners of particular notes or bonds pledging any particular revenues or assets to the payment thereof.

"Housing Facility" means a facility which is designed and financed for the primary purpose of providing decent, safe and sanitary dwelling accommodations pursuant to the Act, including any buildings, land, equipment or facilities or other real or personal property, which may be financed under the Act and (if applicable) the Code and which the Authority has found to be necessary to insure required occupancy or balanced community development or necessary or desirable for sound economic or commercial development of a community.

"Indenture" means the Master Indenture authorized, executed and issued by an Authorized Officer and any amendments or supplements made in accordance with its terms, including all Series Indentures.

"Interest Payment Date" means, for each Bond, any date upon which interest on such Bond is due and payable in accordance with the Related Series Indenture.

"Investment Agreement" means any investment agreement provided by an Investment Provider, which agreement, as of the date of execution thereof, shall have no adverse impact on the rating assigned to any Bonds by any Rating Agency.

"Investment Provider" means any commercial bank or trust company, bank holding company, investment company or other entity (which may include the Trustee, the Bond Registrar or the Paying Agent), which Investment Provider shall be approved by the Authority for the purpose of providing investment agreements.

"Investment Revenues" means amounts earned on investments (other than Loans) credited to any Fund or Account pursuant to the Indenture (including gains upon the sale or disposition of such investments), except the Rebate Requirement and any Excess Earnings.

"Investment Securities" means and includes any of the following securities, if and to the extent the same are at the time legal for investment of the Authority's Funds:

(a) Direct, general obligations, or obligations the timely payment of principal and interest of which are unconditionally guaranteed by, the United States of America;

(b) Obligations, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following: Federal Farm Credit Banks; Federal Home Loan Bank System; Export-Import Bank of the United States; Federal Land Banks; Federal National Mortgage Association (excluding "interest only" mortgage strip securities, and excluding other mortgage strip securities which are valued greater than par); Farmers Home Administration; Federal Home Loan Mortgage Corporation (including participation certificates only if they guarantee timely payment of principal and interest); Government National Mortgage Association (excluding "interest only" mortgage strip securities, and excluding other mortgage strip securities which are valued greater than par); Federal Financing Bank; or Federal Housing Administration;

or any other agency or instrumentality of the United States of America (created by an act of Congress) substantially similar to the foregoing in its legal relationship to the United States of America;

(c) Repurchase agreements, collateralized by Investment Securities described in clause (a) or clause (b) of this definition, with any institution, any registered broker/dealer subject to the Securities Investors' Protection Corporation jurisdiction or any commercial bank rated by each Rating Agency rating the Bonds sufficiently high to maintain then current rating on such Bonds by such Rating Agency, and collateralized in such manner to meet all requirements for collateralized repurchase agreements of each Rating Agency rating the Bonds in order to maintain then current rating on such Bonds by such Rating Agency;

(d) General obligations or revenue obligations (including bonds, notes or participation certificates) of, or "private activity bonds" (within the meaning of the Code), issued by any state of the United States of America or any political subdivision thereof, or any agency or instrumentality of any state of the United States of America or any political subdivision thereof, which obligations are rated by each Rating Agency then rating the Bonds sufficiently high to maintain then current rating on such Bonds by such Rating Agency, or any money market or short term investment fund investing substantially in or consisting substantially of and secured by obligations described in this paragraph (d), which fund is rated by each Rating Agency then rating the Bonds sufficiently high to maintain then current rating on such Bonds by such Rating Agency and which fund, if the income from such investment is intended to be excluded from gross income for federal income tax purposes, is included in the definition of "tax-exempt bond" set forth in Treasury Regulation §1.150-1(b);

(e) Any Investment Agreement;

(f) Certificates of deposit, interest-bearing time deposits, or other similar banking arrangements, with a bank or banks (i) rated by each Rating Agency rating the Bonds sufficiently high to maintain then current rating on such Bonds by such Rating Agency or (ii) collateralized in such manner to meet all requirements for collateralized agreements of each Rating Agency rating the Bonds in order to maintain then current rating on such Bonds by such Rating Agency; and

(g) Commercial paper rated by each Rating Agency rating the Bonds sufficiently high to maintain then current rating on such Bonds by such Rating Agency;

(h) Shares in the statutory law trust known as the Colorado Local Government Liquid Asset Trust (COLOTRUST), created pursuant to part 7 of article 75 of title 24, Colorado Revised Statutes; and

(i) Units of a money market fund or a money market mutual fund which has a rating from each Rating Agency then rating the Bonds sufficiently high to maintain then current rating on such Bonds by such Rating Agency.

provided, that it is expressly understood that the definition of Investment Securities shall be, and be deemed to be, expanded, or new definitions and related provisions shall be added to the Indenture, thus permitting investments with different characteristics from those listed above which the Authority deems from time to time to be in the interest of the Authority to include as Investment Securities if at the time of inclusion the Trustee shall have received written confirmation from the Rating Agencies that such inclusion will not, in and of itself, impair, or cause any of the Bonds to fail to retain, then existing rating assigned to them by the Rating Agencies.

"Liquidity Facility" means a Liquidity Facility, letter of credit or other agreement providing liquidity with respect to any Series or portion thereof for the Authority's obligation to repurchase Bonds subject to remarketing which have not been remarketed, as shall be designated pursuant to a Series Indenture with respect to such Series.

"Liquidity Facility Provider" means a commercial bank or other Person providing a Liquidity Facility pursuant to any Series Indenture with respect to a Series.

"Loan" means a loan of money, including advances, in the form of a loan (including a construction loan, a permanent loan or a combined construction and permanent loan) made by the Authority to a Borrower with the proceeds of the Bonds or the Refunded Bonds or with Prepayments for the financing of a portion of the costs of a Housing Facility or Project, which loan is evidenced by a Note pursuant to a Loan Agreement. The Authority may use money deposited in the Acquisition Account or the Loan Recycling Account to acquire mortgage-backed securities, pass-through certificates or other instruments backed by Loans, so long as each such Loan satisfies the requirements of the Master Indenture, in which case references in the Indenture to "Loans" shall be deemed to be references to such mortgage-backed securities, pass-through certificates or other instruments.

"Loan Agreement" means, collectively, the loan agreement, any regulatory agreement, and any other agreement between the Authority and the Borrower relating to the making of the Loan and the operation of the Housing Facility or Project.

"Loan Recycling Account" means the Account so designated, which is created and established in the Program Fund by the Master Indenture.

"Loan Repayments" means, with respect to any Loan, the amounts received by the Authority in respect of scheduled payments of the principal of and/or interest on the Note by or for the account of the Authority but does not include Prepayments or Servicing Fees.

"Mortgage" means the deed of trust, mortgage or other instrument creating a lien on real property within the State and improvements constructed or to be constructed thereon or on a leasehold under a lease of such real property having a remaining term, at the time such instrument is acquired by the Authority, of not less than the term for repayment of the applicable Loan, and which secures the repayment of the Loan.

"Note" means the note or notes executed by the Borrower evidencing the Borrower's payment obligations under the Loan.

"Outstanding" means, when used with respect to a Derivative Product, a Derivative Product which has not expired, been terminated or been deemed paid in accordance with the Master Indenture, and when used with reference to any Bonds as of any date, all Bonds theretofore authenticated and delivered under the Indenture except:

(a) any Bond cancelled or delivered to the Bond Registrar for cancellation on or before such date;

(b) any Bond (or any portion thereof) (i) for the payment or redemption of which there shall be held in trust under the Indenture and set aside for such payment or redemption, moneys and/or Defeasance Securities maturing or redeemable at the option of the holder thereof not later than such maturity or redemption date which, together with income to be earned on such Defeasance Securities prior to such maturity or redemption date, will be sufficient to pay the principal or Redemption Price thereof, as the case may be, together with interest thereon to the

date of maturity or redemption, and (ii) in the case of any such Bond (or any portion thereof) to be redeemed prior to maturity, notice of the redemption of which shall have been given in accordance with the Indenture or provided for in a manner satisfactory to the Bond Registrar;

(c) any Bond in lieu of or in exchange for which another Bond shall have been authenticated and delivered pursuant to the Indenture; and

(d) any Bond deemed to have been paid as provided in the Master Indenture.

"Owner" means (i) when used with respect to a Bond, the registered owner of such Bond, and (ii) when used with respect to a Derivative Product, any Reciprocal Payor, unless the context otherwise requires.

"Paying Agent" means the bank, trust company or national banking association, appointed as Paying Agent under the Master Indenture and having the duties, responsibilities and rights provided for in the Indenture and its successors or successors and any other corporation or association which at any time may be substituted in its place pursuant to the Indenture.

"Prepayment" means, with respect to any Loan, any moneys received or recovered by the Authority from any payment of or with respect to the principal (including any applicable penalty, fee, premium or other additional charge for prepayment of principal, but excluding any Servicing Fees with respect to the collection of such moneys) under any Note prior to the scheduled payment of such principal as called for by such Note, whether (a) by voluntary prepayment made by the Borrower, (b) as a consequence of the damage, destruction or condemnation of the mortgaged premises or any part thereof, (c) by the sale, assignment, endorsement or other disposition of such Loan or any part thereof by the Authority or (d) in the event of a default thereon by the Borrower, by the acceleration, sale, assignment, endorsement or other disposition of such Loan by the Authority or by any other proceedings taken by the Authority.

"Principal Installment" means, as of any date of calculation, and for any Bond Payment Date, (a) the principal amount or Compound Accreted Value of all Bonds due and payable on such date, plus (b) any Class I, Class II, Class III or Class IV Sinking Fund Installments due and payable on such date.

"Program Fund" means the Fund so designated, which is created and established by the Master Indenture.

"Project" means a work or improvement which is located or is to be located in the State, including but not limited to real property, buildings, equipment, furnishings and any other real or personal property or any interest therein, financed, refinanced, acquired, owned, constructed, reconstructed, extended, rehabilitated, improved or equipped, directly or indirectly, in whole or in part, by the Authority and which is designed and intended for the purpose of providing facilities for manufacturing, warehousing, commercial, recreational, hotel, office, research and development, or other business purposes, including but not limited to machinery and equipment deemed necessary for the operation thereof, excluding raw material, work in process, or stock in trade. "Project" includes more than one project or any portion of a project, but shall not include (a) a housing facility or any portion thereof unless the Authority elects to treat such housing facility or portion thereof as a Project or (b) the financing by the Authority of any county or municipal public facilities beyond the boundaries of the Project.

"Qualified Surety Bond" means any surety bond, letter of credit, insurance policy or other instrument which has liquidity features equivalent to a letter of credit, deposited in the Debt Service Reserve Fund in lieu of or in partial substitution for moneys on deposit therein, which shall have no adverse impact on the rating assigned to any Bonds by any Rating Agency.

"Rating Agency" means, at any particular time, any nationally recognized credit rating service designated by the Authority, if and to the extent such service has at the time one or more outstanding ratings of Bonds. The Authority shall at all times have designated at least one such service as a Rating Agency hereunder.

"Rebate Fund" means the Fund so designated, which is created and established by the Master Indenture.

"Reciprocal Payments" means any payment to be made to, or for the benefit of, the Authority under a Derivative Product.

"Reciprocal Payor" means a third party which, at the time of entering into a Derivative Product, shall have no adverse impact on the rating assigned by any Rating Agency, and which is obligated to make Reciprocal Payments under a Derivative Product.

"Record Date" means (a) with respect to 2018 Series A-2 Bonds in a Weekly Mode, the day (whether or not a Business Day) next preceding each Interest Payment Date, and (b) with respect to 2018 Series A-1 Bonds, the fifteenth day (whether or not a Business Day) of the month next preceding each Interest Payment Date.

"Redemption Fund" means the Fund so designated, which is created and established by the Master Indenture.

"Related" (whether capitalized or not) means, with respect to any particular Bond, Class, Series, Series Indenture, Supplemental Indenture, Cash Flow Statement, Fund, Account, moneys, investments, Loan (or portion thereof), Loan Repayment or Prepayment, having been created in connection with the issuance of, or having been derived from the proceeds of, or having been reallocated to, or concerning, the same Series, as the case may be.

"Revenue Fund" means the Fund so designated, which is created and established by the Master Indenture.

"Revenues" means (i) all Loan Repayments, Prepayments and, except insofar as such payments may constitute Servicing Fees, any penalty payments on account of overdue Loan Repayments, (ii) payments made by the Authority for deposit to the Revenue Fund with respect to Authority Projects in accordance with the most recently filed Cash Flow Statement, (iii) Investment Revenues, and (iv) all other payments and receipts received by the Authority with respect to Loans, other than: (a) Servicing Fees, unless such fees are specifically pledged to the Trustee, or (b) any commitment, reservation or application fees charged by the Authority in connection with a Loan, or (c) accrued interest received in connection with the purchase of any Investment Securities, or (d) amounts collected with respect to Loans representing housing assistance payments under any applicable agreement with the U.S. Department of Housing and Urban Development.

"Series" means and refers to all of the Bonds designated as such in the Related Series Indenture and authenticated and delivered on original issuance in a simultaneous transaction, regardless of variations in Class, dated date, maturity, interest rate or other provisions, and any Bond thereafter delivered in lieu of or substitution for any of such Bonds pursuant to the Master Indenture and the Related Series Indenture.

"Series Indenture" means a Supplemental Indenture authorizing a Series of Bonds and delivered pursuant to the Master Indenture.

"Servicer" means a state-chartered bank or national banking association, state or federal savings and loan association or mortgage banking or other financial institution which has been approved by the Authority as experienced and qualified to service Loans, and any successor thereto.

"Servicing Agreement" means an agreement between the Authority and a Servicer for the servicing of Loans.

"Servicing Fees" means (a) any fees paid to or retained by a Servicer in connection with the servicing obligations undertaken by the Servicer in accordance with the Related Servicing Agreement and (b) any fees retained by or expenses reimbursed to the Authority with respect to Loans serviced by the Authority, in each case not in excess of the amount assumed in the most recently filed Cash Flow Statement.

"State" means the State of Colorado.

"Supplemental Indenture" means any supplemental indenture (including a Series Indenture) approved by the Authority in accordance with the Master Indenture amending or supplementing the Indenture.

"Trustee" means the bank, trust company or national banking association appointed as trustee by the Master Indenture and having the duties, responsibilities and rights provided for in the Master Indenture and its successor or successors, and any other corporation or association which at any time may be substituted in its place as Trustee pursuant to the Master Indenture.

"Unrelated" (whether capitalized or not) means not "Related," within the meaning of that term as defined herein.

Indenture Constitutes a Contract

In consideration of the purchase and acceptance of any and all of the Bonds and any Derivative Products authorized to be issued under the Indenture, the Indenture will be deemed to be and will constitute a contract between the Authority, the Trustee, the Bond Registrar, the Paying Agent, and the Owners from time to time of the Obligations.

Issuance of Additional Bonds

A Series of Bonds is to be authenticated by the Trustee and delivered to the Authority upon its order only upon receipt by the Trustee of:

- (a) an original executed copy of the Series Indenture authorizing such Bonds and specifying certain information as set forth in the Master Indenture;
- (b) a written order as to the delivery of such Bonds, signed by an Authorized Officer;
- (c) a certificate of an Authorized Officer stating that the Authority is not in default in the performance of any of the covenants, conditions, agreements or provisions contained in the Indenture;
- (d) a Cash Flow Statement with respect to such Series of Bonds (and any other Series to which it may be limited for Cash Flow Statement purposes) taking into account the proposed issuance of such Bonds and the application of the proceeds thereof; and

(e) such further documents and moneys, including Investment Agreements, as are required by the provisions of the Related Series Indenture.

The Authority may not issue Additional Bonds under the Indenture if such issuance would result in the lowering, suspension or withdrawal of the ratings then applicable to any Bonds (without regard to any Credit Enhancement Facility).

Issuance of Refunding Bonds

Bonds of one or more Series may be issued to refund Outstanding Bonds of one or more Series only upon the receipt by the Trustee of: (i) items referred to in clauses (a), (b), (c), (d) and (e) of the preceding paragraph, and (ii) certain other instructions to the Trustee. In addition, if the bonds to be refunded are Bonds, there must be deposited with the Trustee (or paying agent or escrow agent, if any) either (A) moneys (which may include all or a portion of the proceeds of the Refunding Bonds to be issued) in an amount sufficient to effect payment or redemption at the applicable redemption price of the Bonds to be refunded, together with accrued interest on such Bonds to the due date or redemption date, or (B) Defeasance Securities, the principal of and interest on which when due, together with any moneys deposited with the Trustee (or paying agent or escrow agent), will be sufficient to pay when due the applicable principal or Redemption Price of and interest due or to become due on the Bonds to be refunded. Defeasance Securities include any Investment Securities (including direct obligations of or obligations guaranteed by the United States of America) used to effect defeasance of Bonds in accordance with the Master Indenture if upon such defeasance the Bonds so defeased are rated in the highest rating category by each Rating Agency rating such Bonds, and which are not subject to redemption by the issuer thereof prior to maturity.

Derivative Products

Pursuant to the Master Indenture, the Trustee is to acknowledge any Derivative Product entered into between the Authority and a Reciprocal Payor under which (i) the Authority may be required to make, from time to time, Authority Derivative Payments and (ii) the Trustee may receive, from time to time, Reciprocal Payments for the account of the Authority; provided that no Derivative Product may be entered into unless the Trustee receives a letter from each Rating Agency then rating a Series confirming that the action proposed to be taken by the Authority will not, in and of itself, result in a lowering, suspension or withdrawal of the ratings then applicable to any Bonds.

No later than the fourth Business Day immediately preceding each Bond Payment Date or Derivative Product Date on which a Reciprocal Payment or Authority Derivative Payment is due, the Authority is to give written notice to the Trustee stating the amount of any Reciprocal Payment due to be received by the Trustee or any Authority Derivative Payment to be paid to a Reciprocal Payor.

The Trustee is to deposit all moneys received representing Reciprocal Payments in the Revenue Fund to be applied in accordance with the Indenture. However, Reciprocal Payments may not be used to make an Authority Derivative Payment or to pay any other amounts owned to a Reciprocal Payor under a Derivative Product. The Trustee is to pay to the Reciprocal Payor from moneys in the Revenue Fund, in accordance with the Indenture, the amount of the Authority Derivative Payment due on such Bond Payment Date (as specified in the Authority's written notice) by the deposit or wire transfer of immediately available funds to the credit of the account of the Reciprocal Payor specified in such written notice, but only to the extent such payment will not result in a deficiency in the amount due on the next succeeding Bond Payment Date to the Owners of any Obligations having a priority higher than such Reciprocal Payor under such Derivative Product.

Funds Established by the Master Indenture

The Master Indenture establishes the following funds, all of which are to be held by the Trustee:

- (a) Program Fund (consisting of the Acquisition Account, the Cost of Issuance Account, the Negative Arbitrage Account and the Loan Recycling Account),
- (b) Revenue Fund,
- (c) Debt Service Reserve Fund,
- (d) Class I Debt Service Fund,
- (e) Class II Debt Service Fund,
- (f) Class III Debt Service Fund,
- (g) Class IV Debt Service Fund,
- (h) Redemption Fund (consisting of the Class I Special Redemption Account, the Class II Special Redemption Account, the Class III Special Redemption Account, and the Class IV Special Redemption Account),
- (i) Rebate Fund, and
- (j) Excess Earnings Fund.

A Bond Purchase Fund may be created and established by a Series Indenture to be held by a fiduciary to provide for the payment of the tender price or purchase price of Bonds as provided herein.

Allocation of Moneys, Investments and Loans Among Series

Except as otherwise provided in the Indenture, bond proceeds and other moneys relating to a Series of Bonds are to be deposited in the related subaccounts created with respect to such Series of Bonds. Loans made or purchased in connection with a Series of Bonds are to be allocated to such Series and held in the subaccount of the Acquisition Account created in connection with such Series of Bonds. The Authority may reallocate moneys, investments and Loans (or portions thereof) among Series by delivering an Authority Request to the Trustee specifying such reallocation under any of the following circumstances:

- (a) if and to the extent required by the Master Indenture (including meeting certain requirements with respect to the Revenue Fund and the Debt Service Reserve Fund and in the case of an Event of Default);
- (b) if and to the extent necessary to enable the Authority to deliver a Cash Flow Statement with respect to one or more Series;
- (c) in connection with an Authority Request, pursuant to the Indenture, directing the Trustee to transfer moneys to the Redemption Fund to redeem certain Bonds;
- (d) if and to the extent that the aggregate amount of moneys, investments and Loans allocated to any particular Series exceeds the aggregate amount of Outstanding Bonds of such Series.

Loans (or portions thereof) reallocated among Series are not required to meet the requirements of the Series Indenture Related to the Series to which such Loans (or portions thereof) are being reallocated if such Loans at the time of their original acquisition by the Authority met the requirements of the Master Indenture and the Series Indenture Related to such Loans at the time of their purchase.

Program Fund; Acquisition Account

There is to be deposited into the Related subaccount of the Acquisition Account established within the Program Fund the amount of Bond proceeds specified in each Series Indenture, other moneys specified in each Series Indenture, and any moneys transferred from the Related Cost of Issuance Account, as provided in the Master Indenture. Moneys deposited in the Acquisition Account of the Program Funds are to be applied, upon Authority Request, to finance (i) Loans that satisfy certain conditions of the Indenture, and (ii) Authority Projects.

Moneys may be withdrawn from the Acquisition Account for the financing of a Loan at the direction of the Authority upon receipt by the Trustee of an Authority Request stating the name of the person to be paid and the amount to be paid. Any moneys deposited in the Acquisition Account that the Authority certifies from time to time will not be used to purchase Loans or to finance Authority Projects are to be transferred to the Redemption Fund on the date specified in the Related Series Indenture (or such later date as may be specified by the Authority and certified by the Authority as consistent with the most recently filed Cash Flow Statement and the Related Series Indenture) and applied as provided in the Related Series Indenture. In the event that no Bonds of a particular Series remain Outstanding, moneys, investments and/or Loans are to be transferred in accordance with the Authority's Request, provided that such request is accompanied by a certification that the requested transfer is consistent with the most recently filed Cash Flow Statement for all Bonds and for any Series to which such retired Series has been linked. In the event that a Loan is financed or refinanced with proceeds of more than one Series of Bonds, provisions of the Indenture relating to a Loan, Loan Repayments, Prepayments, and moneys will be interpreted and applied to relate to such Loan, Loan Repayments, Prepayments and moneys to each Series furnishing proceeds for such Loan in proportion to the respective principal amounts of Bonds of each such Series the proceeds of which were or will be used to finance or refinance such Loan.

Loans made by the Authority must meet the following requirements: (i) such Loan complies with, and is in fulfillment of the purposes of, the Act; and (ii) at the time the Authority makes the Loan, (A) the Authority reasonably believes that such Loan meets applicable requirements under the Code as in effect or as otherwise applicable with respect to such Loan; (B) the Authority has determined that the facility being financed or refinanced as completed constitutes a Housing Facility or a Project, as the case may be, for purposes of the Act; and (C) except to the extent, if any, that a variance is required as a condition to any insurance on, guaranty of or other security for such Loan, such Loan shall bear interest at the rate or rates and shall be payable as to both principal and interest at the time or times which shall be reasonably estimated to be sufficient to assure the timely payment of (1) the allocable portion of scheduled Fiduciary Expenses (as reasonably estimated by the Authority and not otherwise provided for), and (2) all Debt Service Payments on the portion of the Outstanding Bonds used or to be used to make Loans (assuming the receipt of scheduled Loan Repayments on other Loans and scheduled Revenues on moneys not yet used to finance or refinance Loans or held in any Fund or Account held by the Trustee other than the Rebate Fund or the Excess Earnings Fund).

Program Fund; Cost of Issuance Account

The Master Indenture establishes within the Program Fund a Cost of Issuance Account and provides that each Series Indenture is to create a subaccount in the Cost of Issuance Account. Moneys in a Series Cost of Issuance subaccount are to be used to pay Costs of Issuance of the Related Series of Bonds,

and any excess moneys remaining therein after payment of all Costs of Issuance shall be transferred to the Related subaccount in the Acquisition Account.

Program Fund; Negative Arbitrage Account

Under the Master Indenture, a Series Indenture may establish for the Related Series of Bonds a Series Subaccount of the Negative Arbitrage Account. The Authority may create a separate subaccount of the Negative Arbitrage Account for any Housing Facility or Project financed or refinanced in whole or in part with the proceeds of a Series of Bonds or with moneys in the Loan Recycling Account. Moneys in each such subaccount will be subject to the lien and pledge of the Indenture until the withdrawal and application thereof in accordance with the Indenture. The amount to be credited to each subaccount of the Negative Arbitrage Account shall be specified by the Authority in the Related Series Indenture or in an Authority Certificate. Any moneys collected by the Authority from a Borrower to reimburse the Authority for any Authority moneys deposited to the Related subaccount of the Negative Arbitrage Account shall be and remain the property of the Authority, and shall not be subject to the lien and pledge of the Indenture.

Moneys in each subaccount of the Negative Arbitrage Account are to be transferred to the Revenue Fund on any Bond Payment Date and/or upon completion of the related Housing Facility or Project and/or the date that amounts in the Related subaccount of the Acquisition Account or the Loan Recycling Account, as the case may be, allocable to the related Housing Facility or Project are transferred to the Redemption Fund or the Revenue Fund, pursuant to the Indenture, in an amount specified in an Authority Request.

The amount in any subaccount of the Negative Arbitrage Account with respect to a defaulted Loan is to be transferred to the related subaccount of the Redemption Fund at the time that the Authority receives or recovers any Prepayment of such Mortgage Loan, upon Authority Request. If a Loan is not closed on account of any failure to meet the conditions of the Authority's written commitment to provide the Loan or for any other reason (e.g., failure to meet the conditions of the firm commitment of a governmental insurer or guarantor to insure or guarantee such Loan), provided that the Authority has issued such written commitment with respect to such Loan and is ready and willing to close, and the Authority does not finance or refinance a substitute Housing Facility or Project, the amount in the related subaccount of the Negative Arbitrage Account is to be transferred, upon Authority Request, to the Revenue Fund. Upon the completion of a Housing Facility or Project, the date that another Housing Facility or Project is substituted for such Housing Facility Project or the date that amounts in the related subaccount of the Acquisition Account or the Loan Recycling Account, as the case may be, allocable to such Housing Facility or Project are transferred to the Redemption Fund or the Revenue Fund pursuant to the Indenture, any amounts in the related subaccount of the Negative Arbitrage Account that have not been transferred to the Revenue Fund or to the Redemption Fund pursuant to the Indenture are to be paid by the Authority to the related Borrower to the extent and under the circumstances provided in any Agreement with such Borrower. Each subaccount of the Negative Arbitrage Account is to be terminated upon the earliest of the completion of the related Housing Facility or Project, the date that another Housing Facility or Project is substituted for the related Housing Facility or Project, the date that amounts in the related subaccount or the Loan Recycling Account, as the case may be, allocable to the related Housing Facility or Project are transferred to the Redemption Fund or the Revenue Fund pursuant to the Indenture or the date on which there is no remaining balance in such subaccount of the Negative Arbitrage Account.

Program Fund; Loan Recycling Account

There is to be transferred into the Loan Recycling Accounts amounts from the Revenue Fund as described in "Allocation of Moneys in the Revenue Fund" under this caption. Loans (or portions thereof)

allocated to a Series of Bonds and financed or refinanced with moneys in the related subaccount of the Loan Recycling Account are to be held in such subaccount of the Loan Recycling Account. Before any moneys are transferred to the Loan Recycling Account from the Revenue Fund pursuant to the Indenture, the Authority is to file with the Trustee: (i) a Cash Flow Statement; (ii) an Authority Certificate demonstrating that the Class Asset Requirements will be met; (iii) a rating agency Confirmation, except to the extent a previous Cash Flow Statement, Authority Certificate and Confirmations shall apply to such transfer and the Loans to be made with such amounts. Amounts on deposit in the Loan Recycling Account are to be applied, upon Authority Request, (i) to finance or refinance Loans that satisfy the requirements of the Indenture, and (ii) to finance or refinance Authority Projects. The Trustee is to withdraw moneys from the related subaccount of the Loan Recycling Account for the financing of a Loan upon receipt of an Authority Request stating (i) the name of the person to be paid and (ii) the amount to be paid. Moneys remaining in the related subaccount of the Loan Recycling Account on the date set forth in the Cash Flow Statement in connection with which such moneys were deposited in such subaccount are to be withdrawn by the Trustee on such date (or such earlier date or dates as may be specified by the Authority), and are to be transferred to the Revenue Fund.

Revenue Fund

The Master Indenture provides that each Series Indenture shall create a subaccount for the related Series of Bonds in the Revenue Fund. All Revenues related to each Series of Bonds, in addition to certain amounts transferred from the Negative Arbitrage Account, Loan Recycling Account, Debt Service Fund for each Class, Special Redemption Account for each Class, Rebate Fund and Excess Earnings Fund in accordance with the Indenture, are to be deposited in the related Subaccount of the Revenue Fund.

The Trustee is to pay from the related subaccount of the Revenue Fund (i) all Fiduciary Expenses when payable, and (ii) reasonable and necessary Administrative Expenses as provided in the following paragraph.

Allocation of Moneys in the Revenue Fund

On the last Business Day Prior to each Bond Payment Date or Derivative Payment Date, or more frequently if required by a Series Indenture, or on the other dates specifically provided below, moneys in each subaccount of the Revenue Fund are to be transferred by the Trustee to the Related (or Unrelated, as provided below) subaccounts of the following Funds and Accounts in the following order of priority:

- (a) Related Subaccounts of Rebate Fund. On each December 31, an amount to be calculated by the Authority which, together with the amount therein, will equal the Rebate Requirement related to the Tax-Exempt Bonds of each respective Series, as determined by the Authority;
- (b) Related Subaccounts of the Excess Earnings Fund. On each December 31, an amount to be calculated by the Authority which, together with the amount therein, will equal the amount determined by the Authority to be required to be on deposit therein;
- (c) Related Subaccounts of Class I Debt Service Fund. An amount which, together with the amount therein, will equal (x) the interest due and payable on the next Bond Payment Date on all Class I Bonds of the Related Series then Outstanding and any Authorized Derivative Payment secured on a parity with the Class I Bonds accrued and unpaid as of such date; plus (y) the aggregate amount of Principal Installments becoming due and payable on the Outstanding Class I Bonds of the Related Series on such Bond Payment Date or, if such date is not a date for payment of such Principal Installments, an amount that, if made in substantially equal installments on each subsequent Bond Payment Date to an including the next Bond Payment Date

that is a date for the payment of Principal Installments on related Class I Bonds, will equal the amount of the Principal Installments becoming due and payable on Outstanding Related Class I Bonds on such next Bond Payment Date;

(d) Unrelated Subaccounts of Class I Debt Service Fund. Any deficiency in such subaccount(s) of the Class I Debt Service Fund, after making any requisite transfers from the Related Debt Service Reserve Fund, resulting from the lack of moneys sufficient to make the deposit described in (c) above as of such date, on a proportionate basis with all other Unrelated such subaccounts or as otherwise directed by Authority Request;

(e) Related Subaccounts of Loan Recycling Account (Upon Authority Elections) or Class I Special Redemption Account or any combination thereof. The amount, if any, needed to ensure that the Class I Asset Requirement of the Related Series of Bonds will be met on such Bond Payment Date following such transfer, provided that any election by the Authority to make deposits into the Loan Recycling Account must be evidenced by an Authority Certificate filed with the Trustee;

(f) Unrelated Subaccounts of Class I Special Redemption Account. Any deficiency in such subaccount(s) resulting from the lack of moneys sufficient to make the deposit described in (e) above as of such date, on a proportionate basis with all other Unrelated such subaccounts or as otherwise directed by Authority Request;

(g) Related Subaccount of Class II Debt Service Fund. An amount which, together with the amount therein, will equal (x) the interest due and payable on the next Bond Payment Date on all Class II Bonds of the Related Series then Outstanding and any Authorized Derivative Payment secured on a parity with the Class II Bonds accrued and unpaid as of such date; plus (y) the aggregate amount of Principal Installments becoming due and payable on the Outstanding Class II Bonds of the Related Series on such Bond Payment Date or, if such date is not a date for payment of such Principal Installments, an amount that, if made in substantially equal installments on each subsequent Bond Payment Date to an including the next Bond Payment Date that is a date for the payment of Principal Installments on related Class II Bonds, will equal the amount of the Principal Installments becoming due and payable on Outstanding Related Class II Bonds on such next Bond Payment Date;

(h) Unrelated Subaccounts of Class II Debt Service Fund. Any deficiency in such subaccount(s) of the Class II Debt Service Fund, after making any requisite transfers from the Related Debt Service Reserve Fund, resulting from the lack of moneys sufficient to make the deposit described in (g) above as of such date, on a proportionate basis with all other Unrelated such subaccounts or as otherwise directed by Authority Request;

(i) Related Subaccount of Debt Service Reserve Fund. An amount, if any, which, together with the available amount of any Qualified Surety Bond therein, will equal the Debt Service Reserve Fund Requirement of the Related Series of Bonds;

(j) Unrelated Subaccounts of Debt Service Reserve Fund. Any deficiency in such subaccount(s) resulting from the lack of Related Revenues sufficient to make the deposit described in (i) above as such date on a proportionate basis with all other Unrelated such subaccounts or as otherwise directed by Authority Request;

(k) Related Subaccount of Loan Recycling Account (Upon Authority Election) or Class II Special Redemption Account or any combination thereof. An amount, if any, needed to

ensure that the Class II Asset Requirement of the Related Series Bonds will be met on such Bond Payment Date following such transfer, provided that any election by the Authority to make deposits into the Loan Recycling Account must be evidenced by an Authority Certificate filed with the Trustee;

(l) Unrelated Subaccounts of the Class II Special Redemption Account. Any deficiency in such subaccount resulting from the lack of moneys sufficient to make the deposit described in (k) above as of such date, on a proportionate basis with all other Unrelated such subaccounts or as otherwise directed by Authority Request;

(m) To the Authority. An amount of any reasonable and necessary Fiduciary Expenses with respect to the Related Series of Bonds previously incurred but not reimbursed to the Authority or reasonably anticipated to be payable in the following six months; provided, however, that in no event shall the aggregate of all Fiduciary Expenses with respect to the Related Series of Bonds paid directly to Fiduciaries or to the Authority under this paragraph (m) exceed any limitation set forth in the Related Series Indenture for any period;

(n) To the Authority. An amount equal to any deficiency in moneys to pay reasonable and necessary Fiduciary Expenses with respect to Unrelated Series of Bonds resulting from the lack of moneys sufficient to make the deposit described in (m) above as of such date on a proportionate basis with all other Unrelated Series of Bonds or as otherwise directed by Authority Request;

(o) Related Subaccount of Class III Debt Service Fund. An amount which, together with the amount therein, will equal (x) the aggregate amount of interest becoming due and payable on such Bond Payment Date or Derivative Payment Date upon all Class III Bonds of the Related Series then Outstanding and any Authority Derivative Payment secured on a parity with the Class III Bonds accrued and unpaid as of such date; plus (y) the aggregate amount of Principal Installments required to be paid for the Outstanding Class III Bonds of the Related Series on such Bond Payment Date or, if such Bond Payment Date is not a date for the payment of such Principal Installments on Related Class III Bonds, an amount that, if made in substantially equal installments on each subsequent Bond Payment Date to an including the next Bond Payment Date that is a date for the payment of Principal Installments on related Class III Bonds, will equal the amount of the Principal Installments becoming due and payable on Outstanding Related Class III Bonds on such next Bond Payment Date;

(p) Unrelated Subaccounts of Class III Debt Service Fund. Any deficiency in such subaccounts (after making any requisite transfers from the Related subaccount of the Debt Service Reserve Fund) resulting from the lack of moneys sufficient to make the deposit described in (o) above as of such date, on a proportionate basis with all other Unrelated such subaccounts or as otherwise directed by Authority Request.

(q) To the Authority. An amount of any reasonable and necessary Administrative Expenses with respect to the Related Series of Bonds previously incurred but not reimbursed to the Authority or reasonably anticipated to be payable in the following six months; provided, however, that in no event shall the aggregate of such amounts paid to the Authority, plus amounts paid to the Authority with respect to such Series of Bonds pursuant to paragraphs (m) and (n) above and plus all Fiduciary Expenses with respect to the Related Series of Bonds paid directly to Fiduciaries exceed any limitations set forth in the Related Series Indenture;

(r) To the Authority. An amount equal to any deficiency in moneys to pay the reasonable and necessary Administrative Expenses with respect to Unrelated Series of Bonds

resulting from the lack of moneys sufficient to make the deposit described in (q) above, on a proportionate basis with all other Unrelated Series of Bonds or as otherwise directed by Authority Request;

(s) Related Subaccount of Loan Recycling Account (Upon Authority Election) or Redemption Fund or any combination thereof. An amount, if any, necessary to satisfy the Class III Asset Requirement of the Related Series of Bonds, calculated as of such next succeeding Bond Payment Date and giving effect to such transfer, which amount shall be allocated to the Related subaccounts of the Class I Special Redemption Account, the Class II Special Redemption Account and the Class III Special Redemption Account on the basis of the relative ratios represented by the Aggregate Principal Amounts Outstanding of the Related Class I Bonds, Class II Bonds and Class III Bonds, respectively, to the Aggregate Principal Amount of all Related Class I, Class II and Class III Bonds Outstanding, provided that any election by the Authority to make deposits into the Loan Recycling Account must be evidenced by an Authority Certificate filed with the Trustee;

(t) Unrelated Subaccounts of Redemption Fund. On a proportionate basis with all other Unrelated such subaccounts or as otherwise directed by Authority Request, the additional amount, if any, necessary (after the deposits required by paragraph (s) above for the Related Series of Bonds) to satisfy the Class III Asset Requirement of such Unrelated Series of Bonds, calculated as of such next succeeding Bond Payment Date and giving effect to such transfer, which amount shall be allocated to the applicable subaccount of the Class I Special Redemption Account, the Class II Special Redemption Account and the Class III Special Redemption Account on the basis of the relative ratios represented by the Aggregate Principal Amount Outstanding of the applicable Class I Bonds, Class II Bonds and Class III Bonds, respectively, to the Aggregate Principal Amount of all applicable Class I, Class II, and Class III Bonds Outstanding (for purposes of this paragraph (t), "applicable" means Related to such Unrelated Series);

(u) Related Subaccount of Class IV Debt Service Fund. An amount which, together with the amount herein, will equal (x) the aggregate amount of interest becoming due and payable on such Bond Payment Date or Derivative Payment Date upon all Class IV Bonds of the Related Series then Outstanding and any Authority Derivative Payment secured on a parity with the Class IV Bonds accrued and unpaid as of such date; plus (y) the aggregate amount of Principal Installments required to be paid for the Outstanding Class IV Bonds of the Related Series on such Bond Payment Date;

(v) Unrelated Subaccounts of Class IV Debt Service Fund. Any deficiency (after making any requisite transfers from the Related Subaccount of the Debt Service Reserve Fund) in such subaccounts resulting from the lack of moneys sufficient to make the deposit described in (u) above as of such date, on a proportionate basis with all other Unrelated such subaccounts or as otherwise directed by Authority Request; and

(w) Upon Authority Request, Related Subaccount of the Loan Recycling Account. In order to finance or refinance Loans or Authority Projects, to the extent permitted by the applicable Series Indenture.

The balance, if any, in each subaccount of the Revenue Fund (or such lesser amount as requested by the Authority) is to be paid to the Authority for the payment of Administrative Expenses or for any other purpose free and clear of any lien and pledge of the Indenture upon receipt of an Authority Request made within 30 days of such Bond Payment Date. Any balance remaining after such payment to the Authority is to be transferred to the Related subaccounts of the Redemption Fund and allocated as

provided in (s) above or as set forth in an Authority Request, subject to any limitation or requirements specified in the Related Series Indenture.

In the event Bonds are to be redeemed on a date other than a Bond Payment Date, and to the extent moneys are not available in the Related subaccounts of the Class I Debt Service Fund, the Class II Debt Service Fund, the Class III Debt Service Fund or the Class IV Debt Service Fund to pay accrued interest on such redemption date for such Class I Bonds, Class II Bonds, Class III Bonds and Class IV Bonds, respectively, the Trustee is to apply or cause the Paying Agent to apply available moneys in the Related subaccount of the Revenue Fund for the payment of such interest.

Debt Service Funds

There is created a Class I Debt Service Fund, Class II Debt Service Fund, Class III Debt Service Fund and Class IV Debt Service Fund, and pursuant to each Series Indenture, subaccounts in each such Fund for each Series of Bonds. Amounts in each series subaccount of each Debt Service Fund are to be used and withdrawn by the Trustee solely for transfer to the Paying Agent (i) on each Bond Payment Date and Derivative Payment Date for the purpose of paying first the interest then the Principal Installments on the Related Class and Series of Bonds and any Authority Derivative Payment secured on a parity with the Related Class and Series of Bonds as the same shall become due and payable (including accrued interest on any Bonds of the Related Class purchased or redeemed prior to maturity pursuant to the Indenture) or (ii) on each purchase date for the purpose of paying the purchase price of the Related Class and Series of Bonds purchased in lieu of redemption by the Sinking Fund Installments for the Related Class of Bonds.

Amounts remaining in each subaccount of the Debt Service Funds after all Bonds of the Related Class has been paid or funds have been set aside and held in trust for such payment are to be transferred to the Related subaccount of the Revenue Fund.

Debt Service Reserve Fund

Upon the issuance, sale and delivery of a Series of Bonds pursuant to the Indenture, the Trustee is to deposit in the Related subaccount of the Debt Service Reserve Fund such amounts, if any, as are required by the provisions of the Related Series Indenture, which aggregate amount, together with the available amount of any Qualified Surety Bond or Bonds in the Debt Service Reserve Fund, is to be at least sufficient to equal the Debt Service Reserve Fund Requirement relating to such Series of Bonds, calculated after giving effect to the issuance of such Bonds. Additional moneys may be deposited in the Related subaccount of the Debt Service Reserve Fund in accordance with the Master Indenture.

On the last Business Day prior to each Bond Payment Date or more frequently if required by a Series Indenture, and in each case in conjunction with the transfers, deposits and payments to be made from the Revenue Fund as provided in the Master Indenture, the Trustee is to transfer from each subaccount of the Debt Service Reserve Fund to the specified subaccounts of other Funds or Accounts the following amounts (from any cash, Investment Securities or Qualified Surety Bonds therein), in the following order of priority:

- (a) Related Subaccount of Class I Debt Service Fund. In the event that the amount transferred to any subaccount of the Class I Debt Service Fund from the Related subaccount of the Revenue Fund is insufficient to pay the interest and Principal Installments, if any, due on the Class I Bonds of the Related Series on the next succeeding Bond Payment Date, the amount of such insufficiency is to be transferred from the Related subaccount of the Class I Debt Service Reserve Fund;

(b) Unrelated Subaccounts of Class I Debt Service Fund. In the event that the amount transferred to a subaccount of the Class I Debt Service Fund from Unrelated subaccounts of the Revenue Fund is insufficient to pay the interest and Principal Installments, if any, due on Class I Bonds of the Related Series on the next succeeding Bond Payment Date, the amount of such insufficiency is to be transferred from Unrelated subaccounts in the Debt Service Reserve Fund, on a proportionate basis or as otherwise directed by Authority Request.

(c) Related Subaccount of Class II Debt Service Fund. In the event that the amount transferred to any subaccount of the Class II Debt Service Fund from the Related subaccount of the Revenue Fund is insufficient to pay the interest and Principal Installments, if any, due on the Class II Bonds of the Related Series on the next succeeding Bond Payment Date, the amount of such insufficiency is to be transferred from the Related subaccount of the Debt Service Reserve Fund.

(d) Unrelated Subaccounts of Class II Debt Service Fund. In the event that the amount transferred to any subaccount of the Class II Debt Service Fund from the Unrelated subaccount of the Revenue Fund is insufficient to pay the interest and Principal Installments, if any, due on the Class II Bonds of the Related Series on the next succeeding Bond Payment Date, the amount of such insufficiency is to be transferred from Unrelated subaccounts in the Debt Service Reserve Fund, on a proportionate basis or as otherwise directed by Authority Request.

(e) Related Subaccount of Class III Debt Service Fund. In the event that the amount transferred to any subaccount of the Class III Debt Service Fund from the Related subaccount of the Revenue Fund is insufficient to pay the interest and Principal Installments, if any, due on the Class III Bonds of the Related Series on the next succeeding Bond Payment Date, the amount of such insufficiency is to be transferred from the Related subaccount of the Debt Service Reserve Fund; provided, however, that no such transfer may result in (A) the amount on deposit in the Related subaccount of the Debt Service Reserve Fund being reduced to an amount less than any minimum deposit specified in the Related Series Indenture or (B) a failure to meet the Related Class II Asset Requirement.

(f) Unrelated Subaccounts of Class III Debt Service Fund. In the event that the amount transferred to any subaccount of the Class III Debt Service Fund from the Unrelated subaccounts of the Revenue Fund is insufficient to pay the interest and Principal Installments, if any, due on the Class III Bonds of the Related Series on the next succeeding Bond Payment Date, the amount of such insufficiency is to be transferred from the Unrelated subaccounts of the Debt Service Reserve Fund on a proportionate basis or as otherwise directed by Authority Request; provided, however, that no such transfer may result in (A) the amount on deposit in a subaccount of the Debt Service Reserve Fund being reduced to an amount less than any minimum deposit specified in the Related Series Indenture or (B) a failure to meet the Related Class II Asset Requirement.

(g) Related Subaccount of Class IV Debt Service Fund. In the event that the amount transferred to any subaccount of the Class IV Debt Service Fund from the Related subaccounts of the Revenue Fund is insufficient to pay the interest and Principal Installments on the Class IV Bonds of the Related Series on the next succeeding Bond Payment Date, the amount of such insufficiency is to be transferred from the Related subaccount of the Debt Service Reserve Fund; provided, however, that no such transfer may result in (A) the amount on deposit in the Related subaccount of the Debt Service Reserve Fund being reduced to an amount less than any minimum deposit specified in the Related Series Indenture or (B) a failure to meet the Related Class III Asset Requirement.

(h) Unrelated Subaccounts of Class IV Debt Service Fund. In the event that the amount transferred to any subaccount of the Class IV Debt Service Fund from the Unrelated subaccounts of the Revenue Fund is insufficient to pay the interest, and Principal Installments, if any, due on the Class IV Bonds of the Related Series on the next succeeding Bond Payment Date, the amount of such insufficiency is to be transferred from Unrelated subaccounts of the Debt Service Reserve Fund on a proportionate basis or as otherwise directed by Authority Request; provided, however, that no such transfer may result in (A) the amount on deposit in a subaccount of the Debt Service Reserve Fund being reduced to an amount less than any minimum deposit specified in the Related Series Indenture or (B) a failure to meet the Related Class III Asset Requirement.

On or prior to each Bond Payment Date, the Trustee is to determine the Debt Service Fund Requirement for each Series of Bonds as of the next succeeding Bond Payment Date. Any amount which will then be in the Related subaccount of the Debt Service Reserve Fund (other than amounts attributable to accrued, but unrealized, interest purchased on Investment Securities) in excess of such Requirement is to be transferred by the Trustee to the Related Subaccount of the Revenue Account, upon notification of the Authority and unless otherwise instructed by an Authority Request.

Redemption Fund

There is created a Redemption Fund and within such Fund, a Class I Special Redemption Account, a Class II Special Redemption Account, a Class III Special Redemption Account and a Class IV Special Redemption Account. Within each such Class Special Redemption Account there will be created a subaccount for each Series of Bonds. Moneys transferred to any Class Special Redemption Account of the Redemption Fund from the Revenue Fund are to be used to purchase or redeem Bonds of the Class in respect of which the subaccount was established. However, at any time prior to the transmission of the notices of redemption, the Authority may by delivery of an Authority Request instruct the Trustee to transfer moneys on deposit in a Series subaccount of a Class Special Redemption Account in the Redemption Fund to another Series subaccount of the same Class Special Redemption Account in the Redemption Fund to be applied as provided in the Indenture to the redemption of the same Class of Bonds but a different Series. Such Authority Request (i) shall certify that it is consistent with the most recently filed Related Cash Flow Statement and not prohibited by the Related Series Indenture and (ii) shall be accompanied by evidence of satisfaction of all Asset Requirements for the Related Series. See Part I.

Any amounts remaining in any subaccount after all Bonds of the Related Class and Related Series have been paid are to be transferred to the Related subaccount of the Revenue Fund.

Credit Against Sinking Fund Installments

Upon any redemption (other than by Class I Sinking Fund Installment, Class II Sinking Fund Installment, Class III Sinking Fund Installment or Class IV Sinking Fund Installment) of Bonds for which Class I Sinking Fund Installments, Class II Sinking Fund Installments, Class III Sinking Fund Installments or Class IV Sinking Fund Installments have been established, or any purchase in lieu thereof, there is to be credited by the Trustee and the Bond Registrar toward the Class I Sinking Fund Installments, Class II Sinking Fund Installment, Class III Sinking Fund Installments or Class IV Sinking Fund Installments thereafter to become due with respect thereto, on a proportionate basis and in increments of the applicable minimum denomination, an amount bearing the same ratio to each such Class I Sinking Fund Installment, Class II Sinking Fund Installment, Class III Sinking Fund Installment or Class IV Sinking Fund Installment as the total principal amount of such Class and maturity of Bonds so purchased or redeemed bears to the total amount of all such Class I Sinking Fund Installments, Class II Sinking Fund Installments, Class III Sinking Fund Installments or Class IV Sinking Fund Installments

to be credited; provided, however, that, if there shall be filed with the Trustee and the Bond Registrar an Authority Request specifying a different method for crediting Class I Sinking Fund Installments, Class II Sinking Fund Installments, Class III Sinking Fund Installments or Class IV Sinking Fund Installments upon any such purchase or redemption of Bonds and certifying that such Authority Request is consistent with the most recently filed Related Cash Flow Statement and the Related Series Indenture, then such Sinking Fund Installments shall be so credited as shall be provided in such Authority Request. The portion of any such Class I Sinking Fund Installment, Class II Sinking Fund Installment, Class III Sinking Fund Installment or Class IV Sinking Fund Installment remaining after the deduction of any such amounts credited towards the same (or the original amount of any such Class I Sinking Fund Installment, Class II Sinking Fund Installment, Class III Sinking Fund Installment or Class IV Sinking Fund Installment if no such amounts shall have been credited toward the same) shall constitute the unsatisfied balance of such Class I Sinking Fund Installment, Class II Sinking Fund Installment, Class III Sinking Fund Installment or Class IV Sinking Fund Installment for the purpose of calculation of Class I Sinking Fund Installments, Class II Sinking Fund Installments, Class III Sinking Fund Installments and Class IV Sinking Fund Installments due on or scheduled for a future date.

Authority Payment Accounts

There may be created an Authority Payment Account within each Debt Service Fund and, within each such Authority Payment Account, a Series Indenture may create a subaccount for each Series of Bonds. If, following transfers made from the Revenue Account and the Debt Service Reserve Fund, there are not sufficient moneys to pay all interest due and payable on any General Obligation Bond or to pay any Principal Installment on any General Obligation Bond, the Authority is to pay to the Trustee for deposit in the Related subaccounts of the Authority Payment Accounts (upon notification of such insufficiency) the amount of such insufficiency from the Authority's other general revenues or moneys legally available therefor, subject only to agreements made or to be made with holders of notes or bonds pledging particular revenues or moneys for the payment thereof. If the amount provided by the Authority is less than the amount of such insufficiency, any shortfall is to be allocated pro rata among the holders of the Related General Obligation Bonds in proportion to the amounts then due and payable on such Bonds.

Amounts deposited in the Related subaccounts of the Authority Payment Accounts are only to be used to pay interest or Principal Installments due and payable on the Related General Obligation Bonds and may not be transferred to any Debt Service Fund for Bonds which are not General Obligation Bonds or to any other Fund or Account for any reason.

Investment of Funds

Moneys in all Funds and Accounts held by the Trustee shall be invested to the fullest extent possible in Investment Securities which mature or may be redeemed at the option of the holder not later than the times when such moneys shall be needed for payments to be made from such Funds or Accounts. Investments are to be made by the Trustee in accordance with instructions received from the Authority and may be made by the Trustee through its own bond department, commercial banking department or commercial paper department or with investment companies for which the Trustee or its affiliates may provide advisory, administrative, custodial or other services for compensation.

The interest or income earned by, or gain to, all Funds and Accounts due to the investment thereof shall be transferred to the related subaccount of the Revenue Fund, except that such income, interest or gain shall be retained in the Debt Service Reserve Fund unless, after giving effect to the transfer, the amount therein at least equals the aggregate Debt Service Reserve Fund Requirement.

Notwithstanding anything in the Indenture to the contrary, proceeds from any Credit Enhancement Facility or Liquidity Facility are to be held uninvested.

Creation of Liens

The Authority shall not issue any bonds or other evidences of indebtedness, other than the Bonds, secured by a pledge of the Revenues or of the moneys, securities, rights or interests pledged or held or set aside by the Authority or by any Fiduciary under the Indenture, except that the Authority may issue (i) evidences of indebtedness secured by a pledge of the Revenues to be derived after the pledge of the Revenues provided in the Indenture has been discharged and satisfied; or (ii) notes or bonds of the Authority not secured under the Indenture; or (iii) notes or bonds which are general obligations of the Authority under the Act.

Covenants Relating to Loans

The Authority has covenanted to use the proceeds of Bonds and other moneys deposited in the Funds and Accounts only in accordance with the provisions of the Indenture.

The Authority shall at all times charge and collect Loan Repayments and other amounts with respect to the Loans which, together with any other moneys estimated to be available therefor (including Prepayments, but excluding the Rebate Requirement and any Excess Earnings), are estimated to be at least sufficient for the payment of the sum of:

- (a) the aggregate Debt Service Payments; and
- (b) Administrative Expenses, as projected by the Authority.

The Authority has covenanted not to sell any Loan or any Authority Project, except in the event of a default on such Loan, unless the Authority determines that such sale would not have a material adverse effect on the ability of the Authority to pay the principal of and interest on the Outstanding Bonds.

The Authority has covenanted not to modify the financial terms of any Loan or any security therefor which will in any manner materially adversely affect the interests of the Owners of the Bonds, as determined in good faith by the Authority.

The Authority has covenanted to diligently enforce, and take all reasonable steps, actions and proceedings necessary for the enforcement of, all terms, covenants and conditions of all Loans and the preservation and protection of the rights and privileges of the Authority, the Trustee and the Bondholders thereunder.

Certain Other Covenants

Creation and Use of Rebate Account

There is created pursuant to each Series Indenture relating to any tax-exempt Bonds a special and a separate subaccount within the Rebate Fund to be held by the Authority for such Series of Bonds (the "**Series Rebate Account**"). There shall be transferred in accordance with the Indenture into the Series Rebate Account such amounts as shall be required to be deposited therein in accordance with Authority Certificates to meet the Authority's obligations under the covenant described below under "Tax Covenant." Amounts in the Series Rebate Account shall be used for the purpose of making the payments to the United States required by such covenant and Section 148(f) of the Tax Code. Any amounts in the Series Rebate Account in excess of those required to be on deposit therein as described

below under "Tax Covenant" and Section 148(f) of the Tax Code may be withdrawn therefrom and deposited into the Revenue Fund.

Creation and Use of Excess Earnings Fund

All amounts in a subaccount of the Excess Earnings Fund relating to any tax-exempt Bonds, including all investment earnings thereon, shall remain therein until transferred or paid by the Trustee to such other Fund or the United States Department of the Treasury or for such other purpose, as the Authority shall specify, upon receipt by the Trustee of (a) an Authority Request directing the Trustee to so transfer or pay a specified amount, and (b) a written opinion of Bond Counsel to the effect that any such transfer or payment, upon satisfaction of any conditions set forth in such opinion (e.g., forgiveness of indebtedness on all or a portion of the Loans), would not cause interest on such Bonds to be includable in the gross income of the Owners thereof for federal income tax purposes. Upon receipt of an opinion of Bond Counsel that the balance in a subaccount of the Excess Earnings Fund is in excess of the amount required to be included therein, such excess shall be transferred to the Revenue Fund. Moneys in a subaccount of the Excess Earnings Fund may be used to purchase Loans in the Related subaccount of the Acquisition Account or the Loan Recycling Account, at a purchase price equal to the unpaid balances of the principal amounts of such Loans plus accrued interest, if any, thereon, and any unamortized premium, and any such Loans so purchased shall be credited to such subaccount of the Excess Earnings Fund. Loans in a subaccount of the Excess Earnings Fund may be exchanged for Loans in the Related subaccount of the Acquisition Account or the Loan Recycling Account having an aggregate principal balance not less than the aggregate principal balance of such Loans in such subaccount for the Excess Earnings Fund, upon receipt by the Trustee of an Authority Request specifying the Loans to be so exchanged. If, on the final maturity of all of a Series, there is a balance in a subaccount of the Excess Earnings Fund which is allocated to payments related to such Series, and the Trustee has not received directions meeting the requirements of the preceding sentence for the disposition of such balance, the Trustee shall obtain an opinion of Bond Counsel as to the purposes, if any, to which such balance may be applied without adversely affecting the federal income tax status of interest on such Bonds, and shall thereafter dispose of such balance in accordance with such opinion. Records of the calculation of Excess Earnings and the Excess Earnings Fund shall be retained by the Authority until six years after the retirement of all of the Bonds of the Related Series.

Tax Covenant

The Authority will covenant for the benefit of the owners of the each Series of tax-exempt Bonds that it will not take any action or omit to take any action with respect to such Series of Bonds, the proceeds thereof, or any other funds of the Authority or any facilities financed with the proceeds of such Series of Bonds, if such action or omission would cause the interest on such Series of Bonds, to lose its exclusion from gross income for federal income tax purposes under Section 103 of the Tax Code, would subject the Authority to any penalties under Section 148 of the Tax Code, or would cause such Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Tax Code. The foregoing covenants shall remain in full force and effect notwithstanding the payment in full or defeasance of such Series of Bonds until the date on which all obligations of the Authority in fulfilling the above covenant under the Tax Code have been met.

Events of Default under the Indenture and Remedies

Each of the following events constitutes an "Event of Default":

- (a) default shall be made in the payment of any Principal Installment of any Class I Bond when and as the same shall become due and payable, whether at maturity or by call for redemption or otherwise;

(b) default shall be made in the payment of any installment of interest on any Class I Bond when and as the same shall become due and payable, or any other payment due under any other Class I Obligations when due and payable;

(c) default shall be made in the payment of any Principal Installment or interest on any Class II Bond or any other payment due under any other Class II Obligations when due and payable, provided that sufficient moneys for such payment are available in the Class II Debt Service Fund;

(d) default shall be made in the payment of any Principal Installment or interest on any Class III Bond or any other payment due under any other Class III Obligations when due and payable, provided that sufficient moneys for such payment are available in the Class III Debt Service Fund;

(e) default shall be made in the payment of any Principal Installment or interest on any Class IV Bond or any other payment due under any other Class IV Obligations when due and payable, provided that sufficient moneys for such payment are available in the Class IV Debt Service Fund;

(f) default shall be made by the Authority in the performance or observance of any other covenant, agreement or condition on its part contained in the Indenture (except the requirement that the Authority pay amounts to the Trustee from its other revenues, moneys or assets in connection with General Obligation Bonds) or in the Bonds, and such default shall continue for a period of 60 days after written notice thereof to the Authority by the Trustee or to the Authority and to the Trustee by the Holders of not less than 10% in principal amount of the Bonds Outstanding; or

(g) the Authority shall file a petition seeking a composition of indebtedness under the federal bankruptcy laws or under any other applicable law or statute of the United States or of the State.

Upon the occurrence of an Event of Default the Trustee may, and upon the written request of the Owners of not less than 25% in principal amount of the Bonds Outstanding following an Event of Default described in paragraphs (a), (b), (c), (d), (e), and (g) above, and 50% in principal amount of the Bonds Outstanding following an Event of Default described in paragraph (f) above, shall give 30 days' notice in writing to the Authority of its intention to declare all Outstanding Obligations due and payable immediately. After such 30-day period the Trustee may, and upon written request of Owners of not less than 25% (except with respect to an Event of Default described in paragraph (f) or (g) above, to the extent provided in the following sentence) in principal amount of the Bonds Outstanding shall, declare all Bonds Outstanding, plus all interest accrued therein and which will accrue to the date of payment, immediately due and payable by notice to the Authority. Notwithstanding the foregoing, following an Event of Default described in paragraphs (f) or (g) above (except for a default which could adversely affect the exclusion from gross income for federal income tax purposes of interest on any Tax-Exempt Bonds), the Trustee shall not declare all Obligations Outstanding immediately due and payable unless so directed by written request of Owners of 100% in principal amount of Bonds Outstanding. The Trustee may (and at the direction of the Owners of a majority in aggregate principal amount of Outstanding Bonds, shall) annul such declaration and its consequences if (i) money shall have been deposited in the Revenue Fund sufficient to pay all matured installments of interest and principal or Redemption Price (other than principal then due only because of such declaration) of all Outstanding Obligations; (ii) moneys shall have been deposited with the Trustee sufficient to pay the charges, compensation, expenses, disbursements, advances and liabilities of the Trustee; (iii) all other amounts then payable by the Authority under the Indenture shall have been paid or a sum sufficient to pay the same shall have been

deposited with the Trustee; and (iv) every event of Default known to the Trustee (other than a default in the payment of the principal of such Bonds then due only because of such declaration) shall have been remedied to the satisfaction of the Trustee.

Upon the occurrence of an Event of Default, the Trustee may, and upon the written request of the Owners of not less than 25% in principal amount of Outstanding Bonds, together with indemnification of the Trustee to its satisfaction, shall, proceed with such suits, actions or proceedings as the Trustee, being advised by counsel, shall deem expedient, including but not limited to:

- (i) enforcement of the right of Bondholders to collect and enforce the payment of principal and interest due or becoming due on Loans and collect and enforce any rights in respect to the Loans or other security or mortgages securing such Loans and to require the Authority to carry out its duties under the terms of the Indenture and the Act;
- (ii) suit upon all or any part of the Obligations;
- (iii) civil action to require the Authority to account as if it were the trustee of an express trust for the Owners;
- (iv) civil action to enjoin any acts or things which may be unlawful or in violation of the rights of the Owners; and
- (v) enforcement of any other rights of the Owners conferred by law or the Indenture.

The Trustee may waive any Event of Default which in its opinion shall have been remedied before the entry of final judgment or decree in any proceeding instituted by it under the Indenture or before the completion of the enforcement of any other remedy under the Indenture. Any waiver by the Trustee of an Event of Default shall not extend to any subsequent or other Event of Default or impair any right consequent thereon.

Regardless of the happening of an Event of Default, the Trustee, if requested in writing by the Holders of not less than 25% in principal amount of the Bonds then Outstanding, shall, upon being indemnified to its satisfaction therefor, institute and maintain such suits and proceedings as it may be advised shall be necessary or expedient (i) to prevent any impairment of the security under the Indenture by any acts which may be unlawful or in violation of the Indenture or (ii) to preserve or protect the interests of the Owners, provided that such request is in accordance with law and the provisions of the Indenture and, in the sole judgment of the Trustee, is not unduly prejudicial to the interests of the Owners of the Bonds not making such request.

It is further provided that no Bondholder shall have any right to institute any action unless such Holder shall have given to the Trustee written notice of an Event of Default described under paragraphs (a), (b) or (c) above and unless the holders of not less than 25% in principal amount of the Bonds then Outstanding shall have made written request of the Trustee and shall have afforded the Trustee a reasonable opportunity to proceed to institute action and unless, also, there shall have been offered to the Trustee reasonable security and indemnity, and the Trustee shall have refused or neglected to comply with such request within 60 days after receipt.

General Obligation Bonds Events of Default and Remedies

Any failure by the Authority to pay interest on any General Obligation Bond when due or to pay any Principal Installment on any General Obligation Bond at maturity, provided such failure does not constitute an Event of Default as described above, constitutes a "General Obligation Bond Default" under

the Indenture. A General Obligation Bond Default does not constitute an Event of Default under the Indenture and does not affect the priority of the lien and pledge granted Owners of Bonds under the Indenture.

Upon the occurrence of a General Obligation Bond Default, the Trustee may and, upon the written request of the Owners of note less than 25% in Aggregate Principal Amount of Outstanding General Obligation Bond shall, give 30 days' notice in writing to the Authority of its intention to declare the Aggregate Principal Amount of all General Obligation Bonds Outstanding immediately due and payable. At the end of such 30-day period the Trustee may, and upon such written request of Owners of not less than 25% in Aggregate Principal Amount of Outstanding General Obligation Bonds shall, by notice in writing to the Authority, declare the Aggregate Principal Amount of all General Obligation Bonds Outstanding immediately due and payable; and the Aggregate Principal Amount of such General Obligation Bonds shall become and be immediately due and payable. In such event, there shall be due and payable on the General Obligation Bonds an amount equal to the total principal amount of all such Bonds, plus all interest which will accrue thereon to the date of payment.

The Trustee may annul such declaration and its consequences if (i) moneys shall have been deposited in the Related Authority Payment Account sufficient to pay all matured installments of interest and principal or Redemption Price (other than principal then due only because of such declaration) of all Outstanding General Obligation Bonds; and (ii) money shall have been deposited with the Trustee sufficient to pay the charges, compensation, expenses, disbursements, advances and liabilities of the Trustee.

Upon the occurrence and continuance of a General Obligation Bond Default, the Trustee may, and upon the written request of the Owners of not less than 25% in Aggregate Principal Amount of the General Obligation Bonds Outstanding, together with indemnification of the Trustee to its satisfaction therefor, shall, proceed forthwith to protect and enforce the rights of the Owners of General Obligation Bonds under the Act, the General Obligation Bonds and the Indenture by such suits, actions or proceedings as the Trustee, being advised by counsel, shall deem expedient and consistent with the limitations specified in the Indenture, including but not limited to:

- (a) Suit upon all or any part of the General Obligation Bonds;
- (b) Civil action to enjoin any acts or things which may be unlawful or in violation of the rights of the Owners of General Obligation Bonds; and
- (c) Enforcement of any other right of the Owners of General Obligation Bonds conferred by law or by the Indenture.

Regardless of the happening of a General Obligation Bond Default, the Trustee, if requested in writing by the Owners of not less than 25% in Aggregate Principal Amount of the General Obligation Bonds then Outstanding, shall, upon being indemnified to its satisfaction therefor, institute and maintain such suits and proceedings as it may be advised shall be necessary or expedient (i) to prevent any impairment of the security under the Indenture by any acts which may be unlawful or in violation of the Indenture; or (ii) to preserve or protect the interests of the Owners of the General Obligation Bonds, provided that such request is in accordance with law and the provisions of the Indenture and, in the sole judgment of the Trustee, is not unduly prejudicial to the interests of the Owners of General Obligation Bonds not making such request.

The rights and remedies of Owners of General Obligation Bonds upon the occurrence of a General Obligation Bond Default shall be limited to the enforcement of the Authority's general obligation covenant with respect to the Related Bonds and to the disbursement of amounts available to

Owners of General Obligation Bonds from time to time in the Related Debt Service Fund, the Related Special Redemption Account and the Related Debt Service Reserve Fund after provision is made for, and after taking into account the rights of, Owners of Bonds other than General Obligation Bonds as provided in the Indenture. The exercise of remedies upon the occurrence of a General Obligation Bond Default shall not in any manner affect, disturb or prejudice the security and rights of Owners of Bonds under the Indenture.

The Trustee may waive any General Obligation Bond Default which in its opinion shall have been remedied before the entry of final judgment or decree in any suit, action or proceeding instituted by it under the provisions of the Indenture, or before the completion of the enforcement of any other remedy under the Indenture.

No Owner of any General Obligation Bond shall have any right to institute any suit, action or proceeding in equity or at law for any remedy under the Indenture unless:

- (i) a General Obligation Bond Default has occurred as to which the Trustee has actual notice, or as to which the Trustee has been notified in writing; and
- (ii) the Owners of at least 25% in Aggregate Principal Amount of General Obligation Bonds Outstanding shall have made written request to the Trustee to proceed to exercise the powers granted in the Master Indenture or to institute such action, suit or proceeding in its own name; and
- (iii) such Owners of the Bonds shall have offered the Trustee indemnity as provided in the Master Indenture; and
- (iv) the Trustee shall have failed or refused to exercise the powers in the Indenture granted or to institute such action, suit or proceedings in its own name for a period of 60 days after receipt by it of such request and offer of indemnity.

Successors to Trustee

Wells Fargo Bank, National Association, has been appointed as Trustee under the Master Indenture and will act as Trustee until any successor thereto becomes successor trustee, provided that such successor company must be a bank or trust company organized under the laws of any state of the United States or a national banking association, and must be authorized by law to perform all the duties imposed upon it by the Master Indenture.

Modifications of Indenture and Outstanding Bonds

There are provided procedures whereby the Authority may amend the Master Indenture or a Series Indenture by execution and delivery of a Supplemental Indenture. Amendments that may be made without consent of Bondholders must be for such purposes as providing for the issuance of a Series of Bonds, further securing the Bonds, imposing further limitations on or surrendering rights of the Authority or curing ambiguities.

Amendments of the respective rights and obligations of the Authority and the Bondholders may be made with the written consent of the Holders of at least a majority in principal amount of the Bonds Outstanding to which the amendment applies, but no such amendment shall permit a change in the terms of redemption or maturity of the principal of any Bond Outstanding (other than the terms of a Sinking Fund Installment) or of any installment of interest thereon or a reduction in the principal amount of Redemption Price therefor or the rate of interest thereon or reduce the percentages of Bonds, the consent

of the Holders of which is required to effect such amendment, or the ability to declare the Aggregate Principal Amount of Bonds due and payable without the consent of the Owners of all Bonds then Outstanding or shall materially adversely affect the rights of the Owners of Class II Bonds, Class III Bonds or Class IV Bonds without the consent of the Owners of a majority in aggregate principal amount of Class II, Class III or Class IV Bonds Outstanding, respectively.

Amendments may be made in any respect with the written consent of the Owners of all the Bonds then Outstanding.

Defeasance

All outstanding Bonds will prior to the maturity or redemption date thereof be deemed to have been paid and will cease to be entitled to the pledge of the Trust Estate under the Indenture and all covenants, agreements and other obligations of the Authority to the Bondowners will cease if the following conditions are met: (i) in case any Bonds are to be redeemed on any date prior to their maturity, the Authority has given to the Bond Registrar irrevocable instructions to transmit notice of redemption therefor, (ii) there have been deposited with the Trustee either moneys in an amount which are sufficient, or Defeasance Securities the principal of and interest on which when due will provide moneys, which, together with the moneys, if any, deposited with the Trustee at the same time, will be sufficient to pay when due the principal or redemption price, if applicable, of and interest due and to become due on said Bonds on or prior to the redemption date or maturity date thereof, as the case may be, (iii) in the event said Bonds are not subject to redemption within the next succeeding 60 days, the Authority has given the Bond Registrar irrevocable instructions to transmit, as soon as practicable, a notice to the owners of such Bonds that the above deposit has been made with the Trustee and that said Bonds are deemed to have been paid and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal or redemption price, if applicable, of and interest on such Bonds, and (iv) except in the event of a full cash defeasance or a current refunding of less than ninety days to maturity or redemption date, the sufficiency of such moneys or Defeasance Securities shall have been confirmed to the Authority in an opinion signed by a certified public accountant or firm of such accountants duly licensed to practice and practicing as such under the laws of the State, selected by the Authority.

Neither Defeasance Securities nor moneys deposited with the Trustee for the purpose of defeasing the Bonds nor principal or interest payments on any such Defeasance Securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal or Redemption Price, if applicable, of and interest on said Bonds and any bonds or other obligations issued by the Authority the proceeds of which were used to acquire such Defeasance Securities, in whole or in part; provided that no such principal of or interest on such Defeasance Securities shall be applied to the payment of the principal or redemption price of or interest on such bonds or other obligations unless (x) the Trustee shall have received a schedule showing, for each year from the date of deposit of such Defeasance Securities until the redemption date or maturity date of said Bonds, as the case may be, the amount of principal of and interest on such Defeasance Securities and moneys, if any, deposited with the Trustee at the same time that will be available to pay the principal or Redemption Price of and interest due on said Bonds in each such year, plus the amount of any excess in each such year, and (y) the amount of such principal of or interest on such Defeasance Securities to be so applied to the payment of such bonds or other obligations does not exceed in any year the amount of such excess for, or accumulated and unexpended to, such year. Any cash received from such principal or interest payments on such Defeasance Securities deposited with the Trustee, if not then needed for such purpose, to the extent practicable and, in accordance with an opinion of Bond Counsel filed with the Trustee, permitted by Section 103 of the Code, shall be reinvested in Defeasance Securities maturing in times and in amounts sufficient to pay when due the principal or Redemption Price, if applicable, of and interest due and to become due on said Bonds on and prior to such redemption date or maturity date thereof, as the case may be.

Any Authority Derivative Payments are deemed to have been paid and the applicable Derivative Product terminated when payment of all Authority Derivative Payments due and payable to each Reciprocal Payor under its respective Derivative Product have been made or duly provided for to the satisfaction of each Reciprocal Payor and the respective Derivative Product has been terminated.

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APPENDIX D

Class Asset Requirements

Set forth below are the Class Asset Requirements applicable to the Outstanding Bonds pursuant to the Master Indenture. These Class Asset Requirements for the Outstanding Bonds are calculated based on applicable **Parity Ratios** which have the values set forth in the Series Indentures related to the most recently issued Series of Bonds, or any other value permitted or required by each Rating Agency as evidenced by Confirmations delivered by each Rating Agency after the date of issuance of such Series of Bonds.

Under the Master Indenture:

(I) the **Class I Asset Requirement** means the requirement that, as of any date of calculation, the Accrued Assets shall be at least equal to the product of (x) the Aggregate Principal Amount of Class I Bonds then Outstanding multiplied by (y) the Class I Parity Ratio.

(II) the **Class II Asset Requirement** means the requirement that, as of any date of calculation, the Accrued Assets shall be at least equal to the product of (x) the Aggregate Principal Amount of Class I Bonds and Class II Bonds then Outstanding multiplied by (y) the Class II Parity Ratio.

(III) the **Class III Asset Requirement** means the requirement that, as of any date of calculation, the Accrued Assets shall be at least equal to the product of (x) the Aggregate Principal Amount of Class I Bonds, Class II Bonds and Class III Bonds then Outstanding multiplied by (y) the Class III Parity Ratio.

The Master Indenture defines **Accrued Assets** to mean the sum of (i) amounts held in the Acquisition Account, the Loan Recycling Account, the Debt Service Fund, the Redemption Fund, the Debt Service Reserve Fund and the Revenue Fund, and (ii) the aggregate unpaid principal balances of all Loans and Authority Projects.

The 2018 Series A Indenture provides that the **Class I Parity Ratio** shall be no less than 130%. As January 31, 2018, the Accrued Assets were equal to 208.3% of the Aggregate Principal Amount of Class I Bonds and 122.9% of the Aggregate Principal Amount of Class I Bonds and Class II Bonds. These ratios did not take into account the 2018 Series A Bonds.

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APPENDIX E

Form of Bond Counsel Opinion

March __, 2018

Colorado Housing and Finance Authority
1981 Blake Street
Denver, Colorado 80202

Colorado Housing and Finance Authority
Federally Taxable Multi-Family/Project Class I Bonds, 2018 Series A-1
and
Federally Taxable Multi-Family/Project Class I Adjustable Rate Bonds, 2018 Series A-2

Ladies and Gentlemen:

We have acted as bond counsel to the Colorado Housing and Finance Authority (the "Authority"), in connection with the issuance of its Federally Taxable Multi-Family/Project Class I Bonds, 2018 Series A-1 (the "2018 Series A-1 Bonds") and Federally Taxable Multi-Family/Project Class I Adjustable Rate Bonds, 2018 Series A-2 (the "2018 Series A-2 Bonds" and, together with the 2018 Series A-1 Bonds the "2018 Series A Bonds") in the aggregate principal amount of \$91,255,000. In such capacity, we have examined the Authority's certified proceedings and such other documents and such law of the State of Colorado and of the United States of America as we have deemed necessary to render this opinion letter. The 2018 Series A Bonds are authorized and issued pursuant to the Master Indenture of Trust, dated as of March 1, 2000, as amended, and as supplemented by the 2018 Series A Indenture dated as of March 1, 2018 (together, the "Indenture") between the Authority and Wells Fargo Bank, National Association (formerly, Norwest Bank Colorado, National Association), as trustee (the "Trustee"). Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Indenture.

Regarding questions of fact material to our opinions, we have relied upon the Authority's certified proceedings and other representations and certifications of public officials and others furnished to us, without undertaking to verify the same by independent investigation.

Based upon such examination, it is our opinion as bond counsel that:

1. The 2018 Series A Bonds constitute valid and binding special, limited obligations of the Authority, payable solely from the Revenues and other assets pledged thereto under the Indenture.
2. The Indenture has been duly authorized by the Authority, duly executed and delivered by authorized officials of the Authority, and, assuming due authorization, execution and delivery by the Trustee, constitutes a valid and binding obligation of the Authority enforceable in accordance with its terms.
3. Interest on the 2018 Series A Bonds is included in gross income for federal income tax purposes.

4. The 2018 Series A Bonds, their transfer and the income therefrom shall at all times be free from taxation by the State of Colorado under Colorado laws in effect as of the date hereof.

The opinions expressed in this opinion letter above are subject to the following:

The obligations of the Authority pursuant to the 2018 Series A Bonds and the Indenture may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, and by equitable principles, whether considered at law or in equity.

We understand that Federal Home Loan Bank of Topeka has delivered a Standby Bond Purchase Agreement with respect to the 2018 Series A-2 Bonds. We express no opinion as to the validity or enforceability of the Standby Bond Purchase Agreement or the security afforded thereby.

In this opinion letter issued in our capacity as bond counsel, we are opining only upon those matters set forth herein, and we are not opining upon the accuracy, adequacy or completeness of the Official Statement or any other statements made in connection with any offer or sale of the 2018 Series A Bonds or upon any federal or state tax consequences arising from the receipt or accrual of interest on or the ownership or disposition of the 2018 Series A Bonds, except those specifically addressed herein.

This opinion letter is issued as of the date hereof and we assume no obligation to revise or supplement this opinion letter to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Respectfully submitted,

APPENDIX F

Book-Entry System

The following information in this section regarding DTC and the book entry system is based solely on information provided by DTC. No representation is made by the Authority or the Underwriters as to the completeness or the accuracy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof. The Beneficial Owners of the 2018 Series A Bonds should confirm the following information with DTC or the DTC Participants.

The Depository Trust Company ("**DTC**"), New York, NY, will act as securities depository for the 2018 Series A Bonds. The 2018 Series A Bonds will be issued as fully-registered securities, registered in the name of Cede & Co., DTC's partnership nominee ("**Cede**") or such other name as may be requested by an authorized representative of DTC. One fully-registered 2018 Series A Bond certificate will be issued for each maturity of the 2018 Series A Bonds, in the aggregate principal amount of each such maturity of the 2018 Series A Bonds, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants (the "**Direct Participants**") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("**DTCC**"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("**Indirect Participants**"). DTC has a Standard & Poor's rating of "AA+." The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org. *The Authority, the Trustee, and the Underwriters undertake no responsibility for and make no representation as to the accuracy or the completeness of the content of such material contained on DTC's website as described in the preceding sentence including, but not limited to, updates of such information or links to other Internet sites accessed through the aforementioned website.*

Purchases of 2018 Series A Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2018 Series A Bonds on DTC's records. The ownership interest of each actual purchaser of each 2018 Series A Bond ("**Beneficial Owner**") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2018 Series A Bonds are to be accomplished by entries made on the books of Direct or Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners

will not receive certificates representing their ownership interests in 2018 Series A Bonds, except in the event that use of the book-entry system for the 2018 Series A Bonds is discontinued.

To facilitate subsequent transfers, all 2018 Series A Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of 2018 Series A Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2018 Series A Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2018 Series A Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of 2018 Series A Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2018 Series A Bonds, such as redemptions, defaults, and proposed amendments to the 2018 Series A Bond documents. For example, Beneficial Owners of 2018 Series A Bonds may wish to ascertain that the nominee holding the 2018 Series A Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Bond Registrar and request that copies of notices be provided directly to them.

While the 2018 Series A Bonds are in the book-entry system, redemption notices will be sent to DTC. If less than all of the 2018 Series A Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to 2018 Series A Bonds, unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the 2018 Series A Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the 2018 Series A Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the Authority or the Trustee, on a payment date in accordance with their respective holdings shown on DTC's records. Payments by Direct and Indirect Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Direct and Indirect Participant and not of DTC, the Trustee, the Paying Agent or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC), is the responsibility of the Trustee or the Authority, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

THE AUTHORITY, THE TRUSTEE, AND THE PAYING AGENT SHALL HAVE NO RESPONSIBILITY OR OBLIGATION WITH RESPECT TO THE ACCURACY OF THE RECORDS OF DTC, CEDE & CO. OR ANY DTC PARTICIPANT WITH RESPECT TO ANY OWNERSHIP INTEREST IN THE 2018 SERIES A BONDS, THE DELIVERY TO ANY DTC PARTICIPANT OR ANY INDIRECT PARTICIPANT OR ANY OTHER PERSON, OTHER THAN CEDE & CO., AS

NOMINEE OF DTC, AS SHOWN ON THE BOND REGISTER, OF ANY NOTICE WITH RESPECT TO THE 2018 SERIES A BONDS, INCLUDING ANY NOTICE OF REDEMPTION, THE PAYMENT TO ANY DTC PARTICIPANT OR INDIRECT PARTICIPANT OR ANY OTHER PERSON, OTHER THAN CEDE & CO., AS NOMINEE OF DTC, AS SHOWN ON THE BOND REGISTER, OF ANY AMOUNT WITH RESPECT TO PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON, THE 2018 SERIES A BONDS OR ANY CONSENT GIVEN BY CEDE & CO., AS NOMINEE OF DTC. SO LONG AS CERTIFICATES FOR THE 2018 SERIES A BONDS ARE NOT ISSUED PURSUANT TO THE INDENTURE AND THE 2018 SERIES A BONDS ARE REGISTERED TO DTC, THE AUTHORITY, THE PAYING AGENT, AND THE TRUSTEE SHALL TREAT DTC OR ANY SUCCESSOR SECURITIES DEPOSITORY AS, AND DEEM DTC OR ANY SUCCESSOR SECURITIES DEPOSITORY TO BE, THE ABSOLUTE OWNER OF THE 2018 SERIES A BONDS FOR ALL PURPOSES WHATSOEVER, INCLUDING WITHOUT LIMITATION (1) THE PAYMENT OF PRINCIPAL AND INTEREST ON THE 2018 SERIES A BONDS, (2) GIVING NOTICE OF REDEMPTION AND OTHER MATTERS WITH RESPECT TO THE 2018 SERIES A BONDS, (3) REGISTERING TRANSFERS WITH RESPECT TO THE 2018 SERIES A BONDS AND (4) THE SELECTION OF 2018 SERIES A BONDS FOR REDEMPTION.

DTC may discontinue providing its services as depository with respect to the 2018 Series A Bonds at any time by giving reasonable notice to the Authority and the Trustee. Under such circumstances, in the event that a successor depository is not obtained, 2018 Series A Bond certificates are required to be printed and delivered. The Authority may decide to discontinue use of the system of book-entry transfer through DTC (or a successor securities depository). In that event, 2018 Series A Bond certificates will be printed and delivered to DTC.

According to DTC, the foregoing information with respect to DTC and DTC's book-entry system has been provided to the Industry for informational purposes only and is not intended to serve as a representation, warranty or contract modification of any kind.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Authority believes to be reliable, but neither the Authority nor the Underwriters take any responsibility for the accuracy thereof.

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APPENDIX G-1

**Certain Information Regarding the 2018A Loans
as of January 31, 2018**

Project Name	Borrower Name	Outstanding Balance	Maturity Date	Note Date	Principal and Interest Amount	Insurance Type (if any)	Remaining Term (Months)	Current Interest Rate	Location	Loan Type*
HOTCHKISS INN MOTEL	Hotchkiss Inn Motel	\$349,433	09/15/2026	08/07/01	\$4,173	SBA	51	6.125%	HOTCHKISS	BF
BOOKCLIFF AUTO PARTS INC	Bookcliff Auto Parts	289,422	04/15/2027	03/01/02	3,714	SBA	63	6.115	GRAND JUNCTION	BF
EMRY ENTERPRISES LLC	Emry Enterprises	379,831	12/05/2031	02/14/02	3,367		120	5.250	COLORADO SPRINGS	BF
DIANE HARTY SCHLAEFER LLC	Diane Harty Millinery, Inc.	57,216	07/01/2027	06/21/07	868		113	6.950	FRISCO	BF
DUKE LLC	Duke LLC (Arkansas Valley Adventurer)	176,295	09/01/2031	08/23/11	1,634		168	6.600	IDAHO SPRINGS	BF
THE EMPOWERMENT PROGRAM, INC.	Empowerment Program	34,775	08/01/2019	07/21/99	2,195		18	7.500	DENVER	BF
ROARING FORK COMPUTER SOCIETY	The Roaring Fork Int	90,578	03/31/2023	02/20/03	1,745		67	6.990	GLENWOOD SPRINGS	BF
HARRIS PARK COURT LLC	Harris Park Court LLC (Colo Rural Housing)	129,709	07/01/2023	06/25/03	2,347		66	6.490	WESTMINSTER	BF
FLORES	Ray's Classic Auto B	111,363	02/01/2025	01/12/05	1,721		85	5.750	RIFLE	BF

* BF – Business Finance Loan; MF – Multi-Family Loan

Project Name	Borrower Name	Outstanding Balance	Maturity Date	Note Date	Principal and Interest Amount	Insurance Type (if any)	Remaining Term (Months)	Current Interest Rate	Location	Loan Type
DR CAROL C JONES PC	Dr. Christine Jones PC (Dbal Mountainview Dental)	\$151,710	08/01/2025	07/28/05	\$2,091		91	5.700%	LEADVILLE	BF
BACKBONE MEDIA HOLDING	Backbone Media Holding Company, LLC	129,321	08/01/2025	07/15/05	3,223		91	5.750	CARBONDALE	BF
KAMDON LLC	Kamdon LLC (Butane Propane Serv)	138,905	08/01/2025	07/21/05	1,880		91	5.650	HOLYOKE	BF
MARKEL	Markel, Maria & Roger (Markel Design Group)	199,639	11/01/2025	10/27/05	2,664		93	5.650	FRISCO	BF
HAERTLING.COM LLC	Haertling.Com LLC	91,364	01/01/2026	12/16/05	1,207		96	6.150	LOUISVILLE	BF
WAGONWHEEL ENTERPRISES LLC	Wagonwheel Enterprises LLC (Aspen Electric)	94,337	02/01/2026	01/04/06	1,234		96	5.800	STEAMBOAT SPRINGS	BF
FORD	Ford, Danny & Bernice (Advance Awnings & More LLC)	68,547	03/01/2026	02/28/06	885		98	5.950	MONTROSE	BF
LATIN AMERICAN EDUCATIONAL FOUNDATION INC	Latin American Educational Foundation Inc.	113,306	04/01/2026	03/30/06	1,457		99	6.050	DENVER	BF
JESCO LLC	Jesco LLC (Johnson Glass)	276,588	06/01/2026	05/04/06	3,522		101	6.200	STEAMBOAT SPRINGS	BF

Project Name	Borrower Name	Outstanding Balance	Maturity Date	Note Date	Principal and Interest Amount	Insurance Type (if any)	Remaining Term (Months)	Current Interest Rate	Location	Loan Type
LHG INVESTMENTS LLC	Lhg Investments LLC (Loveland Hair Gallery)	144,798	10/01/2027	09/17/07	1,730		117	7.200	LOVELAND	BF
SANDS & CARTER INVESTMENTS LLC	Sands And Carter Investments)	\$179,748	05/01/2028	04/09/08	\$2,099		123	7.500%	RIFLE	BF
DADDY MOM DAYCARE*	Daddy Mom Daycare	181,341	03/01/2029	02/06/09	1,968		135	7.200	DENVER	BF
CARA 3 PROPERTIES LLC	Cara 3 Properties LLC (Original Pizza Inc.)	157,337	11/01/2028	10/30/08	1,928		142	7.150	BROOMFIELD	BF
MCGUIRE	Mcguire (Mcguire Auto Parts)	205,749	09/01/2031	08/23/11	1,954	RD	163	6.600	MEEKER	BF
PAGOSA SPRINGS INN & SUITES	Pagosa Springs Inn &	715,330	05/20/2028	05/20/03	7,721	RD	94	5.190	PAGOSA SPRINGS	BF
DR STEVEN J ZAPIEN DDS INC	Zapien, Dr. Steven DDS, Inc	63,292	06/01/2022	05/28/02	1,438		54	7.250	WHEAT RIDGE	BF
GOLDEN PEARL LLC	White Swan Music Inc	71,343	02/01/2024	01/26/04	1,430		73	7.120	BOULDER	BF
JEJK INC DBA MERRY MAIDS	Jejk, Inc., DBA Merry Maids Of Boulder	90,774	03/01/2024	02/18/04	1,522		73	6.810	BOULDER	BF
MIHAICH PROPERTIES LLC	Mihaich Properties LLC (Custom Color)	176,600	06/01/2024	03/30/04	2,842		77	6.710	STEAMBOAT SPRINGS	BF
DURANGO & SILVERTON NARROW GAUGE RAIL ROAD	A.T. LEWIS BUILDING LLC	4,135,410	12/01/2024	11/30/04	61,118	RD	83	6.060	DURANGO	BF
ALBION LLC	Albion LLC	168,631	11/01/2025	10/05/05	2,284		93	6.150	BOULDER	BF

* Prepaid in full on February 8, 2018.

Project Name	Borrower Name	Outstanding Balance	Maturity Date	Note Date	Principal and Interest Amount	Insurance Type (if any)	Remaining Term (Months)	Current Interest Rate	Location	Loan Type
D & F LLC	D&F LLC (Sopris Blueprinting, Inc.)	\$162,654	02/01/2028	01/28/08	\$1,896		121	7.200 %	CARBONDALE	BF
M&L INVESTMENTS, LLC	M&L Investments LLC (Mark Rubinstein, Attorney)	71,551	03/01/2031	02/16/11	678	SBA	158	6.500	CARBONDALE	BF
9700 E. EASTER LANE, LLC	Shilou House (Children's Outreach)	5,320,929	07/01/2036	06/30/16	39,797		225	5.990	CENTENNIAL	BF
RENAISSANCE PRESCHOOL INC	Renaissance Preschool Inc	1,074,569	08/01/2035	07/13/05	6,559		211	3.000	PARKER	BF
TIF LLC	Tif, LLC (Ryan Whitney & Co)	131,522	05/01/2025	04/27/05	1,928		87	6.930	GRAND JUNCTION	BF
CURRENT SOLUTIONS LLC	Current Solutions LLC	155,363	01/01/2030	12/17/09	1,605		143	7.000	GRAND JUNCTION	BF
VOLK VENTURES LLC	Volk Ventures LLC (Camp Robber Café)	1,172,804	01/01/2037	12/28/06	9,219	RD	228	5.840	MONTROSE	BF
DE LA CRUZ ASSOCIATES LLC	Delacruz Associates LLC (Sae Circuits Colo Inc)	1,312,770	10/01/2025	09/28/05	17,801		93	6.180	BOULDER	BF
J D EAGLE LLP	Jd Eagle LLP (Castle Peak Veterinary Clinic)	434,020	10/01/2026	09/28/06	5,449		105	6.550	EAGLE	BF
WALTON ENTERPRISES LLC	Walton Enterprises LLC (Simpson Borthers Garage)	333,096	01/01/2027	12/11/06	4,203		107	7.050	GRAND JUNCTION	BF

Project Name	Borrower Name	Outstanding Balance	Maturity Date	Note Date	Principal and Interest Amount	Insurance Type (if any)	Remaining Term (Months)	Current Interest Rate	Location	Loan Type
POST OFFICE CROSSING LLC	Post Office Crossing LLC (Kenneth A. Armstrong)	\$202,849	06/01/2026	05/04/06	\$2,594		101	5.950 %	EAGLE	BF
PTRT PARTNERSHIP	Prt Partnership (Exer-Flex Health & Fitness Inc)	214,509	04/01/2026	03/16/06	2,747		99	5.950	SALIDA	BF
WIGGINS II LLC	Wiggins II LLC (Kh Webb Architects)	424,387	06/01/2026	05/18/06	5,352		101	5.950	VAIL	BF
THE MAKEN DO LLC	Maken Do LLC (Brown Cycle - 555 Main Street)	154,499	03/01/2030	01/28/10	1,582		148	7.000	GRAND JUNCTION	BF
SOARING EAGLES CENTER FOR AUTISM	Soaring Eagles Center For Autism	196,504	06/01/2030	05/27/10	1,823		149	5.500	PUEBLO WEST	BF
HEET LLC	Heet LLC (Epic Broadband Solutions, Inc.)	337,918	06/01/2028	05/21/08	3,811		124	6.850	CASTLE ROCK	BF
CONKLIN	Conklin, Steven & Karen (Garage Dekor LLC	<u>209,432</u>	03/01/2028	02/28/08	2,386		121	6.700	EAGLE	BF
Total Business Finance		<u>\$21,082,068</u>								
6339 COMPANY LP	Villa Fourteen	498,433	08/01/2033	07/30/03	4,123		187	6.050	AULT	MF
HAMPDEN SENIOR I LP	Village At Hampden Town Center	709,153	06/01/2045	05/19/05	3,552		329	4.000	AURORA	MF
HC BRIGHTON SENIOR I, LP	Brighton Senior	456,466	07/01/2027	06/12/07	2,694		114	3.500	BRIGHTON	MF

Project Name	Borrower Name	Outstanding Balance	Maturity Date	Note Date	Principal and Interest Amount	Insurance Type (if any)	Remaining Term (Months)	Current Interest Rate	Location	Loan Type
LHA MAPLEWOOD, LLLP	Maplewood Apartments	\$3,760,688	06/01/2027	05/10/10	\$25,027		328	6.700%	LAKEWOOD	MF
FALCON RIDGE APARTMENTS LLLP	Falcon Ridge	1,970,480	03/01/2047	02/01/17	10,134	542(C)	350	4.500	ESTES PARK	MF
OVERLAND TRAIL LLC	Overland Trails Apartments	561,509	05/01/2043	04/26/13	3,597		309	6.000	STERLING	MF
PARK MEADOWS AFFORDABLE HOUSING LLC	Park Meadows	1,209,270	01/01/2045	04/02/02	6,989		210	5.250	COLORADO SPRINGS	MF
HOUSING AUTHORITY OF THE COUNTY OF GRAND, COLORADO	Silver Spruce	210,941	09/01/2034	08/20/04	1,671		200	6.000	KREMMLING	MF
THE HOUSING AUTHORITY OF THE CITY OF LEADVILLE, COLORADO	Mount Massive Manor	125,289	11/01/2034	10/21/04	987		202	6.000	LEADVILLE	MF
DENVER REVITALIZATION PARTNERSHIP VII, LTD	Fourth And Fox	82,447	12/01/2034	11/08/04	653		201	6.000	DENVER	MF
CASTLE CREEK COMMONS EAST LLLP	Castle Creek Commons East	220,434	11/01/2035	10/10/05	1,680		215	6.000	CASTLE ROCK	MF
HAZEL COURT LLLP	Hazel Court (Hazel Court LLLP)	259,933	03/01/2026	02/25/11	1,908		338	7.800	DENVER	MF
BROTHERS REDEVELOPMENT INC	Sunnyside Senior Apartments	678,900	10/01/2049	09/30/14	3,991		387	6.000	DENVER	MF

Project Name	Borrower Name	Outstanding Balance	Maturity Date	Note Date	Principal and Interest Amount	Insurance Type (if any)	Remaining Term (Months)	Current Interest Rate	Location	Loan Type
CASA DE ROSAL OWNERSHIP ENTITY LLLP	Casa De Rosal	\$849,044	03/01/2051	02/01/11	\$5,700		416	7.350%	DENVER	MF
OAKSHIRE TRAILS LLLP	Oakshire Trails Apartments	1,487,797	07/01/2047	06/29/17	8,283		358	5.250	PUEBLO	MF
ANTHRACITE PLACE APARTMENTS LLC	Annthracite Place Apartments	1,053,867	08/01/2047	07/28/17	5,853		360	5.250	CRESTED BUTTE	MF
PARK AVENUE REDEVELOPMENT BLOCK 4B LLLP	Park Avenue Redevelopment	3,577,501	12/01/2040	11/08/10	22,222		281	6.600	DENVER	MF
VWC2 LLLP, A COLORADO LIMITED LIABILITY PARTNERSHIP	Village At Westerly Creek 2	1,595,541	01/01/2046	12/01/15	8,360	542(C)	336	4.500	AURORA	MF
COLORADO COALITION FOR THE HOMELESS	Cch Lincoln	97,586	05/01/2023	04/21/93	1,907		64	8.500	DENVER	MF
PRAIRIE CREEKS RESIDENCES LLC	Residences At Prairie Creek	734,427	01/01/2035	12/10/04	5,910		207	6.500	STRASBURG	MF
GUNNISON HOUSING AUTHORITY	Mountain View Apartments	381,942	11/01/2033	10/27/13	3,082		194	5.750	GUNNISON	MF
HOUSING AUTHORITY OF THE CITY OF FOUNTAIN, COLORADO	Fountain Townhomes	329,094	12/01/2033	11/21/03	2,642		197	5.750	FOUNTAIN	MF
HOUSING AUTHORITY OF THE CITY OF TRINIDAD, COLORADO	Corazon Square	496,511	03/01/2034	02/17/04	3,949		193	5.750	TRINIDAD	MF

Project Name	Borrower Name	Outstanding Balance	Maturity Date	Note Date	Principal and Interest Amount	Insurance Type (if any)	Remaining Term (Months)	Current Interest Rate	Location	Loan Type
FORT LUPTON HOUSING PARTNERS LP	Prairie Sun Apartments	\$862,350	04/01/2021	03/01/05	\$7,011		207	6.580%	FT LUPTON	MF
SUNSET TOWERS VOA AFFORDABLE HOUSING L.P	Sunset Towers	4,108,261	08/01/2044	07/11/14	22,103	542(C)	308	4.500	DENVER	MF
ARTSPACE LOVELAND LP	Artspace Loveland Lofts	885,679	04/01/2046	03/18/16	4,757		338	4.750	LOVELAND	MF
STEAMBOAT MOUNTAIN VILLAGE LLC	Steamboat Mountain Village	4,914,017	11/01/2036	07/10/95	29,720	542(C)	226	3.500	STEAMBOAT	MF
MERCY HOUSING COLORADO VIII	Valle De Merced	557,293	04/01/2025	03/22/05	4,634		87	6.950	DURANGO	MF
HILLSIDE POINTE LLLP	Hillside Pointe Apartments	1,580,372	04/01/2021	03/24/05	12,879		207	6.680	COLORADO SPRINGS	MF
KITTYHAWK & CANTERBURY RENOVATION LLLP	Hidden Brook Apartments	2,655,810	08/01/2026	10/31/05	17,473		104	6.750	DENVER	MF
WEST 10TH AVE RESIDENCES	Villa De Barela Residential	1,277,523	02/01/2023	01/23/06	8,548		337	6.850	DENVER	MF
PUEBLO VILLAGE APARTMENTS, LLC	Pueblo Village Apartments	1,444,205	04/01/2023	03/31/06	8,322	UNINSURED		5.500	PUEBLO	MF
GREELEY ELDER HOUSING OWNER LLLP	Chinook Wind Apartments	1,047,941	04/01/2046	03/11/16	5,936	UNINSURED	339	5.250	GREELEY	MF
DURANGO HOUSING PRESERVATION LP	Durango Housing	519,462	10/01/2040	10/01/05	3,706	542(C)	273	6.700	DURANGO	MF
LINDEN POINTE LLLP	Linden Pointe	1,325,573	02/01/2022	01/23/06	10,096		216	6.060	GRAND JUNCTION	MF

Project Name	Borrower Name	Outstanding Balance	Maturity Date	Note Date	Principal and Interest Amount	Insurance Type (if any)	Remaining Term (Months)	Current Interest Rate	Location	Loan Type
CORONA RESIDENCE	Corona Residence	\$2,306,684	04/01/2039	03/31/09	\$16,200		255	7.650%	DENVER	MF
A.T. LEWIS BUILDING LLC	A.T. LEWIS BUILDING LLC	376,328	12/01/2027	11/12/97	4,192	542(C)	80	5.850	DENVER	MF
THE FOURTH QUARTER PARTNERS LLLP	The Fourth Quarter	1,345,512	12/01/2049	11/01/14	6,626	542(C)	383	4.500	DENVER	MF
VWC1 LLLP, A COLORADO LIMITED LIABILITY PARTNERSHIP	Village At Westerly Creek 1	1,709,080	01/01/2045	12/01/14	9,120	542(C)	325	4.500	AURORA	MF
STEAMBOAT MOUNTAIN VILLAGE LLC	Steamboat Mountain Village	2,621,396	11/01/2036	06/30/15	13,614	UNINSURED	230	5.000	STEAMBOAT SPRINGS	MF
AUBURN VENTURES LIMITED PARTNERSHIP	Auburn Ridge	3,989,358	01/01/2051	12/21/15	21,220	UNINSURED	396	5.250	CASTLE ROCK	MF
TOWN CENTER NORTH APARTMENTS LLLP	Town Center North	1,790,385	10/01/2046	09/14/16	10,078		350	5.250	WHEAT RIDGE	MF
ARBOR VISTA LLLP	Arbor Vista	1,555,844	09/01/2029	08/18/09	9,490	UNINSURED	67	6.080	GRAND JUNCTION	MF
PALOMA VILLAS III, LLLP	Paloma Villa III	1,236,821	01/01/2029	12/22/08	9,285		251	6.850	DENVER	MF
VILLAS AT THE BLUFF LLLP	Villas At The Bluff	1,340,327	05/01/2030	04/15/10	9,629		267	6.650	DELTA	MF
GRACE APARTMENTS BROADWAY AFFORDABLE LLLP	Grace Apartments	369,842	05/01/2021	04/09/09	2,626		316	7.250	DENVER	MF
	Broadway Junction	<u>\$ 459,991</u>	09/01/2030	08/05/10	\$3,070		391	7.250%	DENVER	MF
	Total Multi-Family	<u>\$61,627,303</u>								
	Grand Total	<u>\$82,709,371</u>								

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APPENDIX G-2

**Certain Information about the Master Indenture Loan Portfolio,
Authority Projects and Fund Balances**

The chart included in this Appendix G-2 has been prepared by the Authority to provide, as of January 31, 2018, certain information about the Master Indenture Loan Portfolio and Authority Projects. Information is also provided about the Fund Balances existing under the Master Indenture as of January 31, 2018. In summary, as of January 31, 2018, the Trust Estate included the following:

	<u>Principal Amount</u>	<u>No. of Loans/ Interests/Projects</u>	<u>Total % of Portfolio</u> ⁽²⁾
Insured Rental Loans	\$72,251,135	20	18.34%
Military Housing	152,599,056	6	38.73
Uninsured Business Loans ⁽¹⁾	27,953,086	68	7.09
Uninsured Rental Loans ⁽¹⁾	122,225,104	103	31.02
Authority Projects	11,345,644	1	2.89
Participation Interests	<u>7,612,246</u>	<u>10</u>	<u>1.93</u>
Total	\$393,986,271	208	100.00%

⁽¹⁾ Not including the uninsured loans for the Fort Carson and Air Force Academy loans which are listed as a separate line item "Military Housing."

⁽²⁾ Percentage is based on principal amount.

For purposes of this chart, the abbreviations set forth below have the following respective meanings. See Part II – "COLORADO HOUSING AND FINANCE AUTHORITY – Programs to Date" for further information.

221 (D) 3	Insured Rental
221 (D) 4	Insured Rental
542 (C)	Insured Rental
BF B&I I	Participation Interests
BF B&I II	Participation Interests
BF CHFA DIRECT	Uninsured Business
BF CHFA RURAL	Uninsured Business
BF EDF	Uninsured Business
BF NON PROFIT	Uninsured Business
BF NON PROFIT REAL ESTATE	Uninsured Rental
BF QAL	Participation Interests
BF QIC	Participation Interests
BF SBA 504	Uninsured Business
CHFA NOTE	Authority Owned Projects
DIRECT BOND	Military Housing
HOF CHFA	Uninsured Rental
HOF FAF	Uninsured Rental
IRP	Uninsured Business
MF 501(C)3	Uninsured Rental
SMART TAX EXEMPT	Uninsured Rental
SMART TAXABLE	Uninsured Rental

MULTI-FAMILY/PROJECT INDENTURE LOAN PORTFOLIO AS OF 01-31-18

Bond Issue	Borrower	Current Balance	Note Date	Maturity Date	Interest Rate	No. Days Past	Loan Program Type	Insurance Type (if any)	Location
MFP2000A	SENIOR HOUSING OPTIONS, INC.	\$ 314,698	06/18/93	09/01/34	6.5%	0	MF 501(C)3		Denver
MFP2000A	DEL NORTE NEIGHBORHOOD DEVELOPMENT CORPORATION	54,898	07/01/92	07/01/22	6.5	0	MF 501(C)3		Denver
MFP2000A	SENIOR CARE SYSTEMS OF COLORADO, INC.	285,555	08/31/92	09/01/22	6.5	0	MF 501(C)3		Pueblo
MFP2000A	JEFFERSON HILLS CORPORATION	1,229,243	10/05/93	11/01/23	6.5	0	MF 501(C)3		Lakewood
MFP2000A	THE LAS ANIMAS/BENT COUNTY HOUSING AUTHORITY	89,234	10/25/95	04/01/27	6.5	0	MF 501(C)3		Las Animas
MFP2000A	HOUSING AUTHORITY OF THE CITY OF STERLING, COLORADO	363,559	08/14/96	08/01/31	6.5	153	MF 501(C)3		Sterling
MFP2000A	COLORADO BLUESKY ENTERPRISES, INC	21,222	01/04/99	02/01/29	6.45	0	SMART TAX EXEMPT		Pueblo
MFP2000A	THE ENERGY OFFICE	115,763	09/12/00	10/01/30	6.75	0	SMART TAX EXEMPT		Grand Junction
MFP2000A	THE HOUSING AUTHORITY OF THE TOWN OF SPRINGFIELD	176,670	06/27/02	07/01/32	6.5	0	SMART TAXABLE		Springfield
MFP2000A	Total	2,650,842							
MFP2002C	HAMPDEN SENIOR I LP	3,316,096	05/19/05	06/01/45	6.4	0	542 (C)	542(C)	Aurora
MFP2002C	BEAR VALLEY LLLP	3,830,100	09/30/05	10/01/45	5.85	0	542 (C)	542(C)	Denver
MFP2002C	MOFFAT COUNTY HOUSING	161,674	08/31/03	09/01/33	6.5	0	SMART TAX EXEMPT		Craig
MFP2002C	OLIN HOTEL APARTMENTS ASSOCIATES, LTD	361,608	11/22/02	12/01/32	6.3	0	SMART TAX EXEMPT		Denver
MFP2002C	ATLANTIS COMMUNITY INCORPORATED	1,091,507	05/13/04	06/01/39	6	0	SMART TAX EXEMPT		Denver
MFP2002C	HC BRIGHTON SENIOR II LP	2,158,701	08/25/17	09/01/47	5.1	0	SMART TAXABLE		Brighton
MFP2002C	Total	10,919,687							
MFP2003A	FALCON RIDGE APARTMENTS LLLP	1,970,480	02/01/17	03/01/47	4.5	0	542 (C)	542(C)	Estes Park
MFP2003A	MCGUIRE	205,749	08/23/11	09/01/31	6.6	0	BF B&I I	RD	Meeker
MFP2003A	EMRY ENTERPRISES LLC	379,831	02/14/02	12/05/31	5.25	0	BF B&I II		Colorado Springs
MFP2003A	BACKBONE MEDIA HOLDING	129,321	07/15/05	08/01/25	5.75	0	BF CHFA DIRECT		Carbondale
MFP2003A	LHG INVESTMENTS LLC	144,798	09/17/07	10/01/27	7.2	0	BF CHFA DIRECT		Loveland
MFP2003A	THE GATHERING PLACE: A REFUGE FOR REBUILDING LIVES	499,500	07/15/08	08/01/38	1	0	BF CHFA DIRECT		Denver
MFP2003A	CARA 3 PROPERTIES LLC	157,337	10/30/08	11/01/28	7.15	0	BF CHFA DIRECT		Broomfield
MFP2003A	FLORES	111,363	01/12/05	02/01/25	5.75	0	BF CHFA RURAL		Rifle
MFP2003A	DR CAROL C JONES PC	151,710	07/28/05	08/01/25	5.7	0	BF CHFA RURAL		Leadville
MFP2003A	KAMDON LLC	138,905	07/21/05	08/01/25	5.65	0	BF CHFA RURAL		Holyoke
MFP2003A	MARKEL	199,639	10/27/05	11/01/25	5.65	0	BF CHFA RURAL		Frisco
MFP2003A	WAGONWHEEL ENTERPRISES LLC	94,337	01/04/06	02/01/26	5.8	0	BF CHFA RURAL		Steamboat Springs
MFP2003A	FORD	68,547	02/28/06	03/01/26	5.95	0	BF CHFA RURAL		Montrose
MFP2003A	JESCO LLC	276,588	05/04/06	06/01/26	6.2	0	BF CHFA RURAL		Steamboat Springs
MFP2003A	DIANE HARTY SCHLAEFER LLC	57,216	06/21/07	07/01/27	6.95	0	BF CHFA RURAL		Frisco
MFP2003A	SANDS & CARTER INVESTMENTS LLC	179,748	04/09/08	05/01/28	7.5	0	BF CHFA RURAL		Rifle
MFP2003A	THE EMPOWERMENT PROGRAM, INC.	34,775	07/21/99	08/01/19	7.5	0	BF EDF		Denver
MFP2003A	BEYE-LOTZ	69,198	08/08/00	03/01/18	6.5	0	BF EDF		Grand Junction
MFP2003A	ROARING FORK COMPUTER SOCIETY	90,578	02/20/03	03/31/23	6.99	0	BF EDF		Glenwood Springs
MFP2003A	HARRIS PARK COURT LLC	129,709	06/25/03	07/01/23	6.49	0	BF EDF		Westminster
MFP2003A	LATIN AMERICAN EDUCATIONAL FOUNDATION INC	113,306	03/30/06	04/01/26	6.05	0	BF NON PROFIT		Denver

Bond Issue	Borrower	Current Balance	Note Date	Maturity Date	Interest Rate	No. Days Past	Loan Program Type	Insurance Type (if any)	Location
							BF NON PROFIT REAL		
MFP2003A	DADDY MOM DAYCARE*	181,341	02/06/09	03/01/29	7.2	31	ESTATE		Denver
MFP2003A	HOTCHKISS INN MOTEL	349,433	08/07/01	09/15/26	6.125	56	BF QIC	SBA	Hotchkiss
MFP2003A	BOOKCLIFF AUTO PARTS INC	289,422	03/01/02	04/15/27	6.115	0	BF QIC	SBA	Grand Junction
MFP2003A	HAERTLING.COM LLC	91,364	12/16/05	01/01/26	6.15	0	BF SBA 504		Louisville
MFP2003A	DUKE LLC	176,295	08/23/11	09/01/31	6.6	0	BF SBA 504		Idaho Springs
MFP2003A	HAMPDEN SENIOR I LP	709,153	05/19/05	06/01/45	4	0	HOF CHFA		Aurora
MFP2003A	HOUSING AUTHORITY OF THE COUNTY OF GRAND, COLORADO	210,941	08/20/04	09/01/34	6	0	HOF CHFA		Kremmling
MFP2003A	THE HOUSING AUTHORITY OF THE CITY OF LEADVILLE, COLORADO	125,289	10/21/04	11/01/34	6	0	HOF CHFA		Leadville
MFP2003A	DENVER REVITALIZATION PARTNERSHIP VII, LTD	82,447	11/08/04	12/01/34	6	0	HOF CHFA		Denver
MFP2003A	CASTLE CREEK COMMONS EAST LLLP	220,434	10/10/05	11/01/35	6	0	HOF CHFA		Castle Rock
MFP2003A	THE HOUSING AUTHORITY OF THE COUNTY OF BOULDER, COLORADO	551,053	06/01/06	06/01/46	2	0	HOF CHFA		Lyons
MFP2003A	PINECREST AT COMMERCE CITY LLLP	434,034	01/30/07	02/01/27	3.25	0	HOF CHFA		Commerce City
MFP2003A	GRAND MESA APARTMENTS OF FRUITA, LLLP	387,684	04/06/04	05/01/37	3	0	HOF CHFA		Fruita
MFP2003A	HC BRIGHTON SENIOR I, LP	456,466	06/12/07	07/01/27	3.5	0	HOF CHFA		Brighton
MFP2003A	12TH & ELATI RESIDENCES LLC	391,093	09/24/08	10/01/28	3	0	HOF CHFA		Denver
MFP2003A	HAZEL COURT LLLP	259,933	02/25/11	03/01/26	7.8	0	HOF CHFA		Denver
MFP2003A	PARK MEADOWS AFFORDABLE HOUSING LLC	1,209,270	04/02/02	01/01/45	5.25	0	SMART TAXABLE		Colorado Springs
MFP2003A	6339 COMPANY LP	498,433	07/30/03	08/01/33	6.05	0	SMART TAXABLE		Ault
MFP2003A	BROTHERS REDEVELOPMENT INC	678,900	09/30/14	10/01/49	6	0	SMART TAXABLE		Denver
MFP2003A	OAKSHIRE TRAILS LLLP	1,487,797	06/29/17	07/01/47	5.25	0	SMART TAXABLE		Pueblo
MFP2003A	ANTHRACITE PLACE APARTMENTS LLC	1,053,867	07/28/17	08/01/47	5.25	0	SMART TAXABLE		Crested Butte
MFP2003A	LHA MAPLEWOOD, LLLP	3,760,688	05/10/10	06/01/27	6.7	0	SMART TAXABLE		Lakewood
MFP2003A	CASA DE ROSAL OWNERSHIP ENTITY LLLP	849,044	02/01/11	03/01/51	7.35	0	SMART TAXABLE		Denver
MFP2003A	OVERLAND TRAIL LLC	561,509	04/26/13	05/01/43	6	0	SMART TAXABLE		Sterling
MFP2003A									
Total		20,218,525							
MFP2004A	SUNSET TOWERS VOA AFFORDABLE HOUSING L.P	4,108,261	07/11/14	08/01/44	4.5	0	542 (C)	542(C)	Denver
MFP2004A	VWC2 LLLP, A COLORADO LIMITED LIABILITY PARTNERSHIP	1,595,541	12/01/15	01/01/46	4.5	0	542 (C)	542(C)	Aurora
MFP2004A	DURANGO & SILVERTON NARROW GAUGE RAIL ROAD	4,135,410	11/30/04	12/01/24	5.56	0	BF B&I I	RD	Durango
MFP2004A	PAGOSA SPRINGS INN & SUITES	715,330	05/20/03	05/20/28	5.19	0	BF B&I II	RD	Pagosa Springs
MFP2004A	DR STEVEN J ZAPIEN DDS INC	63,292	05/28/02	06/01/22	7.25	0	BF CHFA DIRECT		Wheat Ridge
MFP2004A	GOLDEN PEARL LLC	71,343	01/26/04	02/01/24	7.12	0	BF CHFA DIRECT		Boulder
MFP2004A	JEJK INC DBA MERRY MAIDS	90,774	02/18/04	03/01/24	6.81	0	BF CHFA DIRECT		Boulder
MFP2004A	ALBION LLC	168,631	10/05/05	11/01/25	6.15	0	BF CHFA DIRECT		Boulder
MFP2004A	D & F LLC	162,654	01/28/08	02/01/28	7.2	0	BF CHFA RURAL		Carbondale
MFP2004A	9700 E. EASTER LANE, LLC	5,320,929	06/30/16	07/01/36	5.99	0	BF NON PROFIT		Littleton
MFP2004A	ELLIOTT	156,706	03/23/04	02/01/26	4.99	0	BF QAL	FSA	Sugar City
MFP2004A	MIHAICH PROPERTIES LLC	176,600	03/30/04	06/01/24	6.71	0	BF SBA 504		Steamboat Springs

* Prepaid in full on February 8, 2018.

Bond Issue	Borrower	Current Balance	Note Date	Maturity Date	Interest Rate	No. Days Past	Loan Program Type	Insurance Type (if any)	Location
MFP2004A	M&L INVESTMENTS, LLC	71,551	02/16/11	03/01/31	6.5	0	BF SBA 504	SBA	Carbondale
MFP2004A	COLORADO COALITION FOR THE HOMELESS	97,586	04/21/93	05/01/23	8.5	0	MF 501(C)3		Denver
MFP2004A	PRAIRIE CREEKS RESIDENCES LLC	734,427	12/10/04	01/01/35	6.5	0	SMART TAX EXEMPT		Strasburg
MFP2004A	GUNNISON HOUSING AUTHORITY	381,942	10/27/13	11/01/33	5.75	0	SMART TAX EXEMPT		Gunnison
MFP2004A	HOUSING AUTHORITY OF THE CITY OF FOUNTAIN, COLORADO	329,094	11/21/03	12/01/33	5.75	0	SMART TAX EXEMPT		Fountain
MFP2004A	HOUSING AUTHORITY OF THE CITY OF TRINIDAD, COLORADO	496,511	02/17/04	03/01/34	5.75	0	SMART TAX EXEMPT		Trinidad
MFP2004A	FORT LUPTON HOUSING PARTNERS LP	862,350	03/01/05	04/01/21	6.58	0	SMART TAXABLE		Ft Lupton
MFP2004A	PARK AVENUE REDEVELOPMENT BLOCK 4B LLLP	3,577,501	11/08/10	12/01/40	6.6	0	SMART TAXABLE		Denver
MFP2004A	ARTSPACE LOVELAND LP	885,679	03/18/16	04/01/46	4.75	0	SMART TAXABLE		Loveland
MFP2004A	Total	24,202,110							
MFP2005A	STEAMBOAT MOUNTAIN VILLAGE LLC	4,914,017	07/10/95	11/01/36	3.5	0	542 (C)	542(C)	Steamboat
MFP2005A	TIF LLC	131,522	04/27/05	05/01/25	6.93	0	BF CHFA DIRECT		Grand Junction
MFP2005A	CURRENT SOLUTIONS LLC	155,363	12/17/09	01/01/30	7	0	BF CHFA RURAL		Grand Junction
MFP2005A	RENAISSANCE PRESCHOOL INC	1,074,569	07/13/05	08/01/35	3	0	BF NON PROFIT		Parker
MFP2005A	MERCY HOUSING COLORADO VIII	557,293	03/22/05	04/01/25	6.95	0	SMART TAXABLE		Durango
MFP2005A	HILLSIDE POINTE LLLP	1,580,372	03/24/05	04/01/21	6.68	0	SMART TAXABLE		Colorado Springs
MFP2005A	KITTYHAWK & CANTERBURY RENOVATION LLLP	2,655,810	10/31/05	08/01/26	6.75	0	SMART TAXABLE		Denver
MFP2005A	WEST 10TH AVE RESIDENCES	1,277,523	01/23/06	02/01/23	5.5	0	SMART TAXABLE		Denver
MFP2005A	PUEBLO VILLAGE APARTMENTS, LLC	1,444,205	03/31/06	04/01/23	5.5	0	SMART TAXABLE		Pueblo
MFP2005A	GREELEY ELDER HOUSING OWNER LLLP	1,047,941	03/11/16	04/01/46	5.25	0	SMART TAXABLE		Greeley
MFP2005A	Total	14,838,616							
MFP2005B	VOLK VENTURES LLC	1,172,804	12/28/06	01/01/37	5.84	0	BF B&I I	RD	Montrose
MFP2005B	DE LA CRUZ ASSOCIATES LLC	1,312,770	09/28/05	10/01/25	6.18	0	BF CHFA DIRECT		Boulder
MFP2005B	J D EAGLE LLP	434,020	09/28/06	10/01/26	6.55	0	BF CHFA DIRECT		Eagle
MFP2005B	WALTON ENTERPRISES LLC	333,096	12/11/06	01/01/27	7.05	0	BF CHFA RURAL		Grand Junction
MFP2005B	DURANGO HOUSING PRESERVATION LP	519,462	10/01/05	10/01/40	6.7	0	HF HOF CHFA	542(C)	Durango
MFP2005B	NORTHEAST PLAZA PARTNERS, RLLLP	853,186	05/26/06	06/01/37	5.4	0	SMART TAXABLE		Sterling
MFP2005B	LINDEN POINTE LLLP	1,325,573	01/23/06	02/01/22	6.06	0	SMART TAXABLE		Grand Junction
MFP2005B	PARKSIDE INVESTMENT GROUP LLLP	1,972,677	04/28/06	05/01/36	6.25	0	SMART TAXABLE		Longmont
MFP2005B	MOUNTAIN VIEW PLAZA INVESTMENT GROUP, LLLP	2,069,298	04/28/06	05/01/36	6.25	0	SMART TAXABLE		Longmont
MFP2005B	Total	9,992,884							
MFP2006A	A.T. LEWIS BUILDING LLC	376,328	11/12/97	12/01/27	5.35	0	542 (C)	542(C)	Denver
MFP2006A	THE FOURTH QUARTER PARTNERS LLLP	1,345,512	11/01/14	12/01/49	4.5	0	542 (C)	542(C)	Denver
MFP2006A	VWC1 LLLP, A COLORADO LIMITED LIABILITY PARTNERSHIP	1,709,080	12/01/14	01/01/45	4.5	0	542 (C)	542(C)	Aurora
MFP2006A	VIGIL HOLDINGS LLC	139,212	02/27/06	03/01/26	6.45	0	BF CHFA DIRECT		Denver
MFP2006A	WACKER HOLDINGS LLC	90,078	08/03/06	09/01/26	7.38	0	BF CHFA DIRECT		Wheat Ridge
MFP2006A	SIXTH & INCA LLC	139,830	10/12/06	11/01/26	7.4	0	BF CHFA DIRECT		Denver
MFP2006A	PTRT PARTNERSHIP	214,509	03/16/06	04/01/26	5.95	0	BF CHFA RURAL		Salida
MFP2006A	T.O. LLC	146,768	02/03/06	03/01/26	5.95	0	BF CHFA RURAL		Steamboat Springs
MFP2006A	POST OFFICE CROSSING LLC	202,849	05/04/06	06/01/26	5.95	0	BF CHFA RURAL		Eagle

Bond Issue	Borrower	Current Balance	Note Date	Maturity Date	Interest Rate	No. Days Past	Loan Program Type	Insurance Type (if any)	Location
MFP2006A	HANSEN	253,115	09/08/06	10/01/26	6.2	0	BF CHFA RURAL		Nathrop
MFP2006A	WIGGINS II LLC	424,387	05/18/06	06/01/26	5.95	0	BF CHFA RURAL		Vail
MFP2006A	QUAIN	140,976	06/23/06	07/01/24	6.2	62	BF CHFA RURAL		Delta
MFP2006A	BIG ENERGY HOLDINGS LLC	286,879	06/21/06	07/01/26	6.2	0	BF CHFA RURAL		Steamboat Springs
MFP2006A	MARSH	14,874	09/20/06	10/01/26	7.4	0	BF CHFA RURAL		Frisco
MFP2006A	WOW! CHILDREN'S MUSEUM	189,221	07/28/04	08/01/24	6.49	0	BF NON PROFIT		Lafayette
MFP2006A	COALITION FOR THE UPPER SOUTH	56,113	02/24/05	03/01/25	6.5	0	BF NON PROFIT		Lake George
							BF NON PROFIT REAL		
MFP2006A	SOARING EAGLES CENTER FOR AUTISM	196,504	05/27/10	06/01/30	5.5	0	ESTATE		Pueblo West
MFP2006A	CORDOVANO & HONECK BUILDING FUND, LLC.	205,552	05/09/06	07/01/26	6.15	0	BF SBA 504		Englewood
MFP2006A	WEST END GROUP LLC	151,383	06/27/08	07/01/28	7.55	0	BF SBA 504		Boulder
MFP2006A	THE MAKEN DO LLC	154,499	01/28/10	03/01/30	7	0	BF SBA 504		Grand Junction
MFP2006A	CORONA RESIDENCE	2,306,684	03/31/09	04/01/39	7.65	0	MF 501(C)3		Denver
MFP2006A	VOA SUNSET HOUSING LP	4,439,594	06/07/06	07/01/36	6.95	0	SMART TAXABLE		Denver
MFP2006A	THE RESERVE AT THORNTON II, LP	2,960,003	07/19/06	08/01/38	6.8	0	SMART TAXABLE		Thornton
MFP2006A	CASA DORADA LLC	1,661,164	08/25/06	09/01/24	7	0	SMART TAXABLE		Denver
MFP2006A	PINECREST AT COMMERCE CITY LLLP	2,782,828	01/30/07	02/01/27	7	0	SMART TAXABLE		Commerce City
MFP2006A	AUBURN VENTURES LIMITED PARTNERSHIP	3,989,358	12/21/15	01/01/51	5.25	0	SMART TAXABLE		Castle Rock
MFP2006A	TOWN CENTER NORTH APARTMENTS LLLP	1,790,385	09/14/16	10/01/46	5.25	0	SMART TAXABLE		Wheat Ridge
MFP2006A	STEAMBOAT MOUNTAIN VILLAGE LLC	2,621,396	06/30/15	11/01/36	5	0	SMART TAXABLE		Steamboat Springs
MFP2006A	Total	28,989,082							
MFP2007B	PRAIRIE CREEKS RESIDENCES LLC	769,516	06/20/97	07/01/37	3.5	0	542 (C)	542(C)	Strasburg
MFP2007B	VILLA TOWNHOMES LTD	648,710	11/14/97	12/01/37	6.2	0	542 (C)	542(C)	Yuma
MFP2007B	BLUE SKY LIQUORS INC	156,393	07/01/06	07/01/26	5.8	0	BF B&I II	RD	Steamboat Springs
MFP2007B	FORDYCE	651,342	02/28/08	03/01/28	7.65	0	BF CHFA DIRECT		Louisville
MFP2007B	AGD PROPERTIES LLC	826,012	04/25/08	05/01/28	7.25	0	BF CHFA DIRECT		Steamboat Springs
MFP2007B	DMS REAL ESTATE LLC	387,374	06/26/07	07/01/27	6.95	62	BF CHFA DIRECT		Ridgway
MFP2007B	DESERT SPRING REAL ESTATE	104,703	04/01/04	05/01/24	5.25	0	BF CHFA RURAL		Fruita
MFP2007B	MILES EYE LLC	181,656	05/16/06	06/01/26	5.8	0	BF CHFA RURAL		Eagle
MFP2007B	JACB LLC (REO)	565,388	N/A	N/A	N/A	N/A	BF CHFA RURAL		Steamboat Springs
MFP2007B	BOQ LLC	286,391	09/05/07	10/01/27	6.85	0	BF CHFA RURAL		Steamboat Springs
MFP2007B	VOYICH	302,213	12/10/07	01/01/28	7.35	0	BF CHFA RURAL		Craig
MFP2007B	FALL LINE VENTURES LLC	248,995	09/14/07	10/01/27	7.85	0	BF CHFA RURAL		Crested Butte
MFP2007B	RENAISSANCE PRESCHOOL INC	180,733	09/27/07	10/01/27	7.05	0	BF NON PROFIT		Parker
							BF NON PROFIT REAL		
MFP2007B	THE GATHERING PLACE: A REFUGE FOR REBUILDING LIVES	2,117,854	07/15/08	08/01/38	4.73	0	ESTATE		Denver
							BF NON PROFIT REAL		
MFP2007B	VOICES CARRY CHILD ADVOCACY CENTER	360,594	01/31/08	02/01/38	6.3	0	ESTATE		Ft Collins
MFP2007B	WEISENHORN	51,167	11/03/06	12/31/25	6.395	32	BF QAL	FSA	Holly
MFP2007B	GARCIA	433,061	02/26/09	03/01/29	7.55	0	BF SBA 504		Pagosa Springs
MFP2007B	CARE HOUSING/COTTONWOOD HOLDINGS, LLLP	575,216	12/04/07	02/01/27	6	0	SMART TAX EXEMPT		Windsor
MFP2007B	FAIRWAYS I LLLP	2,421,415	07/05/07	04/01/23	5.8	0	SMART TAX EXEMPT		Boulder

Bond Issue	Borrower	Current Balance	Note Date	Maturity Date	Interest Rate	No. Days Past	Loan Program Type	Insurance Type (if any)	Location
MFP2007B	G.A.O. HOMES PARTNERS, RLLLP	1,917,879	11/25/08	12/01/28	6	0	SMART TAX EXEMPT		Denver
MFP2007B	MONTE VISTA COMMUNITY CENTER HOUSING AUTHORITY, INC.	362,634	04/09/08	05/01/43	6.9	0	SMART TAX EXEMPT		Alamosa
MFP2007B	LA ALMA HOUSING LTD	391,603	11/28/06	12/01/36	7.2	0	SMART TAXABLE		Denver
MFP2007B	PARK AVENUE REDEVELOPMENT (BLOCK 1B) LLLP	4,501,260	02/07/08	03/01/28	6.7	0	SMART TAXABLE		Denver
MFP2007B	HC BRIGHTON SENIOR I, LP	1,460,383	06/12/07	07/01/27	6.89	0	SMART TAXABLE		Brighton
MFP2007B	MIRASOL SENIOR HOUSING PARTNERSHIP LLLP	1,004,637	12/14/07	01/01/38	7.7	0	SMART TAXABLE		Loveland
MFP2007B	VILLAS AT SLOANS LAKE	1,597,535	03/10/08	04/01/28	6.875	0	SMART TAXABLE		Denver
MFP2007B	12TH & ELATI RESIDENCES LLC	2,142,250	09/24/08	10/01/28	7.1	0	SMART TAXABLE		Denver
MFP2007B	PLAZA TOWNHOMES AT MACON AND MOLINE LLLP	483,359	10/24/08	11/01/25	6.95	0	SMART TAXABLE		Aurora
MFP2007B	CENTRAL PARK AT STAPLETON LLLP	399,437	09/15/08	10/01/28	7.2	0	SMART TAXABLE		Denver
MFP2007B	42 VILLAGE AT PUEBLO LP	909,620	06/24/08	07/01/26	6.95	0	SMART TAXABLE		Pueblo
MFP2007B Total		26,439,331							
MFP2008A	ASCENT SOLAR TECHNOLOGIES INC	5,489,428	02/08/08	02/01/28	6.6	31	BF CHFA DIRECT		Thornton
MFP2008A	KOSLA	1,371,119	12/23/08	01/01/29	6.65	0	BF CHFA DIRECT		Leadville
MFP2008A	PRIMA MEADOW MOUNTAIN LLC	201,585	02/22/08	03/01/28	6.7	0	BF CHFA RURAL		Minturn
MFP2008A	LUCKY STAR LIMITED PARTNERSHIP LLLP	72,974	01/24/08	08/01/18	5.75	0	IRP		Pueblo
MFP2008A	NDHC LIGGINS TOWER, LLC	1,295,849	02/12/08	01/01/39	6.3	0	SMART TAX EXEMPT		Denver
MFP2008A	LUCKY STAR LIMITED PARTNERSHIP LLLP	4,125,327	01/24/08	06/01/49	6.15	0	SMART TAX EXEMPT		Pueblo
MFP2008A	VILLAGE ON ELIZABETH LLLP	821,427	05/20/08	06/01/26	7.2	0	SMART TAXABLE		Ft Collins
MFP2008A Total		13,377,708							
MFP2008B	FORT CARSON FAMILY HOUSIN	97,312,704	11/29/06	09/15/44	5.65	0	DIRECT BOND		Fort Carson
MFP2008B	FORT CARSON FAMILY HOUSING, LLC	10,048,101	11/29/06	09/15/44	5.65	0	DIRECT BOND		Fort Carson
MFP2008B	AIR FORCE ACADEMY	20,846,260	05/01/07	04/10/52	5.71	0	DIRECT BOND		Denver
MFP2008B	AIR FORCE ACADEMY MILITARY COMMUNITIES, LLC	11,864,034	05/01/07	04/10/52	5.71	0	DIRECT BOND		Colorado Springs
MFP2008B	AIR FORCE ACADEMY MILITARY COMMUNITIES, LLC	10,921,070	05/01/07	04/10/52	5.71	0	DIRECT BOND		Colorado Springs
MFP2008B	AIR FORCE ACADEMY MILITARY COMMUNITIES, LLC	1,606,887	05/01/07	04/10/52	5.71	0	DIRECT BOND		Denver
MFP2008B Total		152,599,056							
MFP2008C	RASA II ECONOMIC DEVELOPMENT CORPORATION	1,836,846	07/13/09	03/01/51	3	0	542 (C)	542(C)	Colorado Spgs
MFP2008C	HEET LLC	337,918	05/21/08	06/01/28	6.85	0	BF CHFA DIRECT		Castle Rock
MFP2008C	CONKLIN	209,432	02/28/08	03/01/28	6.7	0	BF CHFA RURAL		Eagle
MFP2008C	COLORADO COALITION FOR THE HOMELESS	944,609	06/03/08	07/01/33	3	0	BF NON PROFIT REAL ESTATE		Denver
MFP2008C	CURIOUS THEATRE COMPANY	414,545	04/03/08	05/01/38	3	0	BF NON PROFIT REAL ESTATE		Denver
MFP2008C	ROUNDUP FOUNDATION INC	972,369	10/28/08	11/01/38	3	0	BF NON PROFIT REAL ESTATE		Colorado Springs
MFP2008C	ARCHDIOCESAN FAMILY HOUSING, INC.	3,058,729	03/04/10	03/01/41	3	0	SMART TAX EXEMPT		Denver
MFP2008C	HUGHES STATION BHA 2017 LLC	5,204,297	10/27/08	11/01/48	3	0	SMART TAX EXEMPT		Brighton
MFP2008C	ARBOR VISTA LLLP	1,557,443	01/01/18	09/01/29	5.5	0	SMART TAXABLE		Grand Junction

Bond Issue	Borrower	Current Balance	Note Date	Maturity Date	Interest Rate	No. Days Past	Loan Program Type	Insurance Type (if any)	Location
MFP2008C	PALOMA VILLAS III, LLLP	1,236,821	12/22/08	01/01/29	6.85	0	SMART TAXABLE		Denver
MFP2008C	BROADWAY AFFORDABLE LLLP	459,991	08/05/10	09/01/30	7.25	0	SMART TAXABLE		Denver
MFP2008C	VILLAS AT THE BLUFF LLLP	1,340,327	04/15/10	05/01/30	6.65	0	SMART TAXABLE		Delta
MFP2008C	GRACE APARTMENTS	369,842	04/09/09	05/01/21	7.25	0	SMART TAXABLE		Denver
MFP2008C Total		17,943,170							
MFP2009A	FORUM BUILDING HOUSING LLLP	255,074	05/23/97	06/01/27	5.85	0	542 (C)	542(C)	Denver
MFP2009A	A.T. LEWIS BUILDING LLC	2,759,741	11/12/97	12/01/27	5.35	0	542 (C)	542(C)	Denver
MFP2009A	RENAISSANCE 88 APARTMENTS LLLP	8,355,887	02/22/07	03/01/49	6.25	0	542 (C)		Thornton
MFP2009A	WE'LL HAVE EQUITABLE RELOCATION, INC.	270,921	12/29/89	01/01/20	7.75	0	MF 501(C)3		Englewood
MFP2009A	ATLANTIS COMMUNITY INCORPORATED	68,601	05/30/91	07/01/23	7.875	0	MF 501(C)3		Denver
MFP2009A	TOWNHOUSE PARK APARTMENTS	46,039	09/29/93	11/01/23	8	0	MF 501(C)3		La Junta
MFP2009A	HOUSING AUTHORITY OF THE CITY OF FOUNTAIN, COLORADO	381,978	02/24/93	03/01/23	6	0	MF 501(C)3		Fountain
MFP2009A	URBAN PEAK HOUSING CORPORATION	135,607	02/12/98	03/01/29	7	0	SMART TAX EXEMPT		Denver
MFP2009A	VILLAGE PLACE ASSOCIATES LLLP	2,893,516	12/08/06	01/01/27	6.35	0	SMART TAX EXEMPT		Longmont
MFP2009A Total		15,167,366							
MFP2012A	MOUNTAIN VIEW REDEVELOPMENT LLLP	10,143,892	07/19/12	07/01/51	5.24	0	542 (C)	542(C)	Denver
MFP2012A Total		10,143,892							
MFP2012B	RESIDENCES AT UNIVERSITY HILLS, LLC	16,962,696	10/01/12	11/01/54	4.85	0	542 (C)	542(C)	Denver
MFP2012B Total		16,962,696							
MFP2013A	GRAND JUNCTION HOUSING AUTHORITY	1,373,364	05/21/12	07/01/34	1.75	0	542 (C)	542(C)	Grand Junction
MFP2013A Total		1,373,364							
MFP SURPLUS ASSETS	FOREST MANOR LLLP	3,774,406	05/20/02	06/01/32	3.5	0	542 (C)	542(C)	Glendale
MFP SURPLUS ASSETS	REDTAIL PONDS PERMANENT SUPPORTIVE HOUSING LLLP	2,205,586	03/01/16	04/01/46	3.75	0	542 (C)	542(C)	Fort Collins
MFP SURPLUS ASSETS	COLORADO COALITION FOR THE HOMELESS	681,154	02/02/01	03/01/26	6.99	0	BF EDF		Denver
MFP SURPLUS ASSETS	VOLUNTEERS OF AMERICA	202,987	08/01/01	09/01/21	7.5	0	BF EDF		Denver
MFP SURPLUS ASSETS	ATLANTIS COMMUNITY INCORPORATED	238,635	12/13/95	05/01/26	7.6	0	MF 501(C)3		Denver
MFP SURPLUS ASSETS	THE UPTOWN PARTNERSHIP, INC	197,322	04/09/99	04/01/29	4.07	0	SMART TAX EXEMPT		Denver
MFP SURPLUS ASSETS	HOUSING AUTHORITY OF THE CITY OF STERLING, COLORADO	585,327	03/29/01	04/01/31	3.5	0	SMART TAX EXEMPT		Sterling
MFP SURPLUS ASSETS	THE EMPOWERMENT PROGRAM, INC.	171,019	07/26/01	08/01/31	3.5	0	SMART TAX EXEMPT		Denver
MFP SURPLUS ASSETS	TRI-COUNTY SENIOR CITIZENS & HOUSING INC	174,243	01/22/02	02/01/32	3.5	0	SMART TAX EXEMPT		

Bond Issue	Borrower	Current Balance	Note Date	Maturity Date	Interest Rate	No. Days Past	Loan Program Type	Insurance Type (if any)	Location
ASSETS									Monte Vista
MFP SURPLUS									
ASSETS	BROTHERS REDEVELOPMENT INC	641,617	08/29/01	09/01/31	6.8	0	SMART TAXABLE		Denver
MFP SURPLUS									
ASSETS Total		8,872,296							
MFP2016A	CHFA	11,345,645	10/25/16	10/01/41	3.9	0	CHFA NOTE		Denver
MFP2016A									
Total		11,345,645							
MFP2017A	WINDMILL RANCH 2016 LP	7,950,000	08/10/17	09/01/19	1.808	0	SMART TAXABLE		Brighton
MFP2017A									
Total		7,950,000							
Grand Total		393,986,271							

As of January 31, 2018, the total Fund Balances held in the various Funds and Accounts under the Master Indenture were \$116,761,684. As of the same date, the moneys in these Funds and Accounts were invested in the following types of Investment Securities:

<u>Investment Type</u>	<u>Amount</u>
Federal Home Loan Bank	\$ 6,670,000
Federal Home Loan Mortgage Corporation	8,074,407
Federal National Mortgage Association	9,319,133
GNMA MBS	8,024,156
Investment Agreements ⁽¹⁾	19,993,660
Money Market Funds	57,646,817
Repurchase Agreement ⁽¹⁾	<u>7,033,511</u>
	\$116,761,684

⁽¹⁾ See "Part I – CERTAIN PROGRAM ASSUMPTIONS – Investments" for more information about the outstanding investment agreements and repurchase agreements.

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APPENDIX H

Federal Insurance Programs

Federal Insurance Programs. There are various programs under which mortgage loans for families of low and moderate income may be insured by the FHA, including Section 221(d)(3) and 221(d)(4) of the National Housing Act of 1934, as amended, Section 223(f) pursuant to Section 207 of the National Housing Act and Section 542(c) of the Housing and Community Development Act of 1992, as amended.

The Section 542(c) program was instituted to provide for insurance of multi-family loans pursuant to risk-sharing agreements between HUD and qualified state or local housing agencies, such as the Authority. The FHA regulations applicable to Section 542(c) insurance are contained in 24 CFR Part 266. Under the Section 542(c) program, housing finance agencies may apply to qualify as a participating "HFA." HUD assigns to participating HFAs the authority to originate loans to be insured under this program and the responsibility to administer the program within the guidelines of the risk-sharing agreement, providing, among other matters, that, in the event of a loan default with respect to a loan insured under the Section 542(c) program, the HFA is required to share with HUD in any loss arising as a consequence of the loan default. The Authority has been approved as a participating HFA and has entered into a Risk-Sharing Agreement with HUD dated as of April 26, 1994, as subsequently amended (the "**CHFA Risk-Sharing Agreement**"). Under the CHFA Risk-Sharing Agreement, the Authority has assumed 50% of that risk of loss associated with the Mortgage Loans insured pursuant thereto. The Authority has been allocated in the CHFA Risk-Sharing Agreement 8,660 units to be originated by the Authority in accordance with this Program. See "Part II – COLORADO HOUSING AND FINANCE AUTHORITY – Obligations of the Authority" for a description of Section 542(c) claims relating to certain outstanding mortgage loans which may increase the general obligations of the Authority.

Applications for insurance commitments under the FHA's Section 221(d)(4) mortgage insurance program may undergo several processing stages. Processing in connection with newly constructed projects may proceed through Site Appraisal and Market Analysis ("**SAMA**") and "firm commitment" stages prior to receiving FHA insurance at the time of "initial endorsement" by FHA evidencing its commitment to insure construction advances or to provide insurance upon completion of construction of the project. Commitments in connection with projects which are being substantially rehabilitated may proceed through a feasibility stage, as well as the firm commitment stage. Processing may include the SAMA or feasibility stages or both stages may be bypassed, with direct application for a firm commitment. After receipt of the firm commitment, the Borrower proceeds to initial closing of the mortgage loan. At the initial closing, the Borrower executes a standard form of FHA mortgage note evidencing the mortgage loan and an FHA standard form of mortgage securing the mortgage note. Concurrently with the execution of the mortgage and mortgage note, FHA initially endorses the mortgage note for mortgage insurance and funds are advanced to provide for initial fees and expenses, including land acquisition costs, title costs, design architect, attorney, inspection and other related fees and expenses. Final endorsement of the mortgage note occurs only after cost certification is completed. Increases in the maximum insurable amount of the mortgage loan approved by FHA and the Authority, as mortgagee, are funded at this time. Amounts remaining to be advanced under the mortgage will be disbursed, contingent upon FHA approval, the receipt of acceptable title insurance endorsements and the fulfillment of certain other obligations of the Borrower. FHA and the Authority, as mortgagee review the final closing documents and the mortgage note is finally endorsed upon a determination by the Authority and the FHA that all requirements of final endorsement have been satisfied.

FHA Insurance Claims in the Event of Default. Under Section 542(c) of the Housing and Community Development Act of 1992, as amended, and the applicable regulations, an event of default under a Section 542(c)-insured mortgage exists when the mortgagor fails to make any payment due under

the mortgage or fails to perform any covenant under the mortgage (including covenants in the related CHFA Regulatory Agreement). In the event of a default continuing for a period of 30 days and, in the case of a covenant default if the Authority accelerates the debt and the mortgagor fails to pay the full amount due, the Authority is entitled to receive FHA insurance benefits to the extent described and upon compliance with the applicable claims procedures set forth in the Housing and Community Development Act of 1992, as amended, and applicable regulations promulgated thereunder. **The proceeds of the initial claim payment, however, must be used to retire any bonds or other financing mechanisms securing the mortgage loan within 30 days of the initial claim payment, and any excess funds resulting from such retirement or repayment must be returned to HUD within 30 days of such retirement. See the discussion of redemption provisions in Part I.** Within 30 days of receiving the initial claim payment, the Authority is required to issue to HUD a debenture (the "**Authority Debenture**"), dated the same date as the initial claim payment is issued and in an amount equal to the full initial claim amount, less any excess funds returned to HUD as described above. The Authority Debenture will be supported by the full faith and credit of the Authority, will have a term of five years and will bear interest at HUD's published debenture rate as provided in the applicable regulations. Interest on the Authority Debenture will be due and payable annually on the anniversary date of the initial claim payment.

The Authority is required to file an application for final settlement in accordance with applicable HUD procedures not later than 30 days after either (a) sale of the mortgaged property after foreclosure or after acquisition by deed-in-lieu of foreclosure or (b) expiration of the term of the Authority Debenture. At the time of final settlement, the amount of the "total loss," as provided in the applicable regulations, will be shared by HUD and the Authority based upon the respective percentage of risk specified in the applicable mortgage note and addendum to the Risk-Sharing Agreement. If the initial claim payment is less than HUD's share of the total loss, HUD is required to make a final claim payment to the Authority equal to the difference and to return the Authority Debenture for cancellation. If the initial claim payment is more than HUD's share of the total loss, the Authority is required to pay the difference within 30 days of notification by HUD of the amount due, and the Authority Debenture will be considered redeemed upon receipt of the payment.

In connection with the Section 221(d)(4) program, the National Housing Act defines an event of default under an FHA-insured mortgage as failure to make any payment due under the mortgage or to perform any other mortgage covenant (which includes covenants in the related financing documents and FHA Regulatory Agreement) if the mortgagee, because of such failure, has accelerated the debt. In the event of a default continuing for a period of 30 days, the mortgagee (i.e., the Authority so long as it is the mortgagee under the mortgage loans) is entitled to receive FHA insurance benefits upon compliance with the applicable claims procedures as set forth in the National Housing Act and applicable regulations promulgated thereunder. In the event of a default on the Mortgage Loan, the FHA will pay insurance benefits equal to the sum of (i) the unpaid principal amount of the Mortgage Loan computed as of the date of default, (ii) certain eligible payments (such as taxes, insurance, special assessments, water rates and payments made by the mortgagee, with the approval of HUD, for the preservation of the Project), and (iii) interest on the insurance proceeds from the date the mortgagee is entitled to receive insurance benefits at the applicable FHA debenture rate (which interest may be limited in the event that certain notices are not given to the FHA within the prescribed time periods). The FHA insurance benefits are reduced, however, by (i) any net income received by the mortgagee from the Project subsequent to the default, (ii) any amounts received by the mortgagee on account of the mortgage loan after a default, (iii) amounts held in escrow by the mortgagee for the account of the Borrower and available to be applied to the outstanding indebtedness under the mortgage loan, and (iv) unless the mortgagee forecloses and conveys title to the Project to the FHA, an amount equal to 1% of the unpaid principal balance of the mortgage loan. Due to the 30-day grace period before the mortgagee is entitled to receive insurance benefits, FHA insurance benefits do not cover all defaulted interest payments because such proceeds would not include one month's interest on the unpaid principal balance of the Mortgage Loan.

Furthermore, mortgage insurance benefits under Section 221(d)(4) of the National Housing Act are payable in cash unless the mortgagee files a written request for payment in debentures. If debentures are issued to the mortgagee in payment of the FHA mortgage insurance benefits, they are issued as of the date of default, registered as to principal and interest and mature twenty (20) years from their date of issue. The debentures bear interest at the applicable debenture rate from the date of issue, payable semiannually on January 1 and July 1 of each year. FHA debentures are, however, redeemable at the option of the FHA on any interest payment date upon three-months' prior notice at a price equal to their principal amount plus accrued interest. Payment of mortgage insurance benefits under this program will be conditioned upon the satisfactory performance of certain obligations required pursuant to the insurance program, including maintenance of certain escrow accounts, annual inspections, maintenance of property insurance and maintenance of specified records. See "Part II – CERTAIN BONDOWNERS' RISKS - Conditions to Payment of FHA Insurance."

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APPENDIX I

Description of Section 8 Subsidy Program

The description of the Section 8 Program contained herein is meant to be a general overview only and is qualified in its entirety by reference to the applicable provisions of the United States Housing Act of 1937, as amended, and the regulations promulgated thereunder.

General. The Section 8 Program is authorized and implemented pursuant to Section 8 of the United States Housing Act of 1937, as amended (the “1937 Housing Act”), and regulations promulgated thereunder. In general, it provides housing rental subsidy payments to owners of dwelling units occupied by low income families (defined generally as families whose annual income does not exceed 80% of median income for the area as determined by HUD) and very low-income families (defined as families whose annual income does not exceed 50% of the median income for the area as determined by HUD). The subsidy is provided in the form of housing assistance payments and covers the difference between the HUD approved rents for the dwelling unit and the amount the tenant is required to pay each month. Specifically, the housing assistance payments to the owner represent the differences between the “contract rents” for all eligible units in a rental dwelling, as established by HUD from time to time, and the eligible tenants’ rental contributions, generally 30% of family income.

Subsidy Contracts. The Section 8 rent subsidy program is administered by HUD through contracts with eligible governmental units responsible for the administrative aspects of the Section 8 program. The Authority presently administers the program for over 16,000 Section 8 assisted rental units in 261 developments in the State of Colorado pursuant to a Project Based Section 8 Contract Administration Annual Contributions Contract between HUD and the Authority (the “PB-ACC”). In general, the payment of subsidies under the Section 8 program is made to the Authority pursuant to the PB-ACC. The Authority then provides the subsidies to owners of the developments pursuant to a housing assistance payments contract between the Authority and the owner for each development (each, a “HAP Contract”). While the majority of the properties follow this model, the developer may also execute an HAP Contract directly with HUD. The Authority is the mortgagee for many of the developments receiving subsidies under both of the above described situations.

The initial HAP Contracts were for a term of 20 years if FHA insured, or otherwise for 20 year initial terms with automatic renewals for additional 5 year terms not to exceed 30 or 40 years overall or the term of the related Mortgage Loan, whichever was less. As described below under “Recent Developments,” terms of many such HAP Contracts have been restructured.

The PB-ACC obligates HUD to provide funds to the Authority with which to make housing assistance payments to the owner pursuant to the HAP Contracts and HUD requirements; the HAP Contract establishes the housing assistance payments to be made for the account of the owner of a development in an amount sufficient to provide housing assistance payments. In general, this amount may not exceed the total of the contract rents, plus utilities allowances approved by HUD for all the contract units in the project. With respect to the initial HAP Contracts, Congress budgeted sufficient funds for the housing assistance payments scheduled to be paid over the life of the HAP Contract; to the extent that amount proves insufficient HUD is obligated to reserve or allocate funds to make such payments, subject to annual appropriations at the direction of the Congress. With respect to restructured or renewed HAP Contracts, housing assistance payments subsequent to the initial year are also subject to annual appropriations at the direction of the Congress.

Occupancy Restrictions. Pursuant the 1937 Housing Act not more than 25% of the dwelling units which were available for occupancy under HAP Contracts before October 1, 1981 and leased thereafter must be available for leasing by low-income families other than very low-income families; and not more than 15% of the dwelling units that became available for occupancy under HAP Contracts must

be available for leasing by low-income families other than very low-income families. Subsequent legislation requires that not less than 40% of the dwelling units that become available for occupancy in any fiscal year shall be available for leasing only by families whose annual income does not exceed 30% of area median income (as determined by HUD and adjusted for family size) at the time of admission.

Amount and Payment of Subsidy. The contract rent initially established for each unit in a development is intended to be at a level sufficient to pay the debt service and operating costs (and, in most cases, a return to the owner) attributable to such unit in its first year of operation. Contract rents are also required to compare reasonably to the rents of comparable unassisted units. For each assisted unit, the amount of the subsidy actually payable by the Authority for the account of the owner is equal to the contract rent less the payment to be made to the owner by the tenant(s), as approved by HUD. The tenant payment to the owner is generally equal to 30% of family income, although each assisted family is generally required to pay a minimum rent of \$25 a month. The proportion of the contract rent actually paid by HUD and that actually paid by tenants may vary depending upon tenant income.

Adjustments of Subsidy Amounts. Each Section 8 Contract Rent is renewed pursuant to the Multifamily Assisted Housing Reform and Affordability Act and adjusted with an automatic Operating Cost Adjustment Factor, budget-based rent adjustment, or a Rent Comparability Study as outlined in the Section 8 Renewal Guide administered by HUD. Adjustments in Contract Rents are available to owners of assisted mortgaged properties on at least an annual basis pursuant to the application of a formula adjustment procedure determined by HUD. Rent adjustments are determined by multiplying the Contract Rent in effect for a particular property on the anniversary date of the HAP Contract by the applicable formula adjustment procedure.

Vacancies and Debt Service. Generally, the housing assistance payment is payable with respect to the dwelling unit only when it is occupied by an eligible family. However, the law and regulations provide for payment of the subsidy under certain circumstances when the dwelling unit is not occupied.

Upon occurrence of a vacancy in a dwelling unit, a subsidy amounting to 80% of the contract rent is payable for a vacancy period of sixty days subject to compliance by the sponsor with certain conditions relating primarily to a diligent effort to rent the subsidized unit. The payment of a subsidy with respect to a vacant dwelling unit may continue after such sixty day period for up to twelve months in an amount equal to that portion of the contract rent that is attributable to debt service on the permanent financing of the dwelling unit, if (a) a good faith effort is being made to rent the unit, (b) the unit provides decent, safe, and sanitary housing and (c) the owner has demonstrated to the satisfaction of HUD that the project can achieve financial soundness within a reasonable period of time. No such payment may be made if the owner of the development is receiving revenues in excess of the cost incurred by the owner with respect to the development. No restrictions apply to the number of times during the term of the mortgage that the owner may receive the benefit of the subsidy for debt service on vacancy units.

The regulations provide that HUD and the Authority may reduce the number of Contract units if the owner fails for a substantial period of time to lease or make available for leasing by eligible families a sufficient percentage of Contract units.

Pledge of Subsidy as Security for the Bonds. HUD regulations permit the owners and the Authority to pledge the federal housing assistance payments as security for the financing of the developments. The Authority requires the owner to pledge as security for an Authority mortgage loan such federal housing assistance payments, with HUD approval, by an assignment of the HAP Contract to the Authority. The Authority has generally pledged the revenues received from each such mortgage loan to the payment of any bonds issued by the Authority to finance such mortgage loan.

The regulations provide that in the event of foreclosure, or assignment or sale to the Authority in lieu of foreclosure, or in the event of an assignment or sale agreed to by the Authority and approved by

HUD (which approval shall not be unreasonably delayed or withheld), subsidy payments will continue in accordance with the HAP Contracts.

Compliance with Subsidy Contracts. The PB-ACC and the HAP Contracts each contain numerous agreements on the part of the Authority and the owners. Housing subsidies will continue as long as the owner complies with the requirements of the HAP Contracts and has leased the assisted units to eligible tenants or has satisfied the criteria for receiving assistance for vacant units. The Authority, which has primary responsibility for administering the HAP Contracts, subject to review and audit by HUD, may require the owner to cure any default under the HAP Contract and may abate housing assistance payments and recover overpayments pending remedy of the default. If the default is not cured, the Authority may terminate the HAP Contract or take other corrective actions, in its discretion or as directed by HUD. HUD has an independent right to determine whether the owner is in default and to take corrective action and apply appropriate remedies.

If HUD determines that the Authority has failed to fulfill its obligations, HUD may, after notice to the Authority giving it a reasonable opportunity to take corrective action, require that the Authority assign to HUD all rights under the HAP Contract.

Recent Developments. Over the years there have been numerous proposals and pronouncements from Members of Congress, the Administration and HUD officials which address the future of HUD and the various programs operating pursuant to Section 8 of the 1937 Housing Act. The primary subject of these proposals and pronouncements have been projects which have FHA-insured mortgages with terms ranging from 30 to 40 years and which have Section 8 HAP Contracts with substantially shorter terms. Efforts to address this subject are often referred to, generally and without specific import, as “Portfolio Reengineering” or “Mark to Market.” The purpose of these programs is primarily the restructuring of Section 8 assistance to match current market rents and, for FHA-insured mortgage loans, restructuring such mortgage loans through partial prepayments. **There is no assurance that such restructurings will be provided by HUD, as they are subject, among other things, to the availability of Congressional appropriations. The failure or inability to renew HAP Contracts could adversely affect the sufficiency of revenues available to development owners to make timely payments on their Mortgage Loans.** Express exemptions from restructuring are provided for mortgages originated under state and local governmental lending programs if in conflict with applicable law or agreements.

In addition, HUD is currently contemplating rebidding the Section 8 contract administration currently performed by eligible governmental entities, including the Authority under its PB-ACC, the term of which expires on December 31, 2018 unless sooner terminated or extended by HUD.

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APPENDIX J

Form of Authority Continuing Disclosure Undertaking

CONTINUING DISCLOSURE UNDERTAKING

This Continuing Disclosure Undertaking (this "**Disclosure Certificate**") is executed and delivered by the COLORADO HOUSING AND FINANCE AUTHORITY, a body corporate and political subdivision of the State of Colorado (the "**Authority**"), in connection with the issuance of Colorado Housing and Finance Authority Federally Taxable Multi-Family/Project Class I Bonds, 2018 Series A-1 (the "**Series A-1 Bonds**") and Colorado Housing and Finance Authority Federally Taxable Multi-Family/Project Class I Adjustable Rate Bonds, 2018 Series A-2 (the "**Series A-2 Bonds**" and, together with the Series A-1 Bonds, the "**Series Bonds**"). The Series Bonds are being issued pursuant to the Master Indenture of Trust dated as of March 1, 2000, as amended (the "**Master Indenture**") and the 2018 Series A Indenture dated as of March 1, 2018 (the "**Series Indenture**" and, together with the Master Indenture, the "**Indenture**"), each between the Authority and Wells Fargo Bank, National Association, as Trustee (the "**Trustee**").

BACKGROUND

1. The Series Bonds are being issued to provide funds expected to be used to redeem certain outstanding bonds of the Authority, to make deposits to certain funds and accounts, to pay certain costs of issuance of the Series Bonds, and to otherwise attain the goals of the Authority pursuant to the Colorado Housing and Finance Authority Act.

2. In order to allow the Participating Underwriter (as defined in Rule 15c2-12 defined below) of the Series Bonds to comply with Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities and Exchange Act of 1934 (17 CFR Part 240, § 240.15c2-12) as amended to the date hereof ("**Rule 15c2-12**"), the Authority has agreed to make certain continuing disclosure undertakings for the benefit of owners (including beneficial owners) of the Series Bonds.

3. This Disclosure Certificate is intended to satisfy the requirements of said Rule 15c2-12, as in effect on the date hereof.

AUTHORITY COVENANTS AND AGREEMENTS

Section 1. Definitions.

(a) "Annual Financial Information" means the financial information or operating data with respect to the Authority or other obligated person described in Section 2(f) hereof, as applicable, delivered at least annually pursuant to Sections 2(a) and 2(b) hereof, of the type set forth in the sections of the final Official Statement, including, but not limited to, such financial information and operating data set forth in **Appendix B** – "OUTSTANDING MASTER INDENTURE OBLIGATIONS," and **Appendix G-2** – "CERTAIN INFORMATION ABOUT THE MASTER INDENTURE LOAN PORTFOLIO, AUTHORITY PROJECTS AND FUND BALANCES."

(b) "Audited Financial Statements" means the annual financial statements for the Authority or other obligated person described in Section 2(f) hereof, as applicable, prepared in accordance with generally accepted accounting principles consistently applied, as in effect from time to time, audited by a firm of certified public accountants.

(c) EMMA" means the MSRB's Electronic Municipal Market Access System, with a portal at <http://emma.msrb.org>.

(d) "Events" means any of the events listed in Section 2(e) hereof.

(e) "MSRB" means the Municipal Securities Rulemaking Board. The current address of the MSRB is 1300 I Street, NW, Suite 1000, Washington, DC 20005; fax: 202-898-1500.

(f) "Official Statement" means the Official Statement delivered in connection with the original issue and sale of the Series Bonds.

(g) "Participating Underwriter" means Barclays Capital Inc.

(h) "Rule 15c2-12" means Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934, as amended (17 CFR Part 240, § 240.15c2-12), as the same may be amended from time to time.

(i) "SEC" means the Securities and Exchange Commission.

(j) "State" means the State of Colorado.

Section 2. Provision of Annual Information and Reporting of Events.

(a) Commencing with the fiscal year ending December 31, 2017 and annually while the Series Bonds remain outstanding, the Authority agrees to provide or cause to be provided annually to EMMA (with a copy, upon request, to the Underwriter) the following information:

i. Annual Financial Information; and

ii. Audited Financial Statements, if prepared.

(b) Such Annual Financial Information shall be provided not later than 240 days after the end of each fiscal year for the Authority (i.e., each December 31). If not provided at the same time as the Annual Financial Information, the Audited Financial Statements will be provided when available.

(c) The Authority may provide Annual Financial Information and Audited Financial Statements by specific reference to other documents, including information reports and official statements relating to other debt issues of the Authority, which have been submitted to EMMA or other repositories as required by Rule 15c2-12; provided, however, that if the document so referenced is a final official statement within the meaning of Rule 15c2-12, such final official statement must also be available from the MSRB. The Authority shall clearly identify each such other document so incorporated by cross-reference.

(d)(1) At any time the Series Bonds are outstanding, in a timely manner not in excess of ten (10) business days after the occurrence of an Event, the Authority shall provide to EMMA notice of the occurrence of any of the following Events with respect to the Series Bonds:

(A) principal and interest payment delinquencies;

(B) unscheduled draws on debt service reserves reflecting financial difficulties;

(C) unscheduled draws on credit enhancements reflecting financial difficulties;

- (D) substitution of credit or liquidity providers, or their failure to perform;
- (E) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Series Bonds, or other material events affecting the tax status of the Series Bonds;
- (F) defeasances;
- (G) rating changes;
- (H) tender offers; and
- (I) bankruptcy, insolvency, receivership, or similar event of any obligated person.

For the purposes of the Event identified in paragraph (2)(e)(1)(I) hereof, the Event is considered to occur when any of the following occur: (i) the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or (ii) the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(2) At any time the Series Bonds are outstanding, in a timely manner not in excess of ten (10) business days after the occurrence of an Event, the Authority shall provide to EMMA notice of the occurrence of any of the following Events with respect to the Series Bonds, if material:

- (A) non-payment related defaults;
- (B) modifications to the rights of the beneficial owners of the Series Bonds;
- (C) bond calls;
- (D) release, substitution or sale of property securing repayment of the Series Bonds;
- (E) the consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms; and
- (F) appointment of a successor or additional trustee or a change in the name of a trustee.

(e) At any time the Series Bonds are outstanding, the Authority shall provide, in a timely manner, to EMMA, with a copy to the Underwriter, notice of any failure of the Authority to timely provide the Annual Financial Information as specified in Sections 2(a) and 2(b) hereof.

(f) Obligated Persons. If the Borrower for any 2018A Loan will be an "obligated person" in respect of the Series Bonds, the Authority will confirm that such Borrower has separately agreed to provide to the Authority Annual Financial Information and Audited Financial Statements with respect to itself not later than 180 days after the end of each fiscal year for such Borrower to the extent that such Borrower continues to constitute an "obligated person" in respect of the Series Bonds. Obligated person means a Borrower, the principal amount of whose loans equals or exceeds twenty percent (20%) of the aggregate principal amount due under all loans held under the Indenture. The Authority has agreed to forward to EMMA such Audited Financial Statements promptly upon receipt from such Borrower. The Authority has no obligation to examine or review such Audited Financial Statements to verify the accuracy or completeness of such Audited Financial Statements, and is not otherwise obligated to make such continuing disclosure undertakings on behalf of the Borrower.

Section 3. Method of Transmission. Subject to technical and economic feasibility, the Authority shall employ such methods of electronic or physical information transmission as is requested or recommended by the MSRB unless otherwise required by law.

Section 4. Enforcement. The obligations of the Authority hereunder shall be for the benefit of the owners (including beneficial owners) of the Series Bonds. The owner or beneficial owner of any Series Bonds is authorized to take action to seek specific performance by court order to compel the Authority to comply with its obligations under this Disclosure Certificate, which action shall be the exclusive remedy available to it or any other owners or beneficial owners of the Series Bonds; provided, that any owner or beneficial owner of Series Bonds seeking to require the Authority to comply with this Disclosure Certificate shall first provide at least 30 days' prior written notice to the Authority of the Authority's failure, giving reasonable detail of such failure following which notice the Authority shall have 30 days to comply. Any such action shall be brought only in a court of competent jurisdiction in the City and County of Denver, Colorado. Breach of the obligations of Authority hereunder shall not constitute an Event of Default under the Indenture and none of the rights and remedies provided by the Indenture shall be available to the owners of the Series Bonds or the Trustee therein appointed.

Section 5. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Authority from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other annual information or notice of occurrence of an event which is not an Event, in addition to that which is required by this Disclosure Certificate; provided that the Authority shall not be required to do so. If the Authority chooses to include any annual information or notice of occurrence of an event in addition to that which is specifically required by this Disclosure Certificate, the Authority shall have no obligation under this Disclosure Certificate to update such information or include it in any future annual filing or Event filing.

Section 6. Term. This Disclosure Certificate shall be in effect from and after issuance and delivery of the Series Bonds and shall extend to the earliest of (i) the date all principal and interest on the Series Bonds shall have been deemed paid or legally defeased pursuant to the terms of the Indenture; (ii) the date that the Authority and each person named or described in Section 2(f) hereof shall no longer constitute an "obligated person" with respect to the Series Bonds within the meaning of Rule 15c2-12; or (iii) the date on which those portions of Rule 15c2-12 which require this Disclosure Certificate are determined to be invalid by a court of competent jurisdiction in a non-appealable action, have been repealed retroactively or otherwise do not apply to the Series Bonds, the determination of (i), (ii) or (iii) herein to be made in any manner deemed appropriate by the Authority, including by an opinion of counsel experienced in federal securities law selected by the Authority.

Section 7. Amendments and Waivers. Notwithstanding any other provision of this Disclosure Certificate, the Authority may amend this Disclosure Certificate from time to time, and any provision of this Disclosure Certificate may be waived, without the consent of the owners or beneficial

owners of the Series Bonds upon the Authority's receipt of an opinion of counsel experienced in federal securities laws to the effect that such amendment or waiver will not adversely affect compliance with Rule 15c2-12. Any Annual Financial Information containing amended operating data or financial information will explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided. If an amendment changes the accounting principles to be followed in preparing financial statements, the Annual Financial Information for the year in which the change is made will present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The Authority shall provide notice of such amendment or waiver to EMMA as required by Rule 15c2-12 and the Underwriter.

Section 8. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Authority, the Underwriter and the owners (including beneficial owners) from time to time of the Bonds, and shall create no rights in any other person or entity.

Dated as of March __, 2018.

COLORADO HOUSING AND FINANCE
AUTHORITY

By: _____
Chief Financial Officer

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APPENDIX K

Certain Terms of the Initial 2018A-2 Liquidity Facility

This Appendix contains a brief summary of certain provisions of the Initial 2018A-2 Liquidity Facility among the Authority, the Trustee and the 2018A-2 Liquidity Facility Provider, as well as certain defined terms used therein. Such summary does not purport to be comprehensive or definitive. All references in this Official Statement to the Initial 2018A-2 Liquidity Facility are qualified by reference to the related documents. The Initial 2018A-2 Liquidity Facility may be amended at any time without the consent of or notice to Bondholders. Any Alternate Liquidity Facility may have terms substantially different from those of the Initial 2018A-2 Liquidity Facility.

For information regarding the 2018A-2 Liquidity Facility Provider, see Appendix L.

Pursuant to the Initial 2018A-2 Liquidity Facility, the 2018A-2 Liquidity Facility Provider agrees, subject to the terms and conditions therein, to purchase Adjustable 2018 Series A-2 Class I Bonds in the Daily Rate, Weekly Rate or Term Rate Mode which are tendered by the owners thereof to the Paying Agent or are subject to mandatory purchase but are not remarketed by the 2018A-2 Remarketing Agent.

Certain Definitions with respect to the Initial 2018A-2 Liquidity Facility

"Available Commitment" as of any day means the sum of the Available Principal Commitment and the Available Interest Commitment, in each case, as of such day.

"Available Interest Commitment" means an amount equal to \$2,140,273.97 (which amount is equal to the highest interest on the 2018 Series A-2 Bonds for a period of 186 days based upon an assumed rate of interest of 12% per annum and a 365 day year for the actual number of days elapsed), in any case as such amount shall be adjusted from time to time as follows:

(A) downward by an amount that bears the same proportion to such amount as the amount of any reduction in the Available Principal Commitment, in accordance with clause (a) or (b) of the definition herein of Available Principal Commitment, bears to the initial Available Principal Commitment; and

(B) upward by an amount that bears the same proportion to such initial amount as the amount of any increase in the Available Principal Commitment, in accordance with clause (c) of the definition herein of Available Principal Commitment, bears to the initial Available Principal Commitment; provided, that if interest on the 2018 Series A-2 Bonds is converted to a Term Rate Mode (as defined in the Indenture) of one year or longer, the Available Interest Commitment shall be based on a 360 day year composed of 30-day months rather than a 365 day year for the actual number of days elapsed.

"Available Principal Commitment" means, initially, the aggregate principal amount of the 2018 Series A-2 Bonds Outstanding (as detailed on the cover page hereof) of \$35,000,000, and, thereafter, means such initial amount adjusted from time to time as follows:

(a) downward by the amount of any mandatory reduction of the Available Principal Commitment pursuant to the Initial 2018A-2 Liquidity Facility;

(b) downward by the principal amount of any 2018 Series A-2 Bonds purchased by the 2018A-2 Liquidity Facility Provider pursuant to the Initial 2018A-2 Liquidity Facility; and

(c) upward by the principal amount of any 2018 Series A-2 Bonds theretofore purchased by the 2018A-2 Liquidity Facility Provider pursuant to the Initial 2018A-2 Liquidity Facility which are remarketed (or deemed to be remarketed pursuant to the Initial 2018A-2 Liquidity Facility) by the 2018A-2 Remarketing Agent and for which the 2018A-2 Liquidity Facility Provider has received immediately available funds equal to the principal amount thereof and accrued interest thereon;

provided, however, that the sum of (i) the Available Principal Commitment plus (ii) the aggregate principal amount of Bank Bonds shall never exceed \$35,000,000. Any adjustments to the Available Principal Commitment as described in clauses (a), (b) or (c) above shall occur simultaneously with the occurrence of the events described in such clauses.

"Commitment Period" means the period from the date of delivery of the Initial 2018A-2 Liquidity Facility to and including the earliest of (i) March 28, 2021 (or to an extended date as may become effective under the Initial 2018A-2 Liquidity Facility), (ii) the date on which no 2018 Series A-2 Bonds are Outstanding, (iii) the close of business one Business Day following the date on which all of the Series A-2 Bonds are converted to Fixed Rate Bonds (as such terms are defined in the Indenture), (iv) the close of business on the 30th day (or, if such day is not a Business Day, the next succeeding Business Day) following receipt by the Authority and the Paying Agent of a Notice of Termination Date, and (v) the date on which the Available Commitment has been reduced to zero or terminated in its entirety due to the redemption, repayment or other payment of all of the principal amount of the 2018 Series A-2 Bonds or due to the delivery of an Alternate Liquidity Facility or due to the occurrence of an event of default which causes an immediate termination of the Available Commitment or due to voluntary termination by the Authority.

"Eligible Bonds" means any 2018 Series A-2 Bonds which bear interest at the Daily Rate, Weekly Rate, or Term Rate (all as defined in the Indenture) and which are not Bank Bonds or 2018 Series A-2 Bonds owned by or held on behalf of, for the benefit of or for the account, of the Authority.

"Parity Obligations" means any Class I Bonds (excluding the 2018 Series A-2 Bonds) now or hereafter Outstanding under the terms of the Master Indenture.

"Purchase Date" means a Business Day on which the 2018 Series A-2 Bonds are subject to optional tender or mandatory purchase.

"Purchase Price" means, with respect to any Eligible Bond, the unpaid principal amount thereof plus accrued interest thereon from and including the Interest Payment Date next preceding the Purchase Date thereof to, but excluding, the Purchase Date thereof, in each case without premium; *provided* that accrued interest will not be included in the Purchase Price if the applicable Purchase Date is an Interest Payment Date; and provided further that the aggregate amount of Purchase Price constituting interest on the 2018 Series A-2 Bonds shall not exceed the lesser of (i) the Available Interest Commitment on such date or (ii) the actual aggregate amount of interest accrued on each such 2018 Series A-2 Bond to, but excluding, such Purchase Date.

THE INITIAL 2018A-2 LIQUIDITY FACILITY PROVIDES FUNDS ONLY FOR PAYMENT OF THE PURCHASE PRICE AS DESCRIBED ABOVE, DOES NOT SECURE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE 2018 SERIES A-2 BONDS AND MAY BE TERMINATED OR SUSPENDED AS DESCRIBED BELOW.

Events of Default under the Initial 2018A-2 Liquidity Facility

The occurrence of any of the following events shall constitute an "Event of Default" under the Initial 2018A-2 Liquidity Facility:

(a) Payments. Any principal of, or interest on, any 2018 Series A-2 Bond or any other amount owed to the 2018A-2 Liquidity Facility Provider pursuant to the Initial 2018A-2 Liquidity Facility shall not be paid when due; or

(b) Other Payments. The Authority shall fail to pay any commitment fee, disbursement fee, or other fee payable to the 2018A-2 Liquidity Facility Provider under the Initial 2018A-2 Liquidity Facility within five Business Days after the same shall become due; or

(c) Representations. Any representation or warranty made by or on behalf of the Authority in the Initial 2018A-2 Liquidity Facility or in the 2018 Series A-2 Bonds, the Official Statement, the Indenture, the Remarketing Agreement (each, a "Related Document") and any other document or instrument related thereto or issued thereunder or in any certificate or statement delivered under the 2018A-2 Liquidity Facility or thereunder shall be incorrect or untrue in any material respect when made or deemed to have been made; or

(d) Certain Covenants. The Authority shall default in the due performance or observance of any of the covenants set forth in the Initial 2018A-2 Liquidity Facility relating to selection of 2018 Series A-2 Bonds for redemption, successor Remarketing Agent and Remarketing Agreement, or amendments to Related Documents; or

(e) Other Covenants. The Authority shall materially default in the due performance or observance of any other term, covenant or agreement contained in the Initial 2018A-2 Liquidity Facility (other than those referred to in subparagraphs (a), (b), (c), and (d) above) and such default shall remain unremedied for a period of 30 days after the 2018A-2 Liquidity Facility Provider shall have given written notice thereof to the Authority; or

(f) Other Obligations. Any Authority Debt in an aggregate outstanding principal amount (excluding the notional principal amount of any swaps, caps or other interest rate hedging devices) of at least \$5,000,000 payable from the Trust Estate or constituting the general obligation of the Authority, or any interest or premium on any such Authority Debt, shall not be paid within 10 days after the due date thereof (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise); or

(g) Judgments. One or more final, unappealable judgments against the Authority for the payment of money and not covered by insurance, or attachments against the property of the Authority the operation or result of which, individually or in the aggregate, equal or exceed \$1,000,000 shall remain unpaid, unstayed, undischarged, unbonded or undismissed for a period of 30 days; or

(h) Insolvency. (i) The Authority shall commence any case, proceeding or other action (A) under any existing or future law of any jurisdiction, domestic or foreign, relating to bankruptcy, insolvency, reorganization or relief of debtors, seeking to have an order for relief entered with respect to it, or seeking to adjudicate it a bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, composition or other relief with respect to it, or (B) seeking appointment of a receiver, trustee, custodian or other similar official for it or for all or any substantial part of its assets, or the Authority shall make a general assignment for the benefit of its creditors; or (ii) there shall be commenced against the Authority any case, proceeding or other action of a nature referred to in clause (i) above which (x)

results in an order for such relief or in the appointment of a receiver or similar official or (y) remains undismissed, undischarged or unbonded for a period of 30 days; or (iii) there shall be commenced against the Authority, any case, proceeding or other action seeking, issuance of a warrant of attachment, execution, distraint or similar process against all or any substantial part of its assets, which results in the entry of an order for any such relief which shall not have been vacated, discharged, or stayed or bonded pending appeal within 30 days from the entry thereof, or (iv) the Authority shall take any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the acts set forth in clause (i), (ii) or (iii) above; or (v) the Authority shall generally not, or shall be unable to, or shall admit in writing, its inability to, pay its Debts, or

(i) Invalidity. Any material provision of the Initial 2018A-2 Liquidity Facility or any Related Document shall at any time for any reason cease to be valid and binding on the Authority or any other party thereto or shall be declared to be null and void, or the validity or enforceability thereof shall be contested by the Authority or such other party thereto or by any Governmental Authority having jurisdiction, or the Authority or such other party shall deny that it has any or further liability or obligation under any such document; or

(j) Ratings Downgrades. (1) the long term rating of the Bonds by S&P or Moody's shall have been withdrawn, suspended or reduced below "A" or "A2," respectively, or (2) the long term ratings by S&P and Moody's of the 2018 Series A-2 Bonds shall have been withdrawn, suspended or reduced below "BBB-" by S&P and "Baa3" by Moody's; or

(k) Other Documents. Any Event of Default as defined in the Master Indenture or any "event of default" under any instrument authorizing the issuance of Debt constituting a general obligation of the Authority or any Related Document which is not cured within any applicable cure period shall occur which if not cured would give rise to remedies available thereunder.

Upon the occurrence of an Event of Default under the Initial 2018A-2 Liquidity Facility, the 2018A-2 Liquidity Facility Provider may take any one or more of the following actions:

(1) In the case of any Event of Default specified in subparagraphs (b) or (j)(1) above, the 2018A-2 Liquidity Facility Provider may give written notice of such Event of Default and termination of the 2018A-2 Liquidity Facility (a "Notice of Termination Date") to the Trustee, the Paying Agent, the Authority and the 2018A-2 Remarketing Agent requesting a mandatory tender of the 2018 Series A-2 Bonds as a result of the 2018A-2 Liquidity Facility Provider's delivery of a Notice of Termination Date to the Paying Agent. The obligation of the 2018A-2 Liquidity Facility Provider to purchase 2018 Series A-2 Bonds shall terminate on the 30th day (or if such day is not a Business Day, the next following Business Day) after such Notice of Termination Date is received by the Paying Agent and on such date the Available Commitment shall terminate and the 2018A-2 Liquidity Facility Provider shall be under no obligation hereunder to purchase Bonds.

(2) In the case of any Event of Default specified in subparagraph (j)(2) above, the Available Commitment shall immediately be reduced to zero, in which case the obligation of the 2018A-2 Liquidity Facility Provider to purchase 2018 Series A-2 Bonds shall immediately terminate and expire without requirement of notice by the 2018A-2 Liquidity Facility Provider. After such termination or expiration, the 2018A-2 Liquidity Facility Provider shall deliver, within five Business Days, to the Authority, the Trustee and the 2018A-2 Remarketing Agent written notice of such termination or expiration; *provided, however*, that failure to provide such written notice shall have no effect on the validity or enforceability of such termination or expiration. The Authority shall cause the Trustee to notify all Owners of the termination of the Available

Commitment and the termination of the obligation of the 2018A-2 Liquidity Facility Provider to purchase the 2018 Series A-2 Bonds.

(3) Upon the occurrence of any Event of Default under the Initial 2018A-2 Liquidity Facility, the 2018A-2 Liquidity Facility Provider shall have all remedies provided at law or equity, including, without limitation, specific performance.

Termination by Authority

Upon (i) the withdrawal, suspension or reduction in the 2018A-2 Liquidity Facility Provider's short-term Bank Deposits Rating of "P-1" by Moody's, or its short-term Counterparty Credit Rating of "A-1" by S&P or the default by the 2018A-2 Liquidity Facility Provider in honoring its payment obligations under the Initial 2018A-2 Liquidity Facility or the 2018A-2 Liquidity Facility Provider seeking recovery of amounts described in the Initial 2018A-2 Liquidity Facility, (ii) the payment to the 2018A-2 Liquidity Facility Provider of all fees, expenses and other amounts payable under the Initial 2018A-2 Liquidity Facility, and (iii) the payment to the 2018A-2 Liquidity Facility Provider of all principal and accrued interest owing on any Bank Bonds, the Authority may terminate the Initial 2018A-2 Liquidity Facility; provided, further that all payments to the 2018A-2 Liquidity Facility Provider referred to in clauses (ii) and (iii) above shall be made with immediately available funds. In the event of such termination, the Authority shall be required to replace the Initial 2018A-2 Liquidity Facility with an Alternate Liquidity Facility. See "Part II – SECURITY FOR THE BONDS AND AUXILIARY OBLIGATIONS – Liquidity Facilities."

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APPENDIX L

2018A-2 Liquidity Facility Provider

The following information has been obtained from the 2018A-2 Liquidity Facility Provider for inclusion herein. Such information is not guaranteed as to accuracy or completeness by the Authority or the Underwriters and is not to be construed as a representation by the Authority or the Underwriters. Neither the Authority nor the Underwriters have verified this information, and no representation is made by them as to the accuracy or adequacy of such information or as to the absence of material adverse changes in such information subsequent to its date or the date hereof.

The Federal Home Loan Bank of Topeka (the “2018A-2 Liquidity Facility Provider”) is a federally chartered corporation owned by financial institutions organized under the laws of the United States and is located in Topeka, Kansas. The 2018A-2 Liquidity Facility Provider promotes housing and economic development by offering wholesale funding and related products and services that help member financial institutions provide affordable credit in their communities. With approximately \$49.4 billion in assets and \$2.3 billion in total capital as of September 30, 2017 (based on unaudited financial statements in the 2018A-2 Liquidity Facility Provider’s Form 10-Q for the quarter ended September 30, 2017), the 2018A-2 Liquidity Facility Provider serves 734 member stockholders throughout Colorado, Kansas, Nebraska and Oklahoma. The 2018A-2 Liquidity Facility Provider is one of the Federal Home Loan Banks established by Congress in 1932 to relieve financial strains on thrift institutions and to promote homeownership. The 11 Federal Home Loan Banks are regulated by the Federal Housing Finance Agency in Washington, D.C.

Moody’s Investors Service, Inc. (“Moody’s”) currently rates the 2018A-2 Liquidity Facility Provider’s long-term bank deposits as “Aaa” and short-term bank deposits as “P-1.” S&P Global Ratings, a Standard & Poor’s Financial Services LLC business (“S&P”) rates the 2018A-2 Liquidity Facility Provider’s long-term counterparty credit as “AA+” and its short-term counterparty credit as “A-1+.” Further information with respect to such ratings may be obtained from Moody’s and S&P, respectively. No assurances can be given that the current ratings of the 2018A-2 Liquidity Facility Provider and its instruments will be maintained.

Copies of the 2018A-2 Liquidity Facility Provider’s Form 10-K filed with the SEC (containing audited financial statements) and copies of all other reports filed by the 2018A-2 Liquidity Facility Provider with the SEC (including Forms 10-K, 10-Q and 8-K) can be found at the SEC’s website at www.sec.gov.

PAYMENTS OF THE PURCHASE PRICE OF THE 2018 SERIES A-2 BONDS WILL BE MADE PURSUANT TO THE INITIAL 2018A-2 LIQUIDITY FACILITY IF REMARKETING PROCEEDS ARE NOT AVAILABLE. ALTHOUGH THE INITIAL 2018A-2 LIQUIDITY FACILITY IS A BINDING OBLIGATION OF THE 2018A-2 LIQUIDITY FACILITY PROVIDER, THE 2018 SERIES A-2 BONDS ARE NOT DEPOSITS OR OBLIGATIONS OF THE FEDERAL HOME LOAN BANK OF TOPEKA AND ARE NOT GUARANTEED BY SUCH BANK. THE 2018 SERIES A-2 BONDS ARE NOT INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION OR ANY OTHER GOVERNMENTAL AGENCY AND ARE SUBJECT TO CERTAIN INVESTMENT RISKS, INCLUDING POSSIBLE LOSS OF THE PRINCIPAL AMOUNT INVESTED.

The information concerning the 2018A-2 Liquidity Facility Provider contained herein is furnished solely to provide limited introductory information and does not purport to be comprehensive. Such information is qualified in its entirety by the detailed information appearing in the documents and financial statements referenced herein. The inclusion of the information herein shall not create any implication that there has been no change in the affairs of the 2018A-2 Liquidity Facility Provider since the date hereof or that the information contained or referred to in this Official Statement is correct as of any time subsequent to its date.

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