

NEW ISSUE - Book-Entry Only

INTEREST ON THE ADJUSTABLE 2002 SERIES C-1 BONDS IS NOT EXCLUDED FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES. In the opinion of Sherman & Howard L.L.C., Bond Counsel, assuming continuous compliance with certain covenants and representations described herein, interest on the Adjustable 2002 Series C-2 Bonds, the 2002 Series C-3 Bonds, the Adjustable 2002 Series C-4 Bonds, the 2002 Series C-5 Bonds and the 2002 Series C-6 Bonds (except for interest on any 2002 Series C Bond for any period during which it is held by a "substantial user" of any facilities financed with the 2002 Series C Bonds or a "related person" as such terms are used in Section 147(a) of the Internal Revenue Code of 1986, as amended to the date of delivery of the 2002 Series C Bonds (the "Tax Code")) is excluded from gross income under federal income tax laws pursuant to Section 103 of the Tax Code; however, (a) interest on the Adjustable 2002 Series C-2 Bonds and the 2002 Series C-3 Bonds is an item of tax preference for purposes of calculating alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code under federal income tax laws, and (b) interest on the Adjustable 2002 Series C-4 Bonds, the 2002 Series C-5 Bonds and the 2002 Series C-6 Bonds is excluded from alternative minimum taxable income as defined in section 55(b)(2) of the Tax Code except that such interest is required to be included in calculating the "adjusted current earnings" adjustment applicable to corporations for purposes of computing the alternative minimum taxable income of corporations as described herein. In addition, in the opinion of Bond Counsel, the 2002 Series C Bonds 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 2002 Series C Bonds. See "Part I – TAX MATTERS."



\$142,720,000 COLORADO HOUSING AND FINANCE AUTHORITY Multi-Family/Project Bonds

\$10,920,000
Taxable Class I
Adjustable Rate
Bonds
2002 Series C-1

\$70,715,000
Class I Adjustable
Rate Bonds
2002 Series C-2
(AMT)

\$16,550,000
Class I Bonds
2002 Series C-3
(AMT)

\$31,960,000
Class I Adjustable
Rate Bonds
2002 Series C-4
(non-AMT)

\$7,575,000
Class I Bonds
2002 Series C-5
(non-AMT)

\$5,000,000
Class II Bonds
2002 Series C-6
(non-AMT)

Dated: Date of Delivery

Due: As shown on inside front cover

The 2002 Series C Bonds are being issued by the Colorado Housing and Finance Authority in the series shown above as fully registered bonds pursuant to a Master Indenture of Trust dated as of March 1, 2000 and a 2002 Series C Indenture of Trust dated as of November 1, 2002, each between the Authority and Wells Fargo Bank West, National Association, as Trustee.

The 2002 Series C Bonds, when issued, will be registered in the name of Cede & Co., as holder of the 2002 Series C Bonds and nominee of The Depository Trust Company, New York, New York. One fully registered bond equal to the principal amount of each maturity of the 2002 Series C Bonds will be registered in the name of Cede & Co. Individual purchases of 2002 Series C Bonds will be made in book-entry form only, and beneficial owners of the 2002 Series C Bonds will not receive physical delivery of bond certificates representing their interest in the 2002 Series C Bonds, except as described herein. 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 2002 Series C Bonds. Payments of principal of and interest on the 2002 Series C 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. Disbursement of such payments to DTC participants is the responsibility of DTC, and disbursement of such payments to the beneficial owners of the 2002 Series C Bonds is the responsibility of the DTC participants and the indirect participants, as more fully described herein.

The proceeds of the 2002 Series C Bonds, and amounts exchanged for proceeds of the 2002 Series C Bonds, are expected to be used to make mortgage loans to Borrowers to assist them in financing or refinancing the acquisition, construction or rehabilitation of certain multi-family housing projects in Colorado. Proceeds of the 2002 Series C Bonds, together with amounts advanced by the Authority and reimbursed by certain of the Borrowers, will also be used to make deposits to certain funds and accounts in accordance with the 2002 Series C Indenture. In connection with the issuance of the 2002 Series C Bonds (other than the 2002 Adjustable Rate Bonds while in an Interest Period for a Term Mode or Commercial Paper Mode equal to or less than nine months or a Weekly Mode), the Authority and certain of the Borrowers will undertake to provide certain continuing disclosure concerning the Authority, the 2002 Series C Bonds and the 2002C Projects, as described in "Part I – INTRODUCTION – Availability of Continuing Information."

Interest on the 2002 Series C-3 Bonds, 2002 Series C-5 Bonds and 2002 Series C-6 Bonds will be payable on each April 1 and October 1, commencing on April 1, 2003, on any redemption date and at maturity. The 2002C Adjustable Rate Bonds initially will bear interest at a Term Rates as described herein, to be effective to the dates described herein, at which time it is expected that the interest rate on each series of the 2002C Adjustable Rate Bonds will be adjusted to a Weekly Rate as described herein. Thereafter, the interest rate on any series of the 2002C Adjustable Rate Bonds or any portion thereof may be adjusted to a Commercial Paper Rate, Daily Rate, Term Rate, Select Auction Variable Rate SecuritiesSM ("SAVRS") Rate or Fixed Rate as described herein. Interest on the 2002C Adjustable Rate Bonds will be payable on each April 1 and October 1, commencing on April 1, 2003, on any redemption date and at maturity.

While any of the 2002C Adjustable Rate Bonds are in an Interest Period other than a Fixed Rate Mode, Commercial Paper Mode or SAVRS Rate Mode, holders of any such 2002C Adjustable Rate 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. Payment of the purchase price for such 2002C Adjustable Rate Bonds tendered for purchase and not remarketed or for which remarketing proceeds are not available will be supported by a standby bond purchase agreement (the "Initial 2002C Liquidity Facility") among the Authority, the Federal Home Loan Bank of Topeka (the "2002C Liquidity Facility Provider") and Wells Fargo Bank West, National Association, as Paying Agent. Coverage under the Initial 2002C Liquidity Facility, unless extended or earlier terminated, is stated to expire on November 14, 2007.

Maturity Schedules on Inside Front Cover

Certain of the 2002 Series C Bonds are subject to special redemption, optional redemption and cumulative sinking fund redemption prior to maturity at par prior to maturity and as otherwise 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 Taxable Adjustable 2002 Series C-1 Bonds, the Adjustable 2002 Series C-2 Bonds, the 2002 Series C-3 Bonds, the Adjustable 2002 Series C-4 Bonds and the 2002 Series C-5 Bonds are being issued as Class I Bonds. The 2002 Series C-6 Bonds are being issued as Class II Bonds. The 2002 Series C Bonds are special, limited obligations of the Authority payable solely from the revenues, assets and moneys pledged under the Indenture as described herein. The 2002 Series C Bonds issued as Class I Bonds will be so secured by the pledge under the Master Indenture on an equal and ratable basis with all other Class I Obligations now or hereafter outstanding under the Master Indenture. The 2002 Series C Bonds issued as Class II Bonds will be so secured by the pledge under the Master Indenture on an equal and ratable basis with all other Class II Obligations now or hereafter outstanding under the Master Indenture, on a basis subordinate to the Class I Bonds. 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 2002 Series C 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 pledged for the payment of the 2002 Series C Bonds).**

This cover page contains only a brief description of the Authority, the 2002 Series C Bonds and the security therefor. It is not intended to be a summary of material information with respect to the 2002 Series C Bonds. Potential investors should read this entire Official Statement to obtain information necessary to make an informed investment decision. Potential investors should pay particular attention to the discussion in "Part II – CERTAIN BONDOWNERS' RISKS."

The 2002 Series C Bonds are offered when, as and if issued and delivered to the Underwriters, subject to the approval of legality 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 James A. Roberts, Esq., its Director of Legal Operations, and by Hogan & Hartson L.L.P., Denver, Colorado, Disclosure Counsel to the Authority. Certain legal matters will be passed upon for the 2002C Liquidity Facility Provider by its general counsel, Richard L. Schaplowsky, Esq. The Underwriters are being represented in connection with their purchase of the 2002 Series C Bonds by their counsel, Bookhardt & O'Toole, Denver, Colorado. It is expected that the 2002 Series C Bonds will be delivered (through DTC) in New York, New York on or about November 14, 2002.

LEHMAN BROTHERS[†]

George K. Baum & Company

Newman & Associates, Inc.

RBC Dain Rauscher Inc.

Stifel, Nicolaus & Company Incorporated

US Bancorp Piper Jaffray, Inc.

Hanifen Imhoff Division

A.G. Edwards & Sons, Inc.

Harvestons Securities, Inc.

Salomon Smith Barney

This Official Statement is dated October 31, 2002.

[†] 2002C Remarketing Agent for 2002C Adjustable Rate Bonds

SM Service Mark of Lehman Brothers, Inc.

MATURITY SCHEDULES

\$10,920,000

Taxable Adjustable 2002 Series C-1 Bonds (CUSIP No. 196479 FN4†)

\$10,920,000 Taxable Class I Adjustable Rate Bonds, 2002 Series C-1 due October 1, 2032 - Price: 100%

\$70,715,000

Adjustable 2002 Series C-2 Bonds (AMT) (CUSIP No. 196479 FP9†)

\$70,715,000 Class I Adjustable Rate Bonds, 2002 Series C-2 due October 1, 2032 - Price: 100%

\$16,550,000

2002 Series C-3 Bonds (AMT) (CUSIP No. 196479†)

<u>Date (April 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Price</u>	<u>CUSIP†</u>	<u>Date (October 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Price</u>	<u>CUSIP†</u>
--	--	--	--	--	2005	\$ 855,000	2.85%	100%	FR5
2006	\$ 865,000	3.15%	100%	FS3	2006	880,000	3.15	100	FT1
2007	890,000	3.50	100	FU8	2007	905,000	3.50	100	FV6
2008	915,000	3.95	100	FW4	2008	930,000	3.95	100	FX2
2009	945,000	4.15	100	FY0	2009	965,000	4.15	100	FZ7
2010	980,000	4.35	100	GA1	2010	1,000,000	4.35	100	GB9
2011	1,020,000	4.45	100	GC7	2011	1,040,000	4.45	100	GD5
2012	1,060,000	4.55	100	GE3	2012	1,080,000	4.55	100	GF0
2013	1,100,000	4.65	100	GG8	2013	1,120,000	4.65	100	GH6

\$31,960,000

Adjustable 2002 Series C-4 Bonds (non-AMT) (CUSIP No. 196479 FQ7†)

\$31,960,000 Class I Adjustable Rate Bonds, 2002 Series C-4 due October 1, 2032 - Price: 100%

\$7,575,000

2002 Series C-5 Bonds (non-AMT) (CUSIP No. 196479†)

<u>Date (April 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Price</u>	<u>CUSIP†</u>	<u>Date (October 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Price</u>	<u>CUSIP†</u>
--	--	--	--	--	2005	\$ 395,000	2.55%	100%	GJ2
2006	\$ 400,000	2.85%	100%	GK9	2006	405,000	2.85	100	GL7
2007	410,000	3.20	100	GM5	2007	415,000	3.20	100	GN3
2008	420,000	3.60	100	GP8	2008	425,000	3.60	100	GQ6
2009	435,000	3.80	100	GR4	2009	440,000	3.80	100	GS2
2010	450,000	4.00	100	GT0	2010	455,000	4.00	100	GU7
2011	465,000	4.10	100	GV5	2011	475,000	4.10	100	GW3
2012	485,000	4.20	100	GX1	2012	490,000	4.20	100	GY9
2013	500,000	4.30	100	GZ6	2013	510,000	4.30	100	HA0

\$5,000,000

2002 Series C-6 Bonds (non-AMT) (CUSIP No. 196479†)

\$3,000,000* 5.30% Class II Term Bonds, 2002 Series C-6 due April 1, 2042 - Price: 100%, CUSIP: HB8
\$2,000,000 5.30% Class II Term Bonds, 2002 Series C-6 due October 1, 2042 - Price: 100%, CUSIP: HC6

* The 2002 Series C-6 Bonds maturing April 1, 2042 are being purchased directly from the Authority by an institutional investor.

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. 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 2002 Series C 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. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their respective responsibilities 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 such information, and it is not to be construed as the promise or guarantee of the Underwriters. 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.

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 "Bond Disclosures") with respect to the Bonds (including the 2002 Series C Bonds), the Borrowers, the Projects, the Loans, the Initial 2002C Liquidity Facility, the 2002C Liquidity Facility Provider, or any other bonds or obligations of the Authority.

THE PRICES AT WHICH THE 2002 SERIES C 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 INSIDE FRONT COVER 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 2002 SERIES C 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 2002 Series C 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.

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

**PART I
TABLE OF CONTENTS**

	<u>Page</u>
INTRODUCTION.....	1
TERMS OF THE 2002 SERIES C BONDS	5
General Terms.....	5
2002C Fixed Rate Bonds	5
2002C Adjustable Rate Bonds.....	5
Prior Redemption.....	12
PLAN OF FINANCE	21
Sources and Uses of Funds	21
Use of Amounts in Acquisition Account.....	22
CERTAIN PROGRAM ASSUMPTIONS	23
The 2002C Loans and Projects	23
Debt Service Reserve Fund.....	28
Investment Agreements	29
2002C Derivative Product	30
TAX MATTERS	31
Tax-Exempt Bonds	31
IRS Audit Program	32
Taxable Adjustable 2002 Series C-1 Bonds ..	32
UNDERWRITING AND PLACEMENT	33
2002C REMARKETING AGENT	33
FORWARD LOOKING STATEMENTS	34
LITIGATION	34
RATINGS.....	34
CERTAIN RELATIONSHIPS OF PARTIES... 35	35

**PART II
TABLE OF CONTENTS**

	<u>Page</u>
COLORADO HOUSING AND FINANCE	
AUTHORITY	1
Background.....	1
Board of Directors and Staff Officers.....	1
Employees and Pension Information	4
Insurance Coverage	4
The General Fund	4
Programs to Date	6
General Obligations of the Authority	9
SECURITY FOR THE OBLIGATIONS	10
Pledge of Trust Estate.....	10
Revenues.....	11
The Loans and Authority Projects	12
Debt Service Reserve Fund.....	12
Liquidity Facilities.....	13
Derivative Products	13
Issuance of Additional Bonds.....	14
CERTAIN BONDOWNERS' RISKS.....	14
Limited Security	14
Origination of New Loans	14
Considerations Regarding Redemption at Par	14
Conditions to Payment of FHA Insurance	15
Expiration of HAP Contracts.....	15
Enforcement of Regulatory Agreements.....	15
NO IMPAIRMENT OF CONTRACT BY THE STATE	16
LEGALITY FOR INVESTMENT AND SECURITY FOR DEPOSITS	16
FINANCIAL STATEMENTS OF THE AUTHORITY	16
MISCELLANEOUS.....	16

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Parts I and II and the Appendices.**

APPENDICES

Appendix A - Financial Statements and Additional Information of the Authority for the Fiscal Year ended December 31, 2001	A-1	Appendix G-1 - Certain Information About the 2002C Loans	G-1-1
Appendix B - Outstanding Master Indenture Obligations	B-1	Appendix G-2 - Certain Information About the Outstanding Loans and Authority Projects.....	G-2-1
Appendix C - Summary of Certain Provisions of the Indenture	C-1	Appendix H - Certain Terms of the Initial 2002C Liquidity Facility	H-1
Appendix D - Class Asset Requirements.....	D-1	Appendix I - The 2002C Liquidity Facility Provider.....	I-1
Appendix E - Form of Bond Counsel Opinion	E-1	Appendix J - Federal Insurance Programs	J-1
Appendix F - Form of Continuing Disclosure Undertakings.....	F-1	Appendix K - Book-Entry System.....	K-1
		Appendix L - Description of Section 8 Subsidy Program.....	L-1

OFFICIAL STATEMENT

\$142,720,000

COLORADO HOUSING AND FINANCE AUTHORITY Multi-Family/Project Bonds

\$10,920,000 Taxable Class I Adjustable Rate Bonds 2002 Series C-1	\$70,715,000 Class I Adjustable Rate Bonds 2002 Series C-2 (AMT)	\$16,550,000 Class I Bonds 2002 Series C-3 (AMT)	\$31,960,000 Class I Adjustable Rate Bonds 2002 Series C-4 (non-AMT)	\$7,575,000 Class I Bonds 2002 Series C-5 (non-AMT)	\$5,000,000 Class II Bonds 2002 Series C-6 (non-AMT)
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PART I

INTRODUCTION

This Official Statement, which includes the front cover and inside front cover, 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 Bonds (being collectively referred to herein as the "**2002 Series C Bonds**"). The 2002 Series C Bonds are being issued pursuant to the Master Indenture of Trust dated as of March 1, 2000, as amended (the "**Master Indenture**"), and the 2002 Series C Indenture dated as of November 1, 2002 (the "**2002 Series C Indenture**," and together with the Master Indenture, the "**Indenture**"), each between the Authority and Wells Fargo Bank West, National Association, as Trustee (the "**Trustee**"). Capitalized terms used herein and not defined have the meanings specified in the Indenture. See "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE " in **Appendix C** to this Official Statement.

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 and inside front cover, 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 2002 Series C 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 2002 Series C 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 purpose, among others, of increasing the supply of decent, safe and sanitary housing for low and moderate income families. In order to achieve its authorized purposes, the Authority currently operates numerous housing and commercial loan 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 certain financial statements of the Authority attached hereto as **Appendix A**.*

Authority for Issuance

The 2002 Series C 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"). The 2002 Series C Bonds are being issued and secured under the Indenture.

Purpose of the 2002 Series C Bonds

Proceeds of the 2002 Series C Bonds are expected to be used to finance or refinance certain loans (referred to herein as the "**2002C Loans**") to the particular single-asset entities described in **Appendix G-1** hereto (collectively, the "**Borrowers**") for the provision of housing facilities. See "Part I - PLAN OF FINANCE." In addition, proceeds of the 2002 Series C Bonds, together with amounts exchanged therefor and amounts advanced by the Authority and reimbursed by certain of the Borrowers, will be used to make required deposits to certain funds and accounts, as described in "Part I – PLAN OF FINANCE - Sources and Uses of Funds." Each of the Borrowers is expected to use the amounts so loaned to it as a 2002C Loan to finance or refinance the acquisition, construction or rehabilitation of a multi-family housing project located in Colorado. See "Part I – CERTAIN PROGRAM ASSUMPTIONS - The 2002C Loans and Projects."

Description of the 2002 Series C Bonds

Interest Rates and Payments

The Authority's Multi-Family/Project Class I Taxable Adjustable Rate Bonds, 2002 Series C-1 (the "**Taxable Adjustable 2002 Series C-1 Bonds**"), the Authority's Multi-Family/Project Class I Adjustable Rate Bonds, 2002 Series C-2 (the "**Adjustable 2002 Series C-2 Bonds**") and the Authority's Multi-Family/Project Class I Adjustable Rate Bonds, 2002 Series C-4 (the "**Adjustable 2002 Series C-4 Bonds**" and, together with the Taxable Adjustable 2002 Series C-1 Bonds and the Adjustable 2002 Series C-2 Bonds, the "**2002C Adjustable Rate Bonds**") initially will bear interest at respective Term Rates. The Taxable Adjustable 2002 Series C-1 Bonds will bear interest at a Term Rate of 1.65% to be effective to April 1, 2003. The Adjustable 2002 Series C-2 Bonds will bear interest at a Term Rate of 1.75% to be effective to October 1, 2003. The Adjustable Series C-4 Bonds will bear interest at a Term Rate of 1.70% to be effective to October 1, 2003. Upon each of these dates, it is expected that the interest rate on each series of the 2002C Adjustable Rate Bonds will be adjusted to a Weekly Rate as described herein. While in a Term Rate Mode and a Weekly Rate Mode, interest on the 2002C Adjustable Rate Bonds will be determined, adjusted and payable semiannually on April 1 and October 1 of each year, commencing April 1, 2003, as described in "Part I – TERM OF THE 2002 SERIES C BONDS – 2002C Adjustable Rate Bonds," and computed on the basis of a 365-day year or a 366-day year, as applicable for the number of days actually elapsed (except interest on 2002C Adjustable Rate Bonds in a Term Rate Mode of one year or longer is to be computed on the basis of a 360-day year of twelve 30-day months). The 2002C Adjustable Rate Bonds are to be issued in denominations of \$100,000 or integral multiples of \$5,000 in excess of \$100,000 (except 2002C Adjustable Rate Bonds in a Term Rate Mode (other than the initial Term Rate Mode for the 2002C Adjustable Rate Bonds) or Fixed Rate Mode are issuable in denominations of \$5,000 or any integral multiple thereof) and will mature on the date and in the amount shown on the inside front cover hereof (unless redeemed prior to maturity).

The Authority's Multi-Family/Project Class I Bonds, 2002 Series C-3 (the "**2002 Series C-3 Bonds**"), the Authority's Multi-Family/Project Class I Bonds, 2002 Series C-5 (the "**2002 Series C-5 Bonds**") and the Authority's Multi-Family/Project Class II Bonds, 2002 Series C-6 (the "**2002 Series C-6 Bonds**" and, together with the 2002 Series C-3 Bonds and the 2002 Series C-5 Bonds, the "**2002C Fixed Rate Bonds**") will bear interest at the rates shown on the inside front cover hereof payable on April 1,

2003 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. The 2002C Fixed Rate Bonds are to be issued in denominations of \$5,000 or any integral multiple thereof. Principal of the 2002C Fixed Rate Bonds is payable at the times and in the amounts and on the dates as shown on the inside cover page hereof. See "Part I – TERMS OF THE 2002 SERIES C BONDS – 2002C Fixed Rate Bonds."

Redemption and Tender

Certain of the 2002 Series C Bonds are subject to special, optional and cumulative sinking fund redemption prior to maturity, as described under "Part I – TERMS OF THE 2002 SERIES C BONDS – Prior Redemption." The 2002C Adjustable Rate Bonds are also subject to optional and mandatory tender for purchase as described under "Part I – TERMS OF THE 2002 SERIES C BONDS – 2002C Adjustable Rate Bonds." See also "Part II – CERTAIN BONDOWNERS' RISKS – Considerations Regarding Redemption at Par."

For a more complete description of the 2002 Series C Bonds and the Indenture pursuant to which such 2002 Series C Bonds are being issued, see "Part I – TERMS OF THE 2002 SERIES C 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 and the Loans (collectively, the "**Trust Estate**"). See Part II – "SECURITY FOR THE OBLIGATIONS." In accordance with the Indenture, Obligations may also be designated as general obligations of the Authority. As of September 1, 2002, Bonds issued under the Master Indenture were outstanding in an aggregate principal amount of \$215,840,000 for the Class I Bonds, \$23,245,000 for the Class II Bonds and \$36,385,000 for the Class III Bonds. The Outstanding Class III Bonds have been designated as general obligations of the Authority. See **Appendix B – "OUTSTANDING MASTER INDENTURE OBLIGATIONS."**

The 2002 Series C Bonds as described on the inside front cover hereof are being issued as Class I Obligations and Class II Obligations pursuant to the Indenture and will be secured by and payable from the Trust Estate as described herein. See "Part I – CERTAIN PROGRAM ASSUMPTIONS." None of the 2002 Series C Bonds are being issued as Class III Obligations or Class IV Obligations. None of the 2002 Series C Bonds are being designated as general obligations of the Authority. The 2002 Series C Bonds are also secured by the Debt Service Reserve Fund established under the Master Indenture. See "Part I – CERTAIN PROGRAM ASSUMPTIONS - Debt Service Reserve Fund" and "Part II - SECURITY FOR THE OBLIGATIONS." **In no event shall the 2002 Series C 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 pledged for payment of the 2002 Series C Bonds.** Upon delivery of the 2002C Adjustable Rate Bonds, the Authority will enter into a Standby Bond Purchase Agreement to establish a liquidity facility for the 2002C Adjustable Rate Bonds (the "**Initial 2002C Liquidity Facility**") with the Federal Home Loan Bank of Topeka as the initial standby bond purchaser (referred to herein as the "**2002C Liquidity Facility Provider**"). See **Appendix H – "CERTAIN TERMS OF THE INITIAL 2002C LIQUIDITY FACILITY"** and **Appendix I – "THE 2002C LIQUIDITY FACILITY PROVIDER."** UNDER CERTAIN CIRCUMSTANCES, THE OBLIGATION OF THE 2002C LIQUIDITY FACILITY PROVIDER TO PURCHASE 2002C ADJUSTABLE RATE BONDS TENDERED BY THE OWNERS THEREOF OR

SUBJECT TO MANDATORY PURCHASE MAY BE TERMINATED OR SUSPENDED AND, IN SOME OF SUCH CIRCUMSTANCES, THE TERMINATION OR SUSPENSION OF SUCH OBLIGATION WILL BE IMMEDIATE AND WITHOUT NOTICE TO SUCH OWNERS. IN SUCH EVENT, SUFFICIENT FUNDS MAY NOT BE AVAILABLE TO PURCHASE 2002C ADJUSTABLE RATE BONDS TENDERED BY THE OWNERS OF THE 2002C ADJUSTABLE RATE BONDS OR SUBJECT TO MANDATORY PURCHASE. IN ADDITION, THE INITIAL 2002C LIQUIDITY FACILITY DOES NOT PROVIDE SECURITY FOR THE PAYMENT OF PRINCIPAL OF OR INTEREST ON THE 2002C ADJUSTABLE RATE BONDS.

Professionals Involved in the Offering

In connection with the issuance and sale of the 2002 Series C Bonds, Sherman & Howard L.L.C., as Bond Counsel, will deliver the opinion included as **Appendix E** hereto. Certain legal matters relating to the 2002 Series C Bonds will be passed upon for the Underwriters by their counsel, Bookhardt & O'Toole. Certain legal matters will be passed upon for the Authority by its Director of Legal Operations, James A. Roberts, Esq. and its Disclosure Counsel, Hogan & Hartson, L.L.P., and for the 2002C Liquidity Facility Provider by its general counsel, Richard L. Schaplowsky, Esq.

Availability of Continuing Information

In connection with issuance of the 2002C Fixed Rate Bonds, the Authority will deliver a Continuing Disclosure Undertaking in the form attached in **Appendix F** hereto, by which the Authority will agree to provide certain annual financial information and audited financial statements commencing with the fiscal year ending December 31, 2002. In addition, the Borrowers for the Fountain Springs, The Maples, Courthouse Square and Halcyon House Projects are "obligated persons" under Rule 15c2-12 of the Securities and Exchange Act and will agree to provide to the Authority, and the Authority will agree to file upon receipt, certain annual financial information relating to their respective 2002C Projects of the type set forth in **Appendix G-1** hereto. The Authority previously failed to comply with the disclosure agreements relating to certain of its outstanding multi-family revenue bonds by not satisfying its agreement to forward to each National Repository then designated by the Securities and Exchange Commission audited financials provided to the Authority by certain of the borrowers relating to such bonds. All such financial statements have been so forwarded, and the Authority is currently in compliance with all continuing disclosure undertakings entered in connection with its outstanding bonds. **The Authority has not agreed to provide continuing financial or other information for the benefit of the owners of the 2002C Adjustable Rate Bonds while in any Daily Mode or Weekly Mode, or a Term Mode or Commercial Paper Mode equal to or less than nine months.**

Investment Considerations

The purchase and ownership of the 2002 Series C Bonds involve investment risks. Prospective purchasers of the 2002 Series C Bonds are urged to read this Official Statement in its entirety. For a discussion of certain such risks relating to the 2002 Series C Bonds, see "Part II – CERTAIN BONDOWNERS' RISKS."

TERMS OF THE 2002 SERIES C BONDS

General Terms

Payment

The principal or redemption price of the 2002 Series C Bonds is payable at the corporate trust office of Wells Fargo Bank West, National Association, the Paying Agent and the Trustee for the 2002 Series C Bonds. Interest on the 2002 Series C Bonds will be payable on the Interest Payment Dates to Cede & Co.

Book-Entry System

DTC will act as securities depository for the 2002 Series C Bonds. The ownership of one fully registered Bond for each maturity as set forth on the inside front cover page, 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 K – "BOOK-ENTRY SYSTEM."** **So long as the 2002 Series C Bonds are registered in the DTC book-entry form described in Appendix K, each Beneficial Owner of a 2002 Series C Bond should make arrangements with a Participant in DTC to receive notices or communications with respect to matters concerning the 2002 Series C 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 2002 Series C 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 2002 Series C Bonds at the maturity or redemption thereof. See **Appendix C – "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE - Defeasance."**

2002C Fixed Rate Bonds

The 2002C Fixed Rate Bonds, to be dated the date of initial issuance and delivery thereof, will bear interest at the rates, and will mature, subject to prior redemption as described below, in the amounts and on the dates set forth on the inside front cover of this Official Statement. Interest on the 2002C Fixed Rate Bonds will be computed on the basis of a 360-day year of twelve 30-day months and will be payable each April 1 and October 1, commencing April 1, 2003, and at Maturity. The 2002C Fixed Rate Bonds will be issued as fully registered bonds without coupons. Purchases of the 2002C Fixed Rate Bonds are to be made in denominations of \$5,000 or any integral multiple thereof. The 2002C Fixed Rate Bonds are to be redeemed as described in "Prior Redemption" under this caption.

2002C Adjustable Rate Bonds

Generally

The 2002C Adjustable Rate Bonds will be dated the date of delivery and will mature, subject to prior redemption or purchase as described below, in the amount and on the date set forth on the inside front cover page of this Official Statement (unless redeemed prior to maturity). The 2002 Adjustable Rate Bonds initially will bear interest at respective Term Rates determined prior to the date of delivery by Lehman Brothers Inc., as the initial 2002C Remarketing Agent. The Taxable Adjustable 2002 Series C-1

Bonds will bear interest at a Term Rate of 1.65% to be effective to April 1, 2003. The Adjustable 2002 Series C-2 Bonds will bear interest at a Term Rate of 1.75% to be effective to October 1, 2003. The Adjustable Series C-4 Bonds will bear interest at a Term Rate of 1.70% to be effective to October 1, 2003. Upon each of these dates, it is expected that the interest rate on each series of the 2002C Adjustable Rate Bonds will be adjusted to a Weekly Rate as described herein. Thereafter, the interest rate on each series of the 2002C Adjustable Rate Bonds (or any portion thereof) may be adjusted to a Commercial Paper Rate, Daily Rate, Term Rate, SAVRS Rate or Fixed Rate, as described herein. While the 2002C Adjustable Rate Bonds are in an Interest Period for a Mode other than a Daily Mode or SAVRS Rate Mode, interest will be payable on each April 1 and October 1, commencing April 1, 2003, on any redemption date or Mode Change Date and on the Maturity Date.

While in an Interest Period for a Term Rate Mode shorter than one year, a Commercial Paper Mode, a Daily Mode or a Weekly Mode, interest on the 2002C Adjustable Rate Bonds is to be calculated on the basis of the actual number of days in a year for the actual number of days elapsed. Interest on the 2002C Adjustable Rate Bonds in a SAVRS Rate Mode, Fixed Rate Mode or a Term Rate Mode of one year or longer is to be computed on the basis of a 360-day year comprised of twelve 30-day months. The 2002C Adjustable Rate Bonds in the initial Term Rate Mode, a Daily Mode, Weekly Mode, Commercial Paper Mode or SAVRS Rate Mode may be purchased in denominations of \$100,000, or any integral multiples of \$5,000 in excess of \$100,000. 2002C Adjustable Rate Bonds in a Term Rate Mode (other than the initial Term Rate Mode) or Fixed Rate Mode are issuable in denominations of \$5,000 or any integral multiple thereof. The 2002C Adjustable Rate Bonds are to be redeemed as described in "Prior Redemption" under this caption.

Determination of Interest Rate

General. The 2002C Adjustable Rate Bonds may bear interest at a Daily Rate, a Weekly Rate, a Commercial Paper Rate, a Term Rate or a SAVRS Rate or a Fixed Rate. The Mode of the 2002C Adjustable Rate Bonds from the delivery date until the dates indicated in "Generally" under this caption will be the Term Mode and thereafter, until further designation by the Authority, is expected to be the Weekly Mode. On such dates and thereafter, the Authority may change any series of the 2002C Adjustable Rate Bonds (or any portion thereof) from one Mode to another Mode as described in "Adjustment Between Modes" under this caption. The interest rate on the 2002C Adjustable Rate Bonds (other than when in a SAVRS Rate Mode) is to be determined by the 2002C Remarketing Agent in accordance with the Indenture as described below. The interest on the 2002C Adjustable Rate Bonds may also be changed to a SAVRS Rate. The SAVRS Rate for each respective SAVRS Mode Period will be determined pursuant to auctions conducted in accordance with procedures set forth in a Supplemental Indenture to be entered into in connection with the SAVRS Rate Conversion Date. *This Official Statement does not contain a detailed description of SAVRS Rate Bonds, auction procedures and other relevant information relating thereto.*

Conversion of the interest rate on the 2002C Adjustable Rate Bonds such that all of the 2002C Adjustable Rate Bonds bear interest at a Fixed Interest Rate or the SAVRS Rate would result in a termination of the Initial 2002C Liquidity Facility. See Appendix H - "CERTAIN TERMS OF THE INITIAL 2002C LIQUIDITY FACILITY."

Weekly Rate. During any Interest Period in which the 2002C Adjustable Rate Bonds are in a Weekly Mode, the 2002C 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 2002C Remarketing Agent is to be the minimum interest rate which, in the opinion of the 2002C Remarketing Agent under then-existing market conditions, would result in the sale of the 2002C Adjustable Rate Bonds on such date at a price equal to the principal amount thereof plus accrued and unpaid interest, if any. If the

2002C 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 2002C Adjustable Rate Bonds are to bear interest from the last date on which the Weekly Rate was determined by the 2002C Remarketing Agent (or the last date on which interest was legally paid) until such time as the 2002C 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) at the rate of the BMA Municipal Swap Index as reported on the day such Weekly Rate would otherwise have been determined by the 2002C Remarketing Agent. The 2002C 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.

Daily Rate. During any Interest Period in which the 2002C Adjustable Rate Bonds are in a Daily Mode, the 2002C Remarketing Agent is to determine the Daily Rate by 10:00 a.m., Eastern time, on each Business Day. The Daily Rate for any day during the Daily Rate Mode which is not a Business Day will be the Daily Rate established as of the immediately preceding Business Day. The Daily Rate determined by the 2002C Remarketing Agent is to be the minimum interest rate which, in the opinion of the 2002C Remarketing Agent under then-existing market conditions, would result in the sale of such 2002C Adjustable Rate Bonds on the date of rate determination at a price equal to the principal amount thereof plus accrued and unpaid interest, if any. If the 2002C Remarketing Agent fails to establish a Daily Rate for any day (or if the method for determining the Daily Rate shall be held to be unenforceable by a court of law of competent jurisdiction), then such 2002C Adjustable Rate Bonds are to bear interest from the last date on which the Daily Rate was determined by the 2002C Remarketing Agent (or the last date on which interest was legally paid) until such time as the 2002C Remarketing Agent determines the Daily Rate (or until there is delivered an opinion of counsel to the effect that the method of determining such interest was enforceable) at the last lawful interest rate set by the 2002C Remarketing Agent.

Term Rates. During any Interest Period in which the 2002C Adjustable Rate Bonds are in a Term Rate Mode, the 2002C Remarketing Agent is to determine the Term Rate by 4:00 p.m., Eastern time, on a Business Day no earlier than 30 Business Days and no later than the Business Day next preceding the first day of an Interest Period. The Term Rate determined by the 2002C Remarketing Agent is to be the minimum interest rate which, in the sole judgment of the 2002C Remarketing Agent, will result in the sale of such 2002C Adjustable Rate Bonds at a price equal to the principal amount thereof. If, for any reason, a new Term Rate for a 2002C Adjustable Rate Bond that has been in the Term Rate Mode and is to continue in the Term Rate Mode is not or cannot be established, then (i) if such 2002C Adjustable Rate Bond is secured by a Liquidity Facility, it will be changed automatically to the Commercial Paper Mode with an Interest Period and Commercial Paper Rate to be determined by the 2002C Remarketing Agent in accordance with the Indenture or (ii) if such 2002C Adjustable Rate Bond is not secured by a Liquidity Facility, then such Bond shall stay in the Term Rate Mode for an Interest Period ending on the next April 1 or October 1 and shall bear interest at the index published or provided by Kenny Information Systems, which index is based on yield evaluations at par of bonds, the interest on which is excluded from gross income for purposes of federal income taxation and are not subject to a "minimum tax" or similar tax under the Code (unless all tax-exempt bonds are subject to such tax). The bonds upon which the index is based shall include not less than five "high grade" component issuers selected by Kenny Information Systems which shall include, without limitation, issuers of general obligation bonds. The specific issuers included among the component issuers may be changed from time to time by Kenny Information Systems in its discretion. The yield evaluation period for the index shall be a one year evaluation. The 2002C Remarketing Agent is to give written notice of the Term Rate to the Authority and the Paying Agent upon request. If a new Interest Period is not selected by the Authority prior to the Business Day next preceding the Purchase Date for the Interest Period then in effect, the new Interest Period

will be the same length as the current Interest Period, or such lesser period necessary to prevent the Interest Period from extending beyond the date which is five Business Days prior to the stated term, expiration date or termination date of the Liquidity Facility, or such date as it may be extended, or any earlier date on which the Liquidity Facility is to terminate, expire or be cancelled. No Interest Period in the Term Rate Mode may extend beyond the applicable Maturity Date.

Fixed Rate. During each Fixed Rate Mode for the 2002C Adjustable Rate Bonds, the 2002C Remarketing Agent is to determine the Fixed Rate by 4:00 p.m., Eastern time, no later than the Business Day prior to the first day of the Fixed Rate Mode. The Fixed Rate determined by the 2002C Remarketing Agent is to be the minimum interest rate which, in the sole judgment of the 2002C Remarketing Agent would result in the sale of such 2002C Adjustable Rate Bonds on the date of rate determination at a price equal to the principal amount thereof. Upon request of any Owner, the Authority, the Trustee, the Paying Agent or the Liquidity Facility Provider the 2002C Remarketing Agent is to make the Fixed Rate available by telephone and 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.

Commercial Paper Rates. On the first day of each Interest Period for a 2002C Adjustable Rate Bond in a Commercial Paper Mode, the 2002C Remarketing Agent is to select for such 2002C Adjustable Rate Bond the Interest Period which would result in the 2002C Remarketing Agent being able to remarket such 2002C Adjustable Rate Bond at par in the secondary market at the lowest interest rate then available and for the longest Interest Period available at such rate, provided that if on the first day of any Interest Period the 2002C Remarketing Agent determines that current or anticipated future market conditions or anticipated future events are such that a different Interest Period would result in a lower average interest cost on such 2002C Adjustable Rate Bond, then the 2002C Remarketing Agent is to select the Interest Period which in the judgment of the 2002C Remarketing Agent would permit such 2002C Adjustable Rate Bond to achieve such lower average interest cost; provided, however, that if the 2002C Remarketing Agent has received notice from the Authority that any 2002C Adjustable Rate Bond is to be changed from the Commercial Paper Mode to any other Mode or is to be purchased in accordance with a mandatory purchase pursuant to the Indenture, the 2002C Remarketing Agent shall, with respect to such 2002C Adjustable Rate Bond, select Interest Periods which do not extend beyond the Mandatory Purchase Date. On or after 4:00 p.m., Eastern time, on the Business Day next preceding the first day of each Interest Period for a 2002C Adjustable Rate Bond in the Commercial Paper Mode, any Owner of such 2002C Adjustable Rate Bond may telephone the 2002C Remarketing Agent and receive notice of the anticipated next Interest Period and the anticipated Commercial Paper Rate for such Interest Period for such 2002C Adjustable Rate Bond. To receive payment of the Purchase Price, the Owner of any 2002C Adjustable Rate Bond in the Commercial Paper Mode must present such Bond to the Paying Agent by 12:00 noon, Eastern time, on the first day of the Interest Period for a Commercial Paper Mode, in which case the Paying Agent shall pay the Purchase Price to such Owner by the close of business on the same day. By 12:30 p.m., Eastern time, on the first day of each Interest Period for a Commercial Paper Mode, the 2002C Remarketing Agent is to determine the Commercial Paper Rate for the Interest Period then selected for such 2002C Adjustable Rate Bond and is to give notice to the Paying Agent by telecopy, telegraph, telex, facsimile transmission, e-mail transmission or other similar electronic means of communication, including a telephonic communication confirmed by writing or written transmission, of the new Owner, the Interest Period, the Purchase Date and the Commercial Paper Rate. By 1:00 p.m., Eastern time, on the first day of each Interest Period for a Commercial Paper Mode, the 2002C Remarketing Agent is to assign CUSIP numbers for each Commercial Paper Bond for which a Commercial Paper Rate and Interest Period have been determined on such date and notify the Paying Agent of such assignment by telecopy, telegraph, telex, facsimile transmission, e-mail transmission or other similar electronic means of communication, including a telephonic communication confirmed by writing or written transmission.

Adjustment Between Modes

Any change to a different Mode requires delivery to the Trustee, the Paying Agent and the 2002C Remarketing Agent of: (i) a notice from each Rating Agency confirming that the rating on the 2002C Adjustable Rate Bonds will not be withdrawn (other than a withdrawal of a short term rating upon a change to the Term Rate Mode or Fixed Rate Mode) as a result of such change in Mode; (ii) if the change is from a Short-Term Mode to a Term Rate Mode, SAVRS Rate Mode or Fixed Rate Mode, or from a Term Rate Mode to a Short-Term Mode, a favorable opinion of bond counsel; and (iii) 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 an 2002C Adjustable Rate Bond (other than a 2002C Adjustable Rate 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 2002C Remarketing Agent) preceding the proposed date of Mode change to the Trustee, the Paying 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; (iii) whether or not the 2002C Adjustable Rate Bonds to be converted to a new Mode will be covered by the initial Liquidity Facility; and (iv) if the change is to the Fixed Rate Mode, whether or not some or all of the 2002C Adjustable Rate Bonds will be converted to serial bonds and, if so, the applicable serial maturity dates and serial payments. The Trustee is to give notice to Owners of 2002C Adjustable Rate Bonds 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 2002C Adjustable Rate Bonds are subject to mandatory purchase on any day on which a different Mode for such Bonds begins. See "Mandatory Purchase - Mandatory Purchase on Mode Change Date" under this caption. **So long as the 2002C Adjustable Rate Bonds are registered in the DTC book-entry system described in Appendix K, such notices will be sent only to DTC's nominee.**

Optional Tender and Purchase

Optional Tender during a Weekly Mode or Daily Mode. During any Interest Period for a Weekly Mode or Daily Mode, any 2002C Adjustable Rate 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**"), payable by wire transfer in immediately available funds, upon delivery to the 2002C Remarketing Agent of an irrevocable telephonic notice in the case of 2002C Adjustable Rate Bonds in the Daily Mode and an irrevocable written notice or an irrevocable telephonic notice, promptly confirmed in writing to the Paying Agent, in the case of 2002C Adjustable Rate Bonds in the Weekly Mode, which notice states the CUSIP number, the Bond number, the principal amount of such 2002C Adjustable Rate Bond, the principal amount thereof to be purchased and the date on which the same is to be purchased (the "**Purchase Date**"), which date is to be a Business Day specified by the Owner. In the case of 2002C Adjustable Rate Bonds tendered for purchase during the Daily Mode, such notice is to be delivered by the owner by no later than 11:00 a.m., Eastern time on such Business Day. In the case of 2002C Adjustable Rate 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., Eastern 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 2002C Adjustable Rate Bonds are to be delivered (with all necessary endorsements) at or before 12:00 noon, Eastern 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 Bonds so tendered, if the 2002C Remarketing Agent agrees to sell the tendered Bonds to such Owner, in which case the delivery requirements set forth above will be waived.

Optional Purchase at End of Term Rate Period. Unless such 2002C Adjustable Rate Bonds are being changed to a Mode other than another Term Rate Mode, the owner of 2002C Adjustable Rate Bonds in a Term Rate Mode may act to have its Bond (or portions thereof in Authorized Denominations) purchased on the last day of any Interest Period for a Term Rate Mode (or the next Business Day if such last day is not a Business Day) (the "**Purchase Date**") at a purchase price equal to the principal amount thereof tendered for purchase (the "**Purchase Price**") upon delivery to the 2002C Remarketing Agent of an irrevocable written notice of tender or an irrevocable telephonic notice of tender, confirmed in writing to the Paying Agent, which notice states the CUSIP number, the Bond number and the principal amount of such 2002C Adjustable Rate Bond to be purchased. Such notice is to be given not later than 10:00 a.m. on a Business Day not less than seven days before such last day of the Interest Period. For payment of such Purchase Price, such 2002C Adjustable Rate Bonds are to be delivered (with all necessary endorsements) at or before 12:00 noon, Eastern 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.

Mandatory Purchase

Mandatory Purchase at End of Commercial Rate Period. On the last day of any Interest Period for the Commercial Paper Mode, the 2002C Adjustable Rate Bonds in such mode are subject to mandatory tender without notice at the Purchase Price. Owners are to deliver such Bonds to the office of the Paying Agent in Denver, Colorado, at or before 12:00 noon, Eastern time, on such date. Payment of the Purchase Price is to be made by wire transfer of immediately available funds by the close of business on such date.

Mandatory Purchase on Mode Change Date. 2002C Adjustable Rate Bonds to be changed from one Mode to another Mode will be subject to mandatory tender for purchase on each day on which a new Mode for such 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 such Bonds 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 2002C Adjustable Rate Bonds to be purchased if less than all of the Bonds owned by such Owners are to be purchased and that interest on such Bonds subject to mandatory purchase will cease to accrue from and after the Mandatory Purchase Date. The failure to mail such notice with respect to any 2002C Adjustable Rate Bond shall not affect the validity of the mandatory purchase of any other Bond with respect to which such notice was mailed. Any notice mailed will be conclusively presumed to have been given, whether or not actually received by the Owner. 2002C Adjustable Rate Bonds subject to mandatory purchase on the Mandatory Purchase Date are to be delivered (with all necessary endorsements) to the office of the Paying Agent in Denver, Colorado at or before 12:00 noon, Eastern time, on the Mandatory Purchase Date. Payment of the Purchase Price is to be made by wire transfer in immediately available funds by the close of business on the Mandatory Purchase Date. **So long as the 2002C Adjustable Rate Bonds are registered in the DTC book-entry system described in Appendix K, such notices will be sent only to DTC's nominee.**

Mandatory Purchase For Failure to Replace Liquidity Facility or Upon Certain Substitution of Alternate Liquidity Facility. In the event that the Authority does not replace a Liquidity Facility with another Liquidity Facility prior to its expiration date in accordance with the Indenture, the 2002C Adjustable Rate Bonds having the benefit of such Liquidity Facility will be subject to mandatory purchase on the earlier of the last Interest Payment Date before the then current Liquidity Facility expires (whether at the stated expiration date thereof or earlier termination date) or 45 days before such stated expiration date or earlier termination date. In addition, in the event that on or prior to the 45th day next preceding the date on which an Alternate Liquidity Facility is to be substituted for the current Liquidity Facility (the "**Substitution Date**") the Authority has failed to deliver to the Paying Agent a Rating

Confirmation Notice in connection with such substitution, the 2002C Adjustable Rate Bonds having the benefit of the Liquidity Facility will be subject to mandatory tender for purchase five Business Days prior to the Substitution Date. The Trustee is to give notice by first-class mail (or transmitted in such other manner, such as electronic means, as may be customary for the industry as directed in writing by the Authority) to the Owners of the 2002C Adjustable Rate Bonds subject to mandatory purchase no less than 30 days prior to the Mandatory Purchase Date. Such notice is to state the Mandatory Purchase Date, the Purchase Price, and that interest on such 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 2002C Adjustable Rate Bond shall not affect the validity of the mandatory purchase of any other Bond with respect to which such notice was transmitted. Any notice transmitted as aforesaid will be conclusively presumed to have been given, whether or not actually received by the Owner. For payment of such Purchase Price, such 2002C Adjustable Rate Bonds are to be delivered (with all necessary endorsements) at or before 12:00 noon, Eastern time, on the Mandatory 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 Mandatory Purchase Date.

The obligation of the 2002C Liquidity Facility Provider to purchase 2002C Adjustable Rate Bonds under the Initial 2002C Liquidity Facility is subject to the conditions that the long-term ratings of such 2002C Adjustable Rate Bonds by Moody's and S&P are not lower than "Baa2" and "BBB," respectively. See Appendix H - "CERTAIN TERMS OF THE INITIAL 2002C LIQUIDITY FACILITY."

Mandatory Purchase Upon Termination of Initial 2002C Liquidity Facility. The 2002C Adjustable Rate Bonds will be subject to mandatory purchase if the Trustee receives notice from the 2002C Liquidity Facility Provider that the Initial 2002C Liquidity Facility will be terminated in accordance with the provisions thereof because of the occurrence and continuance of certain specified events while any of the 2002C Adjustable Rate Bonds are outstanding. Such 2002C Adjustable Rate Bonds will be subject to mandatory tender for purchase on a Business Day which is at least ten days subsequent to such notice from the 2002C Liquidity Facility Provider and at least five Business Days prior to the termination of the Initial 2002C Liquidity Facility. The Trustee is to give notice by first-class mail (or transmittal in such other manner, such as by electronic means, as may be customary for the industry as directed in writing by the Authority) to the Owners of the 2002C Adjustable Rate Bonds subject to such mandatory purchase within two Business Days after receipt of notice from the 2002C Liquidity Facility Provider. Such notice is to state the Mandatory Purchase Date, the Purchase Price, and that interest on such 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 Bond shall not affect the validity of the mandatory purchase of any other Bond with respect to which such notice was transmitted. Any notice transmitted as aforesaid will be conclusively presumed to have been given, whether or not actually received by the Owner. For payment of such Purchase Price, such 2002C Adjustable Rate Bonds are to be delivered (with all necessary endorsements) at or before 12:00 noon, Eastern 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.

Payment of Tender Price Upon Purchase

Any 2002C Adjustable Rate Bonds required to be purchased in accordance with the Indenture as described above 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 2002C Adjustable Rate Bonds (except proceeds of remarketed Bank Bonds to the extent applied to any amount owing to the Bank) pursuant to the Indenture and the Remarketing Agreement and furnished to the Tender Agent by the 2002C Remarketing Agent for deposit into the Remarketing Proceeds Account; and

(2) money furnished by the 2002C Liquidity Facility Provider to the Trustee for deposit with the Paying Agent from requests under the Initial 2002C Liquidity Facility, if any, as described in **Appendix H** – "CERTAIN TERMS OF THE INITIAL 2002C 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 2002C Adjustable Rate Bonds are registered in the DTC book-entry system described in Appendix K, any notices will be sent only to DTC's nominee.**

Prior Redemption

Special Redemption

Unexpended Amounts in Acquisition Account. The 2002 Series C Bonds are subject to special redemption prior to maturity, in whole or in part at any time and from time to time on or before October 1, 2005 (or such later date as may be selected by the Authority by the filing with the Trustee of an Authority Request accompanied by a Cash Flow Statement and a favorable opinion of Bond Counsel), upon notice as provided in the Master Indenture, at a Redemption Price equal to 100% of the Aggregate Principal Amount of the 2002 Series C Bonds or portions thereof to be so redeemed, together with accrued interest to the date of redemption, to the extent that there are any unexpended proceeds of the 2002 Series C Bonds transferred from the 2002 Series C subaccounts of the Acquisition Account to the 2002 Series C subaccounts of the Redemption Fund. The Indenture requires that the Trustee transfer such unexpended proceeds to the Redemption Fund pursuant to an Authority Request filed with the Trustee stating that the Authority no longer reasonably expects to apply the amount to be transferred to finance or refinance Loans or Authority Projects. Such amounts are to be transferred not later than October 1, 2005; provided that the Indenture permits the Authority to extend such date to a later date if the Authority has filed with the Trustee an Authority Request specifying a later date or dates for such transfer accompanied by a Cash Flow Statement and a favorable opinion of Bond Counsel. See "Notice of Redemption" under this caption. See also "Part I – PLAN OF FINANCE - Sources and Uses of Funds" and "– Use of Amounts in Acquisition Account." For information concerning the 2002C Loans expected to be made by the Authority with proceeds of the 2002 Series C Bonds deposited to the 2002 Series C Acquisition Account, see "Part I – CERTAIN PROGRAM ASSUMPTIONS – The 2002C Loans and Projects." See also "Part II – CERTAIN BONDOWNERS' RISKS."

Moneys deposited in or transferred to the 2002 Series C subaccounts of the Redemption Fund as described above shall be applied to redeem the 2002 Series C Bonds as follows: first, there shall be transferred to the 2002 Series C subaccount of the Class I Special Redemption Account the amount necessary to satisfy the 2002 Series C Class I Asset Requirement, calculated upon such transfer; second, there shall be transferred to the 2002 Series C subaccount of the Class II Special Redemption Account the amount necessary to satisfy the 2002 Series C Class II Asset Requirement, calculated upon such transfer; and third, the remainder of funds to be transferred shall be allocated to the 2002 Series C subaccount of the Class I Special Redemption Account and the 2002 Series C subaccount of the Class II Special Redemption Account on the basis of the respective ratios represented by the Aggregate Principal Amount of Outstanding 2002 Series C Class I Bonds and the Aggregate Principal Amount of Outstanding 2002

Series C Class II Bonds, respectively, to the Aggregate Principal Amount of all 2002 Series C Bonds Outstanding. See **Appendix D** – "CLASS ASSET REQUIREMENTS."

If less than all of the 2002 Series C Class I Bonds are to be redeemed in accordance with the preceding paragraph, the 2002 Series C Class I Bonds shall be redeemed on a pro rata by tenor and maturity basis, or on any other basis determined by the Authority after giving effect to expected Cash Flows in the Trust Estate.

Prepayments, Excess Revenues and Debt Service Reserve Fund Reductions. The 2002 Series C Bonds are also 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 2002 Series C 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 2002 Series C Subaccount of the Class I Special Redemption Account of the Redemption Fund and the 2002 Series C Subaccount of the Class II Special Redemption Account of the Redemption Fund (other than unexpended proceeds as described in "Unexpended Amounts in Acquisition Account" under this caption), on the 45th day prior to the redemption date. Amounts on deposit in the Revenue Fund, including Loan Repayments and Prepayments and amounts in excess of applicable Debt Service Reserve Fund Requirements transferred to the Revenue Fund from the applicable account of the Debt Service Reserve Fund, are to be transferred to the applicable Special Redemption Accounts 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." Pursuant to the 2002 Series C Indenture, the Authority may not, without an opinion of Bond Counsel, apply Loan Repayments or Prepayments relating to Loans financed or refinanced with moneys on deposit in the 2002C Non-AMT Loan Subaccount of the Restricted Loan Subaccount (the aggregate amount of which Loans is expected to be \$8,603,000) to the redemption of any Bonds other than the Adjustable 2002 Series C-4 Bonds, the 2002 Series C-5 Bonds or the 2002 Series C-6 Bonds.

It is anticipated that moneys will be available to redeem a substantial portion of the 2002 Series C Bonds without premium in accordance with the preceding paragraph. Such moneys may be directed to the Class I Special Redemption Account (with respect to the Class I Bonds) or the Class II Special Redemption Account (with respect to the Class II Bonds) of the Redemption Fund and available for this redemption as a result of excess revenues resulting from 2002C Loan payments, voluntary disposition of 2002C Loans, voluntary or involuntary prepayments of the 2002C Loans, such as proceeds received as a result of damage, destruction or condemnation of Authority Projects if financed or refinanced with proceeds of the 2002 Series C Bonds, and other such 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 2002 Series C Bonds; subject to the restrictions on use of certain Loan Repayments and Prepayments as discussed above under "Prepayments, Excess Revenues and Debt Service Reserve Fund Reductions." See "Notice of Redemption" under this caption. The 2002 Series C Indenture does not prohibit cross calls of the 2002 Series C Bonds, although the 2000 Series B Indenture and the 2001 Series A Indenture do prohibit cross calls and other Series Indentures may in the future prohibit such cross calls, with respect to Related Series of Bonds; such prohibition may result in early redemption of the 2002 Series C Bonds at par. 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 or Authority Projects as permitted by the Master Indenture. See **Appendix A** – "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 at Par."*

Optional Redemption

2002C Fixed Rate Bonds. The 2002C Fixed Rate 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 Loans and Authority Projects, on and after October 1, 2012, in whole or in part at any time at a redemption price equal to 100% of the Aggregate Principal Amount of the 2002C Fixed Rate Bonds to be so redeemed, plus accrued interest to the date of redemption.

2002C Adjustable Rate Bonds – Weekly Mode, Daily Mode or Commercial Paper Mode. The 2002C Adjustable Rate Bonds may be redeemed 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 Loans and Authority Projects, in whole or in part, in Authorized Denominations on any date during Interest Periods for a Weekly Mode or Daily Mode and on the last day of the Interest Period for such 2002C Adjustable Rate Bonds during Interest Periods for a Commercial Paper Mode, at a redemption price equal to 100% of the Aggregate Principal Amount of 2002C Adjustable Rate Bonds to be so redeemed.

2002C Adjustable Rate Bonds – Term Rate Mode or Fixed Rate Mode. During any Interest Period for a Term Rate Mode or Fixed Rate Mode, the 2002C Adjustable Rate Bonds may be redeemed in whole or in part on any date (and if in part, by lot or by such other method as the Paying Agent determines to be fair and reasonable and in Authorized Denominations) 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 Loans and Authority Projects, at a redemption price equal to 100% of the principal amount of 2002C Adjustable Rate Bonds to be so redeemed, plus accrued interest, if any, to the redemption date; provided that if on the day on which the Term Rate Mode or Fixed Rate Mode begins, the remaining term of any 2002C Adjustable Rate Bonds (in the case of Fixed Rate Bonds) or the length of the Interest Period (in the case of Term Rate Bonds): (i) is greater than 15 years, then such 2002C Adjustable Rate Bonds will be subject to such optional redemption on any date on or after the first April 1 or October 1 following the tenth anniversary of the beginning of such Mode; and (ii) is equal to or less than 15 years, but greater than 10 years, then such 2002C Adjustable Rate Bonds will be subject to such optional redemption on any date on or after the first April 1 or October 1 following the seventh anniversary of the beginning of such Mode. The 2002C Adjustable Rate Bonds will not be subject to optional redemption during a particular Term Rate Mode or Fixed Rate Mode if, on the day on which the Term Rate Mode or Fixed Rate Mode begins, the remaining term of any 2002C Adjustable Rate Bonds (in the case of Fixed Rate Bonds) or the length of the Interest Period (in the case of Term Rate Bonds) is equal to or less than ten years. The Authority, in connection with a change to a Term Rate or a Fixed Rate Mode, may waive or otherwise alter its rights to direct the redemption of any such 2002C Adjustable Rate Bonds so changed to a Term Rate Mode or a Fixed Rate Mode at any time without premium; provided that, notice describing the waiver or alteration must be

submitted to the Paying Agent, the Trustee and the 2002C Remarketing Agent, together with a Favorable Opinion of Bond Counsel, addressed to them.

2002C Adjustable Rate Bonds – SAVRS Rate Mode. After a conversion, if any, to the SAVRS Rate Mode, such 2002C Adjustable Rate Bonds may be redeemed prior to maturity as provided in the Supplemental Indenture to be entered into in connection with such conversion.

Cumulative Sinking Fund Redemption

Certain of the 2002 Series C Bonds shall be redeemed prior to their maturity, in part, by lot by payment of Sinking Fund Installments, to the extent moneys available therefor are deposited or expected to be deposited in the 2002 Series C subaccount of the Related Class Debt Service Fund, upon notice as provided in the Indenture, 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 2002 Series C Bonds or portions thereof to be so redeemed, together with accrued interest to the date of redemption, as follows:

Taxable Class I Adjustable 2002 Series C-1 Bonds

<u>Date</u> <u>(April 1)</u>	<u>Sinking Fund</u> <u>Installments</u>	<u>Date</u> <u>(October 1)</u>	<u>Sinking Fund</u> <u>Installments</u>
--	--	2004	\$75,000
2005	\$ 75,000	2005	80,000
2006	80,000	2006	85,000
2007	85,000	2007	90,000
2008	90,000	2008	95,000
2009	95,000	2009	100,000
2010	105,000	2010	105,000
2011	110,000	2011	115,000
2012	115,000	2012	120,000
2013	125,000	2013	125,000
2014	130,000	2014	135,000
2015	140,000	2015	145,000
2016	150,000	2016	150,000
2017	155,000	2017	160,000
2018	165,000	2018	170,000
2019	175,000	2019	180,000
2020	185,000	2020	190,000
2021	200,000	2021	205,000
2022	210,000	2022	215,000
2023	225,000	2023	230,000
2024	235,000	2024	245,000
2025	250,000	2025	260,000
2026	265,000	2026	275,000
2027	280,000	2027	290,000
2028	300,000	2028	310,000
2029	320,000	2029	325,000
2030	335,000	2030	345,000
2031	360,000	2031	370,000
2032	380,000	2032 (1)	390,000

(1) Final maturity

Class I Adjustable 2002 Series C-2 Bonds

<u>Date (April 1)</u>	<u>Sinking Fund Installments</u>	<u>Date (October 1)</u>	<u>Sinking Fund Installments</u>
2014	\$1,145,000	2014	\$1,175,000
2015	1,200,000	2015	1,230,000
2016	1,260,000	2016	1,295,000
2017	1,325,000	2017	1,355,000
2018	1,390,000	2018	1,425,000
2019	1,460,000	2019	1,495,000
2020	1,535,000	2020	1,570,000
2021	1,610,000	2021	1,650,000
2022	1,690,000	2022	1,730,000
2023	1,775,000	2023	1,820,000
2024	1,865,000	2024	1,910,000
2025	1,955,000	2025	2,005,000
2026	2,055,000	2026	2,105,000
2027	2,155,000	2027	2,210,000
2028	2,265,000	2028	2,320,000
2029	2,375,000	2029	2,435,000
2030	2,495,000	2030	2,555,000
2031	2,620,000	2031	2,685,000
2032	2,750,000	2032 (1)	2,820,000

(1) Final maturity

Class I Adjustable 2002 Series C-4 Bonds

<u>Date</u> <u>(April 1)</u>	<u>Sinking Fund</u> <u>Installments</u>	<u>Date</u> <u>(October 1)</u>	<u>Sinking Fund</u> <u>Installments</u>
2014	\$520,000	2014	\$535,000
2015	545,000	2015	560,000
2016	575,000	2016	590,000
2017	605,000	2017	615,000
2018	630,000	2018	645,000
2019	665,000	2019	680,000
2020	695,000	2020	710,000
2021	730,000	2021	745,000
2022	765,000	2022	785,000
2023	805,000	2023	825,000
2024	845,000	2024	865,000
2025	885,000	2025	905,000
2026	925,000	2026	950,000
2027	975,000	2027	995,000
2028	1,020,000	2028	1,045,000
2029	1,070,000	2029	1,095,000
2030	1,125,000	2030	1,150,000
2031	1,180,000	2031	1,205,000
2032	1,235,000	2032 (1)	1,265,000

(1) Final maturity

**Class II 2002 Series C-6 Bonds
(Maturing April 1, 2042)**

<u>Date</u> <u>(April 1)</u>	<u>Sinking Fund</u> <u>Installments</u>	<u>Date</u> <u>(October 1)</u>	<u>Sinking Fund</u> <u>Installments</u>
2033	\$125,000	2033	\$130,000
2034	130,000	2034	135,000
2035	140,000	2035	140,000
2036	145,000	2036	150,000
2037	155,000	2037	155,000
2038	160,000	2038	165,000
2039	170,000	2039	175,000
2040	175,000	2040	180,000
2041	185,000	2041	190,000
2042 (1)	195,000	--	--

(1) Final maturity

**Class II 2002 Series C-6 Bonds
(Maturing October 1, 2042)**

<u>Date (April 1)</u>	<u>Sinking Fund Payments</u>	<u>Date (October 1)</u>	<u>Sinking Fund Payments</u>
2033	\$70,000	2033	\$70,000
2034	75,000	2034	75,000
2035	75,000	2035	80,000
2036	80,000	2036	85,000
2037	85,000	2037	90,000
2038	90,000	2038	90,000
2039	95,000	2039	95,000
2040	100,000	2040	105,000
2041	105,000	2041	110,000
2042	110,000	2042 (1)	315,000

(1) Final maturity

*The payment of such Sinking Fund Installments with respect to the 2002 Series C Bonds of any such series and maturity will be contingent upon there being, and will be due and payable and are to be made only to the extent there are, amounts available therefor in the Related Class Debt Service Fund from Loan Repayments allocated to the 2002 Series C Bonds. If the amount on deposit in the Related Series subaccount of the Related Class Debt Service Fund is not sufficient on any Bond Payment Date to pay the scheduled Sinking Fund Installment, for such date, the amount of the insufficiency is to be added to the next such Sinking Fund Installment until paid. **It is expected that unless a default occurs on one or more of the Loans, the revenues available to the Trustee under the Indenture will be adequate to enable the Trustee to make the scheduled Sinking Fund Installments set forth above (as such amounts may be reduced as described herein). However, the failure to make such Sinking Fund Installments due to insufficient available funds will not constitute a default under the Indenture.** See "Part II – CERTAIN BONDOWNERS' RISKS - Limited Security."*

To the extent that any of the 2002 Series C Bonds are called for redemption or are purchased in lieu of redemption as provided in the Indenture, the Authority will be entitled to apply the principal amount of such 2002 Series C Bonds so redeemed or purchased against any sinking fund obligation with respect to such 2002 Series C Bonds as described in **Appendix C – "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Credit Against Sinking Fund Installments."**

Selection of Bonds for Redemption

Except in the case of redemption with unexpended proceeds as described in "Special Redemption – Unexpended Amounts in Acquisition Account" under this caption, if less than all of the 2002 Series C Bonds are to be redeemed, the Authority may, by Authority Request certifying that it is consistent with the most recently filed Related Cash Flow Statement, direct the redemption of 2002 Series C Bonds in any amounts and order of maturity of any Series and any Class, provided that Bank Bonds are to be redeemed prior to any other 2002C Adjustable Rate Bonds. In the event that the Authority does not provide such direction, and if less than all of the 2002 Series C Bonds are to be redeemed, the Trustee is to select for redemption a pro rata amount of the 2002 Series C Bonds of each tenor and maturity of the 2002 Series C Bonds for redemption. If less than all 2002 Series C Bonds of like Class, tenor and maturity are to be redeemed, the particular 2002 Series C Bonds or portions of 2002 Series C Bonds to be redeemed are to be selected by lot as the Bond Registrar in its discretion may deem fair and appropriate.

Notice of Redemption

When any 2002 Series C 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 60 days nor less than 30 days prior to the redemption date, to the registered owner of each 2002 Series C 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 2002 Series C Bond with respect to which no such failure or defect has occurred. **So long as the 2002 Series C Bonds are registered in the DTC book-entry system described in Appendix K, such notices will be sent only to DTC's nominee.**

PLAN OF FINANCE

Sources and Uses of Funds

The following are the sources and estimated uses of funds (excluding accrued interest) relating to the 2002 Series C Bonds.

	<u>Estimated Amounts</u>
SOURCES OF FUNDS:	
Bond proceeds:	
Taxable Adjustable 2002 Series C-1 Bonds	\$10,920,000
Adjustable 2002 Series C-2 Bonds	70,715,000
2002 Series C-3 Bonds	16,550,000
Adjustable 2002 Series C-4 Bonds	31,960,000
2002 Series C-5 Bonds	7,575,000
2002 Series C-6 Bonds	5,000,000
Exchanged amounts (1)	35,438,575
Legally available funds of the Authority (2)	<u>943,678</u>
TOTAL SOURCES OF FUNDS	<u>\$179,102,253</u>
USES OF FUNDS:	
For Funds Exchange Refunding (1)	\$ 35,438,575
Deposit to Acquisition Account (3)	135,798,569
Deposit to Debt Service Reserve Fund (4)	6,919,005
For costs of issuance and Underwriters' compensation (5)	<u>946,104</u>
TOTAL USES OF FUNDS	<u>\$179,102,253</u>

- (1) Certain funds will be exchanged for proceeds of the 2002 Series C Bonds as described in "Funds Exchange Refunding" under this caption.
- (2) Such amounts represent funds legally available to the Authority. In accordance with their respective funding agreements, certain of the Borrowers will be required to reimburse the Authority for such amounts advanced by the Authority to pay certain costs of issuance relating to certain of the 2002C Projects.
- (3) See "Use of Amounts in Acquisition Account" under this caption. Amounts on deposit in the 2002 Series C subaccount of the Acquisition Account will be invested in an investment agreement, as described in "Part I – CERTAIN PROGRAM ASSUMPTIONS – Investment Agreements."
- (4) See "Part I – CERTAIN PROGRAM ASSUMPTIONS – Debt Service Reserve Fund" and "Part II – SECURITY FOR THE OBLIGATIONS – Debt Service Reserve Fund." Such deposit may be invested in an investment agreement or in other permitted investments under the Indenture. Under the Indenture, the Authority may at any time replace such cash or deposit with a Qualified Surety Bond.
- (5) Such amount shall be deposited to the Costs of Issuance Account in the Program Fund and used to pay costs of issuance and Underwriters' compensation relating to the 2002 Series C Bonds. For information concerning the Underwriters' compensation, see "Part I – UNDERWRITING AND PLACEMENT."

Funds Exchange Refunding

Certain proceeds of the 2002 Series C Bonds will be exchanged for certain surplus revenues available under the Master Indenture and relating to certain outstanding Bonds. Proceeds exchanged for such surplus amounts will be used to pay or redeem such outstanding Bonds. Until the funds exchange date, such proceeds will remain on deposit in the 2002 Series C subaccount of the Acquisition Account. Amounts exchanged for such proceeds will be deposited to (i) the 2002 Series C subaccount of the Acquisition Account and used to finance or refinance 2002C Loans as described in "Use of Amounts in Acquisition Account" under this caption, and (ii) the Debt Service Reserve Fund as described in "Sources and Uses of Funds" under this caption, "CERTAIN PROGRAM ASSUMPTIONS — Debt Service Reserve Fund," and "Part II — SECURITY FOR THE OBLIGATIONS — Debt Service Reserve Fund."

Use of Amounts in Acquisition Account

Upon closing, certain proceeds of the 2002 Series C Bonds will be deposited to the 2002 Series C subaccount of the Acquisition Account, which consists of the Restricted Loan Subaccount. Upon the exchange described in "Funds Exchange Refunding" under this caption, amounts exchanged for proceeds will also be so deposited. It is expected that all deposits to the 2002 Series C subaccount of the Acquisition Account will be applied to finance or refinance the 2002C Loans to the Borrowers for the provision of identified 2002C Projects as described in **Appendix G-1** – "CERTAIN INFORMATION ABOUT THE 2002C LOANS" within three years from the date of issuance of the 2002 Series C Bonds. Each of the Borrowers is required to use the amounts so loaned to it as a 2002C Loan to finance or refinance, in part, the acquisition, construction and/or rehabilitation of, and certain costs associated with, the respective 2002C Project. See also "Part I – CERTAIN PROGRAM ASSUMPTIONS – The 2002C Loans and Projects," "Part II – COLORADO HOUSING AND FINANCE AUTHORITY – Programs to Date," and **Appendix C** – "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE."

At the option of the Authority, additional moneys may be paid into the Restricted Loan Subaccount from various sources identified in the 2002C Indenture, including unexpended Bond proceeds transferred from the Authority Projects Subaccount. Amounts deposited in the Restricted Loan Subaccount are to be applied to make 2002C Loans and for other purposes authorized in the 2002C Indenture. The Trustee is authorized to withdraw moneys from the Restricted Loan Subaccount to finance 2002C Loans upon delivery to the Trustee of an Authority Certificate to the effect that the requirements of the Indenture have been satisfied with respect to the 2002C Loans to be financed and an Authority Request to finance such 2002C Loans. Any moneys credited to the Restricted Loan Subaccount that are not used to finance 2002C Loans or for the other purposes authorized by the 2002C Indenture, unless transferred at the direction of the Authority to the Authority Projects Subaccount, must be transferred by the Trustee to the Redemption Fund pursuant to an Authority Request filed with the Trustee stating that the Authority no longer reasonably expects to apply the amount to be transferred for any such purpose. Such amounts must be transferred not later than October 1, 2005, unless the Authority files with the Trustee an Authority request specifying a later date or dates for such transfer, accompanied by a Cash Flow Statement with respect to the 2002 Series C Bonds and an opinion of Bond Counsel to the effect that such action will not adversely affect the exclusion from gross income of interest on the Tax-Exempt 2002 Series C Bonds (as defined herein) for federal income tax purposes, in which case such transfer will occur on the later specified date or dates.

At the option of the Authority, moneys may be paid into the Authority Projects Subaccount from various sources identified in the 2002C Indenture, including unexpended Bond proceeds transferred from the Restricted Loan Subaccount. Amounts deposited in the Authority Projects Subaccount are to be

applied to finance the 2002C Authority Projects and for the other purposes authorized in the 2002C Indenture. Any moneys credited to the Authority Projects Subaccount that are not used to finance Authority Projects or for the other purposes authorized in the Indenture, unless transferred at the direction of the Authority to the Restricted Loan Subaccount, must be transferred by the Trustee to the Redemption Fund pursuant to an Authority request filed with the Trustee stating that the Authority no longer reasonably expects to apply the amount to be transferred to finance the 2002C Authority Project or for the other purposes authorized in the 2002C Indenture. Such amount must be transferred not later than October 1, 2005, unless the Authority files with the Trustee an Authority request specifying a later date or dates for such transfer, accompanied by a Cash Flow Statement with respect to the 2002 Series C Bonds and an opinion of Bond Counsel to the effect that such action will not adversely affect the exclusion from gross income of interest on the Tax-Exempt 2002 Series C Bonds for federal income tax purposes, in which case such transfer will occur on the later specified date or dates.

CERTAIN PROGRAM ASSUMPTIONS

The 2002C Loans and Projects

Generally

Certain proceeds of the 2002 Series C Bonds are expected to be loaned to the Borrowers and used by them to defray, in part, the costs of financing or refinancing the acquisition, construction and/or rehabilitation of the multi-family housing projects described in **Appendix G-1** hereto (the "**2002C Projects**"). See "Part I – PLAN OF FINANCE." *In the event the Authority determines that it is not feasible for it to, or it is unable to, finance all or any portion of the costs of one or more of the 2002C Projects, the Authority may, at its option, any time within three years of the date of issuance of the 2002 Series C Bonds, direct the Trustee to transfer amounts in the Program Fund to the Redemption Fund to be used to redeem 2002 Series C Bonds at par. Furthermore, to the extent such amounts are not loaned by the Authority for the 2002C Projects or other permissible projects during the three year period following issuance of the 2002 Series C Bonds in accordance with the Indenture, amounts remaining in the Program Fund at the end of such period are required to be used to redeem 2002 Series C Bonds.* See "Part I – TERMS OF THE 2002 SERIES C BONDS – Prior Redemption" and "Part II – CERTAIN BONDOWNERS' RISKS – Considerations Regarding Redemption at Par." Certain restrictions on the rental and occupancy of the 2002C Projects will be imposed on the respective Borrowers. See "The Regulatory Agreements" under this caption.

Interest Rates and Prepayment Restrictions

The 2002C Loans to be made with amounts on deposit in the Restricted Loan Subaccount of the 2002 Series C subaccount of the Acquisition Account are expected to be disbursed in the amounts shown in the table entitled "2002C Projects to be Financed or Refinanced" set forth in "The 2002C Projects" under this caption. It is assumed that certain of the 2002C Loans will bear interest at the rates per annum, and that voluntary prepayments will be prohibited on such 2002C Loans for the terms, set forth below. With respect to any 2002C Loans made to refinance the AHPC Projects (as defined below), it is anticipated that, except in the case of uninsured AHPC Loans, such 2002C Loans will bear interest on average at a rate of 6.00% per annum and that voluntary prepayments will be prohibited on such 2002C Loans for a period of 15 years from loan origination.

<u>2002C Loans (1)</u>	<u>Estimated Loan Rates</u>	<u>Estimated Prepayment Lockout (in years)</u>
<i>Insured:</i>		
Aurora Village	6.40%	15
Fountain Springs	6.25%	10
Maples	6.85%	15
Mountain View Place	6.45%	15
Racquet Club	6.75%	10
Sable Ridge	6.35%	15
Southgate Townhomes	6.75%	15
Woodside Village (A)(2)	6.40%	15
<i>Uninsured:</i>		
Centennial Village	6.75%	15
Liberty House	6.25%	15
Northern Hotel	7.10%	12
Olin Hotel	6.30%	15
Ridgeview	6.50%	15
Sunset Meadows II	6.50%	15
Woodside Village (B)(2)	6.80%	15

- (1) This list does not include the 2002C Loans expected to be made to refinance the AHPC Projects described in "The 2002C Projects" under this caption.
- (2) The Authority expects to make two loans in connection with the Woodside Village Project, designated here as A and B, as more particularly described in **Appendix G-1**.

The 2002C Borrowers

The 2002C Loans are expected by the Authority to be made to particular private developers, nonprofit organizations and local housing authorities, referred to as the "Borrowers" and described in **Appendix G-1** hereto, in connection with the 2002C Projects. Repayment of amounts due on the respective 2002C Loan will be a nonrecourse obligation of the respective Borrower, payable solely from revenues generated by the respective 2002C Project. The Borrowers will not have any obligations under the Loan documents to cover any losses in the event of a default on the 2002 Series C Bonds or to continue the 2002C Projects in operation. Each of the Borrowers will own the respective 2002C Project as its sole asset. See "Part II – CERTAIN BONDHOLDERS' RISKS – Limited Security."

The 2002C Projects

Generally. The 2002C Loans relating to the 2002C Projects described in **Appendix G-1** are expected to be made in the aggregate principal amounts set forth below and will be funded as described in "Part I – PLAN OF FINANCE."

2002C Projects to be Financed or Refinanced

Name of Project	Nature of Project	FHA Insurance ⁽¹⁾	Location	Number of Units	Estimated 2002C Loan Amounts	Loan Term (Years)*
Insured:						
<u>AHPC (I)</u>						
Asbury Park	Refinance	542(c)	Aurora	44	\$2,415,000	30
Aspen Meadows	Refinance	542(c)	Aurora	100	4,510,000	30
Canon Club (A)(2)	Refinance	542(c)	Canon City	46	825,000	30
Clifton Townhouses	Refinance	542(c)	Clifton	51	2,140,000	30
Courthouse Square	Refinance	542(c)	Denver	157	10,535,000	30
Dawson Square	Refinance	542(c)	Thornton	36	2,205,000	30
Halcyon House	Refinance	542(c)	Denver	197	13,595,000	30
Helios Apartments	Refinance	542(c)	Lafayette	30	2,125,000	30
Hilltop Apartments	Refinance	542(c)	Denver	77	2,755,000	30
Kearney Plaza	Refinance	542(c)	Commerce City	51	1,780,000	30
Meadows Townhouses	Refinance	542(c)	Ft. Lupton	51	2,495,000	30
Park Terrace	Refinance	542(c)	Arvada	96	5,075,000	30
Park West	Refinance	542(c)	Denver	41	1,900,000	30
Pine Meadows	Refinance	542(c)	Greeley	111	4,425,000	30
Sheridan Gardens	Refinance	542(c)	Sheridan	48	2,385,000	30
Squire Village	Refinance	542(c)	Northglenn	51	2,115,000	30
Sunrise Manor (A)(2)	Refinance	542(c)	Buena Vista	40	305,000	30
Tamarin Square	Refinance	542(c)	Durango	68	3,650,000	30
Tiffany Square	Refinance	542(c)	Lakewood	52	2,345,000	30
Village Gardens	Refinance	542(c)	Aurora	60	2,590,000	30
<u>Non-AHPC</u>						
Aurora Village	Acquire; Renovate	542(c)	Aurora	100	4,621,000	30
Fountain Springs	New construction	221(d)(4)	Colorado Springs	228	15,587,500	40
Maples	Acquire; Renovate	542(c)	Federal Heights	300	16,210,000	30
Mountain View Place	Acquire; Renovate	542(c)	Aurora	68	4,200,000	35
Racquet Club	Acquire; Renovate	542(c)	Grand Junction	144	4,860,000	30
Sable Ridge	New construction	542(c)	Denver	61	3,942,000	40
Southgate Townhomes	Acquire; Renovate	542(c)	Grand Junction	166	2,841,000	30
Woodside Village (A)(2)	Acquire; Renovate	542(c)	Greeley	160	5,583,000	30
Uninsured:						
<u>AHPC (I)</u>						
Canon Club (B)(2)	Refinance	n/a	Canon City	46	155,925	3
Sunrise Manor (B)(2)	Refinance	n/a	Buena Vista	40	321,725	3
<u>Non-AHPC</u>						
Centennial Village	Renovate; Refinance	n/a	Evans	48	659,300	30
Liberty House	Acquire; Renovate	n/a	Denver	46	1,800,000	35
Northern Hotel	Acquire; Renovate	n/a	Fort Collins	47	2,600,000	30
Olin Hotel	Refinance	n/a	Denver	107	504,200	30
Ridgeview	Renovate; Refinance	n/a	Craig	48	295,000	30
Sunset Meadows II	Refinance	n/a	Craig	44	250,000	30
Woodside Village (B)(2)	Acquire; Renovate	n/a	Greeley	160	1,220,000	16

(1) Although the Authority expects that, based on its preliminary analyses, the AHPC Projects listed in this chart under "Insured: AHPC" will be FHA-insured, applications for FHA insurance have not been submitted and no assurance can be given that such FHA insurance will be obtained. In the event that such FHA insurance is not obtained, the Authority may determine to make uninsured Loans for such Projects (in addition to the uninsured Loans listed in this chart under "Uninsured: AHPC"), or may determine not to fund such Projects. See "AHPC Projects" under this caption.

(2) The Authority expects to make two loans each in connection with the Canon Club, Sunrise Manor and Woodside Village Projects, designated as A and B, as more particularly described in **Appendix G-1**. Such 2002C Loans designated above as B will be secured on a basis subordinate to the FHA-insured loans (designated above as A).

* Preliminary, subject to change

Pursuant to the 2002C Loans, the Borrowers will make Loan Repayments to the Authority, which Loan Repayments will constitute Revenues pledged under the Indenture. See "Revenues" under this caption. Except with respect to the AHPC Projects discussed below, based on the analysis made by the Authority in determining to fund the proposed 2002C Loans and the assumptions described in **Appendix G-1** hereto, the Authority expects, although no assurance can be given, that the cashflow from each 2002C Project as projected by each Borrower will be sufficient for the respective Borrower to pay amounts due under the respective 2002C Loan. However, the projected level of cashflow for any 2002C Project may vary due to the uncertainty of future occupancy levels (including certain restrictions on use of the 2002C Project which may lead to lower occupancy), future operating expenses or other such factors which have been predicted using certain assumptions which may prove to be incorrect.

*Obligations have in the past, and may in the future, be issued under the Master Indenture in order to finance uninsured Loans or Authority Projects. The Authority currently expects to use proceeds of the 2002 Series C Bonds to finance the uninsured Loans described in the above table under "Uninsured Loans," and more particularly described in **Appendix G-1**. Certain 2002C Loans may also be made in connection with the AHPC Projects as uninsured Loans. See "AHPC Projects" under this caption. **For certain further information regarding the proposed 2002C Projects expected to be financed or refinanced under the Indenture, see Appendix G-1.***

AHPC Projects. The Authority has completed preliminary analyses in determining whether to provide financing for the "AHPC Projects" (set forth under the heading "Insured - AHPC" in the table above entitled "2002C Projects to be Financed or Refinanced"). Based on its preliminary analyses (including analyses conducted in connection with funding an interim loan for such AHPC Projects as described in **Appendix G-1**), the Authority expects such AHPC Projects to obtain commitments for insurance by the Federal Housing Administration ("FHA") under Section 542(c) of the Housing and Community Development Act of 1992, as amended, and, as a result expects to make FHA-insured 2002C Loans for such AHPC Projects in the amounts set forth under the heading "Insured – AHPC" in the table above entitled "2002C Projects to be Financed or Refinanced." The Authority also expects to make uninsured 2002C Loans, secured on a basis subordinate to the FHA-insured 2002C Loans, for the Canon Club and Sunrise Manor Projects as set forth under the heading "Uninsured - AHPC" in the table above entitled "2002C Projects to be Financed or Refinanced." *However, no application for FHA insurance has been submitted at this time and no assurance is given that such insurance will be obtained. In the event that such FHA insurance is not obtained with respect to any particular AHPC Project, the Authority may, at its option, any time within three years of the date of issuance of the 2002 Series C Bonds, apply proceeds of the 2002 Series C Bonds on deposit in the Program Fund for such AHPC Project to: (i) make an uninsured 2002C Loan for such AHPC Project (in addition to the anticipated uninsured 2002C Loans in the case of Canon Club and Sunrise Manor); (ii) finance other permissible projects in accordance with the Indenture; or (iii) redeem 2002 Series C Bonds at par. Furthermore, to the extent proceeds of the 2002 Series C Bonds on deposit in the Program Fund are not loaned by the Authority for the 2002C Projects or other permissible projects during the three year period following issuance of the 2002 Series C Bonds in accordance with the Indenture, such amounts are required to be used to redeem 2002 Series C Bonds. See "Part I – TERMS OF THE 2002 SERIES C BONDS – Prior Redemption" and "Part II – CERTAIN BONDOWNERS' RISKS – Considerations Regarding Redemption at Par."*

For certain further information regarding the AHPC Projects, including historical annual net operating income, see Appendix G-1.

The Regulatory Agreements

Simultaneously with the closing of each 2002C Loan, each Borrower will enter into a regulatory agreement with the Authority (collectively, the "**CHFA Regulatory Agreements**") relating to the respective 2002C Project. Pursuant to the provisions of the CHFA Regulatory Agreements, the Borrowers will agree, among other things, to rent the units in the 2002C Projects so as to comply with applicable provisions of the Tax Code. In particular, each Borrower will agree that each individual rental unit in the respective 2002C Project will be rented or held for rental on a first-come, first-served basis, to the general public on a continuous basis. Rents (including allowance for tenant-paid utilities) for the units in each 2002C Project may not exceed 30% of the applicable annual income limit for each such unit. In addition, the Borrowers will agree to the respective occupancy requirements indicated below with respect to the respective 2002C Project. In connection with the funding of any 2002C Loan for an AHPC Project, the Authority expects to require each related Borrower to restrict 100% of the units of the related AHPC Project to persons or families whose incomes do not exceed 60% of area median income. Each AHPC Project is currently subject to the occupancy requirements related to the existing HAP Contracts, which the Owners are required to cause to be renewed as a condition of the funding of the 2002B Interim Loan. See **Appendix G-1** – "Certain Information about the 2002C Loans" and **Appendix I** – "Description of Section 8 Subsidy Program."

Occupancy Requirements for Certain 2002C Projects

Project Name	Occupancy Requirements
Aurora Village	100% of units to persons or families whose incomes do not exceed 60% of area median income
Centennial Village	100% of units to persons or families whose incomes do not exceed 60% of area median income
Fountain Springs	100% of units to persons or families whose incomes do not exceed 60% of area median income
Liberty House	28% of units to persons or families whose incomes do not exceed 50% of the area median income; an additional 50% of units to persons or families whose incomes do not exceed 80% of the area median income
The Maples	100% of units to persons or families whose incomes do not exceed 60% of the area median income
Mountain View Place	100% of units to persons or families whose incomes do not exceed 60% of the area median income
Northern Hotel	55% of units to persons or families whose incomes do not exceed 40% of area median income; an additional 45% of units to persons or families whose incomes do not exceed 60% of area median income
Olin Hotel	100% of units to persons or families whose incomes do not exceed 60% of area median income
Racquet Club	100% of units to persons or families whose incomes do not exceed 60% of area median income
Ridgeview	100% of units to persons or families whose incomes do not exceed 60% of area median income

Project Name	Occupancy Requirements
Sable Ridge	64% of units to persons or families whose incomes do not exceed 60% of area median income; an additional 20% of units to persons or families whose incomes do not exceed 80% of area median income
Southgate Commons	25% of units to persons or families whose incomes do not exceed 30% of area median income; an additional 30% of units to persons or families whose incomes do not exceed 50% of area median income; an additional 45% of units to persons or families whose incomes do not exceed 60% of area median income
Sunset Meadows II	100% of units to persons or families whose incomes do not exceed 60% of area median income
Woodside Village	100% of units to persons or families whose incomes do not exceed 60% of the area median income

The CHFA Regulatory Agreements will also contain provisions for verifying compliance with the terms thereof. The provisions of the CHFA Regulatory Agreements discussed herein are intended, among other things, to insure compliance with the requirements of the Tax Code with respect to the excludability of the interest on the Tax Exempt 2002 Series C Bonds from gross income. Upon any breach by a Borrower of any provisions of its CHFA Regulatory Agreement, the Authority may, subject to HUD consent in certain circumstances, take such actions at law or in equity as deemed appropriate under the circumstances for the protection of the Bondowners, including an action for specific performance of the respective CHFA Regulatory Agreement. *Such a breach by a Borrower may result in interest on the Tax Exempt 2002 Series C Bonds being included in gross income of the Owners of the Tax Exempt 2002 Series C Bonds for purposes of federal income taxation and will not result in a mandatory redemption of the Tax Exempt 2002 Series C Bonds under the Indenture as described in "Part II –CERTAIN BONDHOLDERS' RISKS – Enforcement of Regulatory Agreements " and "Part I – TAX MATTERS."*

Servicing by the Authority

The Authority will service the 2002C Loans. The Finance Division of the Authority will handle the receipt and disbursement of funds related to the 2002C Loans. This includes receiving payments, monitoring and disbursing escrowed funds for taxes and insurance and managing delinquencies and claims. The Asset Management Division of the Authority will oversee compliance by the Borrowers with requirements of the 2002C Loans, including occupancy restrictions, and will review the financial status of the 2002C Projects. The Authority similarly oversees compliance for the other Loans outstanding under the Indenture. The other Loans outstanding under the Indenture are similarly serviced by the Authority or third-party contractors. In connection with the Section 542(c) insurance, the Authority has agreed to perform annual physical inspections, to analyze annual project audits and financial statements and to submit semiannual reports to FHA setting forth information about the status of the related Projects. For more information concerning the Authority, see "Part II – COLORADO HOUSING AND FINANCE AUTHORITY."

Debt Service Reserve Fund

The Debt Service Reserve Fund Requirement for the 2002 Series C Bonds will be the sum of (i) the maximum principal and interest payment due for any period of eight consecutive calendar months on the 2002C Loans 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 2002C Loans that are not insured or guaranteed by the United States of America and any agency or instrumentality thereof. Certain proceeds of the 2002 Series C Bonds, and certain amounts exchanged therefore, will be deposited to the Debt Service Reserve Fund to fund the Debt Service Reserve Fund Requirement for the 2002 Series C Bonds. For purposes of determining the amount of such Debt Service Reserve Fund Requirement, it has been assumed that the AHPC Loans (other than those set forth under the heading "Uninsured – AHPC" in the table above entitled "2002C Projects to be Financed or Refinanced") will be FHA-insured. See "Part I – PLAN OF FINANCE – Sources and Uses of Funds."

For further information with respect to the Debt Service Reserve Fund, see "Part II – SECURITY FOR THE OBLIGATIONS – Debt Service Reserve Fund" and **Appendix C** - "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE - Debt Service Reserve Fund."

Investment Agreements

Until disbursed, amounts in the 2002 Series C subaccount of the Acquisition Account of the Program Fund under the Master Indenture will be invested in an investment agreement (the "**2002C Investment Agreement**") between the Trustee and CDC Funding Corp. (the "**2002C Investment Provider**"), at 1.73% per annum, through February 1, 2005 or earlier if all amounts in the 2002 Series C subaccount of the Acquisition Account have been withdrawn. The obligations of the 2002C Investment Provider are being guaranteed by CDC Finance-CDC IXIS, a French bank (*societe anonyme*) governed by French law (the "**Guarantor**"). The 2002C Investment Provider is a subsidiary of the Guarantor. Amounts in the 2002 Series C subaccounts of the Debt Service Reserve Fund will be invested in the 2002C Investment Agreement, subject to certain limitations set forth in the 2002C Investment Agreement, at 4.89% per annum through October 1, 2042 or such earlier date on which the 2002 Series C Bonds are no longer outstanding or all amounts invested in such fund have been withdrawn. Amounts in the 2002 Series C subaccounts of the Debt Service Fund, the Revenue Fund, the Redemption Fund, the Costs of Issuance Account, the Rebate Fund, the Excess Earnings Fund, the Negative Arbitrage Accounts and prepayments deposited in the Loan Recycling Account will be invested in the 2002C Investment Agreement, subject to certain limitations set forth in the 2002C Investment Agreement, at 4.26% per annum through October 1, 2042 or such earlier date on which the 2002 Series C Bonds are no longer outstanding or all amounts invested in these funds have been withdrawn. The assumptions made by the Authority as to projected cashflows include the assumption that the investment rates provided by the 2002C Investment Agreement will be available as described. However, in the event that the 2002C Investment Agreement is terminated as a result of default by the 2002C Investment Provider or for any other reason, it may not be possible to reinvest such proceeds and deposits at these assumed rates and the cashflows may be adversely affected. *Neither the Authority nor the Underwriters make any representation about the financial condition or creditworthiness of the 2002C Investment Provider. Prospective investors are urged to make their own investigation into the financial condition and creditworthiness of the 2002C Investment Provider.*

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 following table:

Outstanding Investment Agreements

Series	Funds Invested (in related Series subaccounts)	Investment Provider*	Rate
2000A	Program Fund	AIG Matched Funding Corp.	6.85%
2000A	Revenue Fund, Redemption Fund	FGIC Capital Market Services, Inc.	6.00%
2000B	Program Fund	CDC Funding Corp.	6.56%
2000B	Revenue Fund, Redemption Fund	CDC Funding Corp.	6.26%
2001A	Program Fund	CDC Funding Corp.	2.20%
2001A	Revenue Fund, Redemption Fund	CDC Funding Corp.	5.26%
2002A	Program Fund	CDC Funding Corp.	2.51%
2002A	Revenue Fund, Redemption Fund, Debt Service Reserve Fund	CDC Funding Corp.	5.50%

* 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."

2002C Derivative Products

In connection with the issuance of the 2002 Series C Bonds, the Authority expects to enter into interest rate swap agreements on a forward delivery basis (the "**2002C Derivative Products**") with Lehman Brothers Financial Products Inc. (the "**Counterparty**") with respect to the Taxable Adjustable Rate 2002 Series C-1 Bonds, the Adjustable Rate 2002 Series C-2 Bonds and the Adjustable Rate 2002 Series C-4 Bonds. The 2002C Derivative Product relating to the Taxable Adjustable Rate 2002 Series C-1 Bonds is expected to become effective April 1, 2003, and the 2002C Derivative Products related to the Adjustable Rate 2002 Series C-2 Bonds and the Adjustable Rate 2002 Series C-4 Bonds are expected to become effective October 1, 2003. See "Part I – CERTAIN RELATIONSHIPS OF PARTIES."

Pursuant to each of the 2002C 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 either will be based on a LIBOR Index or will be an amount equal to the actual interest payments by the Authority on the related 2002C Adjustable Rate Bonds. To the extent Counterparty payments to the Authority are based on a LIBOR Index, the Authority will assume the risk of a difference in the amount of its actual interest payments on the related 2002C Adjustable Rate Bonds and the amount of such interest payments to be made by the Counterparty. The Authority's obligations to make interest payments to the Counterparty under each of the 2002C Derivative Products will constitute Class I Obligations under the Master Indenture, secured on parity with the lien on the Trust Estate of the other Class I Obligations. The Authority's obligations to make termination payments under each of the 2002C Derivative Products in the event of early termination is expected to be a general obligation of the Authority and not an Obligation under the Master Indenture. See "COLORADO HOUSING AND FINANCE AUTHORITY – General Obligations of the Authority." For information concerning the Derivative Products currently Outstanding under the Master Indenture, including certain Derivative Products entered into with the Counterparty, see **Appendix B** – "OUTSTANDING MASTER INDENTURE OBLIGATIONS." See also "Part II – SECURITY FOR THE OBLIGATIONS – Derivative Products" and **Appendix C** – "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Derivative Products."

TAX MATTERS

Tax-Exempt Bonds

Sherman & Howard L.L.C., Bond Counsel, is of the opinion that (i) assuming continuous compliance with certain covenants and representations of the Authority, interest on the Adjustable 2002 Series C-2 Bonds, the 2002 Series C-3 Bonds, the Adjustable 2002 Series C-4 Bonds, the 2002 Series C-5 Bonds and the 2002 Series C-6 Bonds (collectively, the "**Tax-Exempt Bonds**") (except for interest on any Tax-Exempt Bond for any period during which it is held by a "substantial user" of any facilities financed with the Tax-Exempt Bonds or a "related person" as such terms are used in Section 147(a) of the Internal Revenue Code of 1986, as amended, to the date of delivery of the Tax-Exempt Bonds (the "**Tax Code**")) is excluded from gross income for federal income tax purposes under federal income tax laws pursuant to Section 103 of the Tax Code; however, (a) interest on the Adjustable 2002 Series C-2 Bonds and the 2002 Series C-3 Bonds is an item of tax preference for purposes of calculating alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code under federal income tax laws, and (b) interest on the Adjustable 2002 Series C-4 Bonds, the 2002 Series C-5 Bonds and the 2002 Series C-6 Bonds is excluded from alternative minimum taxable income as defined in section 55(b)(2) of the Tax Code except that such interest is required to be included in calculating the "adjusted current earnings" adjustment applicable to corporations for purposes of computing the alternative minimum taxable income of corporations as described herein. In addition, in the opinion of Bond Counsel, the 2002 Series C Bonds 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 2002 Series C Bonds.

The Tax Code imposes several requirements which must be met with respect to the Tax-Exempt Bonds in order for the interest thereon to be excluded from gross income and alternative minimum taxable income. Certain of these requirements must be met on a continuous basis throughout the term of the Tax-Exempt Bonds. These requirements include: (a) limitations as to the use of proceeds of the Tax-Exempt Bonds; (b) limitations on the extent to which proceeds of the Tax-Exempt Bonds may be invested in higher yielding investments; and (c) a provision, subject to certain limited exceptions, that requires all investment earnings on the proceeds of the Tax-Exempt Bonds above the yield on the Tax-Exempt Bonds to be paid to the United States Treasury. The Authority will covenant and represent in the Indenture that it will take all steps to comply with the requirements of the Tax Code to the extent necessary to maintain the exclusion of interest on the Tax-Exempt Bonds from gross income and (in the case of the Adjustable 2002 Series C-4 Bonds, the 2002 Series C-5 Bonds and the 2002 Series C-6 Bonds) alternative minimum taxable income under the Tax Code. Bond Counsel's opinion as to the exclusion of interest on the Tax-Exempt Bonds from gross income and (in the case of the Adjustable 2002 Series C-4 Bonds, the 2002 Series C-5 Bonds and the 2002 Series C-6 Bonds) alternative minimum taxable income is rendered in reliance on these covenants, and assumes continuous compliance therewith. The failure or inability of the Authority to comply with these requirements could cause the interest on the Tax-Exempt Bonds to be included in gross income or (in the case of the Adjustable 2002 Series C-4 Bonds, the 2002 Series C-5 Bonds and the 2002 Series C-6 Bonds) alternative minimum taxable income from the date of issuance.

Section 55 of the Tax Code contains a 20 percent alternative minimum tax on the alternative minimum taxable income of corporations and a 24 percent alternative minimum tax on the alternative minimum taxable income of taxpayers other than corporations. Alternative minimum taxable income is defined to include "items of preference" and under Section 57 of the Tax Code, interest on the Adjustable 2002 Series C-2 Bonds and the 2002 Series C-3 Bonds is an item of tax preference.

Under the Tax Code, an "adjusted current earnings" adjustment is required to be made for purposes of the alternative minimum tax provision applicable to corporations. Under this adjustment, 75

percent of the excess of a corporation's "adjusted current earnings" over the corporation's alternative minimum taxable income (computed without regard to this adjustment and the alternative tax net operating loss deduction) is included in calculating the corporation's alternative minimum taxable income for purposes of the alternative minimum tax applicable to the corporation. "Adjusted current earnings" include interest on the Adjustable 2002 Series C-4 Bonds, the 2002 Series C-5 Bonds and the 2002 Series C-6 Bonds.

The Tax Code contains numerous provisions which may affect an investor's decision to purchase the Tax-Exempt Bonds. Owners of the Tax-Exempt Bonds should be aware that the ownership of tax-exempt obligations by particular persons and entities, including, without limitation, financial institutions, insurance companies, recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, foreign corporations doing business in the United States and certain "subchapter S" corporations may result in adverse federal tax consequences. Bond Counsel's opinion relates only to the exclusion of interest on the Tax-Exempt Bonds from gross income and (in the case of the Adjustable 2002 Series C-4 Bonds, the 2002 Series C-5 Bonds and the 2002 Series C-6 Bonds) alternative minimum taxable income as described above and will state that no opinion is expressed regarding other federal or State of Colorado tax consequences arising from the receipt or accrual of interest on or ownership of the Tax-Exempt Bonds. Owners of the Tax-Exempt Bonds should consult their own tax advisors as to the applicability of these consequences.

The opinions expressed by Bond Counsel are based upon existing law as of the delivery date of the Tax-Exempt Bonds. No opinion is expressed as of any subsequent date nor is any opinion expressed with respect to any pending or proposed legislation. Amendments to federal and Colorado 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 Tax-Exempt Bonds, the exclusion of interest on the Tax-Exempt Bonds from gross income, alternative minimum taxable income (in the case of the Adjustable 2002 Series C-4 Bonds, the 2002 Series C-5 Bonds and the 2002 Series C-6 Bonds), or any combination thereof from the date of issuance of the Tax-Exempt Bonds or any other date, or which could result in other adverse federal or State of Colorado tax consequences. Bond Owners are advised to consult with their own advisors with respect to such matters.

IRS Audit Program

The Internal Revenue Service (the "**Service**") has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the Service, interest on such tax-exempt obligations is includable in the gross income of the owners thereof for federal income tax purposes. No assurances can be given as to whether or not the Service will commence an audit of the 2002 Series C Bonds. If an audit is commenced, under current procedures the Service will treat the Authority as the taxpayer and the Bondowners may have no right to participate in such procedure. Neither the Underwriters nor Bond Counsel is obligated to defend the tax-exempt status of the Tax-Exempt Bonds. The Authority has covenanted in the Indenture not to take any action that would cause the interest on the Tax-Exempt Bonds to lose its exclusion from gross income for federal income tax purposes. None of the Authority, the Underwriters nor Bond Counsel is responsible to pay or reimburse the costs of any Bondowner with respect to any audit or litigation relating to the Tax-Exempt Bonds.

Taxable Adjustable 2002 Series C-1 Bonds

IN THE OPINION OF BOND COUNSEL, THE INTEREST ON THE TAXABLE ADJUSTABLE 2002 SERIES C-1 BONDS IS NOT EXCLUDED FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES PURSUANT TO THE TAX CODE. THE TAXABLE

ADJUSTABLE 2002 SERIES C-1 BONDS AND THE INCOME THEREFROM ARE FREE FROM TAXATION BY THE STATE OF COLORADO UNDER COLORADO LAWS IN EFFECT AS OF THE DATE OF DELIVERY OF THE TAXABLE ADJUSTABLE 2002 SERIES C-1 BONDS.

Bond Counsel will express no other opinion as to any tax consequences regarding the Taxable Adjustable 2002 Series C-1 Bonds. Owners of the Taxable Adjustable 2002 Series C-1 Bonds should consult with their own tax advisors as to the tax consequences pertaining to the Taxable Adjustable 2002 Series C-1 Bonds, such as the consequences of a sale, transfer, redemption or other disposition of the Taxable Adjustable 2002 Series C-1 Bonds prior to stated maturity, and as to other applications of federal, state, local or foreign tax laws.

UNDERWRITING

The 2002 Series C Bonds other than the 2002 Series C-6 Bonds maturing on April 1, 2042 (the "**Underwritten Bonds**") are to be purchased from the Authority by the underwriters listed on the front cover page of this Official Statement (collectively, the "**Underwriters**"). The Underwriters have agreed, subject to certain conditions, to purchase all but not less than all of the Underwritten Bonds at a price equal to \$139,720,000 (being the par amount of the Underwritten Bonds). The 2002 Series C-6 Bonds maturing on April 1, 2042 are being sold by the Authority directly to an institutional investor at a price equal to the principal amount thereof. The Underwriters will be paid a fee of \$718,678 (plus reimbursement of certain expenses). The initial public offering price may be changed from time to time by the Underwriters.

2002C REMARKETING AGENT

Lehman Brothers Inc. has initially been appointed to serve as 2002C Remarketing Agent for the 2002C Adjustable Rate Bonds (the "**2002C Remarketing Agent**") pursuant to the Indenture and a Remarketing Agreement dated as of November 1, 2002 between the Authority and Lehman Brothers. If 2002C Adjustable Rate Bonds are tendered or deemed tendered for purchase as described herein under the caption "Part I – TERMS OF THE 2002 SERIES C BONDS – 2002C Adjustable Rate Bonds – Optional Tender and Purchase" and "- Mandatory Purchase," the 2002C Remarketing Agent is required to use its best efforts to remarket such 2002C Adjustable Rate Bonds in accordance with the terms of the Indenture and the Remarketing Agreement. The 2002C Remarketing Agent will also be responsible for determining the rates of interest for the 2002C Adjustable Rate Bonds in accordance with the Indenture. The 2002C Remarketing Agent is to transfer any proceeds of remarketing of the 2002C Adjustable Rate Bonds it receives to the Paying Agent for deposit to the Remarketing Proceeds Subaccount of the Purchase Fund in accordance with the Indenture.

The 2002C 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 Liquidity Facility Provider with thirty (30) days' prior written notice. The 2002C Remarketing Agent may be removed at any time, at the direction of the Authority, by an instrument filed with the 2002C Remarketing Agent, the Trustee, the Paying Agent, and the Liquidity Facility Provider and upon at least thirty (30) days' prior written notice to the 2002C Remarketing Agent. Any successor 2002C Remarketing Agent shall be selected by the Authority. The 2002C Remarketing Agent shall assign and deliver the 2002C Remarketing Agreement to its successor.

FORWARD LOOKING STATEMENTS

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," "intend," "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.

LITIGATION

At the time of the delivery of and payment for the 2002 Series C Bonds, the Authority will deliver an opinion of its Director of Legal Operations, James A. Roberts, 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 2002 Series C 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 2002 Series C Bonds, the Indenture or the contract for the purchase of the 2002 Series C Bonds.

RATINGS

Moody's Investors Service ("**Moody's**") and Standard & Poor's Ratings Services, a Division of The McGraw-Hill Companies, Inc. ("**S&P**"), are expected to give the 2002C Adjustable Rate Bonds ratings of "Aaa/VMIG-1" and "AAA/A-1+," respectively, based (in the case of the short-term ratings) on the delivery of the Initial 2002C Liquidity Facility. Moody's and S&P are expected to give the 2002 Series C-3 Bonds and 2002 Series C-5 Bonds ratings of "Aaa" and "AAA," respectively, and are expected to give the 2002 Series C-6 Bonds ratings of "Aa2" and "AA," respectively. Such ratings reflect only the views of Moody's and S&P, respectively. An explanation of the significance of the ratings given by Moody's and S&P, respectively, may be obtained from Moody's and S&P, 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 Moody's or S&P, respectively, if circumstances so warrant. Any such downward revision or withdrawal of any such rating may have an adverse effect on the market price of the respective 2002 Series C Bonds.

CERTAIN RELATIONSHIPS OF PARTIES

Lehman Brothers Inc. is acting as an Underwriter of the 2002 Series C Bonds and the initial 2002C Remarketing Agent of the 2002 Adjustable Rate Bonds. Lehman Brothers Financial Products Inc., an affiliate of Lehman Brothers Inc., has acted as a counterparty to the Authority under certain of the Outstanding Master Indenture Derivative Products described in **Appendix B** and is expected to act as Counterparty under the 2002C Derivative Product described in "Part I – CERTAIN PROGRAM ASSUMPTIONS – 2002C Derivative Product." The Federal Home Loan Bank of Topeka, which will act as the Initial 2002C Liquidity Facility Provider, is also one of the financial institutions which provides a line of credit to the Authority, as described in "Part II – COLORADO HOUSING AND FINANCE AUTHORITY – General Obligations of the Authority."

(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 Colorado Housing and Finance Authority Act, as amended, being Part 7 of Article 4 of Title 29 of the Colorado Revised Statutes (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 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. The Act was amended again in 1987 to create an economic development fund to enable the Authority to finance projects or provide capital for business purposes.

In order to achieve its authorized purposes, the Authority currently operates Qualified and Non-Qualified Single-Family Mortgage Programs, a Multi-Family Housing Facility Loan Program, a Rental Acquisition Program and various commercial loan programs. The Authority previously operated a Loans to Lenders Home Loan Program, a Multi-Family Housing Rehabilitation Program, a Multi-Family Loans to Lenders Program, and a Construction Loan Program. 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 current members of the Board of Directors of the Authority are as follows:

Present Board of Directors of the Authority

<u>Name</u>	<u>Affiliation</u>	<u>End of Term</u>
Joseph B. Blake, Chair (1)	President and Chief Executive Officer, Denver Metro Chamber of Commerce; Denver, Colorado	June 30, 2005
John R. Davidson, Chair, <u>pro tem</u> (1)	Chairman of the Board and Chief Executive Officer, First American State Bank; Denver, Colorado	June 30, 2003
M. Michael Cooke, Secretary/Treasurer (1)	Executive Director; Department of Regulatory Agencies; Denver, Colorado	At the pleasure of the Governor
Jo Ellen Davidson	Housing and Community Development Consultant; Denver, Colorado	June 30, 2005
Michelle Dressel	President, Mortgage Division, Alpine Banks of Colorado; Glenwood Springs, Colorado	June 30, 2005
Joseph A. Garcia	President, Pikes Peak Community College; Colorado Springs, Colorado	June 30, 2005
Joanne Hill	Colorado State Auditor; Denver, Colorado	June 30, 2006
James Isgar	State Senator; Hesperus, Colorado	End of legislative biennium 2001-2002
Nancy J. McCallin	Director, Governor's Office of State Planning and Budgeting; Denver, Colorado	June 30, 2003
Jeffrey D. Roemer	Commercial Real Estate Broker, Fuller and Company; Denver, Colorado	June 30, 2003
Jesse L. Thomas	Community Advocate for Health, Education and Housing; Denver, Colorado	June 30, 2005

(1) These Board members were elected to their respective offices effective March 28, 2002.

The principal staff officers of the Authority are as follows:

Milroy A. Alexander, the Executive Director, joined the staff in October 1988. Mr. Alexander is a graduate of Metropolitan State College, Denver, Colorado, with a Bachelor's Degree in Accounting. Prior to assuming the responsibilities of Executive Director on January 1, 2001, Mr. Alexander served as the Authority's Director of Finance. Mr. Alexander was previously a financial manager with a major Colorado manufacturer and a senior manager with Touche Ross, a big eight international accounting and consulting firm. Mr. Alexander is a member of the Colorado Society of Certified Public Accountants and the American Institute of Certified Public Accountants.

Cris A. White, the Deputy Executive Director for Core Business Operations since February 2002, 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.

Nedra San Filippo, the Deputy Executive Director for Corporate Communications & Development since January 1, 2001, joined the staff in December 1985. Ms. San Filippo has headed the Authority's planning and development area since December 1985. Ms. San Filippo has a Master's Degree in Urban and Regional Planning from the University of Colorado-Denver and a Bachelor's Degree in Government from Cornell University. Ms. San Filippo worked for the planning department in a local government and for a private consultant before joining the Authority.

John Dolton, the Director of Finance/Chief Financial Officer, joined the staff in August 1990. Prior to his responsibilities as Director of Finance/CFO, Mr. Dolton had served in various capacities within the Finance Division and as the Manager of Treasury Operations since September 1994. Before joining the Authority, Mr. Dolton was an analyst for a financial planning and investment management firm. Mr. Dolton has a Bachelor's Degree in Finance from the University of Colorado and holds the Chartered Financial Analyst designation.

James A. Roberts, the Director of Legal Operations, joined the staff in December 1974. Mr. Roberts, a graduate of Yale College and Yale Law School, served with the Michigan State Housing Development Authority from 1970 until December 1974.

Karen Harkin was appointed as Director of Home Finance in February 2001. Ms. Harkin joined the staff in June, 1999. Ms. Harkin received a Bachelor of Science degree from the University of Wisconsin-Madison and a Masters Degree in Business Administration from the University of Dubuque, Iowa. Ms. Harkin has fifteen years experience in various capacities in public, private and non-profit real estate lending and development.

Mark Welch, the Director of Rental Finance, joined the staff in January 2001. Prior to joining the Authority, Mr. Welch served as the Director of Housing Development for Mercy Housing, Inc. Mr. Welch has also served with the Colorado Rural Housing Development Corp. and the Colorado Agricultural Leadership Council. Mr. Welch received a Master's Degree in business administration from the University of Denver and a Bachelor's Degree in sociology from the College of St. Thomas.

Jaime Gomez, the Director of Business Finance, joined the staff in August 1999. 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.

Lisa M. Lunger, the Director of Asset Management, joined the staff in December 1994. Prior to her appointment as the Director of Asset Management on December 10, 2001, Ms. Lunger served in various capacities in the Asset Management Division, including most recently as the Assistant Director of Asset Management. Before joining the Authority, Ms. Lunger had 14 years experience in residential and commercial property management. Ms. Lunger is also a Colorado licensed real estate broker.

Linda Raigoza Steele, the Director of Information Technology, joined the staff in April 2002. Prior to joining the Authority, Ms. Steele was involved in management of information technology organizations, enterprise system implementation and network operations. Ms. Steele has a Master's Degree in information systems from the University of Denver and a Bachelor's Degree in business with a minor in electrical engineering from the University of Colorado. She is an adjunct professor for the University of Denver and Regis University.

Employees and Pension Information

As of December 31, 2001, the Authority had approximately 135 full-time employees and three part-time employees, all of whom are members of the Public Employees' Retirement Association of Colorado ("**PERA**"). State statutes require the Authority to contribute 9.43 percent of each participating employee's gross salary to PERA. In 2001, the Authority's PERA contribution totaled approximately \$715,000, compared to an Authority contribution in 2000 of \$665,000.

Insurance Coverage

The Authority has general liability, errors and omission and employee dishonesty insurance coverage.

The General Fund

Generally

CERTAIN OBLIGATIONS UNDER THE MASTER INDENTURE MAY 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 SO DESIGNATED.

The audited financial statements of the Authority included in **Appendix A** to this Official Statement provide certain financial information about the Authority on a fund accounting basis, including a description of its General Fund. 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 from the Authority's Rental Acquisition Program; 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 corporate purposes and not payable from other funds of the Authority. The General Fund itself is not subject to any pledge created under the Indenture. As discussed below, 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.

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, 2001, as provided by the Authority.

Colorado Housing and Finance Authority
General Fund
Selected Financial Information
Years Ended December 31
(000s)

	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>
Interest and investment revenue:					
Loans receivable	\$16,987	\$14,966	\$12,857	\$10,646	\$10,278
Marketable securities	3,135	3,252	3,557	3,739	2,902
Net increase (decrease) fair value of long-term marketable securities	<u>473</u>	<u>179</u>	<u>(884)</u>	<u>483</u>	<u>96</u>
Total interest and investment revenue	20,595	18,397	15,530	14,868	13,276
Interest expense - bonds and notes payable	<u>11,267</u>	<u>11,983</u>	<u>10,489</u>	<u>8,467</u>	<u>7,881</u>
Net interest and investment revenue	9,328	6,414	5,041	6,401	5,395
Other revenue (expense):					
Rental operations	10,373	9,858	9,587	9,321	9,059
Fees and miscellaneous income	11,679	11,413	9,080	8,612	9,767
Program fees	<u>5,539</u>	<u>4,024</u>	<u>3,426</u>	<u>3,523</u>	<u>3,702</u>
Total other revenue	<u>27,591</u>	<u>25,295</u>	<u>22,093</u>	<u>21,456</u>	<u>22,528</u>
Net revenue	36,919	31,709	27,134	27,857	27,923
Other expenses:					
Salaries and related benefits	9,892	9,356	8,387	7,445	6,776
General operating	10,280	8,503	9,015	8,279	8,764
Provision for losses	953	(438)	1,115	146	534
Other interest expense	1,332	1,346	1,415	2,162	2,429
Transfers	<u>(1,059)</u>	<u>(2,058)</u>	<u>(1,833)</u>	<u>--</u>	<u>--</u>
	<u>21,398</u>	<u>16,709</u>	<u>18,099</u>	<u>18,032</u>	<u>18,503</u>
Net income	\$ <u>15,521</u>	\$ <u>15,000</u>	\$ <u>9,035</u>	\$ <u>9,825</u>	\$ <u>9,420</u>
Fund Balance, end of year	\$ <u>112,179</u>	\$ <u>96,658</u>	\$ <u>81,658</u>	\$ <u>72,623</u>	\$ <u>56,959</u>
Bonds and Notes Payable	\$ <u>224,414</u>	\$ <u>213,588</u>	\$ <u>178,329</u>	\$ <u>161,043</u>	\$ <u>141,616</u>
Total Assets	\$ <u>353,547</u>	\$ <u>326,427</u>	\$ <u>280,203</u>	\$ <u>250,640</u>	\$ <u>216,796</u>

Source: Audited financial statements of the Authority

Appropriations, Reserves and Restrictions

The Authority Board, in its discretion and from time to time, designates portions of the fund balance of the General Fund 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.

Programs to Date

The following is a brief summary of the housing and loan programs currently operated by the Authority and the revenue and general obligation bonds, notes or other obligations which have been issued to date to provide funds for such programs. 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, its programs and its financial status. **Except as otherwise described herein, the mortgage loans referred to below are not pledged in any way as security for the Bonds. See "Part II – SECURITY FOR THE OBLIGATIONS."**

Multi-Family Loan Programs

Under its Multi-Family Housing Facility Loan Program, the Authority makes mortgage loans to qualified sponsors of low and moderate income multi-family housing within Colorado. The Multi-Family Housing Facility Loan Program consists of programs providing funds for: (i) mortgage loans insured by an agency or instrumentality of the United States ("**Insured Loans**"); (ii) uninsured mortgage loans ("**Uninsured Loans**"); and (iii) uninsured mortgage loans made with funds from the Authority's Housing Opportunity Fund ("**Uninsured HOF Loans**").

Insured Loans made by the Authority under its Multi-Family Housing Facility Loan Program must be insured by an agency or instrumentality of the United States under an insurance program requiring payment of not less than 99% of the principal amount of such mortgage in the event of default. Insured Loans made by the Authority to date have been insured by the Federal Housing Administration ("**FHA**") under Sections 221(d)(3), 221(d)4 and 223(f) of the National Housing Act of 1934, as amended, and under Section 542(c) of the Housing and Community Development Act of 1992, as amended. In the case of a Section 542(c) claim, the Authority is responsible, as a general obligation, to reimburse FHA for 50% of any loss incurred by the FHA as a result of and after settlement of such claim. See "General Obligations of the Authority" under this caption.

The Authority has made Uninsured Loans to §501(c)(3) nonprofit corporations and public housing authorities as well as to for-profit developers. Such Uninsured Loans made as a part of the Authority's SMART (Small Affordable Rental Transactions) Program generally have been made in principal amounts under \$1 million (increased to a \$2 million maximum amount as of August 23, 2001). As of December 31, 2001, the Authority had outstanding \$8,372,000 aggregate principal amount of such Uninsured Loans made in connection with the SMART program and financed on an interim basis by the Authority from its General Fund. The Authority has also made Uninsured Loans which have been financed by the proceeds of the Authority's (i) General Obligation Bonds, (ii) Multi-Family/Project Bonds, (iii) Mortgage Revenue Bonds, sold to institutional purchasers and secured solely by and payable solely from such Uninsured Loans and (iv) Multi-Family Housing Revenue Bonds issued by the Authority as a conduit issuer and supported by letters of credit or other credit facilities.

As of December 31, 2001, the Authority had the following bonds outstanding, proceeds of which have been used to finance Insured Loans and Uninsured Loans. **Except for bonds specifically identified in Appendix B as Bonds under the Indenture, the revenue bonds described below are secured separately from and are not on parity with the Bonds and are issued and secured under resolutions or indentures of the Authority other than the Indenture.**

Bonds to Finance Multifamily Housing Facility Loan Program

<u>Name of Bonds</u>	<u>Principal Amount Issued</u>	<u>Principal Amount Outstanding(1)</u>	<u>Loans Outstanding(2)</u>
Multifamily Housing Insured Mortgage Revenue Bonds (3)	\$678,660,000 (23 series)	\$406,835,000	\$316,427,000
Mortgage Revenue Bonds (4)	\$ 11,576,000 (4 series)	\$ 2,070,000	\$ 2,010,000
Multi-Family/Project Bonds (5)	\$166,505,000 (3 series)	\$163,955,000	\$115,350,000
General Obligation Bonds(6)	\$105,293,000 (11 series)	\$ 4,750,000	\$ 4,404,000
General Obligation Bonds (7) (SMART Program)	\$ 8,707,000 (1 series)	\$ 8,471,000	\$ 8,372,000

- (1) As of December 31, 2001.
- (2) Aggregate principal amount as of December 31, 2001.
- (3) Proceeds used to finance Insured Loans.
- (4) Proceeds used to finance Uninsured Loans.
- (5) Proceeds used to finance and refinance Insured Loans and Uninsured Loans.
- (6) Proceeds used to finance Uninsured Loans.
- (7) Proceeds used to finance and refinance Uninsured Loans under the SMART program.

Under its Multi-Family Housing Facility Loan Program, the Authority also makes Uninsured HOF Loans using funds from amounts in its General Fund designated as the Housing Opportunity Fund. The Housing Opportunity Fund was created by the Authority in 1989 to provide small loans at flexible interest rates, either as first mortgages or on a subordinate basis to other loans, generally to supplement other available financing as needed for rental housing facility projects. As of December 31, 2001, the Authority had outstanding approximately \$10,649,000 aggregate principal amount of such Uninsured HOF Loans.

The Authority has also implemented a Rental Acquisition Program (the "**RAP Program**") under which the Authority acquires and rehabilitates apartment buildings located throughout Colorado for rental to persons and families of low and moderate income. The Authority contracts with private entities to manage such buildings. 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 secured solely by the acquired projects.

Single-Family Mortgage Programs

Under its Single-Family Mortgage Programs, the Authority may make mortgage loans for single-family residential dwellings directly to individual borrowers or may purchase such mortgage loans from qualified originating Mortgage Lenders. The Authority presently purchases mortgage loans under its Qualified Single-Family Mortgage Program and its Non-Qualified Single-Family Mortgage Program.

Under its Qualified Single-Family Mortgage Program, the Authority may make mortgage loans to Eligible Borrowers meeting certain income limit requirements, for Eligible Property not exceeding certain Purchase Price limits, and subject to certain other restrictions imposed, in some cases, by the Tax Code. In connection with this program, the Authority has previously issued numerous series of its single-family housing revenue bonds, the aggregate principal amount of which outstanding as of December 31, 2001 was \$986,451,000. The Subordinate Bonds for the various series of the Authority's Single-Family

Program Senior and Subordinate Bonds are general obligations of the Authority. The Authority has used and expects to continue to use proceeds (and amounts exchanged therefor) of bonds, as permitted by tax law, to finance its acquisition of mortgage loans under the Qualified Single-Family Mortgage Program. **For information concerning the outstanding bonds of the Authority issued in connection with its Single-Family Mortgage Programs, see www.colohfa.org.**

Eligible borrowers under the Authority's Non-Qualified Single-Family Mortgage Program must meet certain income limits established by the Authority, which limits are somewhat higher than the limits permitted for the Qualified Single-Family Mortgage Program. There is no 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. In many other respects, the requirements for the Non-Qualified Single-Family Mortgage Program are the same as the requirements for the Authority's Qualified Single-Family Mortgage Program. The Authority has used and expects to continue to use proceeds (and amounts exchanged therefor) of bonds, as permitted by tax law, to finance its acquisition of mortgage loans under the Non-Qualified Single-Family Mortgage Program.

Commercial Programs

The Authority offers various programs under which it finances commercial and industrial loans (or participation interests therein) by means of certain bonds and notes, outstanding as of December 31, 2001 as shown on the following table. All of these bonds and notes constitute general obligations of the Authority payable from the unencumbered assets and available income of the Authority. See "General Obligations of the Authority" under this caption.

Commercial Program Bonds/Notes

<u>Name of Bonds</u>	<u>Principal Amount Issued</u>	<u>Principal Amount Outstanding (1)</u>
Guaranteed Loan Participation Purchase Bonds (2)	\$58,302,000	\$15,589,000
Project Loan Participation Purchase Bonds and Refunding Bonds (3)	\$68,108,000	\$27,861,000
Rural Business-Cooperative Service Notes (4)	\$ 2,050,000	\$ 1,579,000

(1) As of December 31, 2001

(2) Proceeds are used to fund participation interests in commercial and industrial loans under three programs of the Authority – a Quality Investment Capital ("**QIC**") Program, a Quality Agricultural Loan ("**QAL**") Program and a Business & Industry II ("**B&I II**") Program

(3) Proceeds are used to finance commercial and industrial loans (or participation interests therein) under the Authority's ACCESS Program and Direct Loan Program.

(4) Proceeds are used to finance project or working capital loans or participations therein for small businesses in rural areas.

In connection with its Special Projects financing program, the Authority has issued as a conduit issuer its industrial development revenue bonds to finance certain manufacturing facilities for corporations and has financed real estate projects for non-profit organizations certain through general obligation bonds of the Authority. See "General Obligations of the Authority" under this caption. The Authority offers a loan program for businesses involved in the recycling and waste diversion industries

("RENEW Program"), with funding received from the Colorado Department of Local Affairs. The Authority also uses its Business and Industry Loan I ("B&I I") Program to provide funding to Colorado businesses located in rural areas, which loans are supported by an eighty percent guaranty of the Rural Business - Cooperative Service.

General Obligations of the Authority

As explained in "Programs to Date" under this caption, many of the bonds and notes issued by the Authority to finance its programs are general obligations of the Authority, rather than payable solely from specific revenues or assets. The following is a list of the outstanding bonds/notes of the Authority as of December 31, 2001:

General Obligation Bonds/Notes

<u>Name of Bonds</u>	<u>Principal Amount Issued</u>	<u>Principal Amount Outstanding (4)</u>
Subordinate Bonds – Qualified Single-Family Mortgage Program (1)	\$ 44,715,000	\$18,160,000
General Obligation Bonds – Multi-Family Housing Facility Loan Program (2)	\$105,293,000	\$ 4,750,000
Multi-Family/Project Class III Bonds (2)	\$21,760,000	\$21,760,000
General Obligation Bonds/ Notes – Commercial Programs (3)	\$135,117,000	\$51,921,000

(1) See "Programs to Date – Single-Family Mortgage Programs" under this caption.

(2) See "Programs to Date – Multi-Family Loan Programs" under this caption.

(3) See "Programs to Date – Commercial Programs" under this caption.

(4) As of December 31, 2001.

The Authority has also pledged its full faith and credit to secure other obligations relating to its programs, as described below:

- **Section 542(c) Risk Sharing.** The Authority has also assumed as a general obligation 50% risk of loss in the mortgage loans insured by the FHA under Section 542(c) in connection with its Multi-Family Housing Facility Loan Program, which loans were outstanding as of December 31, 2001 in the aggregate amount of \$166,117,000. See **Appendix J – "FEDERAL INSURANCE PROGRAMS."** In the case of a §542(c) claim, the Authority is responsible, as a general obligation, to reimburse FHA for 50% of any loss incurred by the FHA as a result of and after the final settlement of such claim. See "Programs to Date – Multi-Family Loan Programs" under this caption. In connection with the Authority's mortgage loan previously outstanding in the aggregate principal amount of \$8.97 million (the "**Marycrest Loan**"), the Authority has incurred a risk sharing liability as a result of a default of the Marycrest Loan and the filing of a full insurance claim. A mortgage loan outstanding in the aggregate principal amount of \$8.38 million (the "**Allied Loan**") defaulted and the Authority has concluded the foreclosure process and conveyed the property to a third party. As a result, the Authority has filed a full insurance claim for the Allied Loan. A mortgage loan outstanding in the aggregate principal amount of \$1.63 million (the "**Sterling Manor Loan**") is presently in default, and the Authority has filed a full insurance claim for the Sterling Manor Loan. In addition, a mortgage loan outstanding in the aggregate principal amount of \$4.18 million (the "**Skyview Village Loan**") is presently in default and the Authority may file a full or partial insurance claim in accordance with the procedures and notice process required by the FHA. It is likely that the Authority will incur a risk sharing liability in connection with the Allied Loan, the Sterling

Manor Loan and the Skyview Village Loan. At this time, the Authority believes that the risk sharing liability with respect to the Allied Loan and the Sterling Manor Loan will not substantially exceed the multifamily loan loss reserve that the Authority has established for such loans. The Authority is reviewing the multifamily loan loss reserve it has established for the Skyview Village Loan and anticipates increasing the reserve amount to a level adequate to cover the possible risk sharing liability related thereto.

- Derivative Obligations. The Authority has pledged its full faith and credit to secure its obligation to make termination payments under Derivative Obligations to the Multi-Family/Project Bonds and under certain interest rate contracts relating to certain outstanding single family bonds of the Authority.

- Borrowings. The Authority has entered into agreements with the Federal Home Loan Bank of Topeka and a commercial bank for the borrowing from time to time of up to an aggregate amount of \$130,000,000. Such borrowings are also general obligations of the Authority and have generally been used to date to make or purchase loans pending the permanent financing of such loans. As of December 31, 2001, \$88,254,126 in borrowings were outstanding under those agreements.

Moody's Investors Service ("**Moody's**") has assigned an "A1" rating and Standard & Poor's Ratings Group, a Division of The McGraw-Hill Companies, Inc. ("**S&P**") has assigned an "A+" rating to the Authority's ability to repay its long-term 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 entirely by Moody's or S&P, respectively, if circumstances so warrant.

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. 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 2002 Series C 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 – Allocation of Moneys in 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). 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 J – "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 in "Generally" under this caption, "**Projects**").

Outstanding Loans and Authority Projects

For information concerning the Outstanding Loans and Authority Projects securing the Obligations issued now and hereafter under the Master Indenture and Unexpended Proceeds relating to Outstanding Obligations previously issued under the Master Indenture, see **Appendix G-2**.

Debt Service Reserve Fund

Generally

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 "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 the 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

The Authority has entered, and will in the future enter, Liquidity Facilities in connection with Adjustable Rate Bonds issued under the Master Indenture. The Authority may elect to replace any Liquidity Facility (including but not limited to the Initial Liquidity Facility) with an Alternate Liquidity Facility. The Authority shall promptly notify the Trustee, the 2002C Remarketing Agent 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 the 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 2002C 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.

Pursuant to the Indenture, the Trustee is to, without any further authorization or direction from the Authority, submit to the Liquidity Facility Provider not earlier than fifteen months before, and not later than six months before, the expiration date of any Liquidity Facility as from time to time in effect, on behalf of the Authority a request that the Liquidity Facility Provider renew the Liquidity Facility and extend the expiration date thereof for an additional three-year period (or such other period as may be specified by the Authority in writing) after the then effective expiration date thereof, unless the Trustee shall have received, not later than fifteen months before such expiration date, written direction from the Authority not to submit such request.

An Alternate Liquidity Facility (along with the requisite favorable opinions of counsel) must be delivered to the Trustee at least five business days prior to the time notice of mandatory tender must be sent to Owners of the Adjustable Rate Bonds.

Derivative Products

In connection with the issuance of Adjustable Rate Bonds, the Authority has, 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 I – CERTAIN PROGRAM ASSUMPTIONS – 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 – 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. 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 – COLORADO HOUSING AND FINANCE AUTHORITY – General Obligations of the Authority."

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.

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 at Par

As discussed in "Expiration of HAP Contracts" under this caption, 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, 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. SEE PART I. THE TIME OR RATE OF SUCH PREPAYMENTS OR DEPOSITS CANNOT BE PREDICTED. **However, it is assumed that a substantial portion of the each Series of Bonds 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.**

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 J – "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."

Expiration of HAP Contracts

As indicated in **Appendix G-2** hereto, a significant portion of the 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 Loan. These contracts by their terms do not contemplate renewal nor did the parties otherwise provide for such renewal at the time the HAP contracts were originally granted. However, federal legislation enacted in October 1997, referred to as the Multifamily Assisted Housing Reform and Affordability Act of 1997, as amended ("**Title V**"), provides for the restructuring of mortgage financing and the renewal of HAP contracts for certain multifamily housing projects, including certain projects financed by the Loans. The Authority has not determined at this time the extent to which the owners of projects secured by insured Loans and which are the subject of expiring HAP contracts will seek renewals of those HAP contracts or which projects will be eligible for such renewals under Title V, with or without restructuring of the insured Loans. Thus, the Authority is unable at this time to predict the impact of expiration of these HAP contracts or the effect of this legislation on the sufficiency of Revenues and assets pledged under the Master Indenture for payment of the Bonds outstanding under the Master Indenture or on the level of prepayments which may result from such expirations. See "Considerations Regarding Redemption at Par" under this caption.

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. Among other things, it may not be possible 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. See "Part I – CERTAIN PROGRAM ASSUMPTIONS."

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

The Act provides 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 are rated in one of the two highest rating categories by one or more nationally recognized organizations which regularly rate such obligations. 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.

FINANCIAL STATEMENTS OF THE AUTHORITY

The financial statements of the Authority as of and for the year ended December 31, 2001, included in this Official Statement as **Appendix A**, have been audited by Arthur Andersen LLP, independent public accountants, as stated in their report dated February 22, 2002. The Authority has engaged Deloitte & Touche LLP to perform the audit of its financial statements as of and for the year ending December 31, 2002.

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 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: Executive Director.

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 Bonds.

**COLORADO HOUSING AND FINANCE
AUTHORITY**

By: /s/ Milroy A. Alexander
Executive Director

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APPENDIX A

**Financial Statements and Additional Information
of the Authority for the Fiscal Year
ended December 31, 2001**

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UNQUALIFIED OPINION ON GENERAL-PURPOSE

FINANCIAL STATEMENTS

To the Board of Directors of
Colorado Housing and Finance Authority:

We have audited the accompanying general-purpose statements of financial condition of the Colorado Housing and Finance Authority (the "Authority") as of December 31, 2001 and 2000 and the related statements of revenue, expenses and changes in retained earnings and cash flows for the years then ended. These general-purpose financial statements and the accompanying supplemental financial information are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of Hyland Park Centre Corporation, Tanglewood Oaks Apartments Corporation and Village of Yorkshire Corporation, which statements reflect total assets of \$21,908,255 and \$21,866,079 as of December 31, 2001 and 2000, respectively, total revenue of \$7,221,960 and \$6,771,536 and net income of \$2,282,859 and \$2,536,208 for the years ended December 31, 2001 and 2000, respectively, of the related totals. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for Hyland Park Centre Corporation, Tanglewood Oaks Apartments Corporation and Village of Yorkshire Corporation, are based solely on the reports of the other auditors.

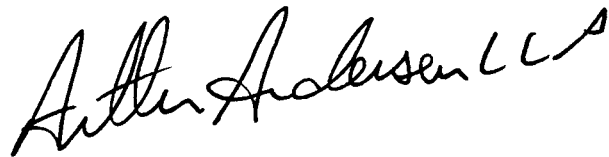
We conducted our audits in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits and the reports of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and the reports of other auditors, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of December 31, 2001 and 2000 and the statements of revenue, expenses and changes in its retained earnings and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 22, 2002, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying statements of financial condition and statements of revenue, expenses and changes in retained earnings by program are presented for purposes of additional analysis and are not a required part of the Authority's general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, based on our audit and the reports of other auditors, are fairly stated, in all material respects in relation to the general-purpose financial statements taken as a whole.

Denver, Colorado,
February 22, 2002.

A handwritten signature in black ink, reading "Arthur Andersen LLP". The signature is written in a cursive, flowing style with a large initial "A" and "A".

STATEMENTS OF FINANCIAL CONDITION

December 31,

	2001	(000's Omitted)	2000
Assets			
Cash and interest bearing accounts	\$ 12,929		\$ 7,315
Marketable securities:			
Short-term, at amortized cost which approximates market	411,581		329,128
Cash and cash equivalents	424,510		336,443
Marketable securities:			
Long-term, at fair value	113,916		124,162
Total cash and marketable securities	538,426		460,605
Loans receivable, net	1,405,707		1,392,805
Accrued interest receivable	16,838		17,535
Property and equipment, net:			
Corporate facilities	5,116		3,301
Rental operations	26,547		26,945
Deferred debt financing costs, net	17,908		16,962
Other real estate owned, net	7,146		5,822
Other assets	19,895		19,774
	\$ 2,037,583		\$ 1,943,749
Liabilities and Fund Equity			
Liabilities:			
Bonds payable, net	\$ 1,710,972		\$ 1,635,523
Notes payable	104,500		105,408
Accrued interest payable	25,224		23,413
Accounts payable and other liabilities	7,529		5,207
Federally assisted program advances	369		1,738
Deferred fee income	298		280
Escrow and refundable deposits	7,884		7,688
Total liabilities	1,856,776		1,779,257
Fund equity - retained earnings:			
Restricted	68,628		67,834
General Fund - Board designated	112,179		96,658
Total fund equity - retained earnings	180,807		164,492
	\$ 2,037,583		\$ 1,943,749

The accompanying notes are an integral part of these statements.

STATEMENTS OF REVENUE, EXPENSES AND CHANGES IN RETAINED EARNINGS

	Years Ended December 31,	
	2001	(000's Omitted) 2000
Interest and investment revenue:		
Loans receivable	\$ 98,772	\$ 90,606
Marketable securities	28,754	31,689
Net increase (decrease) in fair value of long-term marketable securities	(230)	2,603
Total interest and investment revenue	127,296	124,898
Interest expense - bonds and notes payable	103,793	101,105
Net interest and investment revenue	23,503	23,793
Other revenue:		
Rental operations	10,373	9,858
Fees and miscellaneous income	11,974	11,413
Total other revenue	22,347	21,271
Net revenue	45,850	45,064
Other expenses:		
Salaries and related benefits	9,892	9,356
General operating	11,155	9,300
Provision for losses	6,666	2,059
Other interest expense	1,822	2,249
Total other expenses	29,535	22,964
Net income	16,315	22,100
Retained earnings, beginning of year	164,492	142,392
Retained earnings, end of year	\$ 180,807	\$ 164,492

The accompanying notes are an integral part of these statements.

STATEMENTS OF CASH FLOWS

Years Ended December 31,

	2001	(000's Omitted)	2000
Operating activities:			
Net income	\$	16,315	\$ 22,100
Adjustments to reconcile net income to net cash used by operating activities:			
(Increase) decrease in fair value of investments		230	(2,603)
Depreciation		1,752	1,545
Gain on sale of property and equipment		(303)	(1,476)
Accretion of capital appreciation term bonds		1,547	1,712
Amortization of:			
Deferred debt financing costs		1,144	1,420
Premiums and discounts on bonds, net		(5,704)	(4,675)
Premiums and discounts on long-term marketable securities, net		(26)	-
Deferred fee income		(1,585)	(2,328)
Deferred cash assistance expense		2,611	2,102
Mortgage yield recoupment income		(62)	(78)
Provision for losses		6,666	2,059
Principal repayments on loans receivable		290,863	138,942
Sales of other real estate owned		3,132	684
New loan fundings		(315,307)	(370,747)
Deferred fee income		1,296	1,949
Deferred cash assistance expense		(6,552)	(8,108)
Gain on sale of OREO		(294)	-
Changes in assets and liabilities:			
Accrued interest receivable		17	(2,291)
Other assets		2,627	4,334
Accrued interest payable		1,811	1,783
Accounts payable, federally assisted program advances and escrow and refundable deposits		1,149	(4,247)
Total adjustments		(14,988)	(240,023)
Net cash provided (used) by operating activities	\$	1,327	\$ (217,923)

The accompanying notes are an integral part of these statements.

STATEMENTS OF CASH FLOWS

	Years Ended December 31,	
	2001	2000
Net cash provided (used) by operating activities	\$ 1,327	\$ (217,923)
Investing activities:		
Sales and maturities of long-term marketable securities	20,096	12,019
Purchases of long-term marketable securities	(10,053)	(7,322)
Sales of property and equipment:		
Corporate facilities	2	37
Rental operations	459	2,173
Purchases of property and equipment:		
Corporate facilities	(2,256)	(480)
Rental operations	(1,071)	(1,334)
Net cash provided by investing activities	7,177	5,093
Noncapital financing activities:		
Proceeds from issuance of bonds payable	366,060	400,107
Proceeds from issuance of notes payable	393,807	372,032
Debt financing costs	(3,732)	(4,076)
Repayments of bonds payable	(284,063)	(240,060)
Repayments of notes payable	(391,513)	(325,392)
Bond call premiums	(996)	(955)
Net cash provided by noncapital financing activities	79,563	201,656
Net increase (decrease) in cash and cash equivalents	88,067	(11,174)
Cash and cash equivalents, beginning of year	336,443	347,617
Cash and cash equivalents, end of year	\$ 424,510	\$ 336,443
Supplemental disclosures of cash flow information:		
Cash paid during the year for interest	\$ 106,734	\$ 103,694
Supplemental schedule of non-cash operating, investing and financing activities:		
Transfer of mortgage loans to real estate owned	9,166	10,125
Transfer of loans receivable to other assets	2,748	4,235
Transfer of allowance on loans receivable to allowance on other real estate owned	2,719	4,817
Transfer of allowance on OREO to allowance on accrued interest receivable	340	-
Offset of note payable to OREO due to risk sharing settlement	3,514	-
Transfer of deferred debt financing costs to deferred refunding (bonds and notes payable)	1,575	1,377
Transfer of deferred fee income to deferred refunding (loans receivable)	247	550
Transfer of accrued interest payable to allowance for losses	-	449
Charge-offs of other real estate owned, loans receivable and other assets	4,453	232

The accompanying notes are an integral part of these statements.

NOTES TO FINANCIAL STATEMENTS

Years Ended December 31, 2001 and 2000

(Amounts for all notes in tabular format are in thousands.)

(1) Organization and Summary of Significant Accounting Policies

(a) Authorizing Legislation

Colorado Housing and Finance Authority (the "Authority") is a corporate body and a political subdivision of the State of Colorado established pursuant to the Colorado Housing and Finance Authority Act, Title 29, Article 4, Part 7 of the Colorado Revised Statutes, as amended (the "Act"). Operations of the Authority commenced in 1974.

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

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

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.

(b) Reporting Entity

In accordance with governmental accounting standards applicable to the reporting entity, the Authority has considered the inclusion of related entities in its financial statements. The reporting entity definition is based primarily on the concept of financial accountability. The Authority is financially accountable for those units that make up its legal entity as well as its legally separate organizations, because they have the same board of directors and management personnel, and their surplus assets are relinquished to the Authority.

Tanglewood Oaks Apartments Corporation ("Tanglewood"), Hyland Park Centre Corporation ("Hyland Park"), and Village of Yorkshire Corporation ("Yorkshire") have been designated as blended component units and included in the Authority's financial statements. Tanglewood, Hyland Park and Yorkshire are public, non-profit instrumentalities of the Authority, each of which owns and operates a single, separate multi-family rental housing project. Financial information pertaining to the blended component units is presented in Note (1). Separate financial statements for the individual component units may be obtained through the Authority.

Management also has concluded that it is not a component unit of any other entity.

(c) Fund Accounting

The financial activities of the Authority are recorded in funds ("Bond Funds") established under various bond resolutions and in other funds established in connection with the administration of the Authority's programs. All activities of the Authority not performed pursuant to the bond resolutions are recorded in the General Fund.

The financial statements of the Authority are presented on the basis of the governmental proprietary fund accounting concept. All interfund and intercompany balances and transactions have been eliminated in the basic financial statements. Revenue and expenses are recognized on an accrual basis.

The Authority's Board of Directors (the "Board") has designated certain amounts of the retained earnings of the General Fund as of December 31, 2001 and 2000 for various purposes as follows:

NOTES TO FINANCIAL STATEMENTS

(Amounts for all notes in tabular format are in thousands.)

Years Ended December 31, 2001 and 2000

(1) Organization and Summary of Significant Accounting Policies (continued)

	2001	2000
Appropriations for loan funds:		
Housing fund	\$ 1,217	\$ 13,019
Business Finance Fund	15,577	10,498
Housing Opportunity Fund	19,390	19,412
	36,184	42,929
Reserves:		
Debt service:		
General Obligation Bonds -		
Rental Housing and Commercial	12,159	7,548
General operating and working capital reserve	12,374	11,425
Unrealized appreciation of investments	473	763
	25,006	19,736
Restrictions for single and multi-family bonds	50,989	33,993
Total designated retained earnings	\$ 112,179	\$ 96,658

(c) Fund Accounting (continued)

The restricted amounts are for the payment of principal, redemption premium, if any, or interest on all outstanding multi-family and single family bond issues, in the event that no other monies are legally available for such payments. The Board may withdraw all or part of this restricted balance only if (i) the Authority determines that such monies are needed for the implementation or maintenance of any duly adopted program of the Authority; and (ii) no default exists in the payment of the principal, redemption premium, if any, or interest on such bonds.

The Authority has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting".

The Authority is planning for the implementation of GASB Statement no. 34, "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments". A key issue

behind the statement is the improvement of operational accountability. The objectives of the statement are to establish a basic financial reporting model that will result in greater accountability by governments, while providing more useful information to a wider range of users. This conceptual basis has resulted in a new financial reporting model with several changes that have major implications on governments; however, as a public enterprise, the implications to the Authority are significant but not as broad as to a true governmental entity. Statement 34 is effective in three phases, which are based on a government's total annual revenues in the first fiscal year ending after June 15, 1999. Accordingly, the Authority is required to implement the statement as a Phase 1 government. Phase 1 requires that the statement be applied for periods beginning after June 15, 2001. Therefore, full implementation is planned to begin with the Authority's financial statements for the year ended December 31, 2002.

As permitted by GASB Statement 20, the Authority may adopt all applicable Financial Accounting Standards Board (FASB) Statements

and Interpretations issued after November 30, 1989, except for those that conflict with or contradict GASB pronouncements. As of December 31, 2001 no such FASB pronouncements have been adopted.

(d) Budget Policies and Procedures

The Authority's budget year is the calendar year. A budget committee consisting of Finance, the Executive Committee and Human Resources staff reviews the initial drafts, makes necessary changes and presents the budget to the Executive Director for further review and approval. The Board is presented with a draft in November, and a public hearing is conducted. Modifications are made reflecting Board input, and the final version is adopted by the Board in December. The Board may modify the budget at any point during the fiscal year, but has chosen to do so only twice in its history; in 2000 and in 1992.

The budget is developed on a full accrual basis with estimations of revenue by source and expenses by object. Funds remaining at the end of one year are budgeted again in the following year, if requested and approved.

(1) Organization and Summary of Significant Accounting Policies (continued)

e) Cash

Cash at December 31, 2001 and 2000, primarily includes market interest accounts of which approximately \$1,418,000 and \$1,694,000, respectively, is restricted for various General Fund program purposes.

(f) Marketable Securities

The Authority accounts for its investments in accordance with GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools" (Statement 31), which establishes accounting and financial reporting standards for investments held by governmental entities. Statement 31 requires most investments to be recorded at fair value and the recognition of unrealized gains and losses in the statement of revenue and expenses. Statement 31 allows money market investments and participating interest earning investment contracts that have a remaining maturity at the time of purchase of one year or less to be recorded at amortized cost. The net increase (decrease) in the fair value of long-term marketable securities for 2001 and 2000 is reflected in the income statement for the years presented.

The fair value of the Authority's investments is determined from quoted market prices. Long-term marketable securities are carried at fair value. However, the Authority's long-term marketable securities include investment contracts that have fixed maturities and fixed rates with flexible withdrawal provisions. These investment contracts are not transferable, are not affected by changes in market interest rates, and therefore are carried at current face value. Included in long-term marketable securities are \$99,754,000 and \$112,867,000 at December 31, 2001 and 2000, respectively, which are restricted for future debt service as required under the various bond resolutions. Short-term marketable securities are carried at amortized cost, which approximates market, and generally mature

within 90 days. For purposes of the statements of cash flows, the Authority considers all short-term investments to be cash equivalents. The Authority must authorize all purchases and sales of investments in writing.

(g) Loans Receivable

Mortgage loans are carried net of deferred fee income, deferred mortgage yield recoupment income and allowance for loan losses. Generally, mortgage loans bear interest at rates ranging from 5.00% to 14.00% per annum, payable monthly over terms from 15 to 40 years. Commercial loans bear interest at rates ranging from 4.00% to 11.00% per annum, payable monthly or annually over terms from 4 to 30 years. Servicing of mortgage loans is provided by the Authority and various approved and qualified private lending institutions, on behalf of the Authority.

(h) Fee Income and Expense

Loan and commitment fees, net of related costs, are deferred and amortized into interest income, using the effective interest method, over the estimated average lives of the loans. Under the Authority's current Single Family Bond Program, the borrower is provided a cash assistance payment of generally 3% of the loan amount. These payments are deferred and amortized into interest income, using the effective interest method, over the estimated average lives of the loans.

(i) Mortgage Yield Recoupment Income

Income in excess of arbitrage limits under the U.S. Treasury regulations advanced to the Authority in connection with certain bond issues is accounted for as an adjustment of the yield on the respective mortgage loan portfolio to the yield permitted under the regulations. These amounts are classified as reductions of loans receivable, and deferred and amortized over the lives of the respective mortgage loans.

(j) Compensated Absences

Full-time employees accrue vacation leave at the rate of between ten days and twenty days per year, depending on length of service. Partial full-time employees accrue vacation at 80% of full time employees, while part-time employees accrue vacation at 50%. Sick leave accrues to full-time employees at the rate of 9 days per year, and 7.2 days for partial full-time staff. Personal leave accrues to full-time employees at the rate of 2 days per calendar year and part-time employees accrue at 1.6 days. Both sick leave and personal leave are non-vesting and cannot be carried over into the next calendar year. The liability for compensated absences is included in the financial statements.

(k) Allowance for Losses

The allowance for losses on loans, accrued interest receivable, other real estate owned, and other assets is provided through charges against current operations based on management's periodic review of the loan and other real estate owned portfolios. This review considers such factors as the payment history of the loans, the projected cash flows of the borrowers, estimated value of the collateral, subsidies, historical loss experience for each type of insurance or guarantee (for losses particular to other real estate owned), additional guarantees provided by the borrowers and economic conditions. When this review determines that an exposure to loss is probable and can be reasonably estimated, a provision against current operations is made in the amount quantifiable. Loans receivable, accrued interest receivable, other real estate owned and other assets are shown net of an allowance for losses of \$13,259,000, \$340,000, \$2,447,000, and \$161,000, respectively, for 2001, and \$9,387,000, \$0, \$4,406,000, and \$201,000, respectively, for 2000.

(1) Organization and Summary of Significant Accounting Policies (continued)

(l) Property, Equipment and Rental Real Estate Operations

The office building, furniture and equipment are carried at \$5,116,000 and \$3,301,000 at December 31, 2001 and 2000, respectively, representing cost, net of accumulated depreciation of \$3,913,000 and \$3,479,000, respectively. The Authority purchased an adjacent office building and land in 2001, valued at \$532,000 and \$1,133,000, respectively. The Authority uses the straight-line method of depreciation with estimated useful lives of three to thirty-five years.

The Authority commenced its Rental Acquisition Program ("RAP") in 1988, when the Board authorized the acquisition, rehabilitation and operation of below-market priced multi-family properties to provide affordable housing to low and moderate income families. The Authority has acquired and rehabilitated these properties with a combination of funds, including (i) general obligation and multi-family bond proceeds, (ii) seller-carry notes, and (iii) contributions from the Operating Fund. As a policy matter, the Authority sells these properties from time to time to qualified non-profit sponsors. Further, it is the policy of the

Authority to distribute excess surplus equity from the component units semiannually. These distributions are reflected in the component unit's equity.

As of December 31, 2001, the Authority owned a total of 13 RAP projects, including its three component units, containing 1,354 units. Selected balance sheet items of the RAP are presented below:

	2001	2000
RAP combined, including component units:		
Property, net of accumulated depreciation of \$9,157,000 and \$7,897,000	\$ 26,547	\$ 26,945
Total assets	35,785	35,169
Total debt	23,983	25,922
Equity	11,802	9,247
RAP component units only:		
Property, net of accumulated depreciation of \$5,307,000 and \$4,509,000	\$ 18,289	\$ 18,505
Total assets	21,908	21,866
Total debt	17,302	17,465
Equity	4,606	4,401

All revenue and expenses of these properties, including depreciation and interest, are reflected in the operating results of the Authority's Operating Fund. RAP revenues are recorded as components of other revenue-rental operations and fees and miscellaneous income

which includes RAP interest income. Operating and other expenses are recorded in general operating expenses, and interest expense on notes payable and general obligation bond proceeds used to acquire the properties is recorded in other interest expense. A summary

of the operating results of the RAP properties follows on a stand-alone basis before elimination of intercompany transactions.

NOTES TO FINANCIAL STATEMENTS
(Amounts for all notes in tabular format are in thousands.)

Years Ended December 31, 2001 and 2000

(1) Organization and Summary of Significant Accounting Policies (continued)

(l) Property, Equipment and Rental Real Estate Operations (continued)

	2001	2000
RAP combined, including component units:		
Rental operations	\$ 10,373	\$ 9,858
Interest income	135	190
Gain on sale of property	303	1,476
General operating expenses	(4,019)	(3,696)
Depreciation expense	(1,562)	(1,157)
Interest expense	(1,822)	(1,917)
Net income	\$ 3,408	\$ 4,754

	2001	2000
RAP component units only:		
Rental operations	\$ 7,112	\$ 6,631
Interest income	110	140
General operating expenses	(2,878)	(2,174)
Depreciation expense	(798)	(710)
Interest expense	(1,264)	(1,351)
Net income	\$ 2,282	\$ 2,536

(m) Deferred Debt Financing Costs and Bond Discounts and Premiums

Costs of debt issuance are deferred and amortized over the expected average lives of the bond issues using the effective interest method. Discounts and premiums on bonds payable are deferred and amortized over the lives of the respective bond issues using the effective interest method.

(n) Other Real Estate Owned

Other real estate owned represents real estate acquired through foreclosure and in-substance foreclosures. Other real estate owned is initially recorded at the lower of the investment in the loan or the estimated net realizable value. Subsequent losses are provided for through the allowance for losses.

(o) Other Assets

Included in other assets are escrows related

to RAP and loans serviced by the Authority, unamortized costs of mortgage servicing rights, and investments in public/private partnerships and corporations designed to foster economic development. Where such investments represent a 20% to 50% ownership interest, the Authority uses the equity method of accounting. All other investments are recorded at cost. The carrying value of such investments is approximately \$0 and \$92,000 at December 31, 2001 and 2000, respectively.

(p) Federally Assisted Program Advances

In accordance with and pursuant to contracts between the Authority and the Department of Housing and Urban Development ("HUD"), the Authority administers the Section 8 Housing Assistance Payments ("HAP") Program, and in 2001, became a Performance-Based Contract Administrator ("PBCA"), in certain areas of the State of Colorado. Under these programs,

housing assistance payments are made to the owners of rental housing developments on behalf of tenants of limited income who meet the eligibility requirements. HUD advances funds to the Authority for the housing assistance payments and, for certain developments, pays a monthly fee to the Authority for its administration of the subsidy contracts. These administrative fees, for HAP and PBCA are approximately \$1,318,000 and \$1,114,000 in 2001, respectively, and \$1,276,000 and \$0 in 2000, respectively, are recognized as other revenue when earned.

(q) Interest Rate Swap Agreements

The Authority enters into interest rate swap agreements with rated swap counterparties in order to manage the interest rate risk associated with the issuance

(1) Organization and Summary of Significant Accounting Policies (continued)

(q) Interest Rate Swap Agreements, (continued)
of certain variable rate bonds. 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.

(r) Other Revenue and Other Interest Expense
Other revenue includes rent income from RAP, administrative fees from HAP, tax credit program fees, servicing fees, and reimbursements and fees from other programs. Other interest expense includes actual interest costs on debt incurred to finance RAP projects and on borrowings incurred to finance the Authority's facilities and equipment.

(s) Debt Refunding
For current refundings and advance refundings resulting in defeasance of debt reported by proprietary activities, 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, using the effective interest method. The deferred refunding amounts are classified as a component of bonds payable in the financial statements.

(t) Risk Management
The Authority has a risk management program under which the various risks of loss associated with its business operations are identified and managed. The risk management techniques utilized include a combination of standard policies and procedures, purchased insurance and partial self

insurance. Commercial general liability, property losses, business automobile liability, worker's compensation and public officials liability are all managed through purchased insurance. For excess risk exposure, all employee medical claims in excess of \$25,000 per individual and \$469,000 aggregate per year are also covered by the purchase of stop-loss insurance.

(u) Use of Estimates
The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results could differ from those estimates.

(2) Cash and Marketable Securities

Investment of the Authority's monies is made in accordance with the Authority's investment guidelines, which have been approved by the Board and are in compliance with the Act and the laws of the State of Colorado.

Permitted investments under these investment guidelines include obligations of the U.S. Treasury, its agencies and instrumentalities, commercial paper rated A-1 or P-1, certificates of deposit, repurchase agreements, money market mutual funds and investment agreements.

The Authority categorizes its cash into three categories as to their risk. Category 1 includes federally insured deposits, or deposits fully collateralized with securities held in the

Authority's name. Category 2 includes any bank balance that is collateralized with securities held by the pledging financial institution, or by its trust department or agent, but not in the Authority's name. Category 3 includes cash on hand, which is not insured.

At December 31, 2001 the Authority had cash deposits with a carrying value of \$12,929,000. These balances are categorized as follows:

Risk Category	Cash Balance December 31, 2001
1	\$ 585
2	12,344
3	-
TOTAL	\$ 12,929

All of the Authority's marketable securities are also categorized into three categories as follows to provide an indication of the level of risk assumed as of December 31, 2001. Category 1 includes those investments which are insured, or registered securities held by the Authority or its trustee in the Authority's name. Category 2 includes those investments which are uninsured and unregistered, with securities held by the counterparty's trust department or its agent in the Authority's name. Category 3 includes those investments which are uninsured and unregistered, with securities held by the

NOTES TO FINANCIAL STATEMENTS
(Amounts for all notes in tabular format are in thousands.)

Years Ended December 31, 2001 and 2000

(2) Cash and Marketable Securities (continued)

counterparty or its agent, but not in the Authority's name. Amounts not subject to categorization include money market mutual funds and uncollateralized investment agreements because securities are not issued as evidence of these investments. Short-term marketable securities are carried at amortized cost, which approximates market. Long-term marketable securities are carried at fair value.

	Categories				Total
	1	2	3		
Categorized:					
U.S. government & agency obligations	\$ 83,372	\$ -	\$ -		\$ 83,372
Collateralized investment agreements	-	214,891	-		214,891
Repurchase agreements	2,915	-	-		2,915
	\$ 86,287	\$ 214,891	\$ -		\$ 301,178
Uncategorized:					
Treasury money market funds					83,914
Uncollateralized investment agreements					140,405
					\$ 525,497

Investment agreements meet the requirements of the rating agency providing the rating on the related debt issue, and of the Board in accordance with the Act. Such investments are held by financial institutions having the same or higher ratings as that of the applicable debt issue, and the agreements generally provide for collateralization of balances in the event of rating agency downgrade of the institution below the related

bond ratings.

From time to time, the Authority invests in repurchase agreements. Securities underlying repurchase agreements are limited to those government and agency obligations permitted by the Authority's investment guidelines and have a market value of 102% of the cost of the repurchase agreement. The Authority's collateral interest in the underlying securities is perfected by delivery of the securities to the

Authority's trustee.

The following schedule shows the Authority's net (decrease) increase in fair value of long-term marketable securities by fund, for the years ended December 31, 2001 and 2000:

Description	2001	2000
General Fund	\$ 462	\$ 167
Multi-family Housing Insured Mortgage Revenue	(105)	1,593
Multi-family/Project	(129)	553
Single Family Housing Revenue	(415)	27
Taxable Single-Family Mortgage Revenue	11	12
Single Family Revenue	(41)	186
Single Family Program Senior and Subordinate	(13)	65
TOTAL	\$ (230)	\$ 2,603

NOTES TO FINANCIAL STATEMENTS
(Amounts for all notes in tabular format are in thousands.)

Years Ended December 31, 2001 and 2000

(3) Loans Receivable

Loans receivable at December 31, 2001 and 2000 consist of the following:

	2001	2000
General Fund	\$ 206,832	\$ 222,389
Multi-family bond programs:		
Housing Insured Mortgage Revenue	316,427	332,687
Mortgage Revenue	2,010	4,151
Project	115,350	85,049
Single Family bond programs:		
Housing Revenue	-	60,152
Taxable Revenue	8,089	11,005
Taxable Program Senior and Subordinate	2,630	3,539
Revenue Bonds	1,650	2,251
Program Bonds	17,164	19,196
Program Senior and Subordinate	623,173	639,524
Revenue Refunding	468	569
Mortgage	98,964	-
Total loans receivable	1,392,757	1,380,512
Deferred cash assistance expense	34,412	30,515
Deferred fee income	(8,181)	(8,752)
Deferred mortgage yield recoupment income	(22)	(83)
Allowance for loan losses	(13,259)	(9,387)
Total loans receivable, net	\$ 1,405,707	\$ 1,392,805

General Fund loans are generally collateralized by mortgages on real property and improvements. At December 31, 2001 and 2000, \$14,449,000 and \$19,932,000 of these loans (ACCESS program), respectively, are secured by first liens ahead of second liens from the Small Business Administration. Generally, the Authority's lien is secured at origination with collateral having a loan-to-value ratio of 45 to 50 percent. Additionally, at December 31, 2001 and 2000, \$17,490,000 and \$29,926,000 of these loans (QIC/QAL program), respectively, are secured by a guarantee of the Small Business Administration or Consolidated Farm Services, formerly Farmers Home Administration.

Multi-family bond program loans are collateralized by first mortgages on applicable real estate, and, in most cases, are further insured by an agency of the United States government.

Single family bond program loans are collateralized by first mortgages on applicable real property, and in the case of loans with a loan-to-value ratio of 80% or more, are either insured by private mortgage insurance or the Federal Housing Administration or guaranteed by the Veterans Administration or Rural Economic and Community Development Department, formerly Farmers Home Administration.

All loans receivable of the Authority are

originated in the State of Colorado, with a majority of the underlying collateral in the Front Range and Denver metropolitan areas. Single family program loans are made to low and moderate income families. Multi-family housing borrowers are non-profit and for-profit developers, while commercial borrowers are generally for-profit entities, doing business throughout Colorado.

NOTES TO FINANCIAL STATEMENTS
(Amounts for all notes in tabular format are in thousands.)

Years Ended December 31, 2001 and 2000

(3) Loans Receivable (continued)

At December 31, 2001 and 2000, the amounts available in the Bond Funds for additional investments in new loans, are as follows:

	2001	2000
Recycled funds loans (single family mortgage prepayments)	\$ -	\$ 32,139
Single family mortgage program	143,650	48,756
Multi-family mortgages and projects	32,942	40,195
	\$ 176,592	\$ 121,090

These amounts exclude single family mortgage loans warehoused in the Authority's General Fund of \$92.8 million and \$114.8 million, at December 31, 2001 and 2000, respectively.

(4) Bonds and Notes Payable

The aggregate principal amounts of bonds and notes payable at December 31, 2001 and 2000 are shown below. Interest is payable semiannually unless otherwise noted.

Description and due date	Interest rate (%)	2001	2000
General Fund:			
General Obligation Bonds:			
1992 Series A 2002-2030	9.125	\$ 3,285	\$ 3,305
1998 Series A 2002-2017	4.35 to 5.25	1,465	1,515
ACCESS Programs:			
1991 Series A 2002-2011	8.90 to 9.15	6,890	6,890
1991 Series B 2002-2011	8.50 to 9.40	5,970	6,020
1995 Series A 2002-2015	7.67	5,292	5,505
1997 Series A 2002-2018	7.22	5,533	6,149
1999 Series A 2002-2018	6.49	4,176	6,832
QIC Program:			
1993 Series A	7.87	-	2
1994 Series A 2002-2020	6.51	96	799
1994 Series B 2002-2021	6.53	-	1,800
1995 Series A 2002-2020	7.60	868	2,549
1997 Series A 2002-2023	6.56	1,043	2,402
1999 Series A 2002-2024	5.71	6,534	9,926
2000 Series A 2002-2025	6.755	7,048	9,985
SMART Program			
2000 Series A 2002-2020	6.152	8471	8,707
Taxable Mortgage Revenue			
2000 Series A 2002-2020	6.914	11,905	13,476
2000 Series B 2002-2020	6.675	4,572	5,154
2001 Series A PERA 2002-2021	6.135	23,175	-
2001 Series A VECTRA 2002-2021	6.625	6,703	-

NOTES TO FINANCIAL STATEMENTS
(Amounts for all notes in tabular format are in thousands.)

Years Ended December 31, 2001 and 2000

(4) Bonds and Notes Payable (continued)

Description and due date		Interest rate (%)	2001	2000
Multi-family Mortgage Revenue Bond:				
1994 Series A	2002	7.25	\$ 60	\$ 127
			103,086	91,143
Multi-family Housing Insured				
Mortgage Revenue Bonds:				
1982 Series A	2002-2025	9.00	18,550	18,550
1982 Series B	2002-2025	6.00	11,645	11,645
1984 Series A		7.50	-	4,940
1991 Series A	2002-2026	7.35	2,485	2,495
1992 Series A	2002-2023	8.00 to 8.30	77,335	78,830
1993 Series A	2002-2029	5.125 to 5.90	16,305	16,490
1995 Series A	2002-2037	5.65 to 6.80	11,850	11,940
1995 Series B	2002-2037	5.45 to 6.75	14,135	14,220
1995 Series C	2002-2015	5.10 to 7.00	12,790	12,870
1996 Series A	2002-2037	4.80 to 7.20	35,540	36,620
1996 Series B	2002-2037	5.75 to 8.00	8,780	8,860
1996 Series C	2002-2038	5.10 to 8.10	15,100	15,195
1997 Series A	2002-2038	4.60 to 7.125	19,365	19,595
1997 Series B	2002-2038	4.40 to 7.25	23,410	23,615
1997 Series C	2002-2039	4.60 to 6.75	53,450	54,180
1998 Series A	2002-2039	5.35 to 6.70	20,465	20,605
1998 Series B	2002-2040	5.45 to 7.00	7,260	7,280
1999 Series A	2002-2041	4.65 to 6.65	34,705	34,865
1999 Series B	2002-2041	5.25 to 5.85	5,550	5,580
1999 Series C	2002-2041	4.70 to 7.93	18,115	18,140
			406,835	416,515
Multi-family Mortgage Revenue Bonds				
(Principal and interest payable monthly):				
Series 1978-3	2002-2017	6.50	1,264	1,297
Series 1980-1	2002-2021	10.50	746	757
Series 1981-1		11.00	-	2,097
			2,010	4,151
Multi-family/Project Bonds				
2000 Series A	2002-2032	Variable	94,030	95,875
2000 Series B	2002-2042	Variable	31,875	31,875
2001 Series A	2002-2043	Variable	38,050	-
			163,955	127,750

NOTES TO FINANCIAL STATEMENTS
(Amounts for all notes in tabular format are in thousands.)

Years Ended December 31, 2001 and 2000

(4) Bonds and Notes Payable (continued)

Description and due date	Interest rate (%)	2001	2000
Single Family Housing Revenue Refunding Bonds:			
1991 Refunding Series A	6.70 to 7.25	\$ -	\$ 46,451
1995 Refunding Series A	4.60 to 5.65	-	7,910
1996 Refunding Series AA	4.80 to 5.625	-	34,495
		-	88,856
Taxable Single Family Mortgage Revenue Bonds:			
1998 Issue I 2002-2018	6.65	8,670	11,440
Taxable Single Family Program Senior and Subordinate Bonds:			
1993 Issue A 2002-2011	7.625	1,600	2,565
Single Family Revenue Bonds:			
1985 Series A 2014	11.125	760	797
1985 Series B 2017	8.75	1,475	2,085
1993 Refunding Series A 2005-2014	7.00	4,161	4,550
		6,396	7,432
Single Family Program Bonds:			
1998 Series C 2002-2029	4.50 to 5.625	17,082	19,265
Single Family Program Senior and Subordinate Bonds:			
1991 Series A	6.70 to 9.40	-	1,915
1991 Series B	6.70 to 9.00	-	5,195
1991 Series C	6.60 to 9.075	-	8,365
1991 Series D	6.30 to 8.65	-	6,770
1992 Series A 2002-2024	6.30 to 8.70	10,010	12,570
1994 Series B 2002-2024	5.75 to 7.50	2,250	3,025
1994 Series C 2002-2024	6.00 to 7.90	2,295	3,390
1994 Series D-I 2002-2024	5.40 to 8.00	1,955	2,950
1994 Series D-II 2002-2025	5.65 to 8.125	1,725	2,505
1994 Series E 2002-2024	5.60 to 8.125	2,255	3,375
1994 Series F 2002-2025	6.75 to 8.625	1,080	1,980
1995 Series A 2002-2025	5.70 to 8.00	5,520	8,670

NOTES TO FINANCIAL STATEMENTS
(Amounts for all notes in tabular format are in thousands.)

Years Ended December 31, 2001 and 2000

(4) Bonds and Notes Payable (continued)

Description and due date	Interest rate (%)	2001	2000	
Single Family Program Senior and Subordinate Bonds, continued:				
1995 Series B	2002-2025	5.50 to 7.90	\$ 6,115	\$ 8,835
1995 Series C	2002-2025	5.15 to 7.65	8,685	11,945
1996 Series D	2002-2026	5.20 to 7.38	19,470	23,750
1996 Series A	2002-2027	4.80 to 7.40	18,895	25,730
1996 Series B	2002-2027	5.10 to 7.65	15,900	24,190
1996 Series C	2002-2027	5.00 to 7.55	17,840	25,025
1997 Series A	2002-2027	4.55 to 7.25	24,050	32,590
1997 Series B	2002-2028	4.80 to 7.00	23,425	31,580
1997 Series C	2002-2028	5.00 to 6.875	24,035	34,415
1998 Series A	2002-2029	4.75 to 6.60	35,885	43,940
1998 Series B	2002-2029	4.625 to 6.55	36,228	44,782
1998 Series D	2002-2029	4.25 to 6.35	47,655	54,635
1999 Series A	2002-2030	4.25 to 6.45	42,695	48,450
1999 Series B	2002-2030	4.875 to 6.80	52,485	59,165
1999 Series C	2002-2031	4.70 to 7.20	61,035	69,140
2000 Series A	2002-2031	5.40 to 7.54	41,000	50,000
2000 Series B	2002-2031	5.10 to 7.47	36,550	40,000
2000 Series C	2002-2031	5.10 to 8.40	49,550	54,765
2000 Series D	2002-2032	5.15 to 7.43	40,000	40,000
2000 Series E	2002-2032	5.15 to 7.10	35,000	35,000
2001 Series A	2002-2032	5.00 to 6.50	40,000	-
2001 Series B	2002-2033	4.125 to 6.55	55,490	-
2001 Series C	2002-2033	4.00 to 6.375	61,365	-
			820,443	818,647
Single Family Revenue Refunding Bonds:				
1994 Series A	2002-2011	5.00 to 5.30	420	515
Single Family Mortgage Bonds:				
2001 Series AA	2002-2041	Variable	131,840	-
Mortgage notes:				
September 4, 2020		1.00	837	878
June 22, 2025		1.00	742	770
July 1, 2004		4.50	732	750
June 30, 2001		5.37	-	1,224
April 1, 2002		11.47	49	50
March 31, 2003		-	85	128
November 30, 2005		-	70	70
May 1, 2005		7.25	-	9,282
Lines of credit:				
January 31, 2002		2.00	5,659	4,070
February 1, 2002		1.90	87,000	87,860
February 1, 2002		2.45	9,133	-

NOTES TO FINANCIAL STATEMENTS

(Amounts for all notes in tabular format are in thousands.)

Years Ended December 31, 2001 and 2000

Description and due date	Interest rate (%)	2001	2000
Unsecured notes payable			
June 30, 2003	Variable	\$ 89	\$ -
August 23, 2003	Variable	104	76
October 28, 2002	Variable	-	250
		104,500	105,408
Total bonds and notes payable		1,766,837	1,693,687
Discounts/premiums, net		53,112	49,329
Deferred refunding amounts		(4,477)	(2,085)
Total bonds and notes payable, net		\$ 1,815,472	\$ 1,740,931

Included in several of the bond issues shown above are Capital Appreciation Term Bonds ("CATB"). The principal amounts of these bonds appreciate based on semiannual

compounding of the original principal balances at the interest rates specified. The appreciated balances of these bonds at maturity and as reflected in the accompanying statements of

financial condition at December 31, 2001 and 2000 are as follows:

Description, due date and type	Interest rate (%)	Appreciated Balances		
		Maturity	2001	2000
Single Family Revenue Bonds:				
1985 Series A 2014 CATB	11.125	\$ 2,995	\$ 760	\$ 797
1993 Refunding Series A 2014 CATB	7.00	9,945	4,161	4,550
Single Family Housing Revenue Bonds:				
1991 Refunding Series A	6.70 to 7.00	-	-	15,576
Single Family Senior and Subordinate Bonds:				
1998 Series B 2029 CATB	5.5	6,940	1,533	1,452
Single Family Program Bonds:				
1998 Series C 2029 CATB	5.625	16,285	3,477	3,290

NOTES TO FINANCIAL STATEMENTS
(Amounts for all notes in tabular format are in thousands.)

Years Ended December 31, 2001 and 2000

(4) Bonds and Notes Payable (continued)

Bonds and notes payable sinking fund installments and maturities during the five years subsequent to December 31, 2001 are as follows:

	2002	2003	2004	2005	2006
Bonds:					
General Fund:					
General Obligation	\$ 3,449	\$ 4,401	\$ 4,551	\$ 4,822	\$ 4,955
Multi-family Mortgage Revenue	60	-	-	-	-
Multi-family:					
Housing Insured Mortgage Revenue	5,025	5,375	5,755	6,145	6,530
Mortgage Revenue	58	62	67	72	78
Project	1,650	520	640	6,140	1,735
Single Family:					
Housing Revenue Refunding	-	-	-	113	385
Program	360	375	395	420	640
Program Senior and Subordinate	14,320	11,145	13,185	17,975	14,625
Revenue Refunding	25	30	45	75	50
Mortgage	3,350	4,390	5,145	5,175	4,865
Notes Payable	101,981	334	773	111	71
Total Bonds and Notes Payable	\$ 130,278	\$ 26,632	\$ 30,556	\$ 41,048	\$ 33,934
Interest Due	99,489	97,476	97,913	96,350	94,447
Total Annual Debt Service	\$ 229,767	\$ 124,108	\$ 128,469	\$ 137,398	\$ 128,381

Aggregate maturities of bonds and notes payable subsequent to the year 2006 are approximately \$1,504,389,000.

Assets of the various Bond Funds are pledged for payment of principal and interest on the applicable bonds. In addition, certain assets are further restricted by bond resolutions for payment of interest on and/or principal of bonds in the event that the related debt service funds and other available monies are insufficient. Such assets are segregated within the various Bond Funds and are held in cash, marketable securities or investment agreements. At December 31, 2001 and 2000, these assets were at least equal to the amounts required to be restricted.

As of December 31, 2001 and 2000, the

Authority had a \$49,000 and \$50,000, respectively, note payable to a bank under its Taxable Multi-family Rental Housing Rehabilitation Program. The note is secured by the pledge of, and is being repaid with the principal and interest payments on, the mortgage loan participations, which were acquired with the note proceeds. In the event of default of any underlying mortgage loan, the Authority is obligated to the bank for up to one-third of any deficiency of amounts due the bank upon foreclosure or other conversion of the defaulted loan. The Authority receives an ongoing fee representing .25% of the unpaid balance of its participation interest.

The Authority has an agreement with the Federal Home Loan Bank of Topeka (FHLB) for

borrowings of up to \$100,000,000. Amounts drawn under the agreement bear interest at the same rates charged by the FHLB to its member banks and are collateralized by certain mortgage loans and/or investment securities. As of December 31, 2001 and 2000, the outstanding borrowings under this agreement were \$87,000,000 and \$87,860,000, respectively.

The Authority also has a revolving, unsecured, commercial bank line of credit for borrowings of up to \$30,000,000. Amounts drawn under the agreement bear interest fixed at .52% per annum above the London Interbank Offered Rates (LIBOR). The line of credit agreement terminates on July 25, 2002. As of December 31, 2001 and 2000, the

(4) Bonds and Notes Payable (continued)

outstanding borrowings under this agreement were \$9,133,000 and \$0.

During 2001, the Authority has an agreement with another bank for a secured line of credit authorizing borrowings of up to \$6,000,000. The agreement provides for the Authority to borrow an amount based on the prior month's average daily balance of custodial funds held in a non-interest bearing account at the bank. Amounts drawn under the agreement bear interest fixed at 2% per annum, and are invested with the bank in a money market savings account. The line of credit agreement

terminates on April 30, 2002. As of December 31, 2001, the outstanding borrowings under this agreement were \$5,659,000.

The Authority has issued certain conduit Multi-family Housing Revenue Bonds and Industrial Development Bonds, the proceeds of which were made available to various developers and corporations for rental housing and commercial purposes. As of December 31, 2001, \$180,209,000 and \$47,470,000, respectively, of these bonds were outstanding. The corresponding amounts outstanding as of December 31, 2000 were \$182,640,000 and

\$59,625,000, respectively. The bonds are payable solely from amounts received by the trustees from the revenue earned by the developers and corporations. Loan and corresponding debt service payments are generally guaranteed by irrevocable direct-pay letters of credit, or other credit enhancement arrangements. The faith and credit of the Authority is not pledged for the payment of the principal or interest on the bonds. Accordingly, these obligations are excluded from the Authority's financial statements.

(5) Interest Rate Swaps

The Authority has entered into interest rate swap agreements with various rated counterparties. Under the terms of the agreements, the Authority makes periodic fixed interest rate payments in exchange for receiving variable rate

payments. The swap agreements are used to create synthetic fixed rates on the underlying variable rate bonds. The swap agreement notional amounts are amortized in accordance with the scheduled and/or anticipated reduc-

tions in the related bond liability. The table below contains the terms of the interest rate swap agreements with the associated bond issues:

Associated Bond Issue	Outstanding Notional Amount	Issue Date	Fixed Rate Paid by the Authority	Floating Rate Received from Counterparties	Termination Date
Multi-Family/Project Bonds:					
2000 Series A A-1, Class I	\$ 12,750	03/21/00	5.235%	VRDO's Rate ¹	10/01/20
2000 Series A A-1, Class III	18,500	03/21/00	5.225%	VRDO's Rate ¹	04/01/25
2000 Series A A-2, Class I	11,545	03/21/00	5.800%	VRDO's Rate ¹	04/01/15
2000 Series B B-1, Class I	7,780	10/19/00	7.390%	LIBOR ² , plus .25%	07/01/20
Single Family Mortgage Bonds:					
2001 Series AA AA-1, Class I	50,000	10/04/01	5.290%	VRDO's Rate ¹	11/01/13
2001 Series AA AA-2, Class I	46,840	10/04/01	4.600%	VRDO's Rate ¹	05/01/31

¹ Variable rate demand obligation

² London inter-bank offered rates

The Authority is potentially exposed to loss in the event of nonperformance by the counterparties under the agreements, or from

early termination of the swap agreements. However, the Authority does not anticipate such nonperformance and expects to hold the swap

agreements to the stated termination dates.

NOTES TO FINANCIAL STATEMENTS
(Amounts for all notes in tabular format are in thousands.)

Years Ended December 31, 2001 and 2000

(6) Debt Refundings

On October 4, 2001, the Authority issued its Single Family Mortgage Bonds 2001 Series AA, in the aggregate principal amount of \$131,840,000. Proceeds of the bonds were used for new mortgage loans and to refund its outstanding Single Family Housing Revenue Refunding Bonds, 1991 Series A and 1996 Series AA in the amount of \$81,840,000. The refunding resulted in an increase in the aggregate debt service requirement of \$9,447,000 and an approximate economic gain to the Authority of \$21,917,000.

On August 2, 2001, the Authority issued its Single Family Program Senior and Subordinate Bonds 2001 Series C, in the aggregate principal amount of \$61,365,000. Proceeds of the bonds were used for new mortgage loans and to refund its outstanding Single Family Program Senior and Subordinate Bonds, 1991 Series C and D in the amount of \$11,625,000. The refunding resulted in a decrease in the aggregate debt service requirement of \$3,178,000 and an approximate economic gain to the Authority of \$2,245,000.

On May 30, 2001, the Authority issued its Single Family Program Senior and Subordinate Bonds 2001 Series B, in the aggregate principal amount of \$55,840,000. Proceeds of

the bonds were used for new mortgage loans and to refund its outstanding Single Family Program Senior and Subordinate Bonds, 1991 Series A and B in the amount of \$6,210,000. The refunding resulted in a decrease in the aggregate debt service requirement of \$1,243,000 and an approximate economic gain to the Authority of \$1,196,000.

On June 15, 2000, the Authority issued its Single Family Program Senior and Subordinate Bonds, 2000 Series C, in the aggregate principal amount of \$55,035,000. Proceeds of the bonds were used for new mortgage loans and to refund its outstanding Single Family Program Senior and Subordinate Bonds, 1990 Series A,B, and C in the amount of \$10,415,000. The refunding resulted in a substantial decrease in aggregate debt service requirements of \$1,127,000 and an approximate economic gain to the Authority of \$848,000.

On March 21, 2000, the Authority issued its Multi-Family/Project Bonds, 2000 Series A, in the aggregate principal amount of \$96,580,000. Proceeds of the bonds were used for new mortgage loans and to refund its outstanding Multi-Family Housing Insured Mortgage Revenue Bonds, 1977 Series A and B

and General Obligation Bonds, 1986, 1991 and 1994 Series A in the amount of \$95,585,000. Included in the multi-family issue are variable rate bonds with interest ranging from a weekly high of 5.75% which could result in an increase in aggregate debt service requirements of \$4,514,000 and an approximate economic gain to the Authority of \$18,762,000, to a weekly low of 1.9% which could result in a substantial decrease in aggregate debt service requirements of \$41,929,000 and an approximate economic gain to the Authority of \$43,209,000.

Economic gain or loss is the difference between the present value of the old debt service requirements and the present value of the new debt service requirements, discounted at the effective interest rate.

In accordance with Governmental Accounting Standards Board Statement No. 23, the following deferred amounts related to the 2001 and 2000 refunding transactions are being amortized over the estimated remaining lives of the old debt.

NOTES TO FINANCIAL STATEMENTS
(Amounts for all notes in tabular format are in thousands.)

Years Ended December 31, 2001 and 2000

(6) Debt Refundings (continued)

	2001	2000
Single Family Housing Revenue Refunding Bonds 1991 Series A and 1996 Series AA:		
Deferred fee income	\$ 44	\$ -
Deferred debt financing costs	1,345	-
Call premium	617	-
Single Family Program Senior and Subordinate Bonds, 1991 Series C and D:		
Deferred fee income	(205)	-
Deferred debt financing costs	155	-
Call premium	233	-
Single Family Program Senior and Subordinate Bonds, 1991 Series A and B:		
Deferred fee income	(86)	-
Deferred debt financing costs	76	-
Call premium	146	-
Single Family Program Senior and Subordinate Bonds, 1990 Series A, B, and C:		
Deferred fee income	-	(216)
Deferred debt financing costs	-	210
Call premium	-	208
Multi-Family Housing Insured Mortgage Revenue Bonds, 1977 Series A and B:		
Gain on Sale of Investments	-	(71)
Deferred fee income	-	(334)
Deferred debt financing costs	-	681
General Obligation Bonds, 1986, 1991, and 1994, Series A:		
Deferred debt financing costs	-	519
Unamortized discount	-	93
Call premium	-	747
Total deferred amount	\$ 2,325	\$ 1,837

NOTES TO FINANCIAL STATEMENTS
(Amounts for all notes in tabular format are in thousands.)

Years Ended December 31, 2001 and 2000

(7) Selected Financial and Operating Data

Selected financial and operating data of the various program funds of the Authority as of December 31, 2001 are as follows:

	Total Assets	Bonds and Notes Payable	Fund Equity
General Fund	\$ 353,547	\$ 224,414	\$ 112,179
Multi-family:			
Housing Insured Mortgage Revenue	422,616	398,500	16,372
Mortgage Revenue	2,037	2,010	-
Project	166,317	161,356	3,564
Single Family:			
Taxable Revenue	10,975	8,670	2,113
Taxable Program Senior and Subordinate Revenue	2,978 12,883	1,600 6,396	1,368 6,444
Program Senior and Subordinate	908,080	880,774	13,807
Program Bonds	18,268	17,131	1,023
Revenue Refunding	601	420	180
Mortgage	156,215	131,029	23,757
Intercompany Eliminations	(16,934)	(16,828)	-
	\$ 2,037,583	\$ 1,815,472	\$ 180,807

	Total Revenue	Interest Expense	Net Income (Loss)
General Fund	\$ 48,186	\$ 12,599	\$ 15,521
Multi-family:			
Housing Insured Mortgage Revenue	30,857	26,965	662
Mortgage Revenue	296	296	-
Project	8,320	6,369	(628)
Single Family:			
Taxable Revenue	861	678	154
Taxable Program Senior and Subordinate Revenue	292 1,075	101 534	189 530
Program Senior and Subordinate	54,770	52,448	890
Program	932	941	(16)
Revenue Refunding	40	24	12
Mortgage	5,278	5,924	(999)
Intercompany Eliminations	(1,264)	(1,264)	-
	\$ 149,643	\$ 105,615	\$ 16,315

Certain multi-family insured mortgage revenue bonds are secured by insured mortgage loans receivable from the Authority's

instrumentalities, whose assets and operations are accounted for within the General Fund. For financial statement purposes, all transactions

between the General Fund and the Bond Funds are eliminated.

(8) Retirement Plans

Employees of the Authority are members of the Public Employees' Retirement Association of Colorado ("PERA"), which is a cost-sharing, multiemployer public employee retirement system plan.

Generally all employees are required to participate in PERA. Under the plan, State statute provides that members are eligible for full retirement benefits at age 50 with at least 30 years service with a participating employer, at age 55 with at least 25 years of service, at age 65 with at least 5 years service, or by earning 35 or more years of credited service. Reduced retirement benefits are available at age 50 with at least 25 years service, at age 55 with at least 20 years of service, and at age 60 with at least 5 years service. Additionally, disability and survivors benefits are available. Benefits are vested after five years of service.

On May 6, 1997, the Governor signed into law House Bill 97-1082. This legislation changed the benefit formula for each year of service over 20 from 1.5 percent of Highest Average Salary per year to 2.5 percent with a 100 percent maximum. All current benefit recipients with more than 20 years of service had their benefit recalculated. Benefit payments dated July 31, 1997, and later reflect this new calculation. The legislation also establishes a two-tier disability retirement program applicable to members who apply for disability on or after January 1, 1999.

House Bill 00-1458, passed in the 2000 legislative session, changed the retirement eligibility for members who are 55 years of age or older and retiring June 1, 2000, or later, with age plus years of service totaling 80 or

more. These members may retire without a reduction for early retirement. The reduction for early retirement for some members with age plus years of service totaling less than 80 was also lowered. In addition, beginning March 1, 2000, the annual increase for PERA benefits was 3.5% compounded annually, and was no longer tied to the Consumer Price Index.

Under the plan, State statute requires the Authority and participating employees to contribute 9.43% and 8% for 2001, respectively, and 10% and 8% for 2000, respectively, of the employees' gross salaries, as defined by the plan. The Authority's total eligible payroll for participating employees was \$7,585,000 and \$6,649,000 for 2001 and 2000, respectively. Contributions by the Authority and employees approximated \$715,000 and \$605,000, respectively, for 2001, while for 2000 the amounts were \$665,000 and \$534,000, respectively.

The pension benefit obligation, which is the actuarial measure of the present value of credited projected benefits, is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and any step-rate benefits, estimated to be payable in the future as a result of employee service to date. The measure is intended to help users of the Authority's financial statements assess PERA's funding status on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among PERA and other pension programs and among employees. As of December 31, 2000, the date of the latest available audited information, the total actuarial

accrued liability and total net assets available for benefits of the Municipal Division of PERA, in which the Authority's pension contributions and benefits are included, were \$1,514,014,000 and \$1,740,454,000, respectively. There were no unfunded liabilities in the Municipal Division as of December 31, 2001.

PERA, as a separate entity, issues its own annual financial statements, included in which is historical ten-year trend information for all contributions to the retirement system.

Included in the Authority's general obligation debt are bonds payable to PERA of \$78,713,000 and \$73,286,000 at December 31, 2001 and 2000, respectively.

An additional benefit offered to eligible Authority employees through PERA is a Voluntary Investment Program ("VIP"), established under Section 401(k) of the Internal Revenue Code. Participants may invest a percentage of their annual gross salaries up to the annual IRS limit of their gross salaries. The Authority contributes 1% of each participating employee's salary and in addition, matches at the rate of 50% of the first 5% of the participating employee's contribution. In addition, the Authority participates in PERA's MatchMaker Program, which uses a portion of the employer's contributions as a dollar-for-dollar match to the 401(k) plan, not to exceed 2% of the employee's gross salary.

The Authority also offers a deferred compensation plan for the purpose of providing retirement income for employees. This defined contribution plan is qualified under Section 457 of the Internal Revenue Code. The plan is administered by an independent trustee.

STATEMENTS OF FINANCIAL CONDITION BY PROGRAM

Years Ended December 31,

(000s Omitted)						Memorandum Totals	
	General Fund	Single Family	Multi-family	Eliminations	2001	2000	
ASSETS							
Cash	\$ 12,765	\$ -	\$ 164	\$ -	\$ 12,929	\$ 7,315	
Marketable securities:							
Short-term	94,412	230,169	87,000	-	411,581	329,128	
Long-term, at fair value	16,628	47,866	49,422	-	113,916	124,162	
Total cash and marketable securities	123,805	278,035	136,586	-	538,426	460,605	
Loans receivable, net	200,075	781,284	441,176	(16,828)	1,405,707	1,392,805	
Accrued interest receivable	1,616	9,523	5,805	(106)	16,838	17,535	
Property and equipment, net:							
Corporate facilities	5,116	-	-	-	5,116	3,301	
Rental operations	26,547	-	-	-	26,547	26,945	
Deferred debt financing costs, net	1,050	13,477	3,381	-	17,908	16,962	
Other real estate owned, net	-	929	6,217	-	7,146	5,822	
Other assets	18,149	(88)	1,834	-	19,895	19,774	
Due from (to) other funds	(22,811)	26,840	(4,029)	-	-	-	
Total Assets	\$ 353,547	\$ 1,110,000	\$ 590,970	\$ (16,934)	\$ 2,037,583	\$ 1,943,749	
LIABILITIES AND FUND EQUITY							
Liabilities:							
Bonds and notes payable, net	\$ 224,414	\$ 1,046,020	\$ 561,866	\$ (16,828)	\$ 1,815,472	\$ 1,740,931	
Accrued interest payable	1,959	15,284	8,087	(106)	25,224	23,413	
Accounts payable and other liabilities	6,444	4	1,081	-	7,529	5,207	
Federally assisted program advances	369	-	-	-	369	1,738	
Deferred fee income	298	-	-	-	298	280	
Escrow and refundable deposits	7,884	-	-	-	7,884	7,688	
Total liabilities	241,368	1,061,308	571,034	(16,934)	1,856,776	1,779,257	
Fund equity - retained earnings:							
Restricted	-	48,692	19,936	-	68,628	67,834	
General Fund - Board designated	112,179	-	-	-	112,179	96,658	
Total fund equity - retained earnings	112,179	48,692	19,936	-	180,807	164,492	
	\$ 353,547	\$ 1,110,000	\$ 590,970	\$ (16,934)	\$ 2,037,583	\$ 1,943,749	

See notes to financial statements

STATEMENTS OF REVENUE, EXPENSES AND CHANGES IN RETAINED EARNINGS BY PROGRAM

Years Ended December 31,

(000s Omitted)	General Fund	Single Family	Multi-family	Eliminations	Memorandum Totals	
					2001	2000
Interest and investment revenues						
Loans receivable	\$ 16,987	\$ 49,701	\$ 33,348	\$ (1,264)	\$ 98,772	\$ 90,606
Marketable securities	3,135	18,371	7,248	-	28,754	31,689
Net increase (decrease) in fair value of marketable securities	473	(469)	(234)	-	(230)	2,603
Total interest and investment revenue	20,595	67,603	40,362	(1,264)	127,296	124,898
Interest expense - bonds and notes payable	11,267	60,650	33,630	(1,754)	103,793	101,105
Net interest revenue	9,328	6,953	6,732	490	23,503	23,793
Other revenues (expenses):						
Rental operations	10,373	-	-	-	10,373	9,858
Fees and miscellaneous income	11,679	1	294	-	11,974	11,413
Program fees (expenses)	5,539	(4,356)	(1,183)	-	-	-
Total other revenue	27,591	(4,355)	(889)	-	22,347	21,271
Net revenue	36,919	2,598	5,843	490	45,850	45,064
Other expenses:						
Salaries and related benefits	9,892	-	-	-	9,892	9,356
General operating	10,280	312	563	-	11,155	9,300
Provision for losses	953	198	5,515	-	6,666	2,059
Other interest expense	1,332	-	-	490	1,822	2,249
Transfers	(1,059)	1,328	(269)	-	-	-
Total other expenses	21,398	1,838	5,809	490	29,535	22,964
Net income	15,521	760	34	-	16,315	22,100
Retained earnings, beginning of year	96,658	47,932	19,902	-	164,492	142,392
Retained earnings, end of year	\$ 112,179	\$ 48,692	\$ 19,936	\$ -	\$ 180,807	\$ 164,492

See notes to financial statements

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APPENDIX B

OUTSTANDING MASTER INDENTURE OBLIGATIONS

Outstanding Master Indenture Bonds

The Authority has previously issued under the Master Indenture its Multi-Family/Project Bonds, 2000 Series A (the "**2000 Series A Bonds**") outstanding in the aggregate principal amount of \$73,490,000; its Multi-Family/Project Bonds, 2000 Series B (the "**2000 Series B Bonds**") outstanding in the aggregate principal amount of \$31,875,000; its Multi-Family/Project Bonds, 2001 Series A (the "**2001 Series A Bonds**") outstanding in the aggregate principal amount of \$38,050,000; its Multi-Family/Project Bonds, 2002 Series A (the "**2002 Series A Bonds**") outstanding in the aggregate principal amount of \$48,005,000; and its Multi-Family/Project Bonds, 2002 Series B (the "**2002 Series B Bonds**") outstanding in the aggregate principal amount of \$64,600,000. Upon issuance of the 2002 Series C Bonds, the following Bonds will be outstanding under the Master Indenture in the Classes as indicated:

Pro Forma Outstanding Series	Class I Bonds	Class II Bonds	Class III Bonds	Class IV Bonds	Total
2000 Series A Bonds:					
Adjustable Rate 2000 Series A-1	\$34,085,000				
Adjustable Rate 2000 Series A-1			\$18,500,000(1)		
Adjustable Rate 2000 Series A-2	11,545,000				
2000 Series A-3		\$ 6,700,000			
Taxable 2000 Series A-4					
Total 2000 Series A Bonds					<u>\$ 70,830,000</u>
2000 Series B Bonds:					
Taxable 2000 Series B-1	\$ 7,705,000				
2000 Series B-2	13,880,000				
Adjustable Rate 2000 Series B-3	5,000,000				
2000 Series B-4	4,845,000		\$ 370,000(1)		
Total 2000 Series B Bonds					<u>\$ 31,800,000</u>
2001 Series A Bonds:					
2001 Series A-1	\$ 24,350,000				
2001 Series A-2		\$10,810,000			
2001 Series A-2			\$ 2,890,000(1)		
Total 2001 Series A Bonds					<u>\$ 38,050,000</u>
2002 Series A Bonds:					
Adjustable Rate 2002 Series A-1	\$ 9,410,000				
2002 Series A-2	3,590,000				
2002 Series A-3		\$ 5,735,000			
Adjustable Rate 2002 Series A-4	19,450,000				
2002 Series A-5	9,820,000				
Total 2002 Series A Bonds					<u>\$ 48,005,000</u>
2002 Series B Bonds:					
Adjustable Rate 2002 Series B-1	\$ 49,975,000				
Adjustable Rate 2002 Series B-2			\$14,625,000(1)		
Total 2002 Series B Bonds					<u>\$ 64,600,000(2)</u>
2002 Series C Bonds:					
Taxable Adjustable Rate 2002 Series C-1	\$ 10,920,000				
Adjustable Rate 2002 Series C-2	70,715,000				
2002 Series C-3	16,550,000				
Adjustable Rate 2002 Series C-4	31,960,000				
2002 Series C-5	7,575,000				
2002 Series C-6		\$ 5,000,000			
Total 2002 Series C Bonds					<u>\$142,720,000</u>
Total Outstanding Bonds	<u>\$ 331,375,000</u>	<u>\$ 28,245,000</u>	<u>\$ 36,385,000</u>	<u>\$ -0-</u>	<u>\$396,005,000(2)</u>

(1) Designated as general obligations of the Authority.

(2) It is anticipated that, in connection with refinancing of each AHPC Project by the Authority, the existing interim loan made by AHPC to the related AHPC Borrower will be prepaid and that AHPC will use such prepayments to prepay the 2002B Interim Loan funded with proceeds of the 2002 Series B Bonds. See **Appendix G-1** – “Certain Information about the 2002 Loan – 2002C Projects Expected to be Financed or Refinanced with Insured 2002C Loans – AHPC Projects.”

Outstanding Master Indenture Derivative Products

In connection with the issuance of certain Multi-Family/Project Bonds, the Authority has previously entered into interest rate swap agreements with Lehman Brothers Financial Products Inc. (the "2000A Counterparty" and the "2002A Counterparty") and Morgan Stanley Derivative Products, Inc. (the "2000B-1 Counterparty") as follows:

<u>Outstanding Derivative Products</u>	<u>Class I Obligations</u>	<u>Class II Obligations</u>	<u>Class III Obligations</u>	<u>Class IV Obligations</u>	<u>Total</u>
2000 Series A Derivative Products:					
Adjustable Rate 2000 Series A-1	\$12,750,000				
Adjustable Rate 2000 Series A-1			\$18,500,000		
Adjustable Rate 2000 Series A-2	\$11,545,000				
Total 2000 Series A Derivative Products					<u>\$42,795,000</u>
2000 Series B Derivative Products:					
Taxable 2000 Series B-1	\$ 7,780,000				
Total 2000 Series B Derivative Products					<u>\$ 7,780,000</u>
2002 Series A Derivative Products:					
Adjustable Rate 2002 Series A-1	\$ 9,410,000				
Total 2002 Series A Derivative Products					<u>\$ 9,410,000</u>
Total Outstanding Derivative Products	<u>\$41,485,000</u>	<u>\$ _____ 0</u>	<u>\$18,500,000</u>	<u>\$ _____ 0</u>	<u>\$59,985,000</u>

Pursuant to the 2000A Derivative Products, the Authority is to pay interest to the 2000A Counterparty at a fixed rate and will receive interest in an amount equal to the actual interest payments by the Authority on the respective Bonds. Pursuant to the Taxable 2000B-1 Derivative Product, the Authority is to pay interest to the 2000B-1 Counterparty at a fixed rate and will receive interest from the 2000B-1 Counterparty at a variable rate which will be based on a LIBOR Index. Pursuant to the 2002A Derivative Products, the Authority is to pay interest to the 2002A Counterparty at a fixed rate and will receive interest from the 2002A Counterparty at a variable rate based on an amount equal to the actual interest payments by the Authority on the 2002 Series A Bonds. 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 an Obligation under the Master Indenture. See "Part II – COLORADO HOUSING AND FINANCE AUTHORITY – General Obligations of the Authority."

For a discussion of the Derivative Products expected to be entered in connection with the 2002 Series C Bonds, see "Part I – CERTAIN PROGRAM ASSUMPTIONS – 2002C Derivative Products."

Outstanding Liquidity Facilities

The Authority has previously entered into Standby Bond Purchase Agreements (constituting Liquidity Facilities under the Master Indenture) with Federal Home Loan Bank of Topeka with respect to the Adjustable Rate Bonds and having the expiration dates (unless extended or earlier terminated) as set forth below.

Outstanding Liquidity Facilities

<u>Series of Bonds Covered</u>	<u>Expiration Date</u>
2000 Series A-1 and A-2	March 20, 2005
2000 Series B-3	October 19, 2005
2002 Series A-1 and A-4	May 15, 2007
2002 Series B-1	July 25, 2003

The Authority's obligations to repay the Liquidity Facility Provider 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.

In connection with the issuance of the 2002C Adjustable Rate Bonds, the Authority will enter into a Standby Bond Purchase Agreement with Federal Home Loan Bank of Topeka as described in APPENDIX H – "CERTAIN TERMS OF THE INITIAL 2002C LIQUIDITY FACILITY." See also APPENDIX I – "THE 2002C LIQUIDITY FACILITY PROVIDER."

APPENDIX C

Summary of Certain Provisions of the Indenture

The Master Indenture and the Series 2002C 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 "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 Loan in connection with a Housing Facility or Project.

"Business Day" means any day other than a Saturday or a Sunday, that in the city in which the corporate trust office of the Trustee designated for the purpose of presentation of and payment on the Bonds is located is neither a legal holiday nor a day on which banking institutions are authorized or obligated by law or executive order to be 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 executed 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 the 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 the 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 the 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 the 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 the 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 the 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 the 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 the 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, the 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, with respect to each Bond Payment Date, the fifteenth day of the month (whether or not a Business Day) next preceding each Bond 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 refinance 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 May 1, 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 May 1, 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 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, 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 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 West, 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.

APPENDIX D

CLASS ASSET REQUIREMENTS

The Class Asset Requirements applicable to each Series of Bonds are set forth in each Related Series Indenture. Set forth below are the Class Asset Requirements applicable to each Series of Bonds to be Outstanding under the Master Indenture upon issuance of the 2002 Series C Bonds. The Loans and Authority Projects are currently in compliance with all applicable Class Asset Requirements.

Class Asset Requirements

Pursuant to the Related Series Indenture, the Class Asset Requirements for each Series of Bonds to be Outstanding under the Master Indenture upon issuance of the 2002 Series C Bonds (except as noted) require that, as of any date of calculation:

(a) with respect to the **Class I Asset Requirement**, the sum of (a) amounts held in the related subaccount of the Acquisition Account, the related subaccount of the Loan Recycling Account, the related subaccount of the Class I Debt Service Fund (to the extent such amounts are required to be used to pay principal of the Class I Bonds of such Series), the related subaccounts of the Redemption Fund (to the extent such amounts are required to be used to redeem the Class I Bonds of such Series) and the related subaccount of the Debt Service Reserve Fund, and (b) the sum of the quotients of the aggregate unpaid principal balance of Loans (by Loan type) and Authority Projects related to the such Bonds divided by the related Class I Asset Coverage Divisors set forth on the schedule under "Asset Coverage Divisions" below (or such smaller divisors as may be permitted by each Rating Agency, as evidenced by a Confirmation from each Rating Agency), be at least equal to the aggregate principal amount of Class I Bonds of such Series then outstanding; and

(b) with respect to the **Class II Asset Requirement**,⁽¹⁾ the sum of (a) amounts held in the related subaccount of the Acquisition Account, the related subaccount of the Loan Recycling Account, the related subaccount of the Class I Debt Service Fund (to the extent such amounts are required to be used to pay principal of the Class I Bonds of such Series), the related subaccount of the Class II Debt Service Fund (to the extent such amounts are required to be used to pay principal of Class II Bonds of such Series), the related subaccounts of the Redemption Fund (to the extent such amounts are required to be used to redeem Class I Bonds or Class II Bonds of such Series) and the related subaccount of the Debt Service Reserve Fund, and (b) the quotient of the products of the aggregate unpaid principal balance of Loans (by Loan type) and Authority Projects related to the Bonds of such Series divided by the related Class I Asset Coverage Divisors and Class II Asset Coverage Divisors, respectively set forth on the schedule under "Asset Coverage Divisions" below (or such smaller divisors as may be permitted by each Rating Agency, as evidenced by a Confirmation from each Rating Agency), be at least equal to the Aggregate Principal Amount of Class I Bonds of such Series and Class II Bonds of such Series, respectively, then Outstanding.

(c) with respect to the **Class III Asset Requirement**,⁽²⁾ the sum of (a) amounts held in the related subaccount of the Acquisition Account, the related subaccount of the Loan Recycling Account, the related subaccount of the Class I Debt Service Fund (to the extent such amounts are required to be used to pay principal of the Class I Bonds of such Series), [the related

⁽¹⁾ Not applicable to 2000 Series B Bonds or 2002 Series B Bonds.

⁽²⁾ Not applicable to 2002 Series A Bonds or 2002 Series C Bonds.

subaccount of the Class II Debt Service Fund (to the extent such amounts are required to be used to pay principal of Class II Bonds of such Series)],⁽³⁾ the related subaccount of the Class III Debt Service Fund (to the extent such amounts are required to be used to pay principal of Class III Bonds of such Series, the related subaccounts of the Redemption Fund and the related subaccount of the Debt Service Fund), and (b) the sum of the products of the aggregate unpaid principal balance of Loans and Authority Projects related to the Bonds for such Series, be at least equal to 102% of the aggregate principal amount of the Bonds of such Series then outstanding, or such lesser percentage as may be permitted by each Rating Agency, as evidenced by a Confirmation from each Rating Agency.

⁽³⁾ Not included in Class III Asset Requirement for 2000 Series B Bonds.

Asset Coverage Divisors

The following table sets forth the Asset Coverage Divisors for all Series of Bonds to be outstanding under the Master Indenture upon issuance of the 2002 Series C Bonds (except as noted):

Asset Coverage Divisors

<u>Loan Type</u>	<u>Asset Coverage Divisor</u>	
	<u>Class I</u>	<u>Class II</u>
Uninsured Loan	1.72	1.45
FHA-Insured Section 542(c) Loan (1)	1.00	1.00
FHA-Insured non-Section 542(c) Loan(1)(2)	1.12	1.015
Authority Project	1.30	1.18
Other Loans	(3)	(3)

- (1) The Series Indenture related to the 2000 Series A Bonds does not distinguish between Section 542(c) Loans and other FHA-Insured Loans. The Asset Coverage Divisor for all FHA-Insured Loans related to the 2000 Series A Bonds is 1.12 for the Class I Asset Requirement and 1.015 for the Class II Asset Requirement.
- (2) For purposes of determining the appropriate Asset Coverage Divisors for the AHPC Projects and satisfaction of the Class Asset Requirements for the 2002 Series C Bonds, it is assumed that any 2002C Loans for such AHPC Projects will be FHA-Insured Section 542(c) Loans.
- (3) As may be specified by the Rating Agencies from time to time at the request of the Authority.

APPENDIX E

Form of Bond Counsel Opinion

November 14, 2002

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

Colorado Housing and Finance Authority
Taxable Multi-Family/Project Class I Adjustable Rate Bonds, 2002 Series C-1
Multi-Family/Project Class I Adjustable Rate Bonds, 2002 Series C-2
Multi-Family/Project Class I Bonds, 2002 Series C-3
Multi-Family/Project Class I Adjustable Rate Bonds, 2002 Series C-4
Multi-Family/Project Class I Bonds, 2002 Series C-5
Multi-Family/Project Class II Bonds, 2002 Series C-6

Ladies and Gentlemen:

We have acted as bond counsel to the Colorado Housing and Finance Authority (the "Authority"), in connection with the issuance by the Authority of its Taxable Multi-Family/Project Class I Adjustable Rate Bonds, 2002 Series C-1 (the "2002 Series C-1 Bonds"), Multi-Family/Project Class I Adjustable Rate Bonds, 2002 Series C-2 (the "2002 Series C-2 Bonds"), Multi-Family/Project Class I Bonds, 2002 Series C-3 (the "2002 Series C-3 Bonds"), Multi-Family/Project Class I Adjustable Rate Bonds, 2002 Series C-4 (the "2002 Series C-4 Bonds"), Multi-Family/Project Class I Bonds, 2002 Series C-5 (the "2002 Series C-5 Bonds") and Multi-Family/Project Class II Bonds, 2002 Series C-6 (the "2002 Series C-6 Bonds and, together with the 2002 Series C-1 Bonds, the 2002 Series C-2 Bonds, the 2002 Series C-3 Bonds, the 2002 Series C-4 Bonds and the 2002 Series C-5 Bonds, the "2002 Series C Bonds") in the aggregate principal amount of \$142,720,000. In such capacity, we have examined the Authority's certified proceedings and such other documents and such law of the State of Colorado (the "State") and of the United States of America as we have deemed necessary to render this opinion letter. The 2002 Series C Bonds are authorized and issued pursuant to the Master Indenture of Trust, dated as of March 1, 2000, as supplemented by the 2002 Series C Indenture of Trust dated as of November 1, 2002 (together, the "Indenture") between the Authority and Wells Fargo Bank West, National Association (formerly, Norwest Bank Colorado, National Association), as trustee (the "Trustee"). The capitalized terms used herein, unless parenthetically defined herein, have the meanings ascribed to them in the Indenture.

As to questions of fact material to our opinion, we have relied upon the 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 Authority has been duly created and is a body corporate and political subdivision, validly organized and existing under the Constitution and laws of the State.

2. The 2002 Series C Bonds have been duly authorized by the Authority, duly executed and delivered by authorized officials of the Authority and, assuming due authentication by the Trustee, constitute the legal and valid obligations of the Authority, enforceable in accordance with their terms, except as may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other laws in effect from time to time affecting the rights of creditors generally and by the application of general principles of equity.

3. 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 the legal and valid obligation of the Authority enforceable in accordance with its terms, except as may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other laws in effect from time to time affecting the rights of creditors generally and by the application of general principles of equity.

4. Interest on the 2002 Series C-2 Bonds, the 2002 Series C-3 Bonds, the 2002 Series C-4 Bonds, the 2002 Series C-5 Bonds and the 2002 Series C-6 Bonds (except for interest on any 2002 Series C-2 Bond or 2002 Series C-3 Bond for any period during which it is held by a "substantial user" of facilities financed with the 2002 Series C-2 Bonds or the 2002 Series C-3 Bonds or a "related person" as such terms are used in Section 147(a) of the Internal Revenue Code of 1986, as amended to the date hereof (the "Tax Code")), is excluded from gross income under federal income tax laws pursuant to Section 103 of the Tax Code ; however, interest on the 2002 Series C-2 Bonds and the 2002 Series C-3 Bonds is an item of tax preference for purposes of calculating alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code, and interest on the 2002 Series C-4 Bonds, the 2002 Series C-5 Bonds and the 2002 Series C-6 Bonds is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code except that such interest is required to be included in calculating the "adjusted current earnings" adjustment applicable to corporations for purposes of computing the alternative minimum taxable income of corporations. The opinions expressed in this paragraph assume continuous compliance with the covenants and representations contained in the Authority's certified proceedings and in certain other documents or certain other certifications furnished to us.

5. Interest on the 2002 Series C-1 Bonds is not excluded from gross income for federal income tax purposes.

6. The 2002 Series C Bonds 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 of delivery of the 2002 Series C Bonds.

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

The obligations of the Authority are subject to the reasonable exercise in the future by the State and its governmental bodies of the police power inherent in the sovereignty of the State and to the exercise by the United States of America of the powers delegated to it by the Federal Constitution, including, without limitation, exercise of such powers pursuant to the provisions of the Federal Bankruptcy Code.

We understand that the Federal Home Loan Bank of Topeka has delivered a Standby Bond Purchase Agreement with respect to the 2002 Series C-1 Bonds, the 2002 Series C-2 Bonds and the 2002 Series C-4 Bonds. We express no opinion as to the validity or enforceability of such 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 or completeness of any statements made in connection with any sale of the 2002 Series C Bonds or upon any federal or Colorado tax consequences arising from the receipt or accrual of interest on or the ownership of the 2002 Series C Bonds, except those specifically addressed above.

Respectfully submitted,

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APPENDIX F

Form of Continuing Disclosure Undertakings

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AUTHORITY CONTINUING DISCLOSURE UNDERTAKING

This Continuing Disclosure Undertaking (the "**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 Multi-Family/Project Bonds, ___ Series __ (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 ___ Series __ Indenture dated as of _____ 1, 200__ (the "**Series Indenture**," and together with the Master Indenture, the "**Indenture**"), each between the Authority and Wells Fargo Bank West, National Association, as Trustee (the "**Trustee**").

BACKGROUND

1. The Series Bonds are being issued for the purpose of defraying, in part, the costs of acquiring certain mortgage loans in connection with the financing of certain projects located or to be located in the State, 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 Underwriters (as defined in Rule 15c2-12 defined below) of the 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 2002 Series C 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, included but not limited to such financial information and operating data set forth in "Part II - Colorado Housing and Finance Authority – Programs to Date," **Appendix B** – "Outstanding Master Indenture Obligations" and **Appendix G-2** – "Certain Information about the Outstanding Loans and Authority Projects." Annual Financial Information shall include Audited Financed Statements.

(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) "Events" means any of the events listed in Section 2(d) hereof.

(d) "MSRB" means the Municipal Securities Rulemaking Board. The current address of the MSRB is 1900 Duke Street, #600, Alexandria, Virginia 22314; fax: 703-683-1930.

(e) "NRMSIR" means a nationally recognized municipal securities information repository recognized by the SEC from time to time pursuant to Rule 15c2-12. As of the date hereof, such NRMSIRs include Standard & Poor's J.J. Kenny Repository, 55 Water Street, 45th Floor, New York, New York 10041; FT Interactive Data, Attn: NRMSIR, 100 Williams Street, New York, New York 10038; Bloomberg Municipal Repository, 100 Business Park Drive, Skillman, New Jersey 08558; and DPC Data Inc., One Executive Drive, Fort Lee, New Jersey 07024.

(f) "Official Statement" means the Official Statement delivered in connection with the original issue and sale of the Series Bonds.

(g) "Repository" means (i) each NRMSIR and (ii) any SID.

(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) "Senior Manager" means Lehman Brothers Inc., 4th Floor, 745 Seventh Avenue, New York, New York 10019.

(k) "SID" means any State Information Depository operated or designated by the State of Colorado that receives information from all issuers within the State. As of the date of this Disclosure Certificate, no SID exists for the State.

(l) "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, 200__ and annually while the Series Bonds remain outstanding, the Authority agrees to provide or cause to be provided annually to each Repository (with a copy, upon request, to the Senior Manager) 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 as a part of 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 each Repository; 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) At any time the Series Bonds are outstanding, the Authority shall provide, in a timely manner, to the MSRB and any SID, with a copy to the Senior Manager, notice of the occurrence of any of

the following Events with respect to the Series Bonds, if material (provided, that any event under clauses (ix) or (xi) will always be deemed to be material):

- i. Principal and interest payment delinquencies;
- ii. Non-payment related defaults;
- iii. Unscheduled draws on debt service reserves reflecting financial difficulties;
- iv. Unscheduled draws on credit enhancements reflecting financial difficulties;
- v. Substitution of credit or liquidity providers, or their failure to perform;
- vi. Any event adversely affecting the tax-exempt status;
- vii. Modifications to the rights of the owners of the Series Bonds;
- viii. Bond calls or redemption;
- ix. Defeasance;
- x. Release, substitution or sale of property securing repayment; and
- xi. Rating changes.

(e) At any time the Series Bonds are outstanding, the Authority shall provide, in a timely manner, to the MSRB and any SID, with a copy to the Senior Manager, 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) Other Obligated Persons. As of the date of issuance of the Series Bonds, the Borrower for the _____ Project will be an "obligated person" in respect of the Series Bonds within the meaning of Rule 15c2-12. The Authority, prior to or in connection with the origination of the Loan (as defined in the Official Statement) to such Borrower for the _____ Project, will confirm that such Borrower has separately agreed, for the benefit of the owners (including beneficial owners) of the Series Bonds, to provide to the Authority Annual Financial Information and Audited Financial Statements with respect to itself not later than 120 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 within the meaning of Rule 15c2-12. The Authority has agreed to forward to each Repository such Annual Financial Information and Audited Financial Statements promptly upon receipt from such Borrowers. The Authority has no obligation to examine or review such Annual Financial Information or Audited Financial Statements or to verify the accuracy or completeness of such Annual Financial Information or Audited Financial Statements, and is not otherwise obligated to make such continuing disclosure undertakings on behalf of any of the Borrowers.

In addition, the Authority covenants to provide Annual Financial Information and Audited Financial Statements for any other Borrower or other person who shall constitute an "obligated person" with respect to the Series Bonds, or to cause such obligated person to provide such Annual Financial Information and Audited Financial Statements, if the total amount of such person's annual obligations in

respect of the Series Bonds are equal to or greater than 20% of the average annual debt service requirements on the Series Bonds.

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 Repositories or 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 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 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 the 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 the 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 the 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 each Repository and the Senior Manager.

Section 8. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Authority, the Participating Underwriters 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 _____ 1, 200__.

COLORADO HOUSING AND FINANCE
AUTHORITY

By: _____
Executive Director

BORROWER CONTINUING DISCLOSURE UNDERTAKING

This Continuing Disclosure Undertaking (the "**Disclosure Certificate**") is executed and delivered by _____ (the "**Borrower**"), in connection with the issuance by the Colorado Housing and Finance Authority of its Colorado Housing and Finance Authority Multi-Family/Project Bonds, _____ Series ____ (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 2002 Series C Indenture dated as of _____ 1, 200__ (the "**Series Indenture**," and together with the Master Indenture, the "**Indenture**"), each between the Authority and Wells Fargo Bank West, National Association, as Trustee (the "**Trustee**").

BACKGROUND

1. The Series Bonds are being issued for the purpose of defraying, in part, the costs of acquiring certain mortgage loans in connection with the financing of certain projects located or to be located in the State, 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 Underwriters (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 Borrower 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.

BORROWER COVENANTS AND AGREEMENTS

Section 1. Definitions.

(a) "Annual Financial Information" means the financial information or operating data with respect to the Borrower, delivered at least annually pursuant to Sections 2(a) and 2(b) hereof, of the type set forth with respect to such Borrower in **Appendix G-1** – "Certain Information about the _____ Loans" of the Official Statement. Annual Financial Information shall include Audited Financial Statements.

(b) "Audited Financial Statements" means the annual financial statements for the Borrower prepared in accordance with generally accepted accounting principles, audited by a firm of certified public accountants.

(c) "Authority" means the Colorado Housing and Finance Authority.

(d) "MSRB" means the Municipal Securities Rulemaking Board. The current address of the MSRB is 1900 Duke Street, #600, Alexandria, Virginia 22314; fax: 703-683-1930.

(e) "NRMSIR" means a nationally recognized municipal securities information repository recognized by the SEC from time to time pursuant to Rule 15c2-12. As of the date hereof, such NRMSIRs include Standard & Poor's J.J. Kenny Repository, 55 Water Street, 45th Floor, New York, New York 10041; FT Interactive Data, Attn: NRMSIR, 100 Williams Street, New York, New York 10038; Bloomberg Municipal Repository, 100 Business Park Drive, Skillman, New Jersey 08558; and DPC Data Inc., One Executive Drive, Fort Lee, New Jersey 07024.

(f) "Official Statement" means the Official Statement delivered in connection with the original issue and sale of the Series Bonds.

(g) "Repository" means (i) each NRMSIR and (ii) any SID.

(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) "Senior Manager" means Lehman Brothers Inc., 4th Floor, 745 Seventh Avenue, New York, New York 10019.

(k) "SID" means any State Information Depository operated or designated by the State of Colorado that receives information from all issuers within the State. As of the date of this Disclosure Certificate, no SID exists for the State.

(l) "State" means the State of Colorado.

Section 2. Provision of Annual Information.

(a) Commencing with the first fiscal year following the fiscal year in which this Agreement is executed and annually while the Series Bonds remain outstanding, the Borrower agrees to provide or cause to be provided annually to each Repository (with a copy, upon request, to the Senior Manager) the following information:

- i. Annual Financial Information; and
- ii. Audited Financial Statements.

(b) Such Annual Financial Information shall be provided to the Authority not later than 120 days after the end of each fiscal year for the Borrower. If not provided as a part of the Annual Financial Information, the Audited Financial Statements will be provided to the Authority when available. The Authority shall forward the Annual Financial Information and the Audited Financial Statements so provided to each Repository promptly upon receipt from the Borrower. The Authority shall have no obligation to examine or review the Annual Financial Information or the Audited Financial Statements, and shall have no duty to verify the accuracy or completeness of the Annual Financial Information or the Audited Financial Statements.

(c) At any time the Series Bonds are outstanding, the Borrower shall provide, in a timely manner, to the MSRB and any SID, with a copy to the Senior Manager, notice of any failure of the Borrower to timely provide the Annual Financial Information as specified in Sections 2(a) and 2(b) hereof.

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 Repositories or the MSRB unless otherwise required by law. The Borrower shall provide to the Authority Annual Financial Information and Audited Financial Statements in such form and by such means as shall be requested by the Authority from time to time to enable the Authority to comply with the preceding sentence.

Section 4. Enforcement. The obligations of the Borrower hereunder shall be for the benefit of the owners (including beneficial owners) of the Series Bonds. The owner or beneficial owner of any Bonds is authorized to take action to seek specific performance by court order to compel the Borrower 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 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 the Borrower 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 the Disclosure Certificate shall be deemed to prevent the Borrower 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, in addition to that which is required by this Disclosure Certificate; provided that the Borrower shall not be required to do so. If the Borrower chooses to include any annual information in addition to that which is specifically required by this Disclosure Certificate, the Borrower shall have no obligation under this Disclosure Certificate to update such information or include it in any future annual filing.

Section 6. Term. This Disclosure Certificate shall be in effect from and after the 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 Borrower 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 by an opinion of counsel experienced in federal securities law selected by the Authority.

Section 7. Amendments and Waivers. Notwithstanding any other provision of the Disclosure Certificate, the Borrower 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 Borrower's receipt of an opinion of counsel experienced in federal securities laws satisfactory to and approved by the Authority, 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 Borrower shall provide notice of such amendment or waiver to the Authority and the Senior Manager, and the Authority shall then forward such notice to each Repository.

Section 8. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Borrower, the Participating Underwriters, the Authority and the owners (including beneficial owners) from time to time of the Series Bonds, and shall create no rights in any other person or entity.

Date: _____, 200__.

[Name of Borrower]

By: _____

Name: _____

Title: _____

AGREED to with regard to the Authority's
duties under Sections 2(b), 3 and 7:

COLORADO HOUSING AND FINANCE AUTHORITY

By: _____

Name: _____

Title: _____

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APPENDIX G-1

Certain Information about the 2002C Loans

The 2002C Loans are expected to finance or refinance the following projects described in this **Appendix G-1**.

2002C Projects Expected to be Financed or Refinanced with Insured 2002C Loans

Aurora Village Apartments

One 2002C Project is expected to be the acquisition and renovation of Aurora Village Apartments by Aurora Village Associates, LLLP ("AVA"), a for-profit developer. The amount of the 2002C Loan for the Aurora Village Apartments is expected to be approximately \$4,621,000. Total project cost is estimated at approximately \$7,117,000, including \$660,000 in renovation costs, with the balance expected to be funded with proceeds from the sale of low income housing tax credits and deferred developer fees.

Aurora Village Apartments is composed of 100 units in two buildings located in the City of Aurora, Colorado. Constructed in 1983, the project consists entirely of one-bedroom units for the independent elderly, with two lounge areas and two community rooms. Renovation is expected to consist of replacement of all siding, installation of energy-efficient windows, new unit air conditioners, refrigerators and ovens and upgrades to the hot water supply and air-handlers.

All units are currently receiving Section 8 project-based assistance under a Housing Assistance Payment contract that will expire in October 2003. See "Part II – CERTAIN BONDOWNERS' RISKS - Expiration of HAP Contracts." As a condition to the Authority's financing, the new owner is required to apply for HAP contract renewals as permitted under applicable HUD regulations. See **Appendix L** – "DESCRIPTION OF SECTION 8 SUBSIDY PROGRAM – Recent Developments – Mark-to-Market Program and Other Options for Expiring HAP Contracts." Based on a third-party rent comparability study conducted in September 2002, the Authority believes that rents at Aurora Village Apartments are at or below current market levels. The Authority has underwritten the 2002C Loan for the Aurora Village Apartments based on the existing rents and assuming continued renewal of the HAP Contract based on these rents.

The Borrower for Aurora Village Apartments will be a single-asset entity having AVA as its general partner. Barry Serlis, general partner of AVA, has developed approximately 1,600 multi-family units, primarily in the affordable housing arena. Of these 1,600 units, 1,500 have received low income housing tax credits, been financed by the Authority, or both. In addition, Mr. Serlis has developed five single-family subdivisions ranging from 44 to 350 homes, and has developed two commercial complexes totaling 140,000 square feet.

Hudson Real Estate will provide tenant certification and property management services for Aurora Village Apartments. Hudson Real Estate has been involved in property management for over 25 years, and currently manages over 2,000 subsidized and/or income-restricted units in Colorado, the majority of which have been financed by the Authority.

The following assumptions as to the economic feasibility of the 2002C Project relating to Aurora Village Apartments have been made in the application to the FHA for Section 542(c) insurance.

Assumptions as to Aurora Village Apartments

Estimated Annual Project Gross	
Income at Occupancy of 100%.....	\$763,200
Estimated Annual Effective Gross	
Income at Estimated Occupancy of 93%.....	709,776
Estimated Total Annual Project Expenses	
(including Administrative, Operating, Service, Maintenance and Taxes).....	300,380
Estimated Annual Net Income	409,396
Annual Mortgage Loan Payment	355,982

Fountain Springs Apartments

Another 2002C Project is expected to be the new construction of Fountain Springs Apartments by Fore Property Company ("**FPC**"), a for-profit developer. The amount of the 2002C Loan for the Fountain Springs Apartments is expected to be approximately \$15,587,500. Total project cost is estimated at approximately \$22,318,966, with the balance expected to be funded with proceeds from the sale of low income housing tax credits and deferred developer fees.

Fountain Springs Apartments will consist of 228 units in 17 two- or three-story buildings located on approximately 12.1 acres in Colorado Springs. Unit amenities will include a refrigerator, gas range, microwave oven, full-size washer/dryer, dishwasher, garbage disposal, nine-foot ceilings, enclosed storage and a private patio or balcony. Project amenities will include a swimming pool, spa, clubhouse, fitness center, business center with free computer access, and playground. Each unit will have free use of one covered parking space. The table below identifies the number and types of units expected to be offered at Fountain Springs Apartments and their approximate size in square feet.

Fountain Springs Apartments

<u>Number of Units</u>	<u>Type of Unit</u>	<u>Approximate Size in Square Feet</u>
24	One bedroom/one bath	732
116	Two bedroom/two bath	942
88	Three bedroom/two bath	1,108

The Borrower for Fountain Springs Apartments is Fore Fountain Springs, LP, a single-asset entity having FPC as its general partner. FPC is a national real estate company specializing in affordable multi-family residential housing for families and the elderly and maintaining offices in Washington, DC, Westlake Village, CA, Las Vegas, NV, Lansing, MI, Lexington, KY, and Nags Head, NC.

FPC was founded by Richard Fore. Over the past 23 years, Mr. Fore and the principals of FPC have developed over 12,000 apartment units in 40 properties spanning 8 states and 20 cities. Currently, the management arm of FPC manages over 4,400 apartment units across the country, including approximately 1,700 affordable units. Fountain Springs will be added to FPC's management portfolio.

Fountain Springs Apartments was designed by Perlman Architects, who have been in business for over 20 years, including 10 years in Colorado Springs. Perlman is a national firm that designed more than 15,000 multi-family units in 2001. Perlman Architects and FPC have been working together for four years.

Construction of the project will be performed by FPC's construction division, CANV Construction Company ("CANV"). Since 1978, CANV has been providing construction services for new FPC projects, as well as for ongoing improvements to FPC's existing portfolio of real estate assets. The company has built all 12,000 units that FPC has developed over the last 23 years. Bob Buell, Vice President of CANV, will be overseeing the construction of Fountain Springs. Mr. Buell has built thousands of multi-family units in the Western United States, including two projects in Colorado Springs containing 260 units. CANV utilizes state-of-the-art computer software for tracking, scheduling, and budgeting to insure on-time and on-budget completion.

The following assumptions as to the economic feasibility of the 2002C Project relating to Fountain Springs Apartments have been made in the application to the FHA for Section 221(d)(4) insurance, a firm commitment for which has been obtained.

Assumptions as to Fountain Springs Apartments

Estimated Annual Project Gross	
Income at Occupancy of 100%.....	\$2,062,872
Estimated Annual Effective Gross	
Income at Estimated Occupancy of 95%.....	1,959,728
Estimated Total Annual Project Expenses	
(including Administrative, Operating, Service,	
Maintenance and Taxes).....	684,620
Estimated Annual Net Income	1,275,108
Annual Mortgage Loan Payment.....	1,138,013

The Maples at Crestwood Apartments

Another 2002C Project is expected to be the permanent financing of the acquisition and rehabilitation of The Maples at Crestwood Apartments by PacifiCap Properties Group, LLC ("PacifiCap") a for-profit developer. The amount of the 2002C Loan for the Maples at Crestwood Apartments is expected to be approximately \$16,210,000. Total project cost is estimated at approximately \$28,709,645, including approximately \$2.4 million in renovation costs, with the balance expected to be funded with proceeds from the sale of low income housing tax credits, deferred developer fees, and other unsecured sources of funds.

The Maples at Crestwood Apartments consists of 300 units in 25 two- or three-story buildings, two buildings providing laundry and storage and one building used as a combination leasing office, clubroom and laundry. Constructed in 1971, the Maples at Crestwood are located in Federal Heights. Unit amenities include central heating and air conditioning, dishwashers, garbage disposals, fireplaces in most units, and patios or decks. Project amenities include an outdoor heated swimming pool, sauna, three on-site laundry facilities, an outdoor playground, a basketball court, a billiards room and a fitness center. Planned rehabilitation consists of new kitchen cabinets in all units, new appliances, vinyl flooring, carpet, new plumbing fixtures and smoke detectors as well as exterior improvements including new playground

equipment with new ground cover, replacing all aluminum windows with patio doors, replacing damages sidewalks and pavement, painting all wood surfaces and improvements to existing landscaping. The table below identifies the number and types of units expected to be offered at The Maples at Crestwood Apartments and their approximate size in square feet.

The Maples at Crestwood Apartments

<u>Number of Units</u>	<u>Type of Unit</u>	<u>Approximate Size in Square Feet</u>
38	Studio	480
72	One bedroom/one bath	590
56	One bedroom/one bath	670
30	One bedroom/1.5 bath townhome	850
46	Two bedroom/one bath	830
30	Two bedroom/two bath	830
28	Two bedroom/1.5 bath townhome	700

The Maples does not receive Section 8 project-based assistance.

The Borrower for The Maples at Crestwood Apartments will be The Maples, LLLP, a recently-formed single-asset entity having PacifiCap and McDermott Properties, LLC as its general partners. PacifiCap, formed in 1999, is a full service real estate investment firm specializing in affordable housing. While with Columbia Housing Corporation (the development affiliate of which was acquired by PacifiCap) the principals of PacifiCap developed several multi-family housing projects located throughout the western United States and managed a portfolio of over 3,500 affordable housing units located in 16 western states. McDermott Properties has concentrated its development activities along Colorado's front range and has focused on multi-family housing. McDermott Properties has participated in the completion of 848 units of multi-family housing with an additional 482 units developed of affordable housing, including some projects utilizing tax credits and proceeds of bonds.

The general contractor for the rehabilitation of The Maples is PacifiCap Construction Services, LLC, an identity of interest firm that has completed rehabilitation of over 1, 200 affordable housing units spanning five states, including one project in Colorado financed by the Authority.

Management services at The Maples will be provided by PacifiCap Management, Inc., founded in 1992 and currently managing a portfolio of properties located in five western states with a staff of over 60 employees.

The following assumptions as to the economic feasibility of the 2002C Project relating to The Maples at Crestwood Apartments have been made in the application to the FHA for Section 542(c) insurance.

Assumptions as to The Maples at Crestwood Apartments

Estimated Annual Project Gross	
Income at Occupancy of 100%.....	\$2,590,628
Estimated Annual Effective Gross	
Income at Estimated Occupancy of 93%.....	2,409,284
Estimated Total Annual Project Expenses	
(including Administrative, Operating, Service, Maintenance and Taxes).....	
	919,779
Estimated Annual Net Income	1,489,506
Annual Mortgage Loan Payment.....	1,300,685

Mountain View Place Apartments

Another 2002C Project is expected to be permanent financing for the acquisition of Mountain View Place Apartments by the Housing Authority of the City of Aurora, Colorado ("HACA"). The amount of the 2002C Loan for the Mountain View Place Apartments is expected to be approximately \$4,200,000. It is anticipated that the Authority will also fund a loan secured on a parity basis with the 2002C Loan in the approximate amount of \$300,000 from its Housing Opportunity Fund. The total project cost is estimated at \$6,736,545, including \$1,478,400 in rehabilitation costs, the balance of which is expected to be funded using proceeds from the sale of low income housing tax credits and deferred developer fees.

Mountain View Place Apartments consists of 68 units in 16 two-story townhouse-style buildings and one one-story building located in Aurora. Unit amenities include washers and dryers, back patios and storage spaces. Project amenities include ample parking, a playground and a basketball court. The table below identifies the number and types of units expected to be offered at Mountain View Place Apartments and their approximate size in square feet.

Mountain View Place Apartments

<u>Number of Units</u>	<u>Type of Unit</u>	<u>Approximate Size in Square Feet</u>
2	Two bedroom/one bath	752
54	Two bedroom/1.5 bath	842
2	Three bedroom/one bath	952
10	Three bedroom/1.5 bath	982

All of the units are currently receiving Section 8 project-based assistance under a Housing Assistance Payment contract that expires in October 2002. See "Part II – CERTAIN BONDOWNERS' RISKS - Expiration of HAP Contracts." As a condition to the Authority's financing, the new owner is required to apply for HAP contract renewals as permitted under applicable HUD regulations. See **Appendix L** – "DESCRIPTION OF SECTION 8 SUBSIDY PROGRAM – Recent Developments – Mark-to-Market Program and Other Options for Expiring HAP Contracts." The Authority has

underwritten the 2002C Loan for the Mountain View Place Apartments based on market rents for the area and assuming renewal of the HAP Contract based on these rents.

The Borrower for Mountain View Place Apartments is Mountain View LLC, a single-asset entity having HACA as its general partner.

HACA will also serve as the general contractor and the management agent for Mountain View Place Apartments. HACA annually administers approximately \$500,000 of construction and moderate rehabilitation to their housing stock. HACA also oversees the management and maintenance of all of its projects. Existing housing developments within their portfolio include conventional low-income public housing and numerous non-subsidized tax-exempt-financed rental developments, including several financed by the Authority. HACA's current portfolio includes over 6,000 units in Aurora either owned or directly subsidized by HACA.

The following assumptions as to the economic feasibility of the 2002C Project relating to Mountain View Place Apartments have been made in the application to the FHA for Section 542(c) insurance.

Assumptions as to Mountain View Place Apartments

Estimated Annual Project Gross	
Income at Occupancy of 100%.....	\$633,312
Estimated Annual Effective Gross	
Income at Estimated Occupancy of 93%.....	601,646
Estimated Total Annual Project Expenses	
(including Administrative, Operating, Service,	
Maintenance and Taxes).....	230,397
Estimated Annual Net Income	371,249
Annual Mortgage Loan Payment (2002C Loan).....	311,447
Annual Mortgage Loan Payment (HOF Loan)	10,612

Racquet Club Apartments

Another 2002C Project is expected to be permanent financing for the acquisition of Racquet Club Apartments by Racquet Club Apartments, Ltd., a for-profit developer ("RCA"). The amount of the 2002C Loan for the Racquet Club Apartments is expected to be approximately \$4,860,000. The Borrower expects that \$450,000 will be applied to renovation costs.

Racquet Club Apartments consists of 144 units in three three-story buildings located in Grand Junction. Project amenities include swimming pool, laundry facilities, tennis courts, and playground areas. Unit amenities include patios and balconies on the ground and second floors. Expected renovation includes new carpeting, vinyl, countertops, appliances and air conditioners and exterior improvements including new roofs, common area carpeting, re-staining the wood siding on the buildings, repaving the parking area and repairs to the pool, tennis courts and playground areas. The table below identifies the number and types of units expected to be offered at Racquet Club Apartments and their approximate size in square feet.

Racquet Club Apartments

<u>Number of Units</u>	<u>Type of Unit</u>	<u>Approximate Size in Square Feet</u>
24	One bedroom/one bath	646
120	Two bedroom/one bath	884

All of the units are currently receiving Section 8 project-based assistance under a Housing Assistance Payment contract that expires in May 2005. See "Part II – CERTAIN BONDOWNERS' RISKS - Expiration of HAP Contracts." As a condition to the Authority's financing, the new owner is required to apply for HAP contract renewals as permitted under applicable HUD regulations. See **Appendix L** – "DESCRIPTION OF SECTION 8 SUBSIDY PROGRAM – Recent Developments – Mark-to-Market Program and Other Options for Expiring HAP Contracts." The Authority has underwritten the 2002C Loan for the Racquet Club Apartments based on market rents for the area and assuming renewal of the HAP Contract based on these rents.

The Borrower for Racquet Club Apartments is Racquet Club Apartments, Ltd., a single-asset entity having RCA as its general partner.

RCA is owned by a Colorado for-profit limited partnership, 70% controlled by SDA Inc., located in Englewood. VRG Management Services, a wholly-owned entity of SDA Inc, has managed Racquet Club Apartments since they opened.

The following assumptions as to the economic feasibility of the 2002C Project relating to Racquet Club Apartments have been made in the application to the FHA for Section 542(c) insurance.

Assumptions as to Racquet Club Apartments

Estimated Annual Project Gross	
Income at Occupancy of 100%.....	\$969,984
Estimated Annual Effective Gross	
Income at Estimated Occupancy of 93%.....	902,083
Estimated Total Annual Project Expenses	
(including Administrative, Operating, Service, Maintenance and Taxes).....	423,941
Estimated Annual Net Income	478,142
Annual Mortgage Loan Payment (2002C Loan).....	388,004

Sable Ridge Apartments

Another 2002C Project is expected to be permanent financing for the new construction of Sable Ridge Seniors Apartments by Sable Ridge Seniors, LLC ("SRS"), a for-profit developer. The amount of the 2002C Loan for the Sable Ridge Seniors Apartments is expected to be approximately \$3,942,000. Total project cost is estimated at approximately \$7,151,623, with the balance expected to be funded using proceeds from the sale of low-income housing tax credits and other unsecured sources of funds and a loan funded by the Authority from its Housing Opportunity Fund and secured on a parity basis with the 2002C Loan.

Sable Ridge Seniors Apartments will be an independent elderly facility consisting of 61 units in a three-story brick and stucco building in Denver. Unit amenities will include a refrigerator, washer/dryer hook-ups, range with self-cleaning oven and air conditioning. Two-bedroom units will also offer washer/dryer hook-ups and a fireplace. Project amenities will include an on-site management office, clubroom with a fireplace and kitchen, lounge areas, a fitness center, library, laundry room, vending machine area, hair salon, recreation room and elevator. The table below identifies the number and types of units expected to be offered at Sable Ridge Seniors Apartments and their approximate size in square feet.

Sable Ridge Seniors Apartments

<u>Number of Units</u>	<u>Type of Unit</u>	<u>Approximate Size in Square Feet</u>
38	One bedroom/one bath	655
12	Two bedroom/one bath	922
5	One bedroom/one bath	857
6	Two bedroom/two bath	978

The Borrower for Sable Ridge Seniors Apartments will be Sable Ridge, LLC, a single-asset entity having Kenneth Walker as its managing member. Kenneth Walker has over 25 years experience as a real estate practitioner and over the past 15 years has developed and managed 12 residential and commercial projects ranging from \$100,000 to \$1.5 million.

Thomas Clarke will be the initial lead architect for Sable Ridge Seniors Apartments. Mr. Clarke works with Martin Design, Inc.. Martin Design, Inc., founded in 1986, holds national certificates and licenses and is headquartered in Denver. They have designed over 4,000 multi-family units with a wide range of financing sources.

Maxwell Construction, Inc. has been selected as the general contractor. Founded in 1985, Maxwell has, for the past several years, participated in the multi-family, senior housing and public works construction markets. During this period, they have placed under contract approximately \$60 million in projects of this nature. The Authority has worked with Maxwell on two existing projects—Fox Meadows Apartments and Orchard Crossing—where Maxwell has demonstrated its ability to meet schedules and stay within budget without compromising quality.

Omni Properties, Inc. will provide property management services for Sable Ridge Seniors Apartments. Omni currently manages over 10,000 apartments in over 60 projects and are experienced in the management of properties financed with tax-exempt private activity bonds and low-income housing tax credits.

The following assumptions as to the economic feasibility of the 2002C Project relating to Sable Ridge Seniors Apartments have been made in the application to the FHA for Section 542(c) insurance.

Assumptions as to Sable Ridge Seniors Apartments

Estimated Annual Project Gross	
Income at Occupancy of 100%.....	\$572,156
Estimated Annual Effective Gross	
Income at Estimated Occupancy of 93%.....	532,105
Estimated Total Annual Project Expenses	
(including Administrative, Operating, Service, Maintenance and Taxes).....	196,124
Estimated Annual Net Income	335,981
Annual Mortgage Loan Payment (2002C Loan).....	295,815

Southgate Commons Townhomes

Another 2002C Project is expected to be the acquisition and renovation of Southgate Commons Townhomes by Hampstead Partners, Inc. ("**Hampstead**"), a for-profit developer. The amount of the 2002C Loan for the Southgate Commons Townhomes is expected to be approximately \$2,841,000. Total project cost is estimated at approximately \$11,236,091, including \$2,773,575 in rehabilitation costs, with the balance expected to be funded using proceeds from the sale of low-income housing tax credits, a HUD loan secured on a basis subordinate to the 2002C Loan, and other unsecured sources of funds.

Southgate Commons Townhomes, constructed in 1982, consists of 166 units in 26 one-and two-story buildings located in Grand Junction. Unit amenities include all appliances, dishwasher, swamp cooler and laundry hook-ups. Project amenities include a swimming pool, basketball court, single-car garages for each unit. The table below identifies the number and types of units expected to be offered at Southgate Commons Townhomes and their approximate size in square feet.

Southgate Commons Townhomes

<u>Number of Units</u>	<u>Type of Unit</u>	<u>Approximate Size in Square Feet</u>
24	One bedroom/one bath	670
74	Two bedroom/one bath	760
8	Two bedroom/two bath townhomes	1,225
60	Three bedroom/two bath townhomes	1,258

Of the 166 units, 124 units are currently receiving Section 8 project-based assistance under a Housing Assistance Payment contracts, one of which, relating to 34 units, will expire in April 2003. Rents for the remaining units receiving assistance were marked down to market levels in 2000 and are currently receiving assistance under HAP contracts that will expire in August 2005. See "Part II – CERTAIN BONDOWNERS' RISKS - Expiration of HAP Contracts." As a condition to the Authority's financing, the new owner is required to apply for HAP contract renewals as permitted under applicable HUD regulations. See **Appendix L** – "DESCRIPTION OF SECTION 8 SUBSIDY PROGRAM – Recent

Developments – Mark-to-Market Program and Other Options for Expiring HAP Contracts." Because the units receiving assistance under the HAP Contract expiring April 2003 are currently based on above-market rents, such units have been entered into the Mark-to-Market Program, in connection with which the Authority is acting as the restructuring agent. The Authority has underwritten the 2002C Loan for the Southgate Commons Townhomes based on market rents for the area and assuming renewal of the HAP Contract based on these rents.

The Borrower for Southgate Commons Townhomes will be Southgate Commons Townhomes, LP, a to-be-formed single-asset entity, having Hampstead as its sole general partner. Hampstead, located in La Jolla, California, is a closely held sub-chapter "S" corporation founded in the early 1970s for the purpose of providing advisory and development services to the affordable housing industry. In the early 1990s, Hampstead began providing consulting services under HUD's Emergency Low Income Housing Preservation Act and, from 1993 to 1996, processed 260 eligible projects and this and its successor program. Since 1998, Hampstead has acquired and redeveloped older assisted properties. Their portfolio currently consists of eleven properties with 842 units located in Montana, Indiana and Ohio, all of which properties were financed through a combination of low income housing tax credit and private activity bonds. The largest of these properties, a 176-unit family development in Toledo, Ohio, was also transferred through the Mark-to-Market program.

Monfric Realty, Inc., a California corporation, will be providing property management services for Southgate. Monfric has been the managing agent for this property for the past 20 years and has been engaged in low-income property management since 1974. Monfric currently manages 27 properties located throughout California, Colorado, and Arizona, including a 96-unit project in Grand Junction finance by the Authority.

The following assumptions as to the economic feasibility of the 2002C Project relating to Southgate Commons Townhomes have been made in the application to the FHA for Section 542(c) insurance.

Assumptions as to Southgate Commons Townhomes

Estimated Annual Project Gross	
Income at Occupancy of 100%.....	\$1,178,448
Estimated Annual Effective Gross	
Income at Estimated Occupancy of 91%.....	1,081,451
Estimated Total Annual Project Expenses	
(including Administrative, Operating, Service, Maintenance and Taxes).....	677,661
Estimated Annual Net Income	403,790
Annual Mortgage Loan Payment (2002C Loan).....	237,362
Annual Mortgage Loan Payment (HUD Second Mortgage).....	133,600

Woodside Village Apartments

Another 2002C Project is expected to be the acquisition and renovation of the existing Woodside Village Apartments by Affordable Community Housing Trust ("ACHT"), a 501(c)(3) non-profit corporation formed in 1990. The Authority expects to make the following two 2002C Loans: (i) a 2002C

Loan in the estimated amount of \$5,583,000, expected to be insured by the FHA under Section 542(c) of the Housing and Community Development Act of 1992, as amended; and (ii) a 2002C Loan in the estimated amount of \$1,220,000, which Loan is not expected to be insured and will be secured by a lien on Woodside Village Apartments on a basis subordinate to the lien thereon of the FHA-insured 2002C Loan.

Woodside Village, constructed in 1976, consists of 160 units in 32 buildings located in Greeley. The sponsor intends to complete approximately \$2.5 million in renovations at the project site including renovation of kitchens, bathrooms, electrical and plumbing, re-roofing of all buildings, new fencing and new exterior stairs as well as a new on-site community building to relocate the management office, police substation, laundry and storage areas. The table below identifies the number and types of units at the Woodside Village Apartments and their approximate size in square feet.

Woodside Village Apartments

<u>Number of Units</u>	<u>Type of Unit</u>	<u>Approximate Size in Square Feet</u>
32	One bedroom/one bath	554
62	Two bedroom/one bath	748
50	Three bedroom/two bath	929
16	Four bedroom/two bath	1,178

All units are currently receiving Section 8 project-based assistance under a Housing Assistance Payment contract that will expire June 30, 2004. See "Part II – CERTAIN BONDOWNERS' RISKS - Expiration of HAP Contracts." Based on a third-party rent comparability study dated June 20, 2002, the Authority believes that rents at Woodside Village Apartments are low for the market and, under current HUD rules, may be adjusted upward in the "Mark Up to Market" program upon the transfer of ownership. The Authority has underwritten the 2002C Loans for the Woodside Village Apartments based on the increased rents, however, certain proceeds of the Authority Loans will be held in a operating deficit reserve account to be used in the event that rents are not increased until renewal of the HAP contract.

The Borrower for the Woodside Village Apartments will be Affordable Community Housing Trust – Zeta, a single-asset entity formed by ACHT for the purpose of acquiring Woodside Village Apartments. ACHT currently owns and operates 1,023 units in seven properties located in Florida, Wisconsin, Illinois and California, all of which properties house low-and very low-income families or seniors and half of which receive federal subsidy. These properties have been financed through tax-exempt private activity bonds (and low-income housing tax credits), 501(c)(3) bonds and conventional mortgages. ACHT completed major renovation on several of the properties subsequent to acquisition. Reverend Malcolm McClenaghan, the Archdeacon of the Episcopal Diocese of Northern California, leads ACHT and has been active in affordable housing since 1964.

FPI Management, based in Sacramento, has managed Woodside Village Apartments for over ten years. The sponsor is currently reviewing whether to continue FPI in this role.

New Millenium Construction of Northern Colorado has been selected to complete the renovation of Woodside Village Apartments. Dennis Rink, its president, has over 35 years of experience in both commercial and residential construction.

The following assumptions as to the economic feasibility of the 2002C Project relating to the Woodside Villages Apartments have been made in the application to the FHA for Section 542(c) insurance (with respect to the \$5,583,000 loan only).

Assumptions as to Woodside Village Apartments

Estimated Annual Project Gross	
Income at Occupancy of 100%.....	\$1,174,080
Estimated Annual Effective Gross	
Income at Estimated Occupancy of 94%.....	1,103,635
Estimated Interest Reduction Payments (1).....	131,748
Estimated Annual Gross Income.....	1,235,383
Estimated Total Annual Project Expenses	
(including Administrative, Operating, Service, Maintenance and Taxes).....	609,000
Estimated Annual Net Income	626,383
Annual Mortgage Loan Payment (\$5,583,000 Loan)	419,064
Annual Mortgage Loan Payment (\$1,220,000 Loan)(1).....	125,303

- (1) The uninsured 2002C Loan expected to be made in the amount of \$1,220,000 is expected to be paid using FHA Interest Reduction Payments ("IRPs"). The total amount of IRPs for this project, expiring in January 2019, is \$2,018,000.

AHPC Projects

Generally. The AHPC Projects consist of the twenty multi-family projects described in the table below entitled "Certain Information About the AHPC Projects." Certain proceeds of the 2002 Series C Bonds are expected to be used by the Authority to make a permanent loan for each AHPC Project, which loan is expected to be insured by the Federal Housing Administration under Section 542(c) of the Housing and Community Development Act of 1992, as amended. In addition, the Authority expects to use proceeds of 2002 Series C Bonds to make uninsured 2002C Loans, secured on a basis subordinate to the FHA-insured 2002C Loans, for Canon Club and Sunrise Manor Projects. *However, no application for FHA insurance has been submitted at this time and no assurance is given that such insurance will be obtained. In the event that such FHA insurance is not obtained with respect to any particular AHPC Project, the Authority may, at its option, any time within three years of the date of issuance of the 2002 Series C Bonds, apply proceeds of the 2002 Series C Bonds on deposit in the Program Fund for such AHPC Project to: (i) make an uninsured 2002C Loan for such AHPC Project (in addition to the anticipated uninsured 2002C Loans for Canon Club and Sunrise Manor); (ii) finance other permissible projects in accordance with the Indenture; or (iii) redeem 2002 Series C Bonds at par. Furthermore, to the extent proceeds of the 2002 Series C Bonds on deposit in the Program Fund are not loaned by the Authority for the 2002C Projects or other permissible projects during the three year period following issuance of the 2002 Series C Bonds in accordance with the Indenture, such amounts are required to be used to redeem 2002 Series C Bonds. See "Part I – TERMS OF THE 2002 SERIES C BONDS – Prior Redemption" and "Part II – CERTAIN BONDOWNERS' RISKS – Considerations Regarding Redemption at Par."* At the time of entering into permanent mortgage loans with respect to the AHPC Projects, the AHPC Borrowers expect to replace existing interim subordinate loans from Boston Capital Corporation, the limited partner and tax credit investor on each AHPC Project ("**Boston Capital**") (as described below)

with equity investments from Boston Capital in excess of the amounts of the existing interim subordinate financing.

Existing Loans and Expected Prepayments. In July 2002, the Authority issued its 2002 Series B Bonds under the Master Indenture for the purpose of making an interim loan (the "**2002B Interim Loan**") to American Housing Preservation Corporation ("**AHPC**") having a term of one year with an option to renew for an additional year. AHPC used the proceeds of such 2002B Interim Loan to make uninsured mortgage loans to 20 single-asset entities (the "**AHPC Borrowers**") as a portion of the financing needed by such entities to acquire the AHPC Projects. In connection with such interim financing, the AHPC Borrowers also received subordinate loans totaling approximately \$12 million from Boston Capital. The 2002B Interim Loan constitutes a Loan under the Indenture. It is anticipated that, in connection with the refinancing of each AHPC Project by the Authority, the existing interim mortgage loan made by AHPC to the related AHPC Borrower will be prepaid and that AHPC will use such prepayments to prepay the 2002B Interim Loan.

Property Types. The AHPC Projects range in size from 30 units to 197 units, with 13 of such AHPC Projects located in the Denver Metro area. Of the over 1,400 units, 632 units (45%) in seven AHPC Projects are reserved for the elderly and disabled. Over 90% of the units are one- and two-bedroom units, with studios and three-bedroom units as well. The property types range from high-rise to low-rise to town-home style. The AHPC Projects were originally financed on the dates indicated under "Original Loan Date" on the chart below, at which time 15 of the AHPC Projects were new construction and the remaining five were either significantly or moderately renovated. The AHPC Projects are, therefore, at least 20 years old, some being significantly older. AHPC expects that the permanent mortgage loans to be obtained by AHPC (on behalf of certain AHPC Borrowers) for certain of the AHPC Projects will include some funding for renovation of such AHPC Projects.

Management. The AHPC Projects are currently managed by Urban, Inc. ("**Urban**") owned by Steven Schraiberg and Alfred Blum, the managing general partners of individual limited partnerships which previously owned the AHPC Projects. Urban is a property management firm located in the Denver Tech Center and has managed each of the AHPC Projects for the preceding 20 years. Subsequent to the sale of the AHPC Projects to the AHPC Borrowers, Urban agreed to continue to manage the AHPC Projects for a period of not less than ten years.

American Housing Preservation Corporation. AHPC, a for-profit entity formed in 1983 and owned by Michael A. Liberty, contracted with Urban for the purchase of the AHPC Projects and currently is assisting the AHPC Borrowers in obtaining permanent financing for such AHPC Projects. AHPC, headquartered in Portland, Maine, currently owns and manages, through controlling interests in various entities, approximately 1,700 units in nine subsidized or tax credit properties in seven states, primarily on the east coast. Affiliated with AHPC and assisting in their daily operations are Equity Builders (specializing in new construction and rehabilitation of rental properties) and Liberty Management (property manager of more than 2,000 subsidized and tax credit units nationwide).

HAP Contracts. Each of the AHPC Projects is subsidized by a Housing Assistance Payment contract ("**HAP Contracts**") under the Section 8 Subsidy Program, more fully described in **Appendix L** hereto, most of which HAP Contracts initially were for a period of 20 years. As indicated on the table set forth below, nine of these initial HAP Contracts have expired and have been renewed for one to five year periods (based on revised rent levels), and the remaining HAP Contracts (with the exception of one) expire within the next two years. AHPC has agreed, as a condition to obtaining the 2002B Interim Loan, to cause such HAP Contracts to be renewed by the AHPC Borrowers. In connection with the funding of any 2002C Loan related to an AHPC Project, the Authority similarly will require that the related AHPC

Borrower renew such HAP Contracts. Upon request of the owner and the satisfaction of certain conditions, HUD is required to renew HAP Contracts for project-based assistance, but at revised payment levels based on rents reset to comparable market levels. Payments due under any HAP Contract, including renewal contracts, are subject to annual appropriation and adjustment as described in **Appendix I** hereto. For information concerning the renewal of HAP Contracts, see **Appendix I – "DESCRIPTION OF SECTION 8 SUBSIDY PROGRAM – Recent Developments – Mark-to-Market Program and Other Options for Expiring HAP Contracts."** See also "Part I – CERTAIN ASSUMPTIONS – Permanent Financing for 2002B Projects" and " – Release of Liens for 2002B Projects." The Authority intends to underwrite 2002C Loans for the AHPC Projects, if at all, based on market rents (as set forth in a third-party appraisal) for the related area and assuming renewal of the related HAP Contract based on these rents.

The following tables provide selected information concerning the AHPC Projects.

Certain Information About the AHPC Projects

Project Name	Locaton	Estimated 2002C Mortgage Loan Amount *	Number of Units	Original Loan Date	HAP Contract Expiration Date (1)	Vacancy (%)		
						1999	2000	2001
Asbury Park	Aurora	\$2,415,000	44	7/82	2/03	2.30	2.58	0.40
Aspen Meadows	Aurora	4,510,000	100	7/83	10/03	0.20	0.86	1.15
Canon Club	Canon City	825,000 (3)	46	8/78	6/05 (2)	3.91	2.32	4.98
Clifton Townhouses	Clifton	2,140,000	51	7/82	2/03	2.95	1.86	2.95
Courthouse Square	Denver	10,535,000	157	6/82	5/07 (2)	0.38	0.49	0.34
Dawson Square	Thornton	2,205,000	36	1/81	9/03 (2)	1.67	0.15	2.86
Halcyon House	Denver	13,595,000	197	7/82	5/03 (2)	1.45	0.52	1.40
Helios Apartments	Lafayette	2,125,000	30	9/82	6/03	0.65	3.89	5.08
Hilltop Apartments	Denver	2,755,000	77	4/78	6/19	2.30	2.26	1.60
Kearney Plaza	Commerce City	1,780,000	51	2/79	9/05 (2)	0.71	1.66	0.64
Meadows Townhouses	Ft. Lupton	2,495,000	51	8/82	3/03	1.13	1.48	1.14
Park Terrace	Arvada	5,075,000	96	5/80	3/03 (2)	2.50	4.05	1.85
Park West	Denver	1,900,000	41	9/84	3/03 (2)	1.38	0.65	1.73
Pine Meadows	Greeley	4,425,000	111	6/84	9/03	1.30	1.29	1.39
Sheridan Gardens	Sheridan	2,385,000	48	3/80	11/02	1.55	3.14	0.80
Squire Village	Northglenn	2,115,000	51	7/82	2/03	0.30	0.11	0.05
Sunrise Manor	Buena Vista	305,000 (3)	40	12/82	8/03	1.30	3.66	1.50
Tamarin Square	Durango	3,650,000	68	11/81	11/02	0.02	0.35	0.16
Tiffany Square	Lakewood	2,345,000	52	11/79	8/05 (2)	1.13	0.89	1.44
Village Gardens	Aurora	2,590,000	60	4/84	8/03 (2)	2.03	4.73	6.03

*Preliminary, subject to change

- (1) As moderate rehabilitation properties, current HUD regulations provide that HAP Contracts for Park Terrace, Park West and Village Gardens may only be renewed for one year periods. In addition, payments due under any HAP Contract, including renewal contracts, are subject to annual appropriation and to adjustment as described in **Appendix I** hereto.
- (2) The initial HAP Contracts for these AHPC Projects have expired and have been renewed with the new expiration dates shown.
- (3) The Authority also expects to make uninsured 2002C Loans for the Canon Club and Sunrise Manor Projects in the estimated amounts of \$155,925 and \$321,725, respectively, which 2002C Loans will be secured by liens on the related projects on a basis subordinate to the lien thereon of the FHA-insured 2002C Loans.

Sources for vacancy rates: Audited financial statements of the AHPC Projects.

Historical and Budgeted Net Operating Income for the AHPC Projects

Project Name	1999 (1)			2000 (1)			2001 (1)		
	Gross Income	Expenses	Net Operating Income	Gross Income	Expenses	Net Operating Income	Gross Income	Expenses	Net Operating Income
Asbury Park	\$ 450,760	\$181,600	\$269,160	\$ 450,335	\$173,420	\$276,915	\$ 456,300	\$201,700	\$254,600
Aspen Meadows	864,980	384,750	480,230	865,835	372,020	493,815	900,680	396,000	504,680
Canon Club	330,750	185,420	145,330	346,405	155,750	190,655	348,720	167,075	181,645
Clifton Townhouses	588,730	222,800	365,930	585,385	214,585	370,800	582,220	268,450	313,770
Courthouse Square	1,199,315	531,465	667,850	1,284,670	560,675	723,995	1,363,740	600,980	762,760
Dawson Square	329,555	191,525	138,030	344,540	179,900	164,460	364,865	231,730	133,135
Halcyon House	1,650,890	878,780	772,110	1,712,910	864,505	848,405	1,791,010	896,230	894,780
Helios Apartments	370,950	159,940	211,010	399,685	137,185	262,500	398,950	175,065	223,885
Hilltop Apartments	605,485	385,160	220,325	605,485	378,385	227,100	602,270	377,380	224,890
Kearney Plaza	308,870	200,335	108,535	322,760	195,540	127,220	333,235	206,410	126,825
Meadows Townhouses	544,350	208,690	335,660	549,415	207,320	342,095	553,265	228,375	324,890
Park Terrace	705,255	481,510	223,745	730,230	426,675	303,555	754,165	502,995	251,170
Park West	306,660	154,755	151,905	305,150	141,690	163,460	314,330	166,310	148,020
Pine Meadows	721,400	375,640	345,760	741,985	399,065	342,920	758,550	387,735	370,815
Sheridan Gardens	400,685	235,175	165,510	420,900	227,625	193,275	421,250	240,630	180,620
Squire Village	450,250	196,580	253,670	452,910	192,300	260,610	474,990	237,925	237,065
Sunrise Manor	375,877	171,980	203,897	376,115	175,135	200,980	378,800	177,680	201,120
Tamarin Square	526,230	206,455	319,775	527,140	225,475	301,665	521,500	197,920	324,300
Tiffany Square	431,380	245,445	184,935	444,320	254,215	190,105	452,445	279,225	173,220
Village Gardens	460,000	276,235	183,765	470,100	298,220	171,880	475,680	320,130	155,550

(1) Data provided for fiscal years ending December 31, except with respect to Sheridan Gardens and Tamarin Square, having fiscal years ending June 30 of the succeeding year (e.g., 1999 data is for the fiscal year commencing July 1, 1999 and ending June 30, 2000).
Sources: Audited financial statements of the AHPC Projects.

2002C Projects Expected to be Financed or Refinanced with Uninsured 2002C Loans

Centennial Village

Another 2002C Project is expected to be the renovation and refinancing of an existing facility by 6440 Company Limited Partnership, a for-profit developer. Centennial Village consists of 48 units in eight one-story buildings located in Evans. The amount of the 2002C Loan for Centennial Village is expected to be \$659,300. The total project cost is estimated at approximately \$1,669,000, including \$249,000 in renovation costs and \$1,406,000 to pay off an existing loan of the Authority (made using proceeds of bonds issued by the Authority in 1982). The balance of project costs are expected to be funded by a loan made by HUD and secured on a subordinate basis to the 2002C Loan and other unsecured funding sources.

The 2002C Loan for Centennial Village will not be insured by FHA or otherwise.

All of the units are currently receiving Section 8 project-based assistance under a Housing Assistance Payment contract that expired January 2003. See "Part II – CERTAIN BONDOWNERS' RISKS - Expiration of HAP Contracts." In 2001 the owner entered the property into the Mark-to-Market Program to obtain assistance in restructuring the debt, find funding for rehabilitation and help the property achieve long-term viability. As a condition to the Authority's financing, the new owner is required to apply for HAP contract renewals as permitted under applicable HUD regulations. See **Appendix L** – "DESCRIPTION OF SECTION 8 SUBSIDY PROGRAM – Recent Developments – Mark-to-Market Program and Other Options for Expiring HAP Contracts." Based on its participation in the Mark-to-Market program, Centennial Village is expected to receive a new 20-year HAP contract at the close of the refinancing. The Authority has underwritten the 2002C Loan for Centennial Village based on market rents for the area and assuming a HAP Contract based on such rents as set forth in a third-party appraisal conducted in connection with the Mark-to-Market program.

Liberty House

Another 2002C Project is expected to be the acquisition and renovation of an existing nursing home by Atlantis Community Foundation, a 501(c)(3) non-profit corporation. Once reconfigured, Liberty House is expected to consist of 46 units in the existing three-story building built in 1969 and located in Denver. The amount of the 2002C Loan for the Liberty House is expected to be \$1,800,000.

The 2002C Loan for the Liberty House will not be insured by FHA or otherwise. In addition, it is anticipated that the Authority will also fund a loan in the amount of \$320,000 from its Housing Opportunity Fund, which loan is expected to be secured on a basis subordinate to the 2002C Loan. The Liberty House does not receive Section 8 project-based assistance.

Northern Hotel

Another 2002C Project is expected to be the acquisition and rehabilitation of an existing facility by Funding Partners for Affordable Housing and the National Development Council. Originally an historic building located in Fort Collins, the Northern Hotel has been converted into 47-unit residential facility for independent elderly persons. There is also 13,800 square feet of commercial space on the first floor of the building. The amount of the 2002C Loan for the Northern Hotel is expected to be \$2,600,000. The total project cost is estimated at \$12,730,000, including \$7,890,000 in renovation costs, the balance of which is expected to be funded by grants from the City of Fort Collins, the Colorado Division of Housing, the City of Fort Collins and the Colorado Historical Society, proceeds from the sale of low-income housing tax credit and historical tax credits and deferred developer fees.

The 2002C Loan for the Northern Hotel will not be insured by FHA or otherwise. The Northern Hotel does not receive Section 8 project-based assistance.

Olin Hotel Apartments

Another 2002C Project is expected to be the refinancing of an existing facility by Olin Hotel Apartments Associates Ltd., a nonprofit entity. Olin Hotel Apartments is an independent elderly property located in Denver consisting of 107 units in one five-story building. Olin Hotel Apartments was constructed in 1929 as a hotel and converted to apartments in 1982. The amount of the 2002C Loan for Olin Hotel Apartments is expected to be \$504,200. Total project costs are estimated at \$3,943,739, including \$359,505 for rehabilitation and \$3,369,389 to pay off an existing loan of the Authority (made using proceeds of bonds issued by the Authority in 1982). The balance of project costs is expected to be funded by loans made by HUD and secured on a subordinate basis to the 2002C Loan and other unsecured funding sources.

The 2002C Loan for Olin Hotel Apartments will not be insured by FHA or otherwise.

All of the units are currently receiving Section 8 project-based assistance under a Housing Assistance Payment contract currently in effect on a one-year renewal. See "Part II – CERTAIN BONDOWNERS' RISKS - Expiration of HAP Contracts." In September 2001 the owner entered the property into the Mark-to-Market Program to obtain assistance in restructuring the debt, find funding for rehabilitation and help the property achieve long-term viability. As a condition to the Authority's financing, the new owner is required to apply for HAP contract renewals as permitted under applicable HUD regulations. See **Appendix L** – "DESCRIPTION OF SECTION 8 SUBSIDY PROGRAM – Recent Developments – Mark-to-Market Program and Other Options for Expiring HAP Contracts." Based on its participation in the Mark-to-Market program, Olin Hotel Apartments is expected to receive a new 20-year HAP contract at the close of the refinancing. The Authority has underwritten the 2002C Loan for Olin Hotel Apartments based on market rents for the area and assuming a HAP Contract based on such rents as set forth in a third-party appraisal conducted in connection with the Mark-to-Market program.

Ridgeview Apartments

Another 2002C Project is expected to be the renovation and refinancing of an existing facility by Evans Real Estate Group, LLC. Ridgeview Apartments consists of 48 units in seven two-story buildings located in Craig. The amount of the 2002C Loan for Ridgeview Apartments is expected to be \$295,000. The total project cost is estimated at approximately \$1,770,000, including \$206,470 in renovation costs and \$1,400,000 to pay off an existing loan of the Authority (made using proceeds of bonds issued by the Authority in 1979). The balance of project costs are expected to be funded by loans made by HUD and secured on a subordinate basis to the 2002C Loan.

The 2002C Loan for Ridgeview Apartments will not be insured by FHA or otherwise.

All of the units are currently receiving Section 8 project-based assistance under a Housing Assistance Payment contract that expires January 2003. See "Part II – CERTAIN BONDOWNERS' RISKS - Expiration of HAP Contracts." In January 2001 the owner entered the property into the Mark-to-Market Program to obtain assistance in restructuring the debt, find funding for rehabilitation and help the property achieve long-term viability. As a condition to the Authority's financing, the new owner is required to apply for HAP contract renewals as permitted under applicable HUD regulations. See **Appendix L** – "DESCRIPTION OF SECTION 8 SUBSIDY PROGRAM – Recent Developments – Mark-to-Market Program and Other Options for Expiring HAP Contracts." Based on its participation in the Mark-to-Market program, the Ridgeview Apartments is expected to receive a new 20-year HAP contract at the close of the refinancing. The Authority has underwritten the 2002C Loan for Ridgeview Apartments based on market rents for the area and assuming a HAP Contract based on such rents as set forth in a third-party appraisal conducted in connection with the Mark-to-Market program.

Sunset Meadows II

Another 2002C Project is expected to be the refinancing of an existing elderly facility by Moffat County Housing Authority, the non-profit owner of Sunset Meadows II. Sunset Meadows II consists of 44 units in one three-story building located in Craig. The amount of the 2002C Loan for Sunset Meadows II is expected to be \$250,000. The total project cost is estimated at approximately \$1,650,000, including \$1,488,000 to pay off an existing loan of the Authority (made using proceeds of bonds issued by the Authority in 1982). The balance of project costs are expected to be funded by loans funded by HUD and secured on a basis subordinate to the 2002C Loan for Sunset Meadows II.

The 2002C Loan for Sunset Meadows II will not be insured by FHA or otherwise.

All of the units are currently receiving Section 8 project-based assistance under a Housing Assistance Payment contract that expires April 2003. See "Part II – CERTAIN BONDOWNERS' RISKS - Expiration of HAP Contracts." In January 2001 the owner entered the property into the Mark-to-Market Program to obtain assistance in restructuring the debt, find funding for rehabilitation and help the property achieve long-term viability. As a condition to the Authority's financing, the new owner is required to apply for HAP contract renewals as permitted under applicable HUD regulations. See **Appendix L** – "DESCRIPTION OF SECTION 8 SUBSIDY PROGRAM – Recent Developments – Mark-to-Market Program and Other Options for Expiring HAP Contracts." Based on its participation in the Mark-to-Market program, Sunset Meadows II is expected to receive a new 20-year HAP contract at the close of the refinancing. The Authority has underwritten the 2002C Loan for Sunset Meadows II based on market rents for the area and assuming a HAP Contract based on such rents as set forth in a third-party appraisal conducted in connection with the Mark-to-Market program.

Woodside Village Apartments

For information on the 2002C Project related to Woodside Village Apartments, including the uninsured 2002C Loan in the expected amount of \$1,220,000, see "2002C Projects Expected to be Financed or Refinanced with Insured 2002C Loans – Woodside Village Apartments" in this **Appendix G-1**.

AHPC Projects

For information on the 2002C Projects related to Canon Club and Sunrise Manor, including the uninsured 2002C Loans in the expected amounts of \$155,925 and \$321,725, respectively, see "2002C Projects Expected to be Financed or Refinanced with Insured 2002C Loans – AHPC Projects" in this **Appendix G-1**.

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APPENDIX G-2

Certain Information about the Outstanding Loans and Authority Projects

The attached chart has been prepared by the Authority to provide, as of its date, certain information about the Outstanding Loans and Authority Projects.

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Colorado Housing and Finance Authority
Multifamily/Project Bonds
Series 00A, 00B, 01A, 02A and 02B
Loan Portfolio Information as of September 30, 2002

Borrower	Series	Percent	# of Units	Type	Note Date	Original Note Amount	Balance	Maturity Date	Mortgage Rate	FAF	Next Due Date	HAP Expir. Date	FHA Ins. Program
Club 60	M00A		2	Elderly	2/19/87	134,517.00	101,462.57	3/1/17	8.00%		10/1/02		501 (c) 3
Madison	M00A		36	Assisted Living	11/20/91	621,000.00	434,139.08	12/1/21	6.50%		10/1/02		501 (c) 3
Camelot I	M00A		18	Family	3/15/88	406,000.00	360,464.49	4/1/24	8.84%		10/1/02		501 (c) 3
CHICAGO CREE	M00A		18	Special Needs	4/22/88	216,254.00	192,012.19	5/1/24	6.50%		10/1/02		501 (c) 3
Family Tree Corporation	M00A	60.200%	25	Family	4/1/89	230,000.00	214,628.47	4/1/29	8.97%		10/1/02		501 (c) 3
	M00A	39.800%	1	Family	6/18/90	15,742.30	13,199.54	7/1/20	8.25%		10/1/02	5/1/20	MINIRAP
Walnut Park	M00A		78	Elderly	12/1/76	1,576,300.00	1,154,797.57	8/1/18	7.50%		10/1/02		221 (d) 3
Corona I	M00A		56	Elderly	7/1/76	1,225,300.00	850,607.07	6/1/17	7.25%		10/1/02		221 (d) 4
Marcella	M00A		205	Elderly	3/1/77	4,442,900.00	3,224,205.04	8/1/19	7.25%		10/1/02		221 (d) 4
High Court	M00A		28	Family	8/1/77	608,900.00	454,913.88	10/1/19	7.50%		9/1/02		221 (d) 4
Silverleaf	M00A		72	Elderly	6/1/77	1,429,500.00	1,010,861.59	8/1/18	7.25%		10/1/02		221 (d) 3
Columb Ct	M00A		30	Elderly	1/3/79	855,300.00	632,285.02	6/1/20	7.00%		10/1/02		221 (d) 3
Canyon Pnt	M00A		81	Family	10/1/78	2,800,700.00	2,124,255.58	7/1/20	7.00%		10/1/02		221 (d) 3
Winddrift	M00A		48	Family	7/23/79	1,544,600.00	1,185,122.04	12/1/20	7.00%		10/1/02		221 (d) 4
Allison	M00A		37	Family	7/5/79	1,236,100.00	944,399.20	9/1/20	7.00%		9/1/02		221 (d) 4
San Juan	M00A		76	Elderly	4/24/79	1,875,200.00	1,428,944.60	10/1/20	7.00%		10/1/02	5/31/06	221 (d) 4
Villa West	M00A	31.700%	60	Family	11/26/84	333,325.50	284,723.68	5/1/20	10.50%		10/1/02	5/16/03	221 (d) 4
	M82B	68.300%											
Camelot II	M00A		16	Special Needs	12/17/85	504,900.00	419,331.08	8/1/23	7.00%		10/1/02		221 (d) 3
Niblock	M00A	64.200%	10	Family	12/24/85	260,138.40	235,619.16	10/1/26	6.75%		10/1/02	7/14/03	221 (d) 4
	M82A	35.800%											
Zuni Apts	M00A	94.600%	5	Family	6/1/88	182,861.80	145,324.23	4/1/19	7.50%		10/1/02		221 (d) 4
	M79A	5.400%											
Hanigan	M00A		9	Family	3/13/89	445,200.00	367,887.96	11/1/19	8.25%		10/1/02	12/28/03	221 (d) 4
Sunnyside	M00A		19	Family	5/1/88	938,500.00	738,233.67	12/1/18	7.50%		10/1/02		221 (d) 4
A.C.C.E.S.S	M00A	93.800%	6	Family	5/30/89	222,962.60	176,357.19	11/1/19	8.50%		10/1/02		221 (d) 3
	M82A	6.200%											
Emerson	M00A	93.300%	12	Family	1/27/89	439,349.70	363,918.54	9/1/19	8.50%		10/1/02	10/1/04	221 (d) 4
	M82A	6.700%											
Boulder Hse	M00A		8	Family	7/20/89	426,100.00	353,904.54	1/1/20	8.50%		10/1/02	10/15/04	221 (d) 3
4th & Fox	M00A	94.300%	13	Family	7/10/89	503,939.20	422,793.64	3/1/20	8.50%		10/1/02		221 (d) 4
	M82A	5.700%											
La Morada	M00A		6	Family	4/1/89	148,289.00	124,093.45	5/1/19	6.50%		11/1/02	8/9/05	501 (c) 3
Redwood Vlg	M00A		50	Family	4/15/92	211,404.51	183,829.84	4/1/22	8.00%		10/1/02		RAP
W.H.E.R.E.	M00A		56	Family	12/29/89	700,000.00	621,190.89	1/1/20	7.75%		11/1/02		501 (c) 3
Alpha Centr	M00A		40	Special Needs	7/1/89	520,000.00	435,469.01	7/1/19	9.00%		10/1/02		501 (c) 3
Aspen Ridge	M00A		105	Family	10/31/91	1,556,700.00	684,225.71	10/1/21	8.00%		10/1/02		RAP
Mallard	M00A		54	Family	10/11/90	784,638.17	650,074.85	10/1/20	8.00%		10/1/02		RAP
Aur Housing	M00A		1	Family	4/13/90	38,873.00	32,475.78	5/1/20	8.25%		10/1/02		501 (c) 3
Mary Sandoe	M00A		24	Assisted Living	8/14/87	250,000.00	116,201.24	11/1/19	6.10%		10/1/02	12/31/02	501 (c) 3
Sign	M00A		4	Special Needs	4/7/88	44,000.00	35,657.52	9/1/19	7.50%		10/1/02		501 (c) 3
S. Meade	M00A		4	Family	11/18/88	135,000.00	113,415.51	1/1/20	9.25%		10/1/02		501 (c) 3
Barth Hotel	M00A		62	Assisted Living	6/18/93	525,000.00	467,762.78	8/1/23	6.50%		10/1/02		501 (c) 3

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Louisiana	M00A		40	Family	5/30/91	332,600.00	295,857.16	7/1/23	7.88%		10/1/02		501 (c) 3
New Heritage	M00A		34	Family	5/30/91	177,100.00	157,535.10	7/1/23	7.88%		10/1/02		501 (c) 3
Della Villa	M00A		72	Family	10/31/91	390,500.00	333,302.05	11/1/21	6.50%		11/1/02		501 (c) 3
Madison	M00A		36	Assisted Living	11/20/91	114,842.87	98,190.81	12/1/21	6.50%		10/1/02		501 (c) 3
R.B. Ranch	M00A		10	Family	1/17/92	150,000.00	129,757.09	2/1/22	8.00%	Yes	11/1/02		501 (c) 3
Arvada Plac	M00A		42	Family	3/31/92	769,144.00	667,100.21	4/1/22	7.88%		10/1/02		501 (c) 3
Palo Verde	M00A		72	Family	10/12/93	1,143,429.65	1,021,863.84	10/1/23	7.88%		10/1/02		RAP
Cinnamon Pk	M00A		48	Assisted Living	4/29/92	2,153,185.00	1,697,156.54	5/1/22	6.15%		10/1/02		501 (c) 3
Zuni Plaza	M00A		84	Family	5/1/92	1,406,600.00	1,213,821.60	5/1/22	6.50%		10/1/02		501 (c) 3
Franklin	M00A		15	Family	7/1/92	215,967.00	187,805.13	7/1/22	7.75%		10/1/02		501 (c) 3
Saxony	M00A		29	Family	7/1/92	272,735.00	233,070.04	7/1/22	6.50%		10/1/02		501 (c) 3
Courtyard	M00A		34	Family	8/5/92	207,955.00	181,475.73	9/1/22	7.75%		10/1/02		501 (c) 3
Belmont	M00A		49	Elderly	8/31/92	712,500.00	619,243.53	9/1/22	6.50%		10/1/02		501 (c) 3
Fount Mesa	M00A		64	Family	2/24/93	1,077,751.00	952,537.92	3/1/23	7.88%		10/1/02		501 (c) 3
Townhouse	M00A		27	Family	9/29/93	153,000.00	137,131.81	11/1/23	8.00%		10/1/02		501 (c) 3
Anam Chara	M00A	96.106%	8	Assisted Living	9/29/93	94,944.71	84,689.47	10/1/23	7.75%		10/1/02		501 (c) 3
	Gen Fund	3.894%											
Jefferson	M00A		65	Special Needs	10/5/93	3,287,357.00	2,948,826.85	11/1/23	6.50%		10/1/02		501 (c) 3
Aspen Ridge	M00A		105	Family	4/1/94	1,542,396.41	1,363,853.51	3/1/22	8.00%		10/1/02		RAP
Tanglewood	M00A	88.970%	201	Family	3/31/93	3,025,000.06	2,792,789.55	4/1/28	7.75%		10/1/02		223 (F)
	M93A	11.029%											
Maple Tree	M00A		32	Family	7/14/92	734,970.12	207,275.88	7/1/22	8.00%		10/1/02		RAP
Cherry Tree	M00A		48	Family	11/10/92	194,478.48	96,528.69	11/1/22	8.00%		10/1/02		RAP
Pinon Place	M00A		24	Family	12/10/92	142,797.95	125,898.80	12/1/22	8.00%		10/1/02		RAP
Shadowwood	M00A		32	Family	7/22/92	220,899.23	193,123.12	7/1/22	8.00%		10/1/02		RAP
Chestnut Gl	M00A		12	Family	5/30/91	247,475.00	210,642.12	6/1/21	7.88%		10/1/02		RAP
Inn Between	M00A		31	Family	11/23/94	203,000.00	185,529.38	12/1/24	8.00%		10/1/02		501 (c) 3
Mary Sandoe	M00A		24	Assisted Living	12/14/94	90,000.00	82,365.28	1/1/25	8.00%		10/1/02		501 (c) 3
Smokeytrail	M00A		38	Family	1/1/95	900,000.00	842,275.04	2/1/30	7.25%		10/1/02		RAP
Fox Street	M00A		60	Special Needs	2/15/95	1,400,000.00	1,284,670.09	3/1/25	8.00%		10/1/02		501 (c) 3
Mary Sandoe	M00A		24	Assisted Living	7/27/95	407,776.00	375,581.04	8/1/25	7.80%		10/1/02		501 (c) 3
Las Animas	M00A		10	Special Needs	10/25/95	159,000.00	149,644.21	4/1/27	6.50%		10/1/02		501 (c) 3
HOA City of	M00A		32	Family	8/14/96	522,000.00	488,363.83	9/1/26	7.75%		10/1/02		501 (c) 3
Blake/Comput	M00A				1/1/97	4,084,592.46	3,504,892.91	2/1/17	8.00%		2/1/03		CHFA NOTE
Tower 48	M00A	18.990%	140	Family	3/24/98	1,844,688.60	1,813,545.67	12/1/39	6.30%		10/1/02		221 (d) 4
	M97B	1.630%											
	M97C	79.380%											
Fountain Ridge	M00A	19.140%	36	Family	4/14/98	407,069.52	398,706.33	4/1/39	6.40%		10/1/02		221 (d) 4
	M97B	1.140%											
	M97C	79.720%											
Pinecrest	M00A	73.000%	71	Family	5/13/98	1,341,375.00	1,277,989.12	6/1/28	6.50%		10/1/02		501 (c) 3
	Gen Fund	27.000%											
Urban Peak	M00A		30	Special Needs	2/12/99	225,000.00	215,118.26	3/1/29	7.00%		10/1/02		SMART
Colo Bluesky	M00A		18	Special Needs	1/4/99	190,000.00	173,139.98	2/1/29	6.45%		12/1/02		SMART
Blake St Bld	M00A				11/1/91	400,000.00	346,268.13	11/1/21	8.00%		11/1/02		CHFA NOTE
Den Indian	M00A		46	SRO/Homeless	2/26/99	652,000.00	635,923.01	3/1/29	7.00%		6/1/01		501 (c) 3
Caley Ridge	M00A	18.940%	100	Elderly/	7/19/99	1,344,740.00	1,323,370.05	8/1/39	6.95%		10/1/02		542 (c)
	M97B	1.200%		Assisted Living									

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	M97C	79.860%											
Mtn Terrace	M00A		152	Family	4/28/00	2,719,937.00	2,651,070.91	5/1/30	6.90%		10/1/02		542 (c)
Uptown Partn	M00A		35	Family	5/3/00	1,000,000.00	980,685.22	6/1/30	6.70%		10/1/02		SMART
Grand Manor	M00A		112	Family	6/7/00	3,550,000.00	3,468,559.37	7/1/30	7.00%		10/1/02		542 (c)
Homestead at	M00A	18.350%	58	Assisted Living	2/28/00	834,925.00	824,389.09	3/1/40	6.95%		10/1/02		542 (c)
	M97B	3.970%											
	M97C	77.680%											
Rural Area	M00A		20	Family	7/20/00	434,000.00	423,569.69	8/1/30	6.75%		11/1/02		SMART
Energy Offic	M00A		12	Family	9/12/00	175,000.00	171,139.98	10/1/30	6.75%		11/1/02		SMART
SPRINGFIELD	M00A		32	Elderly	6/27/02	250,000.00	249,546.77	7/1/32	6.50%		10/1/02	2/21/03	SMART
Orchard III	M00B		140	Family	10/26/00	11,330,000.00	11,062,087.84	4/1/02	7.30%		9/1/02		542 (c)
NIELSON GARD	M00B		44	Family	1/30/01	2,420,000.00	2,383,175.58	3/1/31	7.10%		10/1/02		542 (c)
Fox Meadows	M00B		138	Family	11/8/00	10,008,500.03	10,008,500.03	5/1/02	7.20%		10/1/02		542 (c)
Columbine	M00B		149	Elderly	11/8/00	4,313,000.00	4,235,738.27	12/1/30	7.10%		10/1/02		542 (c)
Martinique	M01A		20	Family	12/13/95	460,000.00	427,466.90	5/1/26	7.60%		10/1/02		501 (c) 3
HEALTHY LIVI	M01A		20	Family	3/22/01	352,000.00	346,878.51	4/1/31	5.95%		9/1/02		SMART
CLIFTON VILL	M01A		119	Family	5/21/01	4,200,000.00	4,143,569.48	6/1/31	6.75%		10/1/02		542 (c)
Co Coalition	M01A				2/2/01	1,294,650.00	1,264,365.05	3/1/26	6.99%		10/1/02		EDF
UPTOWN PARTN	M01A		15	Family	3/21/01	700,000.00	688,443.32	4/1/31	6.35%		10/1/02		SMART
Spring Holl	M01A		108	Family	2/19/02	7,475,000.00	2,150,655.10	6/1/03	7.13%		11/1/02		542 (c)
CORONA	M01A		50	Elderly	6/29/01	1,621,000.00	1,600,730.11	6/1/31	6.75%		10/1/02	7/28/03	542 (c)
VOLUNTEERS O	M01A		47	Homeless	8/1/01	660,000.00	645,194.89	9/1/21	7.50%		10/1/02		EDF
Sheridan	M01A		65	Family	1/2/02	6,750,000.00	3,055,606.96	12/1/41	7.05%		10/1/02		542 (c)
UPTOWN PARTN	M01A		36	Elderly	8/29/01	924,000.00	914,246.26	9/1/31	6.80%		10/1/02		SMART
INNER PLACES	M01A				11/9/01	543,000.00	536,250.04	12/1/26	7.13%		11/1/02		501 (c) 3
BLAKE STREET	M01A				11/7/01	1,595,920.00	1,575,896.41	11/1/22	6.50%		11/1/02		CHFA NOTE
Belle Creek	M01A		156	Family	12/20/01	10,071,100.00	6,022,877.81	5/1/03	6.05%		10/1/02		221 (d) 4
GVAH LIMITED	M02A		91	Family	6/13/02	2,112,800.00	2,107,365.28	7/1/32	6.80%		11/1/02	7/31/04	542 (c)
FOREST MANOR	M02A		103	Family	5/30/02	5,480,000.00	5,464,618.35	6/1/32	6.35%		10/1/02		542 (c)
GVAH LIMITED	M02A		91	Family	6/13/02	360,000.00	354,296.88	4/1/13	6.90%		11/1/02	7/31/04	SMART
Uptown Partners	M02A	74.900%	15	Elderly	4/9/99	370,006.00	349,153.64	4/1/19	4.57%		10/1/02		SMART
	HOF/FAF	25.100%											
Colo Rural	M02A		28	Family	11/29/00	286,000.00	280,527.45	12/1/30	6.75%		10/1/02		SMART
HOA City of	M02A		54	Elderly	3/30/01	893,000.00	878,257.04	4/1/31	6.35%		10/1/02	5/13/03	SMART
Restoration	M02A		16	Special Needs	7/26/01	250,000.00	246,964.55	8/1/31	6.50%		10/1/02		SMART
Tri-County	M02A		33	Elderly	1/22/02	256,300.00	254,374.44	2/1/32	6.40%		11/1/02	1/31/03	SMART
AP Housing	M02B		44	Family	7/31/02	2,492,000.00	2,492,000.00	7/25/03	8.00%	Yes	10/1/02	2/14/03	221 (d) 4
AM Housing	M02B		100	Elderly	7/31/02	5,169,000.00	5,169,000.00	7/25/03	8.00%	Yes	10/1/02	10/19/03	221 (d) 4
CC Housing	M02B		46	Elderly	7/31/02	1,190,000.00	1,190,000.00	7/25/03	8.00%		10/1/02	6/30/05	221 (d) 4
CT Housing	M02B		51	Family	7/31/02	3,019,000.00	3,019,000.00	7/25/03	8.00%	Yes	10/1/02	2/24/03	221 (d) 4
CS Housing	M02B		157	Elderly	7/31/02	7,308,000.00	7,308,000.00	7/25/03	8.00%		10/1/02	5/23/03	N/A
DS Housing	M02B		36	Family	7/31/02	1,716,000.00	1,716,000.00	7/25/03	8.00%		10/1/02	(2)	221 (d) 4
HH Housing	M02B		196	Elderly	7/31/02	9,512,000.00	9,512,000.00	7/25/03	8.00%		10/1/02	5/31/03	N/A
HS Housing	M02B		30	Family	7/31/02	1,735,000.00	1,735,000.00	7/25/03	8.00%	Yes	10/1/02	6/2/03	221 (d) 4
HA Housing	M02B		77	Family	7/31/02	2,113,000.00	2,113,000.00	7/25/03	8.00%		10/1/02	4/26/19	221 (d) 4
KP Housing	M02B		50	Elderly	7/31/02	1,533,000.00	1,533,000.00	7/25/03	8.00%		10/1/02	9/30/05	221 (d) 4
MT Housing	M02B		51	Family	7/31/02	2,670,000.00	2,670,000.00	7/25/03	8.00%	Yes	10/1/02	3/27/03	221 (d) 4
PT Housing	M02B		96	Family	7/31/02	2,909,000.00	2,909,000.00	7/25/03	8.00%		10/1/02	3/31/03	221 (d) 4

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PW Housing	M02B		41	Elderly	7/31/02	1,546,000.00	1,546,000.00	7/25/03	8.00%		10/1/02	3/10/03	221 (d) 4
PM Housing	M02B		111	Family	7/31/02	2,713,000.00	2,713,000.00	7/25/03	8.00%		10/1/02	2/13/03	221 (d) 4
SG Housing	M02B		48	Family	7/31/02	2,167,000.00	2,167,000.00	7/25/03	8.00%		10/1/02	11/25/02	221 (d) 4
SV Housing	M02B		50	Elderly	7/31/02	2,131,000.00	2,131,000.00	7/25/03	8.00%	Yes	10/1/02	2/10/03	221 (d) 4
SM Housing	M02B		40	Elderly	7/31/02	2,014,000.00	2,014,000.00	7/25/03	8.00%	Yes	10/1/02	8/23/03	221 (d) 4
TDS Housing	M02B		68	Elderly	7/31/02	2,866,000.00	2,866,000.00	7/25/03	8.00%		10/1/02	11/30/02	221 (d) 4
TS Housing	M02B		52	Family	7/31/02	1,671,000.00	1,671,000.00	7/25/03	8.00%		10/1/02	8/24/04	221 (d) 4
VG Housing	M02B		60	Family	7/31/02	2,026,000.00	2,026,000.00	7/25/03	8.00%		10/1/02	8/31/03	221 (d) 4

Totals: \$203,518,503.27 \$178,611,848.30

Unexpended Proceeds (1): \$29,296,344.05

- (1) Represents the aggregate amount of unexpended proceeds held under the Master Indenture as of September 30, 2002, a substantial portion of which represents proceeds of construction loans not yet fully-drawn, and the remainder of which represents permanent loans expected to be funded in calendar year 2002 or 2003.
(2) HAP Contract in renewal process.

DISCLAIMER:

ALL INFORMATION CONTAINED HEREIN IS OBTAINED FROM THE AUTHORITY'S BOOKS AND RECORDS, AND IS BELIEVED TO BE ACCURATE AND RELIABLE. REFERENCE SHOULD BE MADE TO THE OFFICIAL STATEMENT AND OPERATIVE DOCUMENTS OF EACH SERIES FOR COMPLETE INFORMATION ON THAT ISSUE. BECAUSE OF THE POSSIBILITY OF HUMAN AND MECHANICAL ERROR AS WELL AS OTHER FACTORS, HOWEVER, SUCH INFORMATION IS PROVIDED "AS IS" WITHOUT WARRANTY OF ANY KIND AND, IN PARTICULAR, NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, IS MADE NOR SHOULD ANY BE INFERRED AS TO THE ACCURACY, TIMELINESS OR COMPLETENESS OF ANY SUCH INFORMATION. UNDER NO CIRCUMSTANCES SHALL COLORADO HOUSING AND FINANCE AUTHORITY HAVE ANY LIABILITY TO ANY PERSON OR ENTITY FOR (A) ANY LOSS OR DAMAGE IN WHOLE OR PART CAUSED BY, RESULTING FROM, OR RELATING TO ANY ERROR (NEGLECT OR OTHERWISE) OR OTHER CIRCUMSTANCE INVOLVED IN PROCURING, COLLECTING, COMPILING, INTERPRETING, ANALYZING, EDITING, TRANSCRIBING, TRANSMITTING, COMMUNICATING OR DELIVERING ANY SUCH INFORMATION, OR (B) ANY DIRECT, INDIRECT, SPECIAL, CONSEQUENTIAL OR INCIDENTAL DAMAGES WHATSOEVER, EVEN IF COLORADO HOUSING AND FINANCE AUTHORITY IS ADVISED IN ADVANCE OF THE POSSIBILITY OF SUCH DAMAGES, RESULTING FROM THE USE OF, OR INABILITY TO USE, ANY SUCH INFORMATION.

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DISCLOSURE REPORTS ARE ONLINE AS WELL, PLEASE VISIT CHFA'S WEBSITE AT WWW.COLOHFA.ORG

APPENDIX H

Certain Terms of the Initial 2002C Liquidity Facility

This Appendix contains a brief summary of certain provisions of the Initial 2002C Liquidity Facility to be entered with the 2002C Liquidity Facility Provider. Such summary does not purport to be comprehensive or definitive. All references in this Official Statement to the Initial 2002C Liquidity Facility are qualified by reference to such document. The Initial 2002C Liquidity Facility may be amended at anytime without the consent of or notice to Bondholders. Any Alternate Liquidity Facility may have terms substantially different from those of the Initial 2002C Liquidity Facility.

For information regarding the 2002C Liquidity Facility Provider, see Appendix D.

Pursuant to the Initial 2002C Liquidity Facility, the 2002C Liquidity Facility Provider agrees, subject to the terms and conditions therein, to purchase 2002C Adjustable Rate 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 2002C Remarketing Agent. The Initial 2002C Liquidity Facility will expire November 14, 2007, unless extended or terminated as described herein.

Certain Definitions

"Commitment Period" means the period from the date of the Initial 2002C Liquidity Facility to and including the earliest of (i) November 14, 2007 (or to an extended date as may become effective under the Initial 2002C Liquidity Facility), (ii) the date on which no 2002C Adjustable Rate Bonds are outstanding, (iii) the close of business on the date on which the 2002C Adjustable Rate Bonds are converted to Fixed Rate Bonds, Commercial Paper Bonds or SAVRS Rate Bonds, (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 written notice from the 2002C Liquidity Facility Provider of termination of the Initial 2002C Liquidity Facility, and (v) the date on which the aggregate principal amount of outstanding 2002C Adjustable Rate Bonds (and interest thereon) has been reduced to zero due to the redemption, repayment or other payment of all of the principal amount of the 2002C Adjustable Rate Bonds or due to the delivery of an Alternate Liquidity Facility.

"Purchase Date" means a Business Day on which 2002C Adjustable Rate Bonds are subject to optional tender or mandatory purchase.

"Purchase Price" means, with respect to any 2002C Adjustable Rate 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 the Purchase Price comprising interest on any 2002C Adjustable Rate Bonds purchased on any Purchase Date will not exceed the lesser of (a) the 2002C Liquidity Facility Provider's interest commitment for the 2002C Adjustable Rate Bonds (which amount equals: (i) initially, an amount equal to (A) the interest on the Taxable Adjustable 2002 Series C-1 Bonds at the rate of interest of 1.65% per annum for a period of 137 days for the period commencing on November 14, 2002 through and including March 31, 2003 calculated on the basis of a 365/366 day year for the actual number of days elapsed, plus (B) the interest on the Adjustable 2002 Series C-2 Bonds at the rate of interest of 1.75% per annum for a period of 320 days for the period commencing on November 14, 2002 through and including September 30, 2003 calculated on the basis of a 365/366 day year for the actual number of days elapsed plus (C) the interest on the Adjustable 2002 Series C-4 Bonds at the rate of

interest of 1.70% per annum for a period of 320 days for the period commencing on November 14, 2002 through and including September 30, 2003 calculated on the basis of a 365/366 day year for the actual number of days elapsed, (ii) on and after April 1, 2003, means an amount equal to (A) 187 days' interest on the Taxable Adjustable 2002 Series C-1 Bonds based upon an assumed rate of interest of 10% per annum and a 365/366 day year for the actual number of days elapsed, plus (B) the interest on the Adjustable 2002 Series C-2 Bonds at the rate of interest of 1.75% per annum for a period of 320 days for the period commencing on November 14, 2002 through and including September 30, 2003 calculated on the basis of a 365/366 day year for the actual number of days elapsed, plus (C) the interest on the Adjustable 2002 Series C-4 Bonds at the rate of interest of 1.70% per annum for a period of 320 days for the period commencing on November 14, 2002 through and including September 30, 2003 calculated on the basis of a 365/366 day year for the actual number of days elapsed, and (iii) on and after October 1, 2003, means an amount equal to the interest on the Bonds for a period of 187 days based upon an assumed rate of interest of 10% per annum and a 365/366 day year for the actual number of days elapsed, in any case as such amount shall be adjusted from time to time in accordance with the Initial 2002C Liquidity Facility), or (b) the actual aggregate amount of interest accrued on each such 2002C Adjustable Rate Bond to but excluding such Purchase Date.

THE INITIAL 2002C 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 2002C ADJUSTABLE RATE BONDS, AND MAY BE TERMINATED AS DESCRIBED BELOW.

Conditions Precedent to Obligations of 2002C Liquidity Facility Provider

The obligation of the 2002C Liquidity Facility Provider to purchase 2002C Adjustable Rate Bonds on any particular Purchase Date under the Initial 2002C Liquidity Facility is subject to the satisfaction of the following conditions, unless waived in writing by the 2002C Liquidity Facility Provider: (i) the 2002C Liquidity Facility Provider shall have timely received the notices to purchase the unremarketed 2002C Adjustable Rate Bonds as provided in the Initial 2002C Liquidity Facility, and (ii) a long-term rating of the 2002C Adjustable Rate Bonds by Moody's or S&P of not lower than "Baa2" or "BBB," respectively, shall be in effect.

Termination by 2002C Liquidity Facility Provider

In the event that the Authority fails to pay to the 2002C Liquidity Facility Provider any commitment fee within five Business Days after the same becomes due, the 2002C Liquidity Facility Provider may terminate the Initial 2002C Liquidity Facility by giving written notice of such termination to the Trustee, the Paying Agent, the Authority, and the 2002C Remarketing Agent, such termination to become effective 30 days (or if such day is not a Business Day, the next following Business Day) after receipt by the Tender Agent of such notice; and on such date the 2002C Liquidity Facility Provider shall be under no obligation to purchase the 2002C Adjustable Rate Bonds. Promptly upon receipt of such written notice of termination by the Trustee, the Trustee is to give notice to all Owners of the 2002C Adjustable Rate Bonds that the 2002C Adjustable Rate Bonds will be subject to mandatory tender for purchase, with no right to retain, not less than 20 days from the date of such notice to such Owners, at the Purchase Price (payable by the 2002C Liquidity Facility Provider) on the date set forth for purchase in such notice. Additionally, in the event of such termination, the Authority will use its best efforts to replace the Initial 2002C Liquidity Facility with an Alternate Liquidity Facility or cause the 2002C Adjustable Rate Bonds to be Converted to Fixed Rate Bonds or to bear interest at an interest rate mode which does not require a Liquidity Facility. Other events of default are defined under the Initial 2002C Liquidity Facility; however, the 2002C Liquidity Facility Provider has agreed to purchase tendered 2002C Adjustable Rate Bonds on the terms and conditions of the

Initial 2002C Liquidity Facility notwithstanding the occurrence of such events of default. See "Conditions Precedent to Obligations of 2002C Liquidity Facility Provider" under this caption.

Termination by Authority

Upon (i) the withdrawal, suspension or reduction in the rating assigned to the 2002C Liquidity Facility Provider's senior unsecured short-term obligations by Moody's or S&P below "P-1" or "A1," respectively, or the default by the 2002C Liquidity Facility Provider in honoring its payment obligations under the Initial 2002C Liquidity Facility or the 2002C Liquidity Facility Provider seeking recovery of amounts described in the Initial 2002C Liquidity Facility, (ii) the payment to the 2002C Liquidity Facility Provider of all fees, expenses and other amounts payable under the Initial 2002C Liquidity Facility, and (iii) the payment to the 2002C Liquidity Facility Provider of all principal and accrued interest owing on any Bank Bonds, the Authority may terminate the Initial 2002C Liquidity Facility. In the event of such termination, the 2002C Adjustable Rate Bonds will be subject to mandatory tender for purchase, the Authority will use its best efforts to replace the Initial 2002C Liquidity Facility with an Alternate Liquidity Facility or cause the 2002C Adjustable Rate Bonds to be Converted to Fixed Rate Bonds or to bear interest at an interest rate mode which does not require a Liquidity Facility.

Alternate Liquidity Facility

The Authority may replace the Initial 2002C 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."

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APPENDIX I

The 2002C Liquidity Facility Provider

The following information has been obtained from the 2002C 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.

Federal Home Loan Bank of Topeka (the "**2002C Liquidity Facility Provider**") is a privately owned corporation organized under the laws of the United States and is located in Topeka, Kansas. The 2002C Liquidity Facility Provider promotes housing and homeownership by providing wholesale funding and other financial products and services to help member financial institutions expand the availability of residential mortgage and targeted community development credit and compete more effectively in their markets. With over \$38 billion in assets and over \$1.5 billion in capital, the 2002C Liquidity Facility Provider serves more than 840 member stockholders throughout Colorado, Kansas, Nebraska and Oklahoma. The 2002C Liquidity Facility Provider is one of 12 Federal Home Loan Banks established by Congress in 1932 to relieve financial strains on thrift institutions and to promote homeownership. The 12 Federal Home Loan Banks are regulated by the Federal Housing Finance Board in Washington, D.C.

Moody's Investors Service, Inc. ("**Moody's**") currently rates the 2002C Liquidity Facility Provider's long-term bank deposits as "Aaa" and short-term bank deposits as "P-1". Standard & Poor's, a division of The McGraw-Hill Companies, Inc. ("**Standard & Poor's**") rates the 2002C Liquidity Facility Provider's long-term counterparty credit as "AAA" and its short-term counterparty credit as "A-1+". Further information with respect to such ratings may be obtained from Moody's and Standard & Poor's, respectively. No assurances can be given that the current ratings of the 2002C Liquidity Facility Provider and its instruments will be maintained.

Copies of the 2002C Liquidity Facility Provider's most recent unaudited quarterly financial statements can be obtained by accessing the 2002C Liquidity Facility Provider's Web site at http://www.fhlbtopeka.com/quarterly_financials_for_fhlb_to.htm. Copies of the 2002C Liquidity Facility Provider's most recent Annual Report can be ordered, without charge, by accessing the 2002C Liquidity Facility Provider's Web site at http://www.fhlbtopeka.com/request_for_documents.htm.

The 2002C Liquidity Facility Provider will provide copies of its most recent Annual Report and unaudited quarterly financial statements, without charge, to each person to whom this document is delivered, on the written request of such person. Written requests should be directed to:

Federal Home Loan Bank of Topeka
Attention: Ms. Gail Newell
P.O. Box 176
Topeka, KS 66601-0176

PAYMENTS OF THE PURCHASE PRICE OF THE 2002C ADJUSTABLE RATE BONDS WILL BE MADE PURSUANT TO THE INITIAL 2002C LIQUIDITY FACILITY IF REMARKETING PROCEEDS ARE NOT AVAILABLE. ALTHOUGH THE STANDBY BOND PURCHASE AGREEMENT IS A BINDING OBLIGATION OF THE 2002C LIQUIDITY FACILITY PROVIDER,

THE 2002C ADJUSTABLE RATE BONDS ARE NOT DEPOSITS OR OBLIGATIONS OF THE FEDERAL HOME LOAN BANK OF TOPEKA AND ARE NOT GUARANTEED BY SUCH BANK. THE 2002C ADJUSTABLE RATE 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 inclusion of this information shall not create any implication that there has been no change in the affairs of the 2002C 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.

APPENDIX J

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 – General 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."

Federal Assistance Programs. Housing Facilities are not required by the Master Indenture to be the subject of federal assistance payments. However, many of the Housing Facilities and Projects securing Obligations under the Master Indenture have been assisted by HUD under its Section 8 Subsidy Program for New Construction, Substantial Rehabilitation or Moderate Rehabilitation. See "CERTAIN INFORMATION ABOUT THE OUTSTANDING LOANS AND AUTHORITY PROJECTS" attached as **Appendix G-2** hereto. In October 1997, the Multifamily Assisted Housing Reform and Affordability Act of 1997 ("**Title V**") was signed into law, as described in "Part II – CERTAIN BONDOWNERS' RISKS - Expiration of HAP Contracts." Title V as amended provides for restructuring of mortgage financing and provides for the renewal of HAP Contracts for certain multifamily housing projects, including certain projects financed by the Loans. **Implementation of this legislation and any future changes to the HUD Section 8 Subsidy Program could have an adverse impact on the Housing Facilities which are subsidized under the Section 8 Subsidy Program and were refinanced by the 2002 Series C Bonds.** See "Part II – CERTAIN BONDOWNERS' RISKS – Considerations Regarding Redemption at Par."

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APPENDIX K

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.

DTC is a limited-purpose trust company organized under the laws of the State of New York, 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, as amended. DTC was created to hold securities of its Participants (the "**Participants**") and to facilitate the clearance and settlement of securities transactions among Participants in such securities through electronic book-entry changes in accounts of the Participants, thereby eliminating the need of physical movement of securities certificates. Participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations, some of whom (and/or their representatives) own DTC. Access to the DTC system is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Participant, either directly or indirectly.

Ownership interests in the Bonds may be purchased by or through Participants. Such Participants and the persons for whom they acquire interests in the Bonds as nominees will not receive certificate Bonds, but each such Participant is to receive a credit balance in the records of DTC in the amount of such Participant's interest in the Bonds, which is to be confirmed in accordance with DTC's standard procedures. Each such person for which a Participant has an interest in the Bonds, as nominee, may desire to make arrangements with such Participant to receive a credit balance in the records of such Participant, and may desire to make arrangements with such Participant to have all notices of redemption or other communications of the Authority or the Trustee to DTC, which may affect such persons, to be forwarded in writing by such Participant and to have notification made of all interest payments.

With respect to Bonds registered in the registration books kept by the Trustee, in the name of Cede & Co., as nominee of DTC, the Authority and the Trustee shall have no responsibility or obligation to any Participant or to any person on behalf of which a Participant holds an interest in the Bonds with respect to (i) the accuracy of the records of DTC, Cede & Co. or any Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any Participant or any other person, other than Cede & Co., as registered owner, as shown in the registration books kept by the Trustee as bond registrar, of any notice with respect to the Bonds, including any notice of redemption, (iii) the payment to any Participant or any other person, other than Cede & Co., as registered owner, as shown in the registration books kept by the Trustee, of any amount with respect to principal of or interest on the Bonds, (iv) the selection by DTC or any Participant of any person to receive payment in the event of partial redemption of Bonds, or (v) any consent given or other action taken by DTC. The Authority and the Trustee may treat and consider the person in whose name each Bond is registered in the registration books kept by the Trustee as the holder and absolute owner of such Bond for the purpose of payment of principal, premium and interest with respect to such Bond, for the purpose of giving notices of redemption and other matters with respect to such Bond, for the purpose of registering transfers with respect to such Bond, and for all other purposes whatsoever. For the purposes of this Official Statement, the term "Beneficial Owner" shall hereinafter be defined to include the person for whom the Participant acquires an interest in the Bonds.

If any Beneficial Owner of Bonds wishes to receive a copy of any notices or other communications to the registered owner of Bonds held by DTC, such Beneficial Owner may file a request

with the Trustee asking that the Beneficial Owner be put on a list to receive copies of all notices and other communications sent to the registered owner of the Bonds for the ensuing 12-month period. The Authority will use its best efforts to cause copies of such notices and other communications to be forwarded to any Beneficial Owner who has made such request within the 12-month period preceding the date of mailing of the notice or other communication. However, failure to give any such notice or other communication to any Beneficial Owner, any defect in any such notice or other communication, or the failure of any Beneficial Owner who has requested such notices and other communications to receive any such notice or other communication is in no way to affect the matter to which the notice or other communication pertains. Full legal notice shall have been given if mailed to the registered owner of the Bonds; copies of notices or other communications provided to Beneficial Owners will be provided as a courtesy only.

DTC is to receive payments from the Trustee, acting as paying agent and bond registrar, to be remitted by DTC to the Participants for subsequent disbursement to the Beneficial Owners. The ownership interest of each Beneficial Owner in the Bonds is to be recorded on the records of the Participants, whose ownership interests is to be recorded on a computerized book-entry system operated by DTC.

When reference is made to any action which is required or permitted to be taken by the Beneficial Owners, such reference will only relate to those permitted to act (by statute, regulation or otherwise) on behalf of such Beneficial Owners for such purposes. When notices are given, they are to be sent by the Trustee to DTC or its nominee only.

Beneficial Owners are to receive from the Participants a written confirmation of their purchase detailing the terms of the Bonds acquired. Transfers of ownership interests in the Bonds are to be accomplished by book entries made by DTC and the Participants who act on behalf of the Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except as specifically provided in the Indenture.

For every transfer and exchange of the Bonds, the Beneficial Owner may be charged a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto, and any reasonable fees and expenses of the Trustee and costs incurred in preparing bond certificates.

Neither the Authority nor the Trustee shall be required to transfer or exchange Bonds from the Record Date (as defined below) applicable to the Bonds through and including the next succeeding interest or principal payment date for the Bonds or from the Record Date next preceding any selection of Bonds to be redeemed or thereafter until after the first mailing of any notice of redemption; or to transfer or exchange any Bonds called for redemption. For purposes hereof, Record Date will mean in the case of each interest or principal payment date, the Trustee's close of business on the fifteenth day of the month immediately preceding such interest or principal payment date, and in the case of each redemption, such Record Date shall be specified by the Trustee in the notice of redemption, provided that such Record Date shall be fifteen calendar days before the mailing of such notice of redemption.

DTC's services with respect to the Bonds may be discontinued or terminated at any time under the following circumstances:

- (a) DTC may determine to discontinue providing its services with respect to the Bonds at any time by giving notice to the Authority and discharging its responsibilities with respect thereto under applicable law.

(b) The Authority, in its sole discretion and without the consent of any other person, may terminate the services of DTC with respect to the Bonds if the Authority determines that DTC is unable to discharge its responsibilities with respect to the Bonds or that a continuation of the requirement that all of the Outstanding Bonds be registered in the registration books kept by the Trustee in the name of Cede & Co., or any other nominee of DTC, is not in the best interests of the Beneficial Owners of the Bonds.

In the event that DTC's services are so discontinued or terminated because it is unwilling or is determined to be unable to discharge its responsibilities, and no substitute securities depository willing to undertake the functions of DTC under the Indenture can be found which, in the opinion of the Authority, is willing and able to undertake such functions upon reasonable and customary terms, or in the event it is so determined that continuation of the system of book-entry transfers is not in the best interests of the Beneficial Owners, the Authority is obligated to deliver Bond certificates, at the expense of the Beneficial Owners, as described in the Indenture.

NEITHER THE AUTHORITY NOR THE TRUSTEE WILL HAVE ANY LIABILITY FOR THE FAILURE OF DTC TO PERFORM ITS OBLIGATIONS TO ANY PARTICIPANT OR ANY BENEFICIAL OWNER OF ANY BONDS.

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APPENDIX L

Description of Section 8 Subsidy Program

General. Section 8 of the United States Housing Act of 1937, as amended (the "**1937 Housing Act**"), and regulations promulgated thereunder, provide for the payment of a housing subsidy made to or for the account of the owner of dwelling units occupied by lower income and very low-income families (as further described below under "Eligible Tenants"), which payments are to be administered through state housing finance agencies, including the Authority. The description of the Section 8 Program contained herein is qualified in its entirety by reference to the applicable provisions of the 1937 Act, as amended and the regulations promulgated thereunder.

Eligible Tenants and Occupancy Restrictions. Pursuant to the 1937 Housing Act, as amended, "lower income families" means those families whose income does not exceed 80% of the median income for the area as determined by HUD and "very low-income families" means those families whose income does not exceed 50% of the median income for the area as determined by HUD. Pursuant to amendments to the 1937 Housing Act effected by the Housing and Community Development Amendments of 1981 (the "1981 Amendments"), not more than 10% (subsequently changed to 25%) of the dwelling units which were available for occupancy under HAP Contracts (as defined below) before the effective date of the 1981 Amendments (October 1, 1981) and which will be leased thereafter are available for leasing by lower income families other than very low-income families, and not more than 15% of the dwelling units which become available for occupancy under HAP Contracts after the effective date of the 1981 Amendments are available for leasing by lower income families other than very low-income families, although, except with prior approval of HUD, only very low-income families are eligible tenants for most Section 8 projects after July 1, 1984.

Subsidy Contracts and Pledge of Payments. Under the Section 8 subsidy program, as administered through the Authority, three principal contracts have been executed. First, the Authority enters into an Agreement to Enter Into Housing Assistance Payments Contract ("**Agreement to Enter**") with the developer or owner of the development to be constructed or rehabilitated. With respect to new construction and substantial rehabilitation Projects, the Agreement to Enter is approved by HUD and, subject to certain conditions, commits the owner and the Authority to enter into a Housing Assistance Payments Contract ("**HAP Contract**") upon completion and acceptance of the development. Under the HAP Contract, the Authority agrees to pay a subsidy to or for the account of the owner. At or prior to the time that the Agreement to Enter is executed, the Authority and HUD execute an Annual Contributions Contract ("**ACC**") which provides for the payment to the Authority by HUD of the subsidy which the Authority has contracted to pay to the owner under the HAP Contract. The HAP Contract may be executed with respect to separate stages of a development completed at different times. *With respect to the Projects heretofore financed from Bond proceeds, the terms of the ACCs and HAP Contracts generally have been 20 years, although the terms of the Mortgage Loans with respect to such Projects in most cases exceed 40 years. Certain Projects financed from Bond proceeds are assisted under HUD's Section 8 Moderate Rehabilitation Program, under which the terms of the applicable ACCs and HAP Contracts are a maximum of 15 years, although the terms of the Mortgage Loans with respect to such Projects in most cases exceed 30 years.*

The regulations permit the owner and the Authority to pledge the federal subsidy payments as security for financing of the development. Prior to any disbursement of a Mortgage Loan for a development which is to be subsidized under Section 8, the Authority requires the owner of the development to pledge such federal subsidy payments as security for the Mortgage Loan on the development.

Calculation and Payment of Subsidy. Section 8 subsidies are based upon the Contract Rent applicable to subsidized dwelling units. The Contract Rent must be reasonable in relation to the rents for comparable units in the area, taking into account the quality, location, amenities and management and maintenance services of the development, and must reflect the savings, if any, from the reduced cost of tax-exempt financing or the abatement of real property taxes. The ACC establishes a maximum annual commitment which equals the initial Contract Rent and an allowance for utilities for all assisted units in the development. The Contract Rent may not exceed the applicable HUD-established Fair Market Rent, or in certain cases up to 120% of such Fair Market Rent. Under certain circumstances, the Contract Rent may be changed during the construction or rehabilitation process as a result of unanticipated design changes or due to unforeseen factors beyond the owner's control. In cases where the procedure established by a May 1980 HUD memorandum is applicable, the Fair Market Rent employed for purposes of establishing this ceiling may be the Fair Market Rent in effect when permanent financing is obtained for the related development.

The subsidy is paid into a special account maintained by the Authority for the receipt of Section 8 payments and, upon receipt of satisfactory certifications from the owner, the Authority disburses such payments to the owner.

The amount of subsidy actually payable for the account of the owner is the Contract Rent less the payment, if any, required to be made to the owner by the tenant as determined by HUD. The tenant payment is generally equal to 30% of family income. Thus, the total rental income from subsidized housing units payable to or for the account of the owner is equal to the Contract Rent part being paid by the tenants directly to the owner and the remainder being paid by HUD directly or through the Authority. The proportion of the Contract Rent actually paid by HUD and that actually paid by tenants will vary depending upon tenant income.

Generally, the Section 8 subsidy is payable with respect to the assisted dwelling unit only when it is occupied by an eligible family. However, the law and the regulations provide for payment of the subsidy under certain limited circumstances when the dwelling unit is not occupied as described below.

A subsidy amounting to 80% of the Contract Rent is payable for a vacancy period of up to 60 days (i) during the rent-up period following the completion of the development or a stage of the development and (ii) upon occurrence of a vacancy in an assisted dwelling unit after it is initially rented, subject in each case to compliance by the owner with certain conditions relating primarily to a diligent effort to rent the subsidized unit. With respect to new construction and substantial rehabilitation Projects, such payments may continue for an additional one-year period in an amount equal to the debt service attributable to the unit, contingent upon, among other things, the additional conditions that the unit is in decent, safe and sanitary condition during the vacancy period, that the development is not providing the owner thereof with revenues at least equal to the costs incurred by such owner, that the amount of the payments requested is not in excess of that portion of the deficiency which is attributable to the vacant unit for the period of the vacancy and that there is a reasonable prospect that the development can achieve financial soundness within a reasonable time.

Adjustment of Subsidy Amount. The statute and applicable regulations contain various provisions for review and readjustment of the amount of the subsidy upward or downward, subject to the limitation that in no case shall the adjustment lower the Contract Rent below that effective on the date of the HAP Contract and that no adjustment shall result in a material difference between the rents charged for subsidized and comparable nonsubsidized dwelling units.

On October 23, 1981, HUD promulgated a "Financing Adjustment Factor" in order to help developments achieve financial feasibility in the face of high interest rates (the "**1981 Adjustment**"). The

1981 Adjustment provided that, where necessary to reflect the actual cost of permanent financing, Fair Market Rents would be adjusted by HUD to the extent necessary to reflect an effective interest rate on the permanent financing of up to approximately 12.5%. The regulation and HUD Notice prescribing the 1981 Adjustment stated that, subject to compliance with certain administrative conditions, the Contract Rent for developments eligible for the 1981 Adjustment would be adjusted to reflect the actual financing costs attributable to the effective interest rate on the permanent financing of the developments (up to an effective rate of approximately 12.5%).

Aside from the 1981 Adjustment, provision is made in the regulations for HUD to determine an Annual Adjustment Factor at least annually and to publish such Factor in the Federal Register. On each anniversary date of the HAP Contract, Contract Rent is adjusted in accordance with the Factor. In addition, provision is made in the regulations for discretionary approval of special additional adjustments to reflect increases in actual and necessary expenses of owning and maintaining the subsidized units which have resulted from substantial general increases in real property taxes, utility rates or similar costs, to the extent the owner clearly demonstrates that such general increases are not adequately compensated for by the Annual Adjustments. Pursuant to the 1981 Amendments, any adjustments will be limited to the amount of operating cost increases incurred with respect to comparable unassisted rental dwellings of various sizes and types in the same market area. The principal effect of this limitation is to eliminate the debt service component from the Contract Rent before application of the Annual Adjustment resulting in a smaller annual adjustment to the Contract Rent than would have otherwise been the case.

Funds for the payment of increased subsidies which may result from the adjustments described above are to be obtained in two ways. Provision is made in the law for the payment by HUD into a special reserve account in respect of each subsidized development of the amount by which the Contract Rent in effect from time to time exceeds the actual subsidy paid by HUD (the amount is, in effect, the equivalent of the amount of rent paid by the tenants). The amount of increases in the subsidy payable by reason of increases in the Contract Rent resulting from the adjustment described above will initially be drawn from this account. The regulations provide that when the HUD-approved commitment then in effect would cause the amount in such reserve account to be less than 40% of such maximum annual ACC commitment, HUD shall take such additional steps authorized by subdivision (c)(6) of Section 8 as may be necessary to obtain funds to bring the amount in the account to the 40% level.

Compliance with Subsidy Contracts. The Agreement to Enter, the ACC and the HAP Contract contain numerous agreements on the part of the Authority and the owner including maintenance of the development as decent, safe and sanitary housing and compliance with a number of requirements typical of federal contracts (such as those relating to nondiscrimination, equal employment opportunity, relocation, pollution control and labor standards) as to which noncompliance by either the Authority or the owner, or both, might endanger the payment of the federal subsidy. Reference is made to the complete text of these agreements, the forms of which are available for inspection at the offices of the Authority. *The Authority is not presently aware of any existing default by itself or any owner under the subsidy contracts for any of the Mortgage Loans financed from the proceeds of its Outstanding Bonds, nor does it believe that compliance with any provision of such contracts cannot be attained.* Prior to any disbursement of a Mortgage Loan for a development to be subsidized under Section 8, the Authority has entered into an agreement with the owner requiring the owner to take or refrain from taking action as necessary to maintain eligibility for Section 8 subsidies for assisted dwelling units in the development during the term of the HAP Contract.

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 approved by HUD (which approval shall not be unreasonably delayed or withheld), subsidy payments will continue in accordance with the HAP Contract.

Revised Procedures for New Construction and Substantial Rehabilitation. Revised regulations governing the Section 8 subsidy program for state housing agencies with respect to new construction and substantial rehabilitation projects are in effect (together, the "**Revised Regulations**"). The Revised Regulations effected substantial changes in the processing and financing of housing developments under the Section 8 subsidy program. Except for certain provisions dealing with the termination and modification of leases, the Revised Regulations are not applicable to the developments permanently financed by the Bonds of the Authority issued prior to 1982. The Revised Regulations have effected several changes to the Section 8 subsidy program regulations, including a requirement that owners use their best efforts to achieve occupancy by families with incomes averaging at least 40% of the median income in the area for the purpose of promoting economically mixed housing (the revised regulation provides that owners must undertake marketing activities which will result in leasing assisted units to non-elderly families).

Regulations Applicable to Moderate Rehabilitation. The regulations applicable to moderate rehabilitation under Section 8 differ, in certain respects, from those for new construction and substantial rehabilitation. Among such differences, the moderate rehabilitation regulations provide that:

- (a) Fair Market is determined by a different HUD schedule;
- (b) the initial Contract Rent may exceed Fair Market Rent by a maximum of 20%, if warranted by special circumstances acceptable to HUD; and
- (c) the HAP Contract must be for a term of 15 years; and
- (d) the initial lease must be for at least one year and any renewal or extension must not exceed the remaining term of the HAP Contract.

Recent Developments – Mark-to-Market Program and Other Options for Expiring HAP Contracts. There have been numerous pronouncements over the past several years from HUD officials, the White House and members of Congress as to the future of HUD and the Section 8 subsidy program primarily focused on developments having FHA-insured mortgages with terms ranging from 30 to 40 years and HAP Contracts with substantially shorter terms. In 1997, Congress approved the Multifamily Assisted Housing Reform and Affordability Act of 1997 ("**Title V**"). Amended by Public Law 106-74, enacted in October 1999, Title V provides certain options to owners seeking renewal of HAP Contracts, including a new program (the "**Mark-to-Market Program**"), beginning in fiscal year 1999, pursuant to which projects having FHA-insured mortgages, expiring HAP Contracts and above-market rents, including certain projects financed by the Mortgage Loans, are eligible for debt restructuring plans provided that rent levels are reduced to comparable market levels. Such restructuring may include refinancing and/or partial payment of mortgage debt necessary to permit the required reduction of rent levels. As part of the restructuring plan, HAP Contracts are to be renewed to provide either project-based assistance (in which case the payments would be reduced based on reduced rent levels) or tenant-based assistance, subject to the availability of funding. The Section 8 subsidy is required to remain project-based if (a) there is a market-wide vacancy rate of 6% or less; (b) at least 50% of the units in the project are occupied by elderly and/or disabled families; or (c) the project is held by a nonprofit cooperative ownership housing corporation or trust. Otherwise, the restructuring plan will also include an assessment, based on factors set forth in regulations promulgated under Title V, as to whether some or all of the assistance should be converted to tenant-based subsidy.

Alternatively, owners eligible for the Mark-to-Market Program may elect to apply for HAP Contract renewal under such program, assuming a reduction in rent levels to comparable market levels, without debt restructuring. Title V requires HUD to renew HAP Contracts for project-based assistance,

upon request of the owner, but at reduced payment levels based on rents reduced to comparable market levels, absent certain material adverse conduct or conditions described in the succeeding paragraph; provided, however, that such renewal is not required if the project is eligible for the Mark-to-Market Program, no approved restructuring plan is in place, and HUD determines that such restructuring is required. Certain "exception projects" (including projects having non-FHA-insured loans, moderate rehabilitation projects, and projects having FHA-insured loans financed by a state government, local government, or an agency or instrumentality thereof, such as the Authority, if HUD determines that implementation of a mortgage restructuring plan would be in conflict with applicable law or agreements governing the financing) are eligible for renewal of project-based assistance, without restructuring, with rents at the lesser of: (i) existing rents adjusted by an operating costs adjustment factor ("OCAF") established by HUD; or (ii) a budget-based rent determined by HUD. In addition, Title V provides that owners of certain projects having FHA-insured mortgages and below market rents may elect to be entered into a Mark-Up-to-Market Program pursuant to which rent levels for such projects may be increased to market or near market levels.

Title V provides that no restructuring or renewal of HAP Contracts will occur if the owner of the project, or affiliate, has engaged in material adverse financial or managerial actions with respect to that project or other federally assisted projects, or if the poor condition of the project cannot be remedied in a cost effective manner. In addition, although Title V offers options to owners seeking to renew HAP Contracts, owners are under no obligation to do so and may elect to opt out of the Section 8 program. Elections to pursue any of the options under Title V must be made at least 120 days prior to the expiration of the existing HAP Contract to avoid a lapse in subsidy coverage. While applications for the debt restructuring and/or renewal of HAP Contracts are pending, the HAP contract may be renewed as follows: (i) at current rents for a period not exceeding one year (or the closing of the restructuring plan, if earlier) and (ii) at comparable rent levels for any subsequent periods; provided however, that with respect to contract renewal for "exception projects" the extension term is to be determined by HUD.

Payments due under any HAP Contract, including renewal contracts, are subject to annual appropriation and adjustment as described herein.

For information on HAP Contracts applicable to the 2002C Projects, see **Appendix G-1 – "CERTAIN INFORMATION ABOUT THE 2002C LOANS."** The Authority has not determined at this time the extent to which the owners of projects secured by other Mortgage Loans and which are the subject of expiring HAP Contracts will seek renewals of those HAP Contracts or which projects will be eligible for such renewals under Title V, with or without restructuring of the respective Mortgage Loans. With respect to those projects eligible for contract renewal and/or restructuring, the revised HAP Contract rents may be significantly lower than the current HAP Contract rents, and the corresponding reduction in Section 8 subsidy payments for such projects could materially adversely affect the ability of owners of such projects to pay debt service on the Mortgage Loans. Any termination or expiration of the HAP Contracts, without renewal or replacement with other project-based assistance, could also have a material adverse impact on the ability of the related projects to generate revenues sufficient to pay debt service on the Mortgage Loans. Restructuring plans may involve the refinancing and/or partial payment of Mortgage Loans. Thus, the Authority is unable at this time to predict the impact of expiration of these HAP Contracts or the effect of this legislation on the sufficiency of Revenues and assets pledged under the Indenture for payment of the Bonds, including the 2002 Series C Bonds.

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