

NEW ISSUE - Book-Entry Only

In the opinion of Sherman & Howard L.L.C., Bond Counsel, assuming continuous compliance with certain covenants and representations described herein, interest on the 2013 Series A Bonds is excluded from gross income under federal income tax laws pursuant to Section 103 of the Internal Revenue Code of 1986, as amended to the date of delivery of the 2013 Series A Bonds (the "Tax Code"); further, interest on the 2013 Series A 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 2013 Series A Bonds, their transfer and the income therefrom shall at all times be free from taxation by the State of Colorado under Colorado law in effect on the date of delivery of the 2013 Series A Bonds. See "Part I – TAX MATTERS."



\$7,880,000
COLORADO HOUSING AND FINANCE AUTHORITY
Multi-Family/Project Class I Adjustable Rate Bonds, 2013 Series A
(non-AMT)

Dated: Date of Delivery

Due: October 1, 2023
CUSIP: 196479 VR7[†]

The 2013 Series A Bonds shown above are being issued by the Colorado Housing and Finance Authority as fully registered bonds pursuant to a Master Indenture of Trust dated as of March 1, 2000, as amended, and a 2013 Series A Indenture dated as of June 1, 2013, each between the Authority and Wells Fargo Bank, National Association, as Trustee. Proceeds of the 2013 Series A Bonds, together with other available funds, are expected to be used to refund certain outstanding bonds of the Authority, to make deposits to certain funds and to pay certain costs of issuance in accordance with the 2013 Series A Indenture.

The 2013 Series A Bonds being offered by this Official Statement initially will bear interest at a Weekly Rate determined prior to the date of delivery of the 2013 Series A Bonds to be effective to and including the following Tuesday, and thereafter determined on each Tuesday by J.P. Morgan Securities LLC in its capacity as the 2013A Remarketing Agent, to be effective from and including each Wednesday to and including the following Tuesday. Following the initial Interest Period, the interest rate on the 2013 Series A Bonds or any portion thereof may be adjusted at the election of the Authority to a Commercial Paper Rate, Daily Rate, Term Rate, or Fixed Rate as described herein. Interest on the 2013 Series A Bonds will be payable on each April 1 and October 1, commencing on October 1, 2013, on any redemption date and at maturity.

While any of the 2013 Series A Bonds are in a Weekly Mode Period, owners of any such 2013 Series A 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 2013 Series A Bonds tendered for purchase and not remarketed or for which remarketing proceeds are not available will be supported by a Standby Bond Purchase Agreement (referred to herein as the "Initial 2013A Liquidity Facility") among the Authority, JPMorgan Chase Bank, N.A. (the "2013A Liquidity Facility Provider") and Wells Fargo Bank, National Association, as Trustee and Paying Agent. Coverage under the Initial 2013A Liquidity Facility, unless extended or earlier terminated, is stated to expire on October 10, 2014. **Under certain circumstances described herein, the obligation of the 2013A Liquidity Facility Provider to purchase the 2013 Series A Bonds tendered for purchase under the Initial 2013A Liquidity Facility 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 such 2013 Series A Bonds.** Neither the Authority nor the 2013A Remarketing Agent is obligated to purchase 2013 Series A Bonds tendered by the owners of such 2013 Series A Bonds or subject to mandatory purchase if remarketing proceeds and payments under the Initial 2013A Liquidity Facility are insufficient to pay the purchase price of the 2013 Series A Bonds.

The 2013 Series A Bonds, when issued, will be registered in the name of Cede & Co., as holder of the 2013 Series A Bonds and nominee of The Depository Trust Company, New York, New York. One fully registered bond equal to the principal amount of the 2013 Series A Bonds will be registered in the name of Cede & Co. Individual purchases of 2013 Series A Bonds will be made in book-entry form only, and beneficial owners of the 2013 Series A Bonds will not receive physical delivery of bond certificates representing their interest in the 2013 Series A Bonds, except as described herein. Payments of principal of and interest on the 2013 Series A Bonds will be made directly to DTC or its nominee, Cede & Co., by the Paying Agent, so long as DTC or Cede & Co. is the sole registered owner. Upon receipt of payments of principal and interest, DTC is to remit such payments to the DTC participants for subsequent disbursement to the beneficial owners of the 2013 Series A Bonds. Disbursement of such payments to DTC participants is the responsibility of DTC, and disbursement of such payments to the beneficial owners of the 2013 Series A Bonds is the responsibility of the DTC participants and the indirect participants, as more fully described herein.

Price: 100%

The 2013 Series A Bonds are subject to redemption at par prior to maturity, including special redemption, optional redemption and mandatory sinking fund redemption as described herein.

The Master Indenture provides for four classes of Obligations (which may be Bonds or Derivative Products) thereunder – Class I, Class II, Class III and Class IV Obligations. The 2013 Series A Bonds are Class I Obligations, payable from the revenues, assets and moneys pledged under the Indenture as described herein on an equal and ratable basis with all other Class I Obligations now or hereafter outstanding under the Master Indenture. Additional Obligations may be issued by the Authority under the Master Indenture in each of the four Classes and as general obligations of the Authority upon delivery of a Cash Flow Statement and satisfaction of certain other conditions as set forth in the Master Indenture. **In no event shall the 2013 Series A Bonds constitute an obligation or liability of the State of Colorado or any political subdivision thereof other than the Authority. The Authority has no taxing power nor does it have the power to pledge the general credit or taxing power of the State of Colorado or any other political subdivision thereof (other than the general credit of the Authority, which general credit is not being pledged for the payment of the 2013 Series A Bonds).**

This cover page contains only a brief description of the Authority, the 2013 Series A Bonds and the security therefor. It is not intended to be a summary of material information with respect to the 2013 Series A Bonds. Potential investors should read this entire Official Statement to obtain information necessary to make an informed investment decision and should pay particular attention to the discussion in "Part II – CERTAIN BONDOWNERS' RISKS."

The 2013 Series A Bonds are offered when, as and if issued and delivered to the Underwriter, subject to approval by Sherman & Howard L.L.C., Denver, Colorado, Bond Counsel, and certain other conditions. Certain legal matters will be passed on for the Authority by Charles L. Borgman, Esq., its General Counsel, and by Hogan Lovells US LLP, Denver, Colorado, Disclosure Counsel to the Authority. The Underwriter and 2013A Remarketing Agent are being represented in connection with the purchase and remarketing of the 2013 Series A Bonds by their counsel, Bookhardt & O'Toole, Denver, Colorado. Certain matters will be passed upon for the 2013A Liquidity Facility Provider by Nixon Peabody LLP, New York, New York. CSG Advisors Incorporated is serving as financial advisor to the Authority in connection with the issuance of the 2013 Series A Bonds. It is expected that the 2013 Series A Bonds will be delivered (through DTC) in New York, New York on or about June 26, 2013.

J.P. MORGAN^{††}

Dated: June 20, 2013

[†] Neither the Authority nor the Underwriter takes responsibility for the accuracy of the CUSIP number, which is being provided solely for the convenience of the owners of the 2013 Series A Bonds.

^{††} 2013A Remarketing Agent.

No dealer, broker, salesman or other person has been authorized by the Colorado Housing and Finance Authority or by the Underwriter to give any information or to make any representations, other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. The information in this Official Statement is subject to change without notice, and neither the delivery of this Official Statement nor any sale hereunder, under any circumstance, creates any implication that there has been no change in the affairs of the Authority or otherwise since the date hereof. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the 2013 Series A Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

The information set forth in this Official Statement has been furnished by the Authority and obtained from other sources believed to be reliable. This Official Statement contains, in part, estimates and matters of opinion which are not intended as statements of fact, and no representation or warranty is made as to the correctness of such estimates and opinions, or that they will be realized. All information regarding the Authority and the 2013 Series A Bonds is contained in this Official Statement. While the Authority maintains an Internet website for various purposes, none of the information on this website is intended to assist investors in making any investment decision or to provide any continuing information (except in the case of the limited information provided in the section entitled "Bond Disclosures") with respect to the Bonds (including the 2013 Series A Bonds), the Borrowers, the Authority Projects, the Loans, or any other bonds or obligations of the Authority.

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

THE PRICES AT WHICH THE 2013 SERIES A BONDS ARE OFFERED TO THE PUBLIC BY THE UNDERWRITER (AND THE YIELDS RESULTING THEREFROM) MAY VARY FROM THE INITIAL PUBLIC OFFERING PRICES APPEARING ON THE FRONT COVER PAGE HEREOF. IN ADDITION, THE UNDERWRITER MAY ALLOW CONCESSIONS OR DISCOUNTS FROM SUCH INITIAL PUBLIC OFFERING PRICES TO DEALERS AND OTHERS. IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE 2013 SERIES A BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

The 2013 Series A Bonds have not been approved or disapproved by the Securities and Exchange Commission or any state securities commission nor has the Commission or any state securities commission passed upon the accuracy or adequacy of this Official Statement. Any representation to the contrary is a criminal offense.

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

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OFFICIAL STATEMENT

\$7,880,000

COLORADO HOUSING AND FINANCE AUTHORITY Multi-Family/Project Class I Adjustable Rate Bonds, 2013 Series A

PART I

INTRODUCTION

This Official Statement, which includes the front cover page, this Part I, Part II and the Appendices hereto, provides certain information concerning the Colorado Housing and Finance Authority (the "**Authority**") and otherwise in connection with the offer and sale of the above-captioned Bonds (being referred to herein as the "**2013 Series A Bonds**"). The 2013 Series A Bonds are being issued pursuant to the Master Indenture of Trust dated as of March 1, 2000, as amended (the "**Master Indenture**"), and the 2013 Series A Indenture dated as of June 1, 2013 (the "**2013 Series A Indenture**," and together with the Master Indenture, the "**Indenture**"), each between the Authority and Wells Fargo Bank, National Association, Denver, Colorado, as Trustee (the "**Trustee**"). Capitalized terms used herein and not defined have the meanings specified in the Indenture. See **Appendix C** – "FORM OF THE INDENTURE."

This introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by the information contained in, the entire Official Statement, including the front cover page, this Part I, Part II hereof and the Appendices hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement. The offering of 2013 Series A Bonds to potential investors is made only by means of the entire Official Statement. This Official Statement does not constitute a contract between the Authority or the Underwriter, and any one or more owners of the 2013 Series A Bonds.

Colorado Housing and Finance Authority

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

Authority for Issuance

The 2013 Series A Bonds are authorized to be issued pursuant to the Colorado Housing and Finance Authority Act, being Part 7 of Article 4 of Title 29 of the Colorado Revised Statutes, as amended (the "**Act**") and the Supplemental Public Securities Act, being Part 2 of Article 57 of Title 11 of the Colorado Revised Statutes. The 2013 Series A Bonds are being issued and secured under the Indenture.

Purposes of the 2013 Series A Bonds

Proceeds of the 2013 Series A Bonds, together with other available funds, will be used to refund certain outstanding bonds of the Authority and to make deposits to certain funds and accounts in accordance with the 2013 Series A Indenture, including the payment of costs of issuance, as described in "Part I – PLAN OF FINANCE – Sources and Use of Funds" and "– The Refunding Plan." Loans previously allocated under the Authority's Multi-Family Housing Insured General Bond Resolution (the "**General Bond Resolution**") will be transferred and pledged as loans under the Master Indenture with respect to the 2013 Series A Bonds (collectively, the "**2013A Loans**") as described in "Part I – CERTAIN PROGRAM ASSUMPTIONS – Transfer of Loans as 2013A Loans." See also **Appendix G-1 – CERTAIN INFORMATION REGARDING 2013A LOANS AS OF JUNE 17, 2013.**"

Description of the 2013 Series A Bonds

Interest Rates and Payments; Authorization Denominations

The 2013 Series A Bonds initially will bear interest at a Weekly Rate. While in a Weekly Rate Mode, interest on the 2013 Series A Bonds will be determined and adjusted weekly, payable semiannually on April 1 and October 1 of each year, commencing October 1, 2013, as described in "Part I – TERMS OF THE 2013 SERIES A BONDS – Determination of Interest Rates," and will be computed on the basis of a 365-day year or a 366-day year, as applicable, for the number of days actually elapsed. The 2013 Series A Bonds bearing interest at a Weekly Rate are to be issued in authorized denominations of \$100,000 or integral multiples of \$5,000 in excess of \$100,000. Principal of the 2013 Series A Bonds is payable in the amount and on the date shown on the front cover hereof, subject to prior redemption or purchase.

The 2013 Series A Bonds being offered by this Official Statement initially will bear interest at a Weekly Rate determined prior to the date of delivery of the 2013 Series A Bonds to be effective to and including the following Tuesday, and thereafter determined on each Tuesday by J.P. Morgan Securities LLC in its capacity as the 2013A Remarketing Agent, to be effective from and including each Wednesday to and including the following Tuesday.

Redemption and Tender

Certain of the 2013 Series A Bonds are subject to special, optional and mandatory sinking fund redemption prior to maturity and are also subject to optional and mandatory tender for purchase, as described under "Part I – TERMS OF THE 2013 SERIES A BONDS." See "Part II – CERTAIN BONDOWNERS' RISKS – Considerations Regarding Redemption."

For a more complete description of the 2013 Series A Bonds and the Indenture pursuant to which such 2013 Series A Bonds are being issued, see "Part I – TERMS OF THE 2013 SERIES A BONDS" and Appendix C – "FORM OF THE INDENTURE."

Security and Sources of Payment

All Obligations under the Master Indenture (which may be Bonds or Derivative Products and may be outstanding as Class I, Class II, Class III or Class IV Obligations) will be secured by and payable from all of the Authority's rights and interests in and to the revenues, assets and moneys pledged under the Master Indenture, in particular the Revenues, the Loans and the moneys held in the Debt Service Reserve Fund, the Revenue Fund and the other funds and accounts under the Master Indenture (collectively, the "**Trust Estate**"). See "Part II – SECURITY FOR THE OBLIGATIONS" and **Appendix G-2 –**

"CERTAIN INFORMATION ABOUT THE MASTER INDENTURE LOAN PORTFOLIO, AUTHORITY PROJECTS AND FUND BALANCES." In accordance with the Indenture, Obligations may also be designated as General Obligations of the Authority. As of April 1, 2013, Bonds issued under the Master Indenture were outstanding in an aggregate principal amount of \$723,095,000, with \$488,955,000 outstanding as Class I Bonds and \$234,140,000 outstanding as Class II Bonds. Certain Outstanding Class I Bonds and Class II Bonds have been designated as General Obligations of the Authority. There are no Class III or Class IV Obligations outstanding under the Master Indenture. See "Part II – COLORADO HOUSING AND FINANCE AUTHORITY – Obligations of the Authority – Summary of Certain Authority Obligations" and **Appendix B** – "OUTSTANDING MASTER INDENTURE OBLIGATIONS."

The 2013 Series A Bonds as described on the front cover page hereof are being issued as Class I Obligations pursuant to the Indenture and will be secured by and payable from the Trust Estate as described herein. The Trust Estate is pledged under the Indenture to secure the Class I Obligations as a first priority lien, as described in "Part II – SECURITY FOR THE OBLIGATIONS – Pledge of Trust Estate." None of the 2013 Series A Bonds are being issued as Class II Obligations, Class III Obligations or Class IV Obligations, which are secured by a second, third, and fourth priority lien, respectively, on the Trust Estate. The 2013 Series A Bonds are not being designated as General Obligations of the Authority. As part of the Trust Estate, the 2013 Series A Bonds are secured by the Debt Service Reserve Fund established under the Master Indenture. The Debt Service Reserve Fund Requirement for the 2013 Series A Bonds will be satisfied as described in "Part I – PLAN OF FINANCE – Sources and Uses of Funds." See also "Part I – CERTAIN PROGRAM ASSUMPTIONS – Debt Service Reserve Fund" and "Part II – SECURITY FOR THE OBLIGATIONS." **In no event shall the 2013 Series A Bonds constitute an obligation or liability of the State or any political subdivision thereof. The Authority has no taxing power nor does it have the power to pledge the general credit or the taxing power of the State or any political subdivision thereof (other than the general credit of the Authority, which general credit is not being pledged for payment of the 2013 Series A Bonds).**

Upon delivery of the 2013 Series A Bonds, the Authority will enter into a Standby Bond Purchase Agreement to establish an initial liquidity facility for the 2013 Series A Bonds (the "**Initial 2013A Liquidity Facility**") with JPMorgan Chase Bank, N.A., as the initial standby bond purchaser (referred to herein as the "**2013A Liquidity Facility Provider**"). See **Appendix K** – "CERTAIN TERMS OF THE INITIAL 2013A LIQUIDITY FACILITY" and **Appendix L** – "2013A LIQUIDITY FACILITY PROVIDER." The Authority may replace the Initial 2013A Liquidity Facility with a new Liquidity Facility (an "**Alternate Liquidity Facility**") in accordance with the procedures set forth in the Indenture. See "Part II – SECURITY FOR THE OBLIGATIONS – Liquidity Facilities." UNDER CERTAIN CIRCUMSTANCES, THE OBLIGATION OF THE 2013A LIQUIDITY FACILITY PROVIDER TO PURCHASE THE 2013 SERIES A BONDS TENDERED BY THE OWNERS THEREOF OR SUBJECT TO MANDATORY PURCHASE MAY BE TERMINATED OR SUSPENDED AND, IN SOME OF SUCH CIRCUMSTANCES, THE SUSPENSION OF SUCH OBLIGATION WILL BE IMMEDIATE AND WITHOUT NOTICE TO SUCH OWNERS. IN SUCH EVENT, SUFFICIENT FUNDS MAY NOT BE AVAILABLE TO PURCHASE SUCH 2013 SERIES A BONDS TENDERED BY THE OWNERS OF SUCH 2013 SERIES A BONDS OR SUBJECT TO MANDATORY PURCHASE. IN ADDITION, THE INITIAL 2013A LIQUIDITY FACILITY DOES NOT PROVIDE SECURITY FOR THE PAYMENT OF PRINCIPAL OF OR INTEREST ON THE 2013 SERIES A BONDS. **Neither the Authority nor the 2013A Remarketing Agent is obligated to purchase 2013 Series A Bonds so tendered or subject to mandatory purchase if remarketing proceeds or payments under the Initial 2013A Liquidity Facility are insufficient to pay the purchase price of such 2013 Series A Bonds.**

Professionals Involved in the Offering

In connection with the issuance and sale of the 2013 Series A Bonds, Sherman & Howard L.L.C., as Bond Counsel to the Authority, will deliver an opinion in the form included as **Appendix E** hereto. Certain legal matters relating to the 2013 Series A Bonds will be passed upon for the Authority by its General Counsel, Charles L. Borgman, Esq., and by its Disclosure Counsel, Hogan Lovells US LLP, Denver, Colorado. The Underwriter and 2013A Remarketing Agent are being represented in connection with the purchase and remarketing of the 2013 Series A Bonds by their counsel, Bookhardt & O'Toole, Denver, Colorado. Certain matters will be passed upon for the 2013A Liquidity Facility Provider by Nixon Peabody LLP, New York, New York. See "Part I – LEGAL MATTERS." CSG Advisors Incorporated is serving as financial advisor to the Authority in connection with the issuance of the 2013 Series A Bonds. See "Part I – FINANCIAL ADVISOR."

Continuing Disclosure Undertaking

In connection with the issuance of the 2013 Series A Bonds, the Authority will deliver a Continuing Disclosure Undertaking, in the form attached as **Appendix J** hereto, by which the Authority will agree to make available by filing with the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System ("**EMMA**"), in compliance with Rule 15c2-12 of the Securities Exchange Act of 1934 ("**Rule 15c2-12**"), certain annual financial information and audited financial statements, commencing with the fiscal year ending December 31, 2013, and notice of certain events.

For the fiscal years ended as of and prior to December 31, 2009, the Authority had filed quarterly reports including all components of the annual financial information and operating data with respect to certain of its outstanding bonds under the related continuing disclosure undertakings of the Authority. However, this information had been reported as of dates other than December 31, which is technically required by the Authority's continuing disclosure undertakings. So, while such financial information and operating data of the nature required to be provided annually had been provided as of quarterly dates (April 1, July 1, October 1 and January 1 for information relating to its multi-family bonds and February 1, May 1, August 1 and November 1 for information relating to its single-family mortgage bonds) to the market by posting on the Authority's website and, in many cases, by filing with the national repositories, there had been a technical non-compliance by the Authority with its continuing disclosure obligations in that the information was not provided as of December 31.

The Authority has filed with EMMA Annual Financial Information as of December 31 for the fiscal years ended as of December 31, 2009, 2010 and 2011, and has implemented measures to ensure that Annual Financial Information for the fiscal year ended as of December 31, 2012 and for future fiscal years will be provided as of December 31 and will be timely filed with EMMA in accordance with the requirements of the related Continuing Disclosure Undertakings.

The Authority has discovered that certain 2012 filings to be made by the Authority on behalf of a conduit borrower for bonds issued by the Authority had not been made. Such filings have now been made with EMMA and for future years will be timely filed with EMMA as required by the related continuing disclosure agreement.

Investment Considerations

The purchase and ownership of the 2013 Series A Bonds involve investment risks. Prospective purchasers of the 2013 Series A Bonds being offered by this Official Statement are urged to read this Official Statement in its entirety. For a discussion of certain such risks relating to the 2013 Series A Bonds, see "Part II – CERTAIN BONDOWNERS' RISKS."

TERMS OF THE 2013 SERIES A BONDS

General

The 2013 Series A Bonds, to be dated the date of delivery thereof, will mature, subject to prior redemption as described in "Prior Redemption" under this caption, in the amount and on the date as shown on the front cover page of this Official Statement. The principal or redemption price of the 2013 Series A Bonds is payable to Cede & Co. as long as it is the registered owner of each of the 2013 Series A Bonds. The 2013 Series A Bonds are issuable in denominations of \$100,000 or integral multiples of \$5,000 in excess of \$100,000.

Determination of Interest Rates

General. Any 2013 Series A Bond may bear interest at a Daily Rate, a Weekly Rate, a Term Rate, or a Fixed Rate until its respective maturity or prior redemption. The Mode of the 2013 Series A Bonds from the delivery date until further designation by the Authority will be the Weekly Mode. Thereafter, the Authority may change any of the 2013 Series A Bonds from one Mode to another Mode as described in "Adjustment Between Modes" under this caption. The interest rate on the 2013 Series A Bonds is to be determined by the 2013A Remarketing Agent (initially, J.P. Morgan Securities LLC) in accordance with the Indenture as described below.

Adjustment of the interest rate on the 2013 Series A Bonds such that all of the 2013 Series A Bonds covered by the Initial 2013A Liquidity Facility bear interest at a rate other than a Weekly Rate, Daily Rate or Term Rate (if the term is less than one year) would result in a termination of the Initial 2013A Liquidity Facility. See Appendix K – "CERTAIN TERMS OF THE INITIAL 2013A LIQUIDITY FACILITY."

Weekly Rate. During any Interest Period in which any 2013 Series A Bonds are in a Weekly Mode, the 2013A 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 2013A Remarketing Agent is to be the minimum interest rate which, in the opinion of the 2013A Remarketing Agent under then-existing market conditions, would result in the sale of such 2013 Series A Bonds on such date at a price equal to the principal amount thereof plus accrued and unpaid interest, if any. If the 2013A 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 2013 Series A Bonds are to bear interest from the last date on which the Weekly Rate was determined by the 2013A Remarketing Agent (or the last date on which interest was legally paid) until such time as the 2013A Remarketing Agent determines the Weekly Rate (or until there is delivered an opinion of counsel to the effect that the method of determining such interest was enforceable) (i) if such 2013 Series A Bonds are secured by a Liquidity Facility and the Liquidity Facility Provider has not failed to honor its obligation to purchase such Bonds, at the SIFMA Index plus 0.20% or (ii) if such 2013 Series A Bonds are not secured by a Liquidity Facility or if the Liquidity Facility Provider has failed to honor its obligation to purchase such Bonds, the Prime Rate plus 1.00%. Such rates shall be as reported on the day such Weekly Rate would otherwise have been determined by the 2013A Remarketing Agent. "**SIFMA Index**" means, with respect to any 2013 Series A Bond in the Weekly Mode for which a rate is not set pursuant to the 2013 Series A Indenture, the level of the index which is issued weekly and which is compiled from the weekly interest rate resets of tax exempt variable rate issues included in a database maintained by Municipal Market Data which meet specific criteria established from time to time by the Securities Industry and Financial Markets Association and issued on Wednesday of each week, or if any Wednesday is not a Business Day, the next succeeding Business Day. If the SIFMA Index is no longer published, then "SIFMA Index" shall mean the S&P Weekly High Grade

Index. If the S&P Weekly High Grade Index is no longer published, then “SIFMA Index” shall be calculated by an entity selected in good faith by the Authority, and shall be determined using the criteria for the SIFMA Index.

The 2013A 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 any 2013 Series A Bonds are in a Daily Mode, the 2013A 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 2013A Remarketing Agent is to be the minimum interest rate which, in the opinion of the 2013A Remarketing Agent under then-existing market conditions, would result in the sale of such 2013 Series A 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 2013A 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 2013 Series A Bonds are to bear interest from the last date on which the Daily Rate was determined by the 2013A Remarketing Agent (or the last date on which interest was legally paid) until such time as the 2013A 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 2013A Remarketing Agent.

Term Rates. During any Interest Period in which any 2013 Series A Bonds are in a Term Rate Mode, the 2013A 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 2013A Remarketing Agent is to be the minimum interest rate which, in the sole judgment of the 2013A Remarketing Agent, will result in the sale of such 2013 Series A Bonds at a price equal to the principal amount thereof. If, for any reason, a new Term Rate for an 2013 Series A 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 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 Prime Rate plus 1.00%. The Trustee is to promptly notify the Owners, with a copy to the MSRB, of any failed change in mode. The 2013A 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. No Interest Period in the Term Rate Mode may extend beyond the Maturity Date.

Fixed Rate. During each Fixed Rate Mode for any 2013 Series A Bonds, the 2013A 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 2013A Remarketing Agent is to be the minimum interest rate which, in the sole judgment of the 2013A Remarketing Agent would result in the sale of such 2013 Series A 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 2013A 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.

Adjustment Between Modes

Any change to a different Mode requires delivery to the Trustee, the Paying Agent and the 2013A Remarketing Agent of: (i) a notice from each Rating Agency confirming that the rating on the 2013 Series A 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, or Fixed Rate Mode, or from a Term Rate Mode to a Short-Term Mode, a favorable opinion of bond counsel; and (iii) the 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 the Liquidity Facility with respect to such Bonds in a Term Rate Mode). The Authority may change a 2013 Series A Bond (other than a 2013 Series A 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 2013A 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; and (iii) whether or not the 2013 Series A Bonds to be converted to a new Mode will be covered by the Liquidity Facility. The Trustee is to give notice to Owners of 2013 Series A Bonds, with a copy to the MSRB, by mail no less than 30 days prior to the proposed date of the Mode change stating that such Bonds are subject to mandatory purchase on such date. The 2013 Series A Bonds are subject to mandatory purchase on any day on which a different Mode for such Bonds begins. See "Optional and Mandatory Tender for Purchase – Mandatory Purchase - Mandatory Purchase on Mode Change Date" under this caption. **So long as the 2013 Series A Bonds are registered in the DTC book-entry system described in Appendix F hereto, such notices will be sent only to DTC's nominee.**

Optional and Mandatory Tender for Purchase

Optional Tender

Optional Tenders during the Weekly Mode or Daily Mode. During any Interest Period for a Weekly Mode or Daily Mode, any 2013 Series A Bond (other than a Bank Bond) is to be purchased in an Authorized Denomination from its Owner at the option of the Owner on any Business Day at a purchase price equal to the principal amount thereof tendered for purchase plus accrued interest to the Purchase Date defined below (the "**Purchase Price**" for such 2013 Series A Bonds in the Weekly Mode or Daily Mode), payable by wire transfer in immediately available funds, upon delivery to the 2013A Remarketing Agent of an irrevocable telephonic notice in the case of 2013 Series A 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 2013 Series A Bonds in the Weekly Mode, which notice states the CUSIP number, the Bond number, the principal amount of such 2013 Series A Bond, the principal amount thereof to be purchased and the date on which the same is to be purchased (the "**Purchase Date**" for such 2013 Series A Bonds in the Weekly Mode), which date is to be a Business Day specified by the Owner. In the case of 2013 Series A Bonds tendered for purchase during the Daily Mode, such notice is to be delivered by the Owner by no later than 10:30 a.m., New York City time on such Business Day. In the case of 2013 Series A Bonds tendered for purchase during the Weekly Mode, such notice is to be delivered by the Owner by no later than 4:00 p.m., New York City time on a Business Day not less than seven days before the Purchase Date specified by the Owner in such notice. For payment of such Purchase Price, such 2013 Series A Bonds are to be delivered (with all necessary endorsements) at or before 12:00 noon, New York City time, on the Purchase Date at the office of the Paying Agent in Denver, Colorado. Payment of the Purchase Price is to be made by wire transfer in immediately available funds by the Paying Agent by the close of business on the Purchase Date. An Owner who gives the notice described above may repurchase the 2013 Series A Bonds so tendered, if the 2013A Remarketing Agent agrees to sell the tendered Bonds to such Owner, in which case the delivery requirements set forth

above will be waived. See "Payment of Tender Price Upon Purchase" under this caption for the sources of payment of such Purchase Price.

Optional Tender at End of Term Rate Period. Unless such 2013 Series A Bonds are being changed to a Mode other than another Term Rate Mode, the owner of 2013 Series A Bonds in a Term Rate Mode may elect to have its 2013 Series A 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**" for such 2013 Series A Bonds in the Term Rate Mode) at a purchase price equal to the principal amount thereof tendered for purchase (the "**Purchase Price**" for such 2013 Series A Bonds in the Term Rate Mode) upon delivery to the 2013A 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 2013 Series A 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 2013 Series A 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. See "Payment of Tender Price Upon Purchase" under this caption for the sources of payment of such Purchase Price.

Mandatory Purchase

Mandatory Purchase on Mode Change Date. The 2013 Series A Bonds to be changed from one Mode to another Mode (other than a change to the Fixed Rate Mode) will be subject to mandatory tender for purchase on each day on which a new Mode for the 2013 Series A Bonds begins (the "**Mode Change Date**") at a purchase price equal to the Purchase Price. The Trustee is to give notice by first-class mail, or transmitted in such other matter (such as by electronic means) as may be customary for the industry as directed in writing by the Authority, to the Owners of the 2013 Series A Bonds and to the MSRB no less than 30 days prior to the Mandatory Purchase Date. Such notice is to state the Mandatory Purchase Date, the Purchase Price, the numbers of the 2013 Series A Bonds to be purchased if less than all of the 2013 Series A Bonds owned by such Owners are to be purchased and that interest on the 2013 Series A 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 2013 Series A Bond shall not affect the validity of the mandatory purchase of any other 2013 Series A 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. The 2013 Series A 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 2013 Series A Bonds are registered in the DTC book-entry system described in Appendix F hereto, such notices will be sent only to DTC's nominee and the MSRB.**

Mandatory Purchase upon Termination, Replacement or Expiration of Liquidity Facility. If at any time the Trustee receives notice from the Authority or the Liquidity Facility Provider that the 2013 Series A Bonds having the benefit of such Liquidity Facility tendered for purchase shall, on the date specified in such notice, cease to be subject to purchase pursuant to such Liquidity Facility as a result of (i) the termination, replacement or expiration of the term, as extended, of that Liquidity Facility, including but not limited to termination at the option of the Authority in accordance with the terms of such Liquidity Facility, or (ii) termination upon the occurrence and continuance of certain specified events under such Liquidity Facility (i.e., a Notice Termination Event as defined in the Liquidity Facility), then such the 2013 Series A Bonds shall be purchased or deemed purchased at the Purchase Price.

Any purchase of the 2013 Series A Bonds as described in the preceding paragraph shall occur: (1) on the fifth Business Day preceding any expiration or termination of a Liquidity Facility without replacement by an Alternate Liquidity Facility, or upon any termination of a Liquidity Facility as described in clause (ii) of the preceding paragraph, and (2) on the proposed date of the replacement of a Liquidity Facility in any case where an Alternate Liquidity Facility is anticipated to be delivered to the Trustee pursuant to the Indenture.

The Trustee is to give notice of mandatory purchase as described in the next preceding paragraph by first-class mail, or transmitted in such other manner (such as by readily available electronic means) as may be customary for the industry as directed in writing by the Authority, to the Owners of the 2013 Series A Bonds subject to mandatory purchase, with a copy to the MSRB, no less than 15 days prior to the Mandatory Purchase Date (or in connection with a Mandatory Purchase Date described in clause (ii) of the next preceding paragraph, not less than 3 days prior to the Mandatory Purchase Date). The notice shall state the Mandatory Purchase Date, the Purchase Price and that interest on the 2013 Series A Bonds subject to mandatory purchase shall cease to accrue from and after the Mandatory Purchase Date. The failure to transmit such notice with respect to any 2013 Series A Bond shall not affect the validity of the mandatory purchase of any other 2013 Series A Bond with respect to which notice was so transmitted. Any notice transmitted as described will be conclusively presumed to have been given, whether or not actually received by any Owner. The 2013 Series A Bonds purchased pursuant to the Indenture are to be delivered by the Owners (with all necessary endorsements) to the office of the Paying Agent in Denver, Colorado, at or before 12:00 noon, New York City time, on the Mandatory Purchase Date, and payment of the Purchase Price of such the 2013 Series A Bonds is to be made by wire transfer in immediately available funds by the Paying Agent by the close of business on such Mandatory Purchase Date.

Mandatory Purchase at the Direction of the Authority. When the Daily Mode or the Weekly Mode is in effect, the 2013 Series A Bonds are subject to mandatory tender for purchase on any Business Day designated by the Authority, with the consent of the Remarketing Agent and the Liquidity Facility Provider, at the Purchase Price, payable in immediately available funds. The Trustee is to give notice of mandatory purchase pursuant to the Indenture by first-class mail, or transmitted in such other manner (such as by readily available electronic means) as may be customary for the industry as directed in writing by the Authority, to the Owners of the 2013 Series A Bonds subject to mandatory purchase, with a copy to the MSRB, no less than 15 days prior to the Mandatory Purchase Date. The notice shall state the Mandatory Purchase Date, the Purchase Price and that interest on the 2013 Series A Bonds subject to mandatory purchase shall cease to accrue from and after the Mandatory Purchase Date. The failure to transmit such notice with respect to any 2013 Series A Bond shall not affect the validity of the mandatory purchase of any other 2013 Series A Bond with respect to which notice was so transmitted. Any notice transmitted as described will be conclusively presumed to have been given, whether or not actually received by any Owner. The 2013 Series A Bonds purchased pursuant to the Indenture are to be delivered by the Owners (with all necessary endorsements) to the office of the Paying Agent in Denver, Colorado, at or before 12:00 noon, New York City time, on the Mandatory Purchase Date, and payment of the Purchase Price of such the 2013 Series A Bonds is to be made by wire transfer in immediately available funds by the Paying Agent by the close of business on such Mandatory Purchase Date.

Payment of Tender Price Upon Purchase

Any 2013 Series A Bonds required to be purchased in accordance with the Indenture as described in "Optional Tender" and "Mandatory Purchase" under this caption are to be purchased from the Owners thereof on the Purchase Date at the Purchase Price. The Indenture creates a separate fund (the "**Purchase Fund**") to be maintained by the Paying Agent, with separate accounts designated as the Remarketing Proceeds Account and the Standby Purchase Account. Funds for the payment of the Purchase Price are to be made solely from the following sources in the order of priority indicated:

(1) proceeds of the sale of remarketed 2013 Series A Bonds (except proceeds of remarketed Bank Bonds to the extent applied to any amount owing to the 2013A Liquidity Facility Provider) pursuant to the Indenture and the Remarketing Agreement and furnished to the Paying Agent by the 2013A Remarketing Agent for deposit into the Remarketing Proceeds Account; and

(2) money furnished by the 2013A Liquidity Facility Provider to the Trustee for deposit with the Paying Agent from requests under the Initial 2013A Liquidity Facility, if any, as described in **Appendix K – "CERTAIN TERMS OF THE INITIAL 2013A 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 2013 Series A Bonds are registered in the DTC book-entry system described in Appendix F, any notices will be sent only to DTC's nominee.**

The obligation of the 2013A Liquidity Facility Provider to purchase the 2013 Series A Bonds tendered for purchase under the Initial 2013A Liquidity Facility may be terminated immediately without notice to the owners of such 2013 Series A Bonds if the long-term ratings by S&P and Moody's of such 2013 Series A Bonds shall have been withdrawn, suspended, or reduced below "BBB-" by S&P and "Baa3" by Moody's. See Appendix K – "CERTAIN TERMS OF THE INITIAL 2013A LIQUIDITY FACILITY – Events of Default; Remedies." NEITHER THE AUTHORITY NOR THE 2013A REMARKETING AGENT IS OBLIGATED TO PURCHASE 2013 SERIES A BONDS TENDERED BY THE OWNERS OF SUCH 2013 SERIES A BONDS OR SUBJECT TO MANDATORY PURCHASE IF REMARKETING PROCEEDS AND PAYMENTS UNDER THE INITIAL 2013A LIQUIDITY FACILITY ARE INSUFFICIENT TO PAY THE PURCHASE PRICE OF SUCH 2013 SERIES A BONDS.

Book-Entry System

The Depository Trust Company, New York, New York ("**DTC**") will act as securities depository for the 2013 Series A Bonds. The ownership of one fully registered Bond for each maturity as set forth on the front cover page of this Official Statement, each in the aggregate principal amount of such maturity, will be registered in the name of Cede & Co., as nominee for DTC. Information concerning the book-entry system provided by DTC is set forth in **Appendix F – "BOOK-ENTRY SYSTEM."** **So long as the 2013 Series A Bonds are registered in the DTC book-entry form described in Appendix F hereto, each Beneficial Owner of a 2013 Series A Bond should make arrangements with a Participant in DTC to receive notices or communications with respect to matters concerning the 2013 Series A Bonds.**

Defeasance and Discharge

The Indenture provides the Authority with the right to discharge the pledge and lien created by the Indenture with respect to any 2013 Series A Bonds by depositing with the Trustee or the Paying Agent sufficient moneys or Defeasance Securities to pay when due the principal or Redemption Price of, if applicable, and interest due or to become due on such 2013 Series A Bonds at the maturity or redemption thereof. See **Appendix C – "FORM OF THE INDENTURE – Discharge of Indenture; Defeasance of Bonds."**

Prior Redemption

Prepayments, Excess Revenues and Debt Service Reserve Fund Reductions. Except as described in the following sentence and subject to the limitations described in the following paragraph, the 2013 Series A Bonds are subject to special redemption prior to maturity, in whole or in part at any time upon notice as provided in the Master Indenture, at a Redemption Price equal to 100% of the Aggregate Principal Amount of the 2013 Series A Bonds or portions thereof to be so redeemed, together with accrued interest to the date of redemption, from and to the extent there are moneys and/or Investment Securities in the 2013 Series A subaccount of the Class I Special Redemption Account on the 45th day prior to the redemption date. Bank Bonds shall be redeemed before any other 2013 Series A Bonds are redeemed. Amounts on deposit in the Revenue Fund, including Loan Repayments and Prepayments and amounts in excess of the applicable Debt Service Reserve Fund Requirement transferred to the Revenue Fund from the applicable account of the Debt Service Reserve Fund, are to be transferred to the applicable Special Redemption Account of the Redemption Fund at the election of the Authority and as otherwise required in accordance with the provisions of the Master Indenture described in **Appendix C – "FORM OF THE INDENTURE – Revenue Fund."**

It is anticipated that moneys will be available to redeem a substantial portion of the 2013 Series A Bonds without premium in accordance with the provisions described in the preceding paragraph. Such moneys may be directed to the respective Special Redemption Account of the Redemption Fund and available for this redemption as a result of excess revenues resulting from 2013A Loan payments and prepayments, and other sources.

Cross-Calls and Recycling. Pursuant to the Master Indenture, the Authority may, by delivery of an Authority Request to the Trustee, instruct the Trustee to transfer moneys on deposit in any Series subaccount of a Class Account of the Redemption Fund to any other Series subaccount of the same Class Account to be applied to the redemption of the same Class of Bonds of a different Series. Any such Authority Request is to (i) certify that it is consistent with the most recently filed Related Cash Flow Statement and not prohibited by the Related Series Indenture, and (ii) be accompanied by evidence of satisfaction of all Asset Requirements for the 2013 Series A Bonds. The 2013 Series A Indenture does not prohibit cross calls, but does restrict the use of certain Loan Repayments and Prepayments as discussed in "Prepayments, Excess Revenues and Debt Service Reserve Fund Reductions" under this caption. However, the 2003 Series A Indenture, the 2001 Series A Indenture and the 2000 Series B Indenture prohibit cross calls, and other Series Indentures may in the future prohibit such cross calls, with respect to Related Series of Bonds. In addition, the Master Indenture permits the Authority, by delivery of an Authority Request to the Trustee at any time prior to the giving of notice of redemption, to instruct the Trustee to transfer moneys on deposit in a subaccount of an Account in the Revenue Fund to a Related subaccount of the Loan Recycling Account to be used to finance or refinance Loans as permitted by the Master Indenture. See **Appendix C – "FORM OF THE INDENTURE – Revenue Fund."** *The Authority may transfer Prepayments or Loan Repayments to the Loan Recycling Account of the Program Fund to finance Loans or transfer such Prepayments or Loan Repayments to the Special Redemption Accounts of the Redemption Fund at any time in accordance with the Master Indenture. See "Part II – CERTAIN BONDOWNERS' RISKS – Considerations Regarding Redemption."*

Optional Redemption

General. The 2013 Series A Bonds shall be subject to redemption prior to maturity at the option of the Authority from any source, including without limitation the proceeds of refunding bonds or other financing provided by the Authority or from the sale or other voluntary disposition of Mortgage Loans, as further described under this caption.

2013 Series A Bonds – Weekly Mode and Daily Mode. The 2013 Series A Bonds may be redeemed prior to maturity at the option of the Authority from any source, in whole or in part, in Authorized Denominations on any date during Interest Periods for a Weekly Mode or Daily Mode, at a redemption price equal to 100% of the principal amount of 2013 Series A Bonds to be so redeemed.

2013 Series A Bonds – Term Rate Mode and Fixed Rate Mode. During any Interest Period for a Term Rate Mode or Fixed Rate Mode, the 2013 Series A Bonds may be redeemed prior to maturity at the option of the Authority from any source, in whole or in part on any date in Authorized Denominations at a redemption price equal to 100% of the principal amount of 2013 Series A 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 length of the Interest Period or the remaining term: (i) is greater than 15 years, then such 2013 Series A 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 2013 Series A 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 2013 Series A 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 or length of the Interest Period is equal to or less than ten years. The Authority, in connection with a change to a Term Rate Mode or Fixed Rate Mode, may waive or otherwise alter its rights to direct the redemption of any such 2013 Series A Bonds so changed to a Term Rate Mode or 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 2013A Remarketing Agent, together with a favorable opinion of bond counsel addressed to them.

Mandatory Sinking Fund Redemption

The 2013 Series A Bonds shall be redeemed prior to their maturity, in part, by payment of 2013 Series A Class I Sinking Fund Installments, upon notice as provided in the Indenture and described in "Notice of Redemption" under this caption, on each of the dates set forth below and in the respective principal amounts set forth opposite each such date, in each case at a Redemption Price of 100% of the principal amount of such 2013 Series A Bonds or portions thereof to be so redeemed, plus accrued interest to the redemption date as follows:

<u>Date</u> <u>(April 1)</u>	<u>Class I</u> <u>Sinking Fund</u> <u>Installments</u>	<u>Date</u> <u>(October 1)</u>	<u>Class I</u> <u>Sinking Fund</u> <u>Installments</u>
--	\$ --	2013	\$270,000
2014	280,000	2014	290,000
2015	300,000	2015	305,000
2016	315,000	2016	325,000
2017	340,000	2017	350,000
2018	360,000	2018	370,000
2019	380,000	2019	395,000
2020	405,000	2020	420,000
2021	430,000	2021	445,000
2022	455,000	2022	470,000
2023	480,000	2023 ⁽¹⁾	495,000

⁽¹⁾ Final maturity

Upon any purchase pursuant to the Indenture or redemption (other than mandatory sinking fund redemption) of the 2013 Series A Bonds for which 2013 Series A Class I Sinking Fund Installments have been established, there shall be credited toward each 2013 Series A Class I Sinking Fund Installment thereafter to become due an amount bearing the same ratio to such 2013 Series A Class I Sinking Fund Installment as (i) the total principal amount of such 2013 Series A Bonds so purchased or redeemed bears to (ii) the total amount of all such Class I Sinking Fund Installments to be credited. If, however, there shall be filed with the Trustee an Authority Request specifying a different method for crediting 2013 Series A Class I Sinking Fund Installments upon any such purchase or redemption of 2013 Series A Bonds and certifying that such request is consistent with the most recently filed Cash Flow Statement Related to the 2013 Series A Bonds, then such 2013 Series A Class I Sinking Fund Installments shall be so credited as shall be provided in such Authority Request.

Mandatory Redemption of Bank Bonds

Bank Bonds are required to be redeemed in accordance with the terms of the Initial 2013A Liquidity Facility.

Selection of 2013 Series A Bonds for Partial Redemption

Other than with respect to redemptions from 2013 Series A Class I Sinking Fund Installments, if less than all of the 2013 Series A Bonds are to be redeemed, the particular 2013 Series A Bonds or the respective portions thereof to be redeemed shall be selected randomly by lot by the Bond Registrar in such manner as the Bond Registrar in its discretion deems fair and appropriate.

Notice of Redemption

When any of the 2013 Series A Bonds are to be redeemed, the Bond Registrar is to cause notice of such redemption to be mailed by first class mail, or transmitted in such other manner (such as by readily available electronic means) as may be customary for the industry as directed in writing by the Authority, not more than 30 days nor less than 15 days prior to the redemption date with respect to the 2013 Series A Bonds in the Daily Mode, the Weekly Mode or a Term Rate Mode having an Interest Period of less than one year and not more than 60 days nor less than 25 days prior to the redemption date with respect to other the 2013 Series A Bonds, to the registered Owner of each 2013 Series A Bond to be redeemed at such Owner's address as it appears in the registration records of the Bond Registrar or at such other address as is furnished in writing by such Owner to the Bond Registrar. However, failure to give any such notice to any Owner, or any defect therein, shall not affect the validity of the redemption proceedings for any 2013 Series A Bond with respect to which no such failure or defect has occurred. **So long as the 2013 Series A Bonds are registered in the DTC book-entry system described in Appendix F hereto, such notices will be sent only to DTC's nominee.**

Purchase in Lieu of Redemption

If Bonds of any particular Series, Class and maturity are called for redemption, upon Authority Request the Bonds so called shall be purchased in lieu of such redemption by the Trustee or Paying Agent for the account of the Authority on the date upon which such Bonds were to have been redeemed, at a purchase price not to exceed the applicable Redemption Price thereof, plus accrued interest, if any, thereon to, but not including, such date, or at any higher purchase price consistent with the most recent Cash Flow Statement. At the election of the Authority, but not otherwise, such Bonds shall be canceled by the Trustee upon such purchase in lieu of redemption. The Authority shall deliver any such Authority Request not later than the Business Day preceding the date upon which such Bonds were to have been redeemed, which Authority Request shall state the aggregate principal amount of each Series, Class and

maturity of Bonds for which an election to purchase in lieu of redemption pursuant to this Master Indenture is being made, and the source of payment for such purchase in lieu of redemption. Any such purchase in lieu of redemption may be made from any moneys designated by the Authority, and, upon receipt thereof if such moneys are not already held in the Trust Estate, the Trustee shall use such moneys for such purpose. The Authority is expressly authorized to tender, and to direct the Trustee and the Paying Agent to purchase from the Authority, any Bonds for cancellation in lieu of redemption. Neither the Trustee nor the Paying Agent shall be required to advance any of their own money to make any such purchase or purchases.

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

PLAN OF FINANCE

Sources and Uses of Funds

The following are the estimated sources and uses of funds relating to the 2013 Series A Bonds.

	<u>Estimated Amounts</u>
SOURCES OF FUNDS:	
Proceeds of 2013 Series A Bonds	\$7,880,000
Other available funds ⁽¹⁾	<u>934,099</u>
TOTAL SOURCES OF FUNDS	<u>\$8,814,099</u>
USES OF FUNDS:	
For Refunding ⁽²⁾	\$7,880,000
For Deposit to 2013A subaccount of the Debt Service Reserve Fund ⁽³⁾	599,099
For Deposit to 2013A subaccount of the Revenue Fund	120,000
For Costs of Issuance and Underwriter's compensation ⁽⁴⁾	<u>215,000</u>
TOTAL USES OF FUNDS	<u>\$8,814,099</u>

⁽¹⁾ Such amounts are currently on deposit under the General Bond Resolution and will be available to the Authority upon the refunding of certain bonds and discharge of the General Bond Resolution.

⁽²⁾ See "The Refunding Plan" under this caption.

⁽³⁾ See "Part I – CERTAIN PROGRAM ASSUMPTIONS – Debt Service Reserve Fund" and "Part II – SECURITY FOR THE OBLIGATIONS – Debt Service Reserve Fund." Certain available funds of the Authority will be transferred and deposited to the 2013A subaccount of the Debt Service Reserve Fund at the time of delivery of the 2013 Series A Bonds and invested in certain permitted Investment Securities, as described in "Part I – CERTAIN PROGRAM ASSUMPTIONS – Investments." Under the Indenture, the Authority may at any time replace such cash with a Qualified Surety Bond to satisfy the Debt Service Reserve Fund Requirement.

⁽⁴⁾ Available funds of the Authority will be deposited to the Costs of Issuance Account in the Program Fund and used to pay costs of issuance and Underwriter's compensation relating to the 2013 Series A Bonds. For information concerning the Underwriter's compensation, see "Part I – UNDERWRITING."

The Refunding Plan

Proceeds of the 2013 Series A Bonds, together with other available funds, will be used to refund the Authority's Multi-Family Housing Insured Mortgage Revenue Bonds, 2002 Series AA issued under the General Bond Resolution and outstanding in the aggregate principal amount of \$23,155,000 (the "**Refunded Bonds**"). It is expected that the Refunded Bonds will be defeased in connection with the delivery of the 2013 Series A Bonds. Upon defeasance of the Refunded Bonds, certain insured rental loans previously pledged under the General Bond Resolution will be transferred and pledged under the Master Indenture and reallocated as the 2013A Loans. See "Part I – CERTAIN PROGRAM ASSUMPTIONS – Transfer of Loans as 2013A Loans" and **Appendix G-1** hereto. It is expected that, in connection with the refunding, the interest rate swap agreement currently in place under the General Bond Resolution for the Refunded Bonds will be transferred to and allocated under the Master Indenture with respect to the 2013 Series A Bonds and certain other Bonds thereunder as described in "Part I – CERTAIN PROGRAM ASSUMPTIONS – Transfer of 2002AA Derivative Product." Bonds are expected to be issued concurrently with the 2013 Series A Bonds the proceeds of which will be used to refund certain bonds outstanding under the General Bond Resolution as well as bonds under the Master Indenture. Such bonds are being issued as the first obligations under a new master indenture.

CERTAIN PROGRAM ASSUMPTIONS

Transfer of Loans as 2013A Loans

Generally

Proceeds of the 2013 Series A Bonds are expected to be used to redeem and pay the Refunded Bonds. In connection with such refunding, certain insured multifamily loans previously made or refinanced by the Authority with proceeds of the Refunded Bonds will be transferred from the General Bond Resolution to the Trust Estate under the Master Indenture and reallocated as 2013A Loans. See "Part I – PLAN OF FINANCE – The Refunding Plan" and **Appendix G-1** hereto.

Interest Rates

The existing loans to be transferred and reallocated as 2013A Loans upon redemption and payment of the Refunded Bonds currently bear or will bear interest at the rates shown in **Appendix G-1** – "CERTAIN INFORMATION REGARDING 2013A LOANS AS OF JUNE 17, 2013."

Debt Service Reserve Fund

The Debt Service Reserve Fund Requirement for the 2013 Series A Bonds will be, as of any date of calculation, an amount equal to (a) the sum of (i) two-thirds of the maximum principal and interest payment due for any period of twelve consecutive calendar months on Loans Related to the 2013 Series A Bonds that are insured or guaranteed by the United States of America and any agency or instrumentality thereof and (ii) the maximum principal and interest payment due for any period of twelve consecutive calendar months on Loans Related to the 2013 Series A Bonds that are not insured or guaranteed by the United States of America and any agency or instrumentality thereof, less (b) the aggregate amount in the subaccounts of the Debt Service Reserve Fund for all other Series of Bonds in excess of the aggregate Debt Service Reserve Fund Requirements for all such other Series of Bonds, but only to the extent such excess has not been taken into account in the calculation of the debt service reserve fund requirement for any other Series of Bonds. Available funds will initially be deposited to the Debt Service Reserve Fund

to fund a portion of the Debt Service Reserve Fund Requirement for the 2013 Series A Bonds as described in "Part I – PLAN OF FINANCE – Sources and Uses of Funds." See also "Part II – SECURITY FOR THE OBLIGATIONS – Debt Service Reserve Fund."

Transfer of 2002AA Derivative Product

In connection with the refunding of the Refunded Bonds, the derivative product outstanding in connection with such Refunded Bonds will be affirmed and transferred to be allocated to the 2013 Series A Bonds and to certain other Bonds under the Master Indenture.

Investments

Amounts in the 2013A subaccounts of the Debt Service Fund, the Debt Service Reserve Fund, the Revenue Fund and prepayments deposited in the Loan Recycling Account will be invested by the Trustee at the direction of the Authority in certain permitted Investment Securities (the "**2013A Investments**") pursuant to the terms of the Master Indenture. See **Appendix C** – "FORM OF THE INDENTURE – Definitions – Investment Securities" for a description of the permitted Investment Securities in which such amounts may be invested.

In connection with the prior issuance of certain Multi-Family/Project Bonds outstanding under the Master Indenture, the Authority has invested certain amounts in Series subaccounts of Funds related to such Obligations in investment agreements with the investment providers and at the rates set forth in the table below. As of April 1, 2013, the total amounts in Funds held under the Master Indenture invested with respective investment providers were as follows: \$8,954,011 with GE Funding Capital Market Services, Inc.; \$30,500,684 with CDC Funding Corp.; and \$27,782,759 with Natixis Funding Corp.

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Outstanding Investment Agreements
(as of April 1, 2013)

<u>Series</u>	<u>Funds Invested</u> <u>(in related Series subaccounts)</u>	<u>Investment Provider</u> ⁽¹⁾	<u>Amounts</u> <u>Invested</u>	<u>Rate</u>	<u>Termination</u> <u>Date</u>
2000A	Revenue Fund; Redemption Fund	GE Funding Capital Market Services, Inc. ⁽²⁾	\$8,954,011	6.00%	10/1/2032
2000B	Revenue Fund; Redemption Fund	CDC Funding Corp.	4,858,894	6.26%	4/1/2042
2001A	Revenue Fund; Redemption Fund	CDC Funding Corp.	1,908,996	5.26%	4/1/2043
2002A	Revenue Fund; Redemption Fund	CDC Funding Corp.	4,272,654	5.50%	10/1/2042
2002A	Debt Service Reserve Fund	CDC Funding Corp.	1,413,100	5.50%	10/1/2042
2002C	Loan Recycling	CDC Funding Corp.	4,000,000	4.26%	10/1/2042
2002C	Debt Service Reserve Fund	CDC Funding Corp.	6,919,005	4.89%	10/1/2042
2002C	Revenue Fund; Redemption Fund	CDC Funding Corp.	7,128,035	4.26%	10/1/2042
2007B	Revenue Fund; Redemption Fund	Natixis Funding Corp.	3,706,672	4.46%/	10/1/2038
				one month LIBOR minus 10 bps	
2007B	Loan Recycling ⁽³⁾	Natixis Funding Corp.	6,526,795	4.46%/	10/1/2038
				one month LIBOR minus 10 bps	
2007B	Debt Service Reserve Fund ⁽³⁾	Natixis Funding Corp.	6,875,000	5.27%	10/1/2038
2008A	Revenue Fund; Redemption Fund	Natixis Funding Corp.	3,952,667	3.61%/	4/1/2043
				one month LIBOR minus 10 bps	
2008A	Debt Service Reserve Fund	Natixis Funding Corp.	2,671,881	4.33%	4/1/2043
2008B	Revenue Fund; Redemption Fund	Natixis Funding Corp.	4,049,744	4.71%	5/1/2052

- (1) Neither the Authority nor the Underwriter makes any representation about the financial condition or creditworthiness of the investment providers listed in this chart. Prospective investors are urged to make their own investigation into the financial condition and creditworthiness of the Investment Providers. See "Part II – SECURITY FOR THE OBLIGATIONS."
- (2) GE Funding Capital Market Services, Inc. was originally known as FGIC Capital Market Services, Inc. The name of FGIC Capital Market Services, Inc. was changed to GE Funding Capital Market Services, Inc. after General Electric Corporation sold its interests in Financial Guaranty Insurance Company to outside investors in 2003. The obligations of GE Funding Capital Market Services, Inc. under the applicable investment agreements are unconditionally guaranteed by General Electric Capital Corporation.
- (3) These funds are invested under a master repurchase agreement entered with Natixis Funding Corp. on January 29, 2010 (the "**Master Repurchase Agreement**"). The Master Repurchase Agreement replaced the investment agreements previously in effect, and provides for the delivery of securities to the Trustee at a collateralization level of 105%.

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

The assumptions made by the Authority as to projected cashflows include the assumption that the investment rates provided by the 2013A Investments and by the investment agreements on the preceding table will be available as described. However, in the event that the 2013A Investments or any investment agreement shown on the preceding table is terminated as a result of default by the respective investment provider or for any other reason, it may not be possible to reinvest such proceeds and deposits at these assumed rates and the cashflows may be adversely affected. *Neither the Authority nor the Underwriter makes any representation about the financial condition or creditworthiness of any of the investment providers shown on the preceding table. Prospective investors are urged to make their own investigation into the financial condition and creditworthiness of the investment providers shown in the preceding table.*

TAX MATTERS

Federal Tax Treatment of Interest on 2013 Series A Bonds

In the opinion of Sherman & Howard L.L.C., Bond Counsel, assuming continuous compliance with certain covenants described below, interest on the 2013 Series A Bonds is excluded from gross income under federal income tax laws pursuant to Section 103 of the Tax Code; further, interest on the 2013 Series A Bonds is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Internal Revenue Code of 1986, as amended to the date of delivery of the 2013 Series A Bonds (the "**Tax Code**") is excluded from gross income under federal income tax laws pursuant to Section 103 of the Tax Code; further, interest on the 2013 Series A 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 Tax Code imposes several requirements which must be met with respect to the 2013 Series A 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 2013 Series A Bonds. These requirements include: (a) limitations as to the use of proceeds of the 2013 Series A Bonds; (b) limitations on the extent to which proceeds of the 2013 Series A 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 2013 Series A Bonds above the yield on the 2013 Series A Bonds to be paid to the United States Treasury.

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 2013 Series A Bonds,

The Authority will covenant and represent in the Indenture that it will not take any action or omit to take any action with respect to the 2013 Series A Bonds, the proceeds thereof, any other funds of the Authority or any facilities financed with the proceeds of the 2013 Series A Bonds if such action or omission would cause the interest on the 2013 Series A Bonds to lose its exclusion from gross income for federal income tax purposes under Section 103 of the Code. Bond Counsel's opinion as to the exclusion of interest on the 2013 Series A Bonds from gross income is rendered in reliance on these covenants, and assumes continuous compliance therewith. The failure or inability of the Authority or the 2013A Borrower to comply with these requirements could cause the interest on the 2013 Series A Bonds to be included in gross income from the date of issuance. Bond Counsel's opinion also is rendered in reliance upon certifications of the Authority and other certifications and representations furnished to Bond Counsel. Bond Counsel has not undertaken to verify such certifications or representations by independent investigation.

Section 55 of the Tax Code contains a 20% alternative minimum tax on the alternative minimum taxable income of corporations. Under the Tax Code, 75% of the excess of a corporation's "adjusted current earnings" over the corporation's alternative minimum taxable income (determined without regard to this adjustment and the alternative minimum tax net operating loss deduction) is included in the

corporation's alternative minimum taxable income for purposes of the alternative minimum tax applicable to the corporation. "Adjusted current earnings" includes interest on the 2013 Series A Bonds.

The Tax Code contains numerous provisions which may affect an investor's decision to purchase the 2013 Series A Bonds. Owners of the 2013 Series A 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. Under Section 3406 of the Tax Code, backup withholding may be imposed on payments on the 2013 Series A Bonds made to any Owner who fails to provide certain required information, including an accurate taxpayer identification number, to certain persons required to collect such information pursuant to the Tax Code. Backup withholding may also be applied if the Owner underreports "reportable payments" (including interest and dividends) as defined in Section 3406, or fails to provide a certificate that the Owner is not subject to backup withholding in circumstances where such a certificate is required by the Tax Code.

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 2013 Series A Bonds. If an audit is commenced, the market value of the 2013 Series A Bonds may be adversely affected. Under current audit procedures, the Service will treat the Authority as the taxpayer and the Bondowners may have no right to participate in such procedures. The Authority has covenanted in the Indenture not to take any action or omit to take any action that would cause the interest on the 2013 Series A Bonds to lose its exclusion from gross income under the Tax Code. None of the Authority, the Underwriter or Bond Counsel is responsible for paying or reimbursing any Registered Owner or Beneficial Owner for any audit or litigation costs relating to the 2013 Series A Bonds.

Colorado Tax Treatment of 2013 Series A Bonds

In the opinion of Bond Counsel, the 2013 Series A Bonds, their transfer and the income therefrom is free from taxation by the State of Colorado under Colorado law in effect as of the date of delivery of the 2013 Series A Bonds.

Other

Bond Counsel's opinion relates only to the exclusion of interest on the 2013 Series A Bonds to the extent described above from gross income and from alternative minimum taxable income under federal income tax laws, and the exclusion of the 2013 Series A Bonds from certain State of Colorado taxation as described above, and will state that no opinion is expressed regarding other federal or state tax consequences arising from the receipt or accrual of interest on or ownership or disposition of 2013 Series A Bonds. Owners of the 2013 Series A Bonds should consult their own tax advisors as to the applicability of these consequences.

The opinions expressed by Bond Counsel are based on existing law as of the delivery date of the 2013 Series A Bonds. No opinion is expressed as of any subsequent date nor is any opinion expressed with respect to pending or proposed legislation. Amendments to the federal and state tax laws may be

pending now or could be proposed in the future which, if enacted into law, could adversely affect the value of the 2013 Series A Bonds, the exclusion of interest on the 2013 Series A Bonds from gross income or from alternative minimum taxable income under federal income tax laws and the exclusion of the 2013 Series A Bonds from certain Colorado taxation as described above, or any combination thereof from the date of issuance of the 2013 Series A Bonds or any other date, or which could result in other adverse tax consequences. In addition, future court actions or regulatory decisions could affect the market value of the 2013 Series A Bonds. Bond Owners are advised to consult with their own advisors with respect to such matters.

UNDERWRITING

The 2013 Series A Bonds are to be purchased from the Authority by J.P. Morgan Securities LLC (the "**Underwriter**"). See "Part I – CERTAIN RELATIONSHIPS OF PARTIES." The Underwriter has agreed, subject to certain conditions, to purchase all but not less than all of the 2013 Series A Bonds at a price equal to \$7,880,000 (which amount is equal to 100% of the aggregate principal amount of the 2013 Series A Bonds). In consideration of its purchase of the 2013 Series A Bonds, the Underwriter is to be paid a fee of \$63,326 at closing. The initial public offering price may be changed from time to time by the Underwriter.

The Underwriter and its affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. The Underwriter and its affiliates has, from time to time, performed, and may in the future perform, various investment banking services for the Authority, for which it received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriter and its affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Authority.

The Underwriter and its affiliates may also communicate independent investment recommendations, market feedback or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

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REMARKETING AGENTS

The 2013A Remarketing Agent

J.P. Morgan Securities LLC has initially been appointed to serve as 2013A Remarketing Agent for the 2013 Series A Bonds (the "**2013A Remarketing Agent**") pursuant to the Indenture and a Remarketing Agreement dated as of November 1, 2009, as amended, between the Authority and J.P. Morgan Securities LLC (the "**Remarketing Agreement**"). See "Part I – CERTAIN RELATIONSHIPS OF PARTIES." If 2013 Series A Bonds are tendered or deemed tendered for purchase as described herein under the caption "Part I – TERMS OF THE 2013 SERIES A BONDS – Optional and Mandatory Tender for Purchase," the 2013A Remarketing Agent is required to use its best efforts to remarket such 2013 Series A Bonds in accordance with the terms of the Indenture and the Remarketing Agreement. The 2013A Remarketing Agent will also be responsible for determining the rates of interest for the 2013 Series A Bonds in accordance with the Indenture. The 2013A Remarketing Agent is to transfer any proceeds of remarketing of the 2013 Series A Bonds it receives to the Paying Agent for deposit to the Remarketing Proceeds Subaccount of the Purchase Fund in accordance with the 2013 Series A Indenture.

The 2013A 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 2013A Liquidity Facility Provider with thirty (30) days' prior written notice, except that such resignation shall not take effect until the appointment of a successor remarketing agent; provided that, if a successor remarketing agent has not been appointed by the end of such 30-day notice period, such resignation shall take effect upon the earlier of (i) the appointment of a successor remarketing agent and (ii) 60 additional days have passed. The 2013A Remarketing Agent may be removed at any time, at the direction of the Authority and upon at least 30 days' prior written notice to the 2013A Remarketing Agent, except that the Authority shall not remove the 2013A Remarketing Agent until the appointment of a successor remarketing agent under the 2013 Series A Indenture, which successor remarketing agent shall be required to purchase any 2013 Series A Bonds that the 2013A Remarketing Agent has in inventory at the time of such replacement. The 2013A Remarketing Agent shall pay over, deliver and assign any monies and 2013 Series A Bonds held by it in such capacity to its successor. The appointment of any successor remarketing agent shall be subject to the prior written consent of the 2013A Liquidity Facility Provider. Upon the resignation or removal of the 2013A Remarketing Agent, the Authority is to promptly cause the Paying Agent to give notice thereof by mail to all Owners and to any rating agency which has assigned a rating to the Series 2013A Bonds.

Remarketing Agents for Adjustable Rate Bonds

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

**Outstanding Remarketing Agents under Master Indenture
as of April 1, 2013**

<u>Series of Bonds</u>	<u>Remarketing Agent</u>
2000 Series A-1	Barclays Capital Inc.
2000 Series A-2	Barclays Capital Inc.
2000 Series B-3	Loop Capital Markets, LLC
2002 Series A-1	D.A. Davidson & Co.
2002 Series A-4	D.A. Davidson & Co.
2002 Series C-1	J.P. Morgan Securities LLC
2002 Series C-2	Barclays Capital Inc.
2002 Series C-4	Barclays Capital Inc.
2003 Series A-1	George K. Baum & Company
2003 Series A-2	George K. Baum & Company
2004 Series A-1	J.P. Morgan Securities LLC
2004 Series A-2	Loop Capital Markets, LLC
2005 Series A-1	J.P. Morgan Securities LLC
2005 Series A-2	Barclays Capital Inc.
2005 Series A-3	Barclays Capital Inc.
2005 Series B-1	RBC Capital Markets, LLC
2005 Series B-2	RBC Capital Markets, LLC
2006 Series A-1	Barclays Capital Inc.
2007 Series B-1	J.P. Morgan Securities LLC
2007 Series B-2	J.P. Morgan Securities LLC
2007 Series B-3	J.P. Morgan Securities LLC
2008 Series A-1	RBC Capital Markets, LLC
2008 Series A-2	RBC Capital Markets, LLC
2008 Series B	RBC Capital Markets, LLC
2008 Series C-1	Loop Capital Markets, LLC
2008 Series C-2	D.A. Davidson & Co.
2008 Series C-3	D.A. Davidson & Co.
2008 Series C-4	D.A. Davidson & Co.
2009 Series A-1	Barclays Capital Inc.

The Remarketing Agents are Paid by the Authority

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

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

The Remarketing Agents are permitted, but not obligated, to purchase the tendered Adjustable Rate Bonds for their own account. The Remarketing Agents, in their sole discretion, may acquire tendered Adjustable Rate Bonds for their own inventory in order to achieve a successful remarketing of the Adjustable Rate Bonds (*i.e.*, because there otherwise are not enough buyers to purchase the Adjustable Rate Bonds) or for other reasons. However, the Remarketing Agents are not obligated to purchase Adjustable Rate Bonds, and may cease doing so at any time without notice. The Remarketing Agents may also make a market in the Adjustable Rate Bonds by purchasing and selling such Adjustable Rate Bonds other than in connection with an optional tender and remarketing. Such purchases and sales may

be at or below par. However, the Remarketing Agents are not required to make a market in the Adjustable Rate Bonds. If the Remarketing Agents purchase Adjustable Rate Bonds for their own account, they may offer those Adjustable Rate Bonds at a discount to par to some investors. The Remarketing Agents may also sell any Adjustable Rate Bonds they have purchased to one or more affiliated investment vehicles for collective ownership or enter into derivative arrangements with affiliates or others in order to reduce its exposure to the Adjustable Rate Bonds. The purchase of Adjustable Rate Bonds by the Remarketing Agents may create the appearance that there is greater third party demand for the Adjustable Rate Bonds in the market than is actually the case. The practices described above also may reduce the supply of Adjustable Rate Bonds that may be tendered in a remarketing.

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

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

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

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

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," "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 2013 Series A Bonds, the Authority will deliver an opinion of its General Counsel, Charles L. Borgman, 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 2013 Series A Bonds, or which would materially adversely affect the financial condition of the Authority, or in any way contesting or affecting the validity or enforceability of the 2013 Series A Bonds, the Indenture or the contract for the purchase of the 2013 Series A Bonds.

RATINGS

Standard & Poor's Ratings Services ("**S&P**") and Moody's Investors Service ("**Moody's**") are expected to give the 2013 Series A Bonds ratings of "AAA/A-1" and "Aaa/VMIG 1," respectively, based (in the case of the short-term ratings) on the delivery of the Initial 2013A Liquidity Facility by the 2013A Liquidity Facility Provider. Such ratings reflect only the views of S&P and Moody's, respectively, at the time such ratings are given, and are not a recommendation to buy, sell or hold the 2013 Series A Bonds. The Authority makes no representation as to the appropriateness of such ratings. An explanation of the significance of and the methodology with respect to the ratings given by S&P and Moody's, respectively, may be obtained from S&P and Moody's, respectively. Generally, a rating agency bases its rating on the information and materials furnished it and on investigations, studies and assumptions of its own. There is no assurance that any such rating will continue for any given period of time or that any such rating will not be revised downward or withdrawn entirely by S&P or Moody's, respectively, if, in the judgment of the issuing rating agency, circumstances so warrant. Therefore, after the date hereof, investors should not assume that such ratings are still in effect. Any such downward revision or withdrawal of any such rating may have an adverse effect on the marketability or market price of the 2013 Series A Bonds. The Authority has no obligation to oppose, or to provide Owners of the 2013 Series A Bonds with notice of, any such revision or withdrawal of a rating, except in connection with the reporting of events as provided in the Continuing Disclosure Undertaking (see **Appendix J** hereto).

LEGAL MATTERS

In connection with the issuance and sale of the 2013 Series A Bonds, Sherman & Howard L.L.C., as Bond Counsel, will deliver the opinion included as **Appendix E** hereto. Hogan Lovells US LLP will pass upon certain legal matters relating to the 2013 Series A Bonds as Disclosure Counsel to the Authority. Certain legal matters relating to the 2013 Series A Bonds will be passed upon for the Authority by Charles L. Borgman, Esq., its General Counsel. Bookhardt & O'Toole will pass upon certain matters for the Underwriter. The 2013A Liquidity Facility Provider is being represented by its counsel, Nixon Peabody LLP.

Neither Sherman & Howard L.L.C., Hogan Lovells US LLP nor Bookhardt & O'Toole have participated in any independent verification of the information concerning the financial condition or capabilities of the Authority contained in this Official Statement.

FINANCIAL ADVISOR

The Authority has retained CSG Advisors Incorporated as its financial advisor (the "**Financial Advisor**") in connection with the issuance of the 2013 Series A Bonds. The Financial Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement. The Financial Advisor will act as an independent advisory firm and will not be engaged in the business of underwriting, trading or distributing the 2013 Series A Bonds.

CERTAIN RELATIONSHIPS OF PARTIES

J.P. Morgan Securities LLC is acting as the Underwriter of and Remarketing Agent for the 2013 Series A Bonds. J.P. Morgan Securities LLC is also the Remarketing Agent for certain other Bonds as described in "Part I – REMARKETING AGENTS" and for certain single family mortgage bonds issued by the Authority. JPMorgan Chase Bank, N.A., an affiliate of J.P. Morgan Securities LLC, is acting as the 2013A Liquidity Facility Provider and is currently the liquidity facility provider for another series of Bonds under the Master Indenture. See **Appendix B** hereto. JPMorgan Chase Bank, N.A. is also a counterparty to certain interest rate contracts with the Authority in connection with its single family mortgage bonds. Wells Fargo Bank, N.A., the Trustee for the 2013 Series A Bonds, has directly purchased and holds a series of the Authority's single family mortgage bonds and is a counterparty to certain interest rate contracts with the Authority in connection with its single family mortgage bonds.

(End of Part I)

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PART II

COLORADO HOUSING AND FINANCE AUTHORITY

Background

In 1973, upon a finding that there existed in the State a shortage of decent, safe and sanitary housing available within the financial capabilities of low and moderate income families, the Colorado General Assembly established the Colorado Housing Finance Authority, since renamed the Colorado Housing and Finance Authority, as a body corporate and a political subdivision of the State for the purpose of increasing the supply of decent, safe and sanitary housing for such families. The Act authorizes the Authority, among other things, to make loans to individuals and sponsors to finance the construction, reconstruction, rehabilitation or purchase of housing facilities for low and moderate income families and to purchase mortgage loans from, and lend moneys to, qualified Mortgage Lenders under terms and conditions which provide for loans to finance housing facilities for low and moderate income families. The Act was amended in 1982 to authorize the Authority to finance project and working capital loans to commercial and industrial enterprises of small and moderate size. 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 Rental Acquisition Program and various rental and business finance programs. See "Programs To Date" under this caption. The Act authorizes the Authority to issue its bonds, notes and other obligations in order to provide sufficient funds to achieve its purposes as set forth in the Act. Bonds or notes issued with respect to such programs are and will be separately secured from other bonds of the Authority, including the Bonds, except as described in "Part II – SECURITY FOR THE OBLIGATIONS."

Board of Directors and Staff Officers

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

Present Board of Directors of the Authority

Name ⁽¹⁾	Affiliation	End of Term
Dianne Ray, Chair ⁽²⁾	Colorado State Auditor; Denver, Colorado	Standing
Charles Knight, Chair, <u>pro tem</u> ⁽³⁾	Founding Partner, Venture Law Advisors; Denver, Colorado	July 1, 2015
Cecilia Sanchez de Ortiz, Secretary/Treasurer ⁽⁴⁾	Retired; Denver, Colorado	July 1, 2015
Sam Betters	Executive Director; Housing Authority of the City of Loveland; Loveland, Colorado	July 1, 2015
John A. Blumberg	Co-Founder and Principal, Black Creek Capital LLC; Denver, Colorado	July 1, 2013
Reeves Brown	Executive Director, Colorado Department of Local Affairs; Denver, Colorado	At the pleasure of the Governor
James M. Hahn	Principal, JMH Consulting, LLC; Denver, Colorado	July 1, 2017
David J. Myler, Esq.	Partner, The Myler Law Firm, P.C.; Basalt, Colorado	July 1, 2017
Joel S. Rosenstein, Esq.	Attorney; Denver, Colorado	July 1, 2013
Michael Johnston	State Senator, Denver, Colorado	End of legislative biennium 2013-2014

⁽¹⁾ The following were recently appointed as Members of the Board of Directors starting July 2, 2013: Steven Hutt, Executive Director, Denver Employees Retirement Plan; Jody Kole, Executive Director, Grand Junction Housing Authority; and Paul Washington, Executive Director, City and County of Denver Office of Economic Development. Their terms are set to expire on July 1, 2017.

⁽²⁾ This Board member was elected as Chair of the Board effective March 28, 2013.

⁽³⁾ This Board member was elected as Chair, pro tem, of the Board effective March 28, 2013.

⁽⁴⁾ This Board member was appointed as Secretary/Treasurer of the Board effective March 28, 2013.

The principal staff officers of the Authority are as follows:

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

Jaime Gomez, **Chief Operating Officer**, joined the staff in August 1999. Prior to appointment to his current position in March 2010, Mr. Gomez served as the Director of Commercial Lending following a corporate reorganization in July 2006 which merged the Authority's Business Finance and Rental Finance Divisions, forming the Commercial Lending Division. Prior to that position, Mr. Gomez served as the Director of Business Finance. Mr. Gomez is a graduate of the University of Colorado with a degree in Finance. Mr. Gomez has prior experience working in both the public and private sector, including five-and-a-half years as director of finance and business development for the Colorado Office

of Economic Development. Mr. Gomez was also designated as a certified bank examiner by the Federal Reserve Board of Governors in February of 1991.

Charles L. Borgman, **General Counsel**, joined the staff in September 2004 and assumed the position of General Counsel on December 1, 2004. Mr. Borgman is a graduate of the University of Iowa and the University of Iowa College of Law and has over 30 years' experience in private practice and as in-house counsel in the areas of real estate, mortgage finance, commercial transactions, title insurance, banking and work-outs. Immediately prior to joining the Authority, Mr. Borgman was Vice President and Regional Counsel for North American Title Company, a part of Lennar Corporation.

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

Margaret Danuser was appointed as **Director of Finance** in July, 2010. Prior to joining the Authority, Mrs. Danuser served as the debt administrator for the City and County of Denver, and as a fixed income investment manager for the Dreyfus Founders Funds. She graduated from the University of Colorado at Boulder with a Bachelor of Arts degree in International Affairs.

Mariam J. Masid, **Director of Legal Services**, was appointed in October 2010. Prior to her current position, beginning in December 2005, Ms. Masid served the Authority as an in-house Senior Attorney. Ms. Masid is a graduate of the University of Nebraska College of Law and also earned a Ph.D. from Colorado State University in Earth Sciences, Water Resource Management. She has over 30 years' experience in private practice and as in-house counsel in the areas of real estate, mortgage finance, municipal law, litigation, and general civil matters. Prior to joining the Authority, Ms. Masid was an adjunct professor at Colorado State University teaching real estate law, real estate principles and business law.

Mark A. MacNicholas, **Controller**, joined the staff in October 2008. Prior to joining the Authority, Mr. MacNicholas served as Controller for SunCorp Corporate Credit Union. During his career, Mr. MacNicholas has served in various accounting roles within the financial services industry. Mr. MacNicholas has a Bachelor's Degree in Business Administration from the University of Iowa, a Master's Degree in Accountancy from DePaul University and is a Certified Public Accountant.

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

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

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

Rodney D. Hardin joined the staff as **Director of Information Technology** in January 2005. Prior to joining the Authority, Mr. Hardin served as SVP/CIO at Pulte Mortgage LLC for 11 years. He also served as SVP/MIS Manager at North American Mortgage for five years. He is past Chairman of the MBA Residential Technology Steering Committee. His education includes a Bachelor's Degree in Business Administration from Sonoma State University in Rohnert Park, California and a Master's Degree in Business Administration from Regis University in Denver, Colorado.

Deborah Herrera, **Director of Human Resources**, originally joined the Authority in October 2001 as a senior level Human Resources Generalist and rejoined the Authority in September 2006 as the Director of Human Resources. She has ten years of human resources experience, during four of which she served in a management capacity in the financial/mortgage industry. Prior to rejoining the Authority, Mrs. Herrera was a Human Resources Director for an information and analytics company serving the mortgage and finance industry. Mrs. Herrera received a Bachelor of Arts in Psychology and a Masters in Human Resources Management from the University of North Florida.

Dana P. Pearce, **Director of Audit and Compliance**, was appointed as Director of Internal Audit in August 2012 and appointed as Director of Audit and Compliance in March 2013. Prior to her current position, Ms. Pearce served as the Manager of Internal Audit at the Authority since joining in 2005. Ms. Pearce is a Certified Internal Auditor, Certified Fraud Examiner and a Certified Information Systems Auditor, with over fifteen years of financial and audit experience. Ms. Pearce has prior experience working in both the public and private sectors. Ms. Pearce holds a bachelor's degree in finance/accounting from Florida State University.

Employees and Pension Information

As of December 31, 2012, the Authority had approximately 176 full-time employees, all of whom were members of the Public Employees' Retirement Association of Colorado ("**PERA**"). State statutes required the Authority to contribute 13.70% of each participating employee's gross salary to PERA in 2012. In 2012, the Authority's PERA contribution totaled approximately \$1,769,000, compared to an Authority contribution in 2011 of \$1,869,000. See footnote (11) of the audited 2012 financial statements of the Authority included in **Appendix A** hereto.

Insurance Coverage

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

Authority Financial Statements

The audited 2012 financial statements of the Authority, included in **Appendix A** hereto, provide certain financial information about the Authority on a fund accounting basis, including a description of its General Fund. See "Part II – INDEPENDENT AUDITORS." These financial statements have been included solely for purposes of providing a general overview for potential purchasers of the financial status of the Authority given that the Authority operates the programs which result in the Mortgage Loans and MBS securing Obligations under the Master Indenture and also services such Mortgage Loans. The 2013 Series A Bonds are limited obligations of the Authority secured by and payable only from the Trust Estate, except in the limited case of those Bonds and Derivative Products designated as general obligations of the Authority. See "Obligations of the Authority – General Obligations" and "The General Fund" under this caption. *The overall financial status of the Authority does not indicate and will not necessarily affect whether amounts will be available in the Trust Estate to pay principal and interest on 2013 Series A Bonds when due.*

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

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

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

See accompanying notes to basic financial statements.

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

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

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

See accompanying notes to basic financial statements.

The General Fund

Generally

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

The General Fund is funded principally from reimbursement of administrative expenses and other allowable transfers from other funds (including the transfer of assets in excess of specified parity levels from other bond issues); loan fees payable to the Authority by borrowers; servicing fees payable to the Authority in connection with outstanding loans, income 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's corporate purposes and not payable from other funds of the Authority. The General Fund itself is not subject to any pledge created under the Master Indenture.

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

Financial Information for the General Fund

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

Colorado Housing and Finance Authority					
General Fund					
Selected Financial Information					
Years Ended December 31					
(in thousands of dollars)					
	<u>FY</u> <u>2012</u>	<u>FY</u> <u>2011</u>	<u>FY</u> <u>2010</u>	<u>FY</u> <u>2009*</u>	<u>FY</u> <u>2008</u>
Interest and investment revenue:					
Loans receivable	\$ 7,665	\$12,719	\$13,302	\$17,979	\$15,635
Investments	149	730	426	337	1,807
Net increase (decrease) fair value of long-term investments	<u>(13)</u>	<u>74</u>	<u>47</u>	<u>(185)</u>	<u>41</u>
Total interest and investment revenue	7,801	13,523	13,775	18,131	17,483
Interest expense - bonds and notes payable	<u>4,544</u>	<u>5,722</u>	<u>5,603</u>	<u>6,457</u>	<u>8,989</u>
Net interest and investment revenue	3,257	7,801	8,127	11,674	8,494
Other revenue (expense):					
Rental operations	2,675	8,804	9,306	7,460	8,424
Fees and miscellaneous income	45,503	35,731	39,219	27,106	17,592
Hedging activity loss	445	(527)	(200)	--	--
Gain on sales of capital assets	<u>39,154</u>	<u>(30)</u>	<u>128</u>	<u>2</u>	<u>6,091</u>
Total other revenue	<u>87,777</u>	<u>43,978</u>	<u>48,453</u>	<u>34,568</u>	<u>32,107</u>
Net revenue	91,034	51,779	56,625	46,242	40,601
Other expenses:					
Salaries and related benefits	17,836	18,210	17,808	16,180	14,935
General operating	17,874	38,962	54,306	16,334	14,160
Provision for losses	1,407	3,791	2,917	3,662	2,985
Other interest expense	173	1,038	1,068	1,099	1,137
Transfers	(4,073)	(7,005)	(2,236)	(4,078)	10,663
Depreciation	<u>2,634</u>	<u>3,684</u>	<u>3,773</u>	<u>3,159</u>	<u>2,685</u>
Total other expense	<u>35,851</u>	<u>58,680</u>	<u>77,636</u>	<u>36,356</u>	<u>46,565</u>
Change in net assets	<u>\$55,183</u>	<u>\$(6,901)</u>	<u>\$(21,011)</u>	<u>\$ 9,886</u>	<u>\$(5,964)</u>
Net Assets, end of year	<u>\$180,578</u>	<u>\$133,426</u>	<u>\$140,326</u>	<u>\$161,337</u>	<u>\$151,451</u>
Bonds and Notes Payable	<u>\$141,973</u>	<u>\$140,773</u>	<u>\$190,178</u>	<u>\$203,041</u>	<u>\$287,704</u>
Total Assets	<u>\$376,461</u>	<u>\$344,403</u>	<u>\$420,491</u>	<u>\$400,426</u>	<u>\$471,057</u>

* As restated in the audited financial statements of the Authority for the year ended December 31, 2010.

Sources: Derived based on the audited financial statements of the Authority for years ended December 31, 2008-2012. See the audited 2012 financial statements of the Authority included in **Appendix A** hereto.

Authority Policy Regarding Swaps

The Master Indenture permits the Authority to enter into "Derivative Products," which include interest rate exchange or swap contracts, cash flow exchange contracts, forward swaps, interest rate floors, caps or collars and other derivative products which qualify as "Derivative Contracts" under the Indenture. See **Appendix B** hereto and "Part II – SECURITY FOR THE OBLIGATIONS – Derivative Products." Under the master indenture relating to its Single-Family Program Bonds, the Authority is also permitted to, and has entered into, certain derivative products which are described in footnote (8) of the audited 2012 financial statements of the Authority included in **Appendix A** hereto. In connection with the refunding of the Refunded Bonds, the derivative product outstanding in connection with the Refunded Bonds under the General Bond Resolution will be affirmed and transferred to be allocated to the 2013 Series A Bonds and to certain other Bonds under the Master Indenture. See "Part I – CERTAIN PROGRAM ASSUMPTIONS – Transfer of 2002AA Derivative Product."

Programs to Date

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

Commercial Loan Programs

Rental Finance Programs. The Commercial Lending Division of the Authority encompasses the business finance programs (described below) as well as the rental finance programs under which the Authority makes mortgage loans to qualified sponsors of low and moderate income multi-family housing within Colorado. As part of its rental finance activities, the Authority makes mortgage loans insured by an agency or instrumentality of the United States. The insured rental loans made by the Authority 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 rental loans made 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. These insured rental loans have been funded by the Authority as described in "Obligations of the Authority – Commercial Loan Programs" under this caption. In the case of a Section 542(c) claim, the Authority is responsible to reimburse FHA for 50% of any loss incurred by the FHA as a result of and after settlement of such claim. See "Obligations of the Authority – General Obligations – Loans Backed by Authority General Obligation" under this caption. For certain information regarding the Authority's outstanding insured rental loans, see footnote (3) to the audited 2012 financial statements of the Authority included in **Appendix A** hereto.

The Authority also makes uninsured rental loans to §501(c)(3) nonprofit corporations and public housing authorities as well as to for-profit borrowers. Certain of these uninsured rental loans have been made as a part of the Authority's *Small Affordable Rental Transactions Program* (the "**SMART Program**") in principal amounts under \$5 million (or in such greater amounts as approved from time to time pursuant to the delegated authority policy of the Authority as approved or amended from time to time by the Board). In addition to long-term rental loans under the SMART Program, the Authority also makes uninsured rental loans that provide interim financing for acquisition and/or rehabilitation of the acquired property. These loans, referred to as bridge loans, are generally less than two years in term, are

secured by a first deed of trust on the real estate, and have full recourse to the borrower during the term of the bridge loan. In the case of for-profit developers, the loans are both full recourse to the borrower and personally guaranteed by the individual principals during the term of the bridge loan. The Authority has also made an uninsured rental loan to a for-profit developer in support of certain single family rental housing facilities at Fort Carson Army Base in Colorado Springs, Colorado.

Uninsured rental loans have also been made by the Authority using funds from amounts in its General Fund designated as the *Housing Opportunity Fund* ("**HOF**") under a program referred to as the "**HOF Program**." Under the HOF Program, the Authority makes fixed interest rate loans to nonprofit and for profit developers in support of rental housing facilities targeted to low income residents. Eligible "low income" residents are defined as persons or families that earn 60% of Area Median Income or less. HOF loan interest rates are set on a sliding scale based on the income levels of the residents served by prospective rental housing facilities. All HOF loans must conform to standard Authority due diligence processes and underwriting criteria and will be secured by either first or second mortgages on real estate (maximum Loan to Value of 90% for loans to for profit developers and 95% for loans to nonprofit developers). Loan terms on HOF loans may range from 20 to 40 years. HOF loans are generally fully amortizing over their term and do not provide for prepayment restrictions or fees. Balloon payments on HOF loans are permitted under certain circumstances.

Under its *Rental Acquisition Program* (the "**RAP Program**"), 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. For certain information concerning the RAP Program and facilities acquired, rehabilitated and operated by the Authority, see footnotes (1) and (4) to the audited 2012 financial statements of the Authority included in **Appendix A** hereto. During 2006, the Authority made the decision to sell a majority of the facilities it then owned under the RAP Program. The facilities were offered for sale to local housing authorities where the facilities are located, and, if those parties were not interested in the purchase, the Authority offered such facilities to for-profit and nonprofit corporations interested in the purchase. As of this date, the Authority has completed the sale of all of the facilities owned under the RAP Program. By its sale of these facilities, the Authority has offered valuable assets at a reasonable price to organizations whose mission is the development and preservation of affordable rental housing in Colorado. In all of such sales, the purchasing parties either agreed to maintain the existing number of units with affordability requirements or increase the number of units with affordability requirements. The sale of these properties does not imply that the Authority is discontinuing or closing the RAP program. The Authority intends to seek opportunities to acquire other rental properties in underserved areas within the State of Colorado at such time as such transactions support the goals of the Authority with respect to affordable rental housing in Colorado.

Business Finance Programs. The Authority originates uninsured loans as part of certain of its business loan programs, including the *CHFA Direct Loan Program*, the *Non-Profit Real Estate Loan Program*, the *U.S. Small Business Administration 504 Program* (the "**SBA 504 Program**"), the *CHFA Rural Loan Program*, the *RENEW Program* and the *Business and Industry Loan I* ("**B&I I**") Program, described below. These uninsured business loans must meet certain economic development or job creation/retention objectives under the Act and are made to small and moderate-size Colorado businesses to provide long-term, fixed rate financing for real estate and equipment. The uninsured business loans are secured by a first lien on the assets financed, are made in amounts up to ninety percent (90%) of the lesser of cost or appraised value of the collateral, are fully-amortizing over terms of up to thirty (30) years for real estate loans and seven years for equipment, and generally require guarantees from principals of the business having a twenty percent or greater ownership interest. A guaranty is also required from the operating company if different from the Borrower.

- Under the CHFA Direct Loan Program, the Authority provides loans to for-profit businesses to acquire, construct and/or rehabilitate and equip commercial, retail or manufacturing facilities.
- Under the Non-Profit Real Estate Loan Program, the Authority provides loans to non-profit organizations to fund real estate acquisition.
- Under the SBA 504 Program, the Authority provides loans to for-profit businesses to finance owner-occupied real estate and/or equipment. The Program provides two structures, a direct loan option (where the Authority originates the first mortgage loan which generally finances 50% of the project costs) and a loan participation option (where the Authority purchases up to a 90% participation in a first mortgage loan). An SBA-approved company provides a second mortgage for up to 40% of the total project costs (or \$1.3 million, whichever is less), with the Borrower providing the remaining 10% of the costs.
- Under the CHFA Rural Loan Program, the Authority provides loans to rural small for-profit businesses to finance real estate and/or equipment.
- Under the RENEW Program, the Authority provides loans to businesses involved in the recycling and waste diversion industries, with funding received from the Colorado Department of Local Affairs.
- Under the B&I I Program, the Authority provides loans to for-profit businesses located in rural areas, which loans are supported by the partial guaranty of the Rural Business-Cooperative Services (which guarantees to date have ranged from 55% to 80% of the loan principal amount).

In connection with its *Special Projects financing program*, the Authority has financed business loans to corporations for certain manufacturing and solid waste disposal facility projects. The Authority has also made an uninsured business loan to a for-profit borrower to finance a project at the United States Air Force Academy in Colorado Springs, Colorado. The Authority also makes loans under its Rural Development Loan Program (the "**RDLP**"), financed through the Intermediary Relending Program offered by the U.S. Department of Agriculture. For the RDLP, the Authority targets Colorado businesses in select rural communities with populations of less than 25,000. Loans can be used to purchase owner-occupied commercial real estate and equipment, and the maximum loan size is \$500,000.

The business loan programs of the Authority also include the SBA 7a, FSA and RD Programs described below. Under these programs, the Authority purchases the guaranteed portion of a business loan (the "**participation interest**"), and is thereby able to provide the borrower with the safety and predictability of a fixed-rate throughout the term of the loan at an attractive interest rate. Additionally, each of these secondary market programs is a source of profit and liquidity for originating lenders.

The *SBA 7a Guaranty Purchase Program ("SBA 7a Program")* is a secondary market program whereby the Authority purchases the guaranteed portion of loans originated by local lenders and guaranteed by the SBA. Typically, the Authority markets the SBA 7a Program to local lenders and potential borrowers and purchases the participation interest (which is 100% guaranteed by the SBA). Proceeds of these participation interests may be used to fund real estate, equipment, machinery and working capital.

The *Farm Service Agency Guaranty Purchase Program ("FSA Program")* is a secondary market program whereby the Authority purchases the guaranteed portion of loans originated by local lenders and

guaranteed 100% by the United States Farm Service Agency. The borrowers are involved in the ranching and agricultural industry throughout Colorado. Proceeds of these loans may be used to finance real estate, equipment, and machinery used in farming and ranching operations.

The *Rural Development Guaranty Purchase Program ("RD Program")* creates a secondary market for the purchase of the United States Rural Business Service ("**RBS**") guaranteed portion of qualified loans with funds provided by the Authority. Participating lenders originate loans according to their own credit criteria and RBS requirements. The RD Program provides fixed-rate financing on the guaranteed portion of RBS loans made to borrowers located in a rural community serviced by RBS guaranteed lenders.

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 acquires 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. The Authority permits Eligible Borrowers under its Non-Qualified Single Family Mortgage Program to meet certain income limits which are somewhat higher than the limits permitted for the Qualified Single Family Mortgage Program. There is also no limit on prior home ownership or limit on the purchase price of a residence which may be acquired with the proceeds of a loan under the Non-Qualified Single Family Mortgage Program, although the Authority does not exceed the Fannie Mae conforming loan limits. Proceeds of a mortgage loan under the Non-Qualified Single Family Mortgage Program may also be used under the Authority's refinancing program to refinance existing Mortgage Loans. 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 is in the process of revising all of its procedures in order to accommodate a broader range of programs involving the purchase and sale of single family mortgage loans. For certain information regarding the outstanding mortgage loans acquired under the Single Family Mortgage Programs, see footnote (3) to the audited 2012 financial statements of the Authority included in **Appendix A** hereto.

Obligations of the Authority

The following is a summary of certain obligations incurred by the Authority to provide funds for and otherwise operate the Authority and the programs described in "Programs to Date" under this caption. This summary has been included solely for purposes of providing information to assist a potential investor in evaluating the Authority's financial status. See also footnote (6) to the audited 2012 financial statements of the Authority included in **Appendix A** hereto.

Commercial Loan Programs

The Authority has financed rental loans with proceeds of its Multifamily Housing Insured Mortgage Revenue Bonds under the General Bond Resolution (outstanding as of April 1, 2013 in an aggregate principal amount of \$59,295,000). Since 2000, the Authority has financed rental and business loans and certain guaranteed participation interests with proceeds of its Multi-Family/Project Bonds, which were outstanding as of April 1, 2013 in an aggregate principal amount of \$723,095,000. Certain of the Bonds are secured by the full faith and credit of the Authority, as described in "General Obligations – Multi-Family/Project Bonds" under this caption. Certain bonds are expected to be issued concurrently

with the 2013 Series A Bonds under a new master indenture, the proceeds of which will be used to refund certain bonds outstanding under the General Bond Resolution as well as Bonds under the Master Indenture. Such bonds are being issued as the first obligations under such new master indenture.

Bonds secured by a pledge of loan revenues as well as bonds secured by loan revenues and the general obligation of the Authority have also been privately placed to institutional purchasers by the Authority in order to finance rental loans. See "General Obligations – Privately Placed Bonds" under this caption. Projects in the RAP Program have been acquired using a combination of revenue bonds, the Authority's general fund monies, proceeds of general obligation bonds and non-recourse seller carryback financing. See footnote (6) of the audited 2012 financial statements of the Authority included in **Appendix A** hereto for more information regarding these outstanding bonds and notes. The Authority has also acted as a conduit issuer of bonds supported by letters of credit or other credit facilities. These conduit bonds are payable only with amounts received from the conduit borrower, and are therefore not reported as obligations of the Authority on its financial statements. See footnote (7) of the audited 2012 financial statements of the Authority included in **Appendix A** hereto.

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

Except for the Bonds under the Master Indenture, the revenue bonds described above and at the Authority's website are secured separately from and are not on parity with the 2013 Series A Bonds and are issued and secured under resolutions or indentures of the Authority other than the Master Indenture.

Single Family Mortgage Programs

The Authority has previously issued under a Master Indenture dated as of December 1, 2009 (the "**NIBP Master Indenture**") and converted its 2009AA Program Bonds, outstanding as of April 1, 2013 in the aggregate principal amount of \$56,350,000, and its Single Family Class I Bonds, Series 2011AA, outstanding as of April 1, 2013 in the aggregate principal amount of \$35,585,000. The proceeds of the 2009AA Program Bonds and the 2011AA Bonds were used to finance Mortgage Loans through the purchase of mortgage-backed securities guaranteed by Ginnie Mae. The 2009AA Program Bonds were refunded with the proceeds of bonds issued by the Authority under the NIBP Master Indenture on April 30, 2013 in the aggregate principal amount of \$53,630,000.

In connection with its Single Family Mortgage Programs, the Authority has also previously issued numerous series of its Single-Family Program Bonds as senior and subordinate bonds, payable from the revenues of pledged mortgage loans and outstanding as of April 1, 2013 in the aggregate principal amount of \$16,030,000. In addition, the Authority has also issued its Single Family Mortgage Bonds under a Master Indenture (the "**2001 Master Indenture**") outstanding as of April 1, 2013 in the aggregate principal amount of \$1,456,200,000 and payable from the revenues of first and second mortgage loans held thereunder. Subordinate bonds issued as part of the Single-Family Program Bonds and Class III Single Family Mortgage Bonds outstanding under the 2001 Master Indenture are also general obligations of the Authority, as described in "General Obligations – Single-Family Bonds –

Subordinate Bonds and Class III Bonds" under this caption. See "General Obligations – Privately Placed Bonds" under this caption.

The Authority's financing activities in connection with its Single Family Mortgage Programs also include the sale of certain single family mortgage loans to Fannie Mae and the issuance and sale of Ginnie Mae Certificates in order to finance first mortgage loans as part of the Non-Qualified Single Family Mortgage Programs.

For more detailed information concerning the outstanding bonds of the Authority issued in connection with its Single Family Mortgage Programs, see footnote (6) of the audited 2012 financial statements of the Authority included in **Appendix A** hereto. The Authority has also issued general obligation bonds through private placement in order to finance single family mortgage loans.

General Obligations

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

Single Family Bonds – Subordinate Bonds and Class III Bonds. The subordinate bonds for the various series of the Authority's Single-Family Program Bonds are payable from mortgage loan revenues on a subordinate lien basis and are also general obligations of the Authority. The aggregate principal amount of such subordinate bonds as of April 1, 2013 was \$50,000. The Authority has also issued Class III Single Family Mortgage Bonds, the proceeds of which have been used to finance mortgage loans for the Single Family Mortgage Programs. These Class III Single Family Mortgage Bonds, outstanding in the aggregate principal amount of \$47,200,000 as of April 1, 2013, are payable from mortgage loan revenues under the 2001 Master Indenture and are also general obligations of the Authority.

Multi-Family/Project Bonds. The Authority has issued Class I Bonds (outstanding as of April 1, 2013 in an aggregate principal amount of \$232,505,000) under the Master Indenture in order to finance business loans which are payable not only from a senior lien on loan revenues but also as general obligations of the Authority. The Authority has also issued Class II Bonds (outstanding as of April 1, 2013 in the aggregate principal amount of \$21,820,000) under the Master Indenture in order to finance certain rental and business loans. These Class II Bonds are payable from loan revenues on a subordinate lien basis to the Class I Bonds and also as general obligations of the Authority.

Privately Placed Bonds. The Authority has issued general obligation bonds through private placement in order to finance rental loans. As of April 1, 2013, such privately placed bonds were outstanding in an aggregate principal amount of \$20,613,000. The Authority has also funded participation interests and business loans using proceeds of its privately placed bonds, outstanding as of April 1, 2013 in the aggregate principal amount of \$16,240,000. In addition, the Authority has issued general obligation bonds through private placement in order to finance single family mortgage loans. As of April 1, 2013, such privately placed bonds were outstanding in an aggregate principal amount of \$18,099,001.

Loans Backed by Authority General Obligations. The Authority has acquired or originated certain uninsured rental and business loans using proceeds of, and pledged to the repayment of, its Multi-Family/Project Bonds, outstanding as of April 1, 2013 in the aggregate principal amount of \$268,381,544. The Authority has pledged its full faith and credit to the payment of a substantial portion of such loans.

The Authority has also assumed, as a general obligation, 50% risk of loss in the mortgage loans acquired by the Authority and insured by the FHA under the Risk-Share Program. As of April 1, 2013, such mortgage loans insured under the Risk-Share Program were outstanding in the amount of \$204,287,151 (\$26,445,516 held under the General Bond Resolution and securing the Multifamily Housing Insured Mortgage Revenue Bonds and \$177,841,635 held under the Master Indenture and securing the Bonds).

In the case of a claim under the Risk-Share Program, the Authority is responsible, as a general obligation, to reimburse FHA for 50% of any loss incurred by the FHA as a result of and after the final settlement of such claim. See "Programs to Date – Commercial Loan Programs – Rental Finance Programs" under this caption. Since 2010, the Authority has incurred risk-sharing losses of approximately \$4.4 million following the defaults on the mortgage loans for the Maples at Crestwood, Fox Run and Overland Trail projects. Losses include the defaults on such insured mortgage loans, the foreclosure and sale of those projects and the settlement of the respective final insurance claims with FHA. Presently, the Authority holds one defaulted mortgage loan under the Risk-Share Program on the Gold Camp Apartments project with the approximate aggregate principal amount of \$1.175 million. The Authority has filed an insurance claim and received insurance proceeds from HUD with respect to this loan. It is likely that the Authority will incur a risk-sharing liability with respect to this loan, for which the Authority believes it is adequately reserved.

Interest Rate Contracts; Derivative Products. The Authority has pledged its full faith and credit to secure its obligation to make termination payments under the interest rate contracts relating to Single Family Mortgage Bonds under the 2001 Master Indenture and under the derivative products relating to the Bonds under the Master Indenture. See "Part II – SECURITY FOR THE OBLIGATIONS – Derivative Products." See also "Authority Policy Regarding Derivatives" under this caption and footnote (8) to the audited 2012 financial statements of the Authority included in **Appendix A** hereto.

Other Borrowings. The Authority has entered into agreements with the Federal Home Loan Bank of Topeka and a commercial bank for borrowings from time to time. Such borrowings are also general obligations of the Authority and have generally been used to date to make or purchase loans pending the permanent financing of such loans. As of April 1, 2013, borrowings in an amount equal to \$73,280,000 million were outstanding under those agreements. See footnote (5) to the audited 2012 financial statements of the Authority included in **Appendix A** hereto. The Authority has also borrowed amounts evidenced by Rural Business Cooperative Service Notes (outstanding as of April 1, 2013 in the aggregate principal amount of \$787,025), which have been used to finance project or working capital loans or participations therein for small businesses in rural areas. The Authority has pledged its full faith and credit to the payment of such notes.

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

Summary of Certain Authority Obligations

The following is a table which lists certain obligations of the Authority and sets forth the respective outstanding amount for such obligations as of April 1, 2013. Further detail regarding these items is provided under the other subcaptions of "Obligations of the Authority."

Summary of Certain Authority Obligations as of April 1, 2013

<u>Certain Authority Obligations</u>	<u>Outstanding Amount</u>
Multifamily Housing Insured Mortgage Revenue Bonds (General Bond Resolution) ⁽¹⁾	\$ 59,295,000
Multi-Family/Project Bonds (Master Indenture) ⁽²⁾	723,095,000
Single Family Program Bonds (NIBP Indenture) ⁽³⁾	91,935,000
Single Family Mortgage Bonds (2001 Master Indenture)	1,456,200,000
Single Family Program Senior/Subordinate Bonds (Separate Indentures)	16,030,000
Privately Placed Bonds:	
Rental Finance	20,613,000
Business Finance	16,240,000
Single Family	18,099,001

⁽¹⁾ These bonds include the Refunded Bonds. See "Part I – PLAN OF FINANCE."

⁽²⁾ These Bonds include the Bonds to be refunded by bonds being issued by the Authority concurrently with the delivery of the 2013 Series A Bonds. The 2013 Series A Bonds, which will be Bonds under the Master Indenture, are not included in this amount.

⁽³⁾ The Authority also issued bonds to refund the 2009AA Program Bonds under the NIBP Master Indenture on April 30, 2013 in the aggregate principal amount of \$53,630,000.

The following table identifies the specific components of the Authority Obligations listed on the preceding table which are general obligations of the Authority as well as other general obligations of the Authority as of April 1, 2013. Further detail regarding these items is provided under the other subcaptions of "Obligations of the Authority."

General Obligations of the Authority as of April 1, 2013

General Obligations	Outstanding Amount
Multi-Family/Project Bonds:	
Class I	\$232,505,000
Class II	21,820,000
Single-Family Program Subordinate Bonds	50,000
Single Family Mortgage Bonds, Class III	47,200,000
Privately Placed Bonds:	
Rental Finance	20,613,000
Business Finance	16,240,000
Single Family	18,099,001
Other Borrowings:	
Line of Credit	73,280,000
Rural Business Cooperative Service Notes	787,025

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SECURITY FOR THE OBLIGATIONS

Pledge of Trust Estate

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

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

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

In no event shall the 2013 Series A Bonds constitute an obligation or liability of the State or any political subdivision thereof (except the Authority). The Authority has no taxing power nor does it have the power to pledge the general credit or the taxing power of the State or any political subdivision thereof (other than the general credit of the Authority, which general credit is not pledged for the payment of the Bonds except in the case of Bonds specifically designated as general obligations of the Authority).

Revenues

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

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

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

The Loans and Authority Projects

Master Indenture Requirements

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

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

Outstanding Loans, Authority Projects and Fund Balances

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

Debt Service Reserve Fund

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

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

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

Liquidity Facilities

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

Any Alternate Liquidity Facility must be an irrevocable letter of credit and related reimbursement agreement, line of credit, standby bond purchase agreement or similar agreement, providing for direct payments to or upon the order of the Paying Agent of amounts up to the principal of the Adjustable Rate Bonds when due upon purchase pursuant to a tender and the interest portion of the purchase price of the Adjustable Rate Bonds consisting of accrued interest for the number of days required by each Rating Agency then rating the Adjustable Rate Bonds in order to ensure that the rating of the Adjustable Rate Bonds will not be adversely affected, as evidenced in writing from each such Rating Agency to the Trustee, at the Maximum Rate as defined in each Series Indenture.

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

Issuance of Additional Bonds

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

CERTAIN BONDOWNERS' RISKS

Limited Security

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

Origination of New Loans

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

Considerations Regarding Redemption

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

PURSUANT TO THE SPECIAL REDEMPTION PROVISIONS OF THE INDENTURE, EXCEPT AS OTHERWISE PROVIDED IN THE RELATED SERIES INDENTURE, THE BONDS MAY BE REDEEMED PRIOR TO THEIR STATED MATURITY FROM ANY MONEYS AND/OR INVESTMENT SECURITIES ON DEPOSIT IN THE RESPECTIVE ACCOUNTS OF THE REDEMPTION FUND, INCLUDING UNEXPENDED BOND PROCEEDS, EXCESS REVENUES FROM REGULAR LOAN PAYMENTS, VOLUNTARY OR INVOLUNTARY PREPAYMENTS AND AMOUNTS DEPOSITED AS A RESULT OF ANY OTHER EVENT AS DESCRIBED HEREIN. THE TIME OR RATE OF SUCH PREPAYMENTS OR DEPOSITS CANNOT BE PREDICTED. **However, it is assumed that a substantial portion of each Series of Bonds subject to such special redemption under the Indenture will be redeemed prior to their respective stated maturities at a redemption price equal to the principal amount of such Series of Bonds to be redeemed, without premium (except in limited circumstances). The 2013 Series A Bonds are subject to redemption as described in "Part I – TERMS OF THE 2013 SERIES A BONDS – Prior Redemption."**

Tax Exempt Status of Tax-Exempt Bonds

The opinion to be delivered by Bond Counsel concurrently with delivery of any tax-exempt Bonds as described in "Part I – TAX MATTERS" will assume compliance by the Authority with certain

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

Conditions to Payment of FHA Insurance

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

Risks Related to Derivative Products

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

The payment obligations of the Authority under the Derivative Products do not remove the obligations of the Authority to pay interest on the related Series of Bonds from the Trust Estate. A negative change to the financial position of any of the Counterparties (including bankruptcy or insolvency) at any time may negatively impact payments to the Authority pursuant to the applicable Interest Rate Contract to an extent that cannot be determined. In addition, each Interest Rate Contract is subject to termination upon the occurrence of certain events, and no assurance can be given that the Derivative Products, or any of them, will continue to be in effect. None of the Derivative Products provide a source of credit or security for the Bonds. The Owners of the Bonds do not have any rights under any Interest Rate Contract or against any Counterparty. See "Part II – SECURITY FOR THE OBLIGATIONS – Derivative Products" and **Appendix B – "OUTSTANDING MASTER INDENTURE OBLIGATIONS – Outstanding Derivative Products."** See also footnote (8) to the audited 2012 financial statements of the Authority for a description of certain further risks associated with the Derivative Products.

Risks Related to Liquidity Providers and Liquidity Facilities

Creditworthiness of the Liquidity Providers

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

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

Inability to Obtain Substitute Liquidity Facility

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

Increased Costs Associated with Bank Bonds

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

the Liquidity Facility Provider will be Class III Obligations and constitute general obligations of the Authority. See "Inability to Obtain Substitute Liquidity Facility" under this caption.

Expiration of HAP Contracts

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

Enforcement of Regulatory Agreements

The CHFA Regulatory Agreements allow for enforcement by declaration of default under the Loans and an acceleration of the Loans at the discretion of the Authority. Such acceleration may, under certain circumstances, require HUD consent. 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.*

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.

INDEPENDENT AUDITORS

The financial statements of the Authority as of and for the years ended December 31, 2012 and 2011, included in **Appendix A** hereto, have been audited by KPMG LLP, independent auditors, as stated in their report appearing therein. Such financial statements represent the most current audited financial information available for the Authority. KPMG LLP has not performed any procedures related to this Official Statement.

MISCELLANEOUS

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

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 2013 Series A Bonds.

COLORADO HOUSING AND FINANCE AUTHORITY

By: /s/ Patricia Hippe
Chief Financial Officer

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APPENDIX A

**Annual Financial Report
(With Independent Auditor's Report Thereon)
December 31, 2012 and 2011**

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



Prepared by:
Accounting Division

COLORADO HOUSING AND FINANCE AUTHORITY – Annual Financial Report

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colorado housing and finance authority



EXECUTIVE LETTER

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

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

Specifically, CHFA supported:

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

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

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

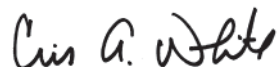
Additionally, CHFA was pleased to reemerge in the multi-family arena after three years of inactivity in our 4 percent bond and direct lending programs due to ongoing market hurdles resulting from the 2008 economic decline. In 2012, CHFA supported 10 affordable housing developments with 4 percent Low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

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

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

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

Sincerely,

A handwritten signature in black ink that reads "Cris A. White". The signature is written in a cursive, slightly slanted style.

Cris A. White
Executive Director and CEO



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



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

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

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

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

Overview of the Financial Statements

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

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

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

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



financing and investing activities. The statement provides information regarding the sources and uses of cash and the change in the cash balance during the reporting period.

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

Debt Activity

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

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

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

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

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

Financial Highlights

- Total net loans receivable as of December 31, 2012 were \$1.9 billion, a decrease of \$357.2 million, or 15.5%, compared to the amount outstanding as of December 31, 2011. Loan repayments occurred without a corresponding increase in new loans retained as the Authority continued to issue and sell Ginnie Mae securities during the year. During 2012, \$365.5 million in loans were sold through the issuance of Ginnie Mae securities.
- Total investments as of December 31, 2012 were \$800.9 million, a decrease of \$83.7 million, or 9.5%, compared to the amount outstanding as of December 31, 2011. The decrease in investments was due to scheduled bond payments and additional unscheduled redemptions.
- Total deferred outflows as of December 31, 2012 were \$233.5 million, a decrease of \$33.9 million, or 12.7%, compared to the amount outstanding as of December 31, 2011, which reflects market expectations of future interest rate increases (increase in forward yield curve).
- As of December 31, 2012, total debt outstanding was \$2.5 billion, a decrease of \$426.3 million, or 14.5%, compared to the balance at December 31, 2011. Payments of loans have been used to reduce bond balances.



*Management's Discussion and Analysis
(unaudited)*

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

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



Analysis of Financial Activities

Condensed Summary of Net Position

(in thousands of dollars)

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

Comparison of Years Ended December 31, 2012 and 2011

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

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



Comparison of Years Ended December 31, 2011 and 2010

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

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

Subsequent Events

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

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

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



Management's Discussion and Analysis
(unaudited)

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

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



Comparison of Years Ended December 31, 2012 and 2011

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

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

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

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

Comparison of Years Ended December 31, 2011 and 2010

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

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

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

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



INDEPENDENT AUDITORS' REPORT



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

Independent Auditors' Report

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

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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



Opinion

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

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

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

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



Other Reporting Required by *Government Auditing Standards*

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

KPMG LLP

Denver, Colorado
March 28, 2013



BASIC FINANCIAL STATEMENTS

Colorado Housing and Finance Authority
Statements of Net Position

For the years ended December 2012 and 2011

(in thousands of dollars)

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

See accompanying notes to basic financial statements.

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

For the years ended December 2012 and 2011

(in thousands of dollars)

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

See accompanying notes to basic financial statements.

Colorado Housing and Finance Authority
Statements of Cash Flows

For the years ended December 2012 and 2011

(in thousands of dollars)

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

Continued on the next page

Colorado Housing and Finance Authority

Statements of Cash Flows *(continued)*

For the years ended December 2012 and 2011

(in thousands of dollars)

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

See accompanying notes to basic financial statements.

colorado housing and finance authority



NOTES TO BASIC FINANCIAL STATEMENTS



1) Organization and Summary of Significant Accounting Policies

(a) Authorizing Legislation and Reporting Entity

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

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

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

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

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

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

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

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

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



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

(b) Basis of Accounting

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

(c) Summary of Significant Accounting Policies

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

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

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

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

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

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

Allowance for Loan Losses – The allowance for loan losses is a reserve against current operations based on management's estimate of expected loan losses. Management's estimate considers such factors as the payment history of the loans, the projected cash flows of the borrowers, estimated value of the collateral, subsidies, guarantees, mortgage



insurance, historical loss experience for each loan type, additional guarantees provided by the borrowers and economic conditions. Based on the review of these factors, a total reserve amount is calculated and a provision is made against current operations to reflect the estimated balance.

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

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

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

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

Other Assets – The major other assets are as follows:

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

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

The Authority issues fixed rate and variable rate bonds. The rate on the fixed rate bonds is set at bond closing. The variable rate bonds bear interest at either a monthly or a weekly rate until maturity or earlier redemption. For bonds that pay weekly rates, the remarketing agent for each bond issue establishes the weekly rate according to each indenture's remarketing agreement. The weekly rates are communicated to the various bond trustees for preparation of debt service payments. The weekly rate, as set by the remarketing agent, allows the bonds to trade in the secondary market at a price



equal to 100% of the principal amount of the bonds outstanding, with each rate not exceeding maximum rates permitted by law. The variable rate bonds that bear interest monthly are based on the one-month London Interbank Offered Rate (LIBOR).

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

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

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

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

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

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

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



Other Liabilities – The major other liabilities are as follows:

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

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

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

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

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

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



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

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

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

(2) Cash and Investments

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

Interest Rate Risk

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

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



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

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

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

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

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

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

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



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

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

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

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

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

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

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



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(tabular dollar amounts are in thousands)

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

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

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

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

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

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

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

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

General Program loans include single family, multi-family and business finance loans acquired under various programs of the General Program, loans to be sold through the issuance of GNMA securities, loans held as investments, and loans



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

backed by bonds within the General Program. These loans are typically collateralized by mortgages on real property and improvements. Certain of these loans are also guaranteed by agencies of the U.S. government.

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

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

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

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

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

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

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

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

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



Notes to Basic Financial Statements
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Activity in the allowance for loan loss for the years ended December 31, 2012 and 2011 was as follows:

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

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

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



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

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

Single Family Program Loans:	2012	2011
Aggregate recorded balance	\$17,168	\$26,524
Number of loans	118	177
Gross interest revenue if receivables had been current	\$1,013	\$1,600
Interest revenue included in changes in net position	\$689	\$973
Multi-Family/Business Program Loans:	2012	2011
Aggregate recorded balance	\$25,638	\$29,008
Number of loans	32	35
Gross interest revenue if receivables had been current	\$1,532	\$1,803
Interest revenue included in changes in net position	\$1,355	\$1,748



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

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

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

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

* Includes capital lease



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

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

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



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

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

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

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

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

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



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

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

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

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

(5) Short-Term Debt

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

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



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

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

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

(6) Bonds, Notes Payable and Other Liabilities

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

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

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



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(tabular dollar amounts are in thousands)

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

Table continued on following page.



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

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

Table continued on following page.



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

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



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

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

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

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

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

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

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



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

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

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

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

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



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

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

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

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

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



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

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

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

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

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

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

(7) Conduit Debt Obligation

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



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

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

(8) Derivative Instruments

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

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

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

- (a) The Authority's interest rate swaps, which were used to hedge interest rate risk, are considered to be hedging derivative instruments under GASB No. 53, with the exception of Single Family Swap 2001-AA, which is considered to be an investment derivative instrument.
- (b) On September 19, 2012, the Authority refunded certain single family bonds that were subject to existing interest rate swap agreements that were considered effective interest rate hedges. As a result of the partial refunding, deferred outflows related to those hedges in the amount of \$10.4 million has been reclassified to deferred refunding loss, which is presented as part of bonds and notes payable in the basic financial statements. The deferred refunding loss is amortized to interest expense over the life of the new debt using the straight line method. The interest expense is offset by an equal amount that is accreted to deferred outflows over the remaining life of the respective swap.
- (c) On December 28, 2012, the Authority novated (transferred) \$275.8 million in swap agreements from AIG to Wells Fargo. The novation was undertaken to eliminate the weaker credit counterparty, AIG, in favor of a stronger one, Wells Fargo and the floating rate calculation was changed to be based on LIBOR in the new agreements.



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

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

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

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

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

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

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



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

Outstanding Swaps at December 31, 2012:

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

Table continued on following page.



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

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

(*) SIFMA is the Securities Industry Financial Markets Association Municipal Swap Index. LIBOR is the London Interbank Offered Rate.

(**) All fair values include the effect of any related embedded option.

(***) Par optional termination right.

(****) Swaps for which cash premiums were received in 2008. The outstanding unamortized balance of the premium is reported on the Statement of Net Position as hybrid instrument borrowings.

(SPV) Counterparty operates as a special purpose vehicle.

Risk Disclosure

Credit Risk: All of the Authority's swaps rely upon the performance of the third parties who serve as swap counterparties, and as a result, the Authority is exposed to credit risk – that is, the risk that a swap counterparty fails to perform according to its contractual obligations. The appropriate measurement of this risk at the reporting date is the fair value of the swaps, as shown in the column labeled "Fair Value" in the outstanding swaps table above. The Authority is exposed to credit risk in the amount of any positive net fair value exposure to each counterparty. As of December 31, 2012, the Authority was exposed to minimal credit risk to any of its counterparties. To mitigate credit risk, the Authority maintains strict credit



Notes to Basic Financial Statements
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standards for swap counterparties. All swap counterparties must be rated in the AA/Aa or higher category by either Standard & Poor's (S&P) or Moody's Investors Service (Moody's), respectively, at the time the contract is executed.

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

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

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

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

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

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



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

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

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

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

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

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

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

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



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

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

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

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



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

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

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

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

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



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

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

Summary

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

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

(9) Debt Refundings

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

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

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



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

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

(10) Restricted and Unrestricted Net Position

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

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

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

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

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

(11) Retirement Plans

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



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

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

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

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

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

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

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

(12) Risk Management

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



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

(13) Related-Party Transactions

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

(14) Commitments and Contingencies

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

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

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

15) Subsequent Events

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

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

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



SUPPLEMENTAL INFORMATION

colorado housing and finance authority



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

For the year ended December 31, 2012

(with summarized financial information for December 31, 2011)

(in thousands of dollars)

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

See accompanying independent auditors' report.

colorado housing and finance authority



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

For the year ended December 31, 2012

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

(in thousands of dollars)

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

See accompanying independent auditors' report.

colorado housing and finance authority



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

For the year ended December 31, 2012

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

(in thousands of dollars)

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

Continued on the next page

colorado housing and finance authority



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

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

See accompanying independent auditors' report.

APPENDIX B

Outstanding Master Indenture Obligations

Outstanding Bonds

As of April 1, 2013, the Authority had issued and had Outstanding the following Series of Bonds under the Master Indenture in the Classes as indicated:

<u>Title of Bonds</u>	<u>Principal Amount Issued</u>	<u>Outstanding Principal Amount (April 1, 2013)</u>
2000 Series A:		
Adjustable 2000 Series A-1 (Class I)	\$56,195,000	\$11,030,000
Adjustable 2000 Series A-2 (Class I)	11,545,000	7,080,000
2000 Series B:		
Taxable Floating 2000 Series B-1 (Class I)	\$ 7,780,000	\$4,470,000
2000 Series B-2 (Class I)	13,880,000	1,355,000
Adjustable 2000 Series B-3 (Class I)	5,000,000	1,720,000
2000 Series B-4 (Class I)	4,845,000	815,000
2001 Series A:		
2001 Series A-1 (Class I)	\$24,350,000	\$3,730,000
2001 Series A-2 (Class II)	10,810,000	2,165,000
2002 Series A:		
Adjustable 2002 Series A-1 (Class I)	\$ 9,410,000	\$8,730,000
2002 Series A-3 (Class II)	5,735,000	5,725,000
Adjustable 2002 Series A-4 (Class I)	19,450,000	4,715,000
2002 Series C:		
Taxable Adjustable 2002 Series C-1 (Class I)	\$10,920,000	\$ 9,175,000
Adjustable 2002 Series C-2 (Class I)	70,715,000	59,510,000
Adjustable 2002 Series C-4 (Class I)	31,960,000	31,595,000
2002 Series C-6 (Class II)	5,000,000	3,225,000
2003 Series A:		
Taxable Adjustable 2003 Series A-1 (Class I)	\$37,415,000 ⁽¹⁾	\$26,930,000
Taxable Adjustable 2003 Series A-2 (Class II)	11,365,000	9,800,000
2004 Series A:		
Taxable Adjustable 2004 Series A-1 (Class I)	\$66,280,000 ⁽¹⁾	\$45,925,000
Adjustable 2004 Series A-2 (Class I)	10,785,000	10,785,000
2005 Series A:		
Taxable Adjustable 2005 Series A-1 (Class I)	\$33,740,000 ⁽¹⁾	\$23,480,000
Adjustable 2005 Series A-2 (Class I)	22,235,000	16,580,000
Adjustable 2005 Series A-3 (Class II)	40,275,000	15,385,000
2005 Series B:		
Taxable Adjustable 2005 Series B-1 (Class I)	\$16,550,000 ⁽¹⁾	\$12,470,000
Adjustable 2005 Series B-2 (Class I)	10,820,000	9,905,000
2006 Series A:		
Taxable Adjustable 2006 Series A-1 (Class I)	\$57,130,000 ⁽¹⁾	\$41,180,000

<u>Title of Bonds</u>	<u>Principal Amount Issued</u>	<u>Outstanding Principal Amount (April 1, 2013)</u>
2007 Series B:		
Taxable Adjustable 2007 Series B-1 (Class I)	\$55,710,000	\$50,610,000
Adjustable 2007 Series B-2 (Class I)	31,170,000	12,490,000
Adjustable 2007 Series B-3 (Class I)	16,865,000	9,925,000
2008 Series A:		
Taxable Adjustable 2008 Series A-1 (Class II)	\$23,090,000 ⁽¹⁾	\$21,820,000
Adjustable 2008 Series A-2 (Class II)	9,645,000	8,415,000
2008 Series B:		
Taxable Adjustable 2008 Series B (Class II)	\$165,565,000	\$162,375,000
2008 Series C:		
Taxable Adjustable 2008 Series C-1 (Class I)	\$13,000,000	\$11,415,000
Adjustable 2008 Series C-2 (Class I)	5,725,000	5,535,000
Adjustable 2008 Series C-3 (Class I)	12,055,000	11,100,000
Adjustable 2008 Series C-4 (Class I)	10,780,000	3,860,000
2009 Series A:		
Adjustable 2009 Series A-1 (Class I)	\$33,210,000	\$25,520,000
2009 Series A-2 (Class II)	14,225,000	5,230,000
2012 Series A:		
2012 Series A (Class I)	\$10,500,000	\$10,500,000
2012 Series B:		
2012 Series B (Class I)	<u>\$17,450,000</u>	<u>\$17,450,000</u>
Total	<u>\$1,013,180,000</u>	<u>\$723,725,000</u> ⁽²⁾
Total Class I Bonds	\$ 727,470,000	\$489,585,000 ⁽²⁾
Total Class II Bonds	\$ 285,710,000	\$234,140,000
Total Class III Bonds	None	None
Total Class IV Bonds	None	None

⁽¹⁾ Designated as general obligations of the Authority.

⁽²⁾ Certain of the Bonds are being refunded by bonds being issued under a new master indenture by the Authority concurrently with issuance of the 2013 Series A Bonds.

Outstanding Derivative Products

In connection with the issuance of certain Bonds under the Master Indenture, the Authority has previously entered into the interest rate swap agreements listed on the following table ("**Derivative Products**") which were outstanding as of April 1, 2013. As of April 1, 2013, the total notional amount of Derivative Products provided by Barclays Bank PLC was \$271,134,000; by Royal Bank of Canada, was \$171,200,000; by AIG Financial Products Corp. was \$95,965,000; by Bank of America, N.A., was \$40,310,000; and by Morgan Stanley Derivative Products Inc. was \$4,580,000.

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

See also footnote (8) to the audited 2012 financial statements of the Authority, included in Appendix A hereto, for a description of the key terms of the outstanding Derivative Products, including the fair values and the counterparty credit ratings, as of December 31, 2012.

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<u>Outstanding Derivative Products</u>	<u>Amount</u> ⁽¹⁾	<u>Counterparty</u>
2000 Series A Derivative Products:		
Adjustable 2000 Series A-1 (Class I)	\$12,750,000	Barclays Bank PLC
Adjustable 2000 Series A-2 (Class I)	5,125,000	Barclays Bank PLC
2000 Series B Derivative Product:		
Taxable Floating 2000 Series B-1 (Class I)	4,580,000	Morgan Stanley Derivative Products Inc.
2002 Series A Derivative Products:		
Adjustable 2002 Series A-1 (Class I)	8,960,000	Barclays Bank PLC
2002 Series C Derivative Products:		
Adjustable 2002 Series C-2 (Class I)	59,510,000	Barclays Bank PLC
Adjustable 2002 Series C-4 (Class I)	31,960,000	Barclays Bank PLC
2003 Series A Derivative Products		
Taxable Adjustable 2003 Series A-1 (Class I)	1,049,000	Barclays Bank PLC
2004 Series A Derivative Products:		
Taxable Adjustable 2004 Series A-1 (Class I)	10,000,000	Royal Bank of Canada
Taxable Adjustable 2004 Series A-1 (Class I)	38,730,000	AIG Financial Products Corp.
Adjustable 2004 Series A-2 (Class I)	10,785,000	AIG Financial Products Corp.
2005 Series A Derivative Products:		
Taxable Adjustable 2005 Series A-1 (Class I)	17,320,000	AIG Financial Products Corp.
Adjustable 2005 Series A-2 (Class I)	17,015,000	AIG Financial Products Corp.
Adjustable 2005 Series A-3 (Class II)	12,115,000	AIG Financial Products Corp.
2005 Series B Derivative Products:		
Taxable Adjustable 2005 Series B-1 (Class I)	12,715,000	Bank of America, N.A.
Adjustable 2005 Series B-2 (Class I)	9,200,000	Bank of America, N.A.
2006 Series A Derivative Products:		
Taxable Adjustable 2006 Series A-1 (Class I)	29,155,000	Barclays Bank PLC
Taxable Adjustable 2006 Series A-1 (Class I)	10,955,000	Bank of America, N.A.
2007 Series B Derivative Products:		
Taxable Adjustable 2007 Series B-1 (Class I)	28,175,000	Barclays Bank PLC
Taxable Adjustable 2007 Series B-1 (Class I)	7,440,000	Bank of America, N.A.
Taxable Adjustable 2007 Series B-2 (Class I)	13,950,000	Barclays Bank PLC
Taxable Adjustable 2007 Series B-3 (Class I)	9,310,000	Barclays Bank PLC
2008 Series A Derivative Products:		
Taxable Adjustable 2008 Series A-1 (Class II)	14,640,000	Barclays Bank PLC
Adjustable 2008 Series A-2 (Class II)	7,475,000	Barclays Bank PLC
2008 Series B Derivative Products:		
Taxable Adjustable 2008 Series B (Class II)	161,200,000	Royal Bank of Canada
2008 Series C Derivative Products:		
Adjustable 2008 Series C-1 (Class I)	11,205,000	Barclays Bank PLC
Adjustable 2008 Series C-3 (Class I)	7,570,000	Barclays Bank PLC
2009 Series A Derivative Products:		
Adjustable 2009 Series A-1 (Class I)	<u>30,300,000</u>	Barclays Bank PLC
Total Outstanding Derivative Products		
Total Outstanding Class I Derivative Products	<u>\$387,759,000</u>	
Total Outstanding Class II Derivative Products	<u>\$195,430,000</u>	
Total Outstanding Class III Derivative Products	<u>None</u>	

⁽¹⁾ As of April 1, 2013. In connection with the refunding of the Refunded Bonds, the derivative product outstanding in connection with the Refunded Bonds under the General Bond Resolution will be affirmed and transferred to be allocated to the 2013 Series A Bonds and to certain other Bonds under the Master Indenture. Barclays Bank PLC is the counterparty for such derivative product.

Outstanding Liquidity Facilities

The Authority has previously entered into Standby Bond Purchase Agreements (constituting Liquidity Facilities under the Master Indenture) among the Authority, the Paying Agent and respective Liquidity Facility Providers. The following table describes the Liquidity Facilities currently in effect as of April 1, 2013 except as noted with respect to the outstanding Series of Adjustable Rate Bonds under the Master Indenture, the name of the respective Liquidity Facility Providers, the applicable expiration dates (unless extended or earlier terminated), the Bank Bond rates, terms for accelerated payments and liens. As of April 1, 2013, the aggregate principal amount of Bonds for which Federal Home Loan Bank of Topeka provided Liquidity Facilities was \$536,555,000; for which JPMorgan Chase Bank, N.A., provided a Liquidity Facility was \$95,550,000; and for which Barclays Bank PLC provided Liquidity Facilities was \$57,760,000. Following delivery of the 2013 Series A Bonds, the aggregate principal amount of Bonds for which JPMorgan Chase Bank, N.A. provides Liquidity Facilities will be \$103,470,000.

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

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Outstanding Liquidity Facilities and Providers ⁽¹⁾

<u>Series of Adjustable Rate Bonds</u>	<u>Related Liquidity Facility Provider</u>	<u>Expiration Date of Liquidity Facility</u>	<u>Bank Bond Rate/ Accelerated Payments/Lien</u>
2000 Series A-1 and A-2	Federal Home Loan Bank of Topeka	March 21, 2014	(2)
2000 Series B-3	Federal Home Loan Bank of Topeka	October 19, 2013	(2)
2002 Series A-1 and A-4	Federal Home Loan Bank of Topeka	May 14, 2015	(2)
2002 Series C-1, C-2 and C-4	Federal Home Loan Bank of Topeka	November 14, 2013	(2)
2003 Series A-1	Federal Home Loan Bank of Topeka	September 23, 2013	(2)
2003 Series A-2	Federal Home Loan Bank of Topeka	September 23, 2013	(3)
2004 Series A-1 and A-2	Federal Home Loan Bank of Topeka	September 21, 2014	(2)
2005 Series A-1	Federal Home Loan Bank of Topeka	April 12, 2015	(2)
2005 Series A-2	Barclays Bank PLC	September 6, 2013	(4)
2005 Series A-3	Federal Home Loan Bank of Topeka	April 12, 2015	(3)
2005 Series B-1 and B-2	Federal Home Loan Bank of Topeka	December 13, 2013	(2)
2006 Series A-1	Barclays Bank PLC	September 6, 2013	(4)
2007 Series B-1, B-2 and B-3	JPMorgan Chase Bank, N.A.	June 27, 2014	(5)
2008 Series A-1 and A-2	Federal Home Loan Bank of Topeka	April 12, 2015	(3)
2008 Series B	Federal Home Loan Bank of Topeka	June 25, 2015	(3)
2008 Series C-1, C-2 and C-3	Federal Home Loan Bank of Topeka	December 16, 2013	(2)
2009 Series A-1	Federal Home Loan Bank of Topeka	June 24, 2014	(2)
2013 Series A ⁽⁶⁾	JPMorgan Chase Bank, N.A.	October 10, 2014	(5) (7)

⁽¹⁾ As of April 1, 2013 (except as noted).

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

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

⁽³⁾ Bank Rate: One-Month LIBOR Rate from time to time in effect plus 3.00%

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

⁽⁴⁾ Bank Rate: 0-60 days: Base Rate

61 - 120 days: Base Rate plus 2%

121+ days: higher of (a) Base Rate plus 2% and (b) Maximum Bank Bond Rate

But not less than rate on non-Bank Bonds.

"Base Rate" is the highest of (a) Fed Funds Rate plus 2.5%, (b) Prime Rate plus 2.5%, (c) 150% of yield on 30-year U.S. Treasury Bonds, and (d) 8% per annum.

"Maximum Bank Bond Rate" is highest of (a) 12% per annum, (b) 150% of 3-Month LIBOR, and (c) 150% of yield on 30-year U.S. Treasury Bonds.

Term out provisions: 3 years from Purchase Date. Class III lien/General Obligation.

⁽⁵⁾ Bank Rate: Base Rate plus 3% (not exceeding the Maximum Interest Rate).

"Base Rate" is the highest of (a) Prime Rate plus 1.50%, (b) Fed Funds Rate plus 2.0% and (c) 7.50% per annum.

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

⁽⁶⁾ The Initial 2013A Liquidity Facility is being entered in connection with the 2013 Series A Bonds.

⁽⁷⁾ See **Appendix K** hereto.

APPENDIX C

Form of the Indenture

The form of the Master Indenture is attached hereto.

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COLORADO HOUSING AND FINANCE AUTHORITY

and

WELLS FARGO BANK, NATIONAL ASSOCIATION,
(successor to Norwest Bank Colorado, National Association)

as Trustee

MASTER INDENTURE OF TRUST

(Conformed copy reflecting Supplements to Master Indenture in effect as of June 1, 2013)

Dated as of March 1, 2000, as amended

securing

MULTI-FAMILY/PROJECT BONDS

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This MASTER INDENTURE OF TRUST, dated as of March 1, 2000, between the Colorado Housing and Finance Authority, a body corporate and political subdivision of the State of Colorado (the “Authority”), and Wells Fargo Bank, National Association (as successor to Norwest Bank Colorado, National Association), a national banking association, duly organized, existing and authorized to accept and execute trusts of the character herein set out under and by virtue of the laws of the United States of America, with its principal office located in Denver, Colorado, as trustee (the “Trustee”).

WITNESSETH:

WHEREAS, the Colorado Housing and Finance Authority Act, being part 7 of article 4 of title 29, Colorado Revised Statutes (the “Act”), authorizes the Authority to issue bonds and other obligations to finance and refinance the cost of (i) the provision of decent, safe and sanitary dwelling accommodations, including separate, shared or congregate facilities, constituting “Housing Facilities” (as such term is defined in the Act), and (ii) the acquisition, construction and equipping of one or more “Projects” (as defined in the Act) in order to promote sound economic development, to maintain employment, and to encourage job opportunities in areas of unemployment and underemployment by assisting in the provision of facilities for business enterprises, and for other corporate purposes of the Authority as permitted by the Act; and

WHEREAS, in order to provide funds to be used to redeem prior to maturity certain outstanding bonds and other obligations of the Authority, to finance or refinance Housing Facilities and Projects, to pay costs of issuance of the Bonds to be issued hereunder, to establish necessary reserves, and to otherwise attain the goals of the Authority pursuant to the Act, it has been deemed appropriate and necessary that the Authority authorize the issuance of Bonds and Derivative Products pursuant to this Master Indenture and one or more series indentures (“Series Indentures” and together with this Master Indenture, the “Indenture”); and

WHEREAS, the execution and delivery of this Master Indenture has been in all respects duly and validly authorized by resolution duly adopted by the Authority.

NOW, THEREFORE, THIS MASTER INDENTURE OF TRUST WITNESSETH:

That the Authority in consideration of the premises, the acceptance by the Trustee of the trusts hereby created, the purchase and acceptance of the Bonds by the purchasers thereof, the execution and delivery of any Credit Enhancement Facility by the Authority and/or any Credit Facility Provider, the execution and delivery of any Liquidity Facility by the Authority and any Liquidity Facility Provider, and the execution and delivery of any Derivative Product by a Reciprocal Payor and the Authority, and other good and valuable consideration, the receipt of which is hereby acknowledged, and in order to secure the payment of the principal of, premium, if any, and interest on all Bonds Outstanding hereunder from time to time, and the payment of any and all amounts which may from time to time become due and owing to a Reciprocal Payor pursuant to any Derivative Product, to a Credit Facility Provider pursuant to any Credit Enhancement Facility and to a Liquidity Facility Provider pursuant to any Liquidity Facility, according to their tenor and effect, and to secure the observance and performance by the Authority of all the covenants expressed or implied herein and in the Bonds and any Derivative Product, Credit Enhancement Facility and Liquidity Facility, does hereby pledge and assign unto the Trustee, acting on behalf of the Owners of the Bonds, any Credit Facility Provider and any Liquidity Facility Provider, and unto its successors and assigns forever, subject to the rights

granted the Authority herein to direct the use and application of moneys, including the release of moneys free from the lien of the Indenture, under the terms and conditions set forth herein (all terms not previously defined shall have the meanings provided in Section 1.1 of this Master Indenture):

GRANTING CLAUSE FIRST

All right, title and interest of the Authority in and to the proceeds derived from the sale of the Bonds until used as set forth herein; and

GRANTING CLAUSE SECOND

All right, title and interest of the Authority in and to the Revenues and all moneys and securities in the Funds and Accounts from time to time held by the Trustee under the terms of the 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 other than any Excess Earnings which are to be deposited in the Excess Earnings Fund); and

GRANTING CLAUSE THIRD

All right, title and interest of the Authority in and to the Loans and the Financing Documents (except for certain rights and interests expressly retained by the Authority therein), the right to make a claim for, collect and receive Revenues payable to or receivable by the Authority, to bring actions and proceedings under the Loans and the Financing Documents or for the enforcement thereof, and to do any and all things which the Authority is or may become entitled to do under the Loans and the Financing Documents; and

GRANTING CLAUSE FOURTH

All proceeds of mortgage insurance, guaranty benefits and other security related to Loans received by the Authority under the Indenture; and

GRANTING CLAUSE FIFTH

All right, title and interest of the Authority in any Credit Enhancement Facility and any Liquidity Facility; and

GRANTING CLAUSE SIXTH

All right, title and interest of the Authority in and to any Derivative Product and any Reciprocal Payments (provided, however, that this Granting Clause Sixth shall not be for the benefit of a Reciprocal Payor with respect to its Derivative Product); and

GRANTING CLAUSE SEVENTH

All moneys and securities and all other rights of every kind and nature from time to time hereafter by delivery or by writing of any kind pledged, assigned or transferred as and for additional security hereunder to the Trustee by the Authority or by anyone in its behalf, or with its written consent and to hold and apply such property.

TO HAVE AND TO HOLD all of the same, whether now owned or hereafter acquired, unto the Trustee and its respective successors in said trusts and assigns forever.

IN TRUST NEVERTHELESS, upon the terms and trusts herein set forth for the equal and proportionate benefit, security and protection of all present and future Owners of the Obligations from time to time issued under and secured by the Indenture without privilege, priority or distinction as to the lien or otherwise of any of the Obligations over any of the other Obligations except as provided herein or in a Series Indenture;

PROVIDED, HOWEVER, that if the Authority, its successors or assigns, shall well and truly pay, or cause to be paid, the principal of the Bonds and the interest and premium, if any, due or to become due thereon, at the times and in the manner mentioned in the Bonds, according to the true intent and meaning thereof, and shall cause the payments to be made into the Revenue Fund as required under the Indenture or shall provide, as permitted by Article XI hereof, for the payment thereof, and shall well and truly keep, perform and observe all the covenants and conditions pursuant to the terms of the Indenture to be kept, performed and observed by it, and shall pay or cause to be paid to the Trustee, the Bond Registrar, the Paying Agent and all agents of any of them for the registration, authentication, transfer or exchange of Bonds, and any Credit Facility Provider and any Liquidity Facility Provider, all sums of money due or to become due to it or them in accordance with the terms and provisions hereof (including payments due and payable to any Reciprocal Payor), then the Indenture and the rights hereby granted shall cease and be void; otherwise the Indenture to be and remain in full force and effect.

THIS MASTER INDENTURE OF TRUST FURTHER WITNESSETH, and it is expressly declared, that all Obligations issued and secured hereunder are to be issued, authenticated and delivered and the property hereby assigned and pledged are to be dealt with and disposed of under, upon and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses and purposes as expressed herein, and the Authority has agreed and covenanted, and does hereby agree and covenant, with the Trustee and with the respective Owners from time to time of the Obligations, and with any Credit Facility Provider and any Liquidity Facility Provider, as follows:

ARTICLE I

DEFINITIONS, CONSTRUCTION, BOND CONTRACT AND PLEDGE

Section 1.1 Definitions. As used in this Master Indenture and, except as otherwise specified in a Series Indenture, unless the context otherwise shall require, the following terms shall have the following respective meanings:

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

“Accrued Assets” means the sum of (i) amounts held in the Acquisition Account, the Loan Recycling Account, the Debt Service Fund, the Redemption Fund, the Debt Service Reserve Fund and the Revenue Fund, and (ii) the aggregate unpaid principal balances of all Loans and Authority Projects.

“Acquisition Account” means the Account so designated, which is created and established in the Program Fund by Section 4.1 of this Master Indenture.

“Act” means the Colorado Housing and Finance Authority Act, being Part 7, Article 4, Title 29 of Colorado Revised Statutes.

“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 an Investment Security 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 Security was 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 (a) in the case of an Investment Security purchased at a premium, by deducting the product thus obtained from the purchase price and (b) in the case of an Investment Security purchased at a discount, by adding the product thus obtained to the purchase price.

“Authority” means the Colorado Housing and Finance Authority, the body corporate and political subdivision of the State created pursuant to the Act, or any successor thereto under or with respect to the Act.

“Authority Certificate” means a document signed by an Authorized Officer either (a) attesting to or acknowledging the circumstances, representations or other matters therein stated or set forth or (b) setting forth matters to be determined by such Authorized Officer pursuant hereto.

“Authority Derivative Payment” means a payment (including a termination payment, if so provided in the Derivative Product) 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 Section 4.1 of this Master Indenture.

“Authority Project” means a housing facility or other asset or assets 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 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 for each Bond, each date on which interest or a Principal Installment or both are payable on such Bond, and unless limited, means all such dates.

“Bond Purchase Fund” means the Fund so designated, which is created and established by a Series Indenture.

“Bond Registrar” means the bank, trust company or national banking association, appointed as Bond Registrar under Section 8.1 of this Master Indenture, and having the duties, responsibilities and rights provided for in the Indenture and its successor or successors, and any other person at any time substituted in its place as Bond Registrar pursuant to the Indenture.

“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 Sunday, that in the city in which the corporate trust office of the Trustee designated for the purpose of presentation of and payments 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 Asset Requirement” means the requirement that, as of any date of calculation, the Accrued Assets shall be at least equal to the product of (x) the Aggregate Principal Amount of Class I Bonds then Outstanding multiplied by (y) the Class I Parity Ratio.

“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 Section 4.1 of this 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 Parity Ratio” shall have the value set forth in the Series Indenture Related to the then most recently issued Series of Bonds, or any other value permitted or required by each Rating Agency as evidenced by Confirmations delivered by each Rating Agency after the date of issuance of such Series of Bonds.

“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 Section 3.7 of this Master Indenture.

“Class I Special Redemption Account” means the Account so designated, which is created and established in the Redemption Fund by Section 4.1 of this Master Indenture.

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

“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 Section 4.1 of this 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 Parity Ratio” shall have the value set forth in the Series Indenture Related to the then most recently issued Series of Bonds, or any other value permitted or required by each Rating Agency as evidenced by Confirmations delivered by each Rating Agency after the date of issuance of such Series of Bonds.

“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 Section 3.7 of this Master Indenture.

“Class II Special Redemption Account” means the Account so designated, which is created and established in the Redemption Fund by Section 4.1 of this Master Indenture.

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

“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 Section 4.1 of this 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 Parity Ratio” shall have the value set forth in the Series Indenture Related to the then most recently issued Series of Bonds, or any other value permitted or required by each Rating Agency as evidenced by Confirmations delivered by each Rating Agency after the date of issuance of such Series of Bonds.

“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 Section 3.7 of this Master Indenture.

“Class III Special Redemption Account” means the Account so designated, which is created and established in the Redemption Fund by Section 4.1 of this Master Indenture.

“Class IV Asset Requirement,” with respect to a Series of Bonds, shall have the meaning set forth in the Related Series 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 Section 4.1 of this 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 Section 3.7 of this Master Indenture.

“Class IV Special Redemption Account” means the Account so designated, which is created and established in the Redemption Fund by Section 4.1 of this Master Indenture.

“Code” means the Internal Revenue Code of 1986, as amended, with respect to a Series, to the date of initial issuance of such Series, and the regulations of the United States Treasury Department promulgated thereunder.

“Compound Accreted Value” means, with respect to each Capital Appreciation Bond as of any date of calculation, an amount equal to the sum of (i) the principal amount of such Bond, plus (ii) any interest that has been compounded, i.e., any interest amount that is itself then bearing interest, all determined as of such date.

“Confirmation” means a letter from each Rating Agency then rating a Series confirming that, without regard to any Credit Enhancement Facility, 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.

“Corporate Trust Office” means, when used with respect to any Fiduciary, the corporate trust office specified by such Fiduciary at which, at any particular time, specified duties of such Fiduciary with respect to the Indenture are being administered.

“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 and 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, fees and charges for execution, transportation and safekeeping of the Bonds, and accrued interest paid in connection with the purchase of any Investment Securities with the proceeds of Bonds.

“Cost of Issuance Account” means the Account so designated, which is created and established within the Program Fund by Section 4.1 of this Master Indenture.

“Counsel’s Opinion” means an opinion signed by an attorney or firm of attorneys (who may be counsel to the Authority or an attorney or firm of attorneys retained by the Authority in other connections) licensed to practice in the state in which such attorney or firm of attorneys maintains an office, selected from time to time by the Authority.

“Credit Enhancement Facility” means an insurance policy insuring, or a letter of credit, 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 Section 6.2 of this Master Indenture) and any related insurance or other agreement, 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 (a) interest, if any, and (b) Principal Installments, if any, due and payable on such date with respect to the Bonds referred to.

“Debt Service Reserve Fund” means the Fund so designated, which is created and established by Section 4.1 of this 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.

“Defeasance Securities” means any Investment Securities used to effect defeasance of Bonds in accordance with Article XI of this 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 their maturity. With respect to any Bonds secured by a Credit Enhancement Facility, “Defeasance Obligations” shall only include those Investment Securities that meet the criteria established by the Credit Enhancement Provider.

“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 Payment Date” means, with respect to a Derivative Product, any date specified in the Derivative Product on which both or either of the Authority Derivative Payment and/or a Reciprocal Payment is due and payable under the Derivative Product.

“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.

“Event of Default” means any of those events defined as Events of Default by Section 6.1 of this Master Indenture.

“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 Section 4.1 of this General 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 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 this Master Indenture or a Series Indenture.

“General Obligation Bond Default” means the event specified in Section 7.1 of this Master 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 this 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 above in this item (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;

(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 standby bond purchase agreement, 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 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. Notwithstanding anything contained herein to the contrary, 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 Section 5.7 of this 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 Section 4.1 of this 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.

“Negative Arbitrage Account” means the Account so designated, which is created and established in the Program Fund by Section 4.1 of this Master Indenture.

“Note” means the note or notes executed by the Borrower evidencing the Borrower’s payment obligations under the Loan.

“Obligations” means, collectively, the Class I Obligations, the Class II Obligations, the Class III Obligations and the Class IV Obligations.

“Outstanding” means, when used with respect to a Derivative Product, means a Derivative Product which has not expired, been terminated or been deemed paid in accordance with the provisions of Article XI of this 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 Section 11.2 of this Master Indenture.

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

“Participant” means a broker-dealer, bank or other financial institution from time to time for which the Securities Depository effects book-entry transfers and pledges of securities deposited with the Securities Depository.

“Paying Agent” means the bank, trust company or national banking association, appointed as Paying Agent under Section 8.1 of this Master Indenture and having the duties, responsibilities and rights provided for in the Indenture and its successor or successors, and any other corporation or association at any time substituted in its place as Paying Agent pursuant to the Indenture.

“Person” means an individual, partnership, corporation, trust or unincorporated organization or a government or any agency, instrumentality, program, account, fund, political subdivision or corporation thereof.

“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 by (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, and Class IV Sinking Fund Installments due and payable on such date.

“Program Fund” means the Fund so designated, which is created and established by Section 4.1 of this General 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

and 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 Section 4.1 of this Master Indenture.

"Rebate Requirement" means the amount of arbitrage profits earned from the investment of gross proceeds of Tax-exempt Bonds in nonpurpose investments described in Section 148(f)(2) of the Code and defined as "Rebate Amount" in Section 1.148-3 of the Treasury Regulations, which is payable to the United States at the times and in the amounts specified in such provisions.

"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 to any Bonds by any Rating Agency, and which is obligated to make Reciprocal Payments under a Derivative Product.

"Record Date," means, except as otherwise provided in a Series Indenture providing details with respect to any Series, (a) with respect to each Bond Payment Date, the fifteenth day of the month (whether or not a Business Day) preceding such Bond Payment Date; and (b) in the case of each redemption, such Record Date as shall be specified by the Bond Registrar in the notice of redemption, provided that such Record Date shall not be less than fifteen calendar days before the transmission of such notice of redemption.

"Redemption Fund" means the Fund so designated, which is created and established by Section 4.1 of this Master Indenture.

"Redemption Price" means, when used with respect to a Bond or portion thereof to be redeemed, the principal amount or Compound Accreted Value of such Bond or such portion

thereof plus the applicable premium, if any, payable upon redemption thereof as determined by the Series Indenture authorizing the Series of Bonds.

“Refunding Bonds” means Bonds authenticated and delivered pursuant to Section 2.3 of this 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 Section 4.1 of this 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, but shall 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.

“Securities Depository” means The Depository Trust Company, New York, New York, and its successors and assigns, or any additional or other securities depository designated in a Series Indenture, or (i) if the then Securities Depository resigns from its functions as depository of the Bonds, or (ii) if the Authority discontinues use of the Securities Depository pursuant to Section 2.17 of this Master Indenture, then any other securities depository which agrees to follow the procedures required to be followed by a securities depository in connection with the Bonds and which is selected by the Authority with the consent of the Trustee.

“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 this Master Indenture and the Related Series Indenture.

“Series Indenture” means a Supplemental Indenture authorizing a Series of Bonds and delivered pursuant to Section 9.1 of this 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 Article IX of this Master Indenture amending or supplementing the Indenture.

“Tax-exempt Bonds” means Bonds the interest on which is intended to be excluded from gross income of the owner thereof for federal income tax purposes.

“Trust Estate” means the property, rights, moneys, securities and other amounts pledged and assigned to the Trustee pursuant to the Granting Clauses of this Master Indenture.

“Trustee” means the bank, trust company or national banking association, appointed as trustee under Section 8.1 of this Master Indenture and having the duties, responsibilities and rights provided for in the Indenture and its successor or successors, and any other corporation or association at any time substituted in its place as Trustee pursuant to the Indenture.

“Unrelated” (whether capitalized or not) means not “Related,” within the meaning of that term as defined in this Section 1.1.

Section 1.2 Construction. In the Indenture, unless the context otherwise requires:

(a) words importing the singular number shall mean and include the plural number and vice versa, words of the masculine gender mean and include correlative words of the feminine and neuter genders, and words importing persons shall include firms, associations and corporations;

(b) any Fiduciary shall be deemed to have received delivery of and to hold an Investment Security in which moneys are invested pursuant to the provisions of the Indenture, even though such Investment Security is evidenced only by a book entry or similar record of investment;

(c) references in the Indenture to particular sections of the Code, the Act or any other legislation shall be deemed to refer also to any successor sections thereto or other redesignations for codification purposes; and

(d) the terms “receipt,” “received,” “recovery,” “recovered” and any similar terms, when used in the Indenture with respect to moneys or payments due the Authority, shall be deemed to refer to the passage of physical possession and control of such moneys and payments to the Authority, the Trustee or the Paying Agent on its behalf.

Section 1.3 Indenture Constitutes a Contract; Obligation of Indenture and Bonds. 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 by those who shall own the same from time to time: the Indenture shall be deemed to be and shall constitute a contract among the Authority, the Trustee, the Bond Registrar, the Paying Agent and the Owners from time to time of the Obligations; the pledge of certain Funds, Accounts, Revenues and other moneys, rights and interests made in the Indenture and the covenants and agreements set forth in the Indenture to be performed by and on behalf of the Authority shall be for the equal and ratable benefit, protection and security of the Owners of any and all of the Obligations, all of which regardless of the time or times of their issue or maturity shall be of equal rank without preference, priority or distinction of any of such Obligations over any other thereof, subject to the provisions respecting the priority of certain Classes of Obligations over other Classes of Obligations as set forth in Section 1.4 of this Master Indenture, and except as expressly provided in or permitted by the Indenture. Unless otherwise specified in a Series Indenture (in which the Authority may designate one or more Classes of Related Bonds as General Obligation Bonds) the Bonds shall be special limited obligations of the Authority payable solely from the moneys, rights and interest pledged therefor in Section 1.4 of this Master Indenture. Except as provided herein and in Related Series Indentures with respect to General Obligation Bonds, the Authority shall not be required to advance for any purpose of the Indenture any moneys derived from any source other than the Revenues and other assets pledged under the Indenture. Nevertheless, the Authority may, but shall not be required to, advance for such purpose any moneys of the Authority which may be available for such purpose. Neither the Class I Obligations, the Class II Obligations, the Class III Obligations nor the Class IV Obligations shall be in any way a debt or liability or obligation of the State or of any political subdivision thereof (other than the Authority) nor constitute or give rise to a pecuniary liability of the State or of any such political subdivision or be or constitute a pledge of the faith and credit of the State or of any such political subdivision.

Section 1.4 Pledge Effected by Indenture. The pledge and lien of the Indenture 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 in accordance with the terms and the provisions of the Indenture, second, to secure the payment of the principal of and interest on the Class II Obligations in accordance with the terms and the provisions of the Indenture, third, to secure the payment of the principal of and interest on the Class III Obligations in accordance with the terms and the provisions of the Indenture, and fourth, to secure the payment of the principal of and interest on the Class IV Obligations in accordance with the terms and provisions of the Indenture; provided, however, that moneys and investments held in an Authority Payment Account are pledged solely for the payment of Principal Installments and Redemption Price of and interest on General Obligation Bonds of the Related Series and Class with respect to which such account was created and are not pledged to pay principal and Redemption Price of and interest on any other Bonds; and, provided, further, that moneys and securities held in a special account of the Program Fund created by a Series Indenture may be pledged by such Series Indenture solely, or as a first priority, for the payment of the Related Series of Bonds or any portion thereof, as set forth in such Series Indenture.

(End of Article I)

ARTICLE II

AUTHORIZATION AND ISSUANCE OF BONDS AND DERIVATIVE PRODUCTS

Section 2.1 Authorization of Bonds. Upon satisfaction of the conditions contained in Section 2.2 or Section 2.3 of this Master Indenture, Bonds may be issued hereunder, without limitation as to amount except as may be provided herein or by law, from time to time, in one or more Series pursuant to a Series Indenture or Indentures; provided, however, that such Bonds may be issued only to provide funds to: (a) to make deposits in amounts, if any, required or authorized by the Series Indenture to be paid into Funds or Accounts established herein or in the Series Indenture and (b) to refund Bonds issued hereunder or other bonds or obligations of the Authority. In addition, the Authority may enter into any Derivative Product it deems necessary or desirable with respect to any or all of the Bonds, subject to the provisions of Section 2.18 of this Master Indenture.

Except as otherwise stated in the Related Series Indenture, the Bonds shall be designated as “Multi-Family/Project Class ____ [Bonds] [Notes], _____ Series ____” (inserting identification of the particular Class and of the particular Series, including by year of issue and by Roman number and/or alphabetic and/or other reference and inserting reference to “Taxable,” as applicable). In addition, each Series may include such further appropriate particular designation, added to or incorporated in such title, as the Authority may determine. Each Bond shall bear upon its face the designation so determined for the Series to which it belongs.

Section 2.2 Conditions Precedent to Delivery of Bonds. Bonds shall be executed by the Authority for issuance and delivery to the Trustee and thereupon shall be authenticated by the Trustee and delivered to the Authority upon its order, but only upon receipt by the Trustee of the following:

(a) An original executed copy of the Series Indenture authorizing such Bonds, which Series Indenture shall specify:

(i) the purpose or purposes for which such Series of Bonds is being issued which shall be one or more of the purposes listed in Section 2.1 of this Master Indenture;

(ii) the Series and Class designation or designations of such Bonds, the date or dates, and the maturity date or dates, of such Bonds, each of which maturity dates shall fall upon an Interest Payment Date;

(iii) the amount of Class I Bonds, Class II Bonds, Class III Bonds and Class IV Bonds, respectively, and the amount of each maturity of such Bonds;

(iv) the interest rate or rates of such Bonds or the manner of determining such rate or rates and the Interest Payment Dates therefor, if any;

(v) the denomination of, and the manner of dating and numbering such Bonds;

(vi) the Record Dates, the place or places of payment of the principal or Redemption Price or Prices, if any, and the manner of payment of interest on, such Bonds;

(vii) the Redemption Price or Prices, if any, of and, subject to the provisions of Article III, the redemption order and terms for such Bonds;

(viii) the amount and due date of each Sinking Fund Payment, if any, for such Bonds of like Class, tenor and maturity, but the due date of each such Sinking Fund Payment shall fall upon an Interest Payment Date;

(ix) the amounts to be deposited in the Funds and Accounts created and established by this Master Indenture and the Series Indenture authorizing such Bonds;

(x) the Debt Service Reserve Fund Requirement applicable to such Series of Bonds and the timing and method of funding such requirement;

(xi) the amount available for Costs of Issuance with respect to such Bonds;

(xii) limitations on Administrative Expenses with respect to such Bonds;

(xiii) any limitations or requirements with respect to Loans, including interest rates and purchase prices;

(xiv) whether and the extent to which any particular Classes of such Bonds are to be General Obligation Bonds;

(xv) if so determined by the Authority, provisions for the sale and/or tender of such Bonds; and

(xvi) designation of the Credit Enhancement Facility and Credit Facility Provider and/or Liquidity Facility and Liquidity Facility Provider, if applicable; and

(xvii) any other provisions deemed advisable by the Authority that are either (A) not in conflict with the provisions hereof or (B) necessary, in the opinion of Bond Counsel, for such Bonds to be Tax-exempt Bonds;

(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 linked 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.

Section 2.3 Conditions Precedent to Delivery of Refunding Bonds.

(a) All Refunding Bonds shall be executed by the Authority for issuance and delivered to the Trustee and thereupon shall be authenticated by the Trustee and delivered to the Authority or upon its order, but only upon the receipt by the Trustee of:

(i) The documents and moneys, if any, referred to in Section 2.2 of this Master Indenture;

(ii) Irrevocable instructions to the Trustee to give due notice of the payment or redemption of all the bonds or other obligations to be refunded and the payment or redemption date or dates, if any, upon which such bonds or other obligations are to be paid or redeemed;

(iii) If the bonds or other obligations to be refunded are to be redeemed after the next succeeding forty-five days, irrevocable instructions to the Trustee to transmit notice of redemption of such bonds or other obligations on a specified date prior to their redemption date; and

(iv) If the bonds to be refunded are Bonds, 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 (without reinvestment thereof), together with the moneys (which may include all or a portion of the proceeds of the Refunding Bonds to be issued), if any, contemporaneously deposited with the trustee or paying agent or escrow agent for the bonds to be refunded will be sufficient to pay when due the applicable principal or redemption price of the bonds to be refunded, together with accrued interest on such bonds to the redemption date or redemption dates or date of maturity thereof, which moneys or Defeasance Securities shall be held by the trustee or paying agent or escrow agent for the bonds to be refunded in a separate account irrevocably in trust for and assigned to the owners of the bonds to be refunded.

(b) Neither Defeasance Securities nor moneys deposited with the trustee or paying agent or escrow agent for the bonds to be refunded pursuant to paragraph (a)(iv) of this Section 2.3 nor principal or interest payments on any such Defeasance Securities shall be withdrawn or used for any purpose other than the payment of the applicable principal or redemption price of the bonds to be refunded, together with accrued interest on such bonds to the redemption date, and any cash received from such principal or interest payments, if not needed for such purpose, may be applied to the payment of any obligation issued to provide funds for the acquisition of such Defeasance Securities, but otherwise shall, to the extent practicable, be reinvested in such Defeasance Securities as are described in clause (B) of said paragraph maturing at times and in amounts sufficient to pay when due the principal or applicable redemption price of such bonds, together with such accrued interest.

Section 2.4 Ratings. Notwithstanding any other provision of Sections 2.2 and 2.3 of this Master Indenture, so long as there are Outstanding Bonds rated by a Rating Agency, the Authority will not issue any additional Bonds (including Bonds issued or to be issued on a forward purchase basis) if such issuance would result in a lowering, suspension or withdrawal of the ratings then applicable to any Bonds (without regard to any Credit Enhancement Facility).

Section 2.5 Rating Information. In order to facilitate ratings or the confirmation or maintenance of ratings, the Authority agrees to provide each Rating Agency with any information (not privileged or otherwise required to be kept private) within its knowledge

reasonably requested in writing by such Rating Agency in connection with its maintenance of a rating or rating of the Bonds. In addition, the Authority shall provide prompt written notice to the Rating Agencies of any of the following: (i) any change in Fiduciary, (ii) substitution of any Investment Provider, (iii) a change in any Credit Enhancement Facility, Credit Facility Provider, Liquidity Facility or Liquidity Facility Provider, (iv) defeasances of Bonds and (v) redemptions of Bonds. If the Trustee draws upon the Debt Service Reserve Fund to pay Principal Installments or interest on the Bonds or if the amount in a subaccount of the Debt Service Reserve Fund is reduced below the Related Debt Service Reserve Fund Requirement, the Authority will immediately notify each Rating Agency of such fact.

Section 2.6 Form of Bonds and Certificate of Authentication. The forms of Bonds and the Bond Registrar's Certificate of Authentication shall be substantially as set forth in each Series Indenture.

Section 2.7 Legends. The Bonds may contain or have endorsed thereon such provisions, specifications and descriptive words not inconsistent with the provisions of the Indenture as may be necessary or desirable and as may be determined by the Authority prior to their authentication and delivery.

Section 2.8 Execution and Authentication.

(a) The Bonds shall be executed in the name of the Authority by the manual or facsimile signature of an Authorized Officer and its corporate seal (or a facsimile thereof) shall be impressed, imprinted, engraved or otherwise reproduced thereon and attested by the manual or facsimile signature of its Secretary or other Authorized Officer, other than the officer executing the Bonds. In case any one or more of the officers who shall have signed or sealed any of the Bonds shall cease to be such officer before the Bonds so signed and sealed shall have been delivered by the Trustee, such Bonds may, nevertheless, be delivered as herein provided and may be issued as if the persons who signed or sealed such Bonds had not ceased to hold such offices. Any Bond may be signed and sealed on behalf of the Authority by such persons as at the time of the execution of such Bonds shall be duly authorized or hold the proper offices in the Authority although at the date borne by the Bonds such persons may not have been so authorized or have held such offices.

(b) No Bond shall be valid or obligatory for any purpose or shall be entitled to any right or benefit under the Indenture unless there shall be endorsed on such Bond a certificate of authentication in the form set forth in the Related Series Indenture, duly executed by the Bond Registrar by the manual signature of an authorized officer thereof and setting forth the date of authentication, and such certificate of the Bond Registrar upon any Bond executed on behalf of the Authority shall be conclusive evidence that the Bond so authenticated has been duly issued under the Indenture and that the Owner thereof is entitled to the benefits of the Indenture.

Section 2.9 Interchangeability of Bonds. All Bonds, upon surrender thereof at the Corporate Trust Office of the Bond Registrar with a written instrument of transfer satisfactory to the Bond Registrar, duly executed by the registered Owner or his duly authorized attorney, may be exchanged, at the option of the registered Owner thereof, for an equal aggregate principal amount of Bonds of the same interest rate, Series, Class, tenor and maturity of any other authorized denominations.

Section 2.10 Negotiability, Transfer and Registry. All the Bonds issued under the Indenture shall be negotiable, subject to the provisions for registration and transfer contained in the Indenture and in the Bonds. So long as any of the Bonds shall remain Outstanding, the Authority shall maintain and keep, at the Corporate Trust Office of the Bond Registrar, records for the registration and transfer of Bonds, and, upon presentation thereof for such purpose at such Corporate Trust Office, the Authority shall register or cause to be registered therein, and permit to be transferred thereon, under such reasonable regulations as it or the Bond Registrar may prescribe, any Bond. As long as any of the Bonds remain Outstanding, the Authority shall make all necessary provisions to permit, the exchange of Bonds at the Corporate Trust Office of the Bond Registrar.

Section 2.11 Transfer and Payment of Bonds.

(a) Each Bond shall be transferable only upon the registration records of the Bond Registrar, by the Owner thereof in person or by his attorney duly authorized in writing, upon surrender thereof at the Corporate Trust Office of the Bond Registrar together with a written instrument of transfer, satisfactory to the Bond Registrar, duly executed by the registered Owner or his duly authorized attorney. Upon surrender for transfer of any Bond, the Authority shall execute and the Bond Registrar shall authenticate, specify the date of authentication and deliver, in the name of the transferee, one or more new Bonds of the same aggregate principal amount, Series, Class, tenor, maturity and rate of interest as the surrendered Bond.

(b) The Authority, the Trustee, the Paying Agent, the Bond Registrar, any Credit Facility Provider and any remarketing agent appointed pursuant to a Series Indenture may treat the registered Owner of any Bond as the absolute owner thereof, whether such Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal, Redemption Price of and interest on such Bond and for all other purposes whatsoever, and payment of the principal, Redemption Price of and interest on any such Bond shall be made only to, or upon the order of, such registered Owner. All such payments to such registered Owner shall be valid and effectual to satisfy and discharge the liability of the Authority upon such Bond to the extent of the sum or sums so paid, and neither the Authority, the Trustee, the Paying Agent, the Bond Registrar, any Credit Facility Provider nor any such remarketing agent shall be affected by any notice to the contrary.

Section 2.12 Regulations with Respect to Exchanges and Transfers. All Bonds surrendered in any exchanges or transfers shall be cancelled forthwith by the Bond Registrar. For every such exchange or transfer of Bonds, whether temporary or definitive, the Authority or the Bond Registrar shall make a charge sufficient to reimburse it or them for their reasonable fees and expenses in connection with such exchange or transfer and any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer, which sum or sums shall be paid by the Owner requesting such exchange or transfer as a condition precedent to the exercise of the privilege of making such exchange or transfer. Except for costs incurred in connection with the initial delivery of Bonds, the Authority or the Bond Registrar may charge for the cost, if any, of preparing any new Bond upon such exchange or transfer and may charge reasonable fees and expenses of the Bond Registrar. Neither the Authority nor the Bond Registrar shall be obligated to issue, exchange or transfer any Bond during a period beginning at the opening of business on any Record Date next preceding an Interest Payment Date and ending at the close of business on such Interest Payment Date, issue, exchange or transfer any Bond during a period beginning at the opening of business on the Record Date next preceding any

selection of Bonds to be redeemed and ending on the date of the transmission of notice of such redemption, or transfer or exchange any Bonds called or being called for redemption in whole or in part.

Section 2.13 Mutilated, Destroyed, Lost and Stolen Bonds.

(a) If (i) any mutilated Bond is surrendered at the Corporate Trust Office of the Bond Registrar, or the Bond Registrar and the Authority receive evidence to their satisfaction of the destruction, loss or theft of any Bond, and (ii) there is delivered to the Bond Registrar and the Authority such security or indemnity as may be required by them to save each of them harmless, then (in the absence of notice to the Bond Registrar or the Authority that such Bond has been acquired by a bona fide purchaser for value without notice) the Authority shall execute, and upon Authority Request, the Bond Registrar shall authenticate and deliver, in exchange for any such mutilated Bond, or in lieu of any such destroyed, lost or stolen Bond, a new Bond of like original principal amount, interest rate, Series, Class, tenor and maturity, bearing a number not previously assigned to a Bond. The Bond Registrar thereupon shall cancel any such mutilated, destroyed, lost or stolen Bond. In case any such mutilated, destroyed, lost or stolen Bond has become or is about to become due and payable, the Authority in its discretion and instead of issuing a new Bond, may direct the Paying Agent to pay such Bond. The Trustee, Bond Registrar and Paying Agent shall notify the Authority as soon as practicable upon learning of any mutilated, destroyed, lost or stolen Bond.

(b) As a condition precedent to the issuance of any new Bond under this Section 2.13, the Authority or the Bond Registrar may require the payment of a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto, and any other expenses, including counsel fees and costs of preparing a new Bond, of the Authority or the Bond Registrar incurred in connection therewith.

(c) Each new Bond issued pursuant to this Section 2.13 in lieu of any destroyed, lost or stolen Bond, shall constitute an additional contractual obligation of the Authority, and shall be entitled to all the benefits of the Indenture equally and proportionately with any and all other Bonds duly issued under the Indenture unless the Bond alleged to have been destroyed, lost or stolen shall be at any time enforceable by a bona fide purchaser for value without notice. In the event the Bond alleged to have been destroyed, lost or stolen shall be enforceable by anyone, the Authority may recover the substitute Bond from the Owner of the Bond to whom it was issued or from anyone taking under such Owner except a bona fide purchaser for value without notice. All Bonds shall be held and owned upon the express condition that the provisions of this Section 2.13 are exclusive with respect to the replacement or payment of mutilated, destroyed, lost or stolen Bonds, and shall preclude (to the extent lawful) any and all other rights or remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Bonds, notwithstanding any law or statute existing or hereafter enacted to the contrary with respect to the replacement or payment of negotiable instruments or other securities without their surrender.

Section 2.14 Cancellation and Destruction of Bonds. The Bond Registrar shall destroy all Bonds surrendered to it for cancellation and shall deliver a certificate to that effect to the Authority. No such Bonds shall be deemed Outstanding under the Indenture, and no Bonds shall be issued in lieu thereof.

Section 2.15 Payments Due on other than Business Days. In any case where the date of maturity of interest on or Principal Installments of any Bond or Derivative Product or the date fixed for redemption of any Bonds is not a Business Day, then payment of interest on or Principal Installments or Redemption Price of the Bonds or Derivative Product need not be made on such date but may be made on the next succeeding Business Day with the same force and effect as if made on the date of maturity or the date fixed for redemption, and no interest shall accrue for the period after such date.

Section 2.16 Authorization and Preparation of Temporary Bonds.

(a) Until definitive Bonds are prepared, the Authority may execute and, upon Authority Request, the Bond Registrar shall authenticate and deliver temporary Bonds (which may be typewritten, printed or otherwise reproduced) in lieu of definitive Bonds subject to the same provisions, limitations and conditions as definitive Bonds. The temporary Bonds shall be dated as of the initial date of such definitive Bonds, shall be in such denomination or denominations and shall be numbered as prepared and executed by the Authority, shall be substantially of the tenor of such definitive Bonds, but with such omissions, insertions and variations as the officer executing the same in his discretion may determine, and may be issued in the form of a single Bond.

(b) Without unreasonable delay after the issuance of temporary Bonds, if any, the Authority shall cause definitive Bonds to be prepared, executed and delivered to the Bond Registrar. Temporary Bonds shall be exchangeable for definitive Bonds upon surrender to the Bond Registrar at its Corporate Trust Office (or any additional location designated by the Bond Registrar) of any such temporary Bond or Bonds, and upon such surrender, the Authority shall execute and, upon Authority Request, the Bond Registrar shall authenticate and deliver to the Owner of the temporary Bonds or Bonds, in exchange therefor, a like principal amount of definitive Bonds in authorized denominations or maturity payment amounts and forms. Until so exchanged, the temporary Bonds shall be entitled in all respects to the same benefits as definitive Bonds authenticated and issued pursuant to the Indenture.

(c) All temporary Bonds surrendered in exchange for a definitive Bond or Bonds forthwith shall be canceled by the Bond Registrar.

Section 2.17 Book-Entry System.

(a) Unless otherwise determined in the Related Series Indenture authorizing the issuance of a Series, the registered Owner of all Bonds of such Series shall be a Securities Depository and such Bonds shall be registered in the name of the nominee for the Securities Depository. The “Bonds” referred to in this Section 2.17 shall refer to the Bonds registered in the name of the Securities Depository.

(b) The Bonds shall be initially issued in the form of separate, single, authenticated fully-registered Bonds in the amount of each separate maturity of the Bonds. Upon initial issuance, the ownership of each such Bond shall be registered in the registration records kept by the Bond Registrar in the name of the nominee of the Securities Depository. The Bond Registrar, the Paying Agent, the Trustee, any Credit Facility Provider and the Authority may treat the Securities Depository (or its nominee) as the sole and exclusive owner of the Bonds registered in its name for the purposes of (1) payment of the principal or Redemption Price of or

interest on the Bonds, (2) selecting the Bonds or portions thereof to be redeemed, (3) giving any notice permitted or required to be given to Owners under this Master Indenture, (4) registering the transfer of Bonds, and (5) obtaining any consent or other action to be taken by Owners and for all other purposes whatsoever, and neither the Bond Registrar, the Paying Agent, the Trustee, any Credit Facility Provider nor the Authority shall be affected by any notice to the contrary (except as provided in paragraph (c) below). Neither Bond Registrar, the Paying Agent, the Trustee, any Credit Facility Provider nor the Authority shall have any responsibility or obligation to any Participant, any beneficial owner or any other Person claiming a beneficial ownership interest in the Bonds under or through the Securities Depository or any Participant, or any other Person which is not shown on the registration records of the Bond Registrar as being an Owner, with respect to the accuracy of any records maintained by the Securities Depository or any Participant, the payment to the Securities Depository of any amount in respect of the principal or Redemption Price of or interest on the Bonds; any notice which is permitted or required to be given to Owners under this Master Indenture; the selection by the Securities Depository or any Participant of any Person to receive payment in the event of a partial redemption of the Bonds; or any consent given or other action taken by the Securities Depository as Owner. The Paying Agent shall pay all principal and Redemption Price of and interest on the Bonds only to or upon the order of the Securities Depository, and all such payments shall be valid and effective to fully satisfy and discharge the Authority's obligations with respect to the principal, purchase price or Redemption Price of and interest on the Bonds to the extent of the sum or sums so paid. Except as provided in (c) below, no Person other than the Securities Depository shall receive an authenticated Bond for each separate maturity evidencing the obligation of the Authority to make payments of principal or Redemption Price and interest pursuant to this Master Indenture. Upon delivery by the Securities Depository to the Bond Registrar of written notice to the effect that the Securities Depository has determined to substitute a new nominee in place of the preceding nominee, the Bonds will be transferable to such new nominee in accordance with paragraph (d) below.

(c) In the event the Authority determines that it is in the best interest of the Authority not to continue the book-entry system of transfer or that the interest of the Owners might be adversely affected if the book-entry system of transfer is continued, the Authority may notify the Securities Depository and the Trustee, whereupon the Securities Depository will notify the Participants, of the availability through the Securities Depository of Bond certificates. In such event, the Trustee shall authenticate, transfer and exchange Bond certificates as requested by the Securities Depository in appropriate amounts in accordance with paragraph (d) below. The Securities Depository may determine to discontinue providing its services with respect to the Bonds at any time by giving notice to the Authority and the Trustee and discharging its responsibilities with respect thereto under applicable law, or the Authority may determine that the Securities Depository is incapable of discharging its responsibilities and may so advise the Securities Depository. In either such event, the Authority shall either establish its own book-entry system or use reasonable efforts to locate another securities depository. Under such circumstances (if there is no successor Securities Depository), the Authority and the Trustee shall be obligated to deliver Bond certificates as described in this Master Indenture and in accordance with paragraph (d) below. In the event Bond certificates are issued, the provisions of this Master Indenture shall apply to such Bond certificates in all respects, including, among other things, the transfer and exchange of such certificates and the method of payment of principal or Redemption Price of and interest on such certificates. Whenever the Securities Depository requests the Authority and the Trustee to do so, the Trustee and the Authority will cooperate with the Securities Depository in taking appropriate action after reasonable notice (A) to make available

one or more separate certificates evidencing the Bonds to any Participant having Bonds credited to its account with the Securities Depository or (B) to arrange for another securities depository to maintain custody of certificates evidencing the Bonds.

(d) Notwithstanding any other provision of this Master Indenture to the contrary, so long as any Bond is registered in the name of the nominee of the Securities Depository, all payments with respect to the principal or Redemption Price of and interest on such Bond and all notices with respect to such Bond shall be made and given, respectively, to the Securities Depository as provided in its representation letter.

(e) In connection with any notice or other communication to be provided to Owners pursuant to this Master Indenture by the Authority or the Trustee or with respect to any consent or other action to be taken by Owners, the Authority or the Trustee, as the case may be, shall establish a record date for such consent or other action and give the Securities Depository notice of such record date not less than fifteen calendar days in advance of such record date to the extent possible. Such notice to the Securities Depository shall be given only when the Securities Depository is the sole Owner.

(f) In the event that any transfer or exchange of Bonds is permitted under paragraph (b) or (c) of this Section 2.17, such transfer or exchange shall be accomplished upon receipt by the Trustee from the registered Owner thereof of the Bonds to be transferred or exchanged and appropriate instruments of transfer to the permitted transferee, all in accordance with the applicable provisions of this Master Indenture. In the event Bond certificates are issued to Owners other than the nominee of the Securities Depository, or another securities depository as Owner of all the Bonds, the provisions of this Master Indenture shall also apply to, among other things, the printing of such certificates and the methods of payment of principal or Redemption Price of and interest on such certificates.

Section 2.18 Derivative Products; Reciprocal Payments; Authority Derivative Payments.

(a) The Authority hereby directs the Trustee to acknowledge any Derivative Product hereafter entered into by 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. Anything in this Master Indenture to the contrary notwithstanding, any Reciprocal Payments shall not be available to make an Authority Derivative Payment or to pay any other amounts owed to a Reciprocal Payor under a Derivative Product.

(b) No later than the fourth Business Day immediately preceding each Bond Payment Date or Derivative Payment Date on which a Reciprocal Payment or Authority Derivative Payment is due pursuant to the applicable Derivative Product through and including the termination date of the Derivative Product, the Authority shall give written notice to the Trustee stating either (i) the amount of any Reciprocal Payment due to be received by the Trustee for the account of the Authority on or preceding such Bond Payment Date or (ii) the amount of any Authority Derivative Payment to be paid to the Reciprocal Payor on such Bond Payment Date or Derivative Payment Date. If the Trustee fails to receive such written notification from the Authority by the end of such fourth Business Day, it shall immediately notify the Authority of such fact in writing.

(c) The Trustee shall deposit all moneys received representing Reciprocal Payments in the Revenue Fund to be applied in accordance with the provisions of Section 4.6 of this Master Indenture. The Trustee shall notify the Authority on such Business Day, if (i) the amount received from the Reciprocal Payor is not equal to the amount specified in the written notification of the Authority, (ii) no amount is received from the Reciprocal Payor, or (iii) the amount received is not received in immediately available funds.

(d) The Trustee shall make payment to the Reciprocal Payor from moneys in the Revenue Fund in accordance with 4.6 of this Master Indenture of the amount of the Authority Derivative Payment specified in such written notification of the Authority, due on such Bond Payment Date, by the deposit or wire transfer of immediately available funds to the credit of the account of the Reciprocal Payor specified in such written notification of the Authority, 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.

(End of Article II)

ARTICLE III

REDEMPTION AND TENDER OF BONDS

Section 3.1 Authorization of Redemption and Tender. Bonds are subject to redemption prior to maturity, upon notice as provided in this Article III, at such times, at such Redemption Prices and upon such other terms as may be specified in this Master Indenture and in the Related Series Indenture authorizing such Bonds. Bonds may be subject to mandatory and optional tender upon such terms as may be specified in the Related Series Indenture.

Section 3.2 Notice of Redemption.

(a) When any Bonds are to be redeemed, the Bond Registrar shall cause notice of any redemption of Bonds hereunder 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, to the registered owner of each 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; provided, however, that failure to give any such notice to any Owner, or any defect therein, shall not affect the validity of the redemption proceedings for any Bond with respect to which no such failure or defect has occurred. Each such notice shall be dated and shall be given in the name of the Authority and shall state the following information:

(i) the complete official name of the Bonds, including Series, to be redeemed, the identification numbers of Bond certificates and the CUSIP numbers, if any, of the Bonds being redeemed, provided that any such notice may state that no representation is made as to the correctness of CUSIP numbers either as printed on such Bonds or as contained in the notice of redemption;

(ii) any other descriptive information needed to identify accurately the Bonds being redeemed, including, but not limited to, the original issuance date and maturity date of, and interest rate on, such Bonds;

(iii) in the case of partial redemption of any Bonds, the respective principal amounts thereof to be redeemed;

(iv) the date of transmission of redemption notices, the Record Date and the redemption date;

(v) the Redemption Price;

(vi) that on the redemption date the Redemption Price will become due and payable upon each such Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date;

(vii) the place where such Bonds are to be surrendered for payment of the Redemption Price, designating the name and address of the redemption agent with the name of a contact person and telephone number; and

(viii) any conditions precedent to the redemption of such Bonds.

(b) Notice of redemption having been given as provided in paragraph (a) of this Section 3.2, the Bonds or the respective portions thereof so to be redeemed shall become due and payable on the date fixed for redemption at the Redemption Price specified therein plus accrued interest to the redemption date, and upon presentation and surrender thereof at the place specified in such notice, such Bonds or the respective portions thereof shall be paid at the Redemption Price, plus accrued interest to the redemption date. On and after the redemption date (unless the Authority shall default in the payment of the Redemption Price and accrued interest), such Bonds or the respective portions thereof to be redeemed shall cease to bear or accrue interest, and such Bonds or the respective portions thereof to be redeemed shall no longer be considered as Outstanding under the Indenture. If at the time of transmission of any notice of redemption there shall not be on deposit with the Trustee or the Paying Agent moneys sufficient to redeem all the Bonds called for redemption, such notice shall state that such redemption is subject to the deposit of the redemption moneys with the Trustee or the Paying Agent not later than the redemption date and that such notice shall be of no effect unless such moneys are so deposited. If moneys sufficient to pay the Redemption Price and accrued interest have not been made available by the Authority to the Trustee and the Paying Agent on the redemption date, such Bonds or the respective portions thereof to be redeemed shall continue to bear or accrue interest at the respective rates specified thereon until such moneys are delivered to the Trustee.

(c) In addition to the foregoing, further notice of any redemption of Bonds hereunder shall be given by the Bond Registrar simultaneously with notice to the Owners of the Bonds, by registered or certified mail or overnight delivery service, or transmitted in such other manner (such as by readily available electronic means) as may be customary for the industry as directed in writing by the Authority, to at least two national information services that disseminate notices of redemption of obligations such as the Bonds. Such further notice shall contain the information required in paragraph (a) of this Section 3.2. Failure to give all or any portion of such further notice shall not in any manner defeat the effectiveness of a call for redemption.

(d) Upon the payment of the Redemption Price of Bonds being redeemed, each check or other transfer of funds issued for such purpose shall bear (i) the CUSIP number(s) of the Bonds being redeemed (ii) the principal amount of the Bonds of each maturity being redeemed and (iii) if the redemption date is not an Interest Payment Date, the amount of accrued interest paid on the Bonds of each maturity being redeemed with the proceeds of such check or other transfer.

(e) Notice of redemption shall be given, not more than 60 days nor less than 30 days prior to the redemption date, to registered owners of the Bonds, or portions thereof, to be redeemed. A second notice of redemption provided in the same manner as the first notice of redemption, shall be given, not later than 90 days after the redemption date, to the registered owners of Bonds, or portions thereof, redeemed but who failed to deliver Bond certificates for redemption prior to the 60th day following such redemption date. Any notice shall be conclusively presumed to have been duly given, whether or not the owner of such Bonds receives the notice. Receipt of such notice shall not be a condition precedent to such redemption, and failure so to receive any such notice by any of such registered owners shall not affect the validity of the proceedings for the redemption of any Bonds. The obligation of the Bond Registrar to give the notice required by this Section 3.2 shall not be conditioned upon the prior payment to the Trustee of moneys or Defeasance Securities sufficient to pay the Redemption Price of the Bonds or portions thereof to which such notice relates or the interest thereon to the redemption date.

(f) The provisions of this Section 3.2 may be changed or modified for any particular Series by the Related Series Indenture.

Section 3.3 Selection of Bonds to Be Redeemed.

(a) If less than all Bonds of like Series are to be redeemed, except as otherwise directed by an Authority Request that certifies that such request is consistent with the most recently filed Related Cash Flow Statement, and subject to any limitations in or requirements of the Related Series Indenture, the Bond Registrar shall select a pro rata amount of the Bonds of each tenor and maturity of such Series for redemption. If less than all Bonds of like Series, Class, tenor and maturity are to be redeemed, the particular Bonds or the respective portions thereof to be redeemed shall be selected by lot in such manner as the Bond Registrar in its discretion may deem fair and appropriate.

(b) The portion of any Bond of a denomination of larger than the minimum denomination may be redeemed in the principal amount of such minimum denomination or a multiple thereof, and for purposes of selection and redemption, any such Bond of a denomination larger than the minimum denomination shall be considered to be that number of separate Bonds of such minimum denomination which is obtained by dividing the principal amount of such Bond by such minimum denomination. If there shall be selected for redemption less than all of a Bond, the Authority shall execute and the Bond Registrar shall authenticate and deliver, upon the surrender of such Bond, without charge to the owner thereof, for the unredeemed balance of the principal amount of the Bond so surrendered, Bonds of like Series, Class, interest rate, tenor and maturity in any of the authorized denominations.

(c) The Bond Registrar promptly shall notify the Authority, the Trustee and the Paying Agent in writing of the Bonds so selected for redemption.

Section 3.4 Deposit of Redemption Price. On or before any date fixed for redemption of any Bonds, moneys and/or Defeasance Securities maturing or redeemable at the option of the holder thereof not later than the date fixed for redemption in an amount that, together with income to be earned on such Defeasance Securities prior to such date fixed for redemption, will be sufficient to provide moneys to pay the Redemption Price of and accrued interest on all Bonds or the respective portions thereof to be redeemed on such date, shall be deposited with the Trustee or the Paying Agent unless such amount shall have been previously deposited with the Trustee or the Paying Agent pursuant to the Indenture.

Section 3.5 Partial Redemption of Bonds. In case part but not all of an Outstanding Bond shall be selected for redemption, upon presentation and surrender of such Bond by the Owner thereof or his attorney duly authorized in writing (with, if the Authority or the Bond Registrar so requires, due endorsement by, or a written instrument of transfer in form satisfactory to the Authority and the Bond Registrar duly executed by, the Owner thereof or his attorney duly authorized in writing) to the Bond Registrar, the Authority shall execute and the Bond Registrar shall authenticate and deliver to or upon the order of such Owner, without charge therefor, for the unredeemed portion of the principal amount of the Bond so surrendered, a Bond or Bonds at the option of such Owner or such attorney, of any authorized denomination of like tenor. Bonds so presented and surrendered shall be canceled in accordance with Section 2.14 of this Master Indenture.

Section 3.6 Purchase in Lieu of Redemption.

(a) If Bonds of any particular Series, Class and maturity are called for redemption, upon Authority Request the Bonds so called shall be purchased in lieu of such redemption by the Trustee or Paying Agent for the account of the Authority on the date upon which such Bonds were to have been redeemed, at a purchase price not to exceed the applicable Redemption Price thereof, plus accrued interest, if any, thereon to, but not including, such date, or at any higher purchase price consistent with the most recent Cash Flow Statement. At the election of the Authority, but not otherwise, such Bonds shall be canceled by the Trustee upon such purchase in lieu of redemption. The Authority shall deliver any such Authority Request not later than the Business Day preceding the date upon which such Bonds were to have been redeemed, which Authority Request shall state the aggregate principal amount of each Series, Class and maturity of Bonds for which an election to purchase in lieu of redemption pursuant to this Section 3.6 is being made, and the source of payment for such purchase in lieu of redemption. Any such purchase in lieu of redemption may be made from any moneys designated by the Authority, and, upon receipt thereof if such moneys are not already held in the Trust Estate, the Trustee shall use such moneys for such purpose. The Authority is expressly authorized, to tender, and to direct the Trustee and the Paying Agent to purchase from the Authority, any Bonds for cancellation in lieu of redemption. Neither the Trustee nor the Paying Agent shall be required to advance any of their own money to make any such purchase or purchases.

(b) Unless the Authority shall designate a different source, the Trustee shall apply, or cause the Paying Agent to apply, available moneys in the Redemption Fund in lieu of redemption to pay the purchase price (exclusive of accrued interest) of Bonds purchased in lieu of redemption pursuant to paragraph (a) of this Section 3.6. Unless the Authority shall designate a different source, the Trustee shall apply, or cause the Paying Agent to apply, available moneys from the Revenue Fund in accordance with Section 4.6 of this Master Indenture, from the Class I Debt Service Fund in accordance with Section 4.7 of this Master Indenture, from the Class II Debt Service Fund in accordance with Section 4.10 of this Master Indenture, from the Class III Debt Service Fund in accordance with Section 4.11 of this Master Indenture, or from the Class IV Debt Service Fund in accordance with Section 4.12 of this Master Indenture to pay accrued interest on such Bonds purchased pursuant to paragraph (a) of this Section 3.6.

(c) Unless the Authority shall designate a different source, the Trustee shall apply, or cause the Paying Agent to apply, available moneys from the Class I Debt Service Fund in accordance with Section 4.7 of this Master Indenture to pay the purchase price (inclusive of accrued interest) of Class I Bonds purchased in lieu of redemption by Class I Sinking Fund Installment pursuant to paragraph (a) of this Section 3.6 and, upon such purchase, shall credit the principal amount of any such Class I Bonds against such Class I Sinking Fund Installment in accordance with Section 3.7 of this Master Indenture.

(d) Unless the Authority shall designate a different source, the Trustee shall apply, or cause the Paying Agent to apply, available moneys from the Class II Debt Service Fund in accordance with Section 4.10 of this Master Indenture to pay the purchase price (inclusive of accrued interest) of Class II Bonds purchased in lieu of redemption by Class II Sinking Fund Installment pursuant to paragraph (a) of this Section 3.6 and, upon such purchase, shall credit the principal amount of any such Class II Bonds against such Class II Sinking Fund Installment in accordance with Section 3.7 of this Master Indenture.

(e) Unless the Authority shall designate a different source, the Trustee shall apply, or cause the Paying Agent to apply, available moneys from the Class III Debt Service Fund in accordance with Section 4.11 of this Master Indenture to pay the purchase price (inclusive of accrued interest) of Class III Bonds purchased in lieu of redemption by Class III Sinking Fund Installment pursuant to paragraph (a) of this Section 3.6 and, upon such purchase, shall credit the principal amount of any such Class III Bonds against such Class III Sinking Fund Installment in accordance with Section 3.7 of this Master Indenture.

(f) Unless the Authority shall designate a different source, the Trustee shall apply, or cause the Paying Agent to apply, available moneys from the Class IV Debt Service Fund in accordance with Section 4.12 of this Master Indenture to pay the purchase price (inclusive of accrued interest) of Class IV Bonds purchased in lieu of redemption by Class IV Sinking Fund Installment pursuant to paragraph (a) of this Section 3.6 and, upon such purchase, shall credit the principal amount of any such Class IV Bonds against such Class IV Sinking Fund Installment in accordance with Section 3.7 of this Master Indenture.

(g) Unless the Authority shall designate a different source, the Trustee shall apply, or cause the Paying Agent to apply, available moneys in the Revenue Fund in the order of priority and in amounts which do not exceed the amounts expected to be transferred to the respective Funds and Accounts pursuant to Section 4.6 of this Master Indenture prior to the next Bond Payment Date to purchase Bonds in the manner provided in paragraphs (b), (c), (d), (e) and (f) of this Section 3.6. Any Bonds so purchased shall be credited in an amount equal to par plus accrued interest against amounts which would otherwise be required to be transferred pursuant to Section 4.6 of this Master Indenture to the various Funds and Accounts.

Section 3.7 Credits Against Sinking Fund Installments.

(a) 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 shall 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.

(b) The provisions of this Section 3.7 may be changed or modified for any particular Series by the Related Series Indenture.

(End of Article III)

ARTICLE IV

ESTABLISHMENT OF CERTAIN FUNDS AND ACCOUNTS, APPLICATION THEREOF AND SECURITY THEREFOR

Section 4.1 Establishment of Funds and Accounts.

(a) The following Funds and Accounts are hereby created and established as special trust funds:

(i) the Program Fund, consisting of:

- (A) the Acquisition Account;
- (B) the Cost of Issuance Account;
- (C) the Negative Arbitrage Account; and
- (D) the Loan Recycling Account;

(ii) the Revenue Fund;

(iii) the Debt Service Reserve Fund;

(iv) the Class I Debt Service Fund which may include an Authority Payment Account;

(v) the Class II Debt Service Fund which may include an Authority Payment Account;

(vi) the Class III Debt Service Fund which may include an Authority Payment Account;

(vii) the Class IV Debt Service Fund which may include an Authority Payment Account;

(viii) the Redemption Fund, consisting of:

- (A) the Class I Special Redemption Account;
- (B) the Class II Special Redemption Account;
- (C) the Class III Special Redemption Account; and
- (D) the Class IV Special Redemption Account;

(ix) the Rebate Fund; and

(x) the Excess Earnings Fund.

(b) All the Funds and Accounts listed in paragraph (a) of this Section 4.1 shall be held by the Trustee in trust for application only in accordance with the provisions of the Indenture.

(c) Subaccounts shall be created in all Funds and Accounts described in this Section 4.1 for each Series of Bonds. Except as otherwise provided in this Master Indenture or in a

Series Indenture, bond proceeds and other moneys relating to a Series of Bonds shall be deposited in the Related subaccounts created with respect to such Series of Bonds.

(d) 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 therein.

(e) The Authority may reallocate moneys, investments and Loans (or portions thereof or interests therein) among Series under any of the following circumstances:

(i) if and to the extent required by this Master Indenture (e.g., under Section 4.6, Section 4.8 or Article VI of this Master Indenture);

(ii) if and to the extent necessary to enable the Authority to deliver a Cash Flow Statement with respect to one or more Series;

(iii) in connection with an Authority Request filed pursuant to Section 4.9 of this Master Indenture; and

(iv) 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.

If the Authority determines to make such a reallocation of moneys, investments and Loans among Series, the Authority shall deliver to the Trustee an Authority Request specifying such reallocations. Upon receipt of such request, the Trustee shall transfer moneys, investments and/or Loans (or portions thereof or interests therein) among subaccounts Related to each Series as requested. Loans (or portions thereof or interests therein) 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 or interests therein) are being reallocated, if such Loans at the time of their original acquisition by the Authority met the requirements of Section 5.7 of this Master Indenture and the applicable requirements of the Series Indenture Related to such Loans at the time of their purchase.

(f) Special temporary accounts in the Program Fund and the Debt Service Reserve Fund may be created and established to facilitate the refunding of the Authority's bonds and any exchange of funds related thereto.

Section 4.2 Program Fund; Acquisition Account.

(a) Deposit of Moneys. There shall be paid into the Related subaccount of the Acquisition Account established within the Program Fund the respective amount of the proceeds of the Bonds and other moneys specified in each Series Indenture and any amounts transferred pursuant to Section 4.3 of this Master Indenture. There may also be paid into the Acquisition Account, at the option of the Authority, any moneys received by the Authority from any other source, unless required to be otherwise applied as provided by the Indenture. Except as otherwise required or permitted by Section 4.1 of this Master Indenture and paragraph (f) of this Section 4.2, Loans made or purchased in connection with a Series of Bonds shall be allocated to such Series. Loans (or portions thereof) allocated to a Series of Bonds shall be held in the

subaccount of the Acquisition Account which was created in connection with such Series of Bonds.

(b) Use of Acquisition Account. Proceeds of the Bonds and other moneys deposited in the Acquisition Account shall be applied, upon Authority Request, (i) to finance or refinance Loans that satisfy the requirements of Section 5.7 of this Master Indenture and applicable provisions of the Related Series Indenture with respect to the Loans to be financed, and (ii) to finance or refinance Authority Projects.

(c) Disbursements from Acquisition Account. The Trustee shall withdraw moneys from the Acquisition Account for the financing of a Loan pursuant to paragraph (b) of this Section 4.2 upon receipt of an Authority Request stating (i) the name of the Person to be paid, and (ii) the amount to be paid.

(d) Unexpended Moneys. Any moneys deposited in the Acquisition Account that the Authority certifies from time to time will not be used to finance or refinance Loans or Authority Projects in accordance with this Master Indenture and the Related Series Indenture shall be withdrawn by the Trustee on the date specified in the Related Series Indenture or such other date or dates on or after such date as may be specified by the Authority, and transferred to the Related subaccount of the Redemption Fund for application in accordance with the Related Series Indenture; provided, however, that such transfer or transfers may be made on a later date as to all or any part of such moneys, if the Authority shall have filed with the Trustee an Authority Request specifying a later date or dates for such withdrawal, and certifying that such Authority Request is consistent with the most recently filed Cash Flow Statement and the Related Series Indenture.

(e) Withdrawal of Assets upon Retirement of a Series. When no Bonds of a particular Series remain Outstanding, upon receipt of an Authority Request to withdraw all or any portion of the Related moneys, investments and/or Loans from the Related Funds, Accounts and subaccounts, the Trustee shall make such withdrawal and shall transfer such moneys, investments and/or Loans, as the case may be, to or upon the order of, the Authority; provided, however, that the Authority Request must certify that such withdrawal is consistent with the most recently filed Cash Flow Statement for all Bonds and the most recently filed Cash Flow Statement for any Series to which such retired Series has been linked.

(f) Loans Financed With More Than One Series of Bonds. The Authority may determine that a Loan will be financed or refinanced with proceeds of more than one Series of Bonds. In such event, all provisions of the Indenture which relate to a Loan, Loan Repayments and Prepayments, and moneys in any Fund or Account, shall be interpreted and applied to relate 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.

Section 4.3 Program Fund; Cost of Issuance Account. Upon the issuance, sale and delivery of Bonds, the Trustee shall deposit in the Related subaccount of the Cost of Issuance Account such moneys, if any, as shall be specified in the Related Series Indenture. There shall also be paid into the Cost of issuance Account, promptly upon receipt thereof, the interest on Investment Securities with respect to which moneys were withdrawn from the Cost of Issuance Account to pay for interest accrued on such Investment Securities. There may also be paid into

the Cost of Issuance Account, at the option of the Authority, any moneys received by the Authority from any other source, unless required to be otherwise applied as provided by the Indenture. Moneys therein shall be used to pay Costs of Issuance and for no other purpose. The Trustee shall issue its checks for each disbursement from the Cost of Issuance Account (including to reimburse the Authority for its payment of Costs of Issuance, but not including any fees payable to the Trustee, which may be withdrawn directly by it) upon being furnished with an Authority Request setting forth: the Person to whom payment is to be made, the amount of payment, that the disbursement is for a proper Cost of Issuance, and that none of the items for which payment is to be made has been the basis for any prior disbursement from such Account. Any excess remaining upon payment of all Related Costs of Issuance shall be transferred by the Trustee to the Authority or to the Related subaccount in the Acquisition Account upon receipt by the Trustee of an Authority Certificate stating that such moneys are no longer needed for the payment of Costs of Issuance, whereupon such subaccount of the Cost of Issuance Account shall be closed. In the event that the moneys deposited in the Cost of Issuance Account are not sufficient to pay all Costs of Issuance, Costs of Issuance may be paid from any available moneys of the Authority.

Section 4.4 Program Fund; Negative Arbitrage Account.

(a) At such time or times as may be provided in the Related Series Indenture, the Trustee shall deposit in the Related subaccount or subaccounts of the Negative Arbitrage Account such moneys, if any, as shall be specified or otherwise provided for in the Related Series Indenture. The Authority may create a separate subaccount of the Negative Arbitrage Account for any Housing Facility or Project financed or refinanced in whole or in part with the proceeds of a Series of Bonds or with moneys in the Loan Recycling Account. Moneys in each such subaccount shall be subject to the lien and pledge of the Indenture until the withdrawal and application thereof in accordance with this Section 4.4 and the Related Series 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.

(b) Except as otherwise provided in the Related Series Indenture, moneys in each subaccount of the Negative Arbitrage Account shall 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 Section 4.2(d) or Section 4.5(d), respectively, of this Master Indenture, in an amount specified in an Authority Request.

(c) The amount in any subaccount of the Negative Arbitrage Account with respect to a defaulted Loan shall be transferred to the Related subaccount of the Redemption Fund at the time that the Authority receives or recovers any Prepayment of such Loan, upon Authority Request.

(d) 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 shall be transferred, upon Authority Request, to the Revenue Fund.

(e) Upon the completion of a Housing Facility or Project, the date that another Housing Facility or Project is substituted for such Housing Facility or 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 Section 4.2(d) or Section 4.5(d), respectively, of this Master Indenture, any amounts in the Related subaccount of the Negative Arbitrage Account that have not been transferred to the Revenue Fund pursuant to paragraph (b) of this Section 4.4 or to the Redemption Fund pursuant to paragraph (c) of this Section 4.4 shall 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 shall 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 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 Section 4.2(d) or Section 4.5(d), respectively, of this Master Indenture or the date on which there is no remaining balance in such subaccount of the Negative Arbitrage Account.

Section 4.5 Program Fund; Loan Recycling Account.

(a) There shall be paid into the Related subaccount of the Loan Recycling Account established within the Program Fund any amounts transferred pursuant to Section 4.6(c)(i)(E), (K), (S) or (W) of this Master Indenture. Except as otherwise required or permitted by Sections 4.1 and 4.2(f) of this Master Indenture, 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 shall be held in such subaccount of the Loan Recycling Account.

(b) Before any moneys are transferred to the Loan Recycling Account pursuant to Section 4.6(c)(i)(E), (K), (S) or (W) of this Master Indenture, the Authority shall file with the Trustee (a) a Cash Flow Statement, (b) an Authority Certificate demonstrating that the Related Class I Asset Requirement, Class II Asset Requirement, Class III Asset Requirement and Class IV Asset Requirement, as applicable, will be met, and (c) a 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.

(c) Amounts deposited in the Loan Recycling Account shall be applied, upon Authority Request, (i) to finance or refinance Loans that satisfy the requirements of Section 5.7 of this Master Indenture and applicable provisions of the Related Series Indenture with respect to the Loans to be financed or refinanced, and (ii) to finance or refinance Authority Projects. The Trustee shall 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.

(d) 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 shall be withdrawn therefrom by the Trustee on such date (or such earlier date or dates as may be specified by the Authority), and shall be transferred to the Revenue Fund.

Section 4.6 Revenue Fund.

(a) Deposit of Revenues. The Authority shall pay all Revenues or cause all Revenues to be paid to the Trustee at least once each month. Except as otherwise provided herein or in a Series Indenture, all Revenues Related to each Series of Bonds shall be deposited by the Trustee in the Related subaccount of the Revenue Fund. There also shall be deposited in each subaccount of the Revenue Fund amounts transferred thereto from the Related subaccount of the Negative Arbitrage Account pursuant to Section 4.4(b) and (d) of this Master Indenture, from the Related subaccount of the Loan Recycling Account pursuant to Section 4.5(d) of this Master Indenture, from the Related subaccount of the Class I Debt Service Fund pursuant to Section 4.7(b) of this Master Indenture, from the Related subaccount of the Debt Service Reserve Fund pursuant to Section 4.8(b) of this Master Indenture, from the Related subaccount of the Class I Special Redemption Account pursuant to Section 4.9(b) of this Master Indenture, from the Related subaccount of the Class II Special Redemption Account pursuant to Section 4.9(c) of this Master Indenture, from the Related subaccount of the Class III Special Redemption Account pursuant to Section 4.9(d) of this Master Indenture, from the Related subaccount of the Class IV Special Redemption Account pursuant to Section 4.9(e) of this Master Indenture, from the Related subaccount of the Class II Debt Service Fund pursuant to Section 4.10(b) of this Master Indenture, from the Related subaccount of the Class III Debt Service Fund pursuant to Section 4.11(b) of this Master Indenture, from the Related subaccount of the Class IV Debt Service Fund pursuant to Section 4.12(b) of this Master Indenture, from the Related subaccount of the Rebate Fund pursuant to Section 4.13 of this Master Indenture, and from the Related subaccount of the Excess Earnings Fund pursuant to Section 4.14 of this Master Indenture. There may also be deposited in the Revenue Fund, at the option of the Authority, any other moneys of the Authority, unless required to be otherwise applied as provided by the Indenture.

(b) Payment of Certain Fiduciary Expenses. The Trustee shall pay or transfer from the Related subaccount of the Revenue Fund (i) directly to the Fiduciaries, all Fiduciary Expenses, when and as payable and (ii) to the Authority or to its order other reasonable and necessary Administrative Expenses, respectively, only to the extent, if any, provided in the following paragraphs.

(c) Allocation of Revenues From Revenue Fund.

(i) 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, the Trustee shall withdraw from each subaccount of the Revenue Fund and deposit into the following Funds or Accounts and shall pay to the following parties the following amounts, in the following order of priority, the requirements of each such Fund, Account or party (including the making up of any deficiencies in any such Fund or Account resulting from lack of Revenues sufficient to make any earlier required deposit) at the time of deposit to be satisfied, and the results of

such satisfaction being taken into account, before any payment or transfer is made subsequent in priority:

(A) On each May 1, into the Related subaccounts of the Rebate Fund, an amount to be calculated by the Authority which, when added to the amount already within such respective subaccounts, will equal the Rebate Requirement Related to the Tax-exempt Bonds of each respective Series, as determined by the Authority;

(B) On each May 1, to the Related subaccounts of the Excess Earnings Fund, an amount to be calculated by the Authority which, when added to the amount already within such respective subaccounts, will equal the amount determined by the Authority to be required to be on deposit therein;

(C) Into the Related subaccount of the Class I Debt Service Fund (x) the amount, if any, needed to increase the amount in such subaccount to include the aggregate amount of interest becoming due and payable on such Bond Payment Date or Derivative Payment Date upon all Class I Bonds of the Related Series then Outstanding and any Authority Derivative Payment secured on a parity with the Class I Bonds accrued and unpaid as of such date; plus (y) the amount, if any, needed to increase the amount in such subaccount to include 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; provided however, that if such Bond Payment Date is not a date for the payment of a Principal Installment on Related Class I Bonds, such transfer shall include an amount that, if made in substantially equal installments on each subsequent Bond Payment Date to and including the next Bond Payment Date that is a date for the payment of a Principal Installment on Related Class I Bonds, will equal the amount of the Principal Installments becoming due and payable on Outstanding Related Class I Bonds on the next such Bond Payment Date;

(D) Into each Unrelated subaccount of the Class I Debt Service Fund, after making any transfer into such subaccount required by Section 4.8(c)(i) of this Master Indenture, on a proportionate basis with all other such Unrelated subaccounts or as otherwise directed by Authority Request, any deficiency in such subaccount resulting from the lack of moneys sufficient to make the deposit required by paragraph (C) of this Section 4.6(c)(i) as of such date;

(E) Into (1) the Related subaccount of the Loan Recycling Account, at the election of the Authority evidenced by an Authority Certificate filed with the Trustee, but subject to the requirements of Section 4.5(b) of this Master Indenture, or (2) the Related subaccount of the Class I Special Redemption Account, or any combination of (1) and (2) above, 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;

(F) Into each Unrelated subaccount of the Class I Special Redemption Account, on a proportionate basis with all other such Unrelated subaccounts or as otherwise directed by Authority Request, any deficiency in such subaccount

resulting from the lack of moneys sufficient to make the deposit required by paragraph (E) of this Section 4.6(c)(i) as of such date;

(G) Into the Related subaccount of the Class II Debt Service Fund (x) the amount, if any, needed to increase the amount in such subaccount to include the aggregate amount of interest becoming due and payable on such Bond Payment Date or Derivative Payment Date upon all Class II Bonds of the Related Series then Outstanding and any Authority Derivative Payment secured on a parity with the Class II Bonds accrued and unpaid as of such date; plus (y) the amount, if any, needed to increase the amount in such subaccount to include the aggregate amount of Principal Installments becoming due and payable on Outstanding Class II Bonds of the Related Series on such Bond Payment Date; provided however, that if such Bond Payment Date is not a date for the payment of a Principal Installment on Related Class II Bonds, such transfer shall include an amount that, if made in substantially equal installments on each subsequent Bond Payment Date to and including the next Bond Payment Date that is a date for the payment of a Principal Installment on Related Class II Bonds, will equal the amount of the Principal Installments becoming due and payable on Outstanding Related Class II Bonds on the next such Bond Payment Date;

(H) Into each Unrelated subaccount of the Class II Debt Service Fund, after making any transfer into such subaccount required by Section 4.8(c)(iii) of this Master Indenture, on a proportionate basis with all other such Unrelated subaccounts or as otherwise directed by Authority Request, any deficiency in such subaccount resulting from the lack of moneys sufficient to make the deposit required by paragraph (G) of this Section 4.6(c)(i) as of such date;

(I) Into the Related subaccount of the Debt Service Reserve Fund, the amount, if any, needed to increase the amount in such subaccount, together with the available amount of any Qualified Surety Bond therein, to the Debt Service Reserve Fund Requirement of the Related Series of Bonds;

(J) Into each Unrelated subaccount of the Debt Service Reserve Fund, on a proportionate basis with all other such Unrelated subaccounts or as otherwise directed by Authority Request, any deficiency in such subaccount resulting from the lack of Related Revenues sufficient to make the deposit required by paragraph (I) of this Section 4.6(c)(i) as of such date;

(K) Into (1) the Related subaccount of the Loan Recycling Account, at the election of the Authority evidenced by an Authority Certificate filed with the Trustee, but subject to the requirements of Section 4.5(b) of this Master Indenture, or (2) the Related subaccount of the Class II Special Redemption Account, or any combination of (1) and (2) above, the amount, if any, needed to ensure that the Class II Asset Requirement of the Related Series of Bonds will be met on such Bond Payment Date following such transfer;

(L) Into each Unrelated subaccount of the Class II Special Redemption Account, on a proportionate basis with all other such Unrelated subaccounts or as

otherwise directed by Authority Request, any deficiency in such subaccount resulting from the lack of moneys sufficient to make the deposit required by paragraph (K) of this Section 4.6(c)(i) as of such date;

(M) To the Authority, the 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 (or directly to the Fiduciaries, Fiduciary Expenses with respect to the Related Series of Bonds, when and as payable); 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, the amount of any reasonable and necessary Fiduciary Expenses with respect to Unrelated Series of Bonds, on a proportionate basis with all other Unrelated Series of Bonds or as otherwise directed by Authority Request, any deficiency resulting from the lack of moneys sufficient to make the deposit required by paragraph (M) of this Section 4.6(c)(i) as of such date;

(O) Into the Related subaccount of the Class III Debt Service Fund (x) the amount, if any, needed to increase the amount in such subaccount to 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 amount, if any, needed to increase the amount in such subaccount to include 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; provided however, that if such Bond Payment Date is not a date for the payment of a Principal Installment on Related Class III Bonds, such transfer shall include an amount that, if made in substantially equal installments on each subsequent Bond Payment Date to and including the next Bond Payment Date that is a date for the payment of a Principal Installment on Related Class III Bonds, will equal the amount of the Principal Installments becoming due and payable on Outstanding Related Class III Bonds on the next such Bond Payment Date;

(P) Into each Unrelated subaccount of the Class III Debt Service Fund, after making any transfer into such subaccount required by Section 4.8(c)(v) of this Master Indenture, on a proportionate basis with all other such Unrelated subaccounts or as otherwise directed by Authority Request, any deficiency in such subaccount resulting from the lack of monies sufficient to make the deposit required by paragraph (O) of this Section 4.6(c)(i) as of such date;

(Q) To the Authority, the 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, the amount of any reasonable and necessary Administrative Expenses with respect to Unrelated Series of Bonds, on a proportionate basis with all other Unrelated Series of Bonds or as otherwise directed by Authority Request, any deficiency resulting from the lack of moneys sufficient to make the deposit required by paragraph (Q) of this Section 4.6(c)(i) as of such date;

(S) Into (1) the Related subaccount of the Loan Recycling Account, at the election of the Authority evidenced by an Authority Certificate filed with the Trustee, but subject to the requirements of Section 4.5(b) of this Master Indenture, or (2) the Related subaccounts of the Redemption Fund, or any combination of (1) and (2) above, the 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;

(T) Into each Unrelated subaccount of the Redemption Fund, on a proportionate basis with all other such Unrelated 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) Into the Related subaccount of the Class IV Debt Service Fund (x) the amount, if any, needed to increase the amount in such subaccount to 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 amount, if any, needed to increase the amount in such subaccount to include 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) Into each Unrelated subaccount of the Class IV Debt Service Fund, after making the transfer into such subaccount required by Section 4.8(c)(vii) of this Master Indenture, on a proportionate basis with all other such Unrelated subaccounts or as otherwise directed by Authority Request, any deficiency in such subaccounts resulting from the lack of moneys sufficient to make the deposit required by paragraph (U) of this Section 4.6(c)(i) as of such date; and

(W) Upon Authority Request, to the 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.

(ii) The Authority may direct the Trustee to make any of the above transfers more frequently than on the last Business Day prior to Bond Payment Dates or Derivative Payment Dates, in amounts proportionate to the frequency of transfers so directed.

(iii) Following such transfers, the balance, if any, in each subaccount of the Revenue Fund, or such lesser amount thereof as shall be requested by the Authority shall be paid to the Authority for the payment of Administrative Expenses or for any other purpose free and clear of the lien and pledge of the Indenture upon receipt of an Authority Request made within 30 days of such Bond Payment Date. Any amount in each subaccount of the Revenue Fund not so paid to the Authority shall be transferred to the Related subaccounts of the Redemption Fund and allocated among the Related subaccounts of the Class I Special Redemption Account, the Class II Special Redemption Account and the Class III Special Redemption Account as provided in paragraph (c)(i)(S) of this Section 4.6 or shall be retained in the Revenue Fund or transferred and allocated as set forth in an Authority Request, subject in each case to any limitations or requirements specified in the Related Series Indenture.

(iv) Prior to, but as close as practicable to, the latest date on which the Trustee would be permitted to give notice of a redemption to occur on a Bond Payment Date from amounts deposited in the Redemption Fund pursuant to paragraph (c)(i) of this Section 4.6, the Trustee shall calculate the amounts then on deposit in each subaccount of the Revenue Fund which would be transferred to the Related subaccounts of the Class I Debt Service Fund, the Class II Debt Service Fund, the Class III Debt Service Fund and the Class IV Debt Service Fund, and the Related subaccounts of the Redemption Fund, in accordance with the priorities and provisions of such paragraph. Such amounts may be withdrawn from such subaccount of the Revenue Fund for application on or prior to the next succeeding Bond Payment Date (A) upon receipt of an Authority Request, to the purchase in lieu of redemption in accordance with Section 3.6 of this Master Indenture of Related Class I Bonds, Class II Bonds, Class III Bonds or Class IV Bonds in amounts determined in accordance with paragraph (c)(i) of this Section 4.6, (B) to the payment of accrued interest on Bonds being purchased pursuant to Section 3.6 of this Master Indenture or redeemed pursuant to Section 4.9 of this Master Indenture, or (C) to the redemption of Related Class I Bonds, Class II Bonds, Class III Bonds and Class IV

Bonds on such Bond Payment Date in the amounts determined in accordance with paragraph (c)(i) of this Section 4.6.

(v) 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 shall apply or cause the Paying Agent to apply available moneys in the Related subaccount of the Revenue Fund for the payment of such interest.

Section 4.7 Application of Class I Debt Service Fund.

(a) Amounts in each subaccount of the Class I Debt Service Fund shall 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 the interest and Principal Installments on the Related Class I Bonds and any Authority Derivative Payment secured on a parity with the Related Class I Bonds as the same shall become due and payable (including accrued interest on any Class I Bonds 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 Related Class I Bonds purchased in lieu of redemption by Related Class I Sinking Fund Installments.

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

Section 4.8 Debt Service Reserve Fund.

(a) Upon the issuance, sale and delivery of a Series of Bonds pursuant to the Indenture, the Trustee shall deposit in the Related subaccount of the Debt Service Reserve Fund such amounts, if any, as shall be 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, shall 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 Section 4.6(c) of this Master Indenture.

(b) On or prior to each Bond Payment Date, the Trustee shall calculate the amount of the Debt Service Reserve Fund Requirement for each Series of Bonds as of the next succeeding Bond Payment Date and shall determine the amount, if any, 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, shall notify the Authority of such excess amount and shall, unless otherwise instructed by an Authority Request, transfer such excess amount from the Related subaccount of the Debt Service Reserve Fund to the Related subaccount of the Revenue Fund.

(c) 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 pursuant to Section 4.6(c)(i) of this Master Indenture, the Trustee shall

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, the requirements of each such transfer to be satisfied, and the results of such satisfaction being taken into account, before any payment or transfer is made subsequent in priority:

(i) In the event that the amount transferred to any subaccount of the Class I Debt Service Fund pursuant to paragraph 4.6(c)(i)(C) 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 Trustee shall transfer from the Related subaccount of the Debt Service Reserve Fund, to such subaccount of the Class I Debt Service Fund the amount of such insufficiency.

(ii) In the event that the amount transferred to a subaccount of the Class I Debt Service Fund pursuant to paragraph 4.6(c)(i)(D) 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 Trustee shall transfer from Unrelated subaccounts in the Debt Service Reserve Fund on a proportionate basis or as otherwise directed by Authority Request, from subaccounts of the Debt Service Reserve Fund to such subaccount of the Class I Debt Service Fund the amount of such insufficiency.

(iii) In the event that the amount transferred to any subaccount of the Class II Debt Service Fund pursuant to paragraph 4.6(c)(i)(G) 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 Trustee shall transfer from the Related subaccount of the Debt Service Reserve Fund to such subaccount of the Class II Debt Service Fund the amount of such insufficiency.

(iv) In the event that the amount transferred to any subaccount of the Class II Debt Service Fund pursuant to paragraph 4.6(c)(i)(H) 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 Trustee shall transfer from Unrelated subaccounts in the Debt Service Reserve Fund, on a proportionate basis or as otherwise directed by Authority Request, to such subaccount of the Class II Debt Service Fund, the amount of such insufficiency.

(v) In the event that the amount transferred to any subaccount of the Class III Debt Service Fund pursuant to paragraph 4.6(c)(i)(O) 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 Trustee shall transfer from the Related subaccount of the Debt Service Reserve Fund to such subaccount of the Class III Debt Service Fund the amount of such insufficiency; 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.

(vi) In the event that the amount transferred to any subaccount of the Class III Debt Service Fund pursuant to paragraph 4.6(c)(i)(P) is insufficient to pay the interest and Principal Installments, if any, due on Class III Bonds of the Related Series on the

next succeeding Bond Payment Date, the Trustee shall transfer from Unrelated subaccounts in the Debt Service Reserve Fund on a proportionate basis or as otherwise directed by Authority Request, to such subaccount of the Class III Debt Service Fund the amount of such insufficiency; 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.

(vii) In the event that the amount transferred to any subaccount of the Class IV Debt Service Fund pursuant to paragraph 4.6(c)(i)(U) 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 Trustee shall transfer from the Related subaccount of the Debt Service Reserve Fund to such subaccount of the Class IV Debt Service Fund the amount of such insufficiency; 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.

(viii) In the event that the amount transferred to any subaccount of the Class IV Debt Service Fund pursuant to paragraph 4.6(c)(i)(V) is insufficient to pay the interest, and Principal Installments, if any, due on Class IV Bonds of the Related Series on the next succeeding Bond Payment Date, the Trustee shall transfer from Unrelated subaccounts in the Debt Service Reserve Fund on a proportionate basis or as otherwise directed by Authority Request, to such subaccount of the Class IV Debt Service Fund the amount of such insufficiency; 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.

Section 4.9 Redemption Fund; Cross-Calls and Recycling.

(a) Moneys deposited in the subaccounts of the Redemption Fund shall be applied by the Trustee to the purchase or applied by the Paying Agent (if directed by the Trustee) to the redemption of Bonds in accordance with the provisions of Article III, this Section 4.9 and each Related Series Indenture.

(b) Except as set forth in this Section 4.9 or in the Related Series Indenture, moneys deposited in a subaccount of the Class I Special Redemption Account pursuant to Section 4.6 of this Master Indenture or pursuant to the Related Series Indenture, shall be applied to the extent practicable by the Paying Agent on the earliest practicable date to redeem Related Class I Bonds. Any amounts remaining in such Class I Special Redemption Account after all Class I Bonds of the Related Series have been paid shall be transferred to the Related subaccount of the Revenue Fund.

(c) Except as set forth in this Section 4.9 or in the Related Series Indenture, moneys deposited in a subaccount of the Class II Special Redemption Account pursuant to Section 4.6 of this Master Indenture or pursuant to the Related Series Indenture shall be applied to the extent practicable by the Paying Agent on the earliest practicable date to redeem Related Class II Bonds. Any amounts remaining in such Class II Special Redemption Account after all Class II

Bonds of the Related Series have been paid shall be transferred to the Related subaccount of the Revenue Fund.

(d) Except as set forth in this Section 4.9 or in the Related Series Indenture, moneys deposited in a subaccount of the Class III Special Redemption Account pursuant to Section 4.6 of this Master Indenture or pursuant to the Related Series Indenture shall be applied to the extent practicable by the Paying Agent on the earliest practicable date to redeem Related Class III Bonds. Any amounts remaining in such Class III Special Redemption Account after all Class III Bonds of the Related Series have been paid shall be transferred to the Revenue Fund.

(e) Except as set forth in this Section 4.9 or in the Related Series Indenture, moneys deposited in a subaccount of the Class IV Special Redemption Account pursuant to Section 4.6 of this Master Indenture or pursuant to the Related Series Indenture shall be applied to the extent practicable by the Paying Agent on the earliest practicable date to redeem Related Class IV Bonds. Any amounts remaining in such Class IV Special Redemption Account after all Class IV Bonds of the Related Series have been paid shall be transferred to the Revenue Fund.

(f) Notwithstanding anything contained herein to the contrary, the Authority may by the delivery of an Authority Request to the Trustee at any time prior to the transmission of notices of redemption, instruct the Trustee to transfer moneys on deposit in a subaccount of an Account in the Redemption Fund to another subaccount of the same Account in the Redemption Fund to be applied as provided herein to the redemption of the same Class of Bonds of a different Series. Each such Authority Request (i) shall certify that it is consistent with the most recently filed Related Cash Flow Statement (which may, if necessary, link the Related Series) and not prohibited by the Related Series Indentures and (ii) shall be accompanied by evidence of the satisfaction of all Asset Requirements for the Related Series.

Section 4.10 Application of Class II Debt Service Fund.

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

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

Section 4.11 Application of Class III Debt Service Fund.

(a) Amounts in each subaccount of the Class III Debt Service Fund shall be used and withdrawn by the Trustee for transfer to the Paying Agent (i) on each Bond Payment Date and Derivative Payment Date for the purpose of paying first the interest and then Principal Installments on the Related Class III Bonds and any Authority Derivative Payment secured on a parity with the Related Class III Bonds as the same become due and payable (including accrued

interest on any such Class III Bonds redeemed or purchased prior to maturity pursuant to the Indenture) or (ii) on each purchase date for the purpose of paying the purchase price of Related Class III Bonds purchased in lieu of redemption by Class III Sinking Fund Installments.

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

Section 4.12 Application of Class IV Debt Service Fund.

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

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

Section 4.13 Rebate Fund. To the extent required by Section 5.17 of this Master Indenture, all of the amounts on deposit in the Related subaccounts of the Funds and Accounts with respect to Tax-exempt Bonds and all amounts pledged to Debt Service Payments on the Related Series of Tax-exempt Bonds pursuant to the Indenture, (i) shall be invested in compliance with the procedures established by the Related Series Indentures and Authority Certificates delivered in connection therewith, and (ii) to the extent required by such Authority Certificates, the investment earnings thereon shall be deposited from time to time into the Related subaccount of the Rebate Account for timely payment of the Related Rebate Requirements. Amounts on deposit in the Rebate Fund shall not be subject to the lien and pledge of the Indenture to the extent such amounts constitute the Rebate Requirement. The Authority shall verify or cause to be verified at least annually from the date of delivery of each Series of Tax-exempt Bonds that (i) all of requirements of this Section 4.13 have been met on a continuing basis, (ii) the proper amounts are deposited into each subaccount of the Rebate Fund, and (iii) the timely payment of the Rebate Requirement from each subaccount of the Rebate Account has been made. Upon receipt of an opinion of Bond Counsel that the balance in any subaccount of the Rebate Account is in excess of the amount required to be included therein, such excess shall be transferred to the Revenue Fund. Records of the determinations made with respect to the above covenant and each subaccount of the Rebate Fund shall be retained by the Authority until six years after the retirement of all of the Bonds of the Related Series.

Section 4.14 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 of 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.

Section 4.15 Application of Authority Payment Accounts.

(a) If, following transfers made pursuant to Sections 4.6 and 4.8(c) of this Master Indenture, 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 Trustee shall immediately notify the Authority in writing of the amount of such insufficiency and shall request from the Authority an immediate deposit of legally available funds equal to such insufficiency. The Authority shall pay to the Trustee (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) for deposit in the Related subaccounts of the Authority Payment Account the amount of such insufficiency. If the amount provided by the Authority is less than the amount of such insufficiency, any shortfall shall 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.

(b) Amounts deposited with the Trustee by the Authority pursuant to paragraph (a) of this Section 4.15 shall be deposited into the respective subaccounts of the Authority Payment Accounts for the General Obligation Bonds for which such amounts are provided. Amounts in such subaccounts shall only 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.

Section 4.16 Investment of Moneys Held by the Trustee.

(a) Moneys in all Funds and Accounts held by the Trustee shall be invested to the fullest extent possible in Investment Securities, in accordance with directions given to the

Trustee in an Authority Request or Certificate; provided that the maturity date or the date on which such Investment Securities may be redeemed at the option of the holder thereof shall coincide as nearly as practicable with (but in no event later than) the date or dates on which moneys in the Funds or Accounts for which the investments were made will be required for the purposes thereof.

(b) Amounts credited to any Fund or Account may be invested, together with amounts credited to one or more other Funds or Accounts, in the same Investment Security or Investment Securities, provided that each such investment complies in all respects with the provisions of this Section 4.16 as they apply to each Fund or Account for which the joint investment is made, the Trustee maintains separate records for each Fund and Account and such investments are accurately reflected therein and amounts credited to the Rebate Fund and the Excess Earnings Fund may be invested together with amounts credited to any other Fund or Account. The maturity date or the date on which Investment Securities may be redeemed at the option of holder thereof shall coincide as nearly as practicable with (but in no event shall be later than) the date or dates on which moneys in the Funds or Accounts for which the investments were made will be required for the purposes provided in the Indenture.

(c) The Trustee may make any investment permitted by this Section 4.16 with or 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.

(d) In computing the amount in any Fund or Account, Investment Securities shall be valued at par or, if purchased at other than par, at their Amortized Value, in either event inclusive of accrued interest purchased, and Loans shall be valued at 100% of the outstanding principal balance thereof unless in default for more than 60 days as of the date of computation, in which event such Loans shall be valued at the Authority's estimated net Prepayment from the proceeds of any mortgage insurance or (subject to any criteria established by the Rating Agencies) the Authority's estimated net proceeds of foreclosure proceedings or other action with respect to a defaulted Loan.

(e) Except as otherwise specifically provided in the Indenture, the income or interest earned by, or gain to, all Funds and Accounts due to the investment thereof shall be transferred by the Trustee upon receipt thereof to the Related subaccount of the Revenue Fund, in accordance with Section 4.6 of this Master Indenture, except that no such transfer shall be made from, and such income, interest or gain (as described above) 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.

(f) The Trustee shall sell at the best price obtainable, or present for redemption, any Investment Security whenever it shall be necessary in order to provide moneys to meet any payment or transfer from the Fund or Account for which such investment was made.

(g) Notwithstanding anything herein to the contrary, proceeds from any Credit Enhancement Facility or Liquidity Facility shall be held uninvested.

Section 4.17 Liability of Trustee for Investments. The Trustee shall not be liable or responsible for the making of any investment authorized by the provisions of this Article IV in

the manner provided in this Article IV or for any loss resulting from any such investment so made, except for its own negligence.

(End of Article IV)

ARTICLE V

PARTICULAR COVENANTS OF THE AUTHORITY

The Authority covenants and agrees with the Trustee and the Owners of the Obligations as follows:

Section 5.1 Payment of Obligations. The Authority shall duly and punctually pay or cause to be paid, but in strict conformity with the terms of the Bonds, any Derivative Products and the Indenture, the principal or Redemption Price of every Obligation and the interest thereon at the dates and places and in the manner mentioned in the Bonds and Derivative Products according to the true intent and meaning thereof.

Section 5.2 Extension of Payment of Bonds. The Authority shall not directly or indirectly extend or assent to the extension of the maturity of any of the Bonds or the time of payment of any claims for interest by the purchase or funding of such Bonds or claims for interest or by any other arrangement. Notwithstanding the foregoing, the Owner of any Bond may extend the time for payment of the principal of or interest on such Bond; provided, however, that upon the occurrence of an Event of Default, funds available hereunder for the payment of the principal of and interest on the Bonds shall not be applied to any payment so extended until all principal and interest payments which have not been extended have first been paid in full. Nothing herein shall be deemed to limit the right of the Authority to issue Refunding Bonds, and such issuance shall not constitute an extension of maturity of Bonds.

Section 5.3 Further Assurances. At any and all times the Authority, so far as it may be authorized by law, shall make, do, execute, acknowledge and deliver, all and every such further acts, deeds, conveyances, assignments, transfers and assurances as may be necessary or desirable for the better assuring, conveying, granting, pledging, assigning and confirming all and singular the rights, Revenues and other moneys, securities and property, including the Loans and all rights therein, pledged or assigned by the Indenture, or intended so to be, or which the Authority may become bound to pledge or assign.

Section 5.4 Power to Issue Bonds and Pledge Revenues and Other Funds. The Authority is duly authorized under all applicable laws to issue the Bonds and to execute and deliver this Master Indenture and to pledge the Revenues and other moneys, securities, rights and interests purported to be pledged in the manner and to the extent provided herein. The Revenues and other moneys, securities, rights and interests so pledged are and will be free and clear of any pledge, lien, charge or encumbrance thereon or with respect thereto (other than liens of Fiduciaries) prior to, or of equal rank with, the pledge created by the Indenture and all action on the part of the Authority to that end has been and will be duly and validly taken. The Obligations and the provisions of the Indenture are and will be the valid and binding obligations of the Authority enforceable in accordance with their terms and the terms of the Indenture, subject to State and Federal bankruptcy, insolvency, and other similar laws affecting the enforcement of creditors' rights and the availability of equitable remedies. The Authority, to the extent permitted by law, at all times shall defend, preserve and protect the pledge of the Revenues and other moneys, securities, rights and interests pledged under the Indenture and all the rights of the Owners of the Obligations under the Indenture against all claims and demands of all persons whomsoever.

Section 5.5 Use of Bond Proceeds. The Authority will use the proceeds of Bonds and any other moneys deposited in the Funds and Accounts only in accordance with the provisions of the Indenture.

Section 5.6 General Covenants.

(a) The Authority from time to time, with all practical dispatch and in a sound and economical manner consistent in all respects with the Act and with the provisions of the Indenture, shall use and apply the proceeds of the Bonds and other moneys deposited in the Acquisition Account and any moneys deposited in the Loan Recycling Account for the purposes provided herein, and consistent with sound banking practices and principles shall do all such acts and things necessary to receive and collect Revenues and shall diligently enforce, and take all steps, actions and proceedings reasonably necessary in the judgment of the Authority for the enforcement of all terms, covenants and conditions of Loans.

(b) The Authority shall request payment of governmental insurance or guaranty benefits in cash and not in debentures of such governmental insurer or guarantor in any case where, under government regulations, it is permitted to request such debentures as payment with respect to a defaulted Loan, provided that the Authority may request payment in debentures if it files with the Trustee a Cash Flow Statement. The Authority shall take all necessary actions so as to receive payment from any governmental insurer or guarantor of the maximum amount of insurance or guaranty benefits on the earliest possible date.

Section 5.7 Loans. No Loan shall be made by the Authority unless (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).

Section 5.8 Enforcement of Loan Agreements, Loans and Servicing Agreements. The Authority shall enforce diligently and take or cause to be taken all reasonable steps, actions and proceedings necessary for the enforcement of all terms, covenants and conditions of all Loans consistent with sound banking practices and principles and applicable requirements under Section 103 of the Code, including the prompt collection of all Loan Repayments and all other amounts due the Authority thereunder. The Authority shall service each Loan or appoint a Servicer for such Loan and if it appoints a Servicer shall enter into a Servicing Agreement with respect thereto, effective not later than the date of delivery of such Loan. The Authority shall not without good cause release the obligations of the Borrowers under any of the Financing Documents or of the Servicer under the Servicing Agreement and, to the extent permitted by law,

at all times shall defend, enforce, preserve and protect the rights and privileges of the Authority, the Trustee and the Owners under or with respect to the Financing Documents securing such Loans and the Servicing Agreement relating thereto; provided, however, that nothing in this Section 5.8 shall be construed to prevent the Authority from (i) settling a default on any Loan on such terms as the Authority shall determine to be in the best interests of the Authority and the Owners, or (ii) releasing any Borrower, Servicer or any other Person from, or waiving, any of such Person's obligations under the respective Loan, any agreement with respect to security therefor or Servicing Agreement to the extent necessary to comply with the provisions of Section 5.17 of this Master Indenture.

Section 5.9 Assignment or Disposition of Loans or Authority Projects. The Authority shall not sell, assign, transfer, pledge or otherwise dispose of any Loan or any Authority Project or any of the rights of the Authority with respect to any Loan (except a Loan in default) or Authority Project, unless the Authority determines that such sale, assignment, transfer or other disposition would not have a material adverse effect on the ability of the Authority to pay the principal of and interest on the Outstanding Bonds.

Section 5.10 Amendment of Loans. The Authority shall not consent or agree to or permit any amendment or modification of the financial terms of any Loan or any security therefor in any manner materially adverse to the interests of the Owners of the Bonds, as determined in good faith by the Authority.

Section 5.11 Power as to Loans. The Authority has, and will have so long as any Bonds are Outstanding, lawful power to collect and hold Loan Repayments and Prepayments with respect to all Loans.

Section 5.12 Revenues. The Authority at all times shall charge and collect Loan Repayments and other amounts with respect to Loans in amounts sufficient to provide Revenues which, together with any other moneys estimated by the Authority to be available therefor (including Prepayments, but excluding the Rebate Requirement and any Excess Earnings), are estimated to be at least sufficient at all times for the payment of the sum of:

(a) an amount equal to the aggregate Debt Service Payments (including the originally scheduled amount of any Class I Sinking Fund Installments, Class II Sinking Fund Installments, Class III Sinking Fund Installments and Class IV Sinking Fund Installments) on all Bonds Outstanding; and

(b) Administrative Expenses, as projected by the Authority.

Section 5.13 Cash Flow Statement. The Authority shall file Cash Flow Statements at such times as may be required pursuant to the provisions of the Indenture. Whenever an event occurring or action to be taken under the Indenture is required to be "consistent with" a Cash Flow Statement, such event or action must be substantially the same as, or within the range of, the events or actions that were projected or assumed by such Cash Flow Statement to occur or be taken.

Section 5.14 Accounts and Reports.

(a) The Authority shall keep proper books of record and account (separate from all other records and accounts) in which complete and correct entries shall be made of its

transactions relating to the Funds and Accounts established by the Indenture. Such books, and all other books and papers of the Authority and such Funds and Accounts shall at all times be subject to the inspection of the Trustee and the Owners of an aggregate of not less than 5% in principal amount of Bonds then Outstanding or their representatives duly authorized in writing.

(b) The Authority shall cause to be kept and maintained proper books of account, in which full, true and correct entries will be made, in accordance with generally accepted accounting principles, of all transactions of or in relation to the business of the Authority, and after the end of each Fiscal Year shall cause such books of account to be audited 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, who is independent and not under the domination of the Authority, who does not have any substantial interest, direct or indirect, in the Authority, which audit shall be completed as soon as possible after the end of each Fiscal Year but in any event within 180 days thereafter. A copy of each annual balance sheet, statement of revenues, expenses and changes in retained earnings and statement of cash flows, showing in reasonable detail the financial condition of the Authority as of the close of each Fiscal Year, and summarizing in reasonable detail the income and expenses for the Fiscal Year, shall be filed promptly with the Trustee and with each Rating Agency.

(c) The reports, statements and other documents required to be furnished to the Trustee pursuant to any provision of the Indenture shall be available for the inspection of Owners of Bonds at the principal corporate trust office of the Trustee and a copy of the audited financial statements of the Authority shall be transmitted to each Owner of Bonds who shall file a written request therefor with the Authority.

Section 5.15 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 and interests pledged or held or set aside by the Authority or by any Fiduciary under the Indenture and shall not create or cause to be created, other than by the Indenture, any lien or charge on the Revenues or such moneys, securities, rights or interests; provided, however, that nothing in the Indenture shall prevent the Authority from issuing (i) evidences of indebtedness secured by a pledge of Revenues to be derived after the pledge of the Revenues provided in the Indenture shall be discharged and satisfied as provided in Article XI of this Master Indenture; 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.

Section 5.16 Personnel. The Authority at all times shall appoint, retain and employ competent personnel or contract for such personnel for the purpose of administering its activities under the Indenture, and all persons employed by the Authority shall be qualified for their respective positions, all in accordance with law.

Section 5.17 Tax Covenants. The Authority covenants for the benefit of the Owners of each Series the interest on which is intended to be excluded from the gross income of the Owners thereof for federal income tax purposes that it will not take any action or omit to take any action with respect to such Bonds, the proceeds thereof, or any other funds of the Authority if such action or omission would cause the interest on such Bonds to lose its exclusion from gross income for federal income tax purposes under Section 103 of the Code, would subject the Authority to any penalties under Section 148 of the Code, or would cause such Bonds to be “federally guaranteed” within the meaning of Section 149(b) of the Code. The foregoing

covenants shall remain in full force and effect notwithstanding the payment in full or defeasance of such Bonds until the date on which all obligations of the Authority in fulfilling the above covenant under the Code have been met. The Authority shall execute and deliver from time to time such certificates, instruments and documents as shall be deemed necessary or advisable to evidence compliance by the Authority with said Sections and the regulations thereunder with respect to the use of the proceeds of such Bonds and any other funds of the Authority. Such certificates, instruments and documents may contain such stipulations as shall be necessary or advisable in connection with the stated purpose of this Section 5.17 and the foregoing provisions hereof, and the Authority and the Trustee hereby covenant and agree to comply with the provisions of any such stipulation throughout the term of such Bonds.

Section 5.18 General.

(a) The Authority shall do and perform or cause to be done and performed all acts and things required to be done or performed by or on behalf of the Authority under the provisions of the Act and the Indenture and shall refrain from taking any action which would cause a default hereunder or under any Supplemental Indenture (including any Series Indenture).

(b) Upon the date of delivery of any of the Bonds, all conditions, acts and things required by law and the Indenture to exist, to have happened and to have been performed precedent to and in the issuance of such Bonds shall exist, have happened and have been performed and the issue of such Bonds, together with all other indebtedness of the Authority, shall be within every debt and other limit prescribed by the laws of the State.

(End of Article V)

ARTICLE VI

DEFAULT PROVISIONS AND REMEDIES OF TRUSTEE AND OWNERS OF THE BONDS

Section 6.1 Events of Default. Each of the following events is hereby declared an “Event of Default” under the Indenture:

(a) The Authority shall fail to pay 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) The Authority shall fail to pay any installment of interest on any Class I Bond when and as the same shall become due and payable or shall fail to make any payment due under any other Class I Obligations when due and payable;

(c) The Authority shall fail to pay any Principal Installment or interest on any Class II Bond or to make any 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) The Authority shall fail to pay any Principal Installment or interest on any Class III Bond or to make any 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) The Authority shall fail to pay any Principal Installment or interest on any Class IV Bond or to make any 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) The Authority shall fail to perform or observe 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 failure 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 Owners of not less than 10% in Aggregate 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 of America or of the State.

Section 6.2 Acceleration; Annulment of Acceleration.

(a) 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 Aggregate Principal Amount of Outstanding Bonds following an Event of Default described in paragraphs (a), (b), (c), (d) or (e) of Section 6.1 of this Master Indenture and 100% in Aggregate Principal Amount of Outstanding Bonds following an Event of Default described in paragraphs (f) or (g) of Section 6.1 of this Master Indenture shall, give 30 days notice in writing to the Authority of its intention to declare all Outstanding Obligations 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% (except with respect to an Event of Default described in paragraph (f) or (g) of Section 6.1 of this Master Indenture to the extent provided in the following paragraph) in Aggregate Principal Amount of Outstanding Bonds shall, by notice in writing to the Authority, declare all Obligations Outstanding immediately due and payable; and such Obligations shall become and be immediately due and payable, anything in the Bonds, any Derivative Product or the Indenture to the contrary notwithstanding. In such event, there shall be due and payable on the 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.

Notwithstanding the preceding paragraph, following an Event of Default specified in Section 6.1(f) and (g) of this Master Indenture (except for a failure 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 the Trustee is so directed by the written request of Owners of 100% in Aggregate Principal Amount of Outstanding Bonds.

(b) At any time after the Outstanding Obligations shall have been so declared to be due and payable and before the entry of final judgment or decree in any suit, action or proceeding instituted on account of such default, or before the completion of the enforcement of any other remedy under the Indenture, 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 with respect to any Obligations not then due by their terms if (i) moneys 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. No such annulment shall extend to or affect any subsequent Event of Default or impair any right consequent thereon.

Section 6.3 Additional Remedies and Enforcement of Remedies.

(a) Upon the occurrence and continuance of any Event of Default, the Trustee may, and upon the written request of the Owners of not less than 25% in Aggregate Principal Amount of the Bonds Outstanding, together with indemnification of the Trustee to its satisfaction therefor, shall, proceed forthwith to protect and enforce its rights and the rights of the Owners of the Obligations under the Act, the Bonds, any Derivative Product and the Indenture by 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 the Owners of the Bonds to collect and enforce the payment of principal of 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 and obligations

under the terms of the Indenture, and to require the Authority to perform its duties under 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 right of the Owners conferred by law or by the Indenture.

(b) Regardless of the happening of an Event of Default, the Trustee, if requested in writing by the Owners of not less than 25% in Aggregate 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 not making such request.

Section 6.4 Application of Revenues and Other Moneys After Default.

(a) The Authority covenants that if an Event of Default shall happen and shall not have been remedied, the Authority, upon demand of the Trustee, shall pay or cause to be paid over to the Trustee as promptly as practicable after receipt thereof, all Revenues and other payments or receipts pledged under the Indenture.

(b) During the continuance of an Event of Default, the Trustee shall apply, or cause the Paying Agent to apply, all moneys and securities held in any Fund or Account (except the Rebate Fund, the Excess Earnings Fund, the Bond Purchase Fund, any special account of the Program Fund created in accordance with Section 1.4 of this Master Indenture, and, with respect to any Bonds that are not General Obligation Bonds, any Authority Payment Account) (moneys and securities in any such special account of the Program Fund and in an Authority Payment Account are to be applied only to the payment of interest and Principal Installments of Bonds with respect to which such moneys and securities have been pledged), Revenues, payments and receipts and the income therefrom as follows and in the following order:

(i) To the payment of the reasonable and proper Fiduciary Expenses;

(ii) To the payment of the interest and Principal Installments then due and payable on the Class I Bonds and all Authority Derivative Payments secured on a parity with the Class I Bonds, subject to the provisions of Section 5.2 of this Master Indenture; as follows:

(A) Unless the Aggregate Principal Amount of all of the Class I Bonds shall have become or have been declared due and payable.

First: To the payment to the persons entitled thereto of all installments of interest then due and payable on the Class I Bonds and all Authority Derivative Payments secured on a parity with the Class I Bonds in the order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon to the persons entitled thereto, without any discrimination or preference; and

Second: To the payment to the persons entitled thereto of the unpaid Principal Installments of any Class I Bonds which shall have become due and payable, whether at maturity or by call for redemption, in the order of their due dates, and if the amounts available shall not be sufficient to pay in full all the Class I Bonds due and payable on any date, then to the payment thereof ratably, according to the amounts of Principal Installments due on such date, to the persons entitled thereto, without any discrimination or preference.

(B) If the Aggregate Principal Amount of all of the Class I Bonds shall have become or have been declared due and payable, to the payment of the principal and interest then due and unpaid upon the Class I Bonds and all Authority Derivative Payments secured on a parity with the Class I Bonds and, if the amount available shall not be sufficient to pay in full such principal and interest and Authority Derivative Payments, then to the payment of principal and interest and Authority Derivative Payments, without any preference or priority, ratably according to the aggregate amounts due, to the Persons entitled thereto;

(iii) To the payment of the Principal Installments of and interest then due on the Class II Bonds and all Authority Derivative Payments secured on a parity with the Class II Bonds in accordance with the provisions of subparagraph (ii) above as if such subparagraph referred to the Class II Bonds rather than the Class I Bonds.

(iv) To the payment of Principal Installments of and interest then due on the Class III Bonds and all Authority Derivative Payments secured on a parity with the Class III Bonds in accordance with the provisions of subparagraph (ii) above as if such subparagraph referred to the Class III Bonds rather than the Class I Bonds.

(v) To the payment of Principal Installments of and interest then due on the Class IV Bonds and all Authority Derivative Payments secured on a parity with the Class IV Bonds in accordance with the provisions of subparagraph (ii) above as if such subparagraph referred to the Class IV Bonds rather than the Class I Bonds.

(vi) To the payment of the amounts required for reasonable and necessary Administrative Expenses.

Section 6.5 Remedies Not Exclusive. No remedy by the terms of the Indenture conferred upon or reserved to the Trustee or the Owners of the Bonds is intended to be exclusive

of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under the Indenture or existing at law or in equity or by statute (including the Act) on or after the date of adoption of the Indenture.

Section 6.6 Remedies Vested in Trustee. All rights of action (including the right to file proof of claims) under the Indenture or under any of the Bonds may be enforced by the Trustee without the possession of any of the Bonds or the production thereof in any trial or other proceedings relating thereto. Any such suit or proceeding instituted by the Trustee shall be brought in its name as Trustee without the necessity of joining as plaintiffs or defendants any Owners of Bonds. Except as provided in Article VII of this Master Indenture and subject to the provisions of Section 6.4 of this Master Indenture, any recovery of judgment shall be for the equal benefit of the Owners of the Outstanding Class I Obligations or if no Class I Obligations remain Outstanding, for the equal benefit of the Owners of the Outstanding Class II Obligations; or, if no Class I Obligations or Class II Obligations remain Outstanding, for the equal benefit of the Owners of the Outstanding Class III Obligations; or, if no Class I Obligations, Class II Obligations or Class III Obligations remain Outstanding for the equal benefit of the Owner of the Outstanding Class IV Obligations.

Section 6.7 Majority Owners of the Bonds Control Proceedings. If an Event of Default shall have occurred and be continuing, notwithstanding anything in the Indenture to the contrary, the Owners of at least a majority in Aggregate Principal Amount of Bonds then Outstanding shall have the right, at any time, by an instrument in writing executed and delivered to the Trustee, to direct the method and place of conducting any proceeding to be taken in connection with the enforcement of the terms and conditions of the Indenture or for the appointment of a receiver or to take any other proceedings under the Indenture, provided that such direction is in accordance with law and the provisions (in particular, those relating to the priority of the Class I Obligations over Class II, III and IV Obligations, Class II Obligations over Class III and IV Obligations and Class III Obligations over Class IV Obligations) of the Indenture (including indemnity to the Trustee as provided in Section 8.2 of this Master Indenture) and, in the sole judgment of the Trustee, is not unduly prejudicial to the interests of Owners of the Bonds not joining in such direction and provided further that nothing in this Section 6.7 shall impair the right of the Trustee in its discretion to take any other action under the Indenture which it may deem proper and which is not inconsistent with such direction by Owners of the Bonds.

Section 6.8 Individual Owner Action Restricted.

(a) Except as provided in Article VII of this Master Indenture, no Owner of any Bond shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of the Indenture or for the execution of any trust under the Indenture or for any remedy under the Indenture unless:

(i) an Event of Default has occurred under paragraph (a), (b), (c), (d) or (e) of Section 6.1 of this Master Indenture, 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 Bonds Outstanding shall have made written request to the Trustee to proceed to exercise the

powers granted in the 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 Section 8.2 of this 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.

(b) No one or more Owners of Bonds shall have any right in any manner whatsoever to affect, disturb or prejudice the security of the Indenture or to enforce any right under the Indenture except in the manner in the Indenture provided and for the respective benefit of the Owners of all Bonds Outstanding.

Section 6.9 Termination of Proceedings. In case any proceeding taken by the Trustee on account of any Event of Default shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee or the Owners of the Bonds, the Authority, the Trustee and the Owners of the Bonds shall be restored to their former positions and rights under the Indenture, and all rights, remedies and powers of the Trustee and the Owners of the Bonds shall continue as if no such proceeding had been taken.

Section 6.10 Waiver and Non-Waiver of Event of Default.

(a) No delay or omission of the Trustee or of any Owner of Bonds to exercise any right or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or an acquiescence therein. Every power and remedy given by this Article VI to the Trustee and the Owners of the Bonds, respectively, may be exercised from time to time and as often as may be deemed expedient.

(b) 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 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.

(c) Notwithstanding anything contained in the Indenture to the contrary, the Trustee, upon the written request of the Owners of at least a majority of the Aggregate Principal Amount of Bonds then Outstanding, shall waive any Event of Default under the Indenture and its consequences; provided, however, that except under the circumstances set forth in paragraph (b) of Section 6.2 of this Master Indenture or paragraph (b) of this Section 6.10, a default in the payment of the Principal Installment of or interest on any Bond when the same shall become due and payable by the terms thereof, or, upon call for redemption, may not be waived without the written consent of the Owners of all the Bonds at the time Outstanding.

(d) In case of any waiver by the Trustee of an Event of Default under the Indenture, the Authority, the Trustee and the Owners of the Bonds shall be restored to their former positions and rights under the Indenture, respectively, but no such waiver shall extend to any subsequent or other Event of Default or impair any right consequent thereon. The Trustee shall not be responsible to anyone for waiving or refraining from waiving any Event of Default in accordance with this Section 6.10.

Section 6.11 Notice of Defaults.

(a) Within 30 days after (i) the receipt of notice of an Event of Default as described in Section 6.1(f) or (g) of this Master Indenture or (ii) the occurrence of an Event of Default under Section 6.1(a), (b), (c), (d) or (e) of this Master Indenture, of which the Trustee is deemed to have notice, the Trustee, unless such Event of Default shall have theretofore been cured, shall give written notice thereof by first class mail to each registered owner of Bonds then Outstanding, provided that, except in the case of a default in the payment of Principal Installments of or interest on any of the Bonds, the Trustee may withhold such notice if, in its sole judgment, it determines that the withholding of such notice is not unduly prejudicial to the interests of the Owners of the Bonds.

(b) The Trustee shall immediately notify the Authority of any Event of Default known to the Trustee.

(End of Article VI)

ARTICLE VII

DEFAULT PROVISIONS AND REMEDIES FOR GENERAL OBLIGATION BONDS

Section 7.1 General Obligation Bond Default. If the Authority shall fail to pay interest on any General Obligation Bond when due or shall fail to pay any Principal Installment on any General Obligation Bond when due, provided that such failure shall not constitute an Event of Default under Section 6.1 of this Master Indenture, such failure is hereby declared a “General Obligation Bond Default” under the Indenture. A General Obligation Bond Default shall not constitute an Event of Default under the Indenture and shall not affect the priority of the lien and pledge granted Owners of Bonds under the Indenture.

Section 7.2 Acceleration; Annulment of Acceleration.

(a) Upon the occurrence 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 Outstanding General Obligation Bonds 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.

(b) At any time after the Aggregate Principal Amount of the General Obligation Bonds shall have been so declared to be due and payable and before the entry of final judgment or decree in any suit, action or proceeding instituted on account of such default, or before the completion of the enforcement of any other remedy under the Indenture, the Trustee may (and, at the direction of the Owners of a majority in Aggregate Principal Amount of Outstanding General Obligation Bonds, shall) annul such declaration and its consequences with respect to any General Obligation Bonds not then due by their terms 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) moneys shall have been deposited with the Trustee sufficient to pay the charges, compensation, expenses, disbursements, advances and liabilities of the Trustee. No such annulment shall extend to or affect any subsequent General Obligation Bond Default or impair any right consequent thereon.

Section 7.3 Additional Remedies and Enforcement of Remedies.

(a) 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 paragraph (c) below, including but not limited to:

- (i) Suit upon all or any part of the General Obligation Bonds;
- (ii) 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
- (iii) Enforcement of any other right of the Owners of General Obligation Bonds conferred by law or by the Indenture.

(b) 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.

(c) 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.

Section 7.4 Remedies Not Exclusive. Subject to the limitations set forth in Section 7.3(c) of this Master Indenture, no remedy by the terms of the Indenture conferred upon or reserved to the Trustee or the Owners of the Bonds is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under the Indenture or existing at law or in equity or by statute (including the Act) on or after the date of adoption of the Indenture.

Section 7.5 Remedies Vested in Trustee. All rights of action (including the right to file proof of claims) under the Indenture or under any of the General Obligation Bonds may be enforced by the Trustee without the possession of any of the General Obligation Bonds or the production thereof in any trial or other proceedings relating thereto. Any such suit or proceeding instituted by the Trustee shall be brought in its name as Trustee without the necessity of joining as plaintiffs or defendants any Owners of the General Obligation Bonds. Any recovery of judgment in respect to a General Obligation Bond Default shall be for the equal benefit of the Owners of the Outstanding General Obligation Bonds.

Section 7.6 Majority Owners of Bonds Control Proceedings. If a General Obligation Bond Default shall have occurred and be continuing, notwithstanding anything in the Indenture to the contrary, the Owners of at least a majority in Aggregate Principal Amount of General Obligation Bonds then Outstanding shall have the right, at any time, by an instrument in writing executed and delivered to the Trustee, to direct the method and place of conducting any proceeding to be taken in connection with the enforcement of the terms and conditions of the Indenture or to take any other proceedings under the Indenture, provided that such direction is in accordance with law and the provisions (in particular, those relating to the priority of the Class I Obligations over Class II Obligations, Class III Obligations and Class IV Obligations, of the Class II Obligations over Class III Obligations and Class IV Obligations and of the Class III Obligations over Class IV Obligations) of the Indenture (including indemnity to the Trustee as provided in Section 8.2 of this Master Indenture) and, in the sole judgment of the Trustee, is not unduly prejudicial to the interests of Owners of the Bonds not joining in such direction and provided further that nothing in this Section 7.6 shall impair the right of the Trustee in its discretion to take any other action under the Indenture which it may deem proper and which is not inconsistent with such direction by Owners of the Bonds.

Section 7.7 Individual Owner Action Restricted.

(a) 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 this Article VII 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 this Article VII 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 Section 8.2 of this 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.

(b) No one or more Owners of General Obligation Bonds shall have any right in any manner whatsoever to affect, disturb or prejudice the security of the Indenture or to enforce any right under the Indenture except in the manner in the Indenture provided and for the respective benefit of the Owners of all General Obligation Bonds Outstanding.

Section 7.8 Termination of Proceedings. In case any proceeding taken by the Trustee on account of any General Obligation Bond Default shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee or the Owners of the Bonds, the Authority, the Trustee and the Owners of the Bonds shall be restored to their former positions and rights under the Indenture, and all rights, remedies and powers of the Trustee and the Owners of the Bonds shall continue as if no such proceeding had been taken.

Section 7.9 Waiver and Non-Waiver of General Obligation Bond Default.

(a) No delay or omission of the Trustee or of any Owner of the General Obligation Bonds to exercise any right or power accruing upon any General Obligation Bond Default shall impair any such right or power or shall be construed to be a waiver of any such General Obligation Bond Default or an acquiescence therein. Every power and remedy given by this Article VII to the Trustee and the Owners of the General Obligation Bonds, respectively, may be exercised from time to time and as often as may be deemed expedient.

(b) 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.

(c) Notwithstanding anything contained in the Indenture to the contrary, the Trustee, upon the written request of the Owners of at least a majority of the Aggregate Principal Amount of General Obligation Bonds then Outstanding, shall waive any General Obligation Bond Default under the Indenture and its consequences.

(d) In case of any waiver by the Trustee of an General Obligation Bond Default under the Indenture, the Authority, the Trustee and the Owners of the Bonds shall be restored to their former positions and rights under the Indenture, respectively, but no such waiver shall extend to any subsequent or other General Obligation Bond Default or impair any right consequent thereon. The Trustee shall not be responsible to anyone for waiving or refraining from waiving any General Obligation Bond Default in accordance with this Section 7.9.

Section 7.10 Notice of Defaults. Within 30 days after the occurrence of a General Obligation Bond Default under the Indenture, of which the Trustee is deemed to have notice, the Trustee, unless such General Obligation Bond Default shall have theretofore been cured, shall give written notice thereof by first class mail to each registered owner of General Obligation Bonds then Outstanding.

(End of Article VII)

ARTICLE VIII

CONCERNING THE FIDUCIARIES

Section 8.1 Trustee; Paying Agent and Bond Registrar Appointment and Acceptance of Duties. Norwest Bank Colorado, National Association), in Denver, Colorado was initially appointed as Trustee, Paying Agent and Bond Registrar. Norwest Bank Colorado, National Association, signified its acceptance of the duties and obligations imposed upon it by executing this Master Indenture and delivering the same to the Authority. Wells Fargo Bank, National Association is the successor to Norwest Bank Colorado, National Association, as Trustee, Paying Agent and Bond Registrar.

Section 8.2 Responsibilities of Fiduciaries.

(a) The recitals of fact herein and in the Bonds contained shall be taken as the statements of the Authority and no Fiduciary assumes any responsibility for the correctness or completeness of the same. No Fiduciary makes any representations as to the validity or sufficiency of the Indenture, or of any Bonds issued under the Indenture or as to the security afforded by the Indenture, and no Fiduciary shall incur any liability in respect thereof. No Fiduciary shall be under any responsibility or duty with respect to the application of any moneys paid to the Authority or to any other Fiduciary. No Fiduciary shall be under any obligation or duty to perform any act that would involve it in expense or liability or to institute or defend any suit in respect of the Indenture or to advance any of its own moneys, unless properly indemnified to its satisfaction. Subject to the provisions of paragraph (b) of this Section 8.2, no Fiduciary shall be liable in connection with the performance of its duties under the Indenture except for its own negligence or willful misconduct. Notwithstanding any other provision of this Indenture, no right of a Fiduciary to indemnification shall relieve a Fiduciary from responsibility for (a) making payments on the Bonds when due from moneys available to it, (b) accelerating the Bonds as required pursuant to Section 6.2 or 7.2 of this Master Indenture, (c) drawing on a Liquidity Facility in accordance with the terms of such Liquidity Facility, or (d) making any claim under any Credit Enhancement Facility.

(b) The Trustee, prior to the occurrence of an Event of Default or a General Obligation Bond Default and after the curing of all Events of Default or a General Obligation Bond Default that may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in the Indenture. In case an Event of Default or a General Obligation Bond Default has occurred (and has not been cured) the Trustee shall exercise such of the rights and powers vested in it by the Indenture and use the same degree of care and skill in their exercise as a prudent person would exercise or use under the circumstances in the conduct of his/her own affairs. Any provisions of the Indenture relating to action taken or to be taken by the Trustee or to evidence upon which the Trustee may rely shall be subject to the provisions of this Section 8.2.

Section 8.3 Evidence on Which Fiduciaries May Act.

(a) Each Fiduciary, upon receipt of any notice, resolution, request, consent, order, certificate, report, opinion, bond, or other paper or document furnished to it pursuant to any provision of this Master Indenture or any Series Indenture, shall examine such instrument to determine whether it conforms to the requirements of this Master Indenture and the Related

Series Indenture and shall be protected in acting upon any such instrument believed by it to be genuine and to have been signed or presented by the proper party or parties. Each Fiduciary may consult with counsel, who may be of counsel to the Authority, and any opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it under the Indenture in good faith and in accordance therewith.

(b) Whenever any Fiduciary shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action under the Indenture, such matter (unless other evidence in respect thereof is specifically prescribed in the Indenture) may be deemed conclusively to be proved and established by an Authority Certificate, and such Certificate shall be full warrant for any action taken or suffered in good faith under the provisions of the Indenture upon the faith thereof, but in its discretion and in lieu thereof, the Fiduciary may accept other evidence of such fact or matter or may require such further or additional evidence as to it may seem reasonable.

(c) Except as otherwise expressly provided in the Indenture, any request, order, notice or other direction required or permitted to be furnished pursuant to any provision of the Indenture by the Authority to any Fiduciary shall be sufficiently executed if executed in the name of the Authority by an Authorized Officer.

Section 8.4 Compensation of Fiduciaries; Fiduciary Liens. Subject to the terms and conditions of any other agreements between the Authority and one or more Fiduciaries, the Authority shall pay to each Fiduciary from time to time reasonable compensation for all services rendered under the Indenture and also all reasonable expenses, charges, counsel fees and other disbursements, including those of its attorneys, agents, and employees, incurred in and about the performance of their powers and duties under the Indenture. In consideration of the express provisions of the Indenture regarding the payment of Fiduciary Fees, each Fiduciary by acceptance of its appointment hereunder waives any right at law or in equity for the imposition of an implied lien on the Revenues and assets pledged hereunder. In the event that a successor Fiduciary is appointed in accordance with Section 8.8, 8.12 or 8.13 of this Master Indenture during a period for which the predecessor Fiduciary has been compensated in advance, such predecessor Fiduciary shall return to the Authority the pro rata portion of such compensation for the period commencing on the date of appointment of such successor Fiduciary.

Section 8.5 Certain Permitted Acts. Any Fiduciary may become the owner of any Bonds with the same rights it would have if it were not a Fiduciary. To the extent permitted by law, any Fiduciary may act as depository for, and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Owners of the Bonds or to effect or aid in any reorganization growing out of the enforcement of the Bonds or the Indenture, whether or not any such committee shall represent the Owners of a majority in Aggregate Principal Amount of the Bonds then Outstanding. If any Fiduciary incurs expenses or renders services after an Event of Default has occurred, such expenses and compensation for such services are intended to constitute expenses of administration under any bankruptcy law.

Section 8.6 Resignation of Trustee. The Trustee may resign at any time and be discharged of the duties and obligations created by the Indenture by giving not less than 30 days written notice to the Authority and to Owners of the Bonds, at its own expense and without reimbursement therefor, specifying the date when such resignation shall take effect and such

resignation shall take effect upon the day specified in such notice unless previously a successor shall have been appointed by the Authority or the Owners of the Bonds as provided in Section 8.8 of this Master Indenture, in which event such resignation shall take effect immediately on the appointment of such successor. In no event, however, shall such a resignation take effect until a successor Trustee has been appointed pursuant to Section 8.8 of this Master Indenture.

Section 8.7 Removal of Trustee. The Trustee may be removed (i) at any time by an instrument or concurrent instruments in writing, filed with the Trustee and the Authority, and signed by the Owners representing a majority in Aggregate Principal Amount of the Bonds then Outstanding or their attorneys-in-fact duly authorized, excluding any Bonds held by or for the account of the Authority, or (ii) by the Authority in its sole and absolute discretion at any time except during the continuance of an Event of Default or a General Obligation Bond Default by filing with the Trustee notice of removal in the form of an Authority Certificate. In no event, however, shall such removal take effect until a successor Trustee has been appointed pursuant to Section 8.8 of this Master Indenture.

Section 8.8 Appointment of Successor Trustee; Temporary Trustee.

(a) In case at any time the Trustee shall resign or shall be removed or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or if a receiver, liquidator or conservator of the Trustee, or of its property, shall be appointed, or if any public offer shall take charge or control of the Trustee, or of its property or affairs, the Authority covenants and agrees that it thereupon will appoint a successor Trustee.

(b) If no appointment of a successor Trustee shall be made by the Authority pursuant to the foregoing provisions of this Section 8.8 within 45 days after the Trustee shall have given to the Authority written notice as provided in Section 8.6 of this Master Indenture or after a vacancy in the office of the Trustee shall have occurred by reason of its inability to act or its removal, the Trustee or the Owner of any Bond may apply to any court of competent jurisdiction to appoint a successor Trustee. Said court, after such notice, if any, as such court may deem proper, thereupon may appoint a successor Trustee.

(c) Every such Trustee appointed pursuant to the provisions of this Section 8.8 shall (i) be a bank or trust company in good standing and (ii) have a reported capital and surplus of not less than \$50,000,000, if there be such an institution willing, qualified and able to accept the trust upon reasonable or customary terms. Any successor Trustee shall serve for a fee not in excess of the fee paid to the initial Trustee unless otherwise approved by the Authority.

Section 8.9 Transfer of Rights and Property to Successor Trustee. Any successor Trustee appointed under the Indenture shall execute, acknowledge and deliver to its predecessor Trustee, and also to the Authority, an instrument accepting such appointment, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become fully vested with all moneys, estates, properties, rights, powers, duties and obligations of such predecessor Trustee, with like effect as if originally named as Trustee; but the Trustee ceasing to act nevertheless, on the written request of the Authority or of the successor Trustee, shall execute, acknowledge and deliver such instruments of conveyance and further assurance and do such other things as reasonably may be required for more fully and certainly vesting and confirming in such successor Trustee all the right, title and interest of the predecessor Trustee in and to any property held by it under the Indenture, and shall pay over, assign and deliver to the successor

Trustee any money or other property subject to the trusts and conditions set forth in or pursuant to the Indenture. Should any deed, conveyance or instrument in writing from the Authority be required by such successor Trustee for more fully and certainly vesting in and confirming to such successor Trustee any such estates, rights, powers and duties, any and all such deeds, conveyances and instruments in writing, on request and so far as may be authorized by law, shall be executed, acknowledged and delivered by the Authority. Any such successor Trustee promptly shall notify the Depositories, if any, of its appointment as Trustee. Notwithstanding anything contained elsewhere in this Indenture, any such predecessor Trustee shall not be entitled to any compensation or reimbursement for costs and expenses incurred in connection with any transfer of rights or properties under this Indenture, except for such costs and expenses incurred with the prior written consent of the Authority.

Section 8.10 Merger or Consolidation of Fiduciaries. Any company into which any Fiduciary may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it may be party or any company to which any Fiduciary may sell or transfer all or substantially all of its corporate trust business, provided such company shall be a bank or trust company organized under the laws of any state of the United States or a national banking association, and shall be authorized by law to perform all the duties imposed upon it by the Indenture, shall be the successor to such Fiduciary without the execution or filing of any paper or the performance of any further act. Each Fiduciary shall give written notice to the Authority of any such proposed merger, conversion, consolidation or sale or transfer of substantially all of its corporate trust business not less than 120 days' prior to the expected date thereof, and the Authority agrees to keep such information confidential until such information has been publicly disclosed by the Fiduciary. Such Fiduciary shall reimburse the Authority for any costs and expenses incurred by the Authority arising from or associated with any such merger, conversion, consolidation, sale or transfer, or any such proposed merger, conversion, consolidation, sale or transfer. Such Fiduciary shall also be responsible for any costs and expenses incurred by the Authority as a result of such Fiduciary's failure to comply with the requirements of this Section 8.10.

Section 8.11 Adoption of Authentication. In case any of the Bonds contemplated to be issued under the Indenture shall have been authenticated but not delivered by a predecessor Trustee, any successor Trustee may adopt the certificate of authentication of any predecessor Trustee so authenticating such Bonds and deliver such Bonds so authenticated. In case any of such Bonds shall not have been authenticated, any successor Trustee may authenticate such Bonds in the name of the predecessor Trustee or in the name of the successor Trustee, and in all such cases such certificate shall have the full force which it is anywhere in such Bonds or in the Indenture provided that the certificate of the Trustee shall have.

Section 8.12 Paying Agents; Appointment, Resignation or Removal; Successor. The Authority shall appoint one or more Paying Agents for the Bonds and may at any time and from time to time appoint one or more other Paying Agents having the qualifications set forth in this Section 8.12 for a successor Paying Agent. The Trustee or the Bond Registrar may be appointed a Paying Agent. Each Paying Agent shall signify its acceptance of the duties and obligations imposed upon it by the Indenture by executing and delivering to the Authority and to the Trustee a written acceptance thereof. Unless otherwise provided, the principal offices of the Paying Agents are designated as the respective offices of the Authority for the payment of the interest on and principal or Redemption Price of the Bonds. Any Paying Agent may at any time resign and be discharged of the duties and obligations created by the Indenture by giving at least 30 days

written notice to the Authority and the Trustee. Any Paying Agent may be removed at any time by an instrument filed with such Paying Agent and the Trustee and signed by the Authority. Any successor Paying Agent shall be appointed by the Authority with the approval of the Trustee and shall be a bank or trust company organized under the laws of any state of the United States or a national banking association, having capital, surplus and undivided profits aggregating at least \$10,000,000, and willing and able to accept the office on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by the Indenture. In the event of the resignation or removal of any Paying Agent, such Paying Agent shall pay over, assign and deliver any moneys held by it as Paying Agent to its successor, or if there be no successor to the Trustee. In the event that for any reason there shall be a vacancy in the office of any Paying Agent, the Trustee shall act as such Paying Agent.

Section 8.13 Bond Registrar; Appointment, Resignation or Removal; Successor. The Authority shall appoint a Bond Registrar. The Trustee or any Paying Agent may be appointed the Bond Registrar. The Bond Registrar shall signify its acceptance of the duties and obligations imposed upon it by the Indenture by executing and delivering to the Authority and to the Trustee a written acceptance thereof. Unless otherwise provided, the principal offices of the Bond Registrar are designated as the respective offices of the Authority for the maintenance of registration records for the Bonds. The registration records for the Bonds shall be maintained by the Bond Registrar on both a current and historical basis. The Bond Registrar may at any time resign and be discharged of the duties and obligations created by the Indenture by giving at least 30 days written notice to the Authority and the Trustee. The Bond Registrar may be removed at any time by an instrument filed with such Bond Registrar and the Trustee and signed by the Authority. Any successor Bond Registrar shall be appointed by the Authority and shall be a bank or trust company organized under the laws of any state of the United States or a national banking association, having capital, surplus and undivided profits aggregating at least \$10,000,000, and willing and able to accept the office on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by the Indenture. In the event of the resignation or removal of the Bond Registrar, such Bond Registrar shall deliver all records, Bonds and other documents held by it as Bond Registrar to its successor, or if there be no successor to the Trustee. In the event that for any reason there shall be a vacancy in the office of the Bond Registrar, the Trustee shall act as such Bond Registrar.

(End of Article VIII)

ARTICLE IX

SUPPLEMENTAL INDENTURES

Section 9.1 Supplemental Indentures Effective Upon Filing With the Trustee. For any one or more of the following purposes, and at any time or from time to time, a Supplemental Indenture may be executed and delivered by the Authority which, upon the filing with the Trustee of a copy thereof, shall be fully effective in accordance with its terms:

(a) To add to the covenants and agreements of the Authority in the Indenture, other covenants and agreements to be observed by the Authority which are not contrary to or inconsistent with the Indenture as theretofore in effect;

(b) To add to the limitations and restrictions in the Indenture, other limitations and restrictions to be observed by the Authority which are not contrary to or inconsistent with the Indenture as theretofore in effect;

(c) To confirm, as further assurance, any pledge under, and the subjection to any lien or pledge created or to be created by the Indenture of the Revenues or of any other moneys, securities or funds;

(d) To modify any provisions of the Indenture in any respect whatever, provided that the modification, in the sole judgment of the Authority, is reasonably necessary to assure that the interest on Tax-exempt Bonds remains excludable from the gross income of the owners thereof for federal income tax purposes; or

(e) To provide for the issuance of Bonds pursuant to the Indenture and to provide for the terms and conditions pursuant to which such Bonds may be issued, paid or redeemed.

Section 9.2 Supplemental Indentures Effective Upon Consent of Trustee. For any one or more of the following purposes and at any time or from time to time, a Supplemental Indenture may be executed and delivered by the Authority and the Trustee, which upon the filing with the Trustee of a copy thereof and the filing with the Trustee and the Authority of an instrument in writing made by the Trustee consenting thereto, shall be fully effective in accordance with its terms:

(a) To cure any ambiguity, supply any omission, cure or correct any defect or inconsistent provision in the Indenture, or to insert such provisions clarifying matters or questions arising under the Indenture as are necessary or desirable, provided such action shall not adversely affect the interest of the Owners hereunder and are not contrary to or inconsistent with the Indenture theretofore in effect;

(b) To grant to or confer upon the Trustee for the benefit of the Owners any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the Owners or the Trustee;

(c) To add to the covenants and agreements of the Authority in the Indenture other covenants and agreements thereafter to be observed by the Authority;

(d) To surrender any right, power or privilege reserved to or conferred upon the Authority by the terms of the Indenture, provided that the loss of such right, power or privilege shall not adversely impair the Revenues available to pay the Outstanding Bonds;

(e) To include as pledged revenues or money under, and subject to the provisions of, the Indenture any additional revenues or money legally available therefor;

(f) To modify any of the provisions of the Indenture in any respect whatever; provided, however, that (1) such modification shall be, and be expressed to be, effective only after all Bonds of any Series Outstanding at the date of the execution by the Authority of such Supplemental Indenture shall cease to be Outstanding, and (B) such Supplemental Indenture shall be specifically referred to in the text of all Bonds of any Series authenticated and delivered after the date of the execution by the Authority of such Supplemental Indenture and of Bonds issued in exchange therefor or in place thereof;

(g) To modify, eliminate and/or add to the provisions of the Indenture to such extent as shall be necessary to effect the qualification of the Indenture under the Trust Indenture Act of 1939, as then amended, or under any similar federal statute hereafter enacted, and to add to the Indenture such other provisions as may be expressly permitted by said Trust Indenture Act of 1939;

(h) Provided the Authority has first obtained a Confirmation, to make the terms and provisions of the Indenture, including the lien and security interest granted herein, applicable to a Derivative Product, and to modify Section 2.18 of this Master Indenture with respect to any particular Derivative Product;

(i) Provided the Authority has first obtained a Confirmation, to amend the Indenture to allow for any Bonds to be supported by a Credit Enhancement Facility or Liquidity Facility, including amendments with respect to repayment to such a provider on a parity with any Bonds or Derivative Product and providing rights to such provider under the Indenture, including with respect to defaults and remedies;

(j) To make any change as shall be necessary in order to maintain the rating(s) on any of the Bonds from any Rating Agency; or

(k) To make any other amendment or change that will not materially affect the interest of Owners of Outstanding Bonds.

Section 9.3 Supplemental Indentures Requiring Consent of Owners of Bonds. At any time or from time to time, the Authority and the Trustee may execute and deliver a Supplemental Indenture subject to consent by the Owners of the Bonds in accordance with and subject to the provisions of Article X of this Master Indenture, upon the Trustee's receipt of an opinion of Bond Counsel that such Supplemental Indenture will not adversely affect the exclusion from gross income of interest on Tax-exempt Bonds.

Section 9.4 General Provisions.

(a) The Indenture shall not be modified or amended in any respect except as provided in and in accordance with and subject to the provisions of this Article IX and Article X. Nothing in this Article IX or Article X shall affect or limit the right or obligation of the Authority to

adopt, make, do, execute, acknowledge or deliver any certificate, act or other instrument pursuant to the provisions of Section 5.3 of this Master Indenture or the right or obligation of the Authority to execute and deliver to any Fiduciary any instrument that elsewhere in the Indenture it is provided shall be delivered to said Fiduciary.

(i) Any Supplemental Indenture referred to and permitted or authorized by Sections 9.1 and 9.2 of this Master Indenture may be executed and delivered by the Authority without the consent of any of the Owners of the Bonds, but shall become effective only on the conditions, to the extent and at the time provided in said Sections, respectively.

(ii) Every Supplemental Indenture shall be accompanied by a Counsel's Opinion stating that such Supplemental Indenture has been duly executed and delivered in accordance with the provisions of the Indenture, is authorized or permitted by the Indenture and is valid and binding upon the Authority, subject to State and federal bankruptcy, insolvency and other similar laws affecting the enforcement of creditors' rights and the availability of equitable remedies.

(b) The Trustee is hereby authorized to execute and deliver any Supplemental Indenture referred to and permitted or authorized by Sections 9.1, 9.2 or 9.3 of this Master Indenture and, subject to a requirement of consent of the required Owners of the Bonds, if any, to make all further agreements and stipulations that may be contained therein, and the Trustee, in taking such action, shall be protected fully in relying on an opinion of counsel (which may be a Counsel's Opinion) that such Supplemental Indenture is authorized or permitted by the provisions of the Indenture.

(c) No Supplemental Indenture shall change or modify any of the rights or obligations of any Fiduciary without its written consent.

(d) A copy of each Supplemental Indenture executed and delivered by the Authority pursuant to this Article IX and Article X shall be transmitted by the Trustee to each Rating Agency.

(e) Any determination as to whether or not any amendment or supplement to this Master Indenture has an adverse affect on the interests of the Owners shall be made without regard to any Credit Enhancement Facility.

(End of Article IX)

ARTICLE X

AMENDMENTS AND MODIFICATIONS REQUIRING CONSENT OF OWNERS OF BONDS

Section 10.1 Transmission of Notices. Any provision in this Article X for the transmission of a notice or other paper to Owners of the Bonds shall be fully complied with if it is mailed postage prepaid, 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, only:

(a) To each registered Owner of Bonds then Outstanding at such Owner's address, if any, appearing upon the registration records of the Authority or at such electronic mail or other address as is furnished in writing by such Owner, and

(b) To the Trustee.

Section 10.2 Powers of Amendment. Any modification or amendment of the Indenture and of the rights and obligations of the Authority and of the Owners of the Bonds, , in any particular, may be made by a Supplemental Indenture, with the written consent given as provided in Section 10.3 of this Master Indenture of the Owners of at least a majority in Aggregate Principal Amount of the Bonds Outstanding at the time such consent is given. No such modification or amendment shall permit a change in the terms of redemption or maturity of the principal of any Outstanding Bonds or of any installment of interest thereon or a reduction in the principal amount or the Redemption Price thereof or in the rate of interest thereon without the consent of the Owners of all such Bonds, or shall reduce the percentages of Bonds the consent of the Owners of which is required to effect any such modification or amendment without the consent of the Owners of all Bonds then Outstanding or shall change the provisions of the Indenture relating to the ability to declare the Aggregate Principal Amount of Bonds to be 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 without the consent of the Owners of a majority in Aggregate Principal Amount of Class II Bonds Outstanding, or shall materially adversely affect the rights of the Owners of Class III Bonds without the consent of the Owners of a majority in Aggregate Principal Amount of Class III Bonds then Outstanding, or shall materially adversely affect the rights of the Owners of Class IV Bonds without the consent of the Owners of a majority in Aggregate Principal Amount of Class IV Bonds then Outstanding; or shall change or modify any of the rights or obligations of any Fiduciary without its written assent thereto. If any such modification or amendment will, by its terms not take effect so long as any Bonds of any particular maturity remain Outstanding, the consent of the Owners of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under this Section 10.2. The Trustee, relying upon a Counsel's Opinion, may determine whether or not in accordance with the foregoing powers of amendment Bonds of any particular maturity would be affected by any modification or amendment of the Indenture, and any such determination shall be binding and conclusive on the Authority and the Owners of the Bonds.

Section 10.3 Consent of Owners of Bonds. The Authority at any time may execute and deliver a Supplemental Indenture making a modification or amendment permitted by the provisions of Section 10.2 of this Master Indenture, to take effect when and as provided in this

Section 10.3. A copy of such Supplemental Indenture (or brief summary thereof or reference thereto in form approved by the Trustee), together with a request to Owners of the Bonds for their consent thereto in form satisfactory to the Bond Registrar, shall be transmitted by the Authority to the registered owners of the Bonds. Such Supplemental Indenture shall not be effective unless and until (i) there shall have been filed with the Trustee (A) the written consents of Owners of the percentages of Outstanding Bonds specified in Section 10.3 of this Master Indenture and (B) a Counsel's Opinion stating that such Supplemental Indenture has been duly executed and delivered and filed by the Authority in accordance with the provisions of the Indenture, is authorized or permitted by the Indenture, and is valid and binding upon the Authority and enforceable in accordance with its terms, subject to State and federal bankruptcy, insolvency and other similar laws affecting the enforcement of creditors' rights and the availability of equitable remedies and (ii) a notice shall have been transmitted to Owners of the Bonds as provided in this Section 10.3. Each consent shall be effective only if accompanied by proof of the holding, at the date of such consent, of the Bonds with respect to which such consent is given, which proof shall be such as is permitted by Section 12.2 of this Master Indenture. A certificate or certificates by the Bond Registrar filed with the Trustee that it has examined such proof and that such proof is sufficient in accordance with Section 12.2 of this Master Indenture shall be conclusive that the consents have been given by the Owners of the Bonds described in such certificate or certificates of the Bond Registrar. Any such consent shall be binding upon the Owners of the Bonds giving such consent and, anything in Section 12.2 of this Master Indenture to the contrary notwithstanding, upon any subsequent Owners of such Bonds and of any Bonds issued in exchange therefor (whether or not such subsequent Owners of such Bonds thereof has notice thereof) unless such consent is revoked in writing by the Owner thereof by filing with the Bond Registrar, prior to the time when the written statement of the Bond Registrar in this Section 10.3 provided for below is filed, such revocation and, if such Bonds are transferable by delivery, proof that such Bonds are held by the signer of such revocation in the manner permitted by Section 12.2 of this Master Indenture. The fact that a consent has not been revoked likewise may be proved by a certificate of the Bond Registrar filed with the Trustee to the effect that no revocation thereof is on file with the Bond Registrar. At any time after the Owners of the required percentage of Bonds shall have filed their consent to the Supplemental Indenture, the Bond Registrar shall make and file with the Authority and the Trustee a written statement that the Owners of such required percentage of Bonds have filed such consents. Such written statement shall be conclusive that such consents have been so filed. At any time thereafter, notice stating in substance that the Supplemental Indenture (which may be referred to as a Supplemental Indenture executed and delivered by the Authority on a stated date, a copy of which is on file with the Trustee) has been consented to by the Owners of the required percentage of Bonds and will be effective as provided in this Section 10.3, may be given to Owners of the Bonds by the Authority by transmitting such notice to Owners of the Bonds (but failure to transmit such notice shall not affect the validity of the Supplemental Indenture when consented to as provided in this Section 10.3) not more than 90 days after the Owners of the required percentages of Bonds shall have filed their consents to the Supplemental Indenture and the written statement of the Bond Registrar provided for above is filed. The Authority shall file with the Trustee proof of the transmission of such notice. A record, consisting of the papers required or permitted by this Section 10.3 to be filed with the Trustee and the Bond Registrar, shall be proof of the matters therein stated. Such Supplemental Indenture making such amendment or modification shall be deemed conclusively binding upon the Authority, the Fiduciaries and the Owners of all Bonds at the expiration of 30 days after the filing with the Trustee of the proof of the transmission of such last mentioned notice, except in the event of a

final decree of a court of competent jurisdiction setting aside such Supplemental Indenture in a legal action or equitable proceeding for such purpose commenced within such 30 day period; provided, however, that any Fiduciary and the Authority during such 30 day period and any such further period during which any such action or proceeding may be pending shall be entitled in their absolute discretion to take such action or to refrain from taking such action, with respect to such Supplemental Indenture as they may deem expedient.

Section 10.4 Modifications by Unanimous Consent. The terms and provisions of the Indenture or any Supplemental Indenture and the rights and obligations of the Authority and of the Owners of the Bonds may be modified or amended in any respect upon the issuance and filing by the Authority of a Supplemental Indenture and the consent of the Owners of all Bonds then Outstanding, such consent to be given as provided in Section 10.3 of this Master Indenture, except that no notice of such consent to Owners of the Bonds shall be required; provided, however, that no such modification or amendment shall change or modify any of the rights or obligations of any Fiduciary without the filing with the Trustee of the written assent thereto of such Fiduciary in addition to the consent of the Owners of the Bonds.

Section 10.5 Notation on Bonds. Bonds delivered after the effective date of any action taken as in Article IX of this Master Indenture or this Article X provided, may, and if the Trustee so determines, shall bear a notation by endorsement or otherwise in form approved by the Authority, the Trustee and the Bond Registrar as to such action, and in that case upon demand of the Owner of any Bond Outstanding at such effective date and presentation of his Bond at the Corporate Trust Office of the Bond Registrar or upon any transfer or exchange of any Bond Outstanding on or after such effective date, suitable notation shall be made on such Bond or upon any Bond issued upon any such transfer or exchange by the Bond Registrar as to any such action. If the Authority or the Bond Registrar shall so determine, new Bonds so modified as in the opinion of the Bond Registrar and the Authority to conform to such action shall be prepared, delivered, and upon demand of the Owner of any Bond then Outstanding shall be exchanged, without cost to such Owner, for Bonds of the same Series, Class, tenor and maturity then Outstanding, upon surrender of such Bonds.

(End of Article X)

ARTICLE XI

DISCHARGE OF INDENTURE; DEFEASANCE OF BONDS

Section 11.1 Discharge of Indenture in Entirety. If the Authority shall pay or cause to be paid, or there shall otherwise be paid, (i) to the Owners of all Bonds the principal or Redemption Price, if applicable, and interest due or to become due thereon, at the times and in the manner stipulated therein and in the Indenture, (ii) to each Reciprocal Payor, all Authority Derivative Payments then due, (iii) to each Credit Facility Provider, any and all amounts due and owing pursuant to any Credit Enhancement Facility, and (iv) to each Liquidity Facility Provider, any and all amounts due and owing pursuant to any Liquidity Facility, then the pledge of any Revenues, and other moneys and securities pledged under the Indenture and all covenants, agreements and other obligations of the Authority to the Owners, shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Trustee shall cause an accounting for such period or periods as shall be requested by the Authority to be prepared and filed with the Authority and, upon the request of the Authority, shall execute and deliver to the Authority all such instruments as may be desirable to evidence such discharge and satisfaction, and the Fiduciaries shall pay over or deliver to or upon the order of the Authority all moneys or securities held by them pursuant to the Indenture that are not required for the payment of principal, or Redemption Price, if applicable, of or interest on Bonds not theretofore surrendered to them for such payment or redemption. If the Authority shall pay or cause to be paid, or there shall otherwise be paid, to the Owners of all Outstanding Bonds of a particular Series, the principal or Redemption Price, if applicable, and interest due or to become due thereon, and to each Reciprocal Payor all Reciprocal Payments then due, at the times and in the manner stipulated therein and in this Master Indenture and in the Derivative Product, such Bonds and each Reciprocal Payor shall cease to be entitled to any lien, benefit or security hereunder and all covenants, agreements and obligations of the Authority to the Owners of such Bonds and to each Reciprocal Payor shall thereupon cease, terminate and become void and be discharged and satisfied.

Section 11.2 Defeasance of Bonds. Bonds or interest installments for the payment or redemption of which moneys shall have been set aside and shall be held in trust by the Trustee or the Paying Agent (through deposit by the Authority of moneys for such payment or redemption or otherwise) at the maturity or redemption date thereof shall be deemed to have been paid within the meaning and with the effect expressed in Section 11.1 or Section 11.2 of this Master Indenture. Outstanding Bonds shall be deemed, prior to the maturity or redemption date thereof, to have been paid within the meaning and with the effect expressed in Section 11.1 or Section 11.2 of this Master Indenture if (i) in case any of said Bonds are to be redeemed on any date prior to their maturity, the Authority shall have given to the Bond Registrar in form satisfactory to it irrevocable instructions to transmit as provided in Article III of this Master Indenture notice of redemption of such Bonds on said date; (ii) there shall have been deposited with the Trustee either moneys in an amount sufficient, or Defeasance Securities the principal of and the interest on which when due (whether at maturity or the prior redemption thereof at the option of the holder thereof) will provide moneys in an amount that, together with the moneys, if any, deposited with the Trustee at the same time, shall be sufficient to pay when due the principal or Redemption Price of and interest due and to become due on said Bonds on and prior to the redemption date or maturity date thereof, as the case may be, (iii) in the event said Bonds are not by their terms subject to redemption within the next succeeding 60 days, the Authority shall have given to the Bond Registrar in form satisfactory to it irrevocable instructions to transmit, as soon

as practicable, a notice to the Owners of such Bonds that the deposit required by (ii) above has been made with the Trustee and that said Bonds are deemed to have been paid in accordance with this Section 11.2 and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal or Redemption Price of and interest on said 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 pursuant to this Section 11.2 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 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 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. Notwithstanding any other provision of this Section 11.2, 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 at 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.

(End of Article XI)

ARTICLE XII

MISCELLANEOUS

Section 12.1 Failure to Present Bonds. Anything in the Indenture to the contrary notwithstanding, any moneys held by a Fiduciary in trust for the payment and discharge of any of the Bonds, which moneys remain unclaimed for three years (or, if less, the maximum time provided by the laws of the State prior to escheat to the State) after the date when such Bonds have become due and payable, either at their stated maturity dates or by call for earlier redemption, if such moneys were held by the Fiduciary at such date, or for three years (or, if less, the maximum time provided by the laws of the State prior to escheat to the State) after the date of deposit of such moneys if deposited with the Fiduciary after the date when such Bonds became due and payable, at the written request of the Authority, shall, to the extent permitted by law, be repaid by the Fiduciary to the Authority, as its absolute property and free from trust, and the Fiduciary thereupon shall be released and discharged with respect thereto and the Owners of the Bonds shall look only to the Authority for the payment of such Bonds.

Section 12.2 Evidence of Signatures of Bond Owners and Ownership of Bonds.

(a) Any request, consent, revocation of consent or other instrument that the Indenture may require or permit to be signed and executed by the Owners of the Bonds may be in one or more instruments of similar tenor, and shall be signed or executed by such Owners in person or by their attorneys appointed in writing. Proof of the execution of any such instrument, or of any instrument appointing any such attorney or the holding by any person of the Bonds, shall be sufficient for any purpose of the Indenture (except as otherwise expressly provided in the Indenture) if made in the following manner, or in any other manner satisfactory to the Trustee and the Bond Registrar which nevertheless in their discretion may require further or other proof in cases where they deem the same desirable:

(i) The fact and date of the execution by the Owner of any Bond or his attorney of such instruments may be proved by a guaranty of the signature thereon by a bank, trust company or national banking association or by the certificate of any notary public or other officer authorized to take acknowledgments of deeds, that the person signing such request or other instrument acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer. Where such execution is by an officer of a corporation or association or a member of a partnership, on behalf of such corporation, association or partnership, such signature guaranty, certificate or affidavit also shall constitute sufficient proof of his authority.

(ii) The ownership of Bonds and the amount, numbers and other identification, and date of holding the same shall be proved by the registration records of the Bond Registrar.

(iii) Nothing contained in this Section 12.1 shall be construed as limiting the Trustee or Bond Registrar to such proof, it being intended that the Trustee and Bond Registrar may accept any other evidence of the matters herein stated which it may deem sufficient.

(b) Any request or consent by the owner of any Bond shall bind all future owners of such Bond in respect of anything done or suffered to be done by the Authority or any Fiduciary in accordance therewith.

Section 12.3 Bonds Not an Obligation of the State or Any Political Subdivision. The Bonds shall not be in any way a debt or liability or obligation of the State or of any political subdivision thereof (other than the Authority) and shall not constitute or give rise to a pecuniary liability of the State or of any such political subdivision or be or constitute a pledge of the faith and credit of the State or of any such political subdivision.

Section 12.4 Moneys Held for Particular Bonds. Subject to the provisions of Section 12.1 of this Master Indenture, the amounts held by any Fiduciary for the payment of the interest, principal or Redemption Price due on any date with respect to particular Bonds, on and after such date and pending such payment, shall be set aside on its books and held in trust by it for the Owners of the Bonds entitled thereto.

Section 12.5 Preservation and Inspection of Documents. All documents received by any Fiduciary under the provisions of the Indenture shall be retained in its possession and shall be subject at all reasonable times to the inspection of the Authority, any other Fiduciary, and any Owner of Bonds and their agents and their representatives, any of whom may make copies thereof.

Section 12.6 Parties Interested Herein. Nothing in the Indenture expressed or implied is intended or shall be construed to confer upon, or to give to, any Person, other than the Authority, the Fiduciaries, any Credit Facility Provider, any Liquidity Facility Provider and the Owners, any right, remedy or claim under or by reason of the Indenture or any Supplemental Indenture or any covenant, condition or stipulation of the Indenture; and all the covenants, stipulations, promises and agreements in the Indenture contained by and on behalf of the Authority shall be for the sole and exclusive benefit of the Authority, the Fiduciaries, any Credit Facility Provider, any Liquidity Facility Provider and the Owners.

Section 12.7 No Recourse on the Bonds. No recourse shall be had for the payment of the principal or Redemption Price of or interest on the Bonds or for any claim based thereon or on the Indenture against any officer, employee or agent of the Authority or any person executing the Bonds.

Section 12.8 Severability of Invalid Provisions. If any one or more of the covenants or agreements provided in the Indenture on the part of the Authority or any Fiduciary to be performed should be contrary to law, then such covenant or covenants or agreement or agreements shall be deemed severable from the remaining covenants and agreements, and in no way shall affect the validity of the other provisions of the Indenture.

Section 12.9 Successors. Whenever in the Indenture the Authority is named or referred to, it shall be deemed to include any entity that may succeed to the principal functions and powers of the Authority under the Act, and all the covenants and agreements contained in the Indenture by or on behalf of the Authority shall bind and inure to the benefit of said successor whether so expressed or not.

Section 12.10 Consents and Approvals. Whenever the written consent or approval of the Authority, Fiduciaries or Owners of the Bonds shall be required under the provisions of the Indenture, such consent or approval shall not be unreasonably withheld or delayed.

Section 12.11 Notices, Demands and Requests. All notices, demands and requests to be given or made under the Indenture to or by the Authority, the Bond Registrar, the Paying Agent or the Trustee shall be in writing and shall be properly made if sent by United States mail, postage prepaid, or transmitted in such other manner as such parties shall agree, and addressed as follows:

- | | |
|---|---|
| (a) Authority: | Colorado Housing and Finance
Authority
1981 Blake Street
Denver, Colorado 80202
Attn: Executive Director |
| (b) Trustee, Bond
Registrar, or
Paying Agent: | Wells Fargo Bank, National
Association
1740 Broadway
MAC C7300-107
Denver, Colorado 80274
Attn: Corporate, Municipal and
Escrow Solutions |

Either the Authority, the Paying Agent, the Bond Registrar or the Trustee may change the address listed for it above at any time upon written notice of such change sent by United States mail, postage prepaid (or transmitted in such other manner as such parties shall agree), to the Authority or the Trustee, as the case may be.

Section 12.12 Applicable Law. The Indenture shall be governed exclusively by the applicable laws of the State.

Section 12.13 Table of Contents and Section Headings Not Controlling. The Table of Contents and the headings of the several Articles and Sections of this Master Indenture have been prepared for convenience of reference only and shall not control, affect the meaning of, or be taken as an interpretation of any provision of this Master Indenture.

Section 12.14 Exclusion of Bonds. Bonds owned or held by or for the account of the Authority shall not be deemed Outstanding for the purpose of consent or other action or any calculation of Outstanding Bonds provided for in Article VI, Article VII or Article X of this Master Indenture, and the Authority shall not be entitled with respect to such Bonds to give any consent or take any other action provided for in said Article VI, Article VII or Article X. At the time of any consent or other action taken under said Article VI, Article VII or Article X, the Authority shall file with the Trustee and the Bond Registrar an Authority Certificate listing and describing all Bonds to be excluded.

Section 12.15 Reciprocal Payor Rights. Notwithstanding any provisions of this Master Indenture, no Reciprocal Payor which shall be in default under any Derivative Product with the

Authority shall have any of the rights granted to a Reciprocal Payor or as the Owner of an Obligation hereunder.

Section 12.16 Counterparts. This Master Indenture may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 12.17 Effective Date; Execution and Delivery. This Master Indenture shall become effective upon its execution and delivery by the Authority and the Trustee.

Section 12.18 Agreement of the State. In accordance with the Act, the Authority hereby includes as a part of its contract with the Owners of the Bonds the following pledge and agreement of the State: The State does hereby pledge to and agree with the Owners of the Bonds that the State will not limit or alter the rights hereby vested in the Authority to fulfill the terms of any agreements made with the Owners of the Bonds or in any way impair the rights and remedies of the Owners of the Bonds until the Bonds, together with the interest thereon, with interest on any unpaid installments of interest, and all costs and expenses in connection with any action or proceeding by or on behalf of the Owners of the Bonds are fully met and discharged.

IN WITNESS WHEREOF, the parties hereto have caused this Master Indenture to be duly executed as of the day and year first above written.

COLORADO HOUSING AND FINANCE
AUTHORITY

By: _____
Executive Director

Attest:

By: _____
Assistant Secretary

WELLS FARGO BANK, NATIONAL
ASSOCIATIO (as successor to Norwest Bank
Colorado, National Association), as Trustee

By: _____
Title: _____

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APPENDIX D

Class Asset Requirements

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

Under the Master Indenture:

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

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

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

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

The 2013 Series A Indenture provides that the **Class I Parity Ratio** shall be no less than 130%. As of April 1, 2013, the Accrued Assets were equal to 163.5% of the Aggregate Principal Amount of Class I Bonds and 110% of the Aggregate Principal Amount of Class I Bonds and Class II Bonds. These ratios did not take into account the 2013 Series A Bonds.

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APPENDIX E

Form of Bond Counsel Opinion

June 26, 2013

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

Colorado Housing and Finance Authority
Multi-Family/Project Class I Adjustable Rate Bonds, 2013 Series A

Ladies and Gentlemen:

We have acted as bond counsel to the Colorado Housing and Finance Authority (the "Authority"), in connection with the issuance of its Multi-Family/Project Class I Adjustable Rate Bonds, 2013 Series A (the "2013 Series A Bonds") in the aggregate principal amount of \$7,880,000. In such capacity, we have examined the Authority's certified proceedings and such other documents and such law of the State of Colorado and of the United States of America as we have deemed necessary to render this opinion letter. The 2013 Series A Bonds are authorized and issued pursuant to the Master Indenture of Trust, dated as of March 1, 2000, as amended, and as supplemented by the 2013 Series A Indenture dated as of June 1, 2013 (together, the "Indenture") between the Authority and Wells Fargo Bank, National Association (formerly, Norwest Bank Colorado, National Association), as trustee (the "Trustee"). Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Indenture.

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

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

1. The 2013 Series A Bonds constitute valid and binding special, limited obligations of the Authority, payable solely from the Revenues and other assets pledged thereto under the Indenture.
2. The Indenture has been duly authorized by the Authority, duly executed and delivered by authorized officials of the Authority, and, assuming due authorization, execution and delivery by the Trustee, constitutes a valid and binding obligation of the Authority enforceable in accordance with its terms.
3. Interest on the 2013 Series A Bonds is excluded from gross income under federal income tax laws pursuant to Section 103 of the Internal Revenue Code of 1986, as amended to the date hereof (the "Tax Code"); further, interest on the 2013 Series A 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 and certifications furnished to us.

4. The 2013 Series A Bonds, their transfer and the income therefrom shall at all times be free from taxation by the State of Colorado under Colorado laws in effect as of the date hereof.

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

The obligations of the Authority pursuant to the 2013 Series A Bonds and the Indenture are subject to the application of equitable principles, to the reasonable exercise in the future by the State of Colorado and its governmental bodies of the police power inherent in the sovereignty of the State of Colorado and to the exercise by the United States of America of the powers delegated to it by the Federal Constitution, including, without limitation, bankruptcy powers.

We understand that JPMorgan Chase Bank, N.A. has delivered a Standby Bond Purchase Agreement with respect to the 2013 Series A Bonds. We express no opinion as to the validity or enforceability of the Standby Bond Purchase Agreement or the security afforded thereby.

In this opinion letter issued in our capacity as bond counsel, we are opining only upon those matters set forth herein, and we are not opining upon the accuracy, adequacy or completeness of the Official Statement or any other statements made in connection with any offer or sale of the 2013 Series A Bonds or upon any federal or state tax consequences arising from the receipt or accrual of interest on or the ownership or disposition of the 2013 Series A Bonds, except those specifically addressed herein.

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

Respectfully submitted,

APPENDIX F

Book-Entry System

The following information in this section regarding DTC and the book entry system is based solely on information provided by DTC. No representation is made by the Authority or the Underwriter as to the completeness or the accuracy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof. The Beneficial Owners of the 2013 Series A Bonds should confirm the following information with DTC or the DTC Participants.

The Depository Trust Company ("**DTC**"), New York, NY, will act as securities depository for the 2013 Series A Bonds. The 2013 Series A Bonds will be issued as fully-registered securities, registered in the name of Cede & Co., DTC's partnership nominee ("**Cede**") or such other name as may be requested by an authorized representative of DTC. One fully-registered 2013 Series A Bond certificate will be issued for each maturity of the 2013 Series A Bonds, in the aggregate principal amount of each such maturity of the 2013 Series A Bonds, and will be deposited with DTC.

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

Purchases of 2013 Series A Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2013 Series A Bonds on DTC's records. The ownership interest of each actual purchaser of each 2013 Series A Bond ("**Beneficial Owner**") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2013 Series A Bonds are to be accomplished by entries made on the books of Direct or Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners

will not receive certificates representing their ownership interests in 2013 Series A Bonds, except in the event that use of the book-entry system for the 2013 Series A Bonds is discontinued.

To facilitate subsequent transfers, all 2013 Series A Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of 2013 Series A Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2013 Series A Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2013 Series A Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of 2013 Series A Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2013 Series A Bonds, such as redemptions, defaults, and proposed amendments to the 2013 Series A Bond documents. For example, Beneficial Owners of 2013 Series A Bonds may wish to ascertain that the nominee holding the 2013 Series A Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Bond Registrar and request that copies of notices be provided directly to them.

While the 2013 Series A Bonds are in the book-entry system, redemption notices will be sent to DTC. If less than all of the 2013 Series A Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to 2013 Series A Bonds, unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the 2013 Series A Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the 2013 Series A Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the Authority or the Trustee, on a payment date in accordance with their respective holdings shown on DTC's records. Payments by Direct and Indirect Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Direct and Indirect Participant and not of DTC, the Trustee, the Paying Agent or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC), is the responsibility of the Trustee or the Authority, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

THE AUTHORITY, THE TRUSTEE, AND THE PAYING AGENT SHALL HAVE NO RESPONSIBILITY OR OBLIGATION WITH RESPECT TO THE ACCURACY OF THE RECORDS OF DTC, CEDE & CO. OR ANY DTC PARTICIPANT WITH RESPECT TO ANY OWNERSHIP INTEREST IN THE 2013 SERIES A BONDS, THE DELIVERY TO ANY DTC PARTICIPANT OR

ANY INDIRECT PARTICIPANT OR ANY OTHER PERSON, OTHER THAN CEDE & CO., AS NOMINEE OF DTC, AS SHOWN ON THE BOND REGISTER, OF ANY NOTICE WITH RESPECT TO THE 2013 SERIES A BONDS, INCLUDING ANY NOTICE OF REDEMPTION, THE PAYMENT TO ANY DTC PARTICIPANT OR INDIRECT PARTICIPANT OR ANY OTHER PERSON, OTHER THAN CEDE & CO., AS NOMINEE OF DTC, AS SHOWN ON THE BOND REGISTER, OF ANY AMOUNT WITH RESPECT TO PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON, THE 2013 SERIES A BONDS OR ANY CONSENT GIVEN BY CEDE & CO., AS NOMINEE OF DTC. SO LONG AS CERTIFICATES FOR THE 2013 SERIES A BONDS ARE NOT ISSUED PURSUANT TO THE INDENTURE AND THE 2013 SERIES A BONDS ARE REGISTERED TO DTC, THE AUTHORITY, THE PAYING AGENT, AND THE TRUSTEE SHALL TREAT DTC OR ANY SUCCESSOR SECURITIES DEPOSITORY AS, AND DEEM DTC OR ANY SUCCESSOR SECURITIES DEPOSITORY TO BE, THE ABSOLUTE OWNER OF THE 2013 SERIES A BONDS FOR ALL PURPOSES WHATSOEVER, INCLUDING WITHOUT LIMITATION (1) THE PAYMENT OF PRINCIPAL AND INTEREST ON THE 2013 SERIES A BONDS, (2) GIVING NOTICE OF REDEMPTION AND OTHER MATTERS WITH RESPECT TO THE 2013 SERIES A BONDS, (3) REGISTERING TRANSFERS WITH RESPECT TO THE 2013 SERIES A BONDS AND (4) THE SELECTION OF 2013 SERIES A BONDS FOR REDEMPTION.

DTC may discontinue providing its services as depository with respect to the 2013 Series A Bonds at any time by giving reasonable notice to the Authority and the Trustee. Under such circumstances, in the event that a successor depository is not obtained, 2013 Series A Bond certificates are required to be printed and delivered. The Authority may decide to discontinue use of the system of book-entry transfer through DTC (or a successor securities depository). In that event, 2013 Series A Bond certificates will be printed and delivered to DTC.

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

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

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APPENDIX G-1

**Certain Information Regarding the 2013A Loans
as of June 17, 2013**

Borrower Name	Outstanding Balance	Maturity Date	Note Date	Principal and Interest Amount	Insurance Type	Remaining Term (Months)	Current Interest Rate	Location	Number of Units
Grand Junction Housing Authority	\$1,697,016	7/1/2034	5/21/2012	\$ 8,026	542 (C)	251	1.75%	Grand Junction	107
Valley Sun	876,236	7/1/2023	7/1/1982	9,176	221 (D) 4	115	4.85	Cortez	50
Highland	2,697,437	11/1/2023	8/1/1982	28,907	221 (D) 3	116	5.90	Wheat Ridge	117
Allied South	1,914,243	4/1/2024	3/28/1983	26,203	221 (D) 3	124	4.90	Denver	96
Niblock	97,223	10/1/2026	12/24/1985	2,576	221 (D) 4	157	6.50	Denver	10
	\$7,282,155								

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APPENDIX G-2

Certain Information about the Master Indenture Loan Portfolio, Authority Projects and Fund Balances

The chart included in this Appendix G-2 has been prepared by the Authority to provide, as of April 1, 2013, certain information about the Master Indenture Loan Portfolio and Authority Projects. Information is also provided about the Fund Balances existing under the Master Indenture as of April 1, 2013. In summary, as of April 1, 2013, the Trust Estate included the following:

	<u>Principal Amount</u> ⁽¹⁾	<u>No. of Loans/ Interests/Projects</u>	<u>Total % of Portfolio</u> ⁽³⁾
Insured Rental Loans	\$211,945,943	65	32.68%
Military Housing	161,700,066	6	24.93
Uninsured Business Loans ⁽²⁾	135,328,759	237	20.87
Uninsured Rental Loans ⁽²⁾	124,370,475	104	19.18
Insured Business Loans	10,927,205	7	1.68
Authority Projects	2,581,017	3	0.40
Participation Interests	<u>1,648,140</u>	<u>7</u>	<u>0.25</u>
Total	<u>\$648,501,604</u>	<u>429</u>	<u>100.00%</u>

⁽¹⁾ Includes certain Loans which will be transferred to the Authority's new master indenture in connection with the refunding of certain Bonds with proceeds of bonds expected to be issued under such new master indenture concurrently with the issuance of the 2013 Series A Bonds.

⁽²⁾ Not including the uninsured loans for the Fort Carson and Air Force Academy loans which are listed as a separate line item "Military Housing."

⁽³⁾ Percentage is based on principal amount.

For purposes of this chart, the abbreviations set forth below have the following respective meanings. See Part II – "COLORADO HOUSING AND FINANCE AUTHORITY – Programs to Date" for further information.

221 (D) 3	Insured Rental
221 (D) 4	Insured Rental
223 (F)	Insured Rental
542 (C)	Insured Rental
BF B&I	Participation Interests
BF B&I BUSINESS	Uninsured Business
BF B&I II	Participation Interests
BF CHFA DIRECT	Uninsured Business
BF CHFA RURAL	Uninsured Business
BF EDF	Uninsured Business
BF NON PROFIT	Uninsured Business
BF QAL	Participation Interests
BF QIC	Participation Interests
BF SBA 504	Uninsured Business
CHFA NOTE	Authority Owned Projects
DIRECT BOND	Military Housing
HOF CHFA	Uninsured Rental
HOF FAF	Uninsured Rental
IRP	Uninsured Business
MF 501(C)3	Uninsured Rental
SMART T-E (TAX EXEMPT)	Uninsured Rental
SMART TAXABLE	Uninsured Rental
SPEC NEED	Uninsured Rental

Colorado Housing and Finance Authority
Loan Portfolio Report

As of April 1, 2013

Multi-Family/Project Bonds

2000A, 2000B, 2001A, 2002A, 2002C, 2003A, 2004A, 2005A, 2005B, 2006A, 2007B, 2008A, 2008B, 2008C, 2009A, 2012A and 2012B

Bond Issue	Borrower	Note Amount	Maturity Date	Note Date	PI Amount	Loan Program Type	Next Due Date	Current Balance
M00A	CHFA	4,084,592.00	2/1/2017	1/1/1997	\$206,367.86	CHFA NOTE	8/1/2013	1,389,420.18
M00A	CHFA	400,000.00	11/1/2021	11/1/1991	\$17,680.74	CHFA NOTE	5/1/2013	223,825.63
M00A	SENIOR HOUSING OPTIONS	525,000.00	9/1/2034	6/18/1993	\$2,580.62	MF 501(C)3	4/1/2013	358,198.78
M00A	SENIOR HOUSING OPTIONS	2,153,185.00	5/1/2022	4/29/1992	\$12,412.66	MF 501(C)3	4/1/2013	1,041,715.22
M00A	SAXONY APARTMENTS	272,735.00	7/1/2022	7/1/1992	\$1,764.74	MF 501(C)3	4/1/2013	127,765.52
M00A	JEFFERSON HILLS	3,287,357.00	11/1/2023	10/5/1993	\$21,398.91	MF 501(C)3	4/1/2013	1,971,951.59
M00A	LAS ANIMAS/BENT COUNTY HOUSING AUTHORITY	159,000.00	4/1/2027	10/25/1995	\$1,017.28	MF 501(C)3	4/1/2013	113,027.56
M00A	HOA CITY OF STERLING	522,000.00	8/1/2031	8/14/1996	\$3,036.76	MF 501(C)3	4/1/2013	412,624.27
M00A	FOUNTAIN RIDGE ASSOCIATES, LLC	407,069.52	4/1/2039	4/14/1998	\$12,300.29	MF 501(C)3	4/1/2013	357,706.63
M00A	COLO BLUESKY ENTERPRISES	190,000.00	2/1/2029	1/4/1999	\$1,194.69	SMART TAX EXEMPT	4/1/2013	74,946.25
M00A	THE ENERGY OFFICE	175,000.00	10/1/2030	9/12/2000	\$1,135.05	SMART TAX EXEMPT	4/1/2013	140,000.51
M00A	HOUSING AUTHORITY OF THE TOWN OF SPRINGFIELD	250,000.00	7/1/2032	6/27/2002	\$1,580.17	SMART TAX EXEMPT	5/1/2013	207,617.75
M00A	BELMONT SENIOR CARE	712,500.00	9/1/2022	8/31/1992	\$5,046.80	MF 501(C)3	4/1/2013	428,412.32
M00A	LAKEWOOD HOMESTEAD LTD	773,894.06	3/1/2040	1/6/1998	\$28,334.80	542 (C)	4/1/2013	759,531.15
M00A Total								7,606,743.36
M00B	DOMINIUM MANAGEMENT SERVICES	11,330,000.00	11/1/2042	10/2/2002	\$74,232.08	542 (C)	4/1/2013	10,208,445.55
M00B	NIELSON GARDENS LLC	2,420,000.00	3/1/2031	1/30/2001	\$15,253.55	542 (C)	4/1/2013	1,991,185.92
M00B Total								12,199,631.47
M01A	COLORADO COALITION FOR THE HOMELESS	1,294,650.00	3/1/2026	2/2/2001	\$9,142.06	BF EDF	5/1/2013	931,522.57
M01A	VOLUNTEERS OF AMERICA	660,000.00	9/1/2021	8/1/2001	\$5,316.92	BF EDF	5/1/2013	396,606.91
M01A	CHFA	1,595,920.00	11/1/2022	11/7/2001	\$71,861.01	CHFA NOTE	5/1/2013	967,770.82
M01A	ATLANTIS COMMUNITY FOUNDATION	460,000.00	5/1/2026	12/13/1995	\$3,247.94	MF 501(C)3	4/1/2013	322,708.96
M01A	CENTENNIAL EAST HOUSING PARTNERS LLC	7,475,000.00	1/1/2044	2/28/2002	\$45,801.89	542 (C)	4/1/2013	7,025,263.20
M01A	SHERIDAN RIDGE TOWNHOMES LLC	6,750,000.00	1/1/2044	1/18/2002	\$40,969.67	542 (C)	4/1/2013	6,335,469.63
M01A	BROTHERS REDEVELOPMENT INC	924,000.00	9/1/2031	8/29/2001	\$6,023.79	SMART TAXABLE	4/1/2013	759,378.40
M01A Total								16,738,720.49
M02A	ASPEN MEADOWS ASSOCIATED	2,614,000.00	5/1/2043	4/24/2003	\$15,397.05	542 (C)	4/1/2013	2,427,661.78
M02A	GVVAH LIMITED PARTNERSHIP	2,112,800.00	7/1/2032	6/13/2002	\$13,773.88	542 (C)	4/1/2013	1,775,391.35
M02A	GVVAH LIMITED PARTNERSHIP	360,000.00	4/13/2013	6/13/2002		SMART TAX EXEMPT	5/1/2013	7,851.30
M02A	TRUSCOTT PHASE II	5,650,000.00	6/1/2043	5/20/2003	\$33,078.31	542 (C)	4/1/2013	5,246,055.68
M02A	FOUNTAIN RIDGE SOUTH APTS LLP	4,126,000.00	8/1/2044	4/1/2003	\$23,716.41	221 (D) 4	4/1/2013	3,865,584.42
M02A	FOREST MANOR LLP	5,480,000.00	6/1/2032	5/30/2002	\$33,931.88	542 (C)	4/1/2013	4,517,606.35
M02A	HOA CITY OF STERLING	893,000.00	4/1/2031	3/30/2001	\$5,556.56	SMART TAX EXEMPT	4/1/2013	715,994.77
M02A	THE EMPowerMENT PROGRAM	250,000.00	8/1/2031	7/26/2001	\$1,580.17	SMART TAX EXEMPT	4/1/2013	206,950.67
M02A	TRI-COUNTY SENIOR CITIZENS & HOUSING INC	256,300.00	2/1/2032	1/22/2002	\$1,603.17	SMART TAX EXEMPT	4/1/2013	210,610.82
M02A	REDI CORPORATION	278,284.20	4/1/2019	4/9/1999	\$2,523.61	SMART TAX EXEMPT	4/1/2013	258,356.14
M02A Total								19,232,063.28
M02C	FREMONT VETERINARY INVESTMENT INC	772,400.00	5/1/2022	1/24/2002	\$6,217.68	BF SBA 504	4/1/2013	447,391.09
M02C	MOUNTAINVIEW APARTMENTS LLC	4,200,000.00	1/1/2038	12/27/2002	\$25,230.40	542 (C)	4/1/2013	3,743,903.46
M02C	MOFFAT COUNTY HOUSING	218,100.00	9/1/2033	8/31/2003	\$1,378.54	SMART TAX EXEMPT	4/1/2013	186,642.82
M02C	RACQUET CLUB APARTMENTS LTD	4,903,825.00	1/1/2035	11/30/2004	\$33,452.73	542 (C)	4/1/2013	4,394,411.94
M02C	FORE FOUNTAIN SPRINGS LP	15,587,500.00	2/1/2044	9/19/2002	\$88,496.41	221 (D) 4	4/1/2013	14,505,432.14
M02C	6440 COMPANY	581,100.00	12/1/2032	11/26/2002	\$3,769.00	SMART TAXABLE	5/1/2013	491,584.25
M02C	OLIN HOTEL APARTMENTS ASSOCIATES, LTD	504,200.00	12/1/2032	11/22/2002	\$3,120.86	SMART TAX EXEMPT	4/1/2013	422,593.10
M02C	ACHT ZETA	5,650,000.00	5/1/2034	4/18/2003	\$34,421.39	542 (C)	4/1/2013	4,948,531.72
M02C	ACHT ZETA	1,249,000.00	4/1/2019	4/30/2003	\$10,546.00	IRP	4/1/2013	633,596.95
M02C	HAMPSTEAD SOUTHGATE PARTNERS	2,841,000.00	1/1/2033	12/26/2002	\$18,050.57	542 (C)	4/1/2013	2,401,701.03
M02C	AURORA VILLAGE ASSOCIATES L	4,700,000.00	10/1/2033	9/29/2003	\$29,398.78	542 (C)	4/1/2013	4,030,638.95
M02C	ATLANTIS COMMUNITY FOUNDATION	1,310,000.00	6/1/2039	5/13/2004	\$7,469.49	SMART TAX EXEMPT	4/1/2013	1,192,585.56
M02C	AP HOUSING LP	2,475,000.00	1/1/2034	12/9/2003	\$14,838.88	542 (C)	4/1/2013	2,114,840.21
M02C	AM HOUSING LP	3,050,000.00	1/1/2034	12/29/2003	\$18,286.29	542 (C)	4/1/2013	2,606,167.65
M02C	CC HOUSING LP	815,000.00	1/1/2034	12/18/2003	\$4,886.34	542 (C)	4/1/2013	696,401.64

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M02C	CLIFTON TOWNHOMES LP	2,200,000.00	12/1/2033	11/21/2003	\$13,190.11	542 (C)	4/1/2013	1,876,067.94
M02C	CS HOUSING LP	10,200,000.00	7/1/2033	6/30/2003	\$61,154.15	542 (C)	4/1/2013	8,608,927.57
M02C	DS HOUSING LP	1,860,000.00	10/1/2033	9/16/2003	\$11,151.64	542 (C)	4/1/2013	1,579,671.96
M02C	HALCYON HOUSE	12,691,300.00	9/1/2033	8/26/2003	\$76,090.76	542 (C)	4/1/2013	10,756,344.32
M02C	HS HOUSING LP	2,606,000.00	1/1/2034	12/9/2003	\$15,624.29	542 (C)	4/1/2013	2,226,777.43
M02C	HA HOUSING LP	3,175,000.00	10/1/2033	9/16/2003	\$19,035.73	542 (C)	4/1/2013	2,696,482.82
M02C	KEARNEY HOUSING A MAINE LTD	1,596,100.00	7/1/2033	7/31/2003	\$9,569.43	542 (C)	4/1/2013	1,347,127.69
M02C	MT HOUSING LP	2,700,000.00	11/1/2033	10/30/2003	\$16,187.86	542 (C)	4/1/2013	2,297,771.76
M02C	SG HOUSING LP	2,070,000.00	10/1/2033	9/23/2003	\$12,410.70	542 (C)	4/1/2013	1,761,623.93
M02C	SV HOUSING LP	2,036,000.00	12/1/2033	11/21/2003	\$12,206.85	542 (C)	4/1/2013	1,736,215.19
M02C	SM HOUSING LP	1,140,000.00	1/1/2034	12/29/2003	\$6,834.88	542 (C)	4/1/2013	974,107.95
M02C	TDS HOUSING LP	3,408,000.00	10/1/2033	9/23/2003	\$20,432.68	542 (C)	4/1/2013	2,894,366.85
M02C	TS HOUSING LTD	2,040,000.00	9/1/2033	8/31/2003	\$12,230.83	542 (C)	4/1/2013	1,728,847.33
M02C	HAMPDEN SENIOR I LP	3,701,159.00	6/1/2045	5/31/2005	\$54,815.78	542 (C)	4/1/2013	3,501,240.53
M02C	KINGS POINT INVESTMENT GROUP LLLP	2,300,000.00	1/1/2034	12/22/2003	\$13,789.66	542 (C)	4/1/2013	1,965,285.95
M02C	SABLE RIDGE PARTNERS LLC	3,942,000.00	4/1/2044	3/3/2004	\$22,658.77	542 (C)	5/1/2013	3,680,814.66
M02C	BEAR VALLEY LLLP	4,260,960.00	10/1/2045	9/30/2005	\$45,524.48	542 (C)	4/1/2013	4,040,617.01
M02C	PT HOUSING LP	3,400,000.00	1/1/2034	12/18/2003	\$20,384.72	542 (C)	4/1/2013	2,905,235.62
M02C Total								99,393,949.02
M03A	ARCHDIOCESAN HOUSING COMMITTEE INC	257,000.00	9/1/2021	8/23/1996	\$1,731.68	BF EDF	5/1/2013	135,072.21
M03A	THE EMPLOYMENT PROGRAM	272,500.00	8/1/2019	7/21/1999	\$2,195.24	BF EDF	4/1/2013	132,129.69
M03A	BEYE-LOTZ	392,000.00	9/1/2020	8/8/2000	\$2,989.62	BF EDF	4/1/2013	172,853.57
M03A	GARD	99,450.00	2/1/2022	1/4/2002	\$786.03	BF SBA 504	4/1/2013	52,020.33
M03A	ROARING FORK COMPUTER SOCIETY	225,225.00	3/1/2023	2/20/2002	\$1,744.82	BF EDF	4/1/2013	150,340.56
M03A	BRIELS	13,864.50	1/1/2023	12/9/2002	\$838.22	BF RDLP2	4/1/2013	8,837.59
M03A	HARRIS PARK COURT LLC	315,000.00	7/1/2023	6/25/2003	\$2,346.70	BF EDF	4/1/2013	211,425.57
M03A	WILZSCH HOLDINGS LLC	826,000.00	4/1/2024	2/4/2004	\$6,158.43	BF SBA 504	4/1/2013	582,673.08
M03A	FLORES	245,135.00	2/1/2025	1/12/2005	\$1,721.05	BF CHFA RURAL	5/1/2013	176,991.70
M03A	BROWN	220,720.00	4/1/2025	3/15/2005	\$1,549.64	BF CHFA RURAL	4/1/2013	161,009.16
M03A	DR CHRISTINE JONES PC	299,000.00	8/1/2025	7/28/2005	\$2,090.70	BF CHFA RURAL	5/1/2013	221,040.23
M03A	BACKBONE MEDIA HOLDING	459,000.00	8/1/2025	7/15/2005	\$3,222.56	BF CHFA DIRECT	4/1/2013	291,479.95
M03A	COON	160,000.00	5/1/2025	4/29/2005	\$1,123.33	BF CHFA RURAL	4/1/2013	116,524.12
M03A	STRIDE	245,000.00	6/1/2025	5/26/2005	\$1,741.15	BF NON PROFIT	4/1/2013	180,155.59
M03A	BIG BUILDINGS LLC	437,500.00	12/1/2025	9/30/2005	\$3,172.36	BF SBA 504	4/1/2013	335,847.36
M03A	BIG BUILDINGS LLC	332,500.00	12/1/2025	9/30/2005	\$2,411.00	BF SBA 504	4/1/2013	255,243.29
M03A	BECHTEL PROPERTIES LLC	332,632.00	1/1/2026	11/7/2005	\$2,316.41	BF SBA 504	4/1/2013	253,315.44
M03A	KAMDON LLC	270,000.00	8/1/2025	7/21/2005	\$1,880.24	BF CHFA RURAL	4/1/2013	201,015.30
M03A	DUCKELS	439,220.00	5/1/2026	2/28/2006	\$3,058.67	BF SBA 504	4/1/2013	356,459.40
M03A	MARKEL	382,500.00	11/1/2025	10/27/2005	\$2,663.68	BF CHFA RURAL	4/1/2013	288,254.00
M03A	HAERTLING.COM LLC	166,504.00	1/1/2026	12/16/2005	\$1,207.34	BF SBA 504	4/1/2013	128,366.30
M03A	WAGONWHEEL ENTERPRISES LLC	175,000.00	2/1/2026	1/4/2006	\$1,233.65	BF CHFA RURAL	4/1/2013	134,174.81
M03A	FORD	124,000.00	3/1/2026	2/28/2006	\$884.80	BF CHFA RURAL	4/1/2013	95,955.16
M03A	MAHRE FAMILY PROPERTIES LLC	191,700.00	1/1/2026	12/22/2005	\$1,367.87	BF CHFA RURAL	4/1/2013	147,076.08
M03A	TABER	215,000.00	6/1/2026	5/11/2006	\$1,534.13	BF CHFA RURAL	4/1/2013	159,606.64
M03A	BLUE WATER INVESTMENTS INC	114,390.00	5/1/2026	4/27/2006	\$816.23	BF CHFA RURAL	5/1/2013	78,462.39
M03A	LATIN AMERICAN EDUCATIONAL FOUNDATION INC	202,500.00	4/1/2026	3/30/2006	\$1,456.62	BF NON PROFIT	4/1/2013	157,734.60
M03A	CASBER LARSEN LLC	142,000.00	5/1/2026	4/18/2006	\$1,013.24	BF CHFA RURAL	4/1/2013	110,813.89
M03A	JESCO LLC	483,750.00	6/1/2026	5/4/2006	\$3,521.78	BF CHFA RURAL	5/1/2013	379,684.92
M03A	MCKINLEY	150,000.00	7/1/2026	6/13/2006	\$1,070.32	BF CHFA RURAL	4/1/2013	117,874.08
M03A	KROSKOB	141,300.00	9/1/2026	8/30/2006	\$1,028.69	BF CHFA RURAL	4/1/2013	61,519.25
M03A	MGNAMEE	160,000.00	11/1/2026	10/11/2006	\$1,164.83	BF CHFA RURAL	4/1/2013	128,620.97
M03A	PAUL W. HERTZOG	147,000.00	6/1/2027	5/17/2007	\$1,157.40	BF CHFA RURAL	4/1/2013	123,545.76

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M03A	DIANE HARTY SCHLAEFER LLC	112,329.00	7/1/2027	6/21/2007	\$867.52	BF CHFA RURAL	4/1/2013	91,220.10
M03A	EAGLE COUNTY REAL ESTATE HOLDINGS LLC	136,940.00	8/1/2027	7/6/2007	\$1,078.20	BF CHFA RURAL	5/1/2013	114,600.92
M03A	COMFORT EAGLE LLC	200,000.00	10/1/2027	9/27/2007	\$1,556.61	BF CHFA DIRECT	4/1/2013	169,900.33
M03A	LHG INVESTMENTS LLC	219,725.00	10/1/2027	9/17/2007	\$1,730.00	BF CHFA DIRECT	4/1/2013	187,118.18
M03A	PINKHAM	163,000.00	12/1/2027	11/9/2007	\$1,167.78	BF CHFA RURAL	4/1/2013	138,849.55
M03A	WILLIAMS	250,000.00	4/1/2028	3/28/2008	\$1,849.00	BF CHFA DIRECT	5/1/2013	213,491.93
M03A	SANDS & CARTER INVESTMENTS LLC	260,550.00	5/1/2028	4/9/2008	\$2,099.00	BF CHFA RURAL	5/1/2013	227,101.18
M03A	WESTERN SLOPE ENVIRONMENTAL RESOURCE COUNCIL INC	135,000.00	7/1/2028	6/26/2008	\$959.41	BF CHFA RURAL	4/1/2013	115,992.71
M03A	KMR LLC	221,000.00	8/1/2028	7/25/2008	\$1,654.23	BF CHFA RURAL	5/1/2013	191,751.60
M03A	DADDY MOM DAYCARE	250,000.00	3/1/2029	2/6/2009	\$1,968.37	NON PROFIT REAL ESTATE	4/1/2013	224,354.24
M03A	TABEUACHE HOLDING COMPANY LLC	370,011.00	7/1/2030	6/8/2010	\$6,227.93	BF RDLPI	4/1/2013	342,256.53
M03A	CARA 3 PROPERTIES LLC	312,000.00	11/1/2028	10/30/2008	\$2,447.10	BF CHFA DIRECT	4/1/2013	276,205.64
M03A	PARKWOOD LLC	178,500.00	7/1/2021	6/13/2001	\$1,422.88	BF CHFA DIRECT	4/1/2013	87,629.40
M03A	MCGUIRE	260,000.00	9/1/2031	8/23/2011	\$1,953.83	BF B&I	4/1/2013	248,232.13
M03A	DUKE LLC	217,500.00	9/1/2031	8/23/2011	\$1,634.45	BF SBA 504	4/1/2013	209,232.63
M03A	ACUPUNCTURE CLINIC OF ANDREA HARTMANN RAC INC	220,500.00	11/1/2026	12/1/2011	\$1,665.09	BF CHFA RURAL	4/1/2013	190,133.42
M03A	HOSS KIMBLE LLC	519,750.00	4/1/2021	1/18/2001	\$4,159.70	BF SBA 504	4/1/2013	321,648.93
M03A	BOOKCLIFF AUTO PARTS INC	524,089.86	3/5/2027	3/1/2002	\$3,714.34	BF QIC	4/5/2013	416,312.56
M03A	HOTCHKISS INN MOTEL	617,320.87	9/15/2026	8/7/2001	\$4,173.11	BF QIC	4/7/2013	460,111.17
M03A	THE GATHERING PLACE: A REFUGE FOR REBUILDING LIVES	621,000.00	8/1/2038	7/15/2008	\$3,208.21	BF CHFA DIRECT	4/1/2013	582,354.66
M03A	BANK	100,000.00	10/1/2021	7/26/2001	\$759.74	BF SBA 504	4/1/2013	58,875.32
M03A	COLLINS LAND ACQUISITIONS LLC	538,114.00	1/1/2027	10/23/2006	\$4,077.76	BF SBA 504	4/1/2013	457,823.62
M03A	EMRY ENTERPRISES LLC	584,551.00	12/5/2031	2/14/2002	\$3,367.06	BF SBA 504	4/1/2013	485,301.20
M03A	SUMMIT APARTMENTS	3,248,400.00	4/1/2028	3/31/1993	\$18,328.08	BF B&I	4/5/2013	2,413,242.85
M03A	PARK HILL RESIDENCE, INC	841,166.00	11/1/2026	10/27/1996	\$5,557.95	223 (F)	4/1/2013	592,554.86
M03A	PARK MEADOWS AFFORDABLE HOUSING LLC	1,860,000.00	5/1/2032	4/2/2002	\$11,879.05	SMART TAXABLE	4/1/2013	1,554,334.98
M03A	HINKLE	190,000.00	2/1/2022	1/15/2002	\$1,238.66	SMART TAXABLE	4/1/2013	158,277.34
M03A	ALLISON CAMPUS III LP	128,500.00	8/1/2023	7/2/2003	\$770.42	HOF CHFA	4/1/2013	108,682.92
M03A	6339 COMPANY LP	684,000.00	8/1/2033	7/31/2003	\$4,122.94	HOF CHFA	4/1/2013	579,224.24
M03A	HAMPDEN SENIOR I LP	850,000.00	6/1/2045	5/31/2005	\$3,552.48	HOF CHFA	4/1/2013	771,744.77
M03A	HOUSING AUTHORITY OF THE COUNTY OF GRAND, COLORADO	278,700.00	9/1/2034	8/23/2004	\$1,670.95	HOF CHFA	4/1/2013	241,900.33
M03A	HOUSING AUTHORITY LEADVILLE	164,700.00	11/1/2034	10/25/2004	\$987.46	HOF CHFA	4/1/2013	143,425.81
M03A	DENVER REVITALIZATION PARTNERSHIP VII, LTD	108,900.00	12/1/2034	11/9/2004	\$652.91	HOF CHFA	4/1/2013	94,538.42
M03A	VISTOSO COMMUNITY LLLP	600,000.00	4/1/2025	3/18/2005	\$3,459.56	HOF CHFA	4/1/2013	535,606.61
M03A	CASTLE CREEK COMMONS EAST LLLP	280,200.00	10/1/2035	10/11/2005	\$1,679.94	HOF CHFA	4/1/2013	249,460.53
M03A	FLORENCE SQUARE OWNERSHIP	2,050,000.00	2/1/2026	1/9/2006	\$10,120.80	HOF CHFA	4/1/2013	1,771,651.65
M03A	WEST 10TH AVENUE RESIDENCES LLLP	550,000.00	2/1/2016	1/23/2006	\$3,358.11	HOF CHFA	4/1/2013	529,245.43
M03A	BOULDER COUNTY HOUSING	700,000.00	6/1/2046	6/1/2006	\$2,119.78	HOF CHFA	4/1/2013	617,417.57
M03A	PINECREST AT COMMERCE CITY LLL	585,000.00	2/1/2027	1/30/2007	\$2,545.96	HOF CHFA	5/1/2013	506,328.45
M03A	GRAND MESA APTS OF FRUITA,	524,500.00	5/1/2037	4/6/2007	\$2,211.31	HOF CHFA	4/1/2013	455,740.40
M03A	MOUNTAIN TERRACE APARTMENTS LLC	1,000,000.00	8/1/2019	7/12/2007	\$4,216.04	HOF CHFA	4/1/2013	875,004.92
M03A	HC BRIGHTON SENIOR I, LP	600,000.00	7/1/2027	6/12/2007	\$2,694.27	HOF CHFA	4/1/2013	529,093.35
M03A	12TH & ELATI RESIDENCES LLC	500,900.00	10/1/2028	9/24/2008	\$2,111.81	HOF CHFA	4/1/2013	452,252.28
M03A	MAPLEWOOD APARTMENTS	4,050,000.00	6/1/2027	5/10/2010	\$25,026.96	SMART TAXABLE	5/1/2013	3,959,875.07
M03A	HAZEL COURT LLLP	273,775.00	3/1/2026	2/25/2011	\$1,907.87	HOF CHFA	4/1/2013	270,453.42
M03A	CASA DE ROSAL	869,100.00	3/1/2051	2/1/2011	\$11,028.68	SMART TAXABLE	4/1/2013	869,100.00
M03A Total								30,195,777.14
M04A	NEUGER PHD	99,000.00	11/1/2016	10/31/1996	\$859.15	BF EDF	4/1/2013	32,371.14
M04A	DR STEVEN J ZAPIEN DDS INC	181,900.00	6/1/2022	5/28/2002	\$1,443.62	BF CHFA DIRECT	4/1/2013	118,680.05
M04A	OTOOLE	1,190,000.00	2/1/2022	1/25/2002	\$9,477.71	BF CHFA DIRECT	4/1/2013	137,671.99
M04A	ELEC TRI CITY ETC LLC	2,879,500.00	10/1/2024	7/27/2004	\$21,980.36	BF SBA 504	4/1/2013	2,107,517.75
M04A	LLC	396,000.00	3/1/2024	2/26/2004	\$2,894.48	BF CHFA DIRECT	4/1/2013	275,796.37

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M04A	SHERMAN MD	450,000.00	10/1/2023	9/4/2003	\$3,141.42	BF EDF	4/1/2013	298,586.87
M04A	GOLDEN PEARL LLC	182,695.00	2/1/2024	1/26/2004	\$1,429.62	BF CHFA DIRECT	4/1/2013	124,316.00
M04A	JE/IK INC DBA MERRY MAIDS	199,295.00	3/1/2024	2/18/2004	\$1,522.48	BF CHFA DIRECT	5/1/2013	140,449.57
M04A	JEWISH COMMUNITY CENTERS	6,200,000.00	12/1/2023	1/29/2004	\$45,137.05	BF NON PROFIT	4/1/2013	4,288,512.81
M04A	MIHAICH PROPERTIES LLC	375,000.00	6/1/2024	3/30/2004	\$2,842.45	BF SBA 504	4/1/2013	268,267.33
M04A	KELLEGHAN LLC	476,000.00	6/1/2024	5/18/2004	\$3,639.17	BF CHFA DIRECT	5/1/2013	333,015.27
M04A	NONNAG LLC	147,050.00	12/1/2024	11/2/2004	\$1,088.59	BF CHFA DIRECT	4/1/2013	107,639.63
M04A	GREENWOOD ENTERPRISES LLC	500,000.00	7/1/2025	6/29/2005	\$3,654.64	BF CHFA DIRECT	5/1/2013	368,620.31
M04A	1233 SOUTH COLO BLVD LLC	2,167,500.00	10/1/2025	9/14/2005	\$16,545.38	BF CHFA DIRECT	4/1/2013	1,675,870.08
M04A	ALBION LLC	315,000.00	11/1/2025	10/5/2005	\$2,284.10	BF CHFA DIRECT	5/1/2013	239,715.04
M04A	BROWNLAND LLC	150,000.00	12/1/2026	11/3/2006	\$1,201.98	BF SBA 504	4/1/2013	124,019.54
M04A	BRIELS	175,000.00	11/1/2026	10/20/2006	\$1,388.46	BF CHFA RURAL	4/1/2013	143,825.19
M04A	ELIZABETH C BLOODWORTH	160,000.00	6/1/2027	5/22/2007	\$1,259.76	BF CHFA RURAL	4/1/2013	134,471.08
M04A	KOSTA, SUSAN R.	219,150.00	5/1/2027	4/27/2007	\$1,679.39	BF CHFA RURAL	4/1/2013	182,412.47
M04A	CODY WILDER LLC	224,000.00	7/1/2027	6/1/2007	\$1,689.92	BF CHFA RURAL	4/1/2013	190,920.33
M04A	ALLEN & ASSOCIATES INSURANCE AGENCY LLC	191,250.00	12/1/2027	11/29/2007	\$1,506.00	BF CHFA DIRECT	4/1/2013	163,660.35
M04A	D & F LLC	240,750.00	2/1/2028	1/28/2008	\$1,896.00	BF CHFA RURAL	4/1/2013	207,609.83
M04A	CHILDREN'S ARK INC	3,200,000.00	10/1/2029	9/28/2004	\$22,724.20	USDA CFI	4/1/2013	1,552,893.61
M04A	M&L INVESTMENTS, LLC	90,900.00	3/1/2031	2/16/2011	\$677.73	BF SBA 504	4/1/2013	86,163.05
M04A	ACUPUNCTURE CLINIC OF ANDREA HARTMANN RAC INC	234,000.00	1/1/2028	12/1/2011	\$1,915.51	BF CHFA RURAL	4/1/2013	215,631.78
M04A	PAGOSA SPRINGS INN & SUITES	1,296,129.28	5/20/2028	5/20/2003	\$7,779.44	BF B&I II	4/20/2013	976,867.42
M04A	ELLIOTT	282,222.00	2/1/2026	3/23/2004	\$21,772.31	BF QAL	2/1/2014	205,375.04
M04A	MOTHER & CHILD REUNION LLC	113,750.00	12/1/2017	9/23/1997	\$498.44	BF SBA 504	4/1/2013	26,360.52
M04A	DURANGO & SILVERTON NARROW GAUGE RAIL ROAD	8,250,000.00	12/1/2024	11/30/2004	\$122,234.69	BF B&I I	4/1/2013	6,153,883.37
M04A	COLORADO COALITION FOR THE HOMELESS	248,016.00	5/1/2023	4/21/1993	\$1,907.03	MF 501(C)3	4/1/2013	155,247.52
M04A	PRAIRIE CREEKS RESIDENCES LLC	935,000.00	1/1/2035	12/10/2004	\$5,909.84	SMART TAX EXEMPT	4/1/2013	830,351.49
M04A	GUNNISON HOUSING AUTHORITY	528,100.00	11/1/2033	10/29/2003	\$3,081.85	SMART TAX EXEMPT	4/1/2013	446,138.43
M04A	UNIVERSITY PLAZA INVESTMENT GROUP LLLP	1,170,000.00	11/1/2034	10/12/2004	\$7,165.89	542 (C)	4/1/2013	1,023,553.73
M04A	FOUNT MESA	452,800.00	12/1/2033	11/24/2003	\$2,642.42	SMART TAX EXEMPT	5/1/2013	382,937.18
M04A	HAMPDEN SENIOR I LP	5,776,841.00	6/1/2045	5/31/2005	\$54,815.78	542 (C)	4/1/2013	5,464,804.44
M04A	SLEEPING UTE APTS LLLP	651,600.00	3/1/2034	2/25/2004	\$4,054.49	SMART TAXABLE	4/1/2013	563,217.56
M04A	TRINIDAD HOUSING AUTHORITY	676,700.00	3/1/2034	2/18/2004	\$3,949.04	SMART TAX EXEMPT	4/1/2013	577,028.14
M04A	MORRISON ROAD REDEVELOPMENT II	1,264,000.00	10/1/2024	9/30/2004	\$7,906.39	SMART TAXABLE	5/1/2013	1,106,630.86
M04A	MORRISON ROAD REDEVELOPMENT, LLLP	2,173,000.00	10/1/2024	9/30/2004	\$13,592.24	SMART TAXABLE	5/1/2013	1,902,458.89
M04A	TRINITY HOUSING CORP	1,229,900.00	5/1/2034	4/8/2004	\$7,413.45	SMART TAX EXEMPT	4/1/2013	1,060,523.22
M04A	ARVADA HOUSE PRESERVATION LP	4,000,000.00	11/1/2044	10/29/2004	\$23,418.27	542 (C)	4/1/2013	3,768,349.10
M04A	FORT LUPTON HOUSING PARTNERS LP	1,100,000.00	4/1/2021	3/8/2005	\$7,010.72	SMART TAXABLE	4/1/2013	975,468.52
M04A	PARK AVENUE REDEVELOPMENT BLOCK 4B	3,750,000.00	12/1/2050	11/8/2010	\$22,222.33	SMART TAXABLE	4/1/2013	3,703,642.31
M04A Total								42,841,475.18
M05A	RENAISSANCE PRESCHOOL INC	1,400,000.00	8/1/2035	7/13/2005	\$8,711.30	BF NON PROFIT	4/1/2013	1,247,502.73
M05A	YAMPA VALLEY WOMEN'S CENTER	556,204.00	2/1/2025	1/20/2005	\$4,305.57	BF CHFA DIRECT	4/1/2013	417,074.11
M05A	TIF LLC	250,000.00	5/1/2025	4/27/2005	\$1,927.76	BF CHFA DIRECT	5/1/2013	188,973.51
M05A	THE WILDLIFE EXPERIENCE INC	19,075,000.00	5/1/2025	4/13/2005	\$136,659.22	BF NON PROFIT	4/1/2013	14,136,389.88
M05A	R DIAMOND LLC	1,000,000.00	5/1/2026	4/25/2006	\$7,723.01	BF CHFA DIRECT	4/1/2013	798,024.69
M05A	DURANGO REAL ESTATE HOLDING COMPANY LLC	419,000.00	3/1/2026	2/23/2006	\$3,099.33	BF CHFA DIRECT	5/1/2013	326,320.94
M05A	CIRALDO-FREESE	354,843.00	8/1/2026	7/12/2006	\$2,471.08	BF SBA 504	4/1/2013	289,771.04
M05A	VAN ARK ENTERPRISES LLC	1,566,000.00	7/1/2026	6/29/2006	\$11,823.65	BF CHFA DIRECT	4/1/2013	1,251,626.05
M05A	TELTCH INVESTMENTS LLC	750,000.00	8/1/2026	7/31/2006	\$5,460.13	BF CHFA RURAL	4/1/2013	595,840.06
M05A	VAN ARK ENTERPRISES LLC	207,000.00	7/1/2026	6/29/2006	\$1,562.90	BF CHFA DIRECT	4/1/2013	165,444.44
M05A	TIMOTHY H. LINN, MATTHEW A. DICK & NICKOLAS J. KATZER	380,000.00	5/1/2027	4/23/2007	\$2,968.99	BF CHFA DIRECT	4/1/2013	315,229.07
M05A	HILDBRAND ENTERPRISES LLC	335,000.00	1/1/2030	12/11/2009	\$2,497.67	BF CHFA DIRECT	4/1/2013	306,264.18
M05A	CURRENT SOLUTIONS LLC	207,000.00	1/1/2030	12/17/2009	\$1,604.87	BF CHFA RURAL	4/1/2013	190,150.27

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Bond Issue	Borrower	Note Amount	Maturity Date	Note Date	PI Amount	Loan Program Type	Next Due Date	Current Balance
M05A	FISHDECOY LLC	191,250.00	4/1/2030	3/24/2010	\$1,482.76	BF CHFA RURAL	5/1/2013	175,902.33
M05A	CRAIG	150,020.00	6/1/2030	5/27/2010	\$4,653.05	BF RDLVP	5/1/2013	122,300.95
M05A	THE TELLURIDE FOUNDATION	300,000.00	8/1/2030	7/27/2010	\$2,281.09	NON PROFIT REALESTA	4/1/2013	251,194.79
M05A	PRINCE CREEK INVESTMENTS	448,250.00	8/1/2025	5/26/2005	\$3,264.72	BF SBA 504	4/1/2013	341,533.96
M05A	MOSHER	270,000.00	12/31/2021	1/31/2007	\$25,416.98	BF QAL	12/31/2013	171,184.32
M05A	EDWARD MEHMANN	157,500.00	12/31/2026	5/25/2007	\$13,368.34	BF QAL	12/31/2013	123,278.45
M05A	HUB 2D LLC	1,872,604.00	5/1/2025	4/14/2005	\$15,185.73	BF CHFA DIRECT	4/1/2013	1,505,435.50
M05A	BCORP RIO GRANDE LLC	4,475,000.00	11/1/2026	10/11/1996	\$27,470.99	542 (C)	5/1/2013	3,057,305.17
M05A	STEAMBOAT MOUNTAIN VILLAGE LLC	6,629,200.00	11/1/2036	10/30/1996	\$37,230.22	542 (C)	4/1/2013	5,630,821.94
M05A	MERCY HOUSING COLORADO VIII	700,000.00	4/1/2025	3/23/2005	\$4,633.64	SMART TAXABLE	4/1/2013	626,388.69
M05A	51 VILLAGE AT PUEBLO LP	1,200,000.00	6/1/2025	5/17/2005	\$7,983.63	SMART TAXABLE	4/1/2013	1,078,997.85
M05A	HILLSIDE POINTE LLLP	2,000,000.00	4/1/2021	3/25/2005	\$12,879.04	SMART TAXABLE	4/1/2013	1,782,215.90
M05A	BEAR VALLEY LLLP	3,659,040.00	10/1/2045	9/30/2005	\$45,524.48	542 (C)	4/1/2013	3,469,823.40
M05A	KITTYHAWK LLC	2,896,000.00	8/1/2026	11/1/2005	\$17,473.21	SMART TAXABLE	4/1/2013	2,780,002.14
M05A	WEST 10TH AVENUE RESIDENCES LLLP	1,400,000.00	2/1/2023	1/23/2006	\$8,547.93	SMART TAXABLE	4/1/2013	1,339,360.93
M05A	BROOMFIELD GREENS ASSOC	1,700,000.00	12/1/2023	11/30/2005	\$10,445.09	SMART TAXABLE	4/1/2013	1,522,498.23
M05A	FLORENCE SQUARE OWNERSHIP	2,850,000.00	2/1/2026	1/9/2006	\$18,961.12	SMART TAXABLE	4/1/2013	2,593,893.58
M05A	PUEBLO VILLAGE APARTMENTS LLC	1,600,000.00	4/1/2023	3/31/2006	\$9,083.83	SMART TAXABLE	4/1/2013	1,522,324.39
M05A	COFFMAN COURT ASSOCIATES, LLC	800,000.00	2/1/2035	1/19/2005	\$5,162.22	SMART TAXABLE	5/10/2013	743,076.24
M05A Total								49,066,149.73
M05B	DE LA CRUZ ASSOCIATES LLC	2,449,000.00	10/1/2025	9/28/2005	\$17,800.66	BF CHFA DIRECT	4/1/2013	1,865,085.02
M05B	DURANGO REAL ESTATE HOLDING COMPANY LLC	1,000,000.00	3/1/2026	2/23/2006	\$7,396.98	BF CHFA DIRECT	5/1/2013	778,807.66
M05B	NEXT CHAPTER LLC	1,040,000.00	11/1/2025	10/27/2005	\$8,000.80	BF CHFA DIRECT	4/1/2013	809,367.98
M05B	COMMERCE INVESTMENTS LLC	750,000.00	11/1/2025	10/14/2005	\$5,516.99	BF CHFA DIRECT	4/1/2013	518,759.93
M05B	SIMBA PROPERTIES LLC	750,000.00	12/1/2025	11/15/2005	\$5,547.73	BF CHFA DIRECT	4/1/2013	579,228.30
M05B	J D EAGLE LPP	727,912.00	10/1/2026	9/28/2006	\$5,448.56	BF CHFA DIRECT	4/1/2013	586,767.29
M05B	CASS MANSION LLC	1,105,000.00	11/1/2025	10/31/2005	\$8,336.45	BF CHFA DIRECT	4/1/2013	854,896.37
M05B	MAMBO LLC	1,147,500.00	3/1/2026	2/16/2006	\$8,951.74	BF CHFA DIRECT	4/1/2013	927,615.43
M05B	WALTON ENTERPRISES LLLC	540,000.00	1/1/2027	12/11/2006	\$4,202.84	BF CHFA RURAL	4/1/2013	444,802.84
M05B	VOLK VENTURES LLC	1,371,000.00	1/1/2037	12/28/2006	\$9,218.96	BF B&I	4/1/2013	1,299,066.45
M05B	DURANGO HOUSING PRESERVATION LP	3,700,000.00	10/1/2040	10/6/2005	\$21,346.08	542 (C)	4/1/2013	3,419,251.48
M05B	DURANGO HOUSING PRESERVATION LP	599,800.00	10/1/2040	10/6/2005	\$3,706.46	HF HOF CHFA	4/1/2013	559,307.71
M05B	UPTOWN BROADWAY LLLP	1,110,000.00	9/1/2025	8/25/2005	\$7,089.11	SMART TAXABLE	4/1/2013	995,712.79
M05B	LINDEN POINTE LLLP	1,673,077.00	2/1/2022	1/23/2006	\$10,095.57	SMART TAXABLE	4/1/2013	1,498,822.95
M05B	PARKSIDE INVESTMENT GROUP LLL	2,450,000.00	5/1/2036	4/28/2006	\$15,085.07	SMART TAXABLE	4/1/2013	2,212,960.17
M05B	MOUNTAIN VIEW PLAZA INVESTMENT GROUP, LLLP	2,570,000.00	5/1/2036	4/28/2006	\$15,823.93	SMART TAXABLE	4/1/2013	2,321,350.06
M05B	NORTHEAST PLAZA PARTNERS, RLLLP	1,029,500.00	6/1/2037	2/11/2008	\$5,780.96	SMART TAXABLE	4/1/2013	952,108.99
M05B Total								20,623,911.42
M06A	WOW! CHILDREN'S MUSEUM	400,000.00	8/1/2024	7/28/2004	\$2,979.94	BF NON PROFIT	5/1/2013	286,403.99
M06A	POWER ASSIST COMPANY INC	1,242,223.00	8/1/2026	7/12/2006	\$10,007.26	BF SBA 504	4/1/2013	1,049,431.31
M06A	EJ LANDHOLDINGS LLC	386,500.00	10/1/2024	9/20/2004	\$2,769.01	BF CHFA RURAL	4/1/2013	269,854.49
M06A	DENVER URBAN ECONOMIC DBA PREFERRED LENDING	250,000.00	7/1/2025	6/30/2005	\$1,863.93	BF NON PROFIT	4/1/2013	189,415.32
M06A	COALITION FOR THE UPPER SOUTH	120,000.00	3/1/2025	2/24/2005	\$894.69	BF NON PROFIT	5/1/2013	85,448.64
M06A	DEKKER PROPERTY MGMT	170,000.00	5/1/2025	4/1/2005	\$1,292.62	BF CHFA DIRECT	4/1/2013	129,053.14
M06A	INTEGRITY PROPERTIES LLC	308,000.00	7/1/2025	6/30/2005	\$2,206.61	BF CHFA DIRECT	4/1/2013	170,990.90
M06A	MASON ENTERPRISES LLC	324,285.00	12/1/2026	11/15/2006	\$2,417.78	BF SBA 504	4/1/2013	263,282.03
M06A	CORDOVANO & HONECK BUILDING FUND, LLC.	406,373.00	7/1/2026	6/14/2006	\$2,946.66	BF SBA 504	4/1/2013	303,126.99
M06A	KANG	312,000.00	10/1/2025	9/29/2005	\$2,235.26	BF CHFA DIRECT	5/1/2013	235,485.66
M06A	WEST/HULTSCH LLC	500,000.00	3/1/2026	2/16/2006	\$3,625.56	BF CHFA DIRECT	4/1/2013	388,749.76
M06A	BASELINE OFFICES LLC	495,000.00	2/1/2026	1/19/2006	\$3,589.30	BF CHFA DIRECT	4/1/2013	233,245.78
M06A	THE SCOTT GROUP LLC	4,335,000.00	6/1/2027	5/15/2007	\$33,271.77	BF CHFA DIRECT	4/1/2013	3,708,499.07
M06A	CAV'S LLC	685,000.00	1/1/2026	12/21/2005	\$4,887.81	BF CHFA RURAL	4/1/2013	525,544.43

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Bond Issue	Borrower	Note Amount	Maturity Date	Note Date	PI Amount	Loan Program Type	Next Due Date	Current Balance
M06A	WAMBOLT PROPERTIES LLC	690,000.00	6/1/2026	5/31/2006	\$5,124.16	BF CHFA DIRECT	4/1/2013	546,815.34
M06A	THE LU LLC	750,000.00	3/1/2026	2/16/2006	\$5,351.62	BF CHFA RURAL	4/1/2013	580,268.41
M06A	PTRT PARTNERSHIP	385,000.00	4/1/2026	3/16/2006	\$2,747.17	BF CHFA RURAL	4/1/2013	299,188.25
M06A	T.O. LLC	265,500.00	3/1/2026	2/3/2006	\$1,894.47	BF CHFA RURAL	4/1/2013	205,452.52
M06A	VIGIL HOLDINGS LLC	248,500.00	3/1/2026	2/27/2006	\$1,845.44	BF CHFA DIRECT	4/1/2013	194,559.33
M06A	LUTHER PROPERTY LLC	694,529.00	8/1/2026	7/31/2006	\$4,955.81	BF CHFA RURAL	4/1/2013	518,046.42
M06A	STAHLCKER	238,500.00	7/1/2026	6/22/2006	\$1,701.82	BF CHFA RURAL	4/1/2013	187,389.50
M06A	POST OFFICE CROSSING LLC	363,600.00	6/1/2026	5/4/2006	\$2,594.47	BF CHFA RURAL	4/1/2013	284,927.31
M06A	ALPINE VIEW LLC	595,000.00	6/1/2026	5/4/2006	\$4,245.62	BF CHFA RURAL	4/1/2013	465,530.28
M06A	HANSEN	434,000.00	10/1/2026	9/8/2006	\$3,159.59	BF CHFA RURAL	4/1/2013	347,528.33
M06A	WIGGINS II LLC	750,000.00	6/1/2026	5/18/2006	\$5,351.62	BF CHFA RURAL	4/1/2013	587,722.29
M06A	BIG ENERGY HOLDINGS LLC	498,000.00	7/1/2026	6/21/2006	\$3,625.52	BF CHFA RURAL	4/1/2013	394,057.01
M06A	ISMG LLC	657,000.00	1/1/2027	12/19/2006	\$4,821.36	BF CHFA RURAL	4/1/2013	615,729.92
M06A	INDWELL LLC	701,000.00	11/1/2026	10/11/2006	\$5,536.29	BF SBA 504	4/1/2013	583,095.30
M06A	THE LEARNING FOUNDATION	315,000.00	8/1/2026	7/31/2006	\$2,503.06	BF NON PROFIT	4/1/2013	256,197.66
M06A	VCC ENTERPRISES LLC & BOISEN LLC	425,000.00	1/1/2027	12/11/2006	\$3,094.07	BF CHFA RURAL	4/1/2013	344,287.61
M06A	EMJB 3RD ST. LLC	721,250.00	8/1/2026	7/31/2006	\$5,636.35	BF CHFA RURAL	4/1/2013	492,258.01
M06A	ROCHESTER PARTNERS LLC	431,660.00	9/1/2026	8/16/2006	\$3,445.82	BF CHFA RURAL	4/1/2013	352,778.13
M06A	CODY WILDER LLC	235,000.00	1/1/2027	12/14/2006	\$1,847.43	BF CHFA RURAL	4/1/2013	198,097.70
M06A	KTB HOLDINGS LLC	256,000.00	9/1/2026	8/28/2006	\$2,051.38	BF CHFA DIRECT	4/1/2013	209,423.66
M06A	WACKER HOLDINGS LLC	176,800.00	9/1/2026	8/3/2006	\$1,411.34	BF CHFA DIRECT	4/1/2013	135,857.26
M06A	MARSH	262,000.00	10/1/2026	9/20/2006	\$2,094.66	BF CHFA RURAL	4/1/2013	208,963.17
M06A	BLACK DOG ENTERPRISE LLC	360,000.00	10/1/2027	9/6/2007	\$2,884.75	BF CHFA RURAL	4/1/2013	307,719.09
M06A	SIXTH & INCA LLC	225,250.00	11/1/2026	10/12/2006	\$1,800.85	BF CHFA DIRECT	4/1/2013	185,478.38
M06A	VVOMS EVC CONDO LLC	495,000.00	9/1/2026	8/31/2006	\$3,603.68	BF CHFA RURAL	5/1/2013	393,254.95
M06A	RES IPSA LLC	391,000.00	12/1/2026	11/14/2006	\$3,164.23	BF CHFA RURAL	4/1/2013	324,064.09
M06A	ELMS BLESSING LLC	571,200.00	11/1/2026	10/26/2006	\$4,566.68	BF SBA 504	4/1/2013	470,345.47
M06A	ARCHITAXI LLC	1,400,000.00	8/1/2027	7/20/2007	\$11,278.30	BF SBA 504	4/1/2013	1,193,458.34
M06A	XIANG	263,000.00	11/1/2026	10/31/2006	\$2,070.73	BF CHFA RURAL	4/1/2013	212,766.61
M06A	WILLIAM J RANGITSCH	511,000.00	7/1/2027	6/13/2007	\$4,054.32	BF CHFA RURAL	4/1/2013	360,021.93
M06A	UNION & CEDAR LLC	585,345.00	11/1/2027	10/22/2007	\$4,433.37	BF SBA 504	4/1/2013	494,280.98
M06A	WEST END GROUP LLC	215,611.00	7/1/2028	6/27/2008	\$1,743.55	BF SBA 504	4/1/2013	189,726.95
M06A	THE MAKEN DO LLC	201,000.00	3/1/2030	1/28/2010	\$1,558.35	BF SBA 504	4/1/2013	185,207.13
M06A	SISTERS OF COLOR UNITED FOR EDUCATION	205,000.00	3/1/2030	2/18/2010	\$1,528.42	NON PROFIT REAL ESTATE	4/1/2013	188,433.75
M06A	SOARING EAGLES CENTER FOR AUTISM	265,000.00	6/1/2030	5/27/2010	\$1,822.90	NON PROFIT REAL ESTATE	4/1/2013	243,381.24
M06A	QUAIN	250,000.00	7/1/2024	6/23/2006	\$1,964.31	BF CHFA RURAL	4/1/2013	196,353.55
M06A	CHARLES R PRESBY INC	722,500.00	6/1/2026	5/4/2006	\$5,727.45	BF CHFA RURAL	5/1/2013	623,777.48
M06A	RLWZ LLC FKA WILCOXSON MANUFACTURING INC	710,000.00	11/1/2027	10/30/2007	\$5,419.71	BF CHFA DIRECT	4/1/2013	600,591.34
M06A	VOA SUNSET HOUSING LP	5,376,100.00	7/1/2036	6/7/2006	\$35,586.98	SMART TAXABLE	4/1/2013	4,924,856.15
M06A	RESERVE AT THORNTON II	3,500,000.00	8/1/2038	7/19/2006	\$22,390.15	SMART TAXABLE	4/1/2013	3,236,992.91
M06A	CASA DORADA LLC	2,000,000.00	9/1/2024	8/25/2006	\$13,306.05	SMART TAXABLE	4/1/2013	1,838,659.01
M06A	PINECREST AT COMMERCE CITY LLL	3,315,000.00	2/1/2027	1/30/2007	\$22,054.78	SMART TAXABLE	5/1/2013	3,064,439.59
M06A	CORONA RESIDENCE	2,365,000.00	5/1/2039	4/2/2009	\$31,276.74	MF 501(C)3	4/1/2013	2,365,000.00
M06A	A.T. LEWIS BUILDING LLC	686,496.00	12/1/2027	11/19/1997	\$34,933.99	542 (C)	5/1/2013	493,983.62
M06A	WESTWOOD APARTMENTS	312,000.00	10/1/2038	9/15/1998	\$14,458.88	542 (C)	5/1/2013	272,642.32
M06A Total								38,212,139.84
M07B	DESERT SPRING REAL ESTATE	243,900.00	5/1/2024	4/1/2004	\$1,643.51	BF CHFA RURAL	4/1/2013	165,312.14
M07B	MILES EYE LLC	348,300.00	6/1/2026	5/16/2006	\$2,455.31	BF CHFA RURAL	5/1/2013	268,017.13
M07B	ZETOR LLC	1,143,644.00	10/1/2027	9/27/2007	\$9,185.17	BF SBA 504	4/1/2013	978,029.03
M07B	E 49TH AVE LLC	838,000.00	7/1/2027	5/7/2007	\$6,895.07	BF SBA 504	4/1/2013	713,555.46
M07B	KINDER-ASKEW PROPERTIES LLC	440,000.00	12/1/2026	11/1/2006	\$3,464.34	BF CHFA RURAL	4/1/2013	362,209.14
M07B	SMILEY AVIATION LLC	285,180.00	10/1/2027	9/27/2007	\$2,271.31	BF CHFA RURAL	4/1/2013	243,451.22

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Bond Issue	Borrower	Note Amount	Maturity Date	Note Date	PI Amount	Loan Program Type	Next Due Date	Current Balance
M07B	JACB LLC	621,000.00	1/1/2027	12/14/2006	\$4,777.40	BF CHFA RURAL	4/1/2013	565,388.46
M07B	TUSCANA LLC	448,752.00	10/1/2027	9/7/2007	\$3,452.28	BF SBA 504	4/1/2013	380,033.85
M07B	GOAT LLC	256,500.00	7/1/2027	5/8/2007	\$1,965.61	BF SBA 504	4/1/2013	214,982.31
M07B	BOQ LLC	438,750.00	10/1/2027	9/5/2007	\$3,362.23	BF CHFA RURAL	4/1/2013	371,479.10
M07B	MALLYMOO LLC	574,000.00	6/1/2027	5/14/2007	\$4,398.68	BF CHFA DIRECT	4/1/2013	504,614.92
M07B	JENNIFER E BRAND	450,000.00	5/1/2027	4/25/2007	\$3,448.44	BF CHFA RURAL	4/1/2013	374,538.18
M07B	HIGHWAY 82 INVESTORS LLC	595,000.00	6/1/2027	5/1/2007	\$3,456.60	BF CHFA RURAL	4/1/2013	381,279.62
M07B	DMS REAL ESTATE LLC	275,000.00	10/1/2027	9/27/2007	\$2,140.33	BF NON PROFIT	4/1/2013	233,613.69
M07B	RENAISSANCE PRESCHOOL INC	348,000.00	6/1/2027	5/18/2007	\$2,737.87	BF CHFA RURAL	5/1/2013	291,435.47
M07B	PC HOLDINGS LLC	360,000.00	7/1/2027	6/20/2007	\$2,832.28	BF CHFA RURAL	4/1/2013	325,323.45
M07B	HEIDI M FAY	719,500.00	8/1/2027	7/3/2007	\$5,660.63	BF SBA 504	4/1/2013	608,634.33
M07B	SUNFLOWER INVESTMENT PROPERTIES LLC	297,000.00	9/1/2027	8/13/2007	\$2,374.48	BF CHFA RURAL	4/1/2013	252,762.01
M07B	THE MAKEN DO LLC	369,000.00	10/1/2027	9/14/2007	\$3,052.11	BF CHFA RURAL	4/1/2013	317,506.20
M07B	FALL LINE VENTURES LLC	355,000.00	10/1/2027	9/28/2007	\$2,914.37	BF CHFA RURAL	4/1/2013	343,867.67
M07B	CHRISTOPHER R BURNER	484,000.00	11/1/2027	10/23/2007	\$3,808.00	BF CHFA RURAL	4/1/2013	413,425.96
M07B	HAMILTON LEASING LLC	346,500.00	11/1/2027	10/31/2007	\$2,718.00	BF CHFA RURAL	11/1/2027	300,359.52
M07B	TUTTLE INVESTMENTS LLLP	318,750.00	12/1/2027	11/7/2007	\$2,529.00	BF CHFA DIRECT	4/1/2013	273,622.94
M07B	LOSLIA LLC	410,000.00	12/1/2027	11/6/2007	\$2,506.00	BF CHFA RURAL	4/1/2013	270,222.69
M07B	ELMS BLESSING LLC	409,500.00	1/1/2028	12/7/2007	\$3,324.00	BF CHFA DIRECT	4/1/2013	353,944.70
M07B	SBSSTEAMBOAT LLC	450,000.00	1/1/2028	12/10/2007	\$3,584.00	BF CHFA RURAL	4/1/2013	386,594.97
M07B	VOYICH	427,500.00	2/1/2038	1/31/2008	\$2,646.00	'NON PROFIT REALESTA'	4/1/2013	398,711.42
M07B	LARIMER COUNTY CHILD ADVOCACY CENTER INC	629,000.00	3/1/2028	2/26/2008	\$4,858.00	BF CHFA RURAL	4/1/2013	542,124.13
M07B	CLEAN DIRT GRAINS & SEEDS LLC	950,000.00	3/1/2028	2/28/2008	\$7,741.00	BF CHFA DIRECT	4/1/2013	827,332.68
M07B	FORDYCE	1,791,000.00	3/1/2038	2/29/2008	\$11,285.00	'NON PROFIT REALESTA'	4/1/2013	1,697,112.64
M07B	THE PARTNERSHIP FOR FAMILIES & CHILDREN	850,000.00	5/1/2028	4/23/2008	\$6,770.00	BF SBA 504	4/1/2013	741,496.85
M07B	CITY BARK 8TH AVENUE LLC	1,200,000.00	8/1/2028	7/15/2008	\$9,484.51	BF CHFA DIRECT	4/1/2013	1,045,342.27
M07B	AGD PROPERTIES LLC	512,125.00	8/1/2028	7/31/2008	\$3,863.63	BF CHFA DIRECT	4/1/2013	2,352,666.61
M07B	RCR ENTERPRISES LLC	505,750.00	8/1/2028	7/29/2008	\$3,951.49	BF CHFA RURAL	4/1/2013	446,375.96
M07B	RADER	200,000.00	9/1/2028	8/7/2008	\$1,532.64	BF CHFA RURAL	4/1/2013	174,821.30
M07B	KCI WAREHOUSE LLC	324,000.00	11/1/2028	10/8/2008	\$2,521.70	BF CHFA RURAL	5/1/2013	286,530.16
M07B	OSTEOPATHIC TREATMENT CENTER PC	291,000.00	12/1/2028	11/5/2008	\$2,308.82	BF CHFA RURAL	4/1/2013	258,908.47
M07B	GARCIA	595,546.00	3/1/2029	2/26/2009	\$4,815.90	BF SBA 504	4/1/2013	535,864.87
M07B	BRAVO ENTERPRISES LLC	1,254,000.00	4/1/2028	3/26/2008	\$9,835.48	BF CHFA DIRECT	4/1/2013	1,211,477.01
M07B	FITZGIBBONS	436,000.00	8/1/2028	7/9/2008	\$3,289.32	BF CHFA RURAL	4/1/2013	377,601.04
M07B	1597 CIPOLLA, LLC	3,867,500.00	7/1/2033	6/30/2011	\$48,571.90	BF CHFA DIRECT	4/1/2013	3,600,000.00
M07B	ANDERSON	435,000.00	3/1/2028	2/22/2008	\$3,591.84	BF SBA 504	4/1/2013	398,353.81
M07B	BLUE SKY LIQUORS INC	260,269.72	7/1/2026	9/15/2006	\$1,894.77	BF B&I II	4/1/2013	210,961.29
M07B	DIDONATO ENTERPRISES, LLC	287,100.00	2/1/2027	12/15/2011	\$2,177.40	BF CHFA RURAL	4/1/2013	229,263.54
M07B	WEISENHORN	81,038.84	12/31/2025	11/3/2006	\$7,540.60	BF QAL	12/31/2013	65,466.92
M07B	LONG	266,203.27	12/4/2025	12/4/2000	\$22,944.58	BF QAL	12/4/2013	206,411.56
M07B	PRAIRIE CREEKS RESIDENCES LLC	1,015,000.00	7/1/2037	6/20/1997	\$5,776.63	542 (C)	4/1/2013	873,797.98
M07B	VILLA TOWNHOMES LTD	830,000.00	12/1/2037	11/14/1997	\$4,732.72	542 (C)	4/1/2013	717,770.50
M07B	BURLINGTON HOTEL BUILDING LTD LLLP	2,475,000.00	5/1/2029	4/28/1999	\$15,494.81	542 (C)	4/1/2013	1,882,693.18
M07B	LA FAMILY	466,000.00	12/1/2036	11/29/2006	\$3,163.15	SMART TAXABLE	4/1/2013	431,352.99
M07B	MOUNTAIN TERRACE APARTMENTS LLC	5,000,000.00	8/1/2019	7/12/2007	\$28,861.79	SMART TAX EXEMPT	4/1/2013	4,582,066.55
M07B	HC BRIGHTON SENIOR I LP	1,750,000.00	7/1/2027	6/12/2007	\$11,513.80	SMART TAXABLE	4/1/2013	1,617,193.03
M07B	MIRASOL SENIOR HOUSING PARTNERSHIP LLLP	1,230,000.00	1/1/2038	12/14/2007	\$8,235.46	SMART TAXABLE	4/1/2013	1,092,446.33
M07B	PARK AVENUE REDEVELOPMENT PARTNERS (BLOCK 1B) LLLP	5,000,000.00	3/1/2028	2/7/2008	\$30,897.48	SMART TAXABLE	4/1/2013	4,787,061.56
M07B	FAIRWAYS LLLP	2,675,000.00	4/1/2023	7/5/2007	\$14,347.00	SMART TAX EXEMPT	4/1/2013	2,558,151.43

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Bond Issue	Borrower	Note Amount	Maturity Date	Note Date	PI Amount	Loan Program Type	Next Due Date	Current Balance
M07B	SIERRA VISTA	400,000.00	5/1/2043	4/9/2008	\$2,527.44	SMART TAX EXEMPT	4/1/2013	384,395.17
M07B	42 VILLAGE AT PUEBLO P	1,000,000.00	7/1/2026	6/24/2008	\$6,353.54	SMART TAXABLE	4/1/2013	962,957.03
M07B	CENTRAL PARK AT STAPLETON	470,000.00	10/1/2028	9/15/2008	\$6,826.79	SMART TAXABLE	4/1/2013	470,000.00
M07B	I2TH & ELATI RESIDENCES LLC	2,450,000.00	10/1/2028	9/24/2008	\$16,464.78	SMART TAXABLE	4/1/2013	2,327,851.30
M07B	PLAZA TOWNHOMES AT MACON AND MOLINE	500,000.00	11/1/2025	10/24/2008	\$5,791.66	SMART TAXABLE	4/1/2013	500,000.00
M07B	G.A.O. HOMES PARTNERS, RLLLP	2,240,000.00	12/1/2028	11/25/2008	\$13,429.93	SMART TAX EXEMPT	4/1/2013	2,110,823.74
M07B	COTTONWOOD APARTMENTS	619,000.00	2/1/2027	12/4/2007	\$3,405.82	SMART TAX EXEMPT	4/1/2013	602,224.57
M07B	VILLAS AT SLOANS LAKE	1,860,000.00	4/1/2028	3/10/2008	\$12,218.88	SMART TAXABLE	5/1/2013	1,748,488.00
M07B Total								54,446,994.71
M08A	CONTI	184,000.00	9/1/2026	8/3/2006	\$1,339.55	BF CHFA RURAL	4/1/2013	142,497.71
M08A	PRIMA MEADOW MOUNTAIN LLC	301,500.00	3/1/2028	2/22/2008	\$2,284.00	BF CHFA RURAL	4/1/2013	258,831.76
M08A	13TH STREET ADVENTURE LLC	754,000.00	5/1/2028	4/16/2008	\$5,688.00	BF CHFA DIRECT	4/1/2013	651,067.39
M08A	DEKKER COMMERCIAL PROPERTY LLC	400,000.00	5/1/2028	4/17/2008	\$3,186.00	BF CHFA DIRECT	4/1/2013	296,106.74
M08A	STEAMBOAT MATTRESS & BEDDING INC	559,938.00	6/1/2028	5/6/2008	\$4,391.75	BF CHFA RURAL	4/1/2013	488,549.27
M08A	SUPERIOR ONE LLC	935,000.00	6/1/2028	5/14/2008	\$7,081.64	BF CHFA DIRECT	4/1/2013	810,468.31
M08A	CAPTOL HILL MANSION INC	727,800.00	7/1/2028	6/26/2008	\$5,774.43	BF CHFA DIRECT	4/1/2013	638,249.57
M08A	MOUNTAIN WEST INSURANCE & FINANCIAL-SERVICES LLC	900,000.00	8/1/2028	7/3/2008	\$6,789.87	BF CHFA DIRECT	4/1/2013	784,474.31
M08A	SPS REAL ESTATE HOLDINGS LLC	1,555,500.00	8/1/2028	7/3/2008	\$11,735.16	BF CHFA DIRECT	4/1/2013	1,355,833.05
M08A	THE PROPERTIES OF HEALING LLC	378,480.00	8/1/2028	7/25/2008	\$2,998.30	BF CHFA DIRECT	4/1/2013	332,796.34
M08A	ESG LLC	331,009.00	9/1/2028	8/6/2008	\$2,536.59	BF CHFA DIRECT	4/1/2013	289,048.18
M08A	SUPRISE VENTURES LLC	477,000.00	8/1/2028	7/30/2008	\$3,669.60	BF SBA 504	4/1/2013	417,241.98
M08A	KOSLA	1,955,000.00	1/1/2029	12/23/2008	\$14,749.11	BF CHFA DIRECT	4/1/2013	1,730,146.04
M08A	STEAMBOAT POWERSPORTS PARTNERS LLC	2,465,000.00	2/1/2029	1/8/2009	\$19,408.16	BF CHFA DIRECT	4/1/2013	2,202,838.12
M08A	ASCENT SOLAR TECHNOLOGIES INC	7,499,806.43	2/1/2028	2/8/2008	\$57,800.89	BF CHFA DIRECT	5/1/2013	6,550,461.83
M08A	HAERTER HOLDINGS LLC	739,500.00	3/1/2029	2/27/2009	\$5,979.99	BF CHFA DIRECT	4/1/2013	665,392.82
M08A	BETHLEHEM SQUARE APARTMENTS	892,195.00	8/1/2018	1/24/2008	\$9,308.35	IRP	4/1/2013	525,555.67
M08A	VILLAGE ON ELIZABETH LLLP	900,000.00	6/1/2026	5/20/2008	\$5,876.39	SMART TAXABLE	4/1/2013	867,738.63
M08A	LIGGINS TOWER APARTMENTS	1,500,000.00	1/1/2039	2/25/2008	\$9,284.59	SMART TAX EXEMPT	4/1/2013	1,419,644.24
M08A	BETHLEHEM SQUARE APARTMENTS	4,413,000.00	6/1/2049	1/24/2008	\$24,743.95	SMART TAX EXEMPT	4/1/2013	4,305,639.45
M08A Total								24,732,581.41
M08B	AIR FORCE ACADEMY	21,665,000.00	4/10/2052	5/1/2007	\$92,083.63	DIRECT BOND	4/1/2013	21,665,000.00
M08B	FORCE ACADEMY AIR	11,350,000.00	4/10/2052	5/1/2007	\$53,267.26	DIRECT BOND	4/1/2013	11,350,000.00
M08B	FORT CARSON FAMILY HOUSIN	107,500,000.00	9/15/2044	11/29/2006	\$573,233.24	DIRECT BOND	4/29/2013	103,951,472.00
M08B	FORT CARSON FAMILY HOUSIN	11,100,000.00	9/15/2044	11/29/2006	\$57,617.32	DIRECT BOND	4/15/2013	10,733,594.00
M08B	FORCE ACADEMY AIR	1,670,000.00	4/10/2052	5/1/2007	\$7,946.40	DIRECT BOND	4/1/2013	1,670,000.00
M08B	FORCE ACADEMY AIR	12,330,000.00	4/10/2052	11/10/2011	\$65,805.80	DIRECT BOND	4/10/2013	12,330,000.00
M08B Total								161,700,066.00
M08C	ARAPAHOE MENTAL HEALTH CENTER INC	6,046,000.00	3/1/2028	2/12/2008	\$35,475.00	'NON PROFIT REAL ESTA'	4/1/2013	5,611,986.13
M08C	CONKLIN	315,000.00	3/1/2028	2/28/2008	\$2,386.00	BF CHFA RURAL	4/1/2013	270,440.25
M08C	CURIOUS THEATRE COMPANY	500,000.00	5/1/2038	4/3/2008	\$3,046.00	'NON PROFIT REAL ESTA'	5/1/2013	466,217.74
M08C	HEET LLC	497,250.00	6/1/2028	5/21/2008	\$3,811.00	BF CHFA DIRECT	4/1/2013	431,952.23
M08C	BIG LLC	350,000.00	6/1/2028	5/29/2008	\$2,682.12	BF CHFA RURAL	4/1/2013	304,064.16
M08C	COLORADO COALITION FOR THE HOMELESS	1,230,000.00	7/1/2033	6/3/2008	\$8,045.64	'NON PROFIT REAL ESTA'	5/1/2013	1,115,665.20
M08C	GREEN LEVEL REALTY LLC	3,004,750.00	7/1/2028	6/19/2008	\$23,567.00	BF CHFA DIRECT	4/1/2013	2,629,571.29
M08C	1965 PROPERTIES LLC	342,000.00	9/1/2028	8/28/2008	\$2,682.40	BF CHFA RURAL	5/1/2013	300,190.43
M08C	RANTA SHOP COMMERCIAL LLC	498,800.00	10/1/2028	9/11/2008	\$3,852.23	BF CHFA RURAL	5/1/2013	450,005.09
M08C	LOZNYIAK	470,991.00	10/1/2028	9/25/2008	\$3,708.34	BF CHFA RURAL	4/1/2013	416,125.11
M08C	OFFICE DIGS LLC	612,000.00	11/1/2028	10/8/2008	\$4,744.83	BF CHFA RURAL	4/1/2013	540,871.20
M08C	ROUNDUP FOUNDATION INC	1,150,000.00	11/1/2038	10/28/2008	\$7,118.19	'NON PROFIT REAL ESTA'	4/1/2013	1,085,578.10
M08C	SCUDDER LLC	405,230.00	2/1/2029	1/21/2009	\$3,057.18	BF CHFA DIRECT	4/1/2013	359,719.25
M08C	HUGHES STATION LLLP	5,725,000.00	11/1/2021	10/27/2008	\$29,918.37	SMART TAX EXEMPT	4/1/2013	5,537,066.19
M08C	PALOMA VILLAS III	1,417,000.00	1/1/2029	12/22/2008	\$9,285.02	SMART TAXABLE	5/1/2013	1,346,410.68

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Bond Issue	Borrower	Note Amount	Maturity Date	Note Date	PI Amount	Loan Program Type	Next Due Date	Current Balance
M08C	GRACE APARTMENTS	400,000.00	5/1/2021	4/9/2009	\$2,625.87	SMART TAXABLE	4/1/2013	388,944.65
M08C	ARCHDIOCESAN FAMILY HOUSING	227,400.00	3/1/2031	3/4/2010	\$19,327.13	SMART TAX EXEMPT	5/1/2013	3,393,050.39
M08C	VILLAS AT THE BLUFF	1,500,000.00	5/1/2030	4/15/2010	\$9,629.47	SMART TAXABLE	4/1/2013	1,450,875.94
M08C	BROADWAY JUNCTION	480,000.00	9/1/2030	8/5/2010	\$3,070.43	SMART TAXABLE	5/1/2013	474,208.66
M08C	ARBOR VISTA LLLP	4,500,000.00	9/1/2029	8/18/2009	\$11,467.04	SMART TAXABLE	4/1/2013	1,680,100.49
M08C	RASA II ECONOMIC DEVELOPMENT CORPORATION	1,929,500.00	3/1/2051	2/1/2013	\$11,356.53	542 (C)	4/1/2013	1,929,500.00
M08C Total								30,182,543.18
M09A	TIARA APARTMENTS LTD	1,430,700.00	12/1/2014	7/1/1984	\$10,730.86	221 (D) 4	4/1/2013	198,174.70
M09A	W.H.E.R.E.	700,000.00	1/1/2020	12/29/1989	\$5,014.89	MF 501(C)3	5/1/2013	426,212.11
M09A	ATLANTIS COMMUNITY FOUNDATION	177,100.00	7/1/2023	5/30/1991	\$1,284.10	MF 501(C)3	4/1/2013	108,719.48
M09A	ARVADA PLACE	769,144.00	4/1/2022	3/31/1992	\$5,576.83	MF 501(C)3	4/1/2013	283,241.80
M09A	FOUNT MESA	1,077,751.00	3/1/2023	2/24/1993	\$7,814.44	MF 501(C)3	5/1/2013	643,827.42
M09A	TOWNHOUSE PARK APARTMENTS	153,000.00	11/1/2023	9/29/1993	\$1,122.66	MF 501(C)3	5/1/2013	93,200.91
M09A	FORUM BUILDING HOUSING LLLP	465,000.00	6/1/2027	5/23/1997	\$2,941.18	542 (C)	4/1/2013	340,663.47
M09A	WOODLANDS APARTMENTS	5,506,800.00	2/1/2038	1/23/1998	\$30,865.74	542 (C)	4/1/2013	4,783,660.70
M09A	URBAN PEAK	225,000.00	3/1/2029	2/12/1999	\$1,496.93	SMART TAX EXEMPT	4/1/2013	170,257.27
M09A	VILLAGE PLACE ASSOCIATES LLL	3,100,000.00	1/1/2027	12/7/2006	\$17,818.92	SMART TAX EXEMPT	4/1/2013	3,018,837.04
M09A	RENAISSANCE 88 APARTMENTS LLLP	8,952,747.52	3/1/2049	2/28/2007	\$50,828.29	542 (C)	4/1/2013	8,720,906.50
M09A	A.T. LEWIS BUILDING LLC	5,034,304.00	12/1/2027	11/19/1997	\$34,933.99	542 (C)	5/1/2013	3,622,546.44
M09A	WESTWOOD APARTMENTS	2,288,000.00	10/1/2038	9/15/1998	\$14,458.88	542 (C)	5/1/2013	1,999,377.14
M09A	RENAISSANCE 88 APARTMENTS LLLP	725,000.00	4/1/2014	2/28/2007	\$9,754.04	IRP	4/1/2013	178,170.91
M09A	COLUMBINE CT	855,300.00	6/1/2020	1/3/1979	\$5,192.68	221 (D) 3	4/1/2013	353,498.88
M09A	HANIGAN	445,200.00	11/1/2019	3/13/1989	\$2,938.80	221 (D) 4	4/1/2013	191,902.83
M09A	MARCELLA	4,355,000.00	8/1/2019	3/1/1977	\$28,419.99	221 (D) 4	4/1/2013	1,543,081.87
M09A	NIBLOCK	186,440.75	10/1/2026	12/24/1985	\$2,575.54	221 (D) 4	4/1/2013	175,683.75
M09A Total								26,851,963.22
M12A	MOUNTAIN VIEW REDEVELOPMENT	10,500,000.00	7/1/2014	7/19/2012	\$43,662.50	IF CONTRUCTION/BRIDGI	4/1/2013	10,500,000.00
M12A Total								10,500,000.00
M12B	RESIDENCES AT UNIVERSITY HILLS, LLC	2,323,860.79	10/1/2014	10/1/2012	\$2,899.82	542 (C)	4/1/2013	3,976,895.15
M12B Total								3,976,895.15
Grand Total								648,501,604.60

As of April 1, 2013, the total Fund Balances held in the various Funds and Accounts under the Master Indenture were \$150,519,797.54. As of the same date, the moneys in these Funds and Accounts were invested in the following types of Investment Securities:

<u>Investment Type</u>	<u>Amount</u>
Federal Home Loan Bank	\$ 7,645,453.01
Federal Home Loan Mortgage Corporation	3,507,600.43
Federal National Mortgage Association	8,509,677.34
GNMA MBS	15,085,854.78
Investment Agreements ⁽¹⁾	50,143,203.09 ⁽¹⁾
Money Market Funds	48,519,541.74
Repurchase Agreement ⁽¹⁾	<u>17,108,467.15</u> ⁽¹⁾
	\$150,519,797.54

⁽¹⁾ See "Part I – CERTAIN PROGRAM ASSUMPTIONS – Investments" for more information about the outstanding investment agreements and repurchase agreements.

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APPENDIX H

Federal Insurance Programs

Federal Insurance Programs. There are various programs under which mortgage loans for families of low and moderate income may be insured by the FHA, including Section 221(d)(3) and 221(d)(4) of the National Housing Act of 1934, as amended, Section 223(f) pursuant to Section 207 of the National Housing Act and Section 542(c) of the Housing and Community Development Act of 1992, as amended.

The Section 542(c) program was instituted to provide for insurance of multi-family loans pursuant to risk-sharing agreements between HUD and qualified state or local housing agencies, such as the Authority. The FHA regulations applicable to Section 542(c) insurance are contained in 24 CFR Part 266. Under the Section 542(c) program, housing finance agencies may apply to qualify as a participating "HFA." HUD assigns to participating HFAs the authority to originate loans to be insured under this program and the responsibility to administer the program within the guidelines of the risk-sharing agreement, providing, among other matters, that, in the event of a loan default with respect to a loan insured under the Section 542(c) program, the HFA is required to share with HUD in any loss arising as a consequence of the loan default. The Authority has been approved as a participating HFA and has entered into a Risk-Sharing Agreement with HUD dated as of April 26, 1994, as subsequently amended (the "**CHFA Risk-Sharing Agreement**"). Under the CHFA Risk-Sharing Agreement, the Authority has assumed 50% of that risk of loss associated with the Mortgage Loans insured pursuant thereto. The Authority has been allocated in the CHFA Risk-Sharing Agreement 8,660 units to be originated by the Authority in accordance with this Program. See "Part II – COLORADO HOUSING AND FINANCE AUTHORITY – Obligations of the Authority" for a description of Section 542(c) claims relating to certain outstanding mortgage loans which may increase the general obligations of the Authority.

Applications for insurance commitments under the FHA's Section 221(d)(4) mortgage insurance program may undergo several processing stages. Processing in connection with newly constructed projects may proceed through Site Appraisal and Market Analysis ("**SAMA**") and "firm commitment" stages prior to receiving FHA insurance at the time of "initial endorsement" by FHA evidencing its commitment to insure construction advances or to provide insurance upon completion of construction of the project. Commitments in connection with projects which are being substantially rehabilitated may proceed through a feasibility stage, as well as the firm commitment stage. Processing may include the SAMA or feasibility stages or both stages may be bypassed, with direct application for a firm commitment. After receipt of the firm commitment, the Borrower proceeds to initial closing of the mortgage loan. At the initial closing, the Borrower executes a standard form of FHA mortgage note evidencing the mortgage loan and an FHA standard form of mortgage securing the mortgage note. Concurrently with the execution of the mortgage and mortgage note, FHA initially endorses the mortgage note for mortgage insurance and funds are advanced to provide for initial fees and expenses, including land acquisition costs, title costs, design architect, attorney, inspection and other related fees and expenses. Final endorsement of the mortgage note occurs only after cost certification is completed. Increases in the maximum insurable amount of the mortgage loan approved by FHA and the Authority, as mortgagee, are funded at this time. Amounts remaining to be advanced under the mortgage will be disbursed, contingent upon FHA approval, the receipt of acceptable title insurance endorsements and the fulfillment of certain other obligations of the Borrower. FHA and the Authority, as mortgagee review the final closing documents and the mortgage note is finally endorsed upon a determination by the Authority and the FHA that all requirements of final endorsement have been satisfied.

FHA Insurance Claims in the Event of Default. Under Section 542(c) of the Housing and Community Development Act of 1992, as amended, and the applicable regulations, an event of default under a Section 542(c)-insured mortgage exists when the mortgagor fails to make any payment due under the mortgage or fails to perform any covenant under the mortgage (including covenants in the related CHFA Regulatory Agreement). In the event of a default continuing for a period of 30 days and, in the case of a covenant default if the Authority accelerates the debt and the mortgagor fails to pay the full amount due, the Authority is entitled to receive FHA insurance benefits to the extent described and upon compliance with the applicable claims procedures set forth in the Housing and Community Development Act of 1992, as amended, and applicable regulations promulgated thereunder. **The proceeds of the initial claim payment, however, must be used to retire any bonds or other financing mechanisms securing the mortgage loan within 30 days of the initial claim payment, and any excess funds resulting from such retirement or repayment must be returned to HUD within 30 days of such retirement. See the discussion of redemption provisions in Part I.** Within 30 days of receiving the initial claim payment, the Authority is required to issue to HUD a debenture (the "**Authority Debenture**"), dated the same date as the initial claim payment is issued and in an amount equal to the full initial claim amount, less any excess funds returned to HUD as described above. The Authority Debenture will be supported by the full faith and credit of the Authority, will have a term of five years and will bear interest at HUD's published debenture rate as provided in the applicable regulations. Interest on the Authority Debenture will be due and payable annually on the anniversary date of the initial claim payment.

The Authority is required to file an application for final settlement in accordance with applicable HUD procedures not later than 30 days after either (a) sale of the mortgaged property after foreclosure or after acquisition by deed-in-lieu of foreclosure or (b) expiration of the term of the Authority Debenture. At the time of final settlement, the amount of the "total loss," as provided in the applicable regulations, will be shared by HUD and the Authority based upon the respective percentage of risk specified in the applicable mortgage note and addendum to the Risk-Sharing Agreement. If the initial claim payment is less than HUD's share of the total loss, HUD is required to make a final claim payment to the Authority equal to the difference and to return the Authority Debenture for cancellation. If the initial claim payment is more than HUD's share of the total loss, the Authority is required to pay the difference within 30 days of notification by HUD of the amount due, and the Authority Debenture will be considered redeemed upon receipt of the payment.

In connection with the Section 221(d)(4) program, the National Housing Act defines an event of default under an FHA-insured mortgage as failure to make any payment due under the mortgage or to perform any other mortgage covenant (which includes covenants in the related financing documents and FHA Regulatory Agreement) if the mortgagee, because of such failure, has accelerated the debt. In the event of a default continuing for a period of 30 days, the mortgagee (i.e., the Authority so long as it is the mortgagee under the mortgage loans) is entitled to receive FHA insurance benefits upon compliance with the applicable claims procedures as set forth in the National Housing Act and applicable regulations promulgated thereunder. In the event of a default on the Mortgage Loan, the FHA will pay insurance benefits equal to the sum of (i) the unpaid principal amount of the Mortgage Loan computed as of the date of default, (ii) certain eligible payments (such as taxes, insurance, special assessments, water rates and payments made by the mortgagee, with the approval of HUD, for the preservation of the Project), and (iii) interest on the insurance proceeds from the date the mortgagee is entitled to receive insurance benefits at the applicable FHA debenture rate (which interest may be limited in the event that certain notices are not given to the FHA within the prescribed time periods). The FHA insurance benefits are reduced, however, by (i) any net income received by the mortgagee from the Project subsequent to the default, (ii) any amounts received by the mortgagee on account of the mortgage loan after a default, (iii) amounts held in escrow by the mortgagee for the account of the Borrower and available to be applied to the outstanding indebtedness under the mortgage loan, and (iv) unless the mortgagee forecloses and conveys title to the

Project to the FHA, an amount equal to 1% of the unpaid principal balance of the mortgage loan. Due to the 30-day grace period before the mortgagee is entitled to receive insurance benefits, FHA insurance benefits do not cover all defaulted interest payments because such proceeds would not include one month's interest on the unpaid principal balance of the Mortgage Loan.

Furthermore, mortgage insurance benefits under Section 221(d)(4) of the National Housing Act are payable in cash unless the mortgagee files a written request for payment in debentures. If debentures are issued to the mortgagee in payment of the FHA mortgage insurance benefits, they are issued as of the date of default, registered as to principal and interest and mature twenty (20) years from their date of issue. The debentures bear interest at the applicable debenture rate from the date of issue, payable semiannually on January 1 and July 1 of each year. FHA debentures are, however, redeemable at the option of the FHA on any interest payment date upon three-months' prior notice at a price equal to their principal amount plus accrued interest. Payment of mortgage insurance benefits under this program will be conditioned upon the satisfactory performance of certain obligations required pursuant to the insurance program, including maintenance of certain escrow accounts, annual inspections, maintenance of property insurance and maintenance of specified records. See "Part II – CERTAIN BONDOWNERS' RISKS - Conditions to Payment of FHA Insurance."

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APPENDIX I

Description of Section 8 Subsidy Program

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 renewed for varying contract terms of one to 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 for one year subject to annual renewal, 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.

The regulations provide that for moderate rehabilitation HAP contracts with expiration dates between October 1, 2000 and September 30, 2002, renewal HAP contracts will be executed pursuant to Section 524(b)(3) of MAHRA at rent levels equal to the lesser of:

- (a) existing contract rents, adjusted by an Operating Cost Adjustment Factor (OCAF);
- (b) the moderate rehabilitation fair market rents (i.e., 120% of the existing fair market rents) less any amounts allowed for tenant-purchased utilities; or
- (iii) comparable market rents for the market area.

Mark-to-Market Program and Other Options for Expiring HAP Contracts. 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 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.

Generally, the HAP contracts applicable to the Projects are renewals of previous HAP contracts, in some cases after "mark-to-market" mortgage restructurings, pursuant to Title V. The insured and uninsured rental loans typically require borrowers to renew the respective HAP contract for the longer of the minimum period that the related project is subject to low-income occupancy and rent restrictions under the CHFA Regulatory Agreement (15 or 20 years) or the period the insured or uninsured rental loan is outstanding. There is no assurance that such renewals will be provided by HUD, as they are subject, among other things, to the availability of Congressional appropriations. The failure or inability to renew the HAP contracts could adversely affect the sufficiency of Revenues and assets pledged under the Master Indenture for payment of the Bonds outstanding thereunder or increase the level of prepayments. See "Part II – CERTAIN BONDOWNERS' RISKS – Considerations Regarding Redemption."

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APPENDIX J

Form of Authority Continuing Disclosure Undertaking

CONTINUING DISCLOSURE UNDERTAKING

This Continuing Disclosure Undertaking (this "**Disclosure Certificate**") is executed and delivered by the COLORADO HOUSING AND FINANCE AUTHORITY, a body corporate and political subdivision of the State of Colorado (the "**Authority**"), in connection with the issuance of Colorado Housing and Finance Authority Multi-Family/Project Class I Adjustable Rate Bonds, 2013 Series A (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 2013 Series A Indenture dated as of June 1, 2013 (the "**Series Indenture**" and, together with the Master Indenture, the "**Indenture**"), each between the Authority and Wells Fargo Bank, National Association, as Trustee (the "**Trustee**").

BACKGROUND

1. The Series Bonds are being issued to provide funds expected to be used to fund a loan, to make deposits to certain funds and accounts, to pay certain costs of issuance of the Series Bonds, and to otherwise attain the goals of the Authority pursuant to the Colorado Housing and Finance Authority Act.

2. In order to allow the Participating Underwriter (as defined in Rule 15c2-12 defined below) of the Series Bonds to comply with Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities and Exchange Act of 1934 (17 CFR Part 240, § 240.15c2-12) as amended to the date hereof ("**Rule 15c2-12**"), the Authority has agreed to make certain continuing disclosure undertakings for the benefit of owners (including beneficial owners) of the Series Bonds.

3. This Disclosure Certificate is intended to satisfy the requirements of said Rule 15c2-12, as in effect on the date hereof.

AUTHORITY COVENANTS AND AGREEMENTS

Section 1. Definitions.

(a) "Annual Financial Information" means the financial information or operating data with respect to the Authority or other obligated person described in Section 2(g) hereof, as applicable, delivered at least annually pursuant to Sections 2(a) and 2(b) hereof, of the type set forth in the sections of the final Official Statement, including, but not limited to, such financial information and operating data set forth in "Part II – COLORADO HOUSING AND FINANCE AUTHORITY – Programs to Date," **Appendix B** – "OUTSTANDING MASTER INDENTURE OBLIGATIONS," and **Appendix G-2** – "CERTAIN INFORMATION ABOUT THE MASTER INDENTURE LOAN PORTFOLIO, AUTHORITY PROJECTS AND FUND BALANCES."

(b) "Audited Financial Statements" means the annual financial statements for the Authority or other obligated person described in Section 2(g) hereof, as applicable, prepared in accordance with generally accepted accounting principles consistently applied, as in effect from time to time, audited by a firm of certified public accountants.

(c) EMMA" means the MSRB's Electronic Municipal Market Access System, with a portal at <http://emma.msrb.org>.

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

(e) "MSRB" means the Municipal Securities Rulemaking Board. The current address of the MSRB is 1900 Duke Street, #600, Alexandria, Virginia 22314; fax: 703-797-6700.

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

(g) "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.

(h) "SEC" means the Securities and Exchange Commission.

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

(j) "Underwriter" means J.P. Morgan Securities LLC, 383 Madison Avenue, 8th Floor, Mailcode NY1-M103, New York, NY 10179, which is the Participating Underwriter.

Section 2. Provision of Annual Information and Reporting of Events.

(a) Commencing with the fiscal year ending December 31, 2012 and annually while the Series Bonds remain outstanding, the Authority agrees to provide or cause to be provided annually to EMMA (with a copy, upon request, to the Underwriter) the following information:

i. Annual Financial Information; and

ii. Audited Financial Statements, if prepared.

(b) Such Annual Financial Information shall be provided not later than 240 days after the end of each fiscal year for the Authority (i.e., each December 31). If not provided at the same time as the Annual Financial Information, the Audited Financial Statements will be provided when available.

(c) The Authority may provide Annual Financial Information and Audited Financial Statements by specific reference to other documents, including information reports and official statements relating to other debt issues of the Authority, which have been submitted to EMMA or other repositories as required by Rule 15c2-12; provided, however, that if the document so referenced is a final official statement within the meaning of Rule 15c2-12, such final official statement must also be available from the MSRB. The Authority shall clearly identify each such other document so incorporated by cross-reference.

(d)(1) At any time the Series Bonds are outstanding, in a timely manner not in excess of ten (10) business days after the occurrence of an Event, the Authority shall provide to EMMA notice of the occurrence of any of the following Events with respect to the Series Bonds:

- (A) principal and interest payment delinquencies;
- (B) unscheduled draws on debt service reserves reflecting financial difficulties;
- (C) unscheduled draws on credit enhancements reflecting financial difficulties;
- (D) substitution of credit or liquidity providers, or their failure to perform;
- (E) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Series Bonds, or other material events affecting the tax status of the Series Bonds;
- (F) defeasances;
- (G) rating changes;
- (H) tender offers; and
- (I) bankruptcy, insolvency, receivership, or similar event of any obligated person.

For the purposes of the Event identified in paragraph (2)(e)(1)(I) hereof, the Event is considered to occur when any of the following occur: (i) the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or (ii) the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(2) At any time the Series Bonds are outstanding, in a timely manner not in excess of ten (10) business days after the occurrence of an Event, the Authority shall provide to EMMA notice of the occurrence of any of the following Events with respect to the Series Bonds, if material:

- (A) non-payment related defaults;
- (B) modifications to the rights of the beneficial owners of the Series Bonds;
- (C) bond calls;
- (D) release, substitution or sale of property securing repayment of the Series Bonds;
- (E) the consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the

obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms; and

(F) appointment of a successor or additional trustee or a change in the name of a trustee.

(e) At any time the Series Bonds are outstanding, the Authority shall provide, in a timely manner, to EMMA, with a copy to the Underwriter, notice of any failure of the Authority to timely provide the Annual Financial Information as specified in Sections 2(a) and 2(b) hereof.

(f) Obligated Persons. If the Borrower for any 2013A Loan will be an "obligated person" in respect of the Series Bonds within the meaning of Rule 15c2-12 because the total amount of such Borrower's annual obligations in respect of the Series Bonds is equal to or greater than 20% of the average annual debt service requirements on the Series Bonds, the Authority will confirm that such Borrower has separately agreed to provide to the Authority Annual Financial Information and Audited Financial Statements with respect to itself not later than 180 days after the end of each fiscal year for such Borrower to the extent that such Borrower continues to constitute an "obligated person" in respect of the Series Bonds within the meaning of Rule 15c2-12. The Authority has agreed to forward to EMMA such Audited Financial Statements promptly upon receipt from such Borrower. The Authority has no obligation to examine or review such Audited Financial Statements to verify the accuracy or completeness of such Audited Financial Statements, and is not otherwise obligated to make such continuing disclosure undertakings on behalf of the Borrower.

Section 3. Method of Transmission. Subject to technical and economic feasibility, the Authority shall employ such methods of electronic or physical information transmission as is requested or recommended by the MSRB unless otherwise required by law.

Section 4. Enforcement. The obligations of the Authority hereunder shall be for the benefit of the owners (including beneficial owners) of the Series Bonds. The owner or beneficial owner of any Series Bonds is authorized to take action to seek specific performance by court order to compel the Authority to comply with its obligations under this Disclosure Certificate, which action shall be the exclusive remedy available to it or any other owners or beneficial owners of the Series Bonds; provided, that any owner or beneficial owner of Series Bonds seeking to require the Authority to comply with this Disclosure Certificate shall first provide at least 30 days' prior written notice to the Authority of the Authority's failure, giving reasonable detail of such failure following which notice the Authority shall have 30 days to comply. Any such action shall be brought only in a court of competent jurisdiction in the City and County of Denver, Colorado. Breach of the obligations of Authority hereunder shall not constitute an Event of Default under the Indenture and none of the rights and remedies provided by the Indenture shall be available to the owners of the Series Bonds or the Trustee therein appointed.

Section 5. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Authority from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other annual information or notice of occurrence of an event which is not an Event, in addition to that which is required by this Disclosure Certificate; provided that the Authority shall not be required to do so. If the Authority chooses to include any annual information or notice of occurrence of an event in addition to that which is specifically required by this Disclosure Certificate, the Authority shall have no obligation under this Disclosure Certificate to update such information or include it in any future annual filing or Event filing.

Section 6. Term. This Disclosure Certificate shall be in effect from and after issuance and delivery of the Series Bonds and shall extend to the earliest of (i) the date all principal and interest on the Series Bonds shall have been deemed paid or legally defeased pursuant to the terms of the Indenture; (ii) the date that the Authority and each person named or described in Section 2(f) hereof shall no longer constitute an "obligated person" with respect to the Series Bonds within the meaning of Rule 15c2-12; or (iii) the date on which those portions of Rule 15c2-12 which require this Disclosure Certificate are determined to be invalid by a court of competent jurisdiction in a non-appealable action, have been repealed retroactively or otherwise do not apply to the Series Bonds, the determination of (i), (ii) or (iii) herein to be made in any manner deemed appropriate by the Authority, including by an opinion of counsel experienced in federal securities law selected by the Authority.

Section 7. Amendments and Waivers. Notwithstanding any other provision of this Disclosure Certificate, the Authority may amend this Disclosure Certificate from time to time, and any provision of this Disclosure Certificate may be waived, without the consent of the owners or beneficial owners of the Series Bonds upon the Authority's receipt of an opinion of counsel experienced in federal securities laws to the effect that such amendment or waiver will not adversely affect compliance with Rule 15c2-12. Any Annual Financial Information containing amended operating data or financial information will explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided. If an amendment changes the accounting principles to be followed in preparing financial statements, the Annual Financial Information for the year in which the change is made will present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The Authority shall provide notice of such amendment or waiver to EMMA as required by Rule 15c2-12 and the Underwriter.

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

Dated as of June 26, 2013.

COLORADO HOUSING AND FINANCE
AUTHORITY

By: _____
Chief Financial Officer

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APPENDIX K

Certain Terms of the Initial 2013A Liquidity Facility

General

The following summarizes certain provisions of the Initial 2013A Liquidity Facility (also referred to as the "**Liquidity Facility**" in this **Appendix K**) providing liquidity support for the 2013 Series A Bonds, to which reference is made for the detailed provisions thereof. The Liquidity Facility contains various provisions, covenants and conditions, certain of which are summarized below. Certain words or terms used in the following summary are defined hereinbelow and other words or terms not defined hereinbelow are defined elsewhere in this Official Statement, the Liquidity Facility or the Indenture (as defined below), and reference thereto is made for such definitions.

The Liquidity Facility does not guarantee the payment of principal of or interest or redemption premium, if any, of the 2013 Series A Bonds in the event of non-payment of such interest, principal or redemption premium, if any, by the Authority.

The Authority expects to execute the Liquidity Facility for the 2013 Series A Bonds with JPMorgan Chase Bank, N.A. (referred to herein as the 2013A Liquidity Facility Provider or the "**Bank**") on the date the 2013 Series A Bonds are remarketed. The Liquidity Facility requires the Bank to provide funds for the purchase of the 2013 Series A Bonds that have been tendered and not remarketed subject to certain conditions described below. The Liquidity Facility is only available with respect to the 2013 Series A Bonds bearing interest at the Daily Rate, the Weekly Rate or the Term Rate.

The obligation of the Bank pursuant to the Liquidity Facility is to provide funds for the purchase of the 2013 Series A Bonds that have been tendered and not remarketed. This obligation under the Liquidity Facility will end on the earliest of (i) October 10, 2014, as such date may be extended from time to time in accordance with the Liquidity Facility (the "**Stated Expiration Date**"), (ii) the date of receipt by the Bank of a certificate signed by the Trustee stating that the Liquidity Facility has been terminated pursuant to the terms of the Indenture because (a) an Alternate Liquidity Facility has been provided and become effective under the Indenture, (b) no the 2013 Series A Bonds remain Outstanding under the Indenture or (c) all of the 2013 Series A Bonds have been converted to a Non-Covered Interest Rate, (iii) the date specified in a written notice delivered by the Authority to the Bank that the Authority has elected to terminate the Liquidity Facility and (iv) the date on which the Available Commitment has been reduced to zero and the Bank's obligation to purchase the 2013 Series A Bonds under the Liquidity Facility has been terminated in its entirety under the circumstances described below under "Events of Default; Remedies."

Subject to the terms and conditions of the Liquidity Facility, the Bank agrees from time to time during the Purchase Period to purchase, with its own funds, Eligible Bonds, at the purchase price on a purchase date. The aggregate principal amount (or portion thereof in denominations authorized by the Indenture or any integral multiple thereof) of any Eligible Bond purchased on any purchase date shall not exceed the Available Principal Commitment on such purchase date and the portion of the purchase price constituting accrued interest on Eligible Bonds shall not exceed the lesser of (a) the Available Interest Commitment on such purchase date and (b) the actual aggregate amount of interest accrued on any Eligible Bond to but excluding such purchase date, other than Defaulted Interest. Any Eligible Bonds so purchased shall thereupon constitute Bank Bonds and shall, from the date of such purchase and while they are Bank Bonds, bear interest at the Liquidity Rate and have other characteristics of Bank Bonds as set forth in the Liquidity Facility, the Indenture and the 2013 Series A Bonds.

If, on any Purchase Date during the Purchase Period, the Bank receives not later than 11:30 a.m., New York City time, a notice of bank purchase from the Trustee, the Bank shall, subject to the conditions set forth in the Liquidity Facility, transfer to the Trustee not later than 2:30 p.m., New York City time, on such purchase date, in immediately available funds, an amount equal to the aggregate purchase price of all Eligible Bonds tendered or deemed tendered for purchase on such date but not remarketed as specified in such notice of bank purchase. A notice of bank purchase shall be irrevocable after receipt thereof by the Bank.

The obligation of the Bank to purchase Eligible Bonds on any date is subject to the satisfaction of the following conditions, unless waived in writing by the Bank: (i) no Immediate Termination Event or Suspension Event (as such terms are defined below) shall have occurred and be continuing; *provided, however,* that if and to the extent a Suspension Event shall have been cured as described hereinbelow under "Events of Default; Remedies – Events of Default Permitting Immediate Suspension – Remedies; Restoration of Rights," the condition described in this clause (i) will be deemed satisfied, and (ii) the Bank shall have timely received, on the Purchase Date, a notice of bank purchase.

Events of Default; Remedies

1. *Events of Default Not Permitting Immediate Termination or Suspension*

(a) Notice Termination Events. Each of the following Events of Default shall constitute a "**Notice Termination Event**":

(i) *Payments*. The Authority shall not pay when due any amount owed to the Bank pursuant to the Fee Letter or specified sections of the Liquidity Facility; or

(ii) *Other Payments*. The Authority shall fail to pay within five (5) calendar days after the same shall become due any fee or other amount owing under the Liquidity Facility (not otherwise referred to in this paragraph 1(a) or paragraph 2(a) below); or

(iii) *Representations*. Any material representation or warranty made by or on behalf of the Authority in the Liquidity Facility or in any certificate or statement delivered under the Liquidity Facility shall be incorrect or untrue in any material respect when made or deemed to have been made; or

(iv) *Certain Covenants*. The Authority shall default in the due performance or observance of certain covenants specified in the Liquidity Facility; or

(v) *Other Covenants*. The Authority shall default in the due performance or observance of any other term, covenant or agreement contained or incorporated by reference in the Liquidity Facility (other than those referred to in paragraphs 1(a)(i) through (iv) above) and such default shall remain unremedied for a period of thirty (30) days after the Bank shall have given written notice thereof to the Authority; or

(vi) *Other Obligations*. (A) Any other "event of default" as defined in the Master Indenture which is not cured within any applicable cure period shall occur which, if not cured, would give rise to remedies available thereunder, (B) any "event of default" which is not cured within any applicable cure period under any of the Related Documents shall occur, (C) the Authority shall fail to pay any Debt of the Authority for borrowed money, or any interest or premium thereon, when due (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise), of at least \$5,000,000 and such failure shall continue after the applicable grace period, if any, specified in the agreement or

instrument relating to such Debt, or (D) the Authority shall fail to perform or observe any term, covenant or condition on its part to be performed or observed under any ordinance, indenture, agreement or other instrument relating to any Debt when required to be performed or observed, and such failure shall not be waived and shall continue after the applicable grace period, if any, specified in such agreement or instrument, if the effect of such failure to perform or observe is to accelerate, or permit the acceleration of, with the giving of notice if required, the maturity of such Debt; or any such Debt shall be declared to be due and payable or be required to be prepaid (other than by a regularly scheduled required prepayment), prior to the stated maturity thereof.

(b) Remedies. Upon the occurrence of any Event of Default, including an Immediate Termination Event or Suspension Event, the Bank shall have all other remedies provided at law or equity including, without limitation, the right of set-off and specific performance; and, in addition, the Bank, in its sole discretion, may do one or more of the following: (i) declare all obligations of the Authority to the Bank under the Liquidity Facility, under the Fee Letter and under the Bank Bonds to be immediately due and payable, and the same shall thereupon become due and payable without demand, presentment, protest, notice of intent to accelerate, notice of acceleration or further notice of any kind, all of which are hereby expressly waived; *provided, however*, that any acceleration of the Bank Bonds shall be subject to the limitations thereon set forth in the Master Indenture; (ii) deliver to the Authority, the Trustee and the Remarketing Agent written notice that an Event of Default has been declared under the Liquidity Facility (a "**Notice of Termination**"), whereupon the remarketing of the 2013 Series A Bonds shall cease immediately and, at the close of business on the fifteenth (15th) day following the date such Notice of Termination is received by the Trustee, the Available Commitment shall be reduced to zero and the obligations of the Bank under the Liquidity Facility shall terminate; *provided, however*, that prior to such termination, the Bank shall remain obligated to purchase Eligible Bonds in accordance with the terms of the Liquidity Facility so long as no Immediate Termination Event or Suspension Event has occurred; (iii) require immediate purchase of Bank Bonds by the Authority; (iv) exercise any right or remedy available to it under any other provision of the Liquidity Facility or the Fee Letter; or (v) exercise any other rights or remedies available under any Related Document; *provided, however*, that the Bank shall not have the right to terminate or suspend its obligation to purchase the 2013 Series A Bonds except as expressly described in paragraph 2 or 3 below. Notwithstanding any other provision described in this paragraph 1, all Obligations under the Liquidity Facility and under the Fee Letter shall bear interest at the Default Rate upon the occurrence and during the continuation of any Event of Default.

2. *Events of Default Permitting Immediate Termination*

(a) Immediate Termination Events. Each of the following Events of Default shall also constitute an "**Immediate Termination Event**":

(i) *Payment Default*. The Authority shall have failed to pay when due any principal or interest, or both, payable under, or in respect of the 2013 Series A Bonds or any Bank Bonds (other than a failure to pay any amounts described in this clause (a) as a result of the acceleration of payment of Bank Bonds pursuant to paragraph 1(b)(i) above); or

(ii) *Judgments*. A final, unappealable judgment or judgments against the Authority for the payment of money in excess of \$5,000,000 in the aggregate shall be payable from the funds and other property comprising the Trust Estate and not covered by insurance, the operation or result of which judgment or judgments shall remain unpaid, unstayed, undischarged, unbonded or undismissed for a period of sixty (60) days; or

(iii) *Insolvency.* (A) The Authority shall commence any case, proceeding or other action under any existing or future law of any jurisdiction, domestic or foreign, relating to bankruptcy, insolvency, reorganization or relief of debtors, seeking to have an order for relief entered with respect to it, or seeking to adjudicate it a bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, composition, declaration of a payment moratorium or other relief with respect to it or its Debts; (B) the Authority shall take any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the acts described in clause (A) above or in paragraph 3(a)(i) below; or (C) the Authority shall admit in writing its inability to, pay its debts; or

(iv) *Invalidity.* (A) Any provision of the Act, the Liquidity Facility, the Indenture or the 2013 Series A Bonds relating to (1) the ability or the obligation of the Authority to pay, when due, the principal of or interest on the 2013 Series A Bonds (including any Bank Bonds) or any Parity Debt or (2) the Trust Estate, shall at any time, and for any reason, cease to be valid and binding on the Authority, or shall be declared to be null and void, invalid or unenforceable as the result of a final nonappealable judgment by any federal or state court or as a result of any legislative or administrative action by any Governmental Authority having jurisdiction over the Authority; or (B) the Authority repudiates or otherwise denies that it has any further liability or obligation under or with respect to any provision of the Act, the Liquidity Facility, the Indenture, the 2013 Series A Bonds or any Parity Debt relating to (1) the ability or the obligation of the Authority to pay, when due, the principal of or interest on the 2013 Series A Bonds (including any Bank Bonds) or any Parity Debt or (2) the Trust Estate; or (C) the State or the Authority shall have taken or permitted to be taken any official action, or has duly enacted any statute, which would materially adversely affect the enforceability of any provision of the Liquidity Facility, the 2013 Series A Bonds, the Act, the Indenture or any Parity Debt relating to (1) the ability or the obligation of the Authority to pay, when due, the principal of or interest on such the 2013 Series A Bonds (including any Bank Bonds) or any Parity Debt or (2) the Trust Estate; or (D) a Governmental Authority having jurisdiction over the Authority imposes a debt moratorium or comparable extraordinary restriction with respect to the 2013 Series A Bonds (including any Bank Bond) or any Parity Debt; or

(v) *Ratings.* Moody's and S&P shall both (A) withdraw or suspend the Underlying Rating for credit-related reasons or (B) reduce the Underlying Rating below Investment Grade; or

(vi) *Parity Debt Payment Default.* The Authority shall fail to make any payment in respect of principal or interest on any Parity Debt, issued and Outstanding or to be issued, when due (i.e., whether upon said Parity Debt's scheduled maturity, required prepayment, acceleration, upon demand or otherwise, except as such payments may be accelerated, demanded or required to be prepaid under the Liquidity Facility), and such failure shall continue after the applicable grace period, if any, specified in the agreement or instrument relating to such Parity Debt.

(b) Remedies. In addition to the remedies described in paragraph 1(b) above, upon the occurrence of an Immediate Termination Event, the Available Commitment shall immediately be reduced to zero, in which case, the obligations of the Bank under the Liquidity Facility shall immediately terminate and expire without requirement of notice by the Bank; *provided*, that (i) the Event of Default described in paragraph 2(a)(i) above will not qualify as an "Immediate Termination Event" under the Liquidity Facility if the failure to pay the principal of, or interest on, a Bank Bond is due solely to an acceleration of all of the Bank Bonds by the Bank for any reason other than nonpayment as described in paragraph 2(a)(i) above, (ii) as and to the extent that the provider of a liquidity or credit facility in support of Parity Debt owns all or a portion of such Parity Debt pursuant to the provisions of such facility ("**Bank-Owned Parity Debt**"), the Event of Default described in paragraph 2(a)(vi) above will not qualify as an "Immediate Termination Event" under the Liquidity Facility if the failure to pay the

principal of, or interest on, Bank-Owned Parity Debt described in paragraph 2(a)(vi) above is due solely to an acceleration of said Bank-Owned Parity Debt for any reason other than nonpayment as described in paragraph 2(a)(vi) above and (iii) the Suspension Events described in paragraph 3(a) below will not qualify as "Immediate Termination Events" unless and until the conditions described in said paragraph 3(b) below for such qualification have been satisfied. After such termination or expiration, the Bank shall deliver promptly to the Authority, the Trustee and the Remarketing Agent written notice of such termination or expiration; *provided, however*, that failure to provide such written notice shall have no effect on the validity or enforceability of such termination or expiration.

3. *Events of Default Permitting Immediate Suspension*

(a) Suspension Events. Each of the following Defaults and Events of Default shall also constitute a "**Suspension Event**":

(i) *Involuntary Bankruptcy*. (A) There shall be commenced against the Authority any case, proceeding or other action of a nature referred to in paragraph 2(a)(iii)(A) above which results in an order for such relief or in the appointment of a receiver or similar official; or (B) there shall be commenced against the Authority any case, proceeding or other action of a nature referred to in paragraph 2(a)(iii)(A) above which has not been vacated, discharged, stayed or bonded pending appeal for a period of sixty (60) days; or (C) there shall be commenced against the Authority any case, proceeding or other action seeking issuance of a warrant of attachment, execution, distraint or similar process against all or any substantial part of its assets, which results in the entry of an order for any such relief which shall not have been vacated, discharged, or stayed or bonded pending appeal within sixty (60) days from the entry thereof.

(ii) *Invalidity*. (A) Any Governmental Authority with jurisdiction to rule on the validity or enforceability of the Liquidity Facility, the 2013 Series A Bonds, the Act or the Indenture shall find or rule, in a judicial or administrative proceeding, that any provision of the Liquidity Facility, the 2013 Series A Bonds, the Act, the Indenture or any Parity Debt, as the case may be, relating to (1) the ability or the obligation of the Authority to pay, when due, the principal of or interest on the 2013 Series A Bonds (including any Bank Bonds) or any Parity Debt or (2) the Trust Estate, is not valid or not binding on, or enforceable against, the Authority; or (B) the State or the Authority (1) makes a claim in a judicial or administrative proceeding that the Authority has no further liability or obligation under the Liquidity Facility, under the 2013 Series A Bonds, the Act, the Indenture or any Parity Debt to pay, when due, the principal of or interest on the 2013 Series A Bonds (including any Bank Bonds) or any Parity Debt or (2) contests in a judicial or administrative proceeding the validity or enforceability of any provision of the Liquidity Facility, the 2013 Series A Bonds, the Act, the Indenture or any Parity Debt relating to or otherwise affecting (y) the Authority's ability or obligation to pay, when due, the principal of or interest on the 2013 Series A Bonds (including any Bank Bonds) or any Parity Debt or (z) the Trust Estate.

(b) Remedies; Restoration of Rights.

(i) In addition to the remedies described in paragraph 1(b) above, but subject to the provisions described in paragraphs 3(b)(ii)-(vi) below (as applicable), in the case of an Event of Default described in paragraph 3(a)(i)(A), paragraph 3(a)(ii)(A) or paragraph 3(a)(ii)(B) above or in the case of a Default described in paragraph 3(a)(i)(B) or paragraph 3(a)(i)(C) above (each, a "**Suspension Event**"), the obligation of the Bank to purchase Eligible Bonds under the Liquidity Facility shall be immediately suspended without notice or demand and, thereafter, the Bank shall be under no obligation to purchase Eligible Bonds until the Available Commitment is reinstated as described below. Promptly upon the occurrence of any such Suspension Event, the Bank shall notify the Authority, the Trustee and the

Remarketing Agent of such suspension and the effective date of such suspension in writing by facsimile, promptly confirmed by regular mail; *provided, that* the Bank shall incur no liability of any kind by reason of its failure to give such notice and such failure shall in no way affect the suspension of the Available Commitment or its obligation to purchase Eligible Bonds pursuant to the Liquidity Facility.

(ii) Upon the occurrence of an Event of Default described in paragraph 3(a)(i)(A) above, the Bank's obligations to purchase Eligible Bonds shall be suspended immediately and automatically and remain suspended until said case, proceeding or other action referred to therein is either dismissed, discharged or bonded or three (3) years shall have passed from the occurrence of such Suspension Event, whichever is first. In the event that said Event of Default shall have been dismissed, discharged or bonded prior to the passage of three (3) years from the occurrence of such Suspension Event, then the Available Commitment and the obligation of the Bank to purchase Eligible Bonds shall be reinstated and the terms of the Liquidity Facility shall continue in full force and effect (unless the Liquidity Facility shall have otherwise expired or been terminated in accordance with its terms) as if there had been no such suspension. In the event that said Suspension Event shall not have been dismissed, discharged or bonded prior to the passage of three (3) years from the occurrence of such Suspension Event, then the Available Commitment and the obligation of the Bank to purchase Eligible Bonds shall terminate at the conclusion of said three (3) year period without notice or demand and, thereafter, the Bank shall be under no obligation to purchase Eligible Bonds.

(iii) Upon the occurrence of an Event of Default described in paragraph 3(a)(ii)(A) or paragraph 3(a)(ii)(B) above, the Bank's obligations to purchase Eligible Bonds shall be immediately and automatically suspended and remain suspended unless and until a court with jurisdiction to rule on such an Event of Default shall enter a final and nonappealable judgment that any of the material provisions of the Act or any other document described in paragraph 3(a)(ii)(A) above are not valid or not binding on, or enforceable against, the Authority or that a claim or contest described in paragraph 3(a)(ii)(B) above shall have been upheld in favor of the State or the Authority in accordance with a final and nonappealable judgment, then, in each such case, the Available Commitment and the obligation of the Bank to purchase Eligible Bonds shall immediately terminate without notice or demand and, thereafter, the Bank shall be under no obligation to purchase Eligible Bonds. If a court with jurisdiction to rule on such an Event of Default shall find or rule by entry of a final and nonappealable judgment that the material provision of the Act or any other document described in paragraph 3(a)(ii)(A) above is valid and binding on, or enforceable against, the Authority or that the claim or contest described in paragraph 3(a)(ii)(B) above shall have been dismissed pursuant to a final and nonappealable judgment, then the Available Commitment and the obligations of the Bank under the Liquidity Facility shall, in each such case, thereupon be reinstated (unless the Purchase Period shall otherwise have expired or the Available Commitment shall otherwise have been terminated, suspended or expired as provided in the Liquidity Facility). Notwithstanding the foregoing, if the suspension of the obligations of the Bank pursuant to any Event of Default described in paragraph 3(a)(ii)(A) or 3(a)(ii)(B) above remains in effect and litigation is still pending and a determination regarding the same shall not have been dismissed or otherwise made pursuant to a final and non-appealable judgment, as the case may be, on or prior to the first anniversary of such Event of Default, then the Available Commitment and the obligation of the Bank to purchase Eligible Bonds shall at such time terminate without notice or demand and, thereafter, the Bank shall be under no obligation to purchase Eligible Bonds.

(iv) Upon the occurrence of a Default described in paragraph 3(a)(i)(B) above, the Bank's obligations to purchase Eligible Bonds shall be immediately and automatically suspended and remain suspended until the case, proceeding or other action referred to therein is either vacated, discharged, stayed or bonded within sixty (60) days from the commencement of such case, proceeding or action, or the Liquidity Facility shall have otherwise expired or been terminated in accordance with its terms, whichever is first. In the event that said Suspension Event shall have been vacated, discharged,

stayed or bonded within the sixty (60) day period described therein and prior to the termination or expiration of the Liquidity Facility by its terms, then the Available Commitment and the obligation of the Bank to purchase Eligible Bonds shall be reinstated and the terms of the Liquidity Facility shall continue in full force and effect as if there had been no such suspension. In the event that said Suspension Event shall not have been vacated, discharged, stayed or bonded within such sixty (60) day period or the Liquidity Facility shall have expired or been terminated by its terms prior thereto, then the Available Commitment and the obligation of the Bank to purchase Eligible Bonds shall at such time terminate without notice or demand and, thereafter, the Bank shall be under no obligation to purchase Eligible Bonds.

(v) Upon the occurrence of a Default described in paragraph 3(a)(i)(C) above, the Bank's obligations to purchase Eligible Bonds shall be immediately and automatically suspended and remain suspended until the case, proceeding or other action referred to therein is either vacated, discharged, or stayed or bonded pending appeal within sixty (60) days from the commencement of such case, proceeding or action, or the Liquidity Facility shall have otherwise expired or been terminated in accordance with its terms, whichever is first. In the event that said Suspension Event shall have been vacated, discharged, or stayed or bonded pending appeal within the sixty (60) day period described therein and prior to the termination or expiration of the Liquidity Facility in accordance with its terms, then the Available Commitment and the obligation of the Bank to purchase Eligible Bonds shall be reinstated and the terms of the Liquidity Facility shall continue in full force and effect as if there had been no such suspension. In the event that said Suspension Event shall not have been vacated, discharged, or stayed or bonded pending appeal within such sixty (60) day period or the Liquidity Facility shall have expired or been terminated in accordance with its terms prior thereto, then the Available Commitment and the obligation of the Bank to purchase Eligible Bonds shall at such time terminate without notice or demand and, thereafter, the Bank shall be under no obligation to purchase Eligible Bonds.

(c) In the case of the Suspension Event described in this paragraph 3, the Trustee shall immediately notify all Bondholders of the suspension and/or termination of both the Available Commitment and the obligation of the Bank to purchase Eligible Bonds.

More Favorable Provisions

(a) (1) In the event that (A) the Authority shall, directly or indirectly, on or after the date that the 2013 Series A Bonds are remarketed, enter into or otherwise consent to any Bank Agreement or Swap Contract with respect to the 2013 Series A Bonds or any Parity Debt and (B) such Bank Agreement or Swap Contract provides one or more parties thereto with additional or more restrictive covenants (including, without limiting the foregoing, any provision which provides for the repayment of the principal due on Bank Bonds by the Authority in a manner similar to the "term-out" provisions of the Liquidity Facility but which includes a shorter payment period than that specified in Liquidity Facility and/or additional or more restrictive events of default and remedies than are provided to the Bank in the Liquidity Facility (said additional or more restrictive covenants and additional or more restrictive events of default and remedies being herein referred to, collectively, as the "**More Favorable Provisions**"), then, upon the occurrence of a "default" or an "event of default" (without regard to a waiver of such "default" or "event of default") under, and as defined in, such Bank Agreement or Swap Contract (or amendment thereto) (each said "default" and "event of default" being referred to herein as an "**Other Facility Event of Default**") that permits the exercise of a remedy or remedies pursuant to said Bank Agreement or Swap Contract by another party thereto, such More Favorable Provisions shall automatically be deemed to be incorporated into the Liquidity Facility and the Bank shall have the benefits of such More Favorable Provisions; *provided, however*, that (1) any Other Facility Event of Default which gives rise to the remedy of immediate termination or immediate suspension pursuant to such Bank Agreement or Swap Contract shall constitute an Event of Default under the provisions described in paragraph 1 above ("Events of

Default Not Permitting Immediate Termination or Suspension") and (2) the Bank shall have the benefits of said More Favorable Provisions under the Liquidity Facility only from and after the occurrence of an Other Facility Event of Default that permits another party to said Bank Agreement or Swap Contract to exercise a remedy or remedies thereunder. In the event that the Bank determines that it cannot obtain the benefit of the More Favorable Provisions without the amendment of the Liquidity Facility, the Authority agrees, upon the request of the Bank and subject to paragraphs (c) and (d) below, to promptly, upon the occurrence of an Other Facility Event of Default as described in the preceding sentence, enter into an amendment to the Liquidity Facility to include said More Favorable Provisions therein; *provided* that the Bank shall, to the maximum extent permitted by law, maintain the benefit of said More Favorable Provisions even if the Authority fails to provide such amendment. In the event that the Authority shall amend, modify or terminate the Bank Agreement or Swap Contract such that said Bank Agreement or Swap Contract no longer provides for said More Favorable Provisions that have been incorporated into the Liquidity Facility by means of this paragraph (a) then, without the consent of the Bank, the More Favorable Provisions incorporated into the Liquidity Facility shall no longer be in force and effect and the Bank shall no longer have the benefits of any of said More Favorable Provisions.

(b) In connection with the provisions described in the foregoing paragraph (a), the Authority agrees to provide the Bank with (A) a copy of each Bank Agreement or Swap Contract promptly upon the execution thereof and, in any event, within thirty (30) days of said document's execution by the Authority (which requirement will be deemed satisfied if said Bank Agreement or Swap Contract is filed with the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access system ("**EMMA**")), (B) as soon as possible and, in any event, within five (5) days after the occurrence thereof, written notice of an Other Facility Event of Default and (C) as soon as possible and, in any event, within five (5) days after the occurrence thereof, written notice of the amendment, modification or termination of the Bank Agreement or Swap Contract from which one or more Most Favorable Provisions incorporated in the Liquidity Facility were derived.

(c) In the event that the Authority and the Bank enter into an amendment to the Liquidity Facility to include any such More Favorable Provision(s) (an "**EMMA Amendment**"), the Authority hereby covenants to post an execution copy of such EMMA Amendment on EMMA fifteen (15) calendar days prior to the effective date of such EMMA Amendment (such effective date to be a date as determined by the Authority and the Bank). Notwithstanding anything set forth under this caption "More Favorable Provisions" to the contrary, (A) any EMMA Amendment shall only be incorporated into the Liquidity Facility Agreement (1) upon receipt of written confirmation from each Rating Agency then rating the 2013 Series A Bonds that the short-term rating on the 2013 Series A Bonds will not be withdrawn or reduced as a result of the incorporation of such EMMA Amendment and (2) on the date which is fifteen (15) calendar days after such EMMA Amendment is posted on EMMA and (B) any amendment to the Liquidity Facility or the Fee Letter (other than an EMMA Amendment or an amendment described in paragraph (d) below) that is incorporated pursuant to other provisions of the Liquidity Facility shall become effective upon the parties thereto in accordance with such other provisions.

(d) Notwithstanding anything to the contrary set forth in the Liquidity Facility, no amendments, supplements, modifications or changes to the terms "Immediate Termination Event" or "Suspension Event", the terms of the Events of Default or Defaults referred to above, or the conditions to purchase of tendered but unremarketed the 2013 Series A Bonds (each such amendment, supplement, modification or change being referred to herein as a "**Section 6.01(u)(iv) Amendment**") will become effective under the Liquidity Facility unless (A) the Authority posts an execution copy of such Section 6.01(u)(iv) Amendment on EMMA thirty (30) calendar days prior to the effective date of such Section 6.01(u)(iv) Amendment (such effective date to be a date as determined by the Authority and the Bank), (ii) each Rating Agency then rating the 2013 Series A Bonds confirm in writing that the short-term rating assigned thereby will not be withdrawn or reduced as a result of the incorporation of such Section 6.01(u)(iv)

Amendment and (iii) prior to the effectiveness of any Section 6.01(u)(iv) Amendment, this Remarketing Supplement shall be updated or supplemented with respect to the changes being effected by said Section 6.01(u)(iv) Amendment.

(e) The Authority agrees that, in connection with (A) any Bank Agreement or Swap Contract executed by or on behalf of the Authority on or after the date of remarketing of the 2013 Series A Bonds and (B) each material amendment, extension, renewal, supplement or other modification executed by or on behalf of the Authority with respect to any Bank Agreement or Swap Contract that had been executed by or on behalf of the Authority on or before the date of remarketing of the 2013 Series A Bonds, it will use its best efforts to require that said Bank Agreement or Swap Contract, or said amendment, extension, renewal, supplement or other modification to any Bank Agreement or Swap Contract, include a provision substantially identical to paragraph (b)(ii) above relating to Bank-Owned Parity Debt; it being understood that the word "material" used in the context of this paragraph (d) means any amendment, extension, renewal, supplement or other modification requiring the signature, acceptance or other acknowledgment by all parties to any said Bank Agreement or Swap Contract.

Defined Terms

As used in this **Appendix K**, the following terms have the meanings indicated below:

"*Act*" means the Colorado Housing and Finance Authority Act, being Part 7, Article 4, Title 29 of Colorado Revised Statutes, as amended from time to time.

"*Available Commitment*" means, on any day, the sum of the Available Principal Commitment and the Available Interest Commitment on such day.

"*Available Interest Commitment*" initially means \$401,557, an amount equal to one hundred eighty-six (186) days' interest on the 2013 Series A Bonds, the sum computed as if the face amount of the 2013 Series A Bonds bore interest at the rate of ten percent (10.00%) per annum, based on a 365-day year actual days. The Available Interest Commitment may be adjusted from time to time as follows:

(a) downward by an amount that bears the same proportion to such amount as the amount of any reduction in the Available Principal Commitment pursuant to the definition of "Available Principal Commitment" bears to the Available Principal Commitment prior to such reduction; and

(b) upward by an amount that bears the same proportion to such initial amount as the amount of any increase in the Available Principal Commitment pursuant to clause (c) of the definition of "Available Principal Commitment" bears to the Available Principal Commitment prior to such increase; *provided* that, after giving effect to such adjustment, the Available Interest Commitment shall never exceed \$401,557.

Any adjustments pursuant to clauses (a) and (b) above shall occur simultaneously with the event requiring such adjustment.

"*Available Principal Commitment*" initially means \$7,880,000 and, thereafter, means such amount adjusted from time to time as follows:

(a) downward by the amount of any reduction of the Available Principal Commitment pursuant to: (i) any redemption, prepayment or other payment pursuant to the Series Indenture of all or any portion of the principal amount of the 2013 Series A Bonds (other than Bank Bonds) such that such

2013 Series A Bonds cease to be Outstanding (as set forth in the Indenture) or (ii) any conversion of all or a portion of the 2013 Series A Bonds to a Non-Covered Interest Rate;

(b) downward by the principal amount of any the 2013 Series A Bonds purchased by the Bank pursuant to the Liquidity Facility; and

(c) upward by the principal amount of any the 2013 Series A Bonds theretofore purchased by the Bank pursuant to the Liquidity Facility which are resold by a Bank Bondholder pursuant to the Liquidity Facility, or which cease to bear interest at the Liquidity Rate pursuant to the Liquidity Facility, or which cease to bear interest at the Liquidity Rate pursuant to the Liquidity Facility; *provided* that after giving effect to such adjustment the Available Principal Commitment shall never exceed \$7,880,000. Except as otherwise provided the Liquidity Facility, any adjustment as described in clause (a), (b) or (c) above shall occur simultaneously with the event requiring such adjustment.

"*Bank Agreement*" means any credit agreement, letter of credit, reimbursement agreement, bond purchase agreement, liquidity agreement or other agreement or instrument (or any amendment, supplement or modification thereto) entered into by the Authority with any Person, directly or indirectly, or otherwise consented to by the Authority, under which any Person or Persons undertakes to make loans, extend credit or liquidity to the Authority or to purchase securities pursuant to such agreement in connection with any Parity Debt.

"*Bank Bonds*" means Eligible Bonds purchased with funds provided by the Bank under the Liquidity Facility, until such 2013 Series A Bonds are remarketed in accordance with the Liquidity Facility or cease to bear interest at the Liquidity Rate pursuant to the Liquidity Facility.

"*Base Rate*" means the highest of (a) the Prime Rate plus 1.50% per annum, (b) the Fed Funds Rate plus 2.00% per annum and (c) 7.50% per annum.

"*Daily Rate*" has the meaning set forth in the Series Indenture.

"*Debt*" of any Person means at any date, without duplication, (a) all obligations of such Person for borrowed money, (b) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments, (c) all obligations of such Person to pay the deferred purchase price of property or services, except trade accounts payable arising in the ordinary course of business, (d) all obligations of such Person as lessee under capital leases, (e) all Debts of others secured by a lien on any asset of such Person, whether or not such Debts are assumed by such Person, (f) all obligations of such Person on or with respect to letters of credit, banker's acceptances and other evidences of indebtedness representing extensions of credit whether or not representing obligations for borrowed money, and (g) all Guarantees by such Person of Debts of other Persons, other than Guarantees pursuant to financial guaranty insurance policies or similar instruments.

"*Default*" means any occurrence, circumstance or event, or any combination thereof, which, with the lapse of time and/or giving of notice, would constitute an Event of Default.

"*Default Rate*" means a per annum rate equal to the Base Rate plus an amount equal to three hundred basis points (3.00%) per annum; *provided, however*, that the Default Rate shall never exceed the Maximum Bank Rate.

"*Eligible Bond*" means any Tendered Bond bearing interest at a Daily Rate, a Weekly Rate or a Term Rate, other than any Tendered Bond owned by, for the account of, or on behalf of, the Authority or an affiliate thereof, and excludes, in any event, Bank Bonds, the 2013 Series A Bonds bearing interest at a

Non-Covered Interest Rate, and the 2013 Series A Bonds that have been removed from coverage under the Liquidity Facility by redemption, defeasance or delivery of an Alternate Liquidity Facility in replacement of the Liquidity Facility.

"*Fed Funds Rate*" means, for any day, a fluctuating interest rate per annum equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published for such day (or, if such day is not a Business Day, for the next preceding Business Day) by the Federal Reserve Bank of New York, or, if such rate is not published for any day which is a Business Day, the average of the quotations for such day on such transactions received by the Bank from three Federal funds brokers of recognized standing selected by it. Each determination of the Fed Funds Rate by the Bank shall be conclusive and binding on the Authority absent manifest error.

"*Fee Letter*" means the letter from the Bank to the Authority regarding fees and expenses, as the same may be amended and supplemented from time to time.

"*Governmental Authority*" means any national, state or local domestic government (whether domestic or foreign), any political subdivision thereof or any other governmental, quasi-governmental, judicial, public or statutory instrumentality, agency, body, tribunal, authority, bureau, court or entity (including the Federal Reserve Board, any central bank or any comparable authority), or any arbitrator with authority to bind a party to the Liquidity Facility at law.

"*Guarantee*" by any Person means any obligation, contingent or otherwise, of such person directly or indirectly guaranteeing any Debt or other obligation of any other Person and, without limiting the generality of the foregoing, any obligation, direct or indirect, contingent or otherwise, of such Person (a) to purchase or pay (or advance or supply funds for the purchase or payment of) such Debt or other obligation (whether arising by virtue of partnership arrangement, by agreement to keep well, to purchase assets, goods, securities or services, to take-or-pay, or to maintain financial statement condition or otherwise), or (b) entered into for the purpose of assuring in any other manner the obligee of such Debt or other obligation of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part); *provided* that the term "*Guarantee*" does not include endorsements for collection or deposit in the ordinary course of business. The term "*Guarantee*" used as a verb has a corresponding meaning.

"*Indenture*" means collectively, the Master Indenture of Trust and the Series Indenture.

"*Investment Grade*" means "Baa3" (or its equivalent), or better, by Moody's and "BBB-" (or its equivalent), or better, by S&P, without reference to any third party credit enhancement.

"*Liquidity Rate*" means, for each period specified below, beginning with and including the date funds are advanced under the Liquidity Facility and ending on but excluding the date they are repaid in full with interest thereon as provided herein, the interest rate specified with respect to such period, which interest rates shall be computed on the basis set forth in the Liquidity Facility:

Period	Rate
I. Purchase Date through 90th day thereafter	Base Rate
II. From and including the first to occur of (a) the 91st day immediately following the related Purchase Date and (b) the Stated Expiration Date, and thereafter	Base Rate + 1.00%

Notwithstanding the foregoing, from and after the earlier of (a) the date any amounts are owed under the Liquidity Facility, but only so long as any such amount is not paid when due and (b) the occurrence of an Event of Default, but only so long as any such Event of Default continues, all amounts owed under the Liquidity Facility and under the Fee Letter shall bear interest at the Default Rate.

"Maximum Interest Rate" the lesser of (a) the maximum non-usurious lawful rate of interest permitted by applicable law and (b) 25% per annum.

"Master Indenture" means the Master Indenture of Trust, dated as of March 1, 2000, as the same has been amended to the date hereof and as the same may be amended and supplemented from time to time hereafter, between the Authority and the Trustee.

"Non-Covered Interest Rate" means the Commercial Paper Rate, the SAVRS Rate, the Term Rate (if the Authority elects a term therefor equal to or greater than one year) and the Fixed Rate (as such terms are defined in the Series Indenture).

"Obligations" means the fees relating to the Liquidity Facility and the Fee Letter, any and all obligations of the Authority to repay any amounts disbursed by the Bank to purchase 2013 Series A Bonds pursuant to the terms of the Liquidity Facility, including interest thereon at the Liquidity Rate or the Default Rate, as applicable, and all other financial obligations of the Authority to the Bank arising under or in relation to the Liquidity Facility and the Fee Letter.

"Parity Debt" means all Debt of the Authority evidenced by bonds (excluding the 2013 Series A Bonds), debentures, notes or other similar instruments now or hereafter Outstanding under the terms of the Indenture; *provided*, that such Debt is secured by a Lien on the Trust Estate that is on a parity with, or senior to, the 2013 Series A Bonds pursuant to the Indenture.

"Person" means an individual, a corporation, a partnership, a limited liability corporation, an association, a trust or any other entity or organization, including a government or a political subdivision or an agency or instrumentality thereof.

"Prime Rate" means the rate of interest publicly announced by JPMorgan Chase Bank, N.A. in New York, New York from time to time as its "Prime Rate"; *provided* that, without prejudice to the terms hereof, the Bank may from time to time make loans to certain customers at rates less than the Prime Rate. Each determination of the Prime Rate by the Bank shall be conclusive and binding on the Authority absent manifest error.

"Purchase Date" means a Business Day during the Purchase Period on which the Bank is required to purchase Eligible Bonds as set forth in the Liquidity Facility.

"Purchase Period" means the period from the Effective Date to and including 5:00 p.m. on the earliest of (i) the Stated Expiration Date, (ii) the date of receipt by the Bank of a certificate signed by the Trustee stating that Liquidity Facility has been terminated pursuant to the terms of the Series Indenture because (a) an Alternate Liquidity Facility has been provided and become effective under the Series Indenture, (b) no 2013 Series A Bonds remain Outstanding under the Indenture or (c) all of the 2013 Series A Bonds have been converted to a Non-Covered Interest Rate, (iii) the date specified in a written notice delivered by the Authority to the Bank that the Authority has elected to terminate the Liquidity Facility pursuant to the Liquidity Facility or (iv) the Purchase Termination Date.

"Purchase Termination Date" means the date on which the Bank is no longer required to purchase Eligible Bonds pursuant to the Liquidity Facility.

"*Related Documents*" means the Master Indenture, the Series Indenture, the 2013 Series A Bonds and the Remarketing Agreement and any exhibits, instruments or agreements relating thereto, as the same may be amended from time to time in accordance with their respective terms and the terms hereof.

"*Series Indenture*" means the 2013 Series A Indenture dated as of May 1, 2013, between the Authority and the Trustee, and as the same may be amended and supplemented from time to time.

"*State*" means the State of Colorado.

"*Swap Contract*" means (a) any and all rate swap transactions, basis swaps, total return swaps, credit derivative transactions, forward rate transactions, equity or equity index swaps or options, bond or bond price or bond index swaps or options or forward bond or forward bond price or forward bond index transactions, interest rate options, cap transactions, floor transactions, collar transactions, spot contracts, or any other similar transactions or any combination of any of the foregoing (including any options to enter into or exit from any of the foregoing), whether or not any such transaction is governed by or subject to any master agreement, and (b) any and all transactions of any kind, and the related confirmations, which are subject to the terms and conditions of, or governed by, any form of master agreement published by the International Swaps and Derivatives Association, Inc., any International Foreign Exchange Master Agreement, or any other master agreement (any such master agreement, together with any related schedules, a "**Master Agreement**"), including any such obligations or liabilities under any Master Agreement.

"*Tendered Bonds*" means, as of any date, Bonds which are tendered or deemed tendered for purchase pursuant to the Series Indenture.

"*Term Rate*" has the meaning set forth in the Series Indenture; *provided*, that for purposes of the Liquidity Facility, the "Term Rate" will not include a period equal to or greater than one year.

"*Trust Estate*" has the meaning set forth in the Master Indenture.

"*Underlying Rating*" means the long-term credit rating assigned by Moody's or S&P to Parity Debt (without regard to any third party credit enhancement) which, as of the date of this Official Statement, is "Aaa," in the case of Moody's, and "AAA," in the case of S&P.

"*Weekly Rate*" has the meaning set forth in the Series Indenture.

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APPENDIX L

2013A Liquidity Facility Provider

The following information has been obtained from the Liquidity Facility Provider for inclusion herein. Such information is not guaranteed as to accuracy or completeness by the Authority or the Underwriter and is not to be construed as a representation by the Authority or the Underwriter. Neither the Authority nor the Underwriter has 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.

JPMorgan Chase Bank, National Association (the "**Bank**") is a wholly owned subsidiary of JPMorgan Chase & Co., a Delaware corporation whose principal office is located in New York, New York. The Bank offers a wide range of banking services to its customers, both domestically and internationally. It is chartered and its business is subject to examination and regulation by the Office of the Comptroller of the Currency.

As of March 31, 2013, JPMorgan Chase Bank, National Association, had total assets of \$1,948.2 billion, total net loans of \$608.1 billion, total deposits of \$1,279.6 billion, and total stockholder's equity of \$149.9 billion. These figures are extracted from the Bank's unaudited Consolidated Reports of Condition and Income (the "**Call Report**") as of March 31, 2013, prepared in accordance with regulatory instructions that do not in all cases follow U.S. generally accepted accounting principles. The Call Report including any update to the above quarterly figures is filed with the Federal Deposit Insurance Corporation and can be found at www.fdic.gov.

Additional information, including the most recent annual report on Form 10-K for the year ended December 31, 2012, of JPMorgan Chase & Co., the 2011 Annual Report of JPMorgan Chase & Co., and additional annual, quarterly and current reports filed with or furnished to the Securities and Exchange Commission (the "**SEC**") by JPMorgan Chase & Co., as they become available, may be obtained without charge by each person to whom this Official Statement is delivered upon the written request of any such person to the Office of the Secretary, JPMorgan Chase & Co., 270 Park Avenue, New York, New York 10017 or at the SEC's website at www.sec.gov.

The information contained in this Appendix relates to and has been obtained from the Bank. The delivery of the Official Statement shall not create any implication that there has been no change in the affairs of the Bank since the date hereof, or that the information contained or referred to in this Appendix is correct as of any time subsequent to its date.

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