

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 2000 Series A-1 Bonds (except for interest on any 2000 Series A-1 Bond for any period during which it is held by a "substantial user" of facilities financed with the 2000 Series A-1 Bonds or a "related person," as such terms are used in Section 147(a) of the Internal Revenue Code of 1986, as amended to the date of delivery of the 2000 Series A-1 Bonds (the "Tax Code")) and the 2000 Series A-3 Bonds is excluded from gross income under federal income tax laws pursuant to Section 103 of the Tax Code, and 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. Interest on the initially delivered 2000 Series A-2 Bonds is not excluded from gross income for federal income tax purposes; however, on the Conversion Date (the occurrence of which is conditioned upon the delivery of an approving opinion from Bond Counsel, which may or may not occur, as described in "TAX MATTERS - Tax Treatment of Interest on 2000 Series A-2 Bonds - Conditions to Occurrence of Conversion Date" herein), the initially delivered 2000 Series A-2 Bonds will be exchanged for Converted 2000 Series A-2 Bonds which will bear interest that, in the opinion of Bond Counsel, is excluded from gross income for federal income tax purposes under the Tax Code as amended to the Conversion Date. Interest on the Taxable 2000 Series A-4 Bonds is not excluded from gross income for federal income tax purposes. In addition, in the opinion of Bond Counsel, the 2000 Series A-1 Bonds, the 2000 Series A-2 Bonds (prior to the Conversion Date), the 2000 Series A-3 Bonds and the Taxable 2000 Series A-4 Bonds and the income therefrom shall at all times be free from taxation by the State of Colorado under Colorado law in effect on the date of initial delivery of the 2000 Series A Bonds. See "TAX MATTERS." For a discussion of the tax treatment of Converted 2000 Series A-2 Bonds after the Conversion Date, should one occur, see "TAX MATTERS - Tax Treatment of Interest on 2000 Series A-2 Bonds - Federal Income Tax Treatment of Interest on Converted 2000 Series A-2 Bonds On and After Conversion Date."

\$96,580,000



COLORADO HOUSING AND FINANCE AUTHORITY Multi-Family/Project Bonds

\$74,695,000
Class I & III Adjustable
Rate Bonds
2000 Series A-1

\$11,545,000
Taxable Class I Adjustable Rate Bonds
2000 Series A-2
(Convertible to Tax-Exempt
Bonds on the Conversion Date)

\$6,700,000
Class II Bonds
2000 Series A-3

\$3,640,000
Taxable Class I Bonds
2000 Series A-4

Dated: Date of Delivery

Due: As shown on inside front cover

The 2000 Series A Bonds are being issued by the Colorado Housing and Finance Authority in the four series shown above as fully registered bonds pursuant to a Master Indenture of Trust and a 2000 Series A Indenture of Trust, each dated as of March 1, 2000 between the Authority and Norwest Bank Colorado, National Association, as Trustee. The proceeds of the 2000 Series A Bonds, together with other legally available funds of the Authority, will be used to refund certain of the Authority's outstanding bonds, finance or refinance certain loans for housing facilities, and make deposits to certain funds under the Indenture.

Interest on the 2000 Series A Bonds will be payable on each April 1 and October 1, commencing on October 1, 2000, on any redemption date and at maturity. Interest on the 2000 Series A-2 Bonds will also be payable on February 1, 2001. The 2000 Series A-1 Bonds initially will bear interest at a weekly rate (the "Weekly Rate") determined prior to the date of delivery of the 2000 Series A Bonds to be effective to and including the following Tuesday, and thereafter determined on each Tuesday by Lehman Brothers in its capacity as Remarketing Agent, to be effective from and including each Wednesday to and including the following Tuesday. The 2000 Series A-2 Bonds initially will bear interest at a Term Rate determined prior to the date of delivery of the 2000 Series A Bonds to be effective to and including January 31, 2001, at which time the interest rate on such 2000 Series A-2 Bonds will be adjusted to a Weekly Rate as described herein. Following the first Interest Period during which the 2000 Series A-1 Bonds or the 2000 Series A-2 Bonds bear interest at a Weekly Rate, the interest rate on the 2000 Series A-1 Bonds or the 2000 Series A-2 Bonds, respectively, may be adjusted to a Commercial Paper Rate, Daily Rate, Term Rate, Select Auction Variable Rate SecuritiesSM ("SAVRS") Rate or Fixed Rate as described herein.

While the 2000 Series A-1 Bonds and the 2000 Series A-2 Bonds are in an Interest Period for a Weekly Mode, holders of any such 2000 Series A-1 Bonds or 2000 Series A-2 Bonds will have the right to tender their Bonds for purchase and will also be required to tender their Bonds for purchase at the times and subject to the conditions set forth in the Indenture. Payment of the purchase price for such 2000 Series A-1 Bonds or 2000 Series A-2 Bonds tendered for purchase (and for 2000 Series A-2 Bonds tendered at the end of the initial Term Rate Mode) and not remarketed or for which remarketing proceeds are not available will be supported by a Standby Bond Purchase Agreement among the Authority, the Federal Home Loan Bank of Topeka (the "Standby Bond Purchaser") and Norwest Bank Colorado, National Association, as Paying Agent. Coverage under the initial Standby Bond Purchase Agreement, unless extended or earlier terminated, is stated to expire on March 20, 2005.

The 2000 Series A Bonds, when issued, will be registered in the name of Cede & Co., as holder of the 2000 Series A Bonds and nominee of The Depository Trust Company, New York, New York. One fully registered bond equal to the principal amount of each maturity of the 2000 Series A Bonds will be registered in the name of Cede & Co. Individual purchases of 2000 Series A Bonds will be made in book-entry form only, and beneficial owners of the 2000 Series A Bonds will not receive physical delivery of bond certificates representing their interest in the 2000 Series A Bonds, except as described herein. Upon receipt of payments of principal and interest, DTC is to remit such payments to the DTC participants for subsequent disbursement to the beneficial owners of the 2000 Series A Bonds. Payments of principal of and interest on the 2000 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. Disbursement of such payments to DTC participants is the responsibility of DTC, and disbursement of such payments to the beneficial owners of the 2000 Series A Bonds is the responsibility of the DTC participants and the indirect participants, as more fully described herein.

Maturity Schedules on Inside Front Cover

The 2000 Series A-1 Bonds, the 2000 Series A-2 Bonds and the 2000 Series A-3 Bonds are subject to special redemption, optional redemption and, in the case of the 2000 Series A-3 Bonds, cumulative sinking fund redemption, at par prior to maturity as described herein. The Taxable 2000 Series A-4 Bonds are not subject to redemption prior to maturity except for special redemption at par from unexpended proceeds of the 2000 Series A Bonds and mandatory sinking fund redemption at par as described herein. In the event that the Conversion Date for the 2000 Series A-2 Bonds does not occur for any reason, including the inability of Bond Counsel to deliver its Required Conversion Bond Opinion (as defined herein), the 2000 Series A-2 Bonds will remain outstanding and the interest thereon will continue to be not excluded from gross income for federal income tax purposes. [Continued on Inside Front Cover]

The 2000 Series A Bonds are offered when, as and if issued and delivered to the Underwriters, subject to the approval of legality by Sherman & Howard L.L.C., Denver, Colorado, Bond Counsel and certain other conditions. Certain legal matters will be passed on for the Authority by James A. Roberts, Esq., its Director of Legal Operations and legal counsel, and by Hogan & Hartson L.L.P., Denver, Colorado, Disclosure Counsel to the Authority. Certain legal matters will be passed upon for the Standby Bond Purchaser by its general counsel, Richard L. Schaplowsky, Esq. The Underwriters are being represented in connection with their purchase of the 2000 Series A Bonds by their counsel, Bookhardt & O'Toole, Denver, Colorado. Evensen Dodge Inc. will act as financial advisor to the Authority in connection with the issuance of the 2000 Series A Bonds and the Derivative Products. It is expected that the 2000 Series A Bonds will be delivered (through DTC) in New York, New York on or about March 21, 2000.

LEHMAN BROTHERS+

U.S. BANCORP PIPER JAFFRAY INC.

NEWMAN & ASSOCIATES, INC.

GOLDMAN, SACHS & CO.

This Official Statement is dated March 3, 2000.

SM Service Mark of Lehman Brothers, Inc.

⁺ Remarketing Agent for Adjustable Rate Bonds.

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 2000 Series A Bonds are being issued as Class I, II and III Bonds. The Class I 2000 Series A Bonds (comprised of the Class I 2000 Series A-1 Bonds, the 2000 Series A-2 Bonds and the Taxable 2000 Series A-4 Bonds) and the 2000 Series A-3 Bonds (being issued as Class II Bonds) are special, limited obligations of the Authority payable solely from the revenues, assets and moneys pledged under the Indenture as described herein. The Class III 2000 Series A-1 Bonds are obligations of the Authority payable from the revenues, assets and money pledged under the Indenture on a basis subordinate to the Class I and Class II Obligations and are also general obligations of the Authority. Regularly scheduled payments of the principal of and interest (but not premium) on the Class III 2000 Series A-1 Bonds when due are expected to be insured by a financial guaranty insurance policy to be issued by MBIA Insurance Corporation simultaneously with the delivery of the Class III 2000 Series A-1 Bonds. Additional Obligations may be issued by the Authority under the Master Indenture in each of the four Classes 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 2000 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 political subdivision thereof other than the general credit of the Authority.**

MATURITY SCHEDULES

\$74,695,000

2000 Series A-1 Bonds

\$56,195,000 Class I Adjustable Rate Bonds, 2000 Series A-1 due October 1, 2030 - Price: 100%
\$18,500,000 Class III Adjustable Rate Bonds, 2000 Series A-1 due April 1, 2030 - Price: 100%

\$11,545,000

2000 Series A-2 Bonds

\$11,545,000 Taxable Class I Adjustable Rate Bonds, 2000 Series A-2 due April 1, 2020 - Price: 100%.
Convertible to Tax-Exempt Bonds on February 1, 2001.
No assurance is given that a Conversion Date will occur.

\$6,700,000

2000 Series A-3 Bonds

\$6,700,000 6.15% Class II Bonds, 2000 Series A-3 due October 1, 2032 - Price: 100%
(Plus accrued interest from March 1, 2000)

\$3,640,000

Taxable 2000 Series A-4 Bonds

\$3,640,000 7.28% Taxable Class I Bonds, 2000 Series A-4 due April 1, 2002 - Price: 100%
(Plus accrued interest from March 1, 2000)

No dealer, broker, salesman or other person has been authorized by the Colorado Housing and Finance Authority or by the Underwriters to give any information or to make any representations, other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the 2000 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 herein has been furnished by the Colorado Housing and Finance Authority and other sources which are believed to be reliable. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their respective responsibilities under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information, and it is not to be construed as the promise or guarantee of the Underwriter. The information herein is subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder may, under any circumstances, create any implication that there has been no change in the affairs of said Authority since the date hereof.

THE PRICE AT WHICH THE 2000 SERIES A BONDS ARE OFFERED TO THE PUBLIC BY THE UNDERWRITERS (AND THE YIELD RESULTING THEREFROM) MAY VARY FROM THE INITIAL PUBLIC OFFERING PRICE APPEARING ON THE INSIDE COVER PAGE HEREOF. IN ADDITION, THE UNDERWRITERS MAY ALLOW CONCESSIONS OF DISCOUNTS FROM SUCH INITIAL PUBLIC OFFERING PRICE TO DEALERS AND OTHERS. IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE 2000 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 2000 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.

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OFFICIAL STATEMENT

\$96,580,000

COLORADO HOUSING AND FINANCE AUTHORITY Multi-Family/Project Bonds

\$74,695,000 Class I & III Adjustable Rate Bonds 2000 Series A-1	\$11,545,000 Taxable Class I Adjustable Rate Bonds 2000 Series A-2 (Convertible to Tax-Exempt Bonds on the Conversion Date)	\$6,700,000 Class II Bonds 2000 Series A-3	\$3,640,000 Taxable Class I Bonds 2000 Series A-4
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INTRODUCTION

This Official Statement, which includes the cover page and appendices hereto, provides certain information concerning the Colorado Housing and Finance Authority (the "Authority") and otherwise in connection with the offer and sale of \$74,695,000 aggregate principal amount of the Authority's Multi-Family/Project Class I and III Adjustable Rate Bonds, 2000 Series A-1 (the "2000 Series A-1 Bonds"), \$11,545,000 aggregate principal amount of the Authority's Taxable Multi-Family/Project Class I Adjustable Rate Bonds, 2000 Series A-2 (Convertible to Tax-Exempt Bonds on the Conversion Date) (the "2000 Series A-2 Bonds"), \$6,700,000 aggregate principal amount of the Authority's Multi-Family/Project Class II Bonds, 2000 Series A-3 (the "2000 Series A-3 Bonds") and \$3,640,000 aggregate principal amount of the Authority's Taxable Multi-Family/Project Class I Bonds, 2000 Series A-4 (the "Taxable 2000 Series A-4 Bonds"). Collectively, the 2000 Series A-1 Bonds, the 2000 Series A-2 Bonds, the 2000 Series A-3 Bonds and the Taxable 2000 Series A-4 Bonds are referred to herein as the "2000 Series A Bonds." The 2000 Series A-1 Bonds and the 2000 Series A-2 Bonds are collectively referred to herein as the "Adjustable Rate Bonds," and the 2000 Series A-3 Bonds and the Taxable 2000 Series A-4 Bonds are collectively referred to herein as the "Non-Adjustable Rate Bonds." The 2000 Series A Bonds are being issued pursuant to the Master Indenture of Trust (the "Master Indenture") and the 2000 Series A Indenture (the "Series 2000A Indenture," and together with the Master Indenture, the "Indenture"), each dated as of March 1, 2000 between the Authority and Norwest Bank Colorado, National Association, as Trustee (the "Trustee"). Capitalized terms used herein and not defined have the meanings specified in the Indenture. See "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE " in Appendix B hereto.

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 cover page and appendices hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement. The offering of 2000 Series A Bonds to potential investors is made only by means of the entire Official Statement.

Colorado Housing and Finance Authority

The Authority is a body corporate and political subdivision of the State of Colorado (the "State") established by the Colorado General Assembly for the purpose of increasing the supply of decent, safe and sanitary housing for low and moderate income families. In order to achieve its authorized purposes, the Authority currently operates numerous housing and commercial loan programs. See "COLORADO HOUSING AND FINANCE AUTHORITY." 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, provided that the Authority may not have outstanding, at any one time, bonds in an aggregate principal amount exceeding two billion four hundred million dollars (with certain exceptions). *For financial information concerning the Authority, see certain financial statements of the Authority attached hereto as Appendix A.*

Authority for Issuance

The 2000 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"). The 2000 Series A Bonds are being issued and secured under the Indenture.

Purpose of the 2000 Series A Bonds

Proceeds of the 2000 Series A Bonds, together with other moneys of the Authority legally available therefor, will be (i) deposited to an escrow account and used to refund certain General Obligation Bonds of the Authority outstanding in the aggregate principal amount of \$46,505,000 and certain of its Multi-Family Housing Insured Mortgage Revenue Bonds outstanding in the aggregate principal amount of \$49,080,000, as described herein (the "Refunding Project"), (ii) used to finance or refinance certain loans to government entities and §501(c)(3) corporations for the provision of housing facilities (referred to herein as "Loans") and (iii) deposited to funds and accounts established under the Indenture and used to pay costs of issuance relating to the 2000 Series A Bonds. See "PLAN OF FINANCING." See also "COLORADO HOUSING AND FINANCE AUTHORITY – Programs to Date."

Description of the 2000 Series A Bonds

Interest Rates and Payments

The 2000 Series A-1 Bonds initially will bear interest at a Weekly Rate determined prior to the date of delivery to be effective to and including the following Tuesday, and thereafter determined on each Tuesday by the Remarketing Agent, to be effective from and including each Wednesday to and including the following Tuesday. The 2000 Series A-2 Bonds initially will bear interest at a Term Rate determined prior to the date of delivery to be effective to and including January 31, 2001, and will then be adjusted to a Weekly Rate, as described herein. Following the first Interest Period during which the 2000 Series A-1 Bonds or the 2000 Series A-2 Bonds bear interest at a Weekly Rate, the interest rate on the 2000 Series A-1 Bonds or 2000 Series A-2 Bonds, respectively, may be adjusted at the election of the Authority to a Commercial Paper Rate, Daily Rate, Term Rate, SAVRS Rate or Fixed Rate to be determined by

the Remarketing Agent, as described herein. Interest on the Adjustable Rate Bonds will be payable on each April 1 and October 1, commencing on October 1, 2000, on any redemption date or Mode Change Date, on the Maturity Date and, for the 2000 Series A-2 Bonds, on February 1, 2001. Interest on the Adjustable Rate Bonds while in a Weekly Mode will be calculated on the basis of a 365/366 day year for the actual number of days elapsed. The Adjustable Rate Bonds will mature on the dates and in the amounts shown on the inside cover page hereof (unless redeemed prior to maturity). See "TERMS OF THE 2000 SERIES A BONDS – Adjustable Rate Bonds."

Interest on the Non-Adjustable Rate Bonds is payable on October 1, 2000 and thereafter semiannually on April 1 and October 1 of each year, to be computed on the basis of a 360-day year of twelve 30-day months. Principal of the Non-Adjustable Rate Bonds is payable at the times and in the amounts and on the dates as shown on the inside cover page hereof. See "TERMS OF THE 2000 SERIES A BONDS – Non-Adjustable Rate Bonds."

Redemption and Tender

Certain of the 2000 Series A Bonds are subject to special, optional and sinking fund redemption and optional and mandatory tender for purchase prior to maturity, as described under "TERMS OF THE 2000 SERIES A BONDS."

Conversion Date for 2000 Series A-2 Bonds

As more fully described in "TERMS OF THE 2000 SERIES A BONDS – Adjustable Rate Bonds - Conversion of 2000 Series A-2 Bonds," the Conversion Date for the 2000 Series A-2 Bonds is expected to be February 1, 2001, but the Conversion may be delayed in certain unexpected circumstances. There is no assurance that the conditions precedent to the Conversion Date will occur. *In the event the Conversion Date does not occur for any reason, including the inability of Bond Counsel to deliver its Required Conversion Bond Opinion, the 2000 Series A-2 Bonds will remain outstanding and the interest thereon will continue to be not excluded from gross income for federal income tax purposes.* If a Conversion Date occurs, the 2000 Series A-2 Bonds shall be subject to mandatory exchange for new Bonds and the Trustee will send written notice to every registered owner of the 2000 Series A-2 Bonds (which is expected to be Cede & Co.) that the 2000 Series A-2 Bonds are subject to mandatory exchange and new Converted 2000 Series A-2 Bonds reflecting tax-exempt interest rates will be distributed pursuant to the terms of the Indenture.

For a more complete description of the 2000 Series A Bonds and the Indenture pursuant to which such 2000 Series A Bonds are being issued, see "TERMS OF THE 2000 SERIES A BONDS" and Appendix B - "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE."

Security and Sources of Payment

All Obligations under the Master Indenture (which may be Bonds or Derivative Products and may be outstanding as Class I, Class II, Class III or Class IV Obligations) will be secured by and payable from all of the Authority's rights and interests in and to the revenues, assets and moneys pledged under the Master Indenture, in particular the Revenues and the Loans

(collectively, the "Trust Estate"). Certain of the 2000 Series A Bonds as described on the inside cover page hereof are being issued as Class I Obligations, Class II Obligations and Class III Obligations pursuant to the Indenture. The Trust Estate is pledged under the Master Indenture to secure first the Class I Obligations and, second, the Class II Obligations, as described in "SECURITY FOR THE 2000 SERIES A BONDS – Pledge of Trust Estate." The Class III Obligations are secured under the Master Indenture by a third priority lien on the Trust Estate. The 2000 Series A Bonds will also be secured by amounts deposited to the Debt Service Reserve Fund established under the Indenture. Additional Obligations may be issued by the Authority and secured by the Trust Estate under the Master Indenture in each of the four classes and on a parity with each class of the Outstanding Obligations upon delivery of a Cash Flow Statement and satisfaction of certain other conditions as set forth in the Master Indenture and described in "TERMS OF THE 2000 SERIES A BONDS – Additional Obligations."

In addition, in accordance with the Series 2000A Indenture, the Class III 2000 Series A-1 Bonds will be general obligations of the Authority. See "SECURITY FOR THE 2000 SERIES A BONDS – General Obligation Pledge for the Class III 2000 Series A-1 Bonds" and "COLORADO HOUSING AND FINANCE AUTHORITY - The General Fund." Regularly scheduled payment of the principal of and interest (but not premium) on the Class III 2000 Series A-1 Bonds when due will be insured by a financial guaranty insurance policy to be issued by MBIA Insurance Corporation (the "Bond Insurer") simultaneously with the delivery of the Class III 2000 Series A-1 Bonds. See "SECURITY FOR THE 2000 SERIES A BONDS – Bond Insurance for Class III 2000 Series A-1 Bonds." In the event that the Bond Insurer is downgraded by any rating agency then rating the Class III 2000 Series A-1 Bonds to a rating below "Aa3" by Moody's Investors Service ("Moody's") and below "AA-" by Standard & Poor's Ratings Group, a Division of The McGraw-Hill Companies, Inc. ("S&P"), the Authority may (and, in the case of a rating below "A3" by Moody's or below "A-" by S&P, is required by the initial Standby Bond Purchase Agreement to) deliver to the Trustee an alternate Bond Insurance Policy with respect to the Class III 2000 Series A-1 Bonds, subject to the prior written consent of the Standby Bond Purchaser and the Rating Agencies, and subject to delivery to the Trustee of a Cash Flow Statement.

In no event shall the 2000 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. See "SECURITY FOR THE 2000 SERIES A BONDS."

Upon delivery of the 2000 Series A Bonds, the Authority will enter into a Standby Bond Purchase Agreement to establish a liquidity facility for the Adjustable Rate Bonds (the "initial Standby Bond Purchase Agreement") with the Federal Home Loan Bank of Topeka as the initial standby bond purchaser (referred to herein as the "Standby Bond Purchaser"). During any Interest Period for a Weekly Mode with respect to the 2000 Series A-1 Bonds, and during the initial Term Rate Mode and any subsequent Weekly Mode with respect to the 2000 Series A-2 Bonds, any 2000 Series A-1 Bond or 2000 Series A-2 Bond tendered for purchase will be payable (i) from the proceeds of the remarketing thereof; and (ii) to the extent remarketing proceeds are not available therefor, from amounts available under the initial Standby Bond Purchase Agreement by the Standby Bond Purchaser. **The obligation of the Standby Bond Purchaser to purchase**

Adjustable Rate Bonds tendered for purchase under the initial Standby Bond Purchase Agreement is subject to the conditions that (i) with respect to the Class III 2000 Series A-1 Bonds only, certain events involving the Bond Insurer or the Bond Insurance Policy have not occurred; and (ii) with respect to the Class I 2000 Series A-1 Bonds and 2000 Series A-2 Bonds only, the long-term ratings of such Adjustable Rate Bonds by Moody's and S&P are not lower than "Baa2" and "BBB," respectively. Coverage under the initial Standby Bond Purchase Agreement, unless extended or earlier terminated, is stated to expire on March 20, 2005. The Authority's obligation to repay the Standby Bond Purchaser for principal amounts due on any Bank Bonds under the initial Standby Bond Purchase Agreement will be a Class III Obligation under the Master Indenture and will also constitute a general obligation of the Authority. See Appendix H – "CERTAIN TERMS OF THE INITIAL STANDBY BOND PURCHASE AGREEMENT" and Appendix I – "STANDBY BOND PURCHASER."

Upon delivery of the 2000 Series A Bonds, the Authority also plans to execute certain interest rate swap agreements, as described in "SECURITY FOR THE 2000 SERIES A BONDS – Derivative Products." The Authority's obligation to make regular interest payments under such agreements will be a Class I Obligation under the Master Indenture, and the Authority's obligation to make certain payments due upon early termination is expected to be a general obligation of the Authority. See "COLORADO HOUSING AND FINANCE AUTHORITY – General Obligations of the Authority."

Professionals Involved in the Offering

In connection with the issuance and sale of the 2000 Series A Bonds, Sherman & Howard L.L.C., as Bond Counsel, will deliver the opinion included as Appendix D-1 hereto. Certain legal matters relating to the 2000 Series A Bonds will be passed upon for the Underwriters by their counsel, Bookhardt & O'Toole. Certain legal matters will be passed upon for the Authority by its Director of Legal Operations and legal counsel James A. Roberts, Esq. and its Disclosure Counsel, Hogan & Hartson, L.L.P., and for the Standby Bond Purchaser by its general counsel, Richard L. Schaplowsky, Esq. See "CERTAIN LEGAL MATTERS." The Authority's financial statements for the year ended December 31, 1999 have been audited by Arthur Andersen LLP and are included as Appendix A hereto. See "FINANCIAL STATEMENTS OF THE AUTHORITY." Causey, Demgen & Moore will deliver a verification report with respect to the escrow account and use of proceeds of the 2000 Series A Bonds. See "PLAN OF FINANCING - The Refunding Project - Verification of Mathematical Computations." Norwest Bank Colorado, National Association, Denver, Colorado, will act as Trustee and Tender Agent for the 2000 Series A Bonds under the Indenture. Zions First National Bank, Denver, Colorado, will act as escrow bank in connection with the refunding of the Refunded Bonds. Lehman Brothers Inc. will act as the Remarketing Agent for the Adjustable Rate Bonds as described in "REMARKETING AGENT." Evensen Dodge Inc. is acting as financial advisor to the Authority in connection with the issuance of the 2000 Series A Bonds and the Derivative Products.

Availability of Continuing Information

In connection with issuance of the Non-Adjustable Rate Bonds and the 2000 Series A-2 Bonds while in the initial Term Rate Mode, the Authority will deliver a Continuing

Disclosure Undertaking in which it will agree, for the benefit of the Bondowners, to file annually with each nationally recognized municipal securities information repository approved in accordance with Rule 15c2-12 promulgated under the Securities and Exchange Act of 1934 (the "Rule") such ongoing information concerning the Authority and to provide notice of certain enumerated events as described in "CONTINUING DISCLOSURE UNDERTAKING" and Appendix E hereto. **The Authority has not agreed to provide continuing financial or other information for the benefit of the owners of the Adjustable Rate Bonds while in the Weekly Mode. If the interest rate on any series of the Adjustable Rate Bonds is converted to another Mode and thereby makes such Adjustable Rate Bonds subject to the Rule, the Authority will agree at the time of such conversion to provide continuing information with respect thereto to the extent required by the Rule.**

Investment Considerations

The purchase and ownership of the 2000 Series A Bonds involve investment risks. Prospective purchasers of the 2000 Series A Bonds are urged to read this Official Statement in its entirety. For a discussion of certain such risks relating to the 2000 Series A Bonds, see "CERTAIN ASSUMPTIONS AND BONDOWNERS' RISKS."

Other Information

Financial information regarding the Authority is contained in Appendix A. Information regarding the Loans and Authority Projects, the Revenues of which will be pledged as part of the Trust Estate upon delivery of the 2000 Series A Bonds, is contained in Appendix F – "CERTAIN INFORMATION ABOUT THE LOANS AND AUTHORITY PROJECTS." Information regarding the Bond Insurance Policy, the initial Standby Bond Purchase Agreement and the Standby Bond Purchaser is contained in Appendices G, H and I, respectively. These summaries do not purport to be complete or definitive and are qualified by reference to each such document, copies of which are on file with the Trustee.

TERMS OF THE 2000 SERIES A BONDS

General Terms

Payment

The principal or redemption price of the 2000 Series A Bonds is payable at the corporate trust office of Norwest Bank Colorado, National Association, the Paying Agent and the Trustee for the 2000 Series A Bonds. Interest on the 2000 Series A Bonds will be payable on the Interest Payment Dates to Cede & Co.

Book-Entry System

DTC will act as securities depository for the 2000 Series A Bonds. The ownership of one fully registered Bond for each maturity as set forth on the inside front cover page, each in the aggregate principal amount of such maturity, will be registered in the name of

Cede & Co., as nominee for DTC. Information concerning the book-entry system provided by DTC is set forth in Appendix K. **So long as the 2000 Series A Bonds are registered in the DTC book-entry form described in Appendix K, each Beneficial Owner of a 2000 Series A Bond should make arrangements with a Participant in DTC to receive notices or communications with respect to matters concerning the 2000 Series A Bonds.**

Additional Obligations

The Master Indenture permits the Authority to issue additional Bonds and Derivative Products (collectively, "Additional Obligations") thereunder from time to time, without limitation as to amount, secured on an equal lien with the outstanding Bonds and Derivative Products 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. The Authority may also enter into any Derivative Product it deems necessary or desirable with respect to any or all of the Bonds issued under the Master Indenture, subject to the requirements of the Master Indenture. See Appendix B – "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Issuance of Additional Bonds," "- Issuance of Refunding Bonds" and "- Derivative Products." The Authority expects to issue additional Bonds and to enter into additional Derivative Products in the future under the Master Indenture. See "SECURITY FOR THE 2000 SERIES A BONDS – Pledge of Trust Estate."

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 2000 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 2000 Series A Bonds at the maturity or redemption thereof. See Appendix B – "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE - Defeasance."

Adjustable Rate Bonds

Generally

The Adjustable Rate Bonds will be dated the date of delivery and will mature, subject to prior redemption or purchase as described below, in the amounts and on the dates set forth on the inside front cover page of this Official Statement (unless redeemed prior to maturity). The 2000 Series A-1 Bonds initially will bear interest at a Weekly Rate determined prior to the date of delivery. The 2000 Series A-2 Bonds initially will bear interest at a Term Rate determined prior to the date of delivery to be effective to and including January 31, 2001, and will then be adjusted to a Weekly Rate as described herein. Following the first Interest Period during which the 2000 Series A-1 Bonds or the 2000 Series A-2 Bonds bear interest at a Weekly Rate, the interest rate on the 2000 Series A-1 Bonds or 2000 Series A-2 Bonds, respectively, may be adjusted to a Commercial Paper Rate, Daily Rate, Term Rate, SAVRS Rate or Fixed Rate, as described herein. While the Adjustable Rate Bonds are in an Interest Period for

a Mode other than a Daily Mode, interest will be payable on each April 1 and October 1, commencing October 1, 2000, on any redemption date or Mode Change Date and on the Maturity Date.

While in an Interest Period for a Mode other than a Term Rate Mode or Fixed Rate Mode, interest on the Adjustable Rate Bonds will be calculated on the basis of a 365/366 day year for the actual number of days elapsed. The Adjustable Rate Bonds in a Daily Mode, Weekly Mode or SAVRS Rate Mode may be purchased in denominations of \$100,000, or any integral multiples thereof (provided that one Adjustable Rate Bond of each series may be in the principal amount of \$100,000 plus \$5,000 or an integral multiple of \$5,000). The Adjustable Rate Bonds in a Commercial Paper Mode may be purchased in denominations of \$100,000 and any integral multiple of \$5,000 in excess thereof. While in an Interest Period for a Term Rate Mode or Fixed Rate Mode, interest on the Adjustable Rate Bonds will be calculated on the basis of a 360 day year comprised of twelve 30-day months and the Adjustable Rate Bonds may be purchased in denominations of \$5,000, or any integral multiples thereof (provided that during the initial Term Rate Mode for the 2000 Series A-2 Bonds, 2000 Series A-2 Bonds may be purchased in denominations of \$100,000, or any integral multiples thereof except one 2000 Series A-2 Bond may be in the principal amount of \$100,000 plus \$5,000 or any integral multiples thereof).

Determination of Interest Rate

General. The Adjustable Rate Bonds may bear interest at a Weekly Rate, a Daily Rate, a Commercial Paper Rate, a Term Rate, a SAVRS Rate or a Fixed Rate. The Adjustable Rate Bonds may be changed from one Mode to another Mode as described in "- Adjustment Between Modes" under this caption. The interest rate on the Adjustable Rate Bonds during a Weekly Mode, a Daily Mode, a Commercial Paper Mode, a Term Rate Mode or a Fixed Rate Mode is to be determined by the Remarketing Agent in accordance with the Indenture as described below.

Conversion of the interest rate on the Adjustable Rate Bonds such that all of the Adjustable Rate Bonds bear interest at a rate other than a Weekly Rate would result in a termination of the Standby Bond Purchase Agreement. See Appendix H - "CERTAIN TERMS OF THE INITIAL STANDBY BOND PURCHASE AGREEMENT".

Weekly Rate. During any Interest Period in which the Adjustable Rate Bonds are in a Weekly Mode, the 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 (except, with respect to the initial conversion of the 2000 Series A-2 Bonds to the Weekly Rate, no later than the Business Day prior to the Mode Change Date). The Weekly Rate determined by the Remarketing Agent is to be the minimum interest rate which, in the opinion of the Remarketing Agent under then-existing market conditions, would result in the sale of the Adjustable Rate Bonds on such date at a price equal to the principal amount thereof plus accrued and unpaid interest, if any. If the 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 Adjustable Rate Bonds are to bear interest from the last date on which the Weekly Rate was determined by the Remarketing Agent (or the last date on which interest was

legally paid) until such time as the Remarketing Agent determines the Weekly Rate (or until there is delivered an opinion of counsel to the effect that the method of determining such interest was enforceable) at the rate of the BMA Municipal Swap Index as reported on the day such Weekly Rate would otherwise have been determined by the Remarketing Agent. The 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 Standby Bond Purchaser; and (ii) by telecopy, telegraph, telex, facsimile transmission, e-mail transmission or other similar electronic means of communication, including a telephonic communication confirmed by writing or other transmission, to the Paying Agent, not later than 4:00 p.m., Eastern time, on the second Business Day after the date of such rate determination.

Daily Rate. During any Interest Period in which the Adjustable Rate Bonds are in a Daily Mode, the 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 the immediately preceding Business Day. The Daily Rate determined by the Remarketing Agent is to be the minimum interest rate which, in the opinion of the Remarketing Agent under then-existing market conditions, would result in the sale of such Adjustable Rate Bonds on the date of rate determination at a price equal to the principal amount thereof plus accrued and unpaid interest, if any. If the 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 Adjustable Rate Bonds are to bear interest from the last date on which the Daily Rate was determined by the Remarketing Agent (or the last date on which interest was legally paid) until such time as the 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 Remarketing Agent.

Term Rates. During any Interest Period in which the Adjustable Rate Bonds are in a Term Rate Mode, the 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 Remarketing Agent is to be the minimum interest rate which, in the sole judgment of the Remarketing Agent, will result in the sale of such Adjustable Rate Bonds at a price equal to the principal amount thereof. If, for any reason, a new Term Rate for a 2000 Series A-1 Bond or 2000 Series A-2 Bond that has been in the Term Rate Mode and is to continue in the Term Rate Mode is not or cannot be established, then (i) if such Adjustable Rate Bond is secured by a Standby Bond Purchase Agreement, it will be changed automatically (but, with respect to the Class III 2000 Series A-1 Bonds, only with the prior written consent of the Bond Insurer) to the Commercial Paper Mode with an Interest Period and Commercial Paper Rate to be determined by the Remarketing Agent in accordance with the Indenture or (ii) if such Adjustable Rate Bond is not secured by a Standby Bond Purchase Agreement (or, with respect to the Class III 2000 Series A-1 Bonds, if the consent required by clause (i) above is not received), then such Bond shall stay in the Term Rate Mode for an Interest Period ending on the next April 1 or October 1 and shall bear interest at the index published or provided by Kenny Information Systems, which index is based on yield evaluations at par of bonds, the interest on which is excluded from gross income for purposes of federal income taxation and are not subject to a "minimum tax" or similar tax under the Code (unless all tax-exempt bonds are subject to such tax). The bonds upon which the index is based shall include not less than five "high

grade" component issuers selected by Kenny Information Systems which shall include, without limitation, issuers of general obligation bonds. The specific issuers included among the component issuers may be changed from time to time by Kenny Information Systems in its discretion. The yield evaluation period for the index shall be a one year evaluation. The Remarketing Agent is to give written notice of the Term Rate to the Authority and the Paying Agent upon request. If a new Interest Period is not selected by the Authority prior to the Business Day next preceding the Purchase Date for the Interest Period then in effect, the new Interest Period will be the same length as the current Interest Period, or such lesser period necessary to prevent the Interest Period from extending beyond the date which is five Business Days prior to the stated term, expiration date or termination date of the Standby Bond Purchase Agreement, or such date as it may be extended, or any earlier date on which the Standby Bond Purchase Agreement is to terminate, expire or be cancelled. No Interest Period in the Term Rate Mode may extend beyond the applicable Maturity Date.

Fixed Rate. During each Fixed Rate Mode for the Adjustable Rate Bonds, the 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 Remarketing Agent is to be the minimum interest rate which, in the sole judgment of the Remarketing Agent would result in the sale of such Adjustable Rate Bonds on the date of rate determination at a price equal to the principal amount thereof. Upon request of any Owner, the Authority, the Trustee, the Paying Agent or the Standby Bond Purchaser the Remarketing Agent is to make the Fixed Rate available by telephone and by telecopy, telegraph, telex, facsimile transmission, e-mail transmission or other similar electronic means of communication, including a telephonic communication confirmed by writing or other transmission.

Commercial Paper Rates. On the first day of each Interest Period for an Adjustable Rate Bond in a Commercial Paper Mode, the Remarketing Agent is to select for such Adjustable Rate Bond the Interest Period which would result in the Remarketing Agent being able to remarket such Adjustable Rate Bond at par in the secondary market at the lowest interest rate then available and for the longest Interest Period available at such rate, provided that if on the first day of any Interest Period the Remarketing Agent determines that current or anticipated future market conditions or anticipated future events are such that a different Interest Period would result in a lower average interest cost on such Adjustable Rate Bond, then the Remarketing Agent is to select the Interest Period which in the judgment of the Remarketing Agent would permit such Adjustable Rate Bond to achieve such lower average interest cost; provided, however, that if the Remarketing Agent has received notice from the Authority that any Adjustable Rate Bond is to be changed from the Commercial Paper Mode to any other Mode or is to be purchased in accordance with a mandatory purchase pursuant to the Indenture, the Remarketing Agent shall, with respect to such Adjustable Rate Bond, select Interest Periods which do not extend beyond the Mandatory Purchase Date. On or after 4:00 p.m., Eastern time, on the Business Day next preceding the first day of each Interest Period for an Adjustable Rate Bond in the Commercial Paper Mode, any Owner of such Adjustable Rate Bond may telephone the Remarketing Agent and receive notice of the anticipated next Interest Period and the anticipated Commercial Paper Rate for such Interest Period for such Adjustable Rate Bond. To receive payment of the Purchase Price, the Owner of any Adjustable Rate Bond in the Commercial Paper Mode must present such Bond to the Paying Agent by 12:00 noon, Eastern time, on the first day of the Interest Period for a Commercial Paper Mode, in which case the Paying Agent shall pay the Purchase Price to such Owner by the close of business on the

same day. By 12:30 p.m., Eastern time, on the first day of each Interest Period for a Commercial Paper Mode, the Remarketing Agent is to determine the Commercial Paper Rate for the Interest Period then selected for such Adjustable Rate Bond and is to give notice to the Paying Agent by telecopy, telegraph, telex, facsimile transmission, e-mail transmission or other similar electronic means of communication, including a telephonic communication confirmed by writing or written transmission, of the new Owner, the Interest Period, the Purchase Date and the Commercial Paper Rate. By 1:00 p.m., Eastern time, on the first day of each Interest Period for a Commercial Paper Mode, the Remarketing Agent is to assign CUSIP numbers for each Commercial Paper Bond for which a Commercial Paper Rate and Interest Period have been determined on such date and notify the Paying Agent of such assignment by telecopy, telegraph, telex, facsimile transmission, e-mail transmission or other similar electronic means of communication, including a telephonic communication confirmed by writing or written transmission.

Adjustment Between Modes

Any change to a different Mode requires delivery to the Trustee, the Paying Agent and the Remarketing Agent of: (i) a notice from each Rating Agency confirming that the rating on the Adjustable Rate Bonds will not be withdrawn (other than a withdrawal of a short term rating upon a change to the Term 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) a Standby Bond Purchase Agreement (except if the change is to the Fixed Rate or SAVRS Mode or, in the case of a change to a Term Rate, the Authority elects not to have a Standby Bond Purchase Agreement with respect to such Bonds in a Term Rate Mode (and the Bond Insurer has consented to such election in the case of the Class III 2000 Series A-1 Bonds)) as provided in the Indenture; provided that a change in Mode with respect to Class III 2000 Series A-1 Bonds may not be effected without the prior written consent of the Bond Insurer. The Authority may change an Adjustable Rate Bond (other than an Adjustable Rate Bond in the Fixed Rate Mode) from one Mode to another Mode (other than the SAVRS Rate Mode) by giving written notice no later than the 45th day (or such shorter time as may be agreed upon by the Authority, the Trustee, the Paying Agent and the Remarketing Agent) preceding the proposed date of Mode change to the Trustee, the Paying Agent and the Standby Bond Purchaser. Such notice is to include: (i) the new Mode; (ii) the length of the initial Interest Period if the change is to a Term Rate Mode; (iii) whether or not the Adjustable Rate Bonds to be converted to a new Mode will be covered by the initial Standby Bond Purchase Agreement; and (iv) if the change is to the Fixed Rate Mode, whether or not some or all of the Adjustable Rate Bonds will be converted to serial bonds and, if so, the applicable serial maturity dates and serial payments. The Trustee is to give notice to Owners of Adjustable Rate Bonds by mail no less than 30 days prior to the proposed date of the Mode change stating that such Bonds are subject to mandatory purchase on such date. The Adjustable Rate Bonds are subject to mandatory purchase on any day on which a different Mode for such Bonds begins. See "- Mandatory Purchase - Mandatory Purchase on Mode Change Date" under this caption. **So long as the Adjustable Rate Bonds are registered in the DTC book-entry system described in Appendix K, such notices will be sent only to DTC's nominee.**

Optional Tender and Purchase

Optional Tender during a Weekly Mode or Daily Mode. During any Interest Period for a Weekly Mode or Daily Mode, any Adjustable Rate Bond (other than a Bank Bond) is to be purchased in an Authorized Denomination from its Owner at the option of the Owner on any Business Day at a purchase price equal to the principal amount thereof tendered for purchase plus accrued interest to the Purchase Date defined below (the "Purchase Price"), payable by wire transfer in immediately available funds, upon delivery to the Remarketing Agent of an irrevocable telephonic notice in the case of Adjustable Rate Bonds in the Daily Mode and an irrevocable written notice or an irrevocable telephonic notice, promptly confirmed in writing to the Paying Agent, in the case of Adjustable Rate Bonds in the Weekly Mode, which notice states the CUSIP number, the Bond number, the principal amount of such Adjustable Rate Bond, the principal amount thereof to be purchased and the date on which the same is to be purchased (the "Purchase Date"), which date is to be a Business Day specified by the Owner. In the case of Adjustable Rate Bonds tendered for purchase during the Daily Mode, such notice is to be delivered by the owner by no later than 11:00 a.m., Eastern time on such Business Day. In the case of Adjustable Rate Bonds tendered for purchase during the Weekly Mode, such notice is to be delivered by the Owner by no later than 4:00 p.m., Eastern time on a Business Day not less than seven days before the Purchase Date specified by the Owner in such notice. For payment of such Purchase Price, such Adjustable Rate Bonds are to be delivered (with all necessary endorsements) at or before 12:00 noon, Eastern time, on the Purchase Date at the office of the Paying Agent in Denver, Colorado. Payment of the Purchase Price is to be made by wire transfer in immediately available funds by the Paying Agent by the close of business on the Purchase Date. An Owner who gives the notice described above may repurchase the Bonds so tendered, if the Remarketing Agent agrees to sell the tendered Bonds to such Owner, in which case the delivery requirements set forth above will be waived.

Optional Purchase at End of Term Rate Period. Unless such Adjustable Rate Bonds are being changed to a Mode other than another Term Rate Mode, the owner of Adjustable Rate Bonds in a Term Rate Mode may act to have its Bond (or portions thereof in Authorized Denominations) purchased on the last day of any Interest Period for a Term Rate Mode (or the next Business Day if such last day is not a Business Day) (the "Purchase Date") at a purchase price equal to the principal amount thereof tendered for purchase (the "Purchase Price") upon delivery to the 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 Adjustable Rate Bond to be purchased. Such notice is to be given not later than 10:00 a.m. on a Business Day not less than seven days before such last day of the Interest Period. For payment of such Purchase Price, such Adjustable Rate Bonds are to be delivered (with all necessary endorsements) at or before 12:00 noon, Eastern time, on the Purchase Date at the office of the Paying Agent in Denver, Colorado. Payment of the Purchase Price is to be made by wire transfer in immediately available funds by the Paying Agent by the close of business on the Purchase Date.

Mandatory Purchase

Mandatory Purchase at End of Commercial Rate Period. On the last day of any Interest Period for the Commercial Paper Mode, the Adjustable Rate Bonds in such mode are

subject to mandatory tender without notice at the Purchase Price. Owners are to deliver such Bonds to the office of the Paying Agent in Denver, Colorado, at or before 12:00 noon, Eastern time, on such date. Payment of the Purchase Price is to be made by wire transfer of immediately available funds by the close of business on such date.

Mandatory Purchase on Mode Change Date. Adjustable Rate Bonds to be changed from one Mode to another Mode will be subject to mandatory tender for purchase on each day on which a new Mode for such Bonds begins (the "Mode Change Date") at a purchase price equal to the Purchase Price. The Trustee is to give notice by first-class mail, or transmitted in such other matter (such as by electronic means) as may be customary for the industry as directed in writing by the Authority, to the Owners of such Bonds no less than 30 days prior to the Mandatory Purchase Date. Such notice is to state the Mandatory Purchase Date, the Purchase Price, the numbers of the Adjustable Rate Bonds to be purchased if less than all of the Bonds owned by such Owners are to be purchased and that interest on such Bonds subject to mandatory purchase will cease to accrue from and after the Mandatory Purchase Date. The failure to mail such notice with respect to any Bond shall not affect the validity of the mandatory purchase of any other Bond with respect to which such notice was mailed. Any notice mailed will be conclusively presumed to have been given, whether or not actually received by the Owner. Adjustable Rate Bonds subject to mandatory purchase on the Mandatory Purchase Date are to be delivered (with all necessary endorsements) to the office of the Paying Agent in Denver, Colorado at or before 12:00 noon, Eastern time, on the Mandatory Purchase Date. Payment of the Purchase Price is to be made by wire transfer in immediately available funds by the close of business on the Mandatory Purchase Date. **So long as the Adjustable Rate Bonds are registered in the DTC book-entry system described in Appendix K, such notices will be sent only to DTC's nominee.**

Mandatory Purchase For Failure to Replace Standby Agreement or Upon Certain Substitution of Alternate Standby Agreement. In the event that the Authority does not replace a Standby Bond Purchase Agreement with another Standby Agreement prior to its expiration date in accordance with the Indenture, the Adjustable Rate Bonds having the benefit of such Standby Bond Purchase Agreement will be subject to mandatory purchase on the earlier of the last Interest Payment Date before the then current Standby Bond Purchase Agreement expires (whether at the stated expiration date thereof or earlier termination date) or 45 days before such stated expiration date or earlier termination date. In addition, in the event that on or prior to the 45th day next preceding the date on which an Alternate Standby Bond Purchase Agreement is to be substituted for the current Standby Bond Purchase Agreement (the "Substitution Date") the Authority has failed to deliver to the Paying Agent a Rating Confirmation Notice in connection with such substitution, the Adjustable Rate Bonds having the benefit of the Standby Bond Purchase Agreement will be subject to mandatory tender for purchase five Business Days prior to the Substitution Date. The Trustee is to give notice by first-class mail (or transmitted in such other manner, such as electronic means, as may be customary for the industry as directed in writing by the Authority) to the Owners of the Adjustable Rate Bonds subject to mandatory purchase no less than 30 days prior to the Mandatory Purchase Date. Such notice is to state the Mandatory Purchase Date, the Purchase Price, and that interest on such Bonds subject to mandatory purchase will cease to accrue from and after the Mandatory Purchase Date. The failure to transmit such notice with respect to any Adjustable Rate Bond shall not affect the validity of the mandatory purchase of any other Bond with respect to which such notice was transmitted. Any notice transmitted as aforesaid will be conclusively presumed to have been

given, whether or not actually received by the Owner. For payment of such Purchase Price, such Adjustable Rate Bonds are to be delivered (with all necessary endorsements) at or before 12:00 noon, Eastern time, on the Mandatory Purchase Date at the office of the Paying Agent in Denver, Colorado. Payment of the Purchase Price is to be made by wire transfer in immediately available funds by the Paying Agent by the close of business on the Mandatory Purchase Date.

The obligation of the Standby Bond Purchaser to purchase Adjustable Rate Bonds under the initial Standby Bond Purchase Agreement is subject to the conditions that (i) with respect to the Class III 2000 Series A-1 Bonds only, certain Bond Insurer Events of Default (as defined in the initial Standby Bond Purchase Agreement) have not occurred; and (ii) with respect to the Class I 2000 Series A-1 Bonds and 2000 Series A-2 Bonds only, the long-term ratings of such Adjustable Rate Bonds by Moody's and S&P are not lower than "Baa2" and "BBB," respectively. See Appendix H - "CERTAIN TERMS OF THE INITIAL STANDBY BOND PURCHASE AGREEMENT."

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

Payment of Tender Price Upon Purchase

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

(1) proceeds of the sale of remarketed Adjustable Rate Bonds (except proceeds of remarketed Bank Bonds to the extent applied to any amount owing to the Bank) pursuant to the Indenture and the Remarketing Agreement and furnished to the Tender Agent by the Remarketing Agent for deposit into the Remarketing Proceeds Account; and

(2) money furnished by the Standby Bond Purchaser to the Trustee for deposit with the Paying Agent from requests under the initial Standby Bond Purchase Agreement, if any, as described in Appendix H – "CERTAIN TERMS OF THE INITIAL STANDBY BOND PURCHASE AGREEMENT."

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 Adjustable Rate Bonds are registered in the DTC book-entry system described in Appendix K, any notices will be sent only to DTC's nominee.**

Conversion of 2000 Series A-2 Bonds

Conversion of Interest Rate. The 2000 Series A-2 Bonds are being issued bearing interest which is not excluded from gross income (i.e., taxable) for federal income tax purposes. On and after the Conversion Date (if one occurs), interest on the 2000 Series A-2 Bonds will be excluded from gross income of the recipients thereof for federal income tax purposes. The Conversion Date is expected to be February 1, 2001, but it may be between February 1, 2001 and May 1, 2001, inclusive, if it occurs. The occurrence of the Conversion Date is dependent on the delivery to the Trustee of an approving opinion of Bond Counsel to the effect that interest accruing on the 2000 Series A-2 Bonds on and after the Conversion Date will be excluded from gross income of the recipients thereof for federal income tax purposes, in form and with content substantially similar to the draft of the proposed opinion attached hereto in Appendix D-2 (the "Required Conversion Bond Opinion"). At least 30 days prior to February 1, 2001, the Trustee is to deliver a written request to Bond Counsel, asking whether Bond Counsel believes it can deliver its Required Conversion Bond Opinion on February 1, 2001. Within 10 days thereafter, Bond Counsel is to respond in writing to the request. At least 15 days prior to the Conversion Date, after receiving an affirmative response from Bond Counsel, the Trustee is to send written notice 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 Owners of the 2000 Series A-2 Bonds, that the condition precedent to the Conversion Date has occurred and setting the Conversion Date.

The Authority has agreed in the Indenture to take any and all lawful actions to support the delivery by Bond Counsel of the Required Conversion Bond Opinion, including, without limitation, the filing of such reports and information returns and the holding of such public hearings as Bond Counsel may require. See "TAX MATTERS."

In the event the Conversion Date does not occur for any reason, including the inability of Bond Counsel to deliver its Required Conversion Bond Opinion, the 2000 Series A-2 Bonds will remain outstanding and the interest thereon will continue to be not excluded from gross income for federal income tax purposes.

Failure to Give Opinion. By April 10, 2001, if no affirmative notice has been received from Bond Counsel, the Trustee is to mail to the Registered Owners of the 2000 Series A-2 Bonds by first-class mail, or transmitted in such other manner as may be customary for the industry as directed in writing by the Authority, at the addresses shown on the registration books maintained by the Trustee, a written notice to the effect that no Conversion Date has occurred or will occur and that the 2000 Series A-2 Bonds will remain outstanding and will continue to bear interest at a taxable interest rate and that interest on the 2000 Series A-2 Bonds will continue to be included in gross income of the recipients thereof for federal income tax purposes.

Converted Bond Forms. If the Conversion Date occurs, the 2000 Series A-2 Bonds shall be subject to a mandatory exchange for new Converted 2000 Series A-2 Bonds, reflecting a new tax-exempt interest rate. Within ten (10) days after the Conversion Date, such new Converted 2000 Series A-2 Bonds will be distributed to the Registered Owners of the 2000 Series A-2 Bonds (anticipated to be Cede & Co.) in exchange for the old 2000 Series A-2 Bonds. **The beneficial owners of the 2000 Series A-2 Bonds, by purchasing the 2000 Series A-2 Bonds, are deemed to have agreed to the exchange of their initial 2000 Series A-2 Bonds, at par, for Converted 2000 Series A-2 Bonds bearing the post-Conversion Date interest rate. See "TAX MATTERS."**

Event of Taxability. In the event that after the Conversion Date, interest on the Converted 2000 Series A-2 Bonds is declared taxable by the Internal Revenue Service or legislation or regulations are adopted or there is a final determination by a judicial or administrative authority requiring interest on the Converted 2000 Series A-2 Bonds to be included in the recipient's gross income for federal income tax purposes, the interest rate on the Converted 2000 Series A-2 Bonds shall remain a taxable interest rate. **Neither the Converted 2000 Series A-2 Bonds nor the Indenture provides for an adjustment of the interest rate or for mandatory redemption of the Converted 2000 Series A-2 Bonds in the event that the interest rate on the Converted 2000 Series A-2 Bonds is declared taxable after the Conversion Date.**

Redemption of the 2000 Series A-1 Bonds

Special Redemption – Unexpended Proceeds. The 2000 Series A Bonds (including the 2000 Series A-1 Bonds) are subject to special redemption prior to maturity, in whole or in part at any time, on or after October 1, 2000 (but not later than April 20, 2001) upon notice as provided in the Indenture, at a Redemption Price equal to 100% of the principal amount of the 2000 Series A Bonds or portions thereof to be so redeemed, together with accrued interest to the date of redemption, to the extent there are any unexpended proceeds of the 2000 Series A Bonds in the Unrestricted Loan Subaccount of the 2000 Series A Acquisition Account remaining one year after issuance of the 2000 Series A Bonds (or on such earlier date that the Authority certifies that amounts in the Unrestricted Loan Subaccount will not be used to purchase Loans or to finance Authority Projects in accordance with the Series 2000A Indenture). The 2000 Series A Bonds (including the 2000 Series A-1 Bonds) are also subject to special redemption prior to maturity, in whole or in part at any time and from time to time on or after October 1, 2000 (but not later than March 1, 2003 or such later date as may be selected by the Authority by the filing with the Trustee of an Authority Request accompanied by a Cash Flow Statement and a

favorable opinion of Bond Counsel), upon notice as provided in the Indenture, at a Redemption Price equal to 100% of the principal amount of the 2000 Series A Bonds or portions thereof to be so redeemed, together with accrued interest to the date of redemption, to the extent that there are any unexpended proceeds of the 2000 Series A Bonds in the Restricted Loan Subaccount and the Authority Project Subaccount of the 2000 Series A Acquisition Account. See Appendix B – "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE - Program Fund; Acquisition Account" and "PLAN OF FINANCING - Sources and Uses of Funds." For information concerning the Loans expected to be purchased by the Authority with proceeds of the 2000 Series A Bonds deposited to the Restricted Loan Subaccount and Unrestricted Loan Subaccount of the 2000 Series A Acquisition Account, see Appendix F – "CERTAIN INFORMATION ABOUT THE LOANS AND AUTHORITY PROJECTS." See also "CERTAIN ASSUMPTIONS AND BONDOWNERS' RISKS."

Special Redemption – Excess Revenues. The 2000 Series A-1 Bonds of a particular Class are also subject to special redemption prior to maturity, in whole or in part at any time, upon notice as provided in the Indenture, at a Redemption Price equal to 100% of the principal amount of the 2000 Series A-1 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 Special Redemption Account of the Redemption Fund related to such Class on the 45th day prior to the redemption date. Such amounts may include prepayments and excess revenues from Loans and Authority Projects related to the 2000 Series A Bonds and any Additional Obligations issued under the Indenture. 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 Special Redemption Account of the Redemption Fund to any other Series subaccount of the same Class Special Redemption 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 Series 2000A Indenture; and (ii) be accompanied by evidence of satisfaction of all Asset Requirements for the 2000 Series A Bonds.

It is anticipated that moneys will be available to redeem a substantial portion of the 2000 Series A-1 Bonds without premium in accordance with the preceding paragraph. Such moneys may be directed to the Special Redemption Account of the Redemption Fund related to a particular Class and available for this redemption as a result of excess revenues resulting from Loan payments, voluntary disposition of Loans or Authority Projects, voluntary or involuntary prepayments of the Loans, such as proceeds received as a result of damage, destruction or condemnation of Authority Projects, and other sources.

Optional Redemption – Weekly Mode, Daily Mode or Commercial Paper Mode. The 2000 Series A-1 Bonds may be redeemed at the option of the Authority from any source, including without limitation the proceeds of refunding bonds or other financing provided by the Authority or from the sale or other voluntary disposition of Loans and Authority Projects, in whole or in part, in Authorized Denominations on any date during Interest Periods for a Weekly Mode or Daily Mode and on the last day of the Interest Period for such 2000 Series A-1 Bonds during Interest Periods for a Commercial Paper Mode, at a redemption price equal to 100% of the principal amount of 2000 Series A-1 Bonds to be so redeemed.

Optional Redemption – Term Rate Mode or Fixed Rate Mode. During any Interest Period for a Term Rate Mode or Fixed Rate Mode, the 2000 Series A-1 Bonds may be redeemed at the option of the Authority from any source, including without limitation the proceeds of refunding bonds or other financing provided by the Authority or from the sale or other voluntary disposition of Loans and Authority Projects, in whole or in part, at a redemption price equal to 100% of the principal amount of 2000 Series A-1 Bonds to be so redeemed, plus accrued interest, if any, to the redemption date; provided that if on the day on which the Term Rate Mode or Fixed Rate Mode begins, the remaining term of the 2000 Series A-1 Bonds (in the case of Fixed Rate Bonds) or the length of the Interest Period (in the case of Term Rate Bonds): (i) is greater than 15 years, then the 2000 Series A-1 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 the 2000 Series A-1 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 2000 Series A-1 Bonds will not be subject to optional redemption during a particular Term Rate Mode or Fixed Rate Mode if, on the day on which the Term Rate Mode or Fixed Rate Mode begins, the remaining term of the 2000 Series A-1 Bonds (in the case of Fixed Rate Bonds) or the length of the Interest Period (in the case of Term Rate Bonds) is equal to or less than ten years. The Authority, in connection with a change to a Term Rate or a Fixed Rate Mode, may waive or otherwise alter its rights to direct the redemption of any such 2000 Series A-1 Bonds so changed to a Term Rate Mode or a Fixed Rate Mode at any time without premium; provided that, notice describing the waiver or alteration must be submitted to the Paying Agent, the Trustee and the Remarketing Agent, together with a Favorable Opinion of Bond Counsel, addressed to them.

Redemption of the 2000 Series A-2 Bonds

Special Redemption - Unexpended Proceeds. The 2000 Series A Bonds (including the 2000 Series A-2 Bonds) are subject to special redemption prior to maturity, in whole or in part at any time, on or after October 1, 2000 (but not later than April 20, 2001) upon notice as provided in the Indenture, at a Redemption Price equal to 100% of the principal amount of the 2000 Series A Bonds or portions thereof to be so redeemed, together with accrued interest to the date of redemption, to the extent there are any unexpended proceeds of the 2000 Series A Bonds in the Unrestricted Loan Subaccount of the 2000 Series A Acquisition Account remaining one year after issuance of the 2000 Series A Bonds (or on such earlier date that the Authority certifies that amounts in the Unrestricted Loan Subaccount will not be used to purchase Loans or to finance Authority Projects in accordance with the Series 2000A Indenture). The 2000 Series A Bonds (including the 2000 Series A-2 Bonds) are also subject to special redemption prior to maturity, in whole or in part at any time and from time to time on or after October 1, 2000 (but not later than March 1, 2003 or such later date as may be selected by the Authority by the filing with the Trustee of an Authority Request accompanied by a Cash Flow Statement and a favorable opinion of Bond Counsel), upon notice as provided in the Indenture, at a Redemption Price equal to 100% of the principal amount of the 2000 Series A Bonds or portions thereof to be so redeemed, together with accrued interest to the date of redemption, to the extent that there are any unexpended proceeds of the 2000 Series A Bonds in the Restricted Loan Subaccount and the Authority Project Subaccount. See Appendix B – "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE - Program Fund; Acquisition Account" and "PLAN OF FINANCING -

Sources and Uses of Funds." For information concerning the Loans expected to be purchased by the Authority with proceeds of the 2000 Series A Bonds deposited to the Restricted Loan Subaccount and Unrestricted Loan Subaccount of the 2000 Series A Acquisition Account, see Appendix F – "CERTAIN INFORMATION ABOUT THE LOANS AND AUTHORITY PROJECTS." See also "CERTAIN ASSUMPTIONS AND BONDOWNERS' RISKS."

Special Redemption - Excess Revenues. The 2000 Series A-2 Bonds are also subject to special redemption prior to maturity, in whole or in part at any time, on or after October 1, 2000, upon notice as provided in the Indenture, at a Redemption Price equal to 100% of the principal amount of the 2000 Series A-2 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 Class I Special Redemption Account of the Redemption Fund on the 45th day prior to the redemption date. Such amounts may include prepayments and excess revenues from Loans and Authority Projects related to the 2000 Series A Bonds and any Additional Obligations issued under the Indenture. 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 Special Redemption Account of the Redemption Fund to any other Series subaccount of the same Class Special Redemption 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 Series 2000A Indenture; and (ii) be accompanied by evidence of satisfaction of all Asset Requirements for the 2000 Series A Bonds.

It is anticipated that moneys will be available to redeem a substantial portion of the 2000 Series A-2 Bonds without premium in accordance with the preceding paragraph. Such moneys may be directed to the Class I Special Redemption Account of the Redemption Fund and available for this redemption as a result of excess revenues resulting from Loan payments, voluntary disposition of Loans or Authority Projects, voluntary or involuntary prepayments of the Loans, such as proceeds received as a result of damage, destruction or condemnation of Authority Projects, and other sources.

Optional Redemption – Weekly Mode, Daily Mode or Commercial Paper Mode. The 2000 Series A-2 Bonds may be redeemed at the option of the Authority from any source, including without limitation the proceeds of refunding bonds or other financing provided by the Authority or from the sale or other voluntary disposition of Loans and Authority Projects, in whole or in part, in Authorized Denominations on any date during Interest Periods for a Weekly Mode or Daily Mode and on the last day of the Interest Period for such 2000 Series A-1 Bonds during Interest Periods for a Commercial Paper Mode, at a redemption price equal to 100% of the principal amount of 2000 Series A-2 Bonds to be so redeemed.

Optional Redemption – Term Rate Mode or Fixed Rate Mode. During any Interest Period for a Term Rate Mode or Fixed Rate Mode, the 2000 Series A-2 Bonds may be redeemed at the option of the Authority from any source, including without limitation the proceeds of refunding bonds or other financing provided by the Authority or from the sale or other voluntary disposition of Loans and Authority Projects, in whole or in part, at a redemption price equal to 100% of the principal amount of 2000 Series A-2 Bonds to be so redeemed, plus accrued interest, if any, to the redemption date; provided that, if on the day on which the Term

Rate Mode or Fixed Rate Mode begins, the remaining term of the 2000 Series A-2 Bonds (in the case of Fixed Rate Bonds) or the length of the Interest Period (in the case of Term Rate Bonds): (i) is greater than 15 years, then the 2000 Series A-2 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 the 2000 Series A-2 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 2000 Series A-2 Bonds will not be subject to optional redemption during a particular Term Rate Mode or Fixed Rate Mode if, on the day on which the Term Rate Mode or Fixed Rate Mode begins, the remaining term of the 2000 Series A-2 Bonds (in the case of Fixed Rate Bonds) or the length of the Interest Period (in the case of Term Rate Bonds) is equal to or less than ten years. The Authority, in connection with a change to a Term Rate or a Fixed Rate Mode, may waive or otherwise alter its rights to direct the redemption of any such 2000 Series A-2 Bonds so changed to a Term Rate Mode or a Fixed Rate Mode at any time without premium; provided that, notice describing the waiver or alteration must be submitted to the Paying Agent, the Trustee and the Remarketing Agent, together with a Favorable Opinion of Bond Counsel, addressed to them.

Non-Adjustable Rate Bonds

Generally

The Non-Adjustable Rate Bonds, to be dated their date of delivery, will bear interest at the rates, and will mature, subject to prior redemption as described below, in the amounts and on the dates set forth on the inside front cover page of this Official Statement. Interest on the Non-Adjustable Rate Bonds will be computed on the basis of a 360-day year of twelve 30-day months and will be payable each April 1 and October 1, commencing October 1, 2000, and at Maturity. The Non-Adjustable Rate Bonds will be issued as fully registered bonds without coupons. Purchases of the Non-Adjustable Rate Bonds are to be made in book entry only form in denominations of \$5,000 or any integral multiple thereof.

Redemption of the 2000 Series A-3 Bonds

Special Redemption - Unexpended Proceeds. The 2000 Series A Bonds (including the 2000 Series A-3 Bonds) are subject to special redemption prior to maturity, in whole or in part at any time, on or after October 1, 2000 (but not later than April 20, 2001) upon notice as provided in the Indenture, at a Redemption Price equal to 100% of the principal amount of the 2000 Series A Bonds or portions thereof to be so redeemed, together with accrued interest to the date of redemption, to the extent there are any unexpended proceeds of the 2000 Series A Bonds in the Unrestricted Loan Subaccount of the 2000 Series A Acquisition Account remaining one year after issuance of the 2000 Series A Bonds (or on such earlier date that the Authority certifies that amounts in the Unrestricted Loan Subaccount will not be used to purchase Loans or to finance Authority Projects in accordance with the Series 2000A Indenture). The 2000 Series A Bonds (including the 2000 Series A-3 Bonds) are also subject to special redemption prior to maturity, in whole or in part at any time and from time to time on or after October 1, 2000 (but not later than March 1, 2003 or such later date as may be selected by the Authority by the filing with the Trustee of an Authority Request accompanied by a Cash Flow Statement and a

favorable opinion of Bond Counsel), upon notice as provided in the Indenture, at a Redemption Price equal to 100% of the principal amount of the 2000 Series A Bonds or portions thereof to be so redeemed, together with accrued interest to the date of redemption, to the extent that there are any unexpended proceeds of the 2000 Series A Bonds in the Restricted Loan Subaccount and the Authority Project Subaccount. **The 2000 Series A-3 Bonds are to be redeemed as described in this paragraph only if no other 2000 Series A Bonds remain Outstanding.** See Appendix B – "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE - Program Fund; Acquisition Account" and "PLAN OF FINANCING - Sources and Uses of Funds." For information concerning the Loans expected to be purchased by the Authority with proceeds of the 2000 Series A Bonds deposited to the Restricted Loan Subaccount and Unrestricted Loan Subaccount of the 2000 Series A Acquisition Account, see Appendix F – "CERTAIN INFORMATION ABOUT THE LOANS AND AUTHORITY PROJECTS." See also "CERTAIN ASSUMPTIONS AND BONDOWNERS' RISKS."

Special Redemption - Excess Revenues. The 2000 Series A-3 Bonds are also subject to special redemption prior to maturity, in whole or in part at any time, upon notice as provided in the Indenture, at a Redemption Price equal to 100% of the principal amount of the 2000 Series A-3 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 Class II Special Redemption Account of the Redemption Fund on the 45th day prior to the redemption date; provided that the 2000 Series A-3 Bonds will not be so redeemed before April 1, 2010 unless no other 2000 Series A Bonds are Outstanding, or unless, in the opinion of Bond Counsel, failure to redeem the 2000 Series A-3 Bonds would adversely affect the exclusion from gross income of interest on any of the tax-exempt 2000 Series A Bonds for federal income tax purposes. Such amounts may include prepayments and excess revenues related to the 2000 Series A Bonds and any Additional Obligations issued under the Indenture. 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 Special Redemption Account of the Redemption Fund to any other Series subaccount of the same Class Special Redemption 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 Series Indenture, and (ii) be accompanied by evidence of satisfaction of all Asset Requirements for the 2000 Series A Bonds.

It is anticipated that moneys will be available to redeem a substantial portion of the 2000 Series A-3 Bonds without premium in accordance with the preceding paragraph. Such moneys may be directed to the Class II Special Redemption Account of the Redemption Fund and available for this redemption as a result of excess revenues resulting from Loan payments, voluntary disposition of Loans or Authority Projects, voluntary or involuntary prepayments of the Loans, such as proceeds received as a result of damage, destruction or condemnation of Authority Projects, and other sources.

Optional Redemption. The 2000 Series A-3 Bonds shall be subject to redemption prior to maturity at the option of the Authority from any source, including without limitation the proceeds of refunding bonds or other financing provided by the Authority or from the sale or other voluntary disposition of Loans and Authority Projects, on and after April 1, 2010, in whole

or in part at any time at a redemption price equal to 100% of the principal amount of the 2000 Series A-3 Bonds to be so redeemed, plus accrued interest to the date of redemption.

Cumulative Sinking Fund Redemption. The 2000 Series A-3 Bonds shall be redeemed prior to their maturity by payment of Sinking Fund Installments, to the extent moneys available therefor are deposited or expected to be deposited in the 2000 Series A subaccount of the Class II Debt Service Fund, upon notice as provided in the Indenture, on 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 2000 Series A-3 Bonds or portions thereof to be so redeemed, together with accrued interest to the date of redemption, as follows:

2000 Series A-3 Bonds

<u>Date (April 1)</u>	<u>Sinking Fund Installments</u>	<u>Date (October 1)</u>	<u>Sinking Fund Installments</u>
--	\$ --	2023	\$210,000
2024	220,000	2024	230,000
2025	235,000	2025	245,000
2026	260,000	2026	270,000
2027	280,000	2027	310,000
2028	320,000	2028	335,000
2029	350,000	2029	365,000
2030	470,000	2030	485,000
2031	505,000	2031	520,000
2032	535,000	2032	555,000 (1)

(1) Final maturity

The payment of such Sinking Fund Installments with respect to the 2000 Series A-3 Bonds will be contingent upon there being, and will be due and payable and are to be made only to the extent there are, amounts available therefor in the Class II Debt Service Fund from Mortgage Repayments allocated to the 2000 Series A-3 Bonds. If the amount on deposit in the 2000 Series A subaccount of the Class II Debt Service Fund is not sufficient on any Bond Payment Date to pay the scheduled 2000 Series A Class II Sinking Fund Installment, for such date, the amount of the insufficiency is to be added to the next such Sinking Fund Installment until paid. It is expected that unless a default occurs on one or more of the Loans, the revenues available to the Trustee under the Indenture will be adequate to enable the Trustee to make the scheduled Sinking Fund Installments set forth above (as such amounts may be reduced as described herein). However, the failure to make such Sinking Fund Installments due to insufficient available funds will not constitute a default under the Indenture. See "CERTAIN ASSUMPTIONS AND BONDOWNERS' RISKS - Limited Security."

To the extent that any of the 2000 Series A-3 Bonds are called for redemption or are purchased in lieu of redemption as provided in the Indenture, the Authority will be entitled to

apply the principal amount of such 2000 Series A-3 Bonds so redeemed or purchased against any sinking fund obligation with respect to such 2000 Series A-3 Bonds.

Redemption of the Taxable 2000 Series A-4 Bonds

Special Redemption - Unexpended Proceeds. The 2000 Series A Bonds (including the Taxable 2000 Series A-4 Bonds) are subject to special redemption prior to maturity, in whole or in part at any time, on or after October 1, 2000 (but not later than April 20, 2001) upon notice as provided in the Indenture, at a Redemption Price equal to 100% of the principal amount of the 2000 Series A Bonds or portions thereof to be so redeemed, together with accrued interest to the date of redemption, to the extent there are any unexpended proceeds of the 2000 Series A Bonds in the Unrestricted Loan Subaccount of the 2000 Series A Acquisition Account remaining one year after issuance of the 2000 Series A Bonds (or on such earlier date that the Authority certifies that amounts in the Unrestricted Loan Subaccount will not be used to purchase Loans or to finance Authority Projects in accordance with the Series 2000A Indenture). The 2000 Series A Bonds (including the Taxable 2000 Series A-4 Bonds) are also subject to special redemption prior to maturity, in whole or in part at any time and from time to time on or after October 1, 2000 (but not later than March 1, 2003 or such later date as may be selected by the Authority by the filing with the Trustee of an Authority Request accompanied by a Cash Flow Statement and a favorable opinion of Bond Counsel), upon notice as provided in the Indenture, at a Redemption Price equal to 100% of the principal amount of the 2000 Series A Bonds or portions thereof to be so redeemed, together with accrued interest to the date of redemption, to the extent that there are any unexpended proceeds of the 2000 Series A Bonds in the Restricted Loan Subaccount and the Authority Project Subaccount of the 2000 Series A Acquisition Account. See Appendix B – "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE - Program Fund; Acquisition Account" and "PLAN OF FINANCING - Sources and Uses of Funds." For information concerning the Loans expected to be purchased by the Authority with proceeds of the 2000 Series A Bonds deposited to the Restricted Loan Subaccount and Unrestricted Loan Subaccount of the 2000 Series A Acquisition Account, see Appendix F – "CERTAIN INFORMATION ABOUT THE LOANS AND AUTHORITY PROJECTS." See also "CERTAIN ASSUMPTIONS AND BONDOWNERS' RISKS."

No Special Redemption – Excess Revenues. The Taxable 2000 Series A-4 Bonds are not subject to special redemption prior to maturity from amounts other than unexpended 2000 Series A Bond proceeds.

No Optional Redemption. The Taxable 2000 Series A-4 Bonds are not subject to optional redemption prior to maturity.

Mandatory Sinking Fund Redemption. The Taxable 2000 Series A-4 Bonds shall be redeemed prior to their maturity by payment of Sinking Fund Installments, upon notice as provided in the Indenture, on 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 Taxable 2000 Series A-4 Bonds or portions thereof to be so redeemed, together with accrued interest to the date of redemption, as follows:

Taxable 2000 Series A-4 Bonds

<u>Date</u> <u>(April 1)</u>	<u>Sinking Fund</u> <u>Installments</u>	<u>Date</u> <u>(October 1)</u>	<u>Sinking Fund</u> <u>Installments</u>
--	\$ --	2000	\$705,000
2001	970,000	2001	875,000
2002	1,090,000 (1)	--	--

(1) Final maturity

To the extent that any of the Taxable 2000 Series A-4 Bonds are called for redemption or are purchased in lieu of redemption as provided in the Indenture, the Authority will be entitled to apply the principal amount of such Taxable 2000 Series A-4 Bonds so redeemed or purchased against any sinking fund obligation with respect to such Taxable 2000 Series A-4 Bonds.

Redemption Procedures

Selection of Bonds for Redemption

If less than all of the 2000 Series A Bonds are to be redeemed, the Authority may, by Authority Request certifying that it is consistent with the most recently filed Related Cash Flow Statement, direct the redemption of 2000 Series A Bonds in any order of maturity of any Series and any Class, provided that Bank Bonds are to be redeemed prior to any other Adjustable Rate Bonds. In the event that the Authority does not provide such direction, and if less than all of the 2000 Series A Bonds are to be redeemed, the Trustee is to select for redemption a pro rata amount of the 2000 Series A Bonds of each tenor and maturity of the 2000 Series A Bonds for redemption. If less than all 2000 Series A Bonds of like Class, tenor and maturity are to be redeemed, the particular 2000 Series A Bonds or portions of 2000 Series A Bonds to be redeemed are to be selected by lot as the Bond Registrar in its discretion may deem fair and appropriate. Notwithstanding the foregoing, the 2000 Series A-3 Bonds are to be selected for redemption only as described in "Non-Adjustable Rate Bonds – Redemption of 2000 Series A-3 Bonds" under this caption.

Notice of Redemption

When any 2000 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 60 days nor less than 30 days prior to the redemption date, to the registered owner of each 2000 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 2000 Series A Bond with respect to which no such failure or

defect has occurred. **So long as the 2000 Series A Bonds are registered in the DTC book-entry system described in Appendix K, such notices will be sent only to DTC's nominee.**

Credit Against Sinking Fund Installments

The Authority may, by Authority Request certifying that it is consistent with the most recently filed Related Cash Flow Statement, direct the manner in which sinking fund installments made upon redemption as described in "Redemption of the 2000 Series A-3 Bonds" (except as described in "Cumulative Sinking Fund Redemption" under that caption) and "Redemption of the Taxable 2000 Series A-4 Bonds" (except as described in "Mandatory Sinking Fund Redemption" under that caption) are credited against remaining sinking fund installments due on such 2000 Series A Bonds. If the Authority does not so direct, the par value of 2000 Series A Bonds so redeemed is to be credited against all remaining sinking fund installments of the related Class and Series in the proportion which the total principal amount of such Class and maturity of 2000 Series A Bonds so redeemed bears to the total of all such remaining sinking fund installments to be credited.

SECURITY FOR THE 2000 SERIES A BONDS

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.

No Obligations are presently outstanding under the Master Indenture. The 2000 Series A Bonds are being issued in the following Classes: Class I 2000 Series A Bonds (which include the 2000 Series A-1 Bonds maturing on October 1, 2030, the 2000 Series A-2 Bonds and the Taxable 2000 Series A-4 Bonds); the 2000 Series A-3 Bonds being issued as Class II Bonds; and the 2000 Series A-1 Bonds maturing on April 1, 2030 being issued as Class III Bonds. The Authority's obligation to repay the Standby Bond Purchaser for principal due on Bank Bonds under the initial Standby Bond Purchase Agreement will be a Class III Obligation. The Authority's obligation to make regular interest payments under the Swap Agreements described in "- Derivative Products" under this caption will be a Class I Obligation and the Authority's obligation to make certain payments due upon early termination of any such Swap Agreement is expected to be a general obligation of the Authority and not an Obligation under the Master Indenture.

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 2000 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.

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 B – "SUMMARY OF CERTAIN

PROVISIONS OF THE INDENTURE – Allocation of Moneys in the Revenue Fund." Among these transfers, the Trustee is to deposit into: (i) the related Series Subaccount of the related Class Special Redemption Account, the Loan Recycling Account (at the election of the Authority), or any combination of the two, the amount needed, if any, to ensure that the Class Asset Requirement for the related Series of Bonds will be met on such Bond Payment Date; and (ii) each Series subaccount of the Related Class Special Redemption Account not related to such Series of Bonds, on a proportionate basis with all such unrelated subaccounts, the amount of any deficiency resulting from the lack of moneys sufficient to make the deposit described in (i).

The Class Asset Requirements applicable to each Series of Bonds are set forth in each Related Series Indenture. For information on the Class Asset Requirements applicable to the 2000 Series A Bonds, see Appendix B – "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Class Asset Requirements" and Appendix C – "TABLE OF CLASS ASSET REQUIREMENTS."

The Loans and Authority Projects

The Loans

Generally. The Trust Estate pledged under the Master Indenture to secure Obligations issued thereunder includes the rights and interests of the Authority in the Loans and the Financing Documents (except for certain rights and interests expressly retained by the Authority therein). Under the Master Indenture, "Loan" means a loan of money, including advances, in the form of a construction loan, a permanent loan or a combined construction and permanent loan made 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 Loans expected to be pledged under the Indenture upon delivery of the 2000 Series A Bonds will be: (i) outstanding insured or guaranteed mortgage loans previously made to borrowers using proceeds of the Authority's Multi-Family Housing Insured Mortgage Revenue Bonds, 1977 Series A and B (the "Refunded 1977 Bonds"), which will be transferred to the Trustee to be held as Loans in the Trust Estate upon refunding of the Refunded Series 1977 Bonds; (ii) outstanding uninsured mortgage loans previously made by the Authority to borrowers using proceeds of the Authority's 1986 General Obligation Bonds, Series A, its General Obligation Bonds, 1991 Series A, and its General Obligation Bonds, 1994 Series A (collectively, the "Refunded General Obligation Bonds") which will be transferred to the Trustee to be held as Loans in the Trust Estate upon refunding of the Refunded General Obligation Bonds; and (iii) outstanding uninsured loans presently owned by the Authority and held in its General Fund, which will be acquired as Loans into the Trust Estate with proceeds of the 2000 Series A Bonds

deposited to the 2000 Series A Subaccount of the 2000 Series A Acquisition Account of the Program Fund. See "PLAN OF FINANCING – The Refunding Project." The Authority also expects to make new uninsured Loans using proceeds of the 2000 Series A Bonds deposited to the 2000 Series A Subaccount in accordance with the Indenture as described in Appendix B. See "PLAN OF FINANCING – Use of Proceeds in Program Fund."

For certain information as of December 1, 1999 about the outstanding loans expected to be pledged as Loans under the Master Indenture and new Loans expected to be made or financed under the Indenture, see Appendix F – "CERTAIN INFORMATION ABOUT THE LOANS AND AUTHORITY PROJECTS – The Loans and Projects."

Multi-Family Housing Insured Mortgage Loans. The Authority is permitted by the Master Indenture to apply the proceeds of Obligations issued under the Master Indenture to make or purchase (as Loans) mortgage loans which are insured or guaranteed by an agency or instrumentality of the United States under an insurance program such as the programs described in Appendix J – "FEDERAL INSURANCE PROGRAMS." The Authority has heretofore issued twenty-three series of bonds (including the Series 1977 Bonds) under an existing general resolution to finance insured multi-family mortgage loans, as described in "COLORADO HOUSING AND FINANCE AUTHORITY – Programs to Date - Multi-Family Loan Programs." Upon delivery of the 2000 Series A Bonds and refunding of the Refunded Series 1977 Bonds as described in "PLAN OF FINANCING," the loans financed with proceeds of the Series 1977 Bonds (the "1977 Insured Loans") will be transferred to the Trustee to be held as Loans in the Trust Estate. As described below in greater detail, many of the projects financed with proceeds of the Series 1977 Bonds have to date received some type of federal rent or mortgage subsidy. See Appendix F – "CERTAIN INFORMATION ABOUT THE LOANS AND AUTHORITY PROJECTS – The Loans and Projects – Outstanding 1977 Insured Loans." The Authority may, but does not expect to, use proceeds of the 2000 Series A Bonds to finance new insured or guaranteed Loans. *However, Obligations may be issued in the future under the Master Indenture in order to finance insured or guaranteed Loans as part of the Trust Estate.*

Uninsured Loans. The Authority is also permitted by the Master Indenture to apply the proceeds of Obligations issued under the Master Indenture to make or purchase (as Loans) uninsured mortgage loans made for housing facilities which are secured only by a mortgage on the related housing facilities or made for certain commercial projects (as defined above in "Generally" under this caption, "Projects"). The uninsured loans expected to be pledged as Loans in the Trust Estate upon delivery of the 2000 Series A Bonds are as follows: (i) loans made to governmental entities and §501(c)(3) corporations for housing facilities which were financed using proceeds of the Refunded General Obligation Bonds and will be transferred to the Trust Estate upon the refunding; (ii) loans previously made by the Authority to governmental entities and §501(c)(3) corporations for housing facilities and presently held in the Authority's General Fund (for which the Authority will be reimbursed using proceeds of the 2000 Series A Bonds deposited to the 2000 Series A Acquisition Account); and (iii) new Loans expected to be made by the Authority to governmental entities and §501(c)(3) corporations for housing facilities, using proceeds of the 2000 Series A Bonds in the amount of \$8 million deposited to the 2000 Series A Acquisition Account. For more detailed information as to these Loans, see Appendix F – "CERTAIN INFORMATION ABOUT THE LOANS AND AUTHORITY PROJECTS – The Loans and Projects – Outstanding Loans Financed with Refunded General

Obligation Bonds" and " – Loans to be Financed with the 2000 Series A Bonds." The Authority may, but does not expect to, use proceeds of the 2000 Series A Bonds to finance uninsured loans to other borrowers for Housing Facilities or for Projects. *However, Obligations may be issued in the future under the Master Indenture in order to finance such uninsured loans as part of the Trust Estate.*

Authority Projects

Certain existing Housing Facilities and Projects owned by the Authority and financed using a portion of the proceeds of the Series 1991A Bonds and the Series 1994A Bonds will become "Authority Projects" for purposes of the Trust Estate upon delivery of the 2000 Series A Bonds and, therefore, the Revenues related to such Authority Projects will be pledged under the Indenture. The Authority may, but does not expect to, use proceeds of the 2000 Series A Bonds to finance new Authority Projects. *However, Obligations may be issued in the future under the Master Indenture in order to finance Authority Projects.*

Debt Service Reserve Fund

The Series 2000A Indenture establishes a 2000 Series A Subaccount of the Debt Service Reserve Fund for the 2000 Series A Bonds. The Debt Service Reserve Fund Requirement for the 2000 Series A Bonds is based on the maximum principal and interest due for a particular period on Loans related to the 2000 Series A Bonds and does not directly relate to the aggregate principal amount of 2000 Series A Bonds outstanding. The Debt Service Reserve Fund Requirement for the 2000 Series A Bonds will be initially \$5,700,000 and thereafter, as of any date, the sum of the maximum principal and interest payment due (i) for any period of eight consecutive calendar months on Loans related to the 2000 Series A Bonds that are insured or guaranteed by the United States of America and any agency or instrumentality thereof and (ii) for any period of any twelve consecutive calendar months on Loans related to the 2000 Series A Bonds that are not insured or guaranteed by the United States of America and any agency or instrumentality thereof. There is no Debt Service Reserve Fund Requirement with respect to Authority Projects financed or refinanced using proceeds of the 2000 Series A Bonds or with respect to unexpended proceeds of the 2000 Series A Bonds.

Upon the issuance of the 2000 Series A Bonds, the Debt Service Reserve Fund Requirement for the 2000 Series A Bonds is expected to be funded by a deposit of cash in the amount of \$5,700,000 to the 2000 Series A Subaccount of the Debt Service Reserve Fund. However, the Authority may fund the Debt Service Reserve Fund Requirement for the 2000 Series A Bonds by the deposit of a Qualified Surety Bond as permitted by the Indenture. Additional moneys are to be transferred into the 2000 Series A Subaccount of the Debt Service Reserve Fund from the Revenue Fund as provided in the Master Indenture in the amounts needed, if any, to increase the amount in any Subaccount of the Debt Service Reserve Fund, together with any Qualified Surety Bond therein, to the Debt Service Reserve Fund Requirement. See Appendix B – "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Allocation of Moneys in the Revenue Fund."

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.

General Obligation Pledge for Class III 2000 Series A-1 Bonds

In addition to a lien on the Trust Estate under the Indenture as described in "- Pledge of Trust Estate" under this caption, the Series 2000A Indenture provides that the Class III 2000 Series A-1 Bonds are also payable as general obligations of the Authority from unencumbered assets and available income of the Authority and any other available revenues or moneys of the Authority, subject to any agreements with the owners of particular notes or bonds pledging any particular revenues or assets for the benefit of such owners. See "COLORADO HOUSING AND FINANCE AUTHORITY - The General Fund" and the Authority's unaudited financial statements for the Fiscal Year ended December 31, 1999, attached hereto as Appendix A. **Potential investors should evaluate the likelihood that moneys will be available in the General Fund to pay debt service when due on the Class III 2000 Series A-1 Bonds. However, the General Fund is not pledged to repay the Class III 2000 Series A-1 Bonds. See "CERTAIN ASSUMPTIONS AND BONDOWNERS' RISKS."** The Authority has outstanding other general obligations and may hereafter incur or issue (without restriction as to amount) additional general obligations, all of which are payable on an equal basis from such assets, income and revenues of the Authority. See "COLORADO HOUSING AND FINANCE AUTHORITY - General Obligations of the Authority."

Bond Insurance for Class III 2000 Series A-1 Bonds

Regularly scheduled payments of the principal of and interest (but not premium) on the Class III 2000 Series A-1 Bonds when due are expected to be insured by a financial guaranty insurance policy to be issued by the Bond Insurer simultaneously with the delivery of the Class III 2000 Series A-1 Bonds. *For a description of the Bond Insurer and a specimen of the Bond Insurance Policy, see Appendix G hereto.* In the event that the Bond Insurer is downgraded by any rating agency then rating the Class III 2000 Series A-1 Bonds to a rating below "Aa3" by Moody's and below "AA-" by S&P, the Authority may (and, in the case of a rating below "A3" by Moody's or below "A-" by S&P, is required by the initial Standby Bond Purchase Agreement to) deliver to the Trustee an alternate Bond Insurance Policy with respect to the Class III 2000 Series A-1 Bonds, subject to the prior written consent of the Standby Bond Purchaser and the Rating Agencies, and subject to delivery to the Trustee of a Cash Flow Statement. The Authority is to direct the Trustee to cancel the Bond Insurance Policy upon delivery of such alternate Bond Insurance Policy. The Authority may, without the consent of or notice to the Owner of any 2000 Series A Bond, enter into such indentures supplemental to the Indenture as shall be necessary in connection with the delivery of any alternate Bond Insurance Policy pursuant to the Indenture. The Authority is to give immediate written notice to the Owners of the Class III 2000 Series A-1 Bonds upon delivery of any such alternate Bond Insurance Policy.

Standby Bond Purchase Agreement

Payment of the purchase price of the Adjustable Rate Bonds (other than Adjustable Rate Bonds owned by or held on behalf of the Authority or any affiliate of the Authority) bearing the Weekly Rate, and with respect to the 2000 Series A-2 Bonds, the initial Term Rate and any subsequent Weekly Rate, is to be secured by a standby bond purchase agreement, initially an agreement (the "initial Standby Bond Purchase Agreement") among the Authority, the Paying Agent and the Federal Home Loan Bank of Topeka (the "Standby Bond Purchaser"). The initial Standby Bond Purchase Agreement expires on March 20, 2005, unless extended or terminated as described herein. The Authority's obligation to repay the Standby Bond Purchaser for principal amounts due on any Bank Bonds outstanding under the initial Standby Bond Purchase Agreement will be a Class III Obligation under the Master Indenture and will also constitute a general obligation of the Authority. For additional information concerning the terms of the initial Standby Bond Purchase Agreement, see Appendix H – "CERTAIN TERMS OF THE INITIAL STANDBY BOND PURCHASE AGREEMENT." For information about the Standby Bond Purchaser, see Appendix I – "STANDBY BOND PURCHASER." Under the Indenture, the Authority may provide for delivery to the Trustee of an Alternative Standby Agreement with respect to the Adjustable Rate Bonds, with the written consent of the Bond Insurer so long as any Class III 2000 Series A-1 Bonds are outstanding. See Appendix B – "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Alternate Standby Agreement." In addition, the Authority is required to deliver a standby bond purchase agreement upon adjustment of Adjustable Rate Bonds to any Mode other than a Fixed Rate Mode or a SAVRS Mode or, with respect to a Term Rate Mode, unless the Authority elects not to have a standby bond purchase agreement with respect to such Adjustable Rate Bonds in a Term Rate Mode (upon consent of the Bond Insurer in the case of the Class III 2000 Series A-1 Bonds). *The initial Standby Bond Purchase Agreement does not provide security for the payment of principal of or interest or premium, if any, on the 2000 Series A Bonds and the funds drawn thereunder may not be used for such purposes.* **The obligation of the Standby Bond Purchaser to purchase Adjustable Rate Bonds tendered for purchase under the initial Standby Bond Purchase Agreement is subject to the conditions that (i) with respect to the Class III 2000 Series A-1 Bonds only, certain Bond Insurer Events of Default (as defined in the initial Standby Bond Purchase Agreement) have not occurred; and (ii) with respect to the Class I 2000 Series A-1 Bonds and 2000 Series A-2 Bonds only, the long-term ratings of such Adjustable Rate Bonds by Moody's and S&P are not lower than "Baa2" and "BBB," respectively. See Appendix H – "CERTAIN TERMS OF THE INITIAL STANDBY BOND PURCHASE AGREEMENT."**

Derivative Products

In connection with the issuance of the 2000 Series A Bonds, the Authority expects to enter into an interest rate swap agreement (the "Class I 2000 Series A-1 Swap Agreement") with Lehman Brothers Financial Products Inc. (the "Counterparty") with respect to \$12,750,000 aggregate principal amount of the Class I 2000 Series A-1 Bonds. See "CERTAIN RELATIONSHIPS OF PARTIES." The Authority also expects to contract to enter into an interest rate swap agreement (the "Class III 2000 Series A-1 Swap Agreement") with the Counterparty with respect to \$18,500,000 aggregate principal amount of the Class III 2000 Series A-1 Bonds, and a forward interest rate swap agreement to take effect on February 1, 2001 (the "2000 Series A-2 Forward Swap Agreement") with the Counterparty with respect to the 2000

Series A-2 Bonds. The Class I 2000 Series A-1 Swap Agreement, the Class III 2000 Series A-1 Swap Agreement and the 2000 Series A-2 Forward Swap Agreement are referred to herein as the "Swap Agreements."

Pursuant to each of the Swap Agreements, the Authority will pay interest to the Counterparty at a fixed rate and will receive interest from the Counterparty at a variable rate which either will be based on a LIBOR Index or will be an amount equal to the actual interest payments by the Authority on the respective Adjustable Rate Bonds. To the extent Counterparty payments to the Authority are based on a LIBOR Index, the Authority will assume the risk of a difference in the amount of its actual interest payments on the respective Adjustable Rate Bonds and the amount of such interest payments to be made by the Counterparty. The Authority's obligation to make interest payments to the Counterparty under each of the Swap Agreements will constitute a Class I Obligation under the Master Indenture, secured on parity with the lien on the Trust Estate of the other Class I Obligations. The Authority's obligation to make termination payments under each of the Swap Agreements in the event of early termination is expected to be a general obligation of the Authority and not an Obligation under the Master Indenture. See "COLORADO HOUSING AND FINANCE AUTHORITY – General Obligations of the Authority."

Issuance of Additional Bonds

The Master Indenture permits the Authority to issue additional Bonds from time to time without limitation, upon delivery of a Cash Flow Statement, as described in "TERMS OF THE 2000 SERIES A BONDS – General Terms – Additional Obligations." No other Bonds other than the 2000 Series A Bonds will be outstanding under the Master Indenture upon delivery of the 2000 Series A Bonds. However, the Authority expects, but is not obligated, to issue additional Bonds as Additional Obligations under the Master Indenture.

PLAN OF FINANCING

Sources and Uses of Funds

The following are the sources and estimated uses of funds (excluding accrued interest) relating to the 2000 Series A Bonds.

	<u>Estimated Amounts</u>
SOURCES OF FUNDS:	
Bond proceeds:	
2000 Series A-1 Bonds	\$ 74,695,000.00
2000 Series A-2 Bonds	11,545,000.00
2000 Series A-3 Bonds	6,700,000.00
Taxable 2000 Series A-4 Bonds	3,640,000.00
Legally available funds of the Authority (1).....	<u>20,447,753.18</u>
TOTAL SOURCES OF FUNDS	<u>\$117,027,753.18</u>
USES OF FUNDS:	
Deposit to Escrow Account (2).....	\$100,336,802.52
Deposit to 2000 Series A Restricted Loan Subaccount (3).....	8,621,089.00
Deposit to 2000 Series A Unrestricted Loan Subaccount (3)	1,378,911.00
Deposit to Debt Service Reserve Fund (4).....	5,700,000.00
For costs of issuance and Underwriters' compensation (5).....	<u>990,950.66</u>
TOTAL USES OF FUNDS	<u>\$117,027,753.18</u>

- (1) Such funds will be available to the Authority as a result of the Refunding Project. See "- The Refunding Project" under this caption.
- (2) Such amount will be used to purchase certain defeasance obligations and to defease the Refunded Bonds as described in "- The Refunding Project" under this caption.
- (3) See "- Uses of Proceeds in Program Fund" under this caption. See also "DESCRIPTION OF THE 2000 SERIES A BONDS – Adjustable Rate Bonds – Redemption of 2000 Series A-1 Bonds." Amounts on deposit in the 2000 Series A Acquisition Account will be invested in an investment agreement, as described in "CERTAIN ASSUMPTIONS AND BONDOWNERS' RISKS – Investment Agreement."
- (4) See "SECURITY FOR THE 2000 SERIES A BONDS – Debt Service Reserve Fund." Such deposit may be invested in an investment agreement or in other permitted investments under the Indenture. Under the Indenture, the Authority may at any time replace such cash on deposit with a Qualified Surety Bond.
- (5) Such amount shall be deposited to the Costs of Issuance Account in the Program Fund and used to pay costs of issuance and Underwriters' compensation relating to the 2000 Series A Bonds. See "UNDERWRITING."

The Refunding Project

The Refunded Bonds

The Authority has previously issued its 1986 General Obligation Bonds, Series A (the "Series 1986A Bonds") in the aggregate amount of \$6,532,722.16, of which \$2,530,000 presently remains outstanding; its General Obligation Bonds, 1991 Series A (the "Series 1991A Bonds") in the aggregate amount of \$21,645,000, of which \$19,430,000 presently remains

outstanding; and its General Obligation Bonds, Series 1994A (the "Series 1994A Bonds") in the aggregate amount of \$29,915,000, of which \$24,545,000 presently remains outstanding. The outstanding Series 1986A Bonds, Series 1991A Bonds and the Series 1994A Bonds are collectively referred to as the "Refunded General Obligation Bonds." The Authority also has issued its Multi-family Housing Insured Mortgage Revenue Bonds, 1977 Series A (the "Series 1977A Bonds") in the aggregate amount of \$21,050,000, of which \$15,710,000 presently remains outstanding; and its Multi-family Housing Insured Mortgage Revenue Bonds, 1977 Series B (the "Series 1977B Bonds", and together with the 1977A Bonds, the "Refunded 1977 Series Bonds") in the aggregate amount of \$43,830,000, of which \$33,370,000 presently remains outstanding. The Refunded General Obligation Bonds and the Refunded 1977 Series Bonds are collectively referred to as the "Refunded Bonds." Proceeds of the 2000 Series A Bonds, and certain other legally available funds of the Authority, are being used to refund and pay principal, premium and interest due on all the outstanding Refunded Bonds to and including their respective prior redemption dates, as provided in the Indenture and the Escrow Agreement. See "- The Escrow Account" under this caption.

The Escrow Account

The Authority and Zions First National Bank, Denver, Colorado, as escrow bank (the "Escrow Bank"), will enter into an Escrow Agreement dated as of March 1, 2000 (the "Escrow Agreement"). Pursuant to the Escrow Agreement, the Authority will deposit or cause to be deposited with the Escrow Bank certain defeasance obligations permitted under the resolutions for the Refunded Bonds in a special and separate account (the "Escrow Account"). The defeasance obligations are to be purchased with certain proceeds of the 2000 Series A Bonds, together with other legally available funds of the Authority. The principal of and interest on the defeasance obligations and cash deposits, if any, will be sufficient to enable the Escrow Bank to pay principal, premium and interest when due on the Refunded Bonds to and including their respective prior redemption dates. The Authority intends to exercise its option to redeem the Series 1986A Bonds on April 20, 2000, at a redemption price equal to 100.5% of the principal amount of the Series 1986A Bonds; to redeem the Series 1991A Bonds on May 1, 2001 at a redemption price of 102% of the principal amount of the Series 1991A Bonds; to redeem the Series 1994A Bonds on August 1, 2002 at a redemption price equal to 102% of the principal amount of the Series 1994A Bonds; and to redeem the Refunded Series 1977 Bonds on April 20, 2000 at a redemption price equal to 100% of the principal amount of the Refunded Series 1977 Bonds.

Amounts deposited to the Escrow Account will be used solely to pay the Refunded Bonds and do not secure payment of the 2000 Series A Bonds. See "SECURITY FOR THE 2000 SERIES A BONDS." Upon the establishment of the Escrow Account in accordance with the Escrow Agreement, the Refunded Bonds will be legally defeased.

Verification of Mathematical Computations

Prior to the delivery of the 2000 Series A Bonds, Causey, Demgen & Moore will deliver a report stating that they have verified, from schedules and assumptions to be provided to them by the Underwriters, the mathematical accuracy of the computations contained in the schedules to determine that, as of the date of closing of the 2000 Series A Bonds, the anticipated

receipts of principal and interest on the defeasance securities and cash deposits, if any, to be held in escrow, will be sufficient (excluding investment earnings) to pay the principal and interest on the Refunded Bonds to and including their respective prior redemption dates. Causey, Demgen & Moore will not express an opinion on the assumptions to be provided to them, nor on any exemption from taxation of interest on the 2000 Series A-1 Bonds and 2000 Series A-3 Bonds.

Transfer of Existing Loans and Authority Projects

Upon delivery of the 2000 Series A Bonds and deposit to the Escrow Account as discussed under this caption, the 1977 Insured Loans, the outstanding uninsured loans financed with proceeds of the Refunded General Obligation Bonds and the existing Authority Projects financed with proceeds of the Refunded Bonds will be transferred to the Trustee and pledged as part of the Trust Estate to secure Obligations under the Master Indenture, including the 2000 Series A Bonds. See "SECURITY FOR THE 2000 SERIES A BONDS – The Loans and Authority Projects" and Appendix F.

Use of Proceeds in Program Fund

Certain proceeds of the 2000 Series A Bonds will be deposited to the 2000 Series A Acquisition Account of the Program Fund. It is expected that all deposits to the 2000 Series A Acquisition Account will be made to the Restricted Loan Subaccount and to the Unrestricted Loan Subaccount. Amounts deposited in the Restricted Loan Subaccount are to be applied to acquire as Loans certain existing loans previously originated (and held by the Authority in its General Fund) and to make Loans to certain identified government entities and non-profit 501(c)(3) corporations for the provision of identified Loan Projects as described in Appendix F – "CERTAIN INFORMATION ABOUT THE LOANS AND AUTHORITY PROJECTS - The Loans and Projects - Loans To Be Financed with the 2000 Series A Bonds – Restricted Loan Subaccount" within three years from the date of issuance of the 2000 Series A Bonds. Amounts deposited in the Unrestricted Loan Subaccount are to be applied to make new presently unidentified Loans and for other purposes authorized by the Indenture within one year from the date of issuance of the 2000 Series A Bonds. The Authority may make a Loan from amounts on deposit in the Unrestricted Loan Account if certain requirements of the Indenture are met as described in Appendix F – "CERTAIN INFORMATION ABOUT THE LOANS AND AUTHORITY PROJECTS - The Loans and Projects - Loans To Be Financed with the 2000 Series A Bonds – Unrestricted Loan Subaccount." The Authority does not expect to deposit proceeds of the 2000 Series A Bonds to the Authority Projects Subaccount of the 2000 Series A Acquisition Account. See "SECURITY FOR THE 2000 SERIES A BONDS – The Loans and Authority Projects," "COLORADO HOUSING AND FINANCE AUTHORITY – Programs to Date," Appendix B – "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE" and Appendix F – "CERTAIN INFORMATION ABOUT THE LOANS AND AUTHORITY PROJECTS."

CERTAIN ASSUMPTIONS AND BONDOWNERS' RISKS

Certain Assumptions

The following are certain assumptions that have been made by the Authority about the Loans and in connection with the issuance of the 2000 Series A Bonds.

Loan Interest Rates

The outstanding 1977 Insured Loans securing the Refunded Series 1977 Bonds which will be transferred to the Trust Estate and become Loans currently bear interest at a range of rates as shown on the table in Appendix F – "CERTAIN INFORMATION ABOUT THE LOANS AND AUTHORITY PROJECTS – The Loans and Projects – Outstanding Loans Financed with Refunded 1977 Series Bonds."

The outstanding uninsured loans securing the Refunded General Obligation Bonds which will be transferred to the Trust Estate and become Loans currently bear (or as modified are expected to bear) interest at a range of rates as shown on the table in Appendix F – "CERTAIN INFORMATION ABOUT THE LOANS AND AUTHORITY PROJECTS – The Loans and Projects – Outstanding Loans Financed with Refunded General Obligation Bonds."

The loans held by the Authority in its General Fund which will be acquired with proceeds of the 2000 Series A Bonds deposited to the 2000 Series A Acquisition Account and transferred as Loans to the Trust Estate bear interest at a range of rates as shown on the table entitled "Information Concerning Existing Loans" in Appendix F – "CERTAIN INFORMATION ABOUT THE LOANS AND AUTHORITY PROJECTS – The Loans and Projects – Loans To Be Financed with the 2000 Series A Bonds."

The new Loans to be made with proceeds of the 2000 Series A Bonds deposited to the Restricted Loan Subaccount of the 2000 Series A Acquisition Account are expected to be disbursed on the date and for the amounts as shown on the table entitled "Information Concerning Proposed New Identified Loans" in Appendix F – "CERTAIN INFORMATION ABOUT THE LOANS AND AUTHORITY PROJECTS – The Loans and Projects – Loans to be Financed with the 2000 Series A Bonds." The Loans to be made or acquired with proceeds of the 2000 Series A Bonds deposited to both the Restricted and Unrestricted Loan Subaccounts of the 2000 Series A Acquisition Account will bear interest at a rate of 6.75% per annum.

Investment Agreement

Until disbursed, amounts in the Program Fund will be invested in an investment agreement (the "AIG Investment Agreement") between the Trustee and AIG Matched Funding Corp. ("AIG"), at 6.85% per annum. Amounts in the Revenue Fund and Redemption Fund will be invested in an investment agreement (the "FGIC Investment Agreement") between the Trustee and FGIC Capital Market Services, Inc. ("FGIC"), subject to certain limitations set forth in the FGIC Investment Agreement, at 6.00% per annum. The assumptions made by the Authority as to projected cashflows include the assumption that the investment rates provided by the AIG Investment Agreement and the FGIC Investment Agreement will be available as described.

However, in the event that the AIG Investment Agreement or the FGIC Investment Agreement is terminated as a result of default by AIG or FGIC or for any other reason, it may not be possible to reinvest such proceeds and deposits at these assumed rates and the cashflows may be adversely affected. *Neither the Authority nor the Underwriters make any representation about the financial condition or creditworthiness of the AIG or FGIC. Prospective investors are urged to make their own investigation into the financial condition and creditworthiness of AIG or FGIC.*

Origination of New Loans

There are numerous reasons why the entire amount deposited to the 2000 Series A Acquisition Account of the Program Fund might not be used to originate new Loans as expected and within the required timeframes. Proceeds of the 2000 Series A Bonds in the 2000 Series A Acquisition Account which have not been used to make new Loans or finance new Authority Projects must be used to redeem 2000 Series A Bonds at par as set forth in "TERMS OF THE 2000 SERIES A BONDS."

Considerations Regarding Redemption at Par

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

PURSUANT TO THE SPECIAL REDEMPTION PROVISIONS OF THE INDENTURE, THE 2000 SERIES A BONDS (OTHER THAN THE TAXABLE 2000 SERIES A-4 BONDS AND ONLY TO THE EXTENT PROVIDED WITH RESPECT TO THE 2000 SERIES A-3 BONDS) MAY BE REDEEMED PRIOR TO THEIR STATED MATURITY FROM ANY MONEYS AND/OR INVESTMENT SECURITIES ON DEPOSIT IN THE RESPECTIVE ACCOUNT 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 ABOVE. SEE "TERMS OF THE 2000 SERIES A BONDS." THE TIME OR RATE OF SUCH PREPAYMENTS OR DEPOSITS CANNOT BE PREDICTED. **However, it is assumed that a substantial portion of the 2000 Series A Bonds (other than the Taxable 2000 Series A-4 Bonds and only to the extent provided with respect to the 2000 Series A-3 Bonds) will be redeemed prior to their respective stated maturities at a redemption price equal to the principal amount of the 2000 Series A Bonds to be redeemed, without premium.**

Limited Security

The Class I 2000 Series A-1 Bonds, the 2000 Series A-2 Bonds, the 2000 Series A-3 Bonds and the Taxable 2000 Series A-4 Bonds are special limited obligations of the

Authority payable solely from the Trust Estate. See "SECURITY FOR THE 2000 SERIES A BONDS – Pledge of Trust Estate." The Class III 2000 Series A-1 Bonds are payable from amounts in the Trust Estate and also constitute general obligations of the Authority. 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 2000 Series A Bonds when due. Additional Obligations may be issued by the Authority under the Master Indenture on a parity with each Class of the 2000 Series A Bonds, upon satisfaction of certain conditions set forth in the Master Indenture.

General Obligation of Authority

The Class III 2000 Series A-1 Bonds are payable from the Trust Estate and will also be general obligations of the Authority. However, the General Fund of the Authority is not pledged in any way to repay the Class III 2000 Series A-1 Bonds or any other of the 2000 Series A Bonds. See "SECURITY FOR THE 2000 SERIES A BONDS." Bondowners must therefore consider the ability of the Authority to pay debt service on the Class III 2000 Series A-1 Bonds as well as on other general obligations of the Authority from its unencumbered assets and revenues. See "COLORADO HOUSING AND FINANCE AUTHORITY – The General Fund" and "- General Obligations of the Authority." The Authority is furthermore not limited by the Indenture or otherwise from incurring additional general obligation indebtedness in the future and is not required to obtain the consent of the Bondowners.

Conditions to Payment of FHA Insurance

As discussed in "COLORADO HOUSING AND FINANCE AUTHORITY – Programs to Date - The Multi-Family Loan Programs – Multi-Family Housing Facility Loan Program," the failure to maintain adequate casualty insurance on any Housing Facility insured under an FHA program (including the Loans financed by the Refunded Series 1977 Bonds) may result in the loss of FHA mortgage insurance benefits in the event of damage to or destruction of the such Project. FHA mortgage insurance benefits may also be impaired as a result of the failure to pay required mortgage insurance premiums to the FHA and failure of the mortgagee to provide the FHA on a timely basis with required notice. As described in Appendix J – "FEDERAL INSURANCE PROGRAMS," the Authority, as 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 "COLORADO HOUSING AND FINANCE AUTHORITY."

Expiration of HAP Contracts

As indicated in Appendix F hereto, a substantial portion of the 1977 Insured Loans are secured in part by housing assistance payments ("HAP") contracts with terms expiring prior to expiration of the related Loan. These contracts by their terms do not contemplate renewal nor did the parties otherwise provide for such renewal at the time the HAP contracts were originally granted. However, federal legislation enacted in October 1997, referred to as the Multifamily Assisted Housing Reform and Affordability Act of 1997, as amended by Public Laws 105-276 and 106-74 ("Title V") provides for the restructuring of mortgage financing and the renewal of HAP contracts for certain multifamily housing projects, including certain projects

financed by the Loans. The Authority has not determined at this time the extent to which the owners of projects secured by insured Loans and which are the subject of expiring HAP contracts will seek renewals of those HAP contracts or which projects will be eligible for such renewals under Title V, with or without restructuring of the insured Loans. Thus, the Authority is unable at this time to predict the impact of expiration of these HAP contracts or the effect of this legislation on the sufficiency of Revenues and assets pledged under the Master Indenture for payment of the 2000 Series A Bonds.

COLORADO HOUSING AND FINANCE AUTHORITY

Background

In 1973, upon a finding that there existed in the State a shortage of decent, safe and sanitary housing available within the financial capabilities of low and moderate income families, the Colorado General Assembly established the Colorado Housing Finance Authority, since renamed the Colorado Housing and Finance Authority, as a body corporate and a political subdivision of the State for the purpose of increasing the supply of decent, safe and sanitary housing for such families. The Colorado Housing and Finance Authority Act, as amended, being Part 7 of Article 4 of Title 29 of the Colorado Revised Statutes (the "Act"), authorizes the Authority, among other things, to make loans to individuals and sponsors to finance the construction, reconstruction, rehabilitation or purchase of housing facilities for low and moderate income families and to purchase mortgage loans from, and lend moneys to, qualified lenders under terms and conditions which provide for loans to finance housing facilities for low and moderate income families. The Act was amended in 1982 to authorize the Authority to finance project and working capital loans to commercial and industrial enterprises of small and moderate size. The Act was amended again in 1987 to create an economic development fund to enable the Authority to finance projects or provide capital for business purposes.

In order to achieve its authorized purposes, the Authority currently operates Qualified and Non-Qualified Single-Family Mortgage Programs, a Multi-Family Housing Facility Loan Program, a Rental Acquisition Program and various commercial loan programs. The Authority previously operated a Loans to Lenders Home Loan Program, a Multi-Family Housing Rehabilitation Program, a Multi-Family Loans to Lenders Program, and a Construction Loan Program. See "Programs To Date" under this caption. Bonds or notes issued with respect to such programs are and will be separately secured from other bonds of the Authority, including the 2000 Series A Bonds, except as described herein. 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, provided that the Authority may not have outstanding, at any one time, bonds (not including bond anticipation notes, bonds that have been refunded and bonds issued to maintain adequate balances in the State unemployment compensation fund) in an aggregate principal amount exceeding two billion four hundred million dollars.

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 currently exists on the Board of Directors. The current members of the Board of Directors of the Authority are as follows:

Present Board of Directors of the Authority

Name	Affiliation	End of Term
Veronica Barela, Chair (1)	Executive Director, NEWSED Community Development Corporation; Denver, Colorado	June 30, 2001
J. David Barba, Chair, <u>pro tem</u> (1)	Colorado State Auditor; Denver, Colorado	June 30, 2001 (2)
Jo Ellen Davidson Secretary/Treasurer (1)	Housing and Community Development Consultant; Denver, Colorado	June 30, 2001
Joseph B. Blake	President and Chief Executive Officer, Denver Metro Chamber of Commerce; Denver, Colorado	June 30, 2001
M. Michael Cooke	Executive Director, Department of Regulatory Agencies; Denver, Colorado	At the pleasure of the Governor
John R. Davidson	Chairman of the Board and Chief Executive Officer, First American State Bank; Denver, Colorado	June 30, 2003
William Kaufman	Member of the Colorado General Assembly; Larimer County, Colorado	End of legislative biennium 1999-2000
Nancy J. McCallin	Director, Governor's Office of State Planning and Budgeting; Denver, Colorado	June 30, 2003
Jack Quinn	Executive Director, Housing Authority of the City of Pueblo; Pueblo, Colorado	June 30, 2001
Jeffrey D. Roemer	Commercial Real Estate Broker, Fuller and Company; Denver, Colorado	June 30, 2003

(1) These Board members were elected to their respective offices effective March 25, 1999.
(2) Mr. Barba has been appointed to serve as Colorado State Auditor through June 30, 2001.

The principal staff officers of the Authority are as follows:

David W. Herlinger, the Executive Director, joined the staff in December 1974. Mr. Herlinger, a graduate of Colgate University, received a Masters Degree in Urban and Regional Planning from the University of Colorado. Prior to assuming the responsibilities of Executive Director in March 1977, Mr. Herlinger served as the Authority's Director of Housing Operations. Mr. Herlinger has also served as the President of the National Council of State

Housing Agencies. He currently serves as a member of the Board of Directors of the Federal Home Loan Bank of Topeka and is the Chair Pro Tem of the Lowry Redevelopment Authority. In addition, Mr. Herlinger is a member of the Society for American Baseball Research. See "CERTAIN RELATIONSHIPS OF PARTIES."

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

Milroy A. Alexander, the Director of Finance, joined the staff in October, 1988, as Assistant Director of Finance. Mr. Alexander, a graduate of Metropolitan State College, Denver, Colorado, with a Bachelors Degree in Accounting, was previously a financial manager with a major Colorado manufacturer and a senior manager with Touche Ross, a big eight international accounting and consulting firm. Mr. Alexander is a member of the Colorado Society of Certified Public Accountants and the American Institute of Certified Public Accountants.

Missy Peterson, the Director of the Rental Housing Division, joined the staff in 1991. She began her career with the Authority in Rental Housing as a Senior Housing Development Officer. She was promoted to Assistant Director of Rental Housing in 1994 and was promoted to Director of Rental Housing in June, 1999. Prior to working at the Authority, Ms. Peterson received a Bachelor of Science Degree in Sociology in 1981 from the University of Utah. Ms. Peterson was the Deputy Director of the Davis County Housing Authority in the State of Utah.

Colleen A. Schwarz, the Director of Home Mortgage Programs, joined the staff in January 1986. Prior to appointment in this capacity as of July 1, 1999, Ms. Schwarz served in various capacities within the Commercial Programs Division, including Director. Ms. Schwarz has a Masters Degree in Business Administration from Arizona State University Graduate School of Business and a Bachelors Degree in Management with a concentration in accounting and finance from Oakland University in Rochester, Michigan. Ms. Schwarz held various management and financial positions at several large financial institutions and a regional construction company prior to joining the Authority.

Jaime Gomez, the Director of Commercial Programs, joined the staff in August 1999. Mr. Gomez is a graduate of the University of Colorado with a degree in Finance. Mr. Gomez has prior experience working in both the public and private sector, including five-and-A-half years as director of finance and business development for the Colorado Office of Economic Development. Mr. Gomez was also designated as a certified bank examiner by the Federal Reserve Board of Governors in February of 1991.

Cris A. White, the Director of Asset Management, joined the staff in 1988, where he served in various capacities until January 1996. Mr. White 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 lender. Mr. White has a Bachelors Degree in business administration from Regis College.

Harold E. Jenson, the Director of Information Systems, joined the staff in May 1981. Mr. Jenson is a graduate of the Colorado State University with a degree in Business Administration with an emphasis on information systems and finance. Mr. Jenson also received a Masters of Business Administration degree from the University of Colorado.

Employees and Pension Information

As of December 31, 1999, the Authority had approximately 137 full-time employees and one part-time employee, all of whom are members of the Public Employees' Retirement Association of Colorado ("PERA"). State statutes require the Authority to contribute 10 percent of each participating employee's gross salary to PERA. In 1999, the Authority's PERA contribution totaled approximately \$620,000, compared to an Authority contribution in 1998 of \$558,000.

Insurance Coverage

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

The General Fund

Generally

The unaudited financial statements of the Authority included in Appendix A to this Official Statement provide certain financial information about the Authority on a fund accounting basis, including a description of its General Fund. The General Fund is funded principally from reimbursement of administrative expenses and other allowable transfers from other funds (including the transfer of assets in excess of specified parity levels from other bond issues); loan fees payable to the Authority by borrowers; servicing fees payable to the Authority in connection with outstanding loans, income from the Authority's Rental Acquisition Program; income on investments and mortgage loans held temporarily (for warehousing purposes) and permanently in the General Fund; and administrative fees payable by the federal government in connection with the Section 8 housing assistance payments program. Uses of amounts in the General Fund include payment of general and other administrative expenses and payment of costs relating to those activities deemed necessary to fulfill the Authority corporate purposes and not payable from other funds of the Authority. While it is anticipated that the Class III 2000 Series A-1 Bonds will be payable from moneys available within the General Fund, the General Fund itself is not subject to any pledge created under the Indenture. As discussed below, the Authority Board, in its discretion, has historically from time to time designated portions of the General Fund balance to particular purposes, and may do so in the future.

Financial Information for the General Fund

The following table sets forth historical selected financial information for the General Fund for the five years ended December 31, 1999, as provided by the Authority.

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

	<u>1999</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>	<u>1995</u>
Interest and investment revenue:					
Loans receivable	\$12,857	\$10,646	\$10,278	\$10,406	\$10,006
Marketable securities	3,557	3,739	2,902	2,982	2,403
Net increase (decrease) fair value of long-term marketable securities	<u>(884)</u>	<u>483</u>	<u>96</u>	<u>903</u>	<u>-</u>
Total interest and investment revenue	15,530	14,868	13,276	14,291	12,409
Interest expense - bonds and notes payable	<u>10,489</u>	<u>8,467</u>	<u>7,881</u>	<u>8,648</u>	<u>8,603</u>
Net interest and investment revenue	5,041	6,401	5,395	5,643	3,806
Other revenue (expense):					
Rental operations	9,587	9,321	9,059	8,740	8,220
Fees and miscellaneous income	9,080	8,612	9,767	6,359	5,038
Program fees	<u>3,426</u>	<u>3,523</u>	<u>3,702</u>	<u>3,856</u>	<u>3,479</u>
Total other revenue	<u>22,093</u>	<u>21,456</u>	<u>22,528</u>	<u>18,955</u>	<u>16,737</u>
Net revenue	27,134	27,857	27,923	24,598	20,543
Other expenses:					
Salaries and related benefits	8,387	7,445	6,776	6,371	5,716
General operating	9,015	8,279	8,764	8,098	8,106
Provision for losses	1,115	146	534	719	648
Other interest expense	<u>1,415</u>	<u>2,162</u>	<u>2,429</u>	<u>2,391</u>	<u>1,620</u>
	<u>19,932</u>	<u>18,032</u>	<u>18,503</u>	<u>17,579</u>	<u>16,090</u>
Net income	<u>\$ 7,202</u>	<u>\$ 9,825</u>	<u>\$ 9,420</u>	<u>\$ 7,019</u>	<u>\$ 4,453</u>
Fund Balance, end of year	<u>\$ 81,658</u>	<u>\$ 72,623</u>	<u>\$ 56,959</u>	<u>\$ 47,539</u>	<u>\$ 40,520</u>
Bonds and Notes Payable	<u>\$ 178,329</u>	<u>\$ 161,043</u>	<u>\$ 141,616</u>	<u>\$ 133,826</u>	<u>\$ 155,167</u>
Total Assets	<u>\$ 280,203</u>	<u>\$ 250,640</u>	<u>\$ 216,796</u>	<u>\$ 192,050</u>	<u>\$ 204,551</u>

GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools" requires governmental entities to record most investments at fair value with recognition of unrealized gains and losses recorded in the statement of revenues and expenses. This statement has been applied retroactively by restating the fund balance as of December 31, 1996 to reflect a cumulative, prior increase of \$1,482,000 in the fair value of General Fund investments. The 1995 financial information above has not been restated.

Source: Audited financial statements of the Authority

Appropriations, Reserves and Restrictions

The Authority Board, in its discretion and from time to time, designates portions of the fund balance of the General Fund for particular uses by means of annual appropriations to certain programs, the establishment of reserves 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.

In the case of appropriations, the Authority Board has determined to formalize and expand the Authority's use of the fund balances in the General Fund to make a variety of housing and economic development loans rather than financing such loans with proceeds of revenue bonds. As of December 31, 1999, the Board had appropriated \$9,675,000 to a housing fund for the making of short- to medium-term, below-market interest rate loans; \$8,287,000 to an economic development fund for making long-term investments in economic development programs and ventures; and \$14,154,000 to a Housing Opportunity Fund for making loans to finance housing for very low income persons and families.

The Authority has, by Board resolution, established within the General Fund separate reserves for each series of its general obligations so long as they remain outstanding and is expected to establish a separate reserve for the Class III 2000 Series A-1 Bonds, each such reserve in the amount equal to one-half of the average annual debt service on such series of bonds. For a description of the Authority's outstanding general obligation bonds, see "- General Obligations of the Authority" under this caption. Such Board-designated reserved amounts are subject to withdrawal to make debt service payments on the related series of bonds only to the extent the Board chooses in its sole discretion to use all or any portion of such amounts to make such payments. Furthermore, as long as the Authority is not in default under the related Indenture, the Board may redesignate such funds and withdraw such reserved amounts at any time for the implementation or maintenance of any duly adopted program of the Authority.

In addition to such designations, as appropriations and reserves, 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. Although the Authority Board may redesignate these amounts at any time without restriction, the Authority has adopted the policy it will withdraw or redesignate all or part of that restricted balance only if (1) the Authority determines by resolution that such moneys are needed for the implementation or maintenance of any duly adopted program of the Authority and (2) no default exists in payment of the principal of, redemption premium, if any, or interest on the bonds for which the restriction was imposed.

Programs to Date

The following is a brief summary of the housing and loan programs currently operated by the Authority and the bonds, notes or other obligations which have been issued to date to provide funds for such programs. In support of certain of its lending programs and for other corporate purposes, the Authority has not only issued revenue bonds but has also issued general obligation bonds or pledged its general obligation as described below. This summary has been included solely for purposes of providing information about the Authority's activities to assist a potential investor in evaluating the Authority, its programs and its financial status. **Except as otherwise described herein, the mortgage loans referred to below are not pledged in any way as security for the 2000 Series A Bonds. See "SECURITY FOR THE 2000 SERIES A BONDS."**

Multi-Family Loan Programs

Multi-Family Housing Facility Loan Program. Under its Multi-Family Housing Facility Loan Program, the Authority makes mortgage loans to qualified sponsors of low and moderate income multi-family housing within Colorado. The Multi-Family Housing Facility Loan Program consists of programs providing funds for: (i) mortgage loans insured by an agency or instrumentality of the United States ("Insured Loans"); (ii) uninsured mortgage loans made to § 501(c)3 non-profit corporations, public housing authorities and for-profit borrowers ("Uninsured Loans"); and (iii) uninsured mortgage loans made with funds from the Authority's Housing Opportunity Fund ("Uninsured HOF Loans").

Insured Loans made by the Authority under its Multi-Family Housing Facility Loan Program must be insured by an agency or instrumentality of the United States under an insurance program requiring payment of not less than 99% of the principal amount of such mortgage in the event of default. Insured Loans made by the Authority to date have been insured by the Federal Housing Administration ("FHA") under Sections 221(d)(3), 221(d)4 and 223(f) of the National Housing Act of 1934, as amended, and under Section 542(c) of the Housing and Community Development Act of 1992, as amended. In the case of a Section 542(c) claim, the Authority is responsible, as a general obligation, to reimburse FHA for 50% of any loss incurred by the FHA as a result of and after settlement of such claim. See "- General Obligations of the Authority" under this caption. As of December 31, 1999, the Authority had made Insured Loans outstanding in the aggregate principal amount of over \$334 million. The Authority has in the past financed its Insured Loans with proceeds of Multi-Family Housing Insured Mortgage Revenue Bonds issued under an existing general resolution (the "1977 General Resolution"). As of December 31, 1999, the Authority had issued twenty-three series of its Multi-Family Housing Insured Mortgage Revenue Bonds in the aggregate principal amount of \$678,660,000 under the 1977 General Resolution, twenty-two series of which were outstanding in the aggregate principal amount of \$485,775,000. The Refunded Series 1977 Bonds were issued under the 1977 General Resolution to finance the 1977 Insured Loans, which will be transferred to secure the 2000 Series A Bonds as described in "PLAN OF FINANCING." The Authority expects to finance Insured Loans in the future with proceeds of Bonds issued under the Master Indenture.

As a component of its Multi-Family Housing Facility Loan Program, the Authority also provides Uninsured Loans to finance rental housing facilities. Uninsured Loans have been made by the Authority to §501(c)(3) nonprofit corporations, public housing authorities and for-profit borrowers. Such Uninsured Loans in principal amounts under \$1 million are at present generally made as a part of the Authority's SMART (Small Affordable Rental Transactions) program. As of December 31, 1999, the Authority had outstanding approximately \$35.9 million aggregate principal amount of Uninsured Loans made to §501(c)(3) nonprofit corporations and public housing authorities, other than those made in connection with the SMART program, which have been financed with the proceeds of the Authority's general obligation bonds. Such general obligation bonds of the Authority were outstanding as of December 31, 1999 in the aggregate principal amount of \$50,050,000. Proceeds of the 2000 Series A Bonds will be used to refund certain of such general obligation bonds as described in "PLAN OF FINANCING." Certain proceeds will also be deposited to a Program Fund to provide amounts to finance acquisition of new Uninsured Loans to §501(c)3 corporations and public housing authorities. As of December 31, 1999, the Authority also had outstanding

\$6,337,933 aggregate principal amount of Uninsured Loans made to borrowers for rental housing facilities in connection with the SMART program. Such Uninsured Loans under the SMART program have been made to date by the Authority from available amounts in its General Fund, although the Authority expects to finance such Uninsured Loans to for-profit borrowers by means of certain taxable bonds which will constitute general obligations of the Authority and to §501(c)(3) nonprofit corporations and public housing authorities by means of Bonds under the Master Indenture.

Under its Multi-Family Housing Facility Loan Program, the Authority also makes Uninsured HOF Loans using funds from the Authority's Housing Opportunity Fund. The Housing Opportunity Fund was created by the Authority in 1989 to provide small loans at flexible interest rates, either with first mortgages or on a subordinate basis to other loans, and thereby supplement other available financing as needed for rental housing facility projects. As of December 31, 1999, the Authority had outstanding approximately \$5.48 million aggregate principal amount of such Uninsured HOF Loans. The Authority has used amounts in its General Fund allocated to the Housing Opportunity Fund to fund such Uninsured HOF Loans.

The Authority has also made Uninsured Loans, which have been financed by the proceeds of (i) the Authority's Mortgage Revenue Bonds, sold to institutional purchasers and secured solely by and payable solely from such Uninsured Loans and (ii) Multi-Family Housing Revenue Bonds issued by the Authority as a conduit issuer and supported by letters of credit or other credit facilities.

Rental Acquisition Program. The Authority has also implemented a Rental Acquisition Program (the "RAP Program") under which the Authority acquires and rehabilitates apartment buildings located throughout Colorado for rental to persons and families of low and moderate income. The Authority contracts with private entities to manage such buildings. Projects in the RAP Program have been acquired using a combination of revenue bonds, the Authority's general fund monies, proceeds of general obligation bonds and non-recourse seller carryback financing secured solely by the acquired projects. The Authority expects in the future to finance the acquisition of facilities under the RAP Program as Authority Projects under the Master Indenture.

Single-Family Mortgage Programs

Under its Single-Family Mortgage Programs, the Authority may make mortgage loans for single-family residential dwellings (one to four units) directly to individual borrowers or may purchase such mortgage loans from qualified originating lenders. However, under the Authority's current Rules and Regulations and Procedural Guide for its Single-Family Mortgage Programs, the Authority generally does not make direct loans and its purchases are limited to mortgage loans on owner-occupied one- or two-unit residences. The Authority presently purchases mortgage loans under two programs – the Qualified Single-Family Mortgage Program and its recently introduced Non-Qualified Single-Family Mortgage Program.

In connection with its Qualified Single-Family Mortgage Program, the Authority has previously issued numerous series of its Single-Family Housing Revenue Bonds, the aggregate principal amount of which outstanding as of December 31, 1999 was \$847,213,703.

The Subordinate Bonds for the various series of the Authority's Single-Family Program Senior and Subordinate Bonds, currently outstanding in the aggregate principal amount of \$14,025,000, are general obligations of the Authority. **All of these revenue bonds previously issued in connection with the Qualified Single-Family Mortgage Program of the Authority are secured separately from and, except in the case of the Subordinate Bonds and the Class III 2000 Series A-1 Bonds which are both general obligations of the Authority, are not on parity with the 2000 Series A Bonds and are issued and secured under resolutions or indentures of the Authority other than the Indenture.**

The Authority recently introduced its Non-Qualified Single-Family Mortgage Program. Eligible borrowers under the Non-Qualified Single-Family Mortgage Program must meet certain income limits established by the Authority, which limits are somewhat higher than the limits permitted for the Qualified Single-Family Mortgage Program, and receive cash assistance from the Authority in an amount equal to two percent (2%) of the principal balance of the loan. There is no limit on the purchase price of a residence which may be acquired with the proceeds of a loan under the Non-Qualified Single-Family Mortgage Program. In most 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 expects to issue taxable general obligation bonds to finance its acquisition of mortgage loans under the Non-Qualified Single-Family Mortgage Program. Currently no such bonds have been issued and the Authority has purchased mortgage loans in connection with the Non-Qualified Single-Family Mortgage Program using other available funds.

Commercial Programs

The Authority offers an ACCESS Program under which it finances commercial and industrial loans (or participation interests therein) by means of certain bonds. The Project Loan Participation Purchase Bonds and Refunding Bonds, outstanding as of December 31, 1999 in the aggregate principal amount of \$32,898,000, constitute general obligations of the Authority payable from the unencumbered assets and available income of the Authority. See "- General Obligations of the Authority" under this caption.

The Authority has also implemented a Quality Investment Capital ("QIC"), a Quality Agricultural Loan ("QAL") Program and a Business & Industry Program II ("B&I II") under which it finances participation interests in commercial and industrial loans by means of SBA Guaranteed Loan Participation Purchase Bonds. Interests in the QIC loans are guaranteed by the U.S. Small Business Administration, interests in the QAL loans are guaranteed by the Farm Services Agency and interests in B&I II Loans are guaranteed by Rural Business - Cooperative Service. As of December 31, 1999, \$21,398,000 of such SBA Guaranteed Loan Participation Purchase Bonds were outstanding. These bonds constitute general obligations of the Authority payable from the unencumbered assets and available income of the Authority. See "- General Obligations of the Authority" under this caption.

In addition, the Authority has implemented its Rural Development Loan Program, under which it finances project or working capital loans or participations therein for small businesses in rural areas. As of December 31, 1999, the Authority had issued promissory notes payable to the Rural Business - Cooperative Service in the aggregate principal amount of

\$2,050,000 (the "RBCS Notes"), of which \$2,050,000 had been drawn and \$1,192,000 of loans were outstanding. The RBCS Notes constitute general obligations of the Authority payable from unencumbered assets and available income of the Authority. See "- General Obligations of the Authority" under this caption.

In connection with its Special Projects financing program, the Authority has issued as a conduit issuer its industrial development revenue bonds to finance certain manufacturing facilities for corporations. The eight series of bonds previously issued by the Authority in connection with its Ventures Program are supported by letters of credit. In addition, the Authority has financed real estate projects for non-profit organizations through its Special Projects area, certain of which have been financed through general obligation bonds of the Authority. See "- General Obligations of the Authority" under this caption.

The Authority has also implemented a loan program for businesses involved in the recycling and waste diversion industries ("RENEW Program"). Funding for the RENEW Program is received from the Colorado Department of Local Affairs. As of December 31, 1999, such loans in the aggregate principal amount of \$4,653,000 were outstanding.

The Authority introduced its Business and Industry Loan I ("B&I I") Program that provides funding to Colorado businesses located in rural areas, which loans are supported by an eighty percent guaranty of the Rural Business - Cooperative Service. The Authority originates and services these loans. As of December 31, 1999, loans in an aggregate amount of \$336,479 had been funded by the Authority under the B&I I Program.

General Obligations of the Authority

The Authority has issued general obligations, payable from the unencumbered assets and available income of the Authority, in connection with the financing of its various programs. In connection with its Single-Family Mortgage Program, the Authority previously issued \$3,535,000 of its General Obligation Bonds (1986) Issue A, none of which was outstanding as of December 31, 1999. In addition, the Authority has pledged its general credit to secure various Subordinate Bonds supporting Senior Bonds issued in connection with its Qualified Single-Family Mortgage Program, outstanding as of December 31, 1999 in the aggregate principal amount of \$14,025,000 (as described in "- Programs to Date - Single-Family Mortgage Programs" under this caption). The Authority anticipates issuing additional general obligation bonds to finance mortgage loans made under the Authority's Non-Qualified Single-Family Mortgage Program as described in "- Programs to Date - Single-Family Mortgage Programs.

Under its Multi-Family Housing Facility Loan Program, in order to finance Uninsured Loans to §501(c)(3) non-profit corporations and public housing authorities, the Authority has issued ten series of general obligation bonds, four series of which remained outstanding as of December 31, 1999 in the aggregate principal amount of \$50,050,000. Certain of these general obligation bonds will be refunded with proceeds of the 2000 Series A Bonds, as described in "PLAN OF FINANCING." The Authority also plans to issue taxable general obligation bonds under its SMART program to finance Uninsured Loans to for-profit borrowers. See "- Programs to Date - Multi-Family Housing Facility Loan Program" under this caption.

The Authority has also assumed as a general obligation 50% risk of loss in the mortgage loans insured by the FHA under Section 542(c) in connection with its Multi-Family Housing Facility Loan Program, outstanding as of December 31, 1999 in the aggregate principal amount of \$126,214,069. The Authority has filed a partial Section 542(c) insurance claim with the FHA on one such mortgage loan outstanding in the aggregate principal amount of \$8.4 million financed with proceeds of the Authority's Multi-Family Housing Insured Mortgage Revenue Bonds, 1997 Series A, and has filed a full insurance claim with respect to another such mortgage loan outstanding in the aggregate principal amount of \$8.9 million financed with proceeds of the Authority's Multi-Family Housing Insured Mortgage Revenue Bonds, 1996 Series C. With respect to the first of these mortgage loans, the partial Section 542(c) insurance claim filed by the Authority permits the borrower of such mortgage loan to defer repayments thereof for up to two years during which time the borrower is to implement a workout plan to increase occupancy and revenues sufficiently to resume scheduled payments of the Mortgage Loan. The Authority can provide no assurance, however, that the borrower will be able to resume such payments or that an additional insurance claim will not need to be filed. With respect to the second of these mortgage loans, insurance proceeds received as a result of either such claims constitute prepayments under the 1977 General Resolution to which they are pledged and, in cases of a full insurance claim, are required to be used to redeem outstanding bonds under the 1977 General Resolution. Based on the status of these two §542(c)-insured mortgage loans and the Authority's obligation to reimburse the FHA for 50% of the loss upon final settlement, the Authority has increased the multi-family loan loss reserve reported in its annual financial statements for fiscal year 1999 (as compared to the reserve reported for fiscal year 1998) by approximately \$6.3 million. See Appendix A attached hereto.

In January of 1998, general obligation bonds in the aggregate principal amount of \$1,610,000 were issued to finance a loan to the Colorado Municipal League under the Authority's Special Projects financing program described in "- Programs to Date - Commercial Program" under this caption. The Authority has also undertaken, as general obligations its Project Loan Participation Purchase Bonds and Refunding Bonds, Project Loan ACCESS Program Bonds, Guaranteed Loan Participation Purchase Bonds and the promissory notes to the Rural-Business Cooperative Service, described above under the caption "- Programs to Date - Commercial Program."

The Authority is pledging its full faith and credit to secure (i) the Class III 2000 Series A-1 Bonds, (ii) the Authority's obligation to repay the Standby Bond Purchaser for principal amounts due on any Bank Bonds under the initial Standby Bond Purchase Agreement, and (iii) its obligation to make any termination payments under the Swap Agreements. See "SECURITY FOR THE 2000 SERIES A BONDS."

The Authority has entered into agreements with the Federal Home Loan Bank of Topeka and a commercial bank for the borrowing from time to time of up to an aggregate amount of \$100,000,000. Such borrowings are also general obligations of the Authority and have generally been used to date to make or purchase loans pending the permanent financing of such loans. As of December 31, 1999, \$51,790,420 in borrowings were outstanding under those agreements. See "CERTAIN RELATIONSHIPS OF PARTIES."

Moody's has assigned an "A1" rating and S&P has assigned an "A+" rating to the Authority's ability to repay its long-term general obligation liabilities. The ratings have been assigned based on the Authority's management, financial performance and overall program performance. There is no assurance that any such rating will continue for any given period of time or that any such rating will not be revised downward entirely by Moody's or S&P, respectively, if circumstances so warrant.

TAX MATTERS

Tax Treatment of Interest on 2000 Series A-1 Bonds and 2000 Series A-3 Bonds

Sherman & Howard L.L.C., Bond Counsel, is of the opinion that (i) assuming continuous compliance with certain covenants and representations of the Authority, interest on the 2000 Series A-1 Bonds (except for interest on any 2000 Series A-1 Bond for any period during which it is held by a "substantial user" of any facilities financed with the 2000 Series A-1 Bonds or a "related person" as such terms are used in Section 147(a) of the Internal Revenue Code of 1986, as amended, to the date of delivery of the 2000 Series A-1 Bonds (the "Tax Code")) is excluded from gross income for federal income tax purposes under federal income tax laws pursuant to Section 103 of the Tax Code, and interest on the 2000 Series A-1 Bonds and 2000 Series A-3 Bonds is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code; however, interest on the 2000 Series A-1 Bonds and 2000 Series A-3 Bonds is required to be included in calculating the "adjusted current earnings" adjustment applicable to corporations for purposes of computing the alternative minimum taxable income applicable to corporations; and (ii) the 2000 Series A-1 Bonds and 2000 Series A-3 Bonds and the income therefrom shall at all times be free from taxation by the State of Colorado under Colorado laws in effect as of the date of delivery of the 2000 Series A-1 Bonds and 2000 Series A-3 Bonds.

The Tax Code imposes several requirements which must be met with respect to the 2000 Series A-1 Bonds and 2000 Series A-3 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 2000 Series A-1 Bonds and 2000 Series A-3 Bonds. These requirements include: (a) limitations as to the use of proceeds of the 2000 Series A-1 Bonds and 2000 Series A-3 Bonds; (b) limitations on the extent to which proceeds of the 2000 Series A-1 Bonds and 2000 Series A-3 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 2000 Series A-1 Bonds and 2000 Series A-3 Bonds above the yield on the 2000 Series A-1 Bonds and 2000 Series A-3 Bonds to be paid to the United States Treasury. The Authority will covenant and represent in the Indenture that it will take all steps to comply with the requirements of the Tax Code to the extent necessary to maintain the exclusion of interest on the 2000 Series A-1 Bonds and 2000 Series A-3 Bonds from gross income and alternative minimum taxable income under the Tax Code. Bond Counsel's opinion as to the exclusion of interest on the 2000 Series A-1 Bonds and 2000 Series A-3 Bonds from gross income and alternative minimum taxable income is rendered in reliance on these covenants, and assumes continuous compliance therewith. The failure or inability of the Authority to comply with these requirements could cause the interest on the 2000 Series A-1

Bonds and 2000 Series A-3 Bonds to be included in gross income or alternative minimum taxable income from the date of issuance.

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 2000 Series A-1 Bonds and 2000 Series A-3 Bonds.

The Tax Code contains numerous provisions which may affect an investor's decision to purchase the 2000 Series A-1 Bonds and 2000 Series A-3 Bonds. Owners of the 2000 Series A-1 Bonds and 2000 Series A-3 Bonds should be aware that the ownership of tax-exempt obligations by particular persons and entities, including, without limitation, financial institutions, insurance companies, recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, foreign corporations doing business in the United States and certain "subchapter S" corporations may result in adverse federal tax consequences. Bond Counsel's opinion relates only to the exclusion of interest on the 2000 Series A-1 Bonds and 2000 Series A-3 Bonds from gross income and alternative minimum taxable income as described above and will state that no opinion is expressed regarding other federal or State of Colorado tax consequences arising from the receipt or accrual of interest on or ownership of the 2000 Series A-1 Bonds and 2000 Series A-3 Bonds. Owners of the 2000 Series A-1 Bonds and 2000 Series A-3 Bonds should consult their own tax advisors as to the applicability of these consequences.

The opinions expressed by Bond Counsel are based upon existing law as of the delivery date of the 2000 Series A-1 Bonds and 2000 Series A-3 Bonds. No opinion is expressed as of any subsequent date nor is any opinion expressed with respect to any pending or proposed legislation. Amendments to federal and Colorado tax laws may be pending now or could be proposed in the future which, if enacted into law, could adversely affect the value of the 2000 Series A-1 Bonds and 2000 Series A-3 Bonds, the exclusion of interest on the 2000 Series A-1 Bonds and 2000 Series A-3 Bonds from gross income, alternative minimum taxable income, or any combination thereof from the date of issuance of the 2000 Series A-1 Bonds and 2000 Series A-3 Bonds or any other date, or which could result in other adverse federal or State of Colorado tax consequences. Bond Owners are advised to consult with their own advisors with respect to such matters.

Tax Treatment of Interest on 2000 Series A-2 Bonds

Federal Income Tax Treatment of Interest Prior to Conversion Date

In the opinion of Bond Counsel, pursuant to the Tax Code, interest on the 2000 Series A-2 Bonds prior to the Conversion Date is not excluded from gross income for federal income tax purposes.

Federal Income Tax Treatment of Interest On Converted Bonds On and After Conversion Date

The discussion in this section relates to the tax treatment of interest on the Converted 2000 Series A-2 Bonds after the Conversion Date, should one occur, and assumes that no changes in federal income tax laws will occur after the date of this Official Statement. This section is not intended to reflect the conditions required for a Conversion Date to occur. These conditions are more specifically discussed below in "- Conditions to Occurrence of Conversion Date." Only the inability of Bond Counsel to deliver an opinion that interest on the 2000 Series A-2 Bonds is excluded from gross income for federal income tax purposes will prevent the Conversion Date from occurring.

Effective as of the Conversion Date, the initially delivered 2000 Series A-2 Bonds will be exchanged for Converted 2000 Series A-2 Bonds. In the opinion of Bond Counsel delivered on the Conversion Date if one occurs, assuming continuous compliance with certain covenants described below, interest on the Converted 2000 Series A-2 Bonds will be excluded from gross income under federal income tax laws pursuant to Section 103 of the Tax Code, as amended to the Conversion Date. Bond Counsel may also opine as of the Conversion Date (but is not required to so opine in order for the conversion to occur) that interest on the Converted 2000 Series A-2 Bonds will not be included in alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code, as amended on that date, except that such interest will be 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 in "- Tax Treatment of Interest on 2000 Series A-1 Bonds and 2000 Series A-3 Bonds."

The Tax Code imposes several requirements which must be met with respect to the Converted 2000 Series A-2 Bonds in order for the interest thereon to be excluded from gross income and alternative minimum taxable income (except to the extent of the aforementioned adjustment applicable to corporations). Certain of these requirements must be met on a continuous basis throughout the term of the Converted 2000 Series A-2 Bonds after the Conversion Date. These requirements included (a) limitations as to the use of the proceeds of the Converted 2000 Series A-2 Bonds; (b) limitations on the extent to which proceeds of the Converted 2000 Series A-2 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 Converted 2000 Series A-2 Bonds above the yield on the Converted 2000 Series A-2 Bonds to be paid to the United States Treasury. The Authority will covenant and represent in the Indenture that if a Conversion Date occurs, it will take all steps to comply with the requirements of the Tax Code, as amended to the Conversion Date, necessary to maintain the exclusion of interest on the Converted 2000 Series A-2 Bonds on and after the Conversion Date from gross income, and if an opinion is provided that interest is excluded from alternative minimum taxable income as stated above, it will take all steps to comply with the requirements of the Tax Code, as amended to the Conversion Date, necessary to maintain the exclusion of such interest from alternative minimum taxable income (except to the extent of the aforementioned adjustment applicable to corporations) under the Tax Code, as amended to the Conversion Date. Bond Counsel's Required Conversion Bond Opinion as to the exclusion of interest on the Converted 2000 Series A-2 Bonds from gross income and alternative minimum taxable income

(to the extent described above) will be rendered on the Conversion Date in reliance on these covenants, and assumes continuous compliance therewith. The failure or inability of the Authority to comply with these requirements could cause the interest on the Converted 2000 Series A-2 Bonds on and after the Conversion Date to be included in gross income, alternative minimum taxable income or both from the Conversion Date.

Colorado Law Treatment of Interest on 2000 Series A-2 Bonds

In the opinion of Bond Counsel, the 2000 Series A-2 Bonds and the income therefrom shall at all times be free from taxation by the State of Colorado under Colorado law in effect as of the date of delivery of the 2000 Series A-2 Bonds. In addition, Bond Counsel may deliver an opinion on the Conversion Date, if one should occur (but is not required to do so in order for a Conversion Date to occur), that the Converted 2000 Series A-2 Bonds and the income therefrom shall at all times be free from taxation by the State of Colorado under Colorado law in effect as of the Conversion Date.

Other Tax Consideration for Owners of 2000 Series A-2 Bonds

The Tax Code contains numerous provisions which may affect an investor's decision to purchase the 2000 Series A-2 Bonds. Owners of the Converted 2000 Series A-2 Bonds on and after the Conversion Date 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 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 and Colorado tax consequences. Bond Counsel's Required Conversion Bond Opinion will only relate to the exclusion of interest on the Converted 2000 Series A-2 Bonds on and after the Conversion Date from gross income and possibly also to an exclusion from alternative minimum taxable income as described above and will state that no opinion is expressed regarding other federal or Colorado tax consequences arising from the receipt or accrual of interest on or ownership of the Converted 2000 Series A-2 Bonds on and after the Conversion Date. Owners of the Converted 2000 Series A-2 Bonds should consult their own tax advisors as to the applicability of these consequences. Occurrence of the Conversion Date is subject to the conditions stated below in "- Conditions to Occurrence of Conversion Date" under this caption. **In the event the Conversion Date does not occur for any reason, including the inability of Bond Counsel to deliver its Required Conversion Bond Opinion, the 2000 Series A-2 Bonds will remain outstanding and the interest thereon will continue to be included in gross income for federal income tax purposes.**

If the 2000 Series A-2 Bonds convert to Converted 2000 Series A-2 Bonds bearing tax-exempt interest rates on the Conversion Date, the Authority will treat the Converted 2000 Series A-2 Bonds as a newly issued tax-exempt obligation for federal income tax purposes, and owners of the Converted 2000 Series A-2 Bonds on the Conversion Date will be deemed to have acquired newly issued tax-exempt obligations on the Conversion Date. All owners of the 2000 Series A-2 Bonds and Converted 2000 Series A-2 Bonds are advised to consult their tax advisors as to the tax consequences of the Conversion and of purchasing or holding the 2000 Series A-2 Bonds and Converted 2000 Series A-2 Bonds.

Conditions to Occurrence of Conversion Date

The Conversion Date will occur on the date (expected to be February 1, 2001) stated in the notice to the owners of the Converted 2000 Series A-2 Bonds if on that date the aforementioned Required Conversion Bond Opinion is delivered. In any event the Conversion Date will occur, if at all, on or after February 1, 2001 and on or before May 1, 2001. Bond Counsel may decline to deliver the Required Conversion Bond Opinion because of various possible reasons including, without limitation, adverse changes in existing laws, regulations, ruling or judicial interpretations. Such changes could result from many sources, including but not limited to the following: (a) the United States Congress adopts a new tax system which eliminates the exclusion of interest on municipal obligations such as the Converted 2000 Series A-2 Bonds from the definition of gross income; (b) the Internal Revenue Service or Congress includes municipal obligations such as the Converted 2000 Series A-2 Bonds within the definition of "private activity bonds" and does not allow such bonds to be issued on a tax-exempt basis; or (c) the Internal Revenue Service or Congress eliminates the ability of municipal governments such as the Authority generally to perform current refundings with tax-exempt bonds.

Bond Counsel's ability to deliver the Required Conversion Bond Opinion will depend upon the laws, regulations, rulings and judicial opinions in effect or proposed to be in effect as of the Conversion Date. Such laws, regulations, rulings and judicial opinions include but are not limited to (i) the federal income tax and securities laws, (ii) Colorado law and (iii) Bond Counsel's analysis of such matters and their applicability to the Converted 2000 Series A-2 Bonds and any related transactions.

Bond Counsel has advised the Authority as of the date of issuance of the 2000 Series A-2 Bonds that if the 2000 Series A-2 Bonds could be converted to Converted 2000 Series A-2 Bonds as of their date of issuance and if the proceeds could be applied within 90 days to the redemption of the Refunded Bonds, Bond Counsel would be able to deliver an opinion in the form described above to the effect that with the assumption described above, interest on the Converted 2000 Series A-2 Bonds would be excluded from gross income for federal income tax purposes.

Permitted Modifications of Required Conversion Bond Opinion

The form of the Required Conversion Bond Opinion may change to the extent determined to be necessary by Bond Counsel. Such changes may be made (i) to reflect changes in facts or circumstances concerning the Converted 2000 Series A-2 Bonds or the Authority as of the Conversion Date or (ii) to reflect changes or proposed changes in federal or Colorado law, regulations or proposed regulations, court decrees or rulings of administrative agencies as of the Conversion Date. If the changes affect the federal income tax treatment (including alternative minimum tax treatment) of the Converted 2000 Series A-2 Bonds or the Colorado income tax treatment of interest on the Converted 2000 Series A-2 Bonds, or both, but such changes do not result in the inclusion of interest on the Converted 2000 Series A-2 Bonds in gross income for federal income tax purposes, Bond Counsel will make appropriate changes to the Required Conversion Bond Opinion and the Conversion will occur.

*Possible Future Changes in Law Applicable to 2000 Series A-2 Bonds and
Converted 2000 Series A-2 Bonds*

The opinions expressed by Bond Counsel are based upon existing law as of the delivery date of the Convertible 2000 Series A-2 Bonds or Converted 2000 Series A-2 Bonds, respectively. No opinion is expressed as of any prior or subsequent date nor is any opinion expressed with respect to any pending or proposed legislation. Amendments to federal and Colorado tax laws may be pending now or could be proposed in the future which, if enacted into law, could adversely affect the value of the Convertible 2000 Series A-2 Bonds or Converted 2000 Series A-2 Bonds, the exclusion of interest on the Converted 2000 Series A-2 Bonds from gross income or alternative minimum taxable income, or any combination thereof from the date of issuance of the Converted 2000 Series A-2 Bonds or any other date, or which could result in other adverse federal or Colorado tax consequences from the date of delivery of the Convertible 2000 Series A-2 Bonds, the Converted 2000 Series A-2 Bonds, or any other date. Bond owners are advised to consult with their own tax advisors with respect to such matters.

Tax Treatment of Interest on Taxable 2000 Series A-4 Bonds

IN THE OPINION OF BOND COUNSEL THE INTEREST ON THE TAXABLE 2000 SERIES A-4 BONDS IS NOT EXCLUDED FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES PURSUANT TO THE TAX CODE. THE TAXABLE 2000 SERIES A-4 BONDS AND THE INCOME THEREFROM ARE FREE FROM TAXATION BY THE STATE OF COLORADO UNDER COLORADO LAWS IN EFFECT AS OF THE DATE OF DELIVERY OF THE TAXABLE 2000 SERIES A-4 BONDS.

Bond Counsel will express no other opinion as to any tax consequences regarding the Taxable 2000 Series A-4 Bonds. Owners of the Taxable 2000 Series A-4 Bonds should consult with their own tax advisors as to the tax consequences pertaining to the Taxable 2000 Series A-4 Bonds, such as the consequences of a sale, transfer, redemption or other disposition of the Taxable 2000 Series A-4 Bonds prior to stated maturity, and as to other applications of federal, state, local or foreign tax laws.

LITIGATION

At the time of the delivery of and payment for the 2000 Series A Bonds, the Authority will deliver an opinion of its Director of Legal Operations and legal counsel, James A. Roberts, Esq., to the effect that no litigation before any court is pending or, to his knowledge, threatened against the Authority in any way affecting the existence of the Authority or the titles of its officers to their respective offices, or seeking to restrain or to enjoin the issuance, sale or delivery of the 2000 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 2000 Series A Bonds, the Indenture or the contract for the purchase of the 2000 Series A Bonds.

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 2000 Series A 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 2000 Series A 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 2000 Series A 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 2000 Series A 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.

RATINGS

Moody's Investors Service ("Moody's") and Standard & Poor's Ratings Group, a Division of The McGraw-Hill Companies, Inc. ("S&P"), are expected to give the Class I 2000 Series A-1 Bonds and the 2000 Series A-2 Bonds a rating of "Aaa/VMIG-1" and "AAA/A-1+," respectively. Moody's and S&P are expected to give the Taxable 2000 Series A-4 Bonds a rating of "Aaa" and "AAA," respectively, and the 2000 Series A-3 Bonds a rating of "Aa2" and "AA," respectively. The Class III 2000 Series A-1 Bonds are expected to be rated "Aaa/VMIG-1" and "AAA/A-1+" by Moody's and S&P, respectively, based on the issuance of the Bond Insurance Policy. Such ratings reflect only the views of Moody's and S&P, respectively. An explanation of the significance of the ratings given by Moody's and S&P, respectively, may be obtained from Moody's and S&P, respectively. There is no assurance that any such rating will continue for any given period of time or that any such rating will not be revised downward or withdrawn entirely by Moody's or S&P, respectively, if circumstances so warrant. Any such downward revision or withdrawal of any such rating may have an adverse effect on the market price of the respective 2000 Series A Bonds.

CONTINUING DISCLOSURE UNDERTAKING

In connection with its issuance of the Non-Adjustable Rate Bonds and the 2000 Series A-2 Bonds while in the initial Term Mode, the Authority will deliver a Continuing

Disclosure Undertaking, a form of which is attached hereto in Appendix E, wherein the Authority will agree for the benefit of the Bondowners to provide certain annual financial information and to provide notices of occurrence of certain enumerated events relating to the 2000 Series A Bonds, if material. The Authority is currently in compliance with all continuing disclosure undertakings entered in connection with its outstanding bonds. **The Authority has not agreed to provide continuing financial or other information for the benefit of the owners of the Adjustable Rate Bonds while in the Weekly Mode. If the interest rate on any series of the Adjustable Rate Bonds is converted to another Mode that makes such Adjustable Rate Bonds subject to the Rule, the Authority will agree at the time of such conversion to provide continuing information with respect thereto to the extent required by the Rule.**

UNDERWRITING

The 2000 Series A Bonds are to be purchased from the Authority by Lehman Brothers, Newman & Associates, Inc., U.S. Bancorp Piper Jaffray Inc. and Goldman, Sachs & Co. (the "Underwriters"). See "CERTAIN RELATIONSHIPS OF PARTIES." The Underwriters have agreed, subject to certain conditions, to purchase all but not less than all of the 2000 Series A Bonds at a price equal to \$96,580,000 (being the par amount of the 2000 Series A Bonds) plus accrued interest, if any. The Underwriters will be paid a fee of \$587,595 (including expenses). The initial public offering price may be changed from time to time by the Underwriters.

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

REMARKETING AGENT

Lehman Brothers Inc. has been appointed to serve as Remarketing Agent for the Adjustable Rate Bonds pursuant to a Remarketing Agreement dated as of March 1, 2000 between the Authority and Lehman Brothers Inc.. See "CERTAIN RELATIONSHIPS OF PARTIES." If Adjustable Rate Bonds are tendered or deemed tendered for purchase as described herein under the caption "DESCRIPTION OF 2000 SERIES A BONDS – Adjustable Rate Bonds – Optional Tender and Purchase" and "- Mandatory Purchase," the Remarketing Agent is required to use its best efforts to remarket such Adjustable Rate Bonds in accordance with the terms of the Indenture and the Remarketing Agreement. The Remarketing Agent will also be responsible for determining the rates of interest for the Adjustable Rate Bonds in accordance with the Indenture. The Remarketing Agent is to transfer any proceeds of remarketing of the Adjustable Rate Bonds to the Paying Agent for deposit to the Remarketing Proceeds Subaccount of the Purchase Fund in accordance with the Indenture.

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

CERTAIN RELATIONSHIPS OF PARTIES

David W. Herlinger, the Executive Director of the Authority, currently serves as a member of the Board of Directors of the Federal Home Loan Bank of Topeka, which has agreed to act as the Standby Bond Purchaser in connection with the Adjustable Rate Bonds while bearing interest at a Weekly Rate. Lehman Brothers is acting as an Underwriter and the Remarketing Agent of 2000 Series A Bonds, and its affiliate, Lehman Brothers Financial Products Inc., is expected to act as Counterparty to the Authority under the Swap Agreements described in "SECURITY FOR THE 2000 SERIES A BONDS – Derivative Products."

FINANCIAL STATEMENTS OF THE AUTHORITY

The financial statements of the Authority as of and for the year ended December 31, 1999, included in this Official Statement as Appendix A, have been audited by Arthur Andersen LLP, independent auditors, as stated in their report dated February 3, 2000.

CERTAIN LEGAL MATTERS

Certain legal matters incident to the authorization, issuance, sale and delivery of the 2000 Series A Bonds are subject to the approval of Sherman & Howard L.L.C., Denver, Colorado, Bond Counsel. Certain legal matters will be passed upon for the Authority by its Director of Legal Operations and legal counsel, James A. Roberts, Esq., and by its Disclosure Counsel, Hogan & Hartson, L.L.P., Denver, Colorado.

Certain legal matters will be passed upon for the Underwriters by their counsel, Bookhardt & O'Toole, Denver, Colorado. Certain legal matters will be passed upon for the Standby Bond Purchaser by its general counsel, Richard L. Schaplowsky, Esq.

MISCELLANEOUS

This Official Statement speaks only as of its date, and the information contained herein is subject to change. All quotations from, and summaries and explanations of the statutes, regulations and documents contained herein do not purport to be complete and reference is made to said laws, regulations and documents for full and complete statements of their provisions. Copies, in reasonable quantity, of such laws, regulations and documents may be obtained during

the offering period, upon request to the Authority and upon payment to the Authority of a charge for copying, mailing and handling, at 1981 Blake Street, Denver, Colorado 80202, Attention: Executive Director. Copies of the Standby Bond Purchaser's Annual Report is available as described in Appendix I – "THE STANDBY BOND PURCHASER." Copies of the Bond Insurer's Annual Report and year end financial statements are available as described in Appendix G – "DESCRIPTION OF BOND INSURER AND FORM OF SPECIMEN POLICY."

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 a contract or agreement between the Authority and the purchasers or holders of any of the 2000 Series A Bonds.

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 2000 Series A Bonds.

**COLORADO HOUSING AND FINANCE
AUTHORITY**

By: /s/ David W. Herlinger
Executive Director

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APPENDIX A

**Financial Statements and Additional Information
of the Authority for the Fiscal Year
ended December 31, 1999**

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UNQUALIFIED OPINION ON GENERAL-PURPOSE
FINANCIAL STATEMENTS

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

We have audited the accompanying general-purpose statement of financial condition of the Colorado Housing and Finance Authority (the "Authority") as of December 31, 1999 and the related statements of revenue, expenses and changes in retained earnings and cash flows for the year then ended. These general-purpose financial statements and the accompanying supplemental financial information are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of Hyland Park Centre Corporation, Tanglewood Oaks Apartments Corporation and Village of Yorkshire Corporation, which statements reflect total assets of \$21,576,247 as of December 31, 1999, total revenue of \$6,475,964 and net income of \$1,966,022 for the year then ended, of the related totals. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for Hyland Park Centre Corporation, Tanglewood Oaks Apartments Corporation and Village of Yorkshire Corporation, is based solely on the reports of the other auditors. The financial statements of the Authority as of December 31, 1998, were audited by other auditors whose report dated February 26, 1999, expressed an unqualified opinion on those statements.

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

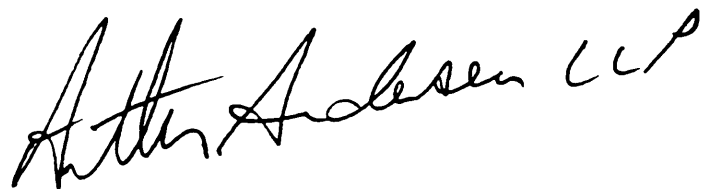
In our opinion, based on our audit and the reports of other auditors, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Authority at December 31, 1999 and the results of its operations and changes in its retained earnings and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States.

The Year 2000 supplementary information in Schedule I is not a required part of the general-purpose financial statements but is supplementary information required by the Governmental Accounting Standards Board ("GASB"), and we did not audit and do not express an opinion on such information. Further, we were unable to apply to the information certain procedures prescribed by professional standards because disclosure criteria specified by GASB Technical Bulletin 98-1 as amended are not sufficiently specific to permit meaningful results from the prescribed procedures. In addition, we do not provide assurance that the Authority is or will become Year 2000 compliant, that the Authority's Year 2000 remediation efforts will be successful in whole or in part, or that the parties with which the Authority does business are or will be Year 2000 Compliant.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 3, 2000, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

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

Denver, Colorado,
February 3, 2000.

A handwritten signature in black ink, appearing to read "Arthur Andersen LLP", is written in a cursive style across the right side of the page.

COLORADO HOUSING AND FINANCE AUTHORITY

Statements of Financial Condition

	December 31,	
	1999	1998
	(000's Omitted)	
<u>Assets</u>		
Cash and interest bearing accounts	\$ 5,211	\$ 4,080
Marketable securities:		
Short-term, at amortized cost which approximates market	342,406	348,403
Cash and cash equivalents	347,617	352,483
Long-term, at fair value	126,185	132,297
Total cash and marketable securities	473,802	484,780
Loans receivable, net	1,166,355	1,053,939
Accrued interest receivable	15,244	13,217
Property and equipment, net:		
Corporate facilities	3,246	3,257
Rental operations	27,465	27,755
Deferred debt financing costs, net	15,809	15,381
Other real estate owned, net	795	326
Other assets	19,875	13,559
	\$ 1,722,591	\$ 1,612,214
<u>Liabilities and Fund Equity</u>		
Liabilities:		
Bonds and notes payable, net	\$ 1,539,044	\$ 1,438,540
Accrued interest payable	22,079	20,633
Accounts payable and other liabilities	7,232	8,943
Federally assisted program advances	4,004	1,011
Deferred fee income	196	133
Escrow and refundable deposits	7,644	5,766
Total liabilities	1,580,199	1,475,026
Fund equity - retained earnings:		
Restricted	60,734	64,565
General Fund - Board designated	81,658	72,623
Total fund equity - retained earnings	142,392	137,188
	\$ 1,722,591	\$ 1,612,214

The accompanying notes are an integral part of these statements of financial condition.

COLORADO HOUSING AND FINANCE AUTHORITY

Statements of Revenue, Expenses
and Changes in Retained Earnings

	Years Ended	
	December 31,	
	<u>1999</u>	<u>1998</u>
	(000's Omitted)	
Interest and investment revenue:		
Loans receivable	\$ 82,024	\$ 81,305
Marketable securities	29,899	27,818
Net (decrease)increase in fair value of long-term marketable securities	<u>(5,121)</u>	<u>1,499</u>
Total interest and investment revenue	106,802	110,622
Interest expense - bonds and notes payable	<u>92,709</u>	<u>90,155</u>
Net interest and investment revenue	<u>14,093</u>	<u>20,467</u>
Other revenue:		
Rental operations	9,587	9,144
Fees and miscellaneous income	<u>9,080</u>	<u>8,789</u>
Total other revenue	<u>18,667</u>	<u>17,933</u>
Net revenue	<u>32,760</u>	<u>38,400</u>
Other expenses:		
Salaries and related benefits	8,387	7,445
General operating	9,646	8,620
Provision for losses	7,505	189
Other interest expense	<u>2,018</u>	<u>2,162</u>
Total other expenses	<u>27,556</u>	<u>18,416</u>
Income before extraordinary item	5,204	19,984
Extraordinary gain from early extinguishment of debt	<u>-</u>	<u>75</u>
Net income	5,204	20,059
Retained earnings, beginning of year	<u>137,188</u>	<u>117,129</u>
Retained earnings, end of year	\$ <u>142,392</u>	\$ <u>137,188</u>

The accompanying notes are an integral part of these statements.

COLORADO HOUSING AND FINANCE AUTHORITY

Statements of Cash Flows

	Years Ended	
	December 31,	
	<u>1999</u>	<u>1998</u>
	(000's Omitted)	
Operating activities:		
Net income	\$ 5,204	\$ 20,059
Adjustments to reconcile net income to net cash used by operating activities:		
Extraordinary gain from early extinguishment of debt	-	(75)
Decrease (increase) in fair value of investments	5,121	(1,499)
Depreciation	1,635	1,436
Accretion of capital appreciation term bonds	1,316	1,877
Capitalized interest on construction loans	-	(127)
Amortization of:		
Deferred debt financing costs	1,758	1,521
Premiums and discounts on bonds, net	(3,600)	(2,630)
Premiums and discounts on long-term marketable securities, net	15	(38)
Deferred fee income	(2,369)	(2,333)
Deferred cash assistance expense	1,547	683
Mortgage yield recoupment income	(179)	(217)
Provision for losses	7,505	189
Principal repayments on loans receivable	163,664	225,825
New loan fundings	(281,175)	(260,876)
Deferred fee income	1,624	1,813
Deferred cash assistance expense	(7,134)	(5,583)
Changes in assets and liabilities:		
Accrued interest receivable	(2,027)	(209)
Other assets	(2,564)	(1,523)
Accrued interest payable	1,446	(809)
Accounts payable, federally assisted program advances and escrow and refundable deposits	<u>3,160</u>	<u>4,156</u>
Total adjustments	<u>(110,257)</u>	<u>(38,419)</u>
Net cash used by operating activities	\$ <u>(105,053)</u>	\$ <u>(18,360)</u>

The accompanying notes are an integral part of these statements.

COLORADO HOUSING AND FINANCE AUTHORITY

Statements of Cash Flows

	Years Ended	
	December 31,	
	<u>1999</u>	<u>1998</u>
	(000's Omitted)	
Net cash (used) by operating activities	\$ (105,053)	\$ (18,360)
Investing activities:		
Sales and maturities of long-term marketable securities	11,320	25,567
Purchases of long-term marketable securities	(10,344)	(16,538)
Purchases of property and equipment:		
Corporate facilities	(422)	(315)
Rental operations	<u>(912)</u>	<u>(620)</u>
Net cash (used) provided by investing activities	(358)	8,094
Noncapital financing activities:		
Proceeds from issuance of bonds and notes payable	530,417	280,372
Debt financing costs	(2,410)	(2,410)
Repayments of bonds and notes payable	(427,236)	(173,721)
Bond call premiums	<u>(226)</u>	<u>-</u>
Net cash provided by noncapital financing activities	<u>100,545</u>	<u>104,241</u>
Net (decrease) increase in cash and cash equivalents	(4,866)	93,975
Cash and cash equivalents, beginning of year	<u>352,483</u>	<u>258,508</u>
Cash and cash equivalents, end of year	\$ <u>347,617</u>	\$ <u>352,483</u>
Supplemental disclosures of cash flow information:		
Cash paid during the year for interest	\$ 92,755	\$ 92,878
Supplemental schedule of non-cash operating, investing and financing activities:		
Transfer of mortgage loans to real estate owned	217	-
Transfer of real estate owned to loans receivable	-	197
Transfer of loans receivable to other assets	3,660	2,970
Transfer of allowance on other real estate owned to allowance on loans receivable	-	197
Transfer of deferred debt financing costs to deferred refunding (bonds and notes payable)	51	861
Transfer of deferred fee income to deferred refunding (loans receivable)	58	633
Transfer of mortgage yield recoupment to deferred refunding (bonds and notes payable)	-	598
Sale of property in exchange for loan receivable (\$1,816) and deferred gain(\$649)	-	1,167
Charge-offs of other real estate owned, loans receivable and other assets	57	34

The accompanying notes are an integral part of these statements.

COLORADO HOUSING AND FINANCE AUTHORITY

Notes to Financial Statements

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

Years Ended December 31, 1999 and 1998

(1) Organization and Summary of Significant Accounting Policies

(a) Authorizing Legislation

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

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

At December 31, 1999, the Authority was authorized to have bonds, notes and other obligations outstanding in the aggregate amount up to \$2.4 billion, which do not constitute debt of the State of Colorado.

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

(b) Reporting Entity

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

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

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

COLORADO HOUSING AND FINANCE AUTHORITY

Notes to Financial Statements

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

Years Ended December 31, 1999 and 1998

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

(c) Fund Accounting

The financial activities of the Authority are recorded in funds ("Bond Funds") established under various bond resolutions and in other funds established in connection with the administration of the Authority's programs. All activities of the Authority not performed pursuant to the bond resolutions, excluding the Economic Development Fund ("EDF") and the Housing Opportunity Fund ("HOF"), are recorded in the Operating Fund. The Operating Fund, EDF, HOF, and those funds established under bond programs secured by the pledge of the Authority's general obligation constitute the General Fund.

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

The Authority's Board of Directors (the "Board") has designated certain amounts of the retained earnings of the General Fund as of December 31, 1999 and 1998 for various purposes as follows:

	<u>1999</u>	<u>1998</u>
Appropriations for loan funds:		
Housing fund	\$ 9,675	\$ 9,359
Economic development fund	8,287	9,132
Housing Opportunity Fund	<u>14,154</u>	<u>13,121</u>
	<u>32,116</u>	<u>31,612</u>
Reserves:		
Debt service:		
General Obligation Bonds -		
Rental Housing and Commercial	7,459	7,319
General operating and working		
capital reserve	10,200	5,246
Unrealized appreciation of		
investments	<u>599</u>	<u>1,483</u>
	<u>18,258</u>	<u>14,048</u>
Restrictions for single and multi-		
family bonds	<u>31,284</u>	<u>26,963</u>
Total designated retained earnings	\$ <u>81,658</u>	\$ <u>72,623</u>

COLORADO HOUSING AND FINANCE AUTHORITY

Notes to Financial Statements

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

Years Ended December 31, 1999 and 1998

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

(c) Fund Accounting (continued)

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

The Authority has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting". As permitted by the GASB Statement, the Authority may adopt all applicable Financial Accounting Standards Board (FASB) Statements and Interpretations issued after November 30, 1989, except for those that conflict with or contradict GASB pronouncements. As of December 31, 1999 no such FASB pronouncements have been adopted.

(d) Budget Policies and Procedures

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

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

(e) Cash

Cash at December 31, 1999 and 1998 primarily includes market interest accounts of which approximately \$1,802,000 and \$3,206,000, respectively, is restricted for various General Fund program purposes.

COLORADO HOUSING AND FINANCE AUTHORITY

Notes to Financial Statements

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

Years Ended December 31, 1999 and 1998

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

(f) Marketable Securities

The Authority accounts for its investments in accordance with GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools" (Statement 31), which establishes accounting and financial reporting standards for investments held by governmental entities. Statement 31 requires most investments to be recorded at fair value and the recognition of unrealized gains and losses in the statement of revenue and expenses. Statement 31 allows money market investments and participating interest earning investment contracts that have a remaining maturity at the time of purchase of one year or less to be recorded at amortized cost. The net increase in the fair value for 1999 and 1998 is reflected in the income statement for the years presented.

The fair value of the Authority's investments is determined from quoted market prices. Long-term marketable securities are carried at fair value. However, the Authority's long-term marketable securities include investment contracts that have fixed maturities and fixed rates with flexible withdrawal provisions. These investment contracts are not transferable, are not affected by changes in market interest rates, and therefore are carried at current face value. Included in long-term marketable securities are \$114,492,000 and \$118,681,000 at December 31, 1999 and 1998, respectively, which are restricted for future debt service as required under the various bond resolutions. Short-term marketable securities are carried at amortized cost, which approximates market, and generally mature within 90 days. For purposes of the statements of cash flows, the Authority considers all short-term investments to be cash equivalents. The Authority must authorize all purchases and sales of investments in writing.

(g) Loans Receivable

Mortgage loans are carried net of deferred fee income, deferred mortgage yield recoupment income and allowance for loan losses. Generally, mortgage loans bear interest at rates ranging from 5.00% to 14.00% per annum, payable monthly over terms from 15 to 40 years. Commercial loans bear interest at rates ranging from 4.00% to 11.60% per annum, payable monthly or annually over terms from 4 to 30 years. Servicing of mortgage loans is provided by the Authority and various approved and qualified private lending institutions, on behalf of the Authority. Servicing costs are accounted for as a reduction of interest income.

(h) Fee Income and Expense

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

COLORADO HOUSING AND FINANCE AUTHORITY

Notes to Financial Statements

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

Years Ended December 31, 1999 and 1998

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

(i) Mortgage Yield Recoupment Income

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

(j) Compensated Absences

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

(k) Allowance for Losses

The allowance for losses on loans and other real estate owned is provided through charges against current operations based on management's periodic review of the loan and other real estate owned portfolios. This review considers such factors as the payment history of the loans, the projected cash flows of the borrowers, estimated value of the collateral, subsidies, historical loss experience for each type of insurance or guarantee (for losses particular to other real estate owned), additional guarantees provided by the borrowers and economic conditions. When this review determines that an exposure to loss is probable and can be reasonably estimated, a provision against current operations is made in the amount quantifiable. Loans receivable and other real estate owned are shown net of an allowance for losses of \$11,490,000 and \$229,000, respectively, for 1999, and \$4,012,000 and \$260,000, respectively, for 1998. The increase in the allowance is primarily attributable to a couple of multi-family project loans on which the Authority expects to incur some significant loss.

(l) Property, Equipment and Rental Real Estate Operations

The office building, furniture and equipment are carried at \$3,246,000 and \$3,257,000 at December 31, 1999 and 1998, respectively, representing cost, net of accumulated depreciation of \$3,281,000 and \$2,963,000, respectively. The Authority uses the straight-line method of depreciation with estimated useful lives of three to thirty-five years.

COLORADO HOUSING AND FINANCE AUTHORITY

Notes to Financial Statements

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

Years Ended December 31, 1999 and 1998

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

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

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

As of December 31, the Authority owned a total of 14 RAP projects, including its three component units, containing 1,415 units. Selected balance sheet items of the RAP are presented below:

	<u>1999</u>	<u>1998</u>
RAP combined, including component units:		
Property, net of accumulated depreciation of \$7,288,000 and \$6,088,000	\$ 27,465	\$ 27,755
Total assets	35,020	35,673
Total debt	27,343	29,413
Equity	7,677	6,260
RAP component units only:		
Property, net of accumulated depreciation of \$3,799,000 and \$3,055,000	\$ 18,334	\$ 18,556
Total assets	21,576	22,875
Total debt	17,695	19,620
Equity	3,881	3,255

All revenue and expenses of these properties, including depreciation and interest, are reflected in the operating results of the Authority's Operating Fund. RAP revenues are recorded as components of other revenue-rental operations and fees and miscellaneous income which includes RAP interest income. Operating and other expenses are recorded in general operating expenses, and interest expense on notes payable and general obligation bond proceeds used to acquire the properties is recorded in other interest expense. A summary of the operating results of the RAP properties follows on a stand-alone basis before elimination of intercompany transactions.

COLORADO HOUSING AND FINANCE AUTHORITY

Notes to Financial Statements

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

Years Ended December 31, 1999 and 1998

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

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

	<u>1999</u>	<u>1998</u>
RAP combined, including component units:		
Rental operations	\$ 9,587	\$ 9,144
Interest income	157	177
General operating expenses	(3,728)	(3,814)
Depreciation expense	(1,214)	(1,069)
Interest expense	(2,045)	(2,180)
Net income	\$ <u>2,757</u>	\$ <u>2,258</u>
RAP component units only:		
Rental operations	\$ 6,341	\$ 5,877
Interest income	134	145
General operating expenses	(2,389)	(2,446)
Depreciation expense	(758)	(622)
Interest expense	(1,362)	(1,450)
Net income	\$ <u>1,966</u>	\$ <u>1,504</u>

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

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

(n) Other Real Estate Owned

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

(o) Other Assets

Included in other assets are escrows related to RAP and loans serviced by the Authority, unamortized costs of mortgage servicing rights, and investments in public/private partnerships and corporations designed to foster economic development. Where such investments represent a 20% to 50% ownership interest, the Authority uses the equity method of accounting. All other investments are recorded at cost. The carrying value of such investments is approximately \$192,000 and \$223,000 at December 31, 1999 and 1998, respectively.

COLORADO HOUSING AND FINANCE AUTHORITY

Notes to Financial Statements

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

Years Ended December 31, 1999 and 1998

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

(p) Federally Assisted Program Advances

In accordance with and pursuant to contracts between the Authority and the Department of Housing and Urban Development ("HUD"), the Authority administers the Section 8 Housing Assistance Payments ("HAP") Program in certain areas of the State of Colorado. Under this program, housing assistance payments are made to the owners of rental housing developments on behalf of tenants of limited income who meet the eligibility requirements. HUD advances funds to the Authority for the housing assistance payments and, for certain developments, pays a monthly fee to the Authority for its administration of the subsidy contracts. These administrative fees, approximately \$1,275,000 and \$1,234,000 in 1999 and 1998, respectively, are recognized as other revenue when earned.

(q) Other Revenue and Other Interest Expense

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

(r) Debt Refunding

For current refundings and advance refundings resulting in defeasance of debt reported by proprietary activities, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense over the remaining life of the old or new debt, whichever is shorter, using the effective interest method. The deferred refunding amounts are classified as a component of bonds payable in the financial statements.

(s) Risk Management

The Authority has a risk management program under which the various risks of loss associated with its business operations are identified and managed. The risk management techniques utilized include a combination of standard policies and procedures, purchased insurance and partial self insurance. Commercial general liability, property losses, business automobile liability, worker's compensation and public officials liability are all managed through purchased insurance. For excess risk exposure, all employee medical claims in excess of \$25,000 per individual and \$469,000 aggregate per year are also covered by the purchase of stop-loss insurance.

(t) Reclassifications

Certain prior year balances have been reclassified to conform with current year presentation.

COLORADO HOUSING AND FINANCE AUTHORITY

Notes to Financial Statements

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

Years Ended December 31, 1999 and 1998

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

(u) Use of Estimates

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

(2) Cash and Marketable Securities

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

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

The Authority categorizes its cash into three categories as to their risk. Category 1 includes federally insured deposits, or deposits fully collateralized with securities held in the Authority's name. Category 2 includes any bank balance that is collateralized with securities held by the pledging financial institution, or by its trust department or agent, but not in the Authority's name. Category 3 includes cash on hand, which is not insured.

At December 31, 1999 the Authority had cash deposits with a carrying value of \$5,211,000. These balances are categorized as follows:

<u>Risk Category</u>	<u>Cash Balance</u> <u>December 31, 1999</u>
1	\$ 847
2	4,363
3	<u>1</u>
TOTAL	\$ <u>5,211</u>

All of the Authority's marketable securities are also categorized into three categories as follows to provide an indication of the level of risk assumed as of December 31, 1999. Short-term marketable securities are carried at amortized cost, which approximates market. Long-term marketable securities are carried at fair value. Category 1 includes those investments which are insured, or registered securities held by the Authority or its trustee in the Authority's name. Category 2 includes those investments which are uninsured and unregistered, with securities held by the counterparty's trust department or its agent in the Authority's name. Category 3 includes those investments which are uninsured and unregistered, with securities held by the counterparty or its agent, but not in the Authority's name. Amounts not subject to categorization include money market mutual funds and uncollateralized investment agreements because securities are not issued as evidence of these investments.

COLORADO HOUSING AND FINANCE AUTHORITY

Notes to Financial Statements

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

Years Ended December 31, 1999 and 1998

(2) Cash and Marketable Securities (continued)

	<u>Categories</u>			<u>Total</u>
	<u>1</u>	<u>2</u>	<u>3</u>	
Categorized:				
U.S. government & agency obligations	\$ 27,023	-	-	\$ 27,023
Investment agreements	-	84,377	-	84,377
Repurchase agreements	<u>30,432</u>	<u>-</u>	<u>-</u>	<u>30,432</u>
	\$ <u>57,455</u>	<u>84,377</u>	<u>-</u>	\$ 141,832
Uncategorized:				
Treasury money market funds				48,065
Investment agreements				<u>278,694</u>
				\$ <u>468,591</u>

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

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

The following schedule shows the Authority's net (decrease) increase in fair value of long-term marketable securities by fund, for the years ended December 31, 1999 and 1998:

<u>Description</u>	<u>1999</u>	<u>1998</u>
General Fund	\$ (884)	\$ 483
Multi-family Housing Insured Mortgage Revenue	(3,481)	1,380
Single Family Housing Revenue	(160)	30
Single Family Revenue	(513)	172
Single Family Residential Housing Revenue	-	(250)
Single Family GNMA	-	(355)
Single Family Program Senior and Subordinate	<u>(83)</u>	<u>39</u>
TOTAL	\$ <u>(5,121)</u>	\$ <u>1,499</u>

COLORADO HOUSING AND FINANCE AUTHORITY

Notes to Financial Statements

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

Years Ended December 31, 1999 and 1998

(3) Loans Receivable

Loans receivable at December 31, 1999 and 1998 consist of the following:

	<u>1999</u>	<u>1998</u>
General Fund	\$ 179,461	\$ 159,842
Multi-family bond programs:		
Housing Insured Mortgage Revenue	351,244	319,840
Mortgage Revenue	4,218	4,282
Single Family bond programs:		
Housing Revenue	69,765	82,504
Taxable Revenue	13,259	19,680
Taxable Program Senior and Subordinate	4,408	6,651
Revenue Bonds	2,831	3,872
Program Bonds	20,260	3,510
Program Senior and Subordinate	517,085	448,470
Revenue Refunding	733	1,006
Total loans receivable	<u>1,163,264</u>	<u>1,049,657</u>
Deferred cash assistance expense	24,508	18,921
Deferred fee income	(9,765)	(10,630)
Deferred mortgage yield recoupment income	(162)	(341)
Allowance for loan losses	<u>(11,490)</u>	<u>(3,668)</u>
Total loans receivable, net	<u>\$ 1,166,355</u>	<u>\$ 1,053,939</u>

General Fund loans are generally collateralized by mortgages on real property and improvements. At December 31, 1999 and 1998, \$23,386,000 and \$21,523,000 of these loans (ACCESS program), respectively, are secured by first liens ahead of second liens from the Small Business Administration. Generally, the Authority's lien is secured at origination with collateral having a loan-to-value ratio of 45 to 50 percent. Additionally, at December 31, 1999 and 1998, \$25,135,000 and \$19,495,000 of these loans (QIC/QAL program), respectively, are secured by a guarantee of the Small Business Administration or Consolidated Farm Services, formerly Farmers Home Administration.

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

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

COLORADO HOUSING AND FINANCE AUTHORITY

Notes to Financial Statements

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

Years Ended December 31, 1999 and 1998

(3) Loans Receivable (continued)

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

At December 31, 1999 and 1998, the amounts available in the Bond Funds for additional investments in new loans, and exclusive of single family mortgage loans warehoused in the Authority's General Fund of \$69.5 million and \$61.1 million, respectively, are as follows:

	<u>1999</u>	<u>1998</u>
Recycled funds loans (single family mortgage prepayments)	\$ 29,096	\$ 26,130
Single family mortgage program	48,598	77,594
General obligation mortgages and projects	-	38
Multi-family mortgages and projects	<u>66,188</u>	<u>49,880</u>
	<u>\$ 143,882</u>	<u>\$ 153,642</u>

(4) Bonds and Notes Payable

The aggregate principal amounts of bonds and notes payable at December 31, 1999 and 1998 are shown below. Interest is payable semiannually unless otherwise noted.

<u>Description and due date</u>	<u>Interest rate (%)</u>	<u>1999</u>	<u>1998</u>
General Fund:			
General Obligation Bonds:			
1986 Series A 2007-2021	7.25	\$ 2,530	\$ 2,530
1991 Series A 2000-2029	6.90 to 7.50	19,430	19,695
1992 Series A 2000-2030	9.125	3,325	3,345
1994 Series A 2000-2030	5.40 to 6.875	24,765	26,130
1998 Series A 2000-2017	4.00 to 5.25	1,565	1,610
ACCESS Programs:			
1991 Series A 2000-2011	8.70 to 9.15	7,560	7,980
1991 Series B 2000-2011	7.55 to 9.40	6,430	6,805
1995 Series A 2000-2015	7.67	5,699	5,875
1997 Series A 2000-2018	7.22	6,309	6,946
1999 Series A 2000-2019	6.49	6,900	-
QIC Program:			
1993 Series A 2000-2018	7.87	188	1,337
1994 Series A 2000-2019	6.51	867	1,247
1994 Series B 2000-2021	6.53	2,137	3,884
1995 Series A 2000-2020	7.60	2,873	5,575
1997 Series A 2000-2023	6.56	2,749	4,160
1999 Series A 2000-2024	5.71	9,954	-

COLORADO HOUSING AND FINANCE AUTHORITY

Notes to Financial Statements

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

Years Ended December 31, 1999 and 1998

(4) Bonds and Notes Payable (continued)

<u>Description and due date</u>	<u>Interest rate (%)</u>	<u>1999</u>	<u>1998</u>
Multi-family Mortgage Revenue Bond:			
1994 Series A	2000-2002	7.25	
		\$ <u>194</u>	\$ <u>247</u>
		<u>103,475</u>	<u>97,366</u>
Multi-family Housing Insured Mortgage Revenue Bonds:			
1977 Series A	2000-2019	6.00	
1977 Series B	2000-2020	6.00	
1982 Series A	2000-2025	9.00	
1982 Series B	2000-2025	6.00	
1984 Series A	2000-2016	7.50	
1991 Series A	2000-2026	7.35	
1992 Series A	2000-2023	7.90 to 8.30	
1993 Series A	2000-2029	5.125 to 5.90	
1995 Series A	2000-2037	5.40 to 6.80	
1995 Series B	2000-2037	5.25 to 6.75	
1995 Series C	2000-2015	5.10 to 7.00	
1996 Series A	2000-2037	4.50 to 7.20	
1996 Series B	2000-2037	5.75 to 8.00	
1996 Series C	2000-2038	4.90 to 8.10	
1997 Series A	2000-2038	4.30 to 7.125	
1997 Series B	2000-2038	4.20 to 7.25	
1997 Series C	2000-2039	4.40 to 6.75	
1998 Series A	2000-2039	5.35 to 6.70	
1998 Series B	2000-2040	5.45 to 7.00	
1999 Series A	2000-2041	3.25 to 6.65	
1999 Series B	2001-2041	5.25 to 5.85	
1999 Series C	2001-2041	4.55 to 7.93	
		<u>18,140</u>	<u>-</u>
		<u>485,775</u>	<u>435,055</u>
Multi-family Mortgage Revenue Bonds (Principal and interest payable monthly):			
Series 1978-3	2000-2017	6.50	
Series 1980-1	2000-2021	10.50	
Series 1981-1	2000-2022	11.00	
		<u>2,119</u>	<u>2,139</u>
		<u>4,218</u>	<u>4,283</u>
Single Family Housing Revenue Refunding Bonds:			
1991 Refunding Series A	2000-2031	6.30 to 7.25	
1995 Refunding Series A	2000-2013	4.50 to 5.65	
		52,401	63,958
		9,535	12,265

COLORADO HOUSING AND FINANCE AUTHORITY

Notes to Financial Statements

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

Years Ended December 31, 1999 and 1998

(4) Bonds and Notes Payable (continued)

<u>Description and due date</u>	<u>Interest rate (%)</u>	<u>1999</u>	<u>1998</u>
1996 Refunding			
Series AA 2005-2023	4.80 to 5.625	\$ <u>34,495</u>	\$ <u>34,495</u>
		<u>96,431</u>	<u>110,718</u>
Taxable Single Family Mortgage			
Revenue Bonds:			
1998 Issue I 2000-2018	6.10 to 6.65	<u>15,200</u>	<u>26,000</u>
Taxable Single Family Program			
Senior and Subordinate Bonds:			
1993 Issue A 2000-2011	6.80 to 7.625	<u>3,940</u>	<u>6,630</u>
Single Family Revenue Bonds:			
1985 Series A 2014	11.125	1,170	1,158
1985 Series B 2010-2017	8.75	3,525	3,525
1985 Series C -	8.75 to 10.00	-	1,385
1993 Refunding			
Series A 2005-2014	7.00	<u>6,953</u>	<u>7,142</u>
		<u>11,648</u>	<u>13,210</u>
Single Family Program Bonds:			
1998 Series C 2000-2029	4.50 to 5.625	<u>19,527</u>	<u>20,084</u>
Single Family Program Senior			
and Subordinate Bonds:			
1989 Series A -	7.60 to 9.25	-	5,565
1989 Series B -	7.15 to 8.70	-	7,320
1989 Series C -	7.20 to 9.60	-	7,185
1990 Series A 2000-2021	7.55 to 9.375	3,005	5,570
1990 Series B 2000-2022	7.95 to 9.75	3,540	6,795
1990 Series C 2000-2022	6.85 to 9.20	6,420	11,605
1991 Series A 2000-2023	6.70 to 9.40	3,530	6,945
1991 Series B 2000-2023	6.60 to 9.00	6,995	11,675
1991 Series C 2000-2023	6.50 to 9.075	11,100	17,245
1991 Series D 2000-2023	6.20 to 8.65	8,860	12,740
1992 Series A 2000-2024	6.10 to 8.70	15,140	22,135
1994 Series B 2000-2024	5.75 to 7.50	3,725	5,865
1994 Series C 2000-2024	6.00 to 7.90	4,230	6,990
1994 Series D-I 2000-2024	5.40 to 8.00	3,790	6,785
1994 Series D-II 2000-2025	5.65 to 8.125	3,680	6,250
1994 Series E 2000-2024	5.60 to 8.125	4,750	8,210
1994 Series F 2000-2025	6.75 to 8.625	2,840	5,230
1995 Series A 2000-2025	5.50 to 8.00	10,220	15,020
1995 Series B 2000-2025	5.40 to 7.90	10,795	16,115
1995 Series C 2000-2025	4.95 to 7.65	15,545	21,520
1995 Series D 2000-2026	5.20 to 7.38	27,835	34,885
1996 Series A 2000-2027	4.70 to 7.40	30,130	36,400
1996 Series B 2000-2027	4.85 to 7.65	28,815	37,560

COLORADO HOUSING AND FINANCE AUTHORITY

Notes to Financial Statements

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

Years Ended December 31, 1999 and 1998

(4) Bonds and Notes Payable (continued)

<u>Description and due date</u>	<u>Interest rate (%)</u>	<u>1999</u>	<u>1998</u>	
Single Family Program Senior and Subordinate Bonds (continued):				
1996 Series C	2000-2027	4.70 to 7.55	\$ 37,340	\$ 38,460
1997 Series A	2000-2027	4.35 to 7.25	41,160	42,755
1997 Series B	2000-2028	4.60 to 7.00	38,025	44,280
1997 Series C	2000-2028	4.80 to 6.875	40,765	44,650
1998 Series A	2000-2029	4.60 to 6.60	48,220	50,000
1998 Series B	2000-2029	4.50 to 6.55	48,915	50,038
1998 Series D	2000-2029	4.25 to 6.35	59,820	60,000
1999 Series A	2000-2030	4.25 to 6.45	50,000	-
1999 Series B	2000-2030	4.875 to 6.80	60,000	-
1999 Series C	2001-2031	4.70 to 7.20	70,720	-
			<u>699,910</u>	<u>645,793</u>
Single Family Revenue Refunding:				
1994 Series A	2000-2011	5.00 to 5.30	705	1,130
Mortgage notes:				
September 4, 2020		1.00	918	958
June 22, 2025		1.00	797	824
July 1, 2004		4.50	768	784
March 1, 2000		5.00	65	65
June 30, 2001		5.37	1,250	1,273
March 1, 2000		6.00	100	100
April 1, 2000		11.47	52	156
March 31, 2003		-	170	213
November 1, 2005		-	70	90
January 4, 1999	5.06 to 5.32	-	-	27,500
January 15, 1999	4.85	-	-	2,900
January 31, 2000	2.00	2,490	-	-
January 5, 2000	5.81 to 5.91	45,460	-	-
Unsecured notes payable:				
April 1, 2028	7.40	-	-	1,117
January 4, 1999	5.584	-	-	11,285
January 5, 2000	6.63 to 7.017	6,330	-	-
August 23, 2003	Variable	84	-	93
August 23, 2003	Variable	215	-	65
			<u>58,769</u>	<u>47,423</u>
Total bonds and notes payable			<u>1,499,598</u>	<u>1,407,692</u>
Discounts/premiums, net		39,569		30,555
Deferred refunding amounts		(123)		293
Total bonds and notes payable, net		\$ <u>1,539,044</u>		\$ <u>1,438,540</u>

COLORADO HOUSING AND FINANCE AUTHORITY

Notes to Financial Statements

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

Years Ended December 31, 1999 and 1998

(4) Bonds and Notes Payable (continued)

Included in several of the bond issues shown above are Capital Appreciation Bonds ("CAB") and Capital Appreciation Term Bonds ("CATB"). The principal amounts of these bonds appreciate based on semiannual compounding of the original principal balances at the interest rates specified. The appreciated balances of these bonds at maturity and as reflected in the accompanying statements of financial condition at December 31, 1999 and 1998 are as follows:

Description, due date and type	Interest rate (%)	Appreciated Balances		
		Maturity	1999	1998
Single Family Revenue Bonds:				
1985 Series A 2014 CATB	11.125	\$ 5,725	\$ 1,170	\$ 1,158
1993 Refunding Series A 2014 CATB	7.00	19,070	6,953	7,142
Single Family Housing Revenue Bonds:				
1991 Refunding Series A 2001-2006 CAB	6.70 to 7.00	18,725	14,561	13,613
Single Family Senior and Subordinate Bonds:				
1998 Series B 2029 CATB	5.5	6,940	1,375	1,303
Single Family Program Bonds:				
1998 Series C 2029 CATB	5.625	16,285	3,112	2,944

Bonds and notes payable sinking fund installments and maturities during the five years subsequent to December 31, 1999 are as follows:

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
Bonds:					
General Fund:					
General Obligation	\$ 3,377	\$ 3,110	\$ 3,537	\$ 4,236	\$ 4,452
Multi-family Mortgage Revenue	62	67	66	-	-
Multi-family:					
Housing Insured Mortgage Revenue	5,365	5,955	6,510	6,970	7,440
Mortgage Revenue	66	72	79	87	95
Single Family:					
Housing Revenue	4,255	4,233	4,028	3,783	3,424
Taxable Mortgage Revenue	165	175	185	195	205
Taxable Program Senior and Subordinate Revenue	35	-	-	-	-
Program Bonds	440	460	485	510	535
Program Senior and Subordinate Revenue Refunding	8,885	11,995	13,025	13,625	13,925
	50	40	40	40	65
Notes Payable	<u>54,660</u>	<u>1,363</u>	<u>140</u>	<u>441</u>	<u>773</u>
	<u>\$77,360</u>	<u>\$27,470</u>	<u>\$28,095</u>	<u>\$29,887</u>	<u>\$30,914</u>

COLORADO HOUSING AND FINANCE AUTHORITY

Notes to Financial Statements

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

Years Ended December 31, 1999 and 1998

(4) Bonds and Notes Payable (continued)

Aggregate maturities of bonds and notes payable subsequent to the year 2004 are \$1,305,872,000.

Assets of the various Bond Funds are pledged for payment of principal and interest on the applicable bonds. In addition, certain assets are further restricted by bond resolutions for payment of interest on and/or principal of bonds in the event that the related debt service funds and other available monies are insufficient. Such assets are segregated within the various Bond Funds and are held in cash, marketable securities or investment agreements. At December 31, 1999 and 1998, these assets were at least equal to the amounts required to be restricted.

As of December 31, 1999 and 1998, the Authority had a \$52,000 and \$156,000, respectively, note payable to a bank under its Taxable Multi-family Rental Housing Rehabilitation Program. The note is secured by the pledge of, and is being repaid with the principal and interest payments on, the mortgage loan participations, which were acquired with the note proceeds. In the event of default of any underlying mortgage loan, the Authority is obligated to the bank for up to one-third of any deficiency of amounts due the bank upon foreclosure or other conversion of the defaulted loan. The Authority receives an ongoing fee representing .25% of the unpaid balance of its participation interest.

The Authority has an agreement with the Federal Home Loan Bank of Topeka (FHLB) for borrowings of up to \$70,000,000. Amounts drawn under the agreement bear interest at the same rates charged by the FHLB to its member banks and are collateralized by certain mortgage loans and/or investment securities. As of December 31, 1999 and 1998, the outstanding borrowings under this agreement were \$45,460,000 and \$30,400,000, respectively.

The Authority also has a revolving, unsecured, bank line of credit for borrowings of up to \$30,000,000. Amounts drawn under the agreement bear interest fixed at .52% per annum above the London Interbank Offered Rates (LIBOR). The line of credit agreement terminates on July 25, 2001. As of December 31, 1999 and 1998, the outstanding borrowings under this agreement were \$6,330,000 and \$11,285,000.

During 1999, the Authority secured an agreement with another bank for a secured line of credit authorizing borrowings of up to \$3,000,000. The agreement provides for the Authority to borrow an amount based on the prior month's average daily balance of custodial funds held in a non-interest bearing account at the bank. Amounts drawn under the agreement bear interest fixed at 2% per annum, and are invested with the bank in a money market savings account. The line of credit agreement terminates on July 1, 2000. As of December 31, 1999, the outstanding borrowings under this agreement were \$2,490,000.

COLORADO HOUSING AND FINANCE AUTHORITY

Notes to Financial Statements

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

Years Ended December 31, 1999 and 1998

(4) Bonds and Notes Payable (continued)

The Authority has issued certain conduit Multi-family Housing Revenue Bonds and Industrial Development Bonds, the proceeds of which were made available to various developers and corporations for rental housing and commercial purposes. As of December 31, 1999, \$152,660,000 and \$38,380,000, respectively, of these bonds were outstanding. The corresponding amounts outstanding as of December 31, 1998 were \$166,560,000 and \$28,690,000, respectively. The bonds are payable solely from amounts received by the trustees from the revenue earned by the developers and corporations. Loan and corresponding debt service payments are guaranteed by irrevocable direct-pay letters of credit, or other credit enhancement arrangements. The faith and credit of the Authority is not pledged for the payment of the principal or interest on the bonds. Accordingly, these obligations are excluded from the Authority's financial statements.

(5) Debt Refundings

On October 19, 1999, the Authority issued its Single Family Program Senior and Subordinate Bonds, 1999 Series C, in the aggregate principal amount of \$70,720,000. Proceeds of the bonds were used for new mortgage loans and to refund its outstanding Single Family Program Senior and Subordinate Bonds, 1989 Series A, B and C in the amount of \$11,295,000. The refunding resulted in a substantial decrease in aggregate debt service requirements of \$1,870,000 and an approximate economic gain to the Authority of \$389,000.

On June 25, 1998, the Authority issued its Single Family Program Senior and Subordinate Bonds, 1998 Series B, in the aggregate principal amount of \$50,002,000. Proceeds of the bonds were used for new mortgage loans and to refund its outstanding Single Family Residential Housing Revenue Bonds, 1986 Series A, and 1987 Series B and C in the amounts of \$13,133,000, \$9,240,000 and \$8,455,000, respectively. The refunding resulted in a substantial decrease in aggregate debt service requirements of \$9,545,000 and an approximate economic gain to the Authority of \$7,691,000.

On June 25, 1998, the Authority also issued its Single Family Program Bonds, 1998 Series C, in the aggregate principal amount of \$20,001,000. Proceeds of the bonds were used for new mortgage loans and to refund its outstanding Single Family Residential Housing Revenue Bonds, 1987 Series A in the amount of \$6,845,000. The refunding resulted in a decrease in aggregate debt service requirements of \$2,095,000 and an approximate economic gain to the Authority of \$1,688,000.

In accordance with Governmental Accounting Standards Board Statement No. 23, the following deferred amounts related to the 1999 and 1998 refunding transactions are being amortized over the estimated remaining lives of the old debt.

COLORADO HOUSING AND FINANCE AUTHORITY

Notes to Financial Statements

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

Years Ended December 31, 1999 and 1998

(5) Debt Refundings (continued)

	<u>1999</u>	<u>1998</u>
Single Family Program Senior and Subordinate Bonds, 1989 Series A, B, and C:		
Deferred fee income	\$ (58)	\$ -
Deferred debt financing costs	74	-
Call premium	226	-
Single Family Residential Housing Revenue Bonds, 1986 Series A and 1987 Series B and C:		
Deferred fee income	-	(522)
Mortgage yield recoupment	-	(517)
Deferred debt financing costs	-	733
Unamortized discount	-	147
Single Family Residential Housing Revenue Bonds, 1987 Series A:		
Deferred fee income	-	(111)
Mortgage yield recoupment	-	(81)
Deferred debt financing costs	<u>-</u>	<u>128</u>
Total deferred amount	\$ <u>242</u>	\$ <u>(223)</u>

(6) Early Extinguishment of Debt

On June 1, 1998, the Authority called all of its 1988 Series A Single Family Mortgage Revenue Bonds (GNMA Mortgage-Backed Securities Program).

A summary of the resulting gain from early extinguishment of debt is as follows:

	<u>1999</u>	<u>1998</u>
Single Family Mortgage Revenue Bonds (GNMA Mortgage-Backed Securities Program) 1988 Series A:		
Deferred fee income	\$ -	\$ (571)
Gain on sale of marketable securities	-	(231)
Deferred other expense	-	453
Deferred debt issuance	-	145
Call premium	<u>-</u>	<u>129</u>
Total	\$ <u>-</u>	\$ <u>(75)</u>

COLORADO HOUSING AND FINANCE AUTHORITY

Notes to Financial Statements

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

Years Ended December 31, 1999 and 1998

(7) Selected Financial and Operating Data

Selected financial and operating data of the various program funds of the Authority as of December 31, 1999 are as follows:

	<u>Total Assets</u>	<u>Bonds and Notes Payable</u>	<u>Fund Equity</u>
General Fund	\$ 280,203	\$ 178,329	\$ 81,658
Multi-family:			
Housing Insured Mortgage Revenue	499,690	475,963	15,088
Mortgage Revenue	4,252	4,218	-
Single Family:			
Housing Revenue	123,258	97,772	24,637
Taxable Revenue	17,273	15,200	1,742
Taxable Program Senior and Subordinate	5,202	4,178	997
Revenue	16,953	11,643	5,205
Program Senior and Subordinate	771,188	748,682	11,867
Program Bonds	20,762	19,585	1,043
Revenue Refunding	1,128	705	155
Intercompany Eliminations	<u>(17,318)</u>	<u>(17,231)</u>	<u>-</u>
	<u>\$ 1,722,591</u>	<u>\$ 1,539,044</u>	<u>\$ 142,392</u>
	<u>Total Revenue</u>	<u>Interest Expense</u>	<u>Net Income (Loss)</u>
General Fund	\$ 34,197	\$ 10,489	\$ 9,035
Multi-family:			
Housing Insured Mortgage Revenue	31,834	30,162	(5,255)
Mortgage Revenue	402	402	-
Single Family:			
Housing Revenue	9,442	6,661	808
Taxable Revenue	1,563	1,280	215
Taxable Program Senior and Subordinate	546	338	174
Revenue	1,219	1,364	(161)
Program Senior and Subordinate	46,404	42,849	339
Program Bonds	1,084	1,013	37
Revenue Refunding	70	46	12
Intercompany Eliminations	<u>(1,292)</u>	<u>(1,895)</u>	<u>-</u>
	<u>\$ 125,469</u>	<u>\$ 92,709</u>	<u>\$ 5,204</u>

Certain multi-family insured mortgage revenue bonds are secured by insured mortgage loans receivable from the Authority's instrumentalities, whose assets and operations are accounted for within the General Fund. For financial statement purposes, all transactions between the General Fund and the Bond Funds are eliminated.

COLORADO HOUSING AND FINANCE AUTHORITY

Notes to Financial Statements

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

Years Ended December 31, 1999 and 1998

(8) Retirement Plans

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

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

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

Under the plan, State statute requires the Authority and participating employees to contribute 10% and 8%, respectively, of the employees' gross salaries, as defined by the plan. The Authority's total eligible payroll for participating employees was \$6,201,000 and \$5,584,000 for 1999 and 1998, respectively. Contributions by the Authority and employees approximated \$620,000 and \$496,000, respectively, for 1999, while for 1998 the amounts were \$558,000 and \$447,000, respectively.

The pension benefit obligation, which is the actuarial measure of the present value of credited projected benefits, is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and any step-rate benefits, estimated to be payable in the future as a result of employee service to date. The measure is intended to help users of the Authority's financial statements assess PERA's funding status on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among PERA and other pension programs and among employees. As of December 31, 1998, the date of the latest available audited information, the total actuarial accrued liability and total net assets available for benefits of the Municipal Division of PERA, in which the Authority's pension contributions and benefits are included, were \$1,301,869,000 and \$1,477,009,000, respectively.

COLORADO HOUSING AND FINANCE AUTHORITY

Notes to Financial Statements

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

Years Ended December 31, 1999 and 1998

(8) Retirement Plans (continued)

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

Included in the Authority's general obligation debt are bonds payable to PERA of \$37,676,000 and \$29,024,000 at December 31, 1999 and 1998, respectively.

An additional benefit offered to eligible Authority employees through PERA is a Voluntary Investment Program ("VIP"), established under Section 401(k) of the Internal Revenue Code. Participants may invest between 1% and 18% of their annual gross salaries up to the annual IRS limit. The Authority contributes 1% of each participating employee's salary and in addition, matches 50% of the participating employee's contribution, up to 5% of gross salary.

The Authority also offers a deferred compensation plan for the purpose of providing retirement income for eligible employees, defined as those who have completed three months of employment with the Authority. This defined contribution plan is qualified under Section 457 of the Internal Revenue Code. The plan is administered by an independent trustee.

COLORADO HOUSING AND FINANCE AUTHORITY

Schedule I

Required Supplementary Information

Year 2000 Compliance

December 31, 1999

Year 2000 Issue

In 1997, the Authority developed a plan for year 2000 information technology readiness and compliance, covering awareness, assessment, remediation, validation and testing. As of December 31, 1999, the Authority had completed all stages of the project as defined in GASB Technical Bulletin No. 98-1, "Disclosures about Year 2000 Issues". As a result, the Authority encountered no adverse effects at year end.

Resources utilized for the project for the year ended December 31, 1998 amounted to approximately \$100,000. Estimated resources committed to the Authority's Year 2000 effort for the year ended December 31, 1999 are \$155,000, including staff time.

COLORADO HOUSING AND FINANCE AUTHORITY
Statement of Financial Condition by Program
December 31, 1999 and 1998
(000s Omitted)

	General Fund	Single Family	Multi-family	Eliminations	Memorandum Totals	
					1999	1998
ASSETS						
Cash	\$ 5,211	-	-	-	5,211	4,080
Marketable securities:						
Short-term	30,043	223,574	88,789	-	342,406	348,403
Long-term, at fair value	18,636	62,881	44,668	-	126,185	132,297
Total cash and marketable securities	53,890	286,455	133,457	-	473,802	484,780
Loans receivable, net	170,753	648,564	364,269	(17,231)	1,166,355	1,053,939
Accrued interest receivable	1,748	8,933	4,650	(87)	15,244	13,217
Property and equipment, net:						
Corporate facilities	3,246	-	-	-	3,246	3,257
Rental operations	27,465	-	-	-	27,465	27,755
Deferred debt financing costs, net	1,682	11,333	2,794	-	15,809	15,381
Other real estate owned, net	669	126	-	-	795	326
Other assets	19,708	147	20	-	19,875	13,559
Due from (to) other funds	1,042	207	(1,249)	-	-	-
	<u>\$ 280,203</u>	<u>955,765</u>	<u>503,941</u>	<u>(17,318)</u>	<u>1,722,591</u>	<u>1,612,214</u>
LIABILITIES AND FUND EQUITY						
Liabilities:						
Bonds and notes payable, net	\$ 178,329	897,765	480,181	(17,231)	1,539,044	1,438,540
Accrued interest payable	2,487	11,869	7,810	(87)	22,079	20,633
Accounts payable	6,148	222	862	-	7,232	8,943
Federally assisted program advances	4,004	-	-	-	4,004	1,011
Deferred fee income	196	-	-	-	196	133
Escrow and refundable deposits	7,381	263	-	-	7,644	5,766
Total liabilities	<u>198,545</u>	<u>910,119</u>	<u>488,853</u>	<u>(17,318)</u>	<u>1,580,199</u>	<u>1,475,026</u>
Fund equity - retained earnings:						
Restricted	-	45,646	15,088	-	60,734	64,565
General Fund - Board designated	81,658	-	-	-	81,658	72,623
Total fund equity - retained earnings	<u>81,658</u>	<u>45,646</u>	<u>15,088</u>	<u>-</u>	<u>142,392</u>	<u>137,188</u>
	<u>\$ 280,203</u>	<u>955,765</u>	<u>503,941</u>	<u>(17,318)</u>	<u>1,722,591</u>	<u>1,612,214</u>

See notes to financial statements

COLORADO HOUSING AND FINANCE AUTHORITY
 Statements of Revenue, Expenses
 and Changes in Retained Earnings by Program
 December 31, 1999 and 1998
 (000s Omitted)

	General Fund	Single Family	Multi-family	Eliminations	Memorandum Totals	
					1999	1998
Interest and investment revenues:						
Loans receivable	\$ 12,857	42,121	28,338	(1,292)	82,024	81,305
Marketable securities	3,557	18,963	7,379	-	29,899	27,818
Net increase (decrease) in fair value of marketable securities	(884)	(757)	(3,480)	-	(5,121)	1,499
Total interest and investment revenue	15,530	60,327	32,237	(1,292)	106,802	110,622
Net interest revenue	10,489	53,551	30,564	(1,895)	92,709	90,155
Other revenues (expenses):	5,041	6,776	1,673	603	14,093	20,467
Rental operations	9,587	-	-	-	9,587	9,321
Fees and miscellaneous income	9,080	-	-	-	9,080	8,612
Program fees (expenses)	3,426	(3,169)	(257)	-	-	-
Total other revenue	22,093	(3,169)	(257)	-	18,667	17,933
Net revenue	27,134	3,607	1,416	603	32,760	38,400
Other expenses:						
Salaries and related benefits	8,387	-	-	-	8,387	7,445
General operating	9,015	439	192	-	9,646	8,620
Provision for losses	1,115	(89)	6,479	-	7,505	189
Other interest expense	1,415	-	-	603	2,018	2,162
Transfers	(1,833)	1,833	-	-	-	-
Total other expenses	18,099	2,183	6,671	603	27,556	18,416
Income before extraordinary item	9,035	1,424	(5,255)	-	5,204	19,984
Extraordinary gain from early extinguishment of debt	-	-	-	-	-	75
Net income	9,035	1,424	(5,255)	-	5,204	20,059
Retained earnings, beginning of year	72,623	44,221	20,344	-	137,188	117,129
Retained earnings, end of year	\$ 81,658	45,645	15,089	-	142,392	137,188

See notes to financial statements



REPORT ON COMPLIANCE AND ON INTERNAL
CONTROL OVER FINANCIAL REPORTING BASED ON AN
AUDIT OF THE FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited the financial statements of the Colorado Housing and Finance Authority (the "Authority") as of and for the year ended December 31, 1999, and have issued our report thereon dated February 3, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Authority's general-purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Authority's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting, which we have reported to management of the Authority in a separate letter dated February 3, 2000.

This report is intended for the information of the Board of Directors, management and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

Denver, Colorado,
February 3, 2000.

A handwritten signature in black ink that reads "Arthur Andersen LLP". The signature is written in a cursive, flowing style.

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APPENDIX B

Summary of Certain Provisions of the Indenture

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

Certain Definitions

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

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

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

"Amortized Value" means, when used with respect to Investment Securities purchased at a premium above or at a discount below par, the value as of any given date obtained by dividing the total amount of the premium or the discount at which such Investment Securities were purchased by the number of days remaining to the first call date (if callable) or the maturity date (if not callable) of such Investment Securities at the time of such purchase and by

multiplying the amount so calculated by the number of days having passed from the date of such purchase; and (i) in the case of Investment Securities purchased at a premium, by deducting the product thus obtained from the purchase price and (ii) in the case of Investment Securities purchased at a discount, by adding the product thus obtained to the purchase price.

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

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

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

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

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

"Authorized Denominations" means (i) with respect to 2000 Series A-1 Class I Bonds, 2000 Series A-1 Class III Bonds or 2000 Series A-2 Bonds in a Commercial Paper Mode, \$100,000 and any integral multiple of \$5,000 in excess thereof, (ii) with respect to 2000 Series A-1 Class I Bonds, 2000 Series A-1 Class III Bonds or 2000 Series A-2 Bonds in a Daily Mode, Weekly Mode or a SAVRS Rate Mode, \$100,000 and any integral multiple thereof, provided that one 2000 Series A-1 Class I Bond, one 2000 Series A-1 Class III Bond and one 2000 Series A-2 Bond may be in the principal amount of \$100,000 plus \$5,000 or an integral multiple of \$5,000, and (iii) with respect to 2000 Series A-1 Class I Bonds, 2000 Series A-1 Class III Bonds or 2000 Series A-2 Bonds in a Term Rate Mode or a Fixed Rate Mode, \$5,000 and any integral multiple thereof; provided, that during the initial Term Rate Mode for the 2000 Series A-2 Bonds, "Authorized Denominations" means \$100,000 and any integral multiple thereof, except that one 2000 Series A-2 Bond may be in the principal amount of \$100,000 plus \$5,000 or an integral multiple of \$5,000.

"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.

"BMA Municipal Swap Index" means, with respect to any 2000 Series A-1 Class I Bond, 2000 Series A-1 Class III Bond or 2000 Series A-2 Bond in the Weekly Mode for which a rate is not set pursuant to the Indenture, the rate per annum determined on the basis of an index based upon the weekly interest rates of tax-exempt variable rate issues included in a database

maintained by the Indexing Agent which meet specific criteria established by the Bond Market Association, formerly known as the Public Securities Association. In the event the Indexing Agent no longer publishes an index satisfying the requirements of the preceding sentence, the rate shall be the "J.J. Kenny Index," provided, however, that if the J.J. Kenny Index also ceases to be published, an alternative index shall be calculated by an entity selected in good faith by the Authority, and shall be determined using the criteria for the BMA Municipal Swap Index.

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

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

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

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

"Business Day" means any day other than a Saturday or a Sunday, that in the city in which the corporate trust office of the Trustee designated for the purpose of presentation of and payment on the Bonds is located is neither a legal holiday nor a day on which banking institutions are authorized or obligated by law or executive order to be closed.

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

"Cash Flow Statement" means, with respect to any particular Bonds, a certificate prepared by or on behalf of the Authority with respect to Cash Flows setting forth, for the period extending from the date of such certificate to the latest maturity of the Bonds then outstanding, (i) all Revenues expected to be received during such period; (ii) the application of all such Revenues in accordance with the Indenture; (iii) the resulting balances on each Bond Payment Date and Derivative Payment Date, if any; and establishing under all scenarios included in the Cash Flows, that anticipated Revenues will be at least sufficient to pay the principal of and interest on the Obligations when due and all Administrative Expenses payable under the Indenture when due. Each Cash Flow Statement shall be accompanied by all supporting Cash Flows. Reference to a Cash Flow Statement with respect to a Series shall be taken to mean a Cash Flow Statement with respect to such Series and any other Series to which it has been linked for Cash Flow Statement purposes.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

"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.

"Conversion Date" means that date, presently expected to be February 1, 2001, to be specified in the notice from the Trustee to the owners of the 2000 Series A-2 Bonds as that date when the interest rates borne by the 2000 Series A-2 Bonds change from taxable rates to tax-exempt rates. The Conversion Date shall be between February 1, 2001 and May 1, 2001, inclusive, if it occurs. The sending of the notice to the owners of the 2000 Series A-2 Bonds is dependent upon receipt by the Trustee of notification from Bond Counsel that it believes it will be able to issue an unqualified approving opinion that the interest on the 2000 Series A-2 Bonds is excluded from gross income for federal income tax purposes as of the Conversion Date, and the Conversion Date is dependent upon receipt of that opinion.

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

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

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

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

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

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

"Debt Service Reserve Fund Requirement" means, with respect to the 2000 Series A Bonds, (a) initially, \$5,700,000, and (b) thereafter, as of any date of calculation, the sum of (i) the maximum principal and interest payment due for any period of eight consecutive calendar months on Loans Related to the 2000 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 2000 Series A Bonds that are not insured or guaranteed by the United States of America and any agency or instrumentality thereof.

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

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

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

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

cause to be paid, to the Authority, Reciprocal Payments on one or more scheduled and specified Derivative Payment Dates in the amounts set forth in the Derivative Product;

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

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

"Escrow Account" means the Account so designated, which is created and established by the Series Indenture, and required to be accumulated and maintained in the Escrow Bank under the Escrow Agreement.

"Escrow Agreement" means the Escrow Agreement between the Authority and the Escrow Bank, providing for the payment of the Refunded Bonds.

"Escrow Bank" means Zions First National Bank, as escrow bank in connection with the defeasance of the Refunded Bonds.

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

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

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

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

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

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

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

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

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

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

"Interest Payment Date" means, with respect to 2000 Series A-3 and 2000 Series A-4 Bonds, each April 1 and October 1, commencing October 1, 2000 and, with respect to 2000 Series A-1 Bonds and 2000 Series A-2 Bonds, each date on which interest is to be paid and is: (i) with respect to a Commercial Paper Bond, the Purchase Date; (ii) with respect to a 2000 Series A-1 Bond or 2000 Series A-2 Bond in the Daily Mode, the first Business Day of each month, (iii) with respect to a 2000 Series A-1 Bond or 2000 Series A-2 Bond in the Weekly Mode, each April 1 and October 1; (iv) with respect to a 2000 Series A-1 Bond or 2000 Series A-2 Bond in the Term Rate Mode, each Term Rate Interest Payment Date for such Bond; (v) with respect to a 2000 Series A-1 Bond or 2000 Series A-2 Bond in the Fixed Rate Mode, each April 1 and October 1; (vi) with respect to Bank Bonds, the Bank Bond Purchase Date, the first Business Day of each month and the Bank Bond Sale Date; (vii) any Mode Change Date; (viii) each Maturity Date and Serial Maturity Date, and (ix) after any SAVRS Rate Conversion Date, each "Interest Payment Date" as defined in the Supplemental Indenture to be entered into in connection with the SAVRS Rate Conversion Date.

"Interest Period" means, for a 2000 Series A-1 Class I Bond, 2000 Series A-1 Class III Bond or 2000 Series A-2 Bond in a particular Mode, the period of time that such Bond bears interest at the rate (per annum) which becomes effective at the beginning of such period. The Interest Period for each Mode is as follows:

(i) for a 2000 Series A-1 Class I Bond, 2000 Series A-1 Class III Bond or 2000 Series A-2 Bond in the Commercial Paper Mode, the period of from one to 360 calendar days as established by the Remarketing Agent pursuant to the Indenture;

(ii) for a 2000 Series A-1 Class I Bond, 2000 Series A-1 Class III Bond or 2000 Series A-2 Bond in the Daily Mode, the period from (and including) the Mode Change Date upon which such Bond is changed to the Daily Mode to (but excluding) the next Rate Determination Date for such Bond, and thereafter the period from and

including the current Rate Determination Date for such Bond to (but excluding) the next Rate Determination Date for such Bond;

(iii) for a 2000 Series A-1 Class I Bond, 2000 Series A-1 Class III Bond or 2000 Series A-2 Bond in the Weekly Mode, the period from (and including) the Mode Change Date upon which such Bond is changed to the Weekly Mode to (and including) the next Tuesday, and thereafter the period from (and including) each Wednesday to (and including) the next Tuesday;

(iv) for a 2000 Series A-1 Class I Bond, 2000 Series A-1 Class III Bond or 2000 Series A-2 Bond in the Term Rate Mode, the period from (and including) the Mode Change Date to (but excluding) the last day of the first period that such Bond shall be in the Term Rate Mode as established by the Authority for such Bond pursuant to the Indenture and, thereafter, the period from (and including) the beginning date of each successive interest rate period selected for such Bond by the Authority while it is in the Term Rate Mode to (but excluding) the ending date for such period selected for such Bond by the Authority. Each Interest Period for a 2000 Series A-1 Class I Bond, 2000 Series A-1 Class III Bond or 2000 Series A-2 Bond in the Term Rate Mode shall end on a Stated Interest Payment Date occurring not earlier than three months after the commencement of such Period.

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

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

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

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

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

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

Mortgage Corporation (including participation certificates only if they guarantee timely payment of principal and interest); Government National Mortgage Association (excluding "interest only" mortgage strip securities, and excluding other mortgage strip securities which are valued greater than par); Federal Financing Bank; or Federal Housing Administration; or any other agency or instrumentality of the United States of America (created by an act of Congress) substantially similar to the foregoing in its legal relationship to the United States of America;

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

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

(e) Any Investment Agreement;

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

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

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

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

provided, that it is expressly understood that the definition of Investment Securities shall be, and be deemed to be, expanded, or new definitions and related provisions shall be added to the Indenture, thus permitting investments with different characteristics from those listed above which the Authority deems from time to time to be in the interest of the Authority to include as Investment Securities if at the time of inclusion the Trustee shall have received written confirmation from the Rating Agencies that such inclusion will not, in and of itself, impair, or cause any of the Bonds to fail to retain, the then existing rating assigned to them by the Rating Agencies. For purposes of investments of the subaccounts established by the 2000 Series A Indenture, "Investment Securities" shall include only those "Investment Securities" above that as are also listed in the "List of Permissible Investments of Indentured Funds" contained in the "Commitment to Issue a Financial Guaranty Insurance Policy" for the 2000 Series A-1 Class III Bonds submitted by MBIA Insurance Corporation, as the bond insurer for the 2000 Series A-1 Class III Bonds, on file with the Authority.

"J.J. Kenny Index" means, with respect to a 2000 Series A-1 Class I Bond, 2000 Series A-1 Class III Bond or 2000 Series A-2 Bond in the Weekly Mode for which a rate is not, or cannot be, set pursuant to the Indenture, the index generally made available on the applicable Rate Determination Date by Kenny Information Systems or any successor thereto. The J. J. Kenny Index shall be based upon 30-day yield evaluations at par of bonds, the interest on which is exempt from Federal income taxation under the Internal Revenue Code of 1986 as amended, of not less than five "high grade" component issuers selected by the Kenny Information Systems which shall include, without limitation, issuers of general obligation bonds. The specific issuers included among the component issuers may be changed from time to time by the Kenny Information Systems in its discretion. The bonds on which the J.J. Kenny Index is based shall not include any bonds the interest on which is subject to a "minimum tax" or similar tax under the Internal Revenue Code, unless all tax-exempt bonds are subject to such tax.

"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 loan (including a construction loan, a permanent loan or a combined construction and permanent loan) made by the Authority to a Borrower with the proceeds of the Bonds or the Refunded Bonds or with Prepayments for the financing of a portion of the costs of a Housing Facility or Project,

which loan is evidenced by a Note pursuant to a Loan Agreement. The Authority may use money deposited in the Acquisition Account or the Loan Recycling Account to acquire mortgage-backed securities, pass-through certificates or other instruments backed by Loans, so long as each such Loan satisfies the requirements of the Master Indenture, in which case references in the Indenture to "Loans" shall be deemed to be references to such mortgage-backed securities, pass-through certificates or other instruments.

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

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

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

"Mandatory Purchase Date" means (i) any Purchase Date for 2000 Series A-1 Bonds or 2000 Series A-2 Bonds in the Commercial Paper Mode or the Term Rate Mode, (ii) any Mode Change Date involving a change from the Daily Mode or the Weekly Mode, (iii) the Substitution Tender Date, and (iv) any other date that the 2000 Series A-1 Bonds or 2000 Series A-2 Bonds are subject to mandatory purchase in accordance with the Indenture.

"Mode Change Date" means with respect to any 2000 Series A-1 Class I Bond, 2000 Series A-1 Class III Bond or 2000 Series A-2 Bond in a particular Mode, the day on which another Mode for such Bond begins.

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

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

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

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

(b) any Bond (or any portion thereof) (i) for the payment or redemption of which there shall be held in trust under the Indenture and set aside for such payment or redemption, moneys and/or Defeasance Securities maturing

or redeemable at the option of the holder thereof not later than such maturity or redemption date which, together with income to be earned on such Defeasance Securities prior to such maturity or redemption date, will be sufficient to pay the principal or Redemption Price thereof, as the case may be, together with interest thereon to the date of maturity or redemption, and (ii) in the case of any such Bond (or any portion thereof) to be redeemed prior to maturity, notice of the redemption of which shall have been given in accordance with the Indenture or provided for in a manner satisfactory to the Bond Registrar;

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

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

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

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

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

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

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

"Project" means a work or improvement which is located or is to be located in the State, including but not limited to real property, buildings, equipment, furnishings and any other real or personal property or any interest therein, financed, refinanced, acquired, owned, constructed, reconstructed, extended, rehabilitated, improved or equipped, directly or indirectly,

in whole or in part, by the Authority and which is designed and intended for the purpose of providing facilities for manufacturing, warehousing, commercial, recreational, hotel, office, research and development, or other business purposes, including but not limited to machinery and equipment deemed necessary for the operation thereof, excluding raw material, work in process, or stock in trade. "Project" includes more than one project or any portion of a project, but shall not include (a) a housing facility or any portion thereof unless the Authority elects to treat such housing facility or portion thereof as a Project or (b) the financing by the Authority of any county or municipal public facilities beyond the boundaries of the Project.

"Purchase Date" means (i) for a 2000 Series A-1 Class I Bond, 2000 Series A-1 Class III Bond or 2000 Series A-2 Bond in the Commercial Paper Mode, the last day of the Interest Period for such Bond, (ii) for a 2000 Series A-1 Class I Bond, 2000 Series A-1 Class III Bond or 2000 Series A-2 Bond in the Daily Mode or the Weekly Mode, any Business Day selected by the owner of said Bond pursuant to the provisions of the Indenture and (iii) for a 2000 Series A-1 Class I Bond, 2000 Series A-1 Class III Bond or 2000 Series A-2 Bond in the Term Rate Mode, the last day of the Interest Period for such Bond (or the next Business Day if such last day is not a Business Day), but only if the Owner thereof shall have elected to have such Bond purchased on such date pursuant to the Indenture.

"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.

"Rating Confirmation Notice" means a notice from each Rating Agency confirming that the rating on the 2000 Series A-1 Class I Bonds, 2000 Series A-1 Class III Bonds or 2000 Series A-2 Bonds will not be withdrawn (other than a withdrawal of a short term rating upon a change to a Long-Term Mode) as a result of the action proposed to be taken.

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

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

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

"Record Date" means (i) with respect to 2000 Series A-1 Class I Bonds, 2000 Series A-1 Class III Bonds or 2000 Series A-2 Bonds in a Commercial Paper Mode, a Weekly Mode or a SAVRS Rate Mode, the day (whether or not a Business Day) next preceding each Interest Payment Date, (ii) with respect to 2000 Series A-1 Class I Bonds, 2000 Series A-1 Class

III Bonds or 2000 Series A-2 Bonds in the Daily Rate Mode, the last day of each month (whether or not a Business Day), (iii) with respect to 2000 Series A-1 Class I Bonds, 2000 Series A-1 Class III Bonds or 2000 Series A-2 Bonds in a Term Rate Mode or a Fixed Rate Mode, the fifteenth day (whether or not a Business Day) of the month next preceding each Interest Payment Date, and (iv) with respect to each Bond Payment Date for the 2000 Series A-3 Bonds and the 2000 Series A-4 Bonds, the fifteenth day of the month (whether or not a Business Day) next preceding each Bond Payment Date.

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

"Refunded Bonds" means, collectively, the Series 1986A Bonds, the Series 1991A Bonds, the Series 1994A Bonds, and the Series 1977 Bonds.

"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.

"Restricted Loan Subaccount" means the subaccount so designated, which is created and established in the 2000 Series A subaccount of the Acquisition Account by the 2000 Series A Indenture.

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

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

"SAVRS Rate Bonds" means the 2000 Series A-1 Class I Bonds, 2000 Series A-1 Class III Bonds or 2000 Series A-2 Bonds in any period during which the 2000 Series A-1 Bonds or the 2000 Series A-2 Bonds bears interest at rates determined by auction procedures described in the Supplemental Indenture to be entered into in connection with the SAVRS Rate Conversion Date.

"SAVRS Rate Mode" means the Mode during which the 2000 Series A-1 Class I Bonds, 2000 Series A-1 Class III Bonds or 2000 Series A-2 Bonds bear interest at rates

determined by auction procedures described in the Supplemental Indenture to be entered into in connection with the SAVRS Rate Conversion Date.

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

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

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

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

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

"State" means the State of Colorado.

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

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

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

"Unrestricted Loan Subaccount" means the subaccount so designated, which is created and established in the 2000 Series A subaccount of the Acquisition Account by the 2000 Series A Indenture.

Indenture Constitutes a Contract

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

Issuance of Additional Bonds

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

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

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

Issuance of Refunding Bonds

Bonds of one or more Series may be issued to refund Outstanding Bonds of one or more Series only upon the receipt by the Trustee of: (i) items referred to in clauses (a), (b), (c), (d) and (e) of the preceding paragraph, and (ii) certain other instructions to the Trustee. In addition, if the bonds to be refunded are Bonds, there must be deposited with the Trustee (or paying agent or escrow agent, if any) either (A) moneys (which may include all or a portion of the proceeds of the Refunding Bonds to be issued) in an amount sufficient to effect payment or redemption at the applicable redemption price of the Bonds to be refunded, together with accrued interest on such Bonds to the due date or redemption date, or (B) Defeasance Securities, the principal of and interest on which when due, together with any moneys deposited with the Trustee (or paying agent or escrow agent), will be sufficient to pay when due the applicable principal or Redemption Price of and interest due or to become due on the Bonds to be refunded. Defeasance Securities include any Investment Securities (including direct obligations of or

obligations guaranteed by the United States of America) used to effect defeasance of Bonds in accordance with the Master Indenture if upon such defeasance the Bonds so defeased are rated in the highest rating category by each Rating Agency rating such Bonds, and which are not subject to redemption by the issuer thereof prior to maturity.

Derivative Products

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

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

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

Funds Established by the Master Indenture

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

- (a) Program Fund (consisting of the Acquisition Account, the Cost of Issuance Account, the Negative Arbitrage Account and the Loan Recycling Account),
- (b) Revenue Fund,
- (c) Debt Service Reserve Fund,
- (d) Class I Debt Service Fund,

- (e) Class II Debt Service Fund,
- (f) Class III Debt Service Fund,
- (g) Class IV Debt Service Fund,
- (h) Redemption Fund (consisting of the Class I Special Redemption Account, the Class II Special Redemption Account, the Class III Special Redemption Account, and the Class IV Special Redemption Account),
- (i) Rebate Fund, and
- (j) Excess Earnings Fund.

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

Allocation of Moneys, Investments and Loans Among Series

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

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

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

Program Fund; Acquisition Account

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

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

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

The 2000 Series A Subaccount of the Acquisition Account consists of the Unrestricted Loan Subaccount, the Restricted Loan Subaccount and the Authority Projects Subaccount. Proceeds of the 2000 Series A Bonds in the amount specified in the Series

Indenture will be paid into the Unrestricted Loan Account. At the option of the Authority, additional moneys in an aggregate amount not exceeding \$1,378,911 may be paid into the Unrestricted Loan Account from various sources identified in the Series Indenture, including unexpended Bond proceeds transferred from the Restricted Loan Account or the Authority Projects Account.

Amounts deposited in the Unrestricted Loan Account must be applied to make Loans that satisfy the requirements set forth in the Indenture and for other purposes authorized by the Bond Resolution within one year after the date of issuance of the Bonds. The Trustee is authorized to withdraw moneys from the Unrestricted Loan Account (i) to finance Loans only upon delivery to the Trustee of an Authority Certificate to the effect that the requirements of the Indenture have been satisfied with respect to the Loans to be financed and an Authority Request to finance such Loans and (ii) to finance or refinance Authority Projects upon receipt of a written request of the Authority therefor. Any proceeds of the Bonds credited to the Unrestricted Loan Account that are not used to finance Loans or for the other purposes authorized by the Indenture, unless transferred at the direction of the Authority within one year after the date of issuance of the 2000 Series A Bonds to the Restricted Loan Account or the Authority Projects Account, must be transferred by the Trustee to the Redemption Fund on March 20, 2001 or on such earlier date that the Authority certifies that amounts in the Unrestricted Loan Account will not be used for the purposes thereof.

Proceeds of the Bonds in the amount specified in the Series Indenture will be paid into the Restricted Loan Account. In addition, there is to be deposited into the Restricted Loan Subaccount, upon defeasance of the 1977 Bonds, the mortgage loans held in the trust estate for the 1977 Bonds which the Authority directs in writing to be deposited into the Restricted Loan Subaccount. At the option of the Authority, additional moneys may be paid into the Restricted Loan Account from various sources identified in the Series Indenture, including unexpended Bond proceeds transferred from the Unrestricted Loan Account or the Authority Projects Account. Amounts transferred to the Restricted Loan Account from the Unrestricted Loan Account must be expended immediately upon such transfer. Amounts deposited in the Restricted Loan Account are to be applied to make Loans and for other purposes authorized in the Series Indenture. The Trustee is authorized to withdraw moneys from the Restricted Loan Account to finance Loans upon delivery to the Trustee of an Authority Certificate to the effect that the requirements of the Indenture have been satisfied with respect to the Loans to be financed and an Authority Request to finance such Loans. Any moneys credited to the Restricted Loan Account that are not used to finance Loans or for the other purposes authorized by the Series Indenture, unless transferred at the direction of the Authority to the Unrestricted Loan Account or the Authority Projects Account, must be transferred by the Trustee to the Redemption Fund pursuant to an Authority Request filed with the Trustee stating that the Authority no longer reasonably expects to apply the amount to be transferred for any such purpose. Such amounts must be transferred not later than January 15, 2003, unless the Authority files with the Trustee an Authority request specifying a later date or dates for such transfer, accompanied by a Cash Flow Statement with respect to the 2000 Series A Bonds and an opinion of Bond Counsel to the effect that such action will not adversely affect the exclusion from gross income of interest on the tax-exempt 2000 Series A Bonds for federal income tax purposes, in which case such transfer will occur on the later specified date or dates.

At the option of the Authority, additional moneys may be paid into the Authority Projects Account from various sources identified in the Series Indenture, including unexpended Bond proceeds transferred from the Unrestricted Loan Account or the Restricted Loan Account. Amounts transferred to the Authority Projects Account from the Unrestricted Loan Account must be expended immediately upon such transfer. Amounts deposited in the Authority Projects Account are to be applied to finance Authority Projects and for the other purposes authorized in the Indenture. Any moneys credited to the Authority Projects Account that are not used to finance the Authority Projects or for the other purposes authorized in the Bond Resolution, unless transferred at the direction of the Authority to the Unrestricted Loan Account or the Restricted Loan Account, must be transferred by the Trustee to the Redemption Fund pursuant to an Authority request filed with the Trustee stating that the Authority no longer reasonably expects to apply the amount to be transferred to finance the Authority Projects or for the other purposes authorized in the Bond Resolution. Such amount must be transferred not later than January 15, 2003, unless the Authority files with the Trustee an Authority request specifying a later date or dates for such transfer, accompanied by a Cash Flow Statement with respect to the 2000 Series A Bonds and an opinion of Bond Counsel to the effect that such action will not adversely affect the exclusion from gross income of interest on the tax-exempt 2000 Series A Bonds for federal income tax purposes, in which case such transfer will occur on the later specified date or dates.

Program Fund; Cost of Issuance Account

The Master Indenture establishes within the Program Fund a Cost of Issuance Account and provides that each Series Resolution is to create a subaccount in the Cost of Issuance Account. Moneys in a Series Cost of Issuance subaccount are to be used to pay Costs of Issuance of the Related Series of Bonds, and any excess moneys remaining therein after payment of all Costs of Issuance shall be transferred to the Related subaccount in the Acquisition Account.

Program Fund; Negative Arbitrage Account

Under the Master Indenture, a Series Indenture may establish for the Related Series of Bonds a Series Subaccount of the Negative Arbitrage Account. The Authority may create a separate subaccount of the Negative Arbitrage Account for any Housing Facility or Project financed or refinance in whole or in part with the proceeds of a Series of Bonds or with moneys in the Loan Recycling Account. Moneys in each such subaccount will be subject to the lien and pledge of the Indenture until the withdrawal and application thereof in accordance with the Indenture. There is to be credited to each subaccount of the Negative Arbitrage Account the amount, if any, specified by the Authority in the Related Series Indenture or in an Authority Certificate, which is to be the amount, if any, reasonably estimated by the Authority to equal the difference between (A) the amount of interest payable on the portion of the Related Series of Bonds allocable to the related Housing Facility or Project from the date of issuance of the Related Bonds, the date of deposit to the Loan Recycling Account or such other date specified by the Authority to the anticipated date of completion of the related Housing Facility or Project and (B) the anticipated investment earnings on amounts in the Acquisition Account or Loan Recycling Account, as the case may be, allocable to the related Housing Facility or Project and

Revenues from the related Loan prior to such anticipated date of completion. There is also to be credited to each subaccount of the Negative Arbitrage Account, upon Authority Request, from time to time additional moneys in the event that the anticipated date of completion of the related Housing Facility or Project is later than had been anticipated on the date of the most recent deposit to such Negative Arbitrage Account or if amounts in the Acquisition Account or Loan Recycling Account are expended for the related Housing Facility or Project more slowly than had been anticipated on the date of the most recent deposit to such subaccount. 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 are to remain the property of the Authority and shall not be subject to the lien and pledge of the Indenture.

Moneys in each Negative Arbitrage Account are to be transferred to the Revenue Fund upon completion of the related 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 the related Housing Facility or Project are transferred to the Redemption Fund or the Revenue Fund, pursuant to the Indenture, in an amount equal to the difference between (A) the amount of interest payable on the portion of the Related Series of Bonds allocable to the related Housing Facility or Project since the initial deposit to the Related subaccount of the Acquisition Account or the Loan Recycling Account, as the case may be, and (B) the investment earnings on 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 and Revenues from the related Loan prior to such anticipated date of completion since the initial deposit to such subaccount.

The amount in any subaccount of the Negative Arbitrage Account with respect to a defaulted Loan is to be transferred to the related subaccount of the Redemption Fund at the time that the Authority receives or recovers any Prepayment of such Mortgage Loan, upon Authority Request. If a Loan is not closed on account of any failure to meet the conditions of the Authority's conditional financing approval or loan commitment or of the firm commitment of the FHA to insure such Mortgage Loan, or for any other reason provided that the Authority has issued its loan commitment with respect to such Loan and is ready and willing to close, and the Authority does not finance or refinance a substitute Housing Facility or Project, the amount in the related subaccount of the Negative Arbitrage Account is to be transferred, upon Authority Request, to the Revenue Fund. Upon the completion of a Housing Facility or Project, the date that another Housing Facility or Project is substituted for such Housing Facility Project or the date that amounts in the related subaccount of the Acquisition Account or the Loan Recycling Account, as the case may be, allocable to such Housing Facility or Project are transferred to the Redemption Fund or the Revenue Fund pursuant to the Indenture, any amounts in the related subaccount of the Negative Arbitrage Account that have not been transferred to the Revenue Fund or to the Redemption Fund pursuant to the Indenture are to be paid by the Authority to the related Borrower to the extent and under the circumstances provided in any Agreement with such Borrower. Each subaccount of the Negative Arbitrage Account is to be terminated upon the earliest of the completion of the related Housing Facility or Project, the date that another Housing Facility or Project is substituted for the related Housing Facility or Project, the date that amounts in the related subaccount or the Loan Recycling Account, as the case may be, allocable to the related Housing Facility or Project are transferred to the Redemption Fund or the Revenue

Fund pursuant to the Indenture or the date on which there is no remaining balance in such subaccount of the Negative Arbitrage Account.

Program Fund; Loan Recycling Account

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

Revenue Fund

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

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

Allocation of Moneys in the Revenue Fund

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

- (a) Related Subaccounts of Rebate Fund. On each May 1, an amount to be calculated by the Authority which, together with the amount therein, will

equal the Rebate Requirement related to the Tax-Exempt Bonds of each respective Series, as determined by the Authority;

(b) Related Subaccounts of the Excess Earnings Fund. On each May 1, an amount to be calculated by the Authority which, together with the amount therein, will equal the amount determined by the Authority to be required to be on deposit therein;

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

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

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

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

(g) Related Subaccount of Class II Debt Service Fund. An amount which, together with the amount therein, will equal (x) the interest due and payable on the next Bond Payment Date on all Class II Bonds of the Related Series then Outstanding and any Authorized Derivative Payment secured on a

parity with the Class II Bonds accrued and unpaid as of such date; plus (y) the aggregate amount of Principal Installments becoming due and payable on the Outstanding Class II Bonds of the Related Series on such Bond Payment Date or, if such date is not a date for payment of such Principal Installments, an amount that, if made in substantially equal installments on each subsequent Bond Payment Date to an including the next Bond Payment Date that is a date for the payment of Principal Installments on related Class II Bonds, will equal the amount of the Principal Installments becoming due and payable on Outstanding Related Class II Bonds on such next Bond Payment Date;

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

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

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

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

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

(m) To the Authority. An amount of any reasonable and necessary Fiduciary Expenses with respect to the Related Series of Bonds previously incurred but not reimbursed to the Authority or reasonably anticipated to be payable in the following six months; provided, however, that in no event shall the aggregate of all Fiduciary Expenses with respect to the Related Series of Bonds

paid directly to Fiduciaries or to the Authority under this paragraph (m) exceed any limitation set forth in the Related Series Indenture for any period;

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

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

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

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

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

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

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

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

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

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

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

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

Class Asset Requirements

The Class Asset Requirements for 2000 Series A Bonds require that, as of any date of calculation:

- (a) with respect to the Class I Asset Requirement, the sum of (a) amounts held in the 2000 Series A subaccount of the Acquisition Account, the 2000 Series A subaccount of the Loan Recycling Account, the 2000 Series A subaccount of the Class I Debt Service Fund (to the extent such amounts are required to be used to pay principal of 2000 Series A Class I Bonds), the 2000 Series A subaccount of the Redemption Fund (to the extent such amounts are required to be used to redeem 2000 Series A Class I Bonds) and the 2000 Series A subaccount of the Debt Service Reserve Fund, and (b) the sum of the quotients of the aggregate unpaid principal balance of Loans (by Loan type) and Authority Projects related to the 2000 Series A Bonds divided by the related Class I Asset Coverage Divisors set forth on the schedule attached hereto as Appendix C (or such smaller divisors as may be permitted by each Rating Agency, as evidenced by a Confirmation from each Rating Agency), be at least equal to the aggregate principal amount of Class I 2000 Series A Bonds then outstanding;
- (b) with respect to the Class II Asset Requirement, the sum of (a) amounts held in the 2000 Series A subaccount of the Acquisition Account, the 2000 Series A subaccount of the Loan Recycling Account, the 2000 Series A subaccount of the Class I Debt Service Fund (to the extent such

amounts are required to be used to pay principal of 2000 Series A Class I Bonds), the 2000 Series A subaccount of the Class II Debt Service Fund (to the extent such amounts are required to be used to pay principal of 2000 Series A Class II Bonds), the 2000 Series A subaccounts of the Redemption Fund (to the extent such amounts are required to be used to redeem 2000 Series A Class I Bonds or 2000 Series A Class II Bonds) and the 2000 Series A subaccount of the Debt Service Reserve Fund, and (b) the sum of the quotients of the aggregate unpaid principal balance of Loans (by Loan type) and Authority Projects related to the 2000 Series A Bonds divided by the related Class I Asset Coverage Divisors and Class II Asset Coverage Divisors, respectively set forth on the schedule attached hereto as Appendix C (or such smaller divisors as may be permitted by each Rating Agency, as evidenced by a Confirmation from each Rating Agency), be at least equal to the aggregate principal amount of Class I 2000 Series A Bonds and Class II Series 2000A Bonds, respectively, then outstanding;

- (c) with respect to the Class III Asset Requirement, the sum of (a) amounts held in the 2000 Series A subaccount of the Acquisition Account, the 2000 Series A subaccount of the Loan Recycling Account, the 2000 Series A subaccount of the Class I Debt Service Fund (to the extent such amounts are required to be used to pay principal of 2000 Series A Class I Bonds), the 2000 Series A subaccount of the Class II Debt Service Fund (to the extent such amounts are required to be used to pay principal of 2000 Series A Class II Bonds), the 2000 Series A subaccount of the Class III Debt Service Fund (to the extent such amounts are required to be used to pay principal of 2000 Series A Class III Bonds), the 2000 Series A subaccounts of the Redemption Fund and the 2000 Series A subaccount of the Debt Service Reserve Fund, and (b) the sum of the products of the aggregate unpaid principal balance of Loans and Authority Projects related to the 2000 Series A Bonds, be at least equal to 102% of the aggregate principal amount of all 2000 Series A Bonds then outstanding, or such lesser percentage as may be permitted by each Rating Agency, as evidenced by a Confirmation from each Rating Agency.

Debt Service Funds

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

Series of Bonds purchased in lieu of redemption by the Sinking Fund Installments for the Related Class of Bonds.

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

Debt Service Reserve Fund

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

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

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

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

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

insufficiency is to be transferred from the Related subaccount of the Debt Service Reserve Fund.

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

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

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

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

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

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

Redemption Fund

There is created a Redemption Fund and within such Fund, a Class I Special Redemption Account, a Class II Special Redemption Account, a Class III Special Redemption Account and a Class IV Special Redemption Account. Within each such Class Special Redemption Account there will be created a subaccount for each Series of Bonds. Moneys transferred to any Class Special Redemption Account of the Redemption Fund from the Revenue Fund are to be used to purchase or redeem Bonds of the Class in respect of which the subaccount was established. However, at any time prior to the transmission of the notices of redemption, the Authority may by delivery of an Authority Request instruct the Trustee to transfer moneys on deposit in a Series subaccount of a Class Special Redemption Account in the Redemption Fund to (i) another Series subaccount of the same Class Special Redemption Account in the Redemption Fund to be applied as provided in the Indenture to the redemption of the same Class of Bonds but a different Series or (ii) a Related or Unrelated subaccount of the Acquisition Account to be applied as provided in the Indenture. Such Authority Request (i) shall certify that it is consistent with the most recently filed Related Cash Flow Statement and not prohibited by the Related Series Indenture and (ii) shall be accompanied by evidence of satisfaction of all Asset Requirements for the Related Series. See "TERMS OF THE 2000 SERIES A BONDS – Adjustable Rate Bonds."

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

Authority Payment Accounts

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

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

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

Investment of Funds

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

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

Creation of Liens

The Authority shall not issue any bonds or other evidences of indebtedness, other than the Bonds, secured by a pledge of the Revenues or of the moneys, securities, rights or interests pledged or held or set aside by the Authority or by any Fiduciary under the Indenture, except that the Authority may issue (i) evidences of indebtedness secured by a pledge of the Revenues to be derived after the pledge of the Revenues provided in the Indenture has been

discharged and satisfied; or (ii) notes or bonds of the Authority not secured under the Indenture; or (iii) notes or bonds which are general obligations of the Authority under the Act.

Covenants Relating to Loans

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

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

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

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

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

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

Certain Other Covenants

Creation and Use of 2000 Series A Rebate Account

There is created pursuant to the Series 2000A Indenture a special and a separate subaccount within the Rebate Fund to be held by the Authority for the 2000 Series A Bonds (the "2000 Series Rebate Account"). There shall be transferred in accordance with the Indenture into the 2000 Series A Rebate Account such amounts as shall be required to be deposited therein in accordance with Authority Certificates to meet the Authority's obligations under the covenant described below under "Tax Covenant." Amounts in the 2000 Series A Rebate Account shall be used for the purpose of making the payments to the United States required by such covenant and Section 148(f) of the Tax Code. Any amounts in the 2000 Series A Rebate Account in excess of those required to be on deposit therein as described below under "Tax Covenant" and Section 148(f) of the Tax Code may be withdrawn therefrom and deposited into the Revenue Fund.

Creation and Use of Excess Earnings Fund

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

Tax Covenant

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

Alternate Standby Agreement

The Authority may replace any Standby Bond Purchase Agreement with a new Standby Bond Purchase Agreement (an "Alternate Standby Bond Purchase Agreement") substantially conforming to the coverage amount requirements set forth in the Series 2000A Indenture, provided that (i) if a Term Rate is in effect during the term of the current Standby Bond Purchase Agreement, the Authority may not furnish an Alternate Standby Bond Purchase Agreement with an expiration date earlier than the expiration date in the Standby Bond Purchase Agreement then in effect; (ii) if any Class III 2000 Series A-1 Bonds are outstanding, written consent of the Bond Insurer is required; and (iii) the Alternate Standby Bond Purchase Agreement is accompanied by (a) a Favorable Opinion of Bond Counsel as to the delivery of the Alternate Standby Bond Purchase Agreement, (b) an opinion of counsel stating that the delivery is authorized under the Indenture and complies with its terms, (c) an opinion of counsel to the provider of the Alternate Standby Bond Purchase Agreement stating that such Alternate Standby Bond Purchase Agreement is a legal, valid, binding and enforceable obligation of such obligor in accordance with its terms, and (d) a Favorable Opinion of Bond Counsel with respect to any security interest granted by the Authority or related person, firm, association or public body to the provider of the Alternate Standby Bond Purchase Agreement.

The Authority is to notify the Trustee, the Remarketing Agent and the Paying Agent of its intention to deliver an Alternate Standby Bond Purchase Agreement at least 45 days prior to the date of delivery of the Alternate Standby Bond Purchase Agreement (the "Substitution Date"). Upon receipt of such notice, if the Alternate Standby Bond Purchase Agreement will be issued by a different issuer, the Trustee is to mail a notice of the anticipated delivery of the Alternate Standby Bond Purchase Agreement, including the name of its issuer, by first-class mail, or transmitted in such other manner (such as by electronic means) as may be customary for the industry as directed in writing by the Authority, to the Remarketing Agent and the Owners of the Adjustable Rate Bonds at least 30 days prior to the Substitution Date.

Events of Default under the Indenture and Remedies

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

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

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

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

(d) default shall be made in the payment of any Principal Installment or interest on any Class III Bond or any other payment due under any other Class III Obligations

when due and payable, provided that sufficient moneys for such payment are available in the Class III Debt Service Fund;

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

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

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

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

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

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

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

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

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

General Obligation Bonds Events of Default and Remedies

Any failure by the Authority to pay interest on any General Obligation Bond when due or to pay any Principal Installment on any General Obligation Bond at maturity, provided such failure does not constitute an Event of Default as described above, constitutes a "General Obligation Bond Default" under the Indenture. A General Obligation Bond Default does not constitute an Event of Default under the Indenture and does not affect the priority of the lien and pledge granted Owners of Bonds under the Indenture.

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

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

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

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

Regardless of the happening of a General Obligation Bond Default, the Trustee, if requested in writing by the Owners of not less than 25% in Aggregate Principal Amount of the General Obligation Bonds then Outstanding, shall, upon being indemnified to its satisfaction

therefor, institute and maintain such suits and proceedings as it may be advised shall be necessary or expedient (i) to prevent any impairment of the security under the Indenture by any acts which may be unlawful or in violation of the Indenture; or (ii) to preserve or protect the interests of the Owners of the General Obligation Bonds, provided that such request is in accordance with law and the provisions of the Indenture and, in the sole judgment of the Trustee, is not unduly prejudicial to the interests of the Owners of General Obligation Bonds not making such request.

The rights and remedies of Owners of General Obligation Bonds upon the occurrence of a General Obligation Bond Default shall be limited to the enforcement of the Authority's general obligation covenant with respect to the Related Bonds and to the disbursement of amounts available to Owners of General Obligation Bonds from time to time in the Related Debt Service Fund, the Related Special Redemption Account and the Related Debt Service Reserve Fund after provision is made for, and after taking into account the rights of, Owners of Bonds other than General Obligation Bonds as provided in the Indenture. The exercise of remedies upon the occurrence of a General Obligation Bond Default shall not in any manner affect, disturb or prejudice the security and rights of Owners of Bonds under the Indenture.

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

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

(i) a General Obligation Bond Default has occurred as to which the Trustee has actual notice, or as to which the Trustee has been notified in writing; and

(ii) the Owners of at least 25% in Aggregate Principal Amount of General Obligation Bonds Outstanding shall have made written request to the Trustee to proceed to exercise the powers granted in the Master Indenture or to institute such action, suit or proceeding in its own name; and

(iii) such Owners of the Bonds shall have offered the Trustee indemnity as provided in the Master Indenture; and

(iv) the Trustee shall have failed or refused to exercise the powers in the Indenture granted or to institute such action, suit or proceedings in its own name for a period of 60 days after receipt by it of such request and offer of indemnity.

Successors to Trustee

Norwest Bank Colorado, National Association, has been appointed as Trustee under the Master Indenture and will act as Trustee until any successor thereto becomes successor trustee, provided that such successor company must be a bank or trust company organized under

the laws of any state of the United States or a national banking association, and must be authorized by law to perform all the duties imposed upon it by the Master Indenture.

Modifications of Indenture and Outstanding Bonds

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

Amendments of the respective rights and obligations of the Authority and the Bondholders may be made with the written consent of the Holders of at least a majority in principal amount of the Bonds Outstanding to which the amendment applies, but no such amendment shall permit a change in the terms of redemption or maturity of the principal of any Bond Outstanding (other than the terms of a Sinking Fund Installment) or of any installment of interest thereon or a reduction in the principal amount of Redemption Price therefor or the rate of interest thereon or reduce the percentages of Bonds, the consent of the Holders of which is required to effect such amendment, or the ability to declare the Aggregate Principal Amount of Bonds due and payable without the consent of the Owners of all Bonds then Outstanding or shall materially adversely affect the rights of the Owners of Class II Bonds, Class III Bonds or Class IV Bonds without the consent of the Owners of a majority in aggregate principal amount of Class II, Class III or Class IV Bonds Outstanding, respectively.

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

Defeasance

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

or Defeasance Securities shall have been confirmed to the Authority in an opinion signed by a certified public accountant or firm of such accountants duly licensed to practice and practicing as such under the laws of the State, selected by the Authority.

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

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

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APPENDIX C

Table of Class Asset Requirements

<u>Loan Type</u>	<u>Asset Coverage Divisor</u>	
	<u>Class I</u>	<u>Class II</u>
Uninsured Loan	1.72	1.45
FHA-Insured Loan	1.12	1.015
Authority Project	1.30	1.18
Other Loans	*	*

*As may be specified by the Rating Agencies from time to time at the request of the Authority.

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APPENDIX D-1

Form of Bond Counsel Opinion

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March 21, 2000

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

Colorado Housing and Finance Authority
Multi-Family/Project Bonds
Class I Adjustable Rate, 2000 Series A-1
Class III Adjustable Rate, 2000 Series A-1
Taxable Class I Adjustable Rate, 2000 Series A-2
(Convertible to Tax-exempt Bonds on the Conversion Date)
Class II, 2000 Series A-3
and
Taxable Class I, 2000 Series A-4

Ladies and Gentlemen:

We have acted as bond counsel to the Colorado Housing and Finance Authority (the "Authority"), in connection with the issuance by the Authority of its Multi-Family/Project Class I Adjustable Rate Bonds, 2000 Series A-1 (the "2000 Series A-1 Class I Bonds"), Multi-Family/Project Class III Adjustable Rate Bonds, 2000 Series A-1 (the "2000 Series A-1 Class III Bonds" and, together with the 2000 Series A-1 Class I Bonds, the "2000 Series A-1 Bonds"), Multi-Family/Project Taxable Class I Adjustable Rate Bonds, 2000 Series A-2 (Convertible to Tax-Exempt Bonds on the Conversion Date) (the "2000 Convertible Series A-2 Bonds"), Multi-Family/Project Class II Bonds, 2000 Series A-3 (the "2000 Series A-3 Class II Bonds"), and Taxable Multi-Family/Project Class I Bonds, 2000 Series A-4 (the "2000 Series A-4 Bonds and, together with the 2000 Series A-1 Bonds, the 2000 Convertible Series A-2 Bonds, and the 2000 Series A-3 Bonds, the "2000 Series A Bonds") in the aggregate principal amount of \$96,580,000. In such capacity, we have examined the Authority's certified proceedings and such other documents and such law of the State of Colorado (the "State") and of the United States of America as we have deemed necessary to render this opinion letter. The 2000 Series A Bonds are authorized and issued pursuant to the Master Indenture of Trust, dated as of March 1, 2000, as supplemented by the 2000 Series A Indenture of Trust dated as of March 1, 2000 (together, the "Indenture") between the Authority and Norwest Bank Colorado, National Association, as trustee (the "Trustee"). The capitalized terms used herein, unless parenthetically defined herein, have the meanings ascribed to them in the Indenture.

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

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

1. The Authority has been duly created and is a body corporate and political subdivision, validly organized and existing under the Constitution and laws of the State.

2. The 2000 Series A Bonds have been duly authorized by the Authority, duly executed and delivered by authorized officials of the Authority and, assuming due authentication by the Trustee, constitute the legal and valid obligations of the Authority, enforceable in accordance with their terms, except as may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other laws in effect from time to time affecting the rights of creditors generally and by the application of general principles of equity.

3. The Indenture has been duly authorized by the Authority, duly executed and delivered by authorized officials of the Authority, and, assuming due authorization, execution and delivery by the Trustee, constitutes the legal and valid obligation of the Authority enforceable in accordance with its terms, except as may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other laws in effect from time to time affecting the rights of creditors generally and by the application of general principles of equity.

4. Interest on the 2000 Series A-1 Bonds (except for interest on any 2000 Series A-1 Bond for any period during which it is held by a "substantial user" of facilities financed with the 2000 Series A-1 Bonds or a "related person" as such terms are used in Section 147(a) of the Internal Revenue Code of 1986, as amended to the date hereof (the "Tax Code")) and the 2000 Series A-3 Bonds is excluded from gross income under federal income tax laws pursuant to Section 103 of the Tax Code, and interest on the 2000 Series A-1 and the 2000 Series A-3 Bonds is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code except that such interest is required to be included in calculating the "adjusted current earnings" adjustment applicable to corporations for purposes of computing the alternative minimum taxable income of corporations. The opinions expressed in this paragraph assume continuous compliance with the covenants and representations contained in the Authority's certified proceedings and in certain other documents or certain other certifications furnished to us.

5. Interest on the 2000 Convertible Series A-2 Bonds and the 2000 Series A-4 Bonds is not excluded from gross income for federal income tax purposes.

6. The 2000 Series A Bonds and the income therefrom shall at all times be free from taxation by the State of Colorado under Colorado laws in effect as of the date of delivery of the 2000 Series A Bonds.

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

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

We understand that MBIA Insurance Corporation has issued a financial guaranty insurance policy relating to the 2000 Series A-1 Class III Bonds. We express no opinion as to the validity or enforceability of such insurance policy or the security afforded thereby.

In expressing the opinions set forth above, we are relying, in part, on a report of a firm of certified public accountants verifying certain mathematical computations as to the sufficiency of the moneys and investments in the Escrow Account to pay, when due at stated maturity or upon prior redemption, the principal of, premium, if any, and interest on certain Refunded Bonds (as such term is defined in the Indenture).

In this opinion letter issued in our capacity as bond counsel, we are opining only upon those matters set forth herein, and we are not opining upon the accuracy or completeness of any statements made in connection with any sale of the 2000 Series A Bonds or upon any federal or Colorado tax consequences arising from the receipt or accrual of interest on or the ownership of the 2000 Series A Bonds, except those specifically addressed above.

Respectfully submitted,

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APPENDIX D-2

Form of Required Conversion Bond Opinion

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[date]

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

Colorado Housing and Finance Authority
Multi-Family/Project Class I Adjustable Rate Bonds,
Converted 2000 Series A-2

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance and delivery (for federal tax purposes) on the date hereof by the Colorado Housing and Finance Authority (the "Authority"), of its "Colorado Housing and Finance Authority Multi-Family/Project Class I Adjustable Rate Bonds, Converted 2000 Series A-2" (the "Converted Bonds"). The Colorado Housing and Finance Authority Taxable Multi-Family/Project Class I Adjustable Rate Bonds, 2000 Series A-2 (Convertible to Tax-Exempt Bonds on the Conversion Date) (the "Bonds") were originally issued on _____, 2000, and bore taxable interest from such date until today (the "Conversion Date"). This opinion is being rendered in connection with the conversion of the Bonds from obligations bearing interest which was not to be excluded from gross income of the owner thereof for federal income tax purposes to obligations bearing interest which is intended to be excluded from gross income of the owner thereof for federal income tax purposes, as more fully described in the Master Indenture of Trust, dated as of March 1, 2000, as supplemented by the 2000 Series A Indenture of Trust dated as of March 1, 2000 (together, the "Indenture") between the Authority and Norwest Bank Colorado, National Association, as trustee, resulting in the issuance (for federal tax law purposes) of the Converted Bonds. The Converted Bonds are being issued (for federal tax law purposes) to refund the Bonds. This opinion is intended to supplement and, with respect to federal tax matters, supersede our opinion dated _____, 2000, rendered in connection with the initial issuance of the Bonds.

The Authority has executed a Federal Tax Exemption Compliance Certificate dated as of the Conversion Date (the "Federal Tax Exemption Certificate") which sets forth certain requirements that must be satisfied in order that interest on the Converted Bonds is, and continues to be, excluded from gross income for federal income tax purposes.

In our capacity as Bond Counsel, we have examined the Authority's certified proceedings with respect to the issuance of the Bonds and the Converted Bonds, including the Indenture, the Federal Tax Exemption Certificate, an executed Internal Revenue Service Form 8038, and a certificate of Lehman Brothers Inc. confirming the price at which the Converted Bonds were deemed sold to the public on the Conversion Date, 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.

Based upon such examination and assuming continuous compliance with the covenants and representations contained in the Authority's certified proceedings and in certain other documents or certain other certifications furnished to us, it is our opinion as bond counsel that, as of the date hereof, interest on the Converted 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"), and interest on the Converted Bonds is not included in 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.

In this opinion letter issued in our capacity as bond counsel, we are opining only upon those matters set forth herein, and we are not opining upon the accuracy or completeness of any statements made in connection with any sale of the Converted Bonds or upon any federal or Colorado tax consequences arising from the receipt or accrual of interest on or the ownership of the Converted Bonds, except those specifically addressed above.

Respectfully submitted,

APPENDIX E

Form of Continuing Disclosure Undertaking

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CONTINUING DISCLOSURE UNDERTAKING

This Continuing Disclosure Undertaking (the "Disclosure Certificate") is executed and delivered by the COLORADO HOUSING AND FINANCE AUTHORITY, a body corporate and political subdivision of the State of Colorado (the "Authority"), in connection with the issuance of Colorado Housing and Finance Authority Multi-Family/Project Bonds, 2000 Series A-2 (while in the initial Term Rate Mode), 2000 Series A-3 and Taxable 2000 Series A-4 (the "Bonds"). The Bonds are being issued pursuant to a Master Indenture of Trust dated as of March 1, 2000, as amended by a 2000 Series A Indenture (together, the "Trust Document") between the Authority and Norwest Bank Colorado National Association, Denver, Colorado, as trustee.

BACKGROUND

1. The Bonds are being issued for the purpose of defraying, in part, the costs of acquiring certain mortgage loans in connection with the financing of certain projects located or to be located in the State, to pay certain costs of issuance of the Bonds and to otherwise attain the goals of the Authority pursuant to the Colorado Housing and Finance Authority Act.

2. In order to allow the Participating Underwriters (as defined in Rule 15c2-12 defined below) of the Bonds to comply with Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities and Exchange Act of 1934 (17 CFR Part 240, § 240.15c2-12) as amended to the date hereof ("Rule 15c2-12"), the Authority has agreed to make certain continuing disclosure undertakings for the benefit of owners (including beneficial owners) of the Bonds.

3. This Disclosure Certificate is intended to satisfy the requirements of said Rule 15c2-12, as in effect on the date hereof.

AUTHORITY COVENANTS AND AGREEMENTS

Section 1. Definitions.

(a) "Annual Financial Information" means the financial information or operating data with respect to the Authority or other obligated person described in Section 2(f) hereof, as applicable, delivered at least annually pursuant to Sections 2(a) and 2(b) hereof, of the type set forth in the sections of the final Official Statement, included but not limited to such financial information and operating data set forth in "Colorado Housing and Finance Authority" and in Appendix F to the Official Statement.

(b) "Audited Financial Statements" means the annual financial statements for the Authority or other obligated person described in Section 2(f) hereof, as applicable, prepared in accordance with generally accepted accounting principles consistently applied, as in effect from time to time, audited by a firm of certified public accountants.

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

(d) "MSRB" means the Municipal Securities Rulemaking Board. The current address of the MSRB is 1640 King Street, #300, Alexandria, Virginia 22314; fax: 703-683-1930.

(e) "NRMSIR" means a nationally recognized municipal securities information repository recognized by the SEC from time to time pursuant to Rule 15c2-12. As of the date hereof, such NRMSIRs include Standard & Poor's J.J. Kenny Repository, 55 Water Street, 45th Floor, New York, New York 10041; Muller Data, 395 Hudson Street, New York, New York 10014; Bloomberg Municipal Repositories, P.O. Box 840, Princeton, New Jersey 08542-0840; and DPC Data Inc., One Executive Drive, Fort Lee, New Jersey 07024.

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

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

(h) "Rule 15c2-12" means Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934, as amended (17 CFR Part 240, § 240.15c2-12), as the same may be amended from time to time.

(i) "SEC" means the Securities and Exchange Commission.

(j) "Senior Manager" means Lehman Brothers Inc. and Newman & Associates, Inc..

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

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

Section 2. Provision of Annual Information and Reporting of Events.

(a) Commencing with the fiscal year ending December 31, 2000 and annually while the Bonds remain outstanding, the Authority agrees to provide or cause to be provided annually to each Repository (with a copy, upon request, to the Senior Manager) the following information:

- i. Annual Financial Information; and
- ii. Audited Financial Statements, if prepared.

(b) Such Annual Financial Information shall be provided not later than 240 days after the end of each fiscal year for the Authority (i.e., each December 31). If not provided as a part of the Annual Financial Information, the Audited Financial Statements will be provided when available.

(c) The Authority may provide Annual Financial Information and Audited Financial Statements by specific reference to other documents, including information reports and official statements relating to other debt issues of the Authority, which have been submitted to each Repository; provided, however, that if the document so referenced is a final official statement within the meaning of Rule 15c2-12, such final official statement must also be available from the MSRB. The Authority shall clearly identify each such other document so incorporated by cross-reference.

(d) At any time the Bonds are outstanding, the Authority shall provide, in a timely manner, to the MSRB and any SID, with a copy to the Senior Manager, notice of the occurrence of any of the following Events with respect to the Bonds, if material (provided, that any event under clauses (viii), (ix) or (xi) will always be deemed to be material):

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

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

(f) Obligated Persons. The Authority covenants to provide Annual Financial Information and Audited Financial Statements for any other person who shall constitute an "obligated person" with respect to the Bonds, or to cause such obligated person to provide such Annual Financial Information and Audited Financial Statements, if the total amount of such

person's annual obligations in respect of the Bonds are equal to or greater than 20% of the average annual debt service requirements on the Bonds.

Section 3. Method of Transmission. Subject to technical and economic feasibility, the Authority shall employ such methods of electronic or physical information transmission as is requested or recommended by the Repositories or the MSRB unless otherwise required by law.

Section 4. Enforcement. The obligations of the Authority hereunder shall be for the benefit of the owners (including beneficial owners) of the Bonds. The owner or beneficial owner of any Bonds is authorized to take action to seek specific performance by court order to compel the Authority to comply with its obligations under this Disclosure Certificate, which action shall be the exclusive remedy available to it or any other owners or beneficial owners of the Bonds; provided, that, any owner or beneficial owner of Bonds seeking to require the Authority to comply with this Disclosure Certificate shall first provide at least 30 days' prior written notice to the Authority of the Authority's failure, giving reasonable detail of such failure following which notice the Authority shall have 30 days to comply. Any such action shall be brought only in a court of competent jurisdiction in the City and County of Denver, Colorado. Breach of the obligations of Authority hereunder shall not constitute an Event of Default under the Trust Document and none of the rights and remedies provided by the Trust Document shall be available to the owners of the Bonds or the Trustee therein appointed.

Section 5. Additional Information. Nothing in the Disclosure Certificate shall be deemed to prevent the Authority from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other annual information or notice of occurrence of an event which is not an Event, in addition to that which is required by this Disclosure Certificate; provided that the Authority shall not be required to do so. If the Authority chooses to include any annual information or notice of occurrence of an event in addition to that which is specifically required by this Disclosure Certificate, the Authority shall have no obligation under this Disclosure Certificate to update such information or include it in any future annual filing or Event filing.

Section 6. Term. This Disclosure Certificate shall be in effect from and after the issuance and delivery of the Bonds and shall extend to the earliest of (i) the date all principal and interest on the Bonds shall have been deemed paid or legally defeased pursuant to the terms of the Trust Document; (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 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 Bonds, the determination of (i), (ii) or (iii) herein to be made in any manner deemed appropriate by the Authority, including by an opinion of counsel experienced in federal securities law selected by the Authority.

Section 7. Amendments and Waivers. Notwithstanding any other provision of the Disclosure Certificate, the Authority may amend this Disclosure Certificate from time to time, and any provision of this Disclosure Certificate may be waived, without the consent of the

owners or beneficial owners of the Bonds upon the Authority's receipt of an opinion of counsel experienced in federal securities laws to the effect that such amendment or waiver will not adversely affect compliance with Rule 15c2-12. Any Annual Financial Information containing amended operating data or financial information will explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided. If an amendment changes the accounting principles to be followed in preparing financial statements, the Annual Financial Information for the year in which the change is made will present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The Authority shall provide notice of such amendment or waiver to each Repository and the Senior Manager.

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

Dated as of March 21, 2000.

COLORADO HOUSING AND FINANCE
AUTHORITY

By: _____
Executive Director

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APPENDIX F

Certain Information about the Loans and Authority Projects

Generally

The Act authorizes the Authority to issue bonds to finance 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. The Authority will apply proceeds of the 2000 Series A Bonds to make Loans to government entities and non-profit 501(c)(3) corporations to finance certain Housing Facilities. Proceeds of the 2000 Series A Bonds are also expected to be applied to finance and refinance various Authority Projects.

The Loans and Projects

Outstanding Loans Financed with Refunded General Obligation Bonds

The Authority has previously made the following mortgage loans to borrowers for the described projects using proceeds of the Refunded General Obligation Bonds. The outstanding mortgage loans and certain revenues therefrom had been pledged to secure repayment of particular series of the outstanding General Obligation Bonds. Upon refunding of the Refunded General Obligation Bonds, such mortgage loans will no longer remain so pledged to the Refunded General Obligation Bonds, and such mortgage loans will become "Loans" for purposes of the Indenture. Certain of such outstanding mortgage loans are subject to prepayment by the related borrower, and such prepayments may be used by the Authority, at its option, to redeem 2000 Series A Bonds at par, as described in "CERTAIN ASSUMPTIONS AND BONDOWNERS' RISKS - Considerations Regarding Redemption at Par." Payments on the outstanding mortgage loans are presently current and have generally been current during the last five years. As indicated on the following tables, certain of the outstanding mortgage loans are expected to be modified in connection with the issuance of the 2000 Series A Bonds and will bear a new mortgage rate.

**Information Concerning Outstanding Loans
Financed with Refunded General Obligation Bonds**

<u>Borrower/Project</u>	<u>Original Loan Amount</u>	<u>Outstanding Principal Amount of Loan (12/1/99)</u>	<u>Mortgage Rate(1)</u>	<u>Maturity</u>
Anam Chara	\$ 98,792	\$ 92,237	7.750	10/1/23
Arvada Place	769,144	702,571	7.875	4/1/22
Aur Housing Corp.	38,873	34,506	8.250	5/1/20
Camelot	97,000	86,608	6.400	2/1/25
Club 60	134,517	110,387	8.000	3/1/17
Courtyard	207,955	190,636	7.750	9/1/22
Family Tree	230,000	219,294	8.968	4/1/29
Fount Mesa	1,077,751	997,530	7.875	3/1/23
Franklin	215,967	197,712	7.750	7/1/22
Inn at Chic Cr.	216,254	200,520	9.000	5/1/24
Inn Between	203,000	192,992	8.000	12/1/24
Kenton Apartments(3)	1,871,788	1,714,435	7.875	6/1/22
Las Animas	159,000	155,022	7.750	4/1/27
Louisiana	332,600	309,762	7.875	7/1/23
Mary Sandoe	250,000	125,649	6.100	11/1/19
Mary Sandoe	407,776	389,816	7.800	8/1/25
Mary Sandoe	90,000	85,562	8.000	1/1/25
Pinecrest	1,837,500	1,810,329	7.250	6/1/28
Platte Valley	522,000	505,719	7.750	9/1/26
RB Ranch	150,000	136,903	8.000	2/1/22
S Meade	135,000	119,860	9.250	1/1/20
Sign	44,000	38,258	7.500	9/1/19
Townhouse	<u>153,000</u>	<u>143,202</u>	8.000	11/1/23
Subtotal	\$ 9,241,917	\$ 8,559,510		
Alpha Center(2)	\$520,000	\$461,500(2)	6.500(2)	7/1/19
Barth Hotel(2)	525,000	492,580(2)	6.500(2)	8/1/23
Belmont(2)	712,500	655,266(2)	6.500(2)	9/1/22
Camelot(2)	406,000	373,719(2)	6.500(2)	4/1/24
Cinnamon Park(2)	2,153,185	1,958,121(2)	6.150(2)	5/1/22
Della Villa(2)	390,500	354,960(2)	6.500(2)	11/1/2
Fox Street(2)	1,400,000	1,333,749(2)	6.500(2)	3/1/25
Golden West(2)	2,483,564	2,363,207(2)	6.800(2)	2/1/29
Golden West(2)	1,165,000	1,103,923(2)	6.800(2)	2/1/29
Jefferson(2)	3,287,357	3,071,839(2)	6.500(2)	11/1/23
La Morada(2)	148,289	132,419(2)	6.500(2)	5/1/19
Madison(2)	114,843	104,485(2)	6.500(2)	12/1/21
Madison SHO(2)	621,000	461,924(2)	6.500(2)	12/1/21
Mtn. Terrace(2)	1,163,450	1,112,907(2)	6.500(2)	6/1/25
New Heritage(2)	177,100	164,939(2)	6.500(2)	8/1/23
Saxony(2)	272,735	249,680(2)	6.500(2)	8/1/22
Valmont Square(2)	1,479,395	1,350,627(2)	6.500(2)	5/1/22
WHERE(2)	700,000	651,721(2)	6.500(2)	1/1/20
Zuni Plaza(2)	1,406,600	1,286,608(2)	6.500(2)	5/1/22
Subtotal	\$19,126,158	\$17,684,174		
TOTAL	<u>\$28,368,435</u>	<u>\$26,243,684</u>		

(1) May be modified by the Authority at any time.

(2) As expected to be modified on or after the issuance of the 2000 Series A Bonds. Amount for outstanding principal balance includes origination fees to be imposed in connection with the modification.

(3) May be modified or excluded.

Outstanding Loans Financed with Refunded 1977 Series Bonds

Using proceeds of the Refunded 1977 Series Bonds, the Authority has previously made the following mortgage loans to borrowers for the described projects. The outstanding mortgage loans and certain revenues therefrom had been pledged to secure repayment of certain outstanding bonds of the Authority under a general resolution for the Authority's Multi-Family Housing Insured Mortgage Loan Program as described in "COLORADO HOUSING AND FINANCE AUTHORITY – Programs to Date – Multi-Family Loan Programs - Multi-Family Housing Facility Loan Program." Upon refunding of the Refunded 1977 Series Bonds, the outstanding mortgage loans financed by the Refunded Series 1977 Bonds will no longer remain pledged under the general resolution, and such mortgage loans will become "Loans" for purposes of the Indenture securing the 2000 Series A Bonds. Certain of such outstanding mortgage loans are subject to prepayment by the related borrower, and such prepayments may be used by the Authority, at its option, to redeem 2000 Series A Bonds at par, as described in "CERTAIN ASSUMPTIONS AND BONDOWNERS' RISKS - Considerations Regarding Redemption at Par." Payments on the outstanding mortgage loans are presently current and have generally been current during the last five years.

Information Concerning Outstanding Loans Financed with Refunded 1977 Series Bonds

Borrower/Project	# of Units	Family Elderly Both	Note Date	Original Loan Amount	Outstanding Principal Amount of Loan (12/1/99)	Mortgage Rate*	Maturity	Remaining Term (Months)	Next Due Date	HAP Expiration	FHA Insurance Program
Access Housing	6	Family	5/30/89	\$ 237,700	\$ 199,923	8.500%	11/1/19	239	1/1/00	10/1/04	221d3
Allison Village	37	Family	7/5/79	1,236,100	1,007,649	7.000	9/1/20	249	1/1/00	7/24/00	221d4
Aztecal	202	Elderly	12/15/77	4,540,900	3,658,301	7.000	2/1/20	242	1/1/00	7/1/99	221d4
Azteca2	202	Elderly	3/1/82	497,600	469,873	14.000	2/1/20	242	1/1/00	7/1/99	221d4
Boulder House	8	Family	7/20/89	426,100	375,914	8.500	1/1/20	241	1/1/00	12/22/04	221d3
Camelot II	16	Disabled	12/11/85	504,900	441,485	7.000	8/1/23	284	1/1/00	4/30/01	221d3
Canon Club	46	Elderly	8/1/78	951,000	751,839	7.000	1/1/20	241	1/1/00		
Canyon Point	82	Elderly	10/1/78	2,800,700	2,274,338	7.000	7/1/20	247	1/1/00	12/31/19	221d3
Columbine Court	30	Elderly	1/3/79	855,300	677,323	7.000	6/1/20	246	1/1/00	10/16/09	221d3
Corona Residence	56	Elderly	7/1/76	1,225,300	931,131	7.250	6/1/17	210	1/1/00	9/30/16	221d4
Corporation	1	Family	6/18/90	26,150	23,277	8.250	7/1/20	247	1/1/00		
East Village	199	Family	4/1/76	4,397,100	3,388,911	7.000	4/1/18	220	1/1/00	9/30/98	221d4
Emerson Street Apts	12	Family	1/2/78	470,900	415,219	8.500	9/1/19	237	1/1/00	10/15/04	221d4
Fletcher Gardens	94	Elderly	8/1/77	2,186,100	1,752,593	7.250	7/1/19	235	1/1/00	11/30/98	221d3
Fourth & Fox Apts	13	Family	7/10/89	534,400	475,726	8.500	3/1/20	243	1/1/00	8/9/05	221d4
Hanigan Terrace	9	Family	3/13/89	445,200	391,888	8.250	11/1/19	239	1/1/00	12/29/04	221d4
High Country	28	Family	8/1/77	608,900	490,047	7.500	10/1/19	238	1/1/00	6/6/98	221d4
Hilltop	77	Family	4/1/78	1,550,600	1,230,057	7.000	7/1/19	235	1/1/00		
Marcella Manor	206	Elderly	3/1/77	4,442,900	3,490,961	7.250	8/1/19	236	1/1/00	2/28/18	221d4
Montview Heights	50	Family	12/29/77	1,342,700	1,058,973	7.000	4/1/19	232	1/1/00	10/9/18	221d4
Niblock Yacovetta	10	Family	12/24/85	405,200	379,159	9.000	10/1/26	322	1/1/00	6/30/01	221d4
San Juan Apts	76	Elderly	4/24/79	1,875,200	1,528,269	7.000	10/1/20	250	1/1/00	5/9/00	221d4
Silver Leaf II	72	Elderly	6/1/77	1,429,500	1,101,471	7.250	8/1/18	224	1/1/00	4/21/18	221d3
Sunnyside I & II	19	Family	5/1/88	938,500	796,163	7.500	12/1/18	228	1/1/00	9/30/03	221d4
Tanglewood	201	Family	3/1/93	3,400,000	3,235,649	7.750	4/1/28	340	1/1/00	--	223F
Walnut Park	78	Elderly	12/1/76	1,576,300	1,248,634	7.500	8/1/18	224	1/1/00	11/30/17	221d3
Westminster Commons	130	Elderly	4/3/79	3,485,700	2,870,731	7.000	3/1/21	255	1/1/00	6/16/00	221d3
Windrift	48	Family	7/23/79	1,544,600	1,265,520	7.000	12/1/20	252	1/1/00	7/20/00	221d4
Zuni	5	Family	6/1/88	193,300	165,282	7.500	4/1/19	232	1/1/00	12/28/03	221d4

* May be modified by the Authority at any time.

Loans To Be Financed with the 2000 Series A Bonds

Restricted Loan Subaccount. The Authority presently expects to use proceeds of the 2000 Series A Bonds on deposit in the Acquisition Account equal to \$2,408,490 to reimburse the Authority for certain existing loans previously made by the Authority and presently held in its General Fund. The Authority also expects to make new loans from amounts on deposit in the Acquisition Account equal to \$6,212,599 to finance the following identified loan projects. These existing loans and newly originated loans will become "Loans" under the Indenture. See "PLAN OF FINANCING – Sources and Uses of Funds." To the extent such proposed new Loans are not made and/or amounts in the Acquisition Account are not used to make Loans in accordance with the Indenture, any such unexpended proceeds in the Acquisition Account must be used to redeem 2000 Series A Bonds at par as described in "TERMS OF THE 2000 SERIES A BONDS – Adjustable Rate Bonds – Redemption of the 2000 Series A-1 Bonds" and "- Redemption of the 2000 Series A-2 Bonds" and "- Non-Adjustable Rate Bonds – Redemption of the 2000 Series A-3 Bonds" and "- Redemption of the Taxable Series A-4 Bonds."

Information concerning Existing Loans

<u>Borrower</u>	<u>Project</u>	<u>Estimated Amount</u>	<u>Prior Disbursement Date</u>
Housing Authority of the County of Saguache	Puerto Del Norte	\$522,800	December, 1998
Colorado Blue Sky Enterprises, Inc.	Colorado Bluesky	188,038	January, 1999
Neighbor to Neighborhood	Homes for Hope II	237,806	February, 1999
Urban Peak Housing Corporation	Urban Peak	223,300	February, 1999
Corona Residence		589,838	October, 1998
Denver Indian		<u>646,707</u>	February, 1999
TOTAL		<u>\$2,408,490</u>	

Information concerning Proposed New Identified Loans

<u>Borrower</u>	<u>Project</u>	<u>Estimated Amount</u>	<u>Expected Disbursement Date</u>
First Christian Manor, Inc.	Golden West	\$ 289,149	May, 2000
Healthy Living Systems, Inc.	Country Roads	660,000	July, 2000
Rocky Mountain Mutual Housing	Grand Manor	3,550,000	June, 2000
Washington County Health Care Authority	Victory House	550,000	July, 2000
Mountain Terrace	Mountain Terrace	<u>1,163,450</u>	April, 2000
TOTAL		<u>\$6,212,599</u>	

Unrestricted Loan Subaccount. The Authority plans to deposit \$1,378,911 to the Unrestricted Loan Subaccount of the Acquisition Account to make new loans for new Housing Facilities presently unidentified. However, any Loans made with such amounts so deposited must meet the following requirements of the Indenture: (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).

Authority Projects

Outstanding Authority Projects

The Authority used a portion of the proceeds of the Series 1991A Bonds and the Series 1994A Bonds to finance certain Authority Projects as described below.

Information concerning Outstanding Authority Projects

<u>Authority Project</u>	<u>Original Financed Amount</u>	<u>Outstanding Financed Amount (12/1/99)</u>	<u>Mortgage Rate*</u>	<u>Maturity</u>
Blake/Computer	\$4,048,592	\$3,851,776	8.000%	2/1/17
Palo Verde	1,143,430	1,068,772	7.875	10/1/23
Aspen Ridge	1,542,396	1,435,765	8.000	3/1/22
Greenleaf	1,001,480	1,014,901	7.600	9/1/25
Smokeytrail	900,000	866,083	7.250	2/1/30
Aspen Ridge	750,000	721,922	8.000	10/1/21
Mallard Meadows	784,638	692,143	8.000	10/1/20
Maple Tree	734,970	675,314	8.000	7/1/22
Authority – Blake St.	400,000	363,318	8.000	11/1/21
Chestnut Gl	247,475	222,645	7.875	6/1/21
Shadowwood	220,899	202,969	8.000	7/1/22
Redwood Vlg	211,405	193,471	8.000	4/1/22
Pinon Tree	142,798	132,055	8.000	12/1/22
Cherry Tree	194,478	119,668	8.000	11/1/22
Tanglewood	3,025,000	<u>2,876,430</u>	7.750	4/1/28
TOTAL		\$14,437,232		

* May be modified by the Authority at any time.

Amounts received by the Authority as a result of the sale or other disposition of such Authority Projects financed with proceeds of the Series 1986A Bonds and such Authority Projects financed with proceeds of the Series 1991A Bonds and the Series 1994A Bonds may be

used to redeem Bonds at par as described in "TERMS OF THE 2000 SERIES A BONDS – Adjustable Rate Bonds – Redemption of the 2000 Series A-1 Bonds" and "- Redemption of the Series A-2 Bonds" and "- Non-Adjustable Rate Bonds – Redemption of the 2000 Series A-3 Bonds." See also "CERTAIN ASSUMPTIONS AND BONDOWNERS' RISKS – Considerations Regarding Redemption at Par." **Neither the Authority Projects nor any revenues received by the Authority therefrom are pledged in any way to secure the Bonds. See "SECURITY FOR THE 2000 SERIES A BONDS."**

New Authority Projects

The Authority presently does not expect to finance any new Authority Projects from amounts on deposit in the Authority Projects Account. However, the Authority may use amounts in the Acquisition Account to finance new unidentified Authority Projects. See "PLAN OF FINANCING – Sources and Uses of Funds."

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APPENDIX G

Description of Bond Insurer and Form of Specimen Policy

The following information has been furnished by the Bond Insurer for use in this Official Statement in connection with the Class III 2000 Series A-1 Bonds. No representation is made by the Authority or the Underwriters as to (1) the accuracy or adequacy of the information about the Bond Insurer that is included herein directly or by reference or (2) the absence of material adverse changes affecting the Bond Insurer since the date of such information.

The Bond Insurer is the principal operating subsidiary of MBIA Inc., a New York Stock Exchange listed company ("MBIA Inc."). MBIA Inc. is not obligated to pay the debts of or claims against the Bond Insurer. The Bond Insurer is domiciled in the State of New York and licensed to do business in and subject to regulation under the laws of all 50 states, the District of Columbia, the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, the Virgin Islands of the United States and the Territory of Guam. The Bond Insurer has two European branches, one in the Republic of France and the other in the Kingdom of Spain. New York has laws prescribing minimum capital requirements, limiting classes and concentrations of investments and requiring the approval of policy rates and forms. State laws also regulate the amount of both the aggregate and individual risks that may be insured, the payment of dividends by the Bond Insurer, changes in control and transactions among affiliates. Additionally, the Bond Insurer is required to maintain contingency reserves on its liabilities in certain amounts and for certain periods of time.

As of December 31, 1998 the Bond Insurer had admitted assets of \$6.5 billion (audited), total liabilities of \$4.2 billion (audited), and total capital and surplus of \$2.3 billion (audited) determined in accordance with statutory accounting practices prescribed or permitted by insurance regulatory authorities. As of September 30, 1999 the Bond Insurer had admitted assets of \$6.9 billion (unaudited), total liabilities of \$4.5 billion (unaudited), and total capital and surplus of \$2.4 billion (unaudited) determined in accordance with statutory accounting practices prescribed or permitted by insurance regulatory authorities.

Furthermore, copies of the Bond Insurer's year end financial statements prepared in accordance with statutory accounting practices are available without charge from the Bond Insurer. A copy of the Annual Report on Form 10-K of MBIA Inc. is available from the Bond Insurer or the Securities and Exchange Commission. The address of the Bond Insurer is 113 King Street, Armonk, New York 10504. The telephone number of the Bond Insurer is (914) 273-4545.

Moody's Investors Service, Inc. rates the financial strength of the Bond Insurer "Aaa."

Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., rates the financial strength of the Bond Insurer "AAA."

Fitch IBCA, Inc. rates the financial strength of the Bond Insurer "AAA."

Each rating of the Bond Insurer should be evaluated independently. The ratings reflect the respective rating agency's current assessment of the creditworthiness of the Bond Insurer and its ability to pay claims on its policies of insurance. Any further explanation as to the significance of the above ratings may be obtained only from the applicable rating agency.

The above ratings are not recommendations to buy, sell or hold the Class III 2000 Series A-1 Bonds, and such ratings may be subject to revision or withdrawal at any time by the rating agencies. Any downward revision or withdrawal of any of the ratings may have an adverse effect on the market price of the Class III 2000 Series A-1 Bonds. The Bond Insurer does not guaranty the market price of the Class III 2000 Series A-1 Bonds nor does it guaranty that the ratings on the Class III 2000 Series A-1 Bonds will not be revised or withdrawn.

**MBIA
FINANCIAL GUARANTY INSURANCE POLICY**

**MBIA Insurance Corporation
Armonk, New York 10504**

Policy No. [NUMBER]

MBIA Insurance Corporation (the "Insurer"), in consideration of the payment of the premium and subject to the terms of this policy, hereby unconditionally and irrevocably guarantees to any owner, as hereinafter defined, of the following described obligations, the full and complete payment required to be made by or on behalf of the Issuer to [PAYING AGENT/TRUSTEE] or its successor (the "Paying Agent") of an amount equal to (i) the principal of (either at the stated maturity or by any advancement of maturity pursuant to a mandatory sinking fund payment) and interest on, the Obligations (as that term is defined below) as such payments shall become due but shall not be so paid (except that in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments guaranteed hereby shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration); and (ii) the reimbursement of any such payment which is subsequently recovered from any owner pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such owner within the meaning of any applicable bankruptcy law. The amounts referred to in clauses (i) and (ii) of the preceding sentence shall be referred to herein collectively as the "Insured Amounts." "Obligations" shall mean:

[PAR]
[LEGAL NAME OF ISSUE]

Upon receipt of telephonic or telegraphic notice, such notice subsequently confirmed in writing by registered or certified mail, or upon receipt of written notice by registered or certified mail, by the Insurer from the Paying Agent or any owner of an Obligation the payment of an Insured Amount for which is then due, that such required payment has not been made, the Insurer on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with State Street Bank and Trust Company, N.A., in New York, New York, or its successor, sufficient for the payment of any such Insured Amounts which are then due. Upon presentment and surrender of such Obligations or presentment of such other proof of ownership of the Obligations, together with any appropriate instruments of assignment to evidence the assignment of the Insured Amounts due on the Obligations as are paid by the Insurer, and appropriate instruments to effect the appointment of the Insurer as agent for such owners of the Obligations in any legal proceeding related to payment of Insured Amounts on the Obligations, such instruments being in a form satisfactory to State Street Bank and Trust Company, N. A., State Street Bank and Trust Company, N. A. shall disburse to such owners, or the Paying Agent payment of the Insured Amounts due on such Obligations, less any amount held by the Paying Agent for the payment of such Insured Amounts and legally available therefor. This policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Obligation.

As used herein, the term "owner" shall mean the registered owner of any Obligation as indicated in the books maintained by the Paying Agent, the Issuer, or any designee of the Issuer for such purpose. The term owner shall not include the Issuer or any party whose agreement with the Issuer constitutes the underlying security for the Obligations.

Any service of process on the Insurer may be made to the Insurer at its offices located at 113 King Street, Armonk, New York 10504 and such service of process shall be valid and binding.

This policy is non-cancellable for any reason. The premium on this policy is not refundable for any reason including the payment prior to maturity of the Obligations.

IN WITNESS WHEREOF, the Insurer has caused this policy to be executed in facsimile on its behalf by its duly authorized officers, this [DAY] day of [MONTH, YEAR].

MBIA Insurance Corporation

President

Attest: _____

Assistant Secretary

ENDORSEMENT

Attached to Policy No. _____ (the "Policy") issued by the MBIA Insurance Corporation (the "Insurer") with respect to the Obligations:

\$16,085,000
Colorado Housing and Finance Authority
Multi-Family/Project Class III Adjustable Rate Bonds
2000 Series A-1

Notwithstanding the terms and conditions contained in the Policy, it is further understood that: (1) the Policy shall be canceled upon delivery to the Paying Agent of an alternate Bond Insurance Policy in accordance with the provisions of the 2000 Series A Indenture (the "Indenture") dated as of March 1, 2000 between the Colorado Housing and Finance Authority (the "Issuer") and the Paying Agent; provided, however, that the Policy shall remain in effect with respect to any claims for Insured Amounts as described in clause (ii) of the first paragraph of the Policy resulting from payments made by or on behalf of the Issuer prior to the effective date of the cancellation of the Policy; (2) the Policy shall guarantee the payment of the principal and interest due in respect of the Obligations constituting Bank Bonds (as defined in the Indenture) upon the final date on which Bank Bonds are mandatorily redeemed in accordance with Section 3.5 of Part B of the 2000 A Series Indenture; and (3) the Policy shall not guarantee to the Paying Agent payment of any interest due in respect of the Obligations constituting Bank Bonds on a Bank Bond Purchase Date or a Bank Bond Sale Date (each as defined in the Indenture) but shall guarantee the payment of any such unpaid interest on the first business day of the immediately succeeding month.

This endorsement forms a part of the Policy to which it is attached, effective on the inception date of the Policy.

IN WITNESS WHEREOF, the Insurer has caused this endorsement to be executed and attested on its behalf by its President and its Assistant Secretary, this [] day of March, 2000.

MBIA INSURANCE CORPORATION

President

Attest:

Assistant Secretary

APPENDIX H

Certain Terms of the Initial Standby Bond Purchase Agreement

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

For information regarding the Standby Bond Purchaser, see Appendix I.

Pursuant to the initial Standby Bond Purchase Agreement, the Standby Bond Purchaser agrees, subject to the terms and conditions therein, to purchase Adjustable Rate Bonds bearing interest at the initial Term Rate for the 2000 Series A-2 Bonds or the Weekly Rate which are tendered by the owners thereof to the Tender Agent or are subject to mandatory purchase but are not remarketed by the Remarketing Agent. The Standby Bond Purchase Agreement will expire March 20, 2005, unless extended or terminated as described herein.

Certain Definitions

"Bond Insurer Event of Default" means any of the following:

(a) the occurrence and continuance of one or more of the following events: (i) the issuance of an order or rehabilitation, liquidation or dissolution of the Bond Insurer; (ii) the commencement by the Bond Insurer of a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to itself or its Debts under any bankruptcy, insolvency or other similar law now or hereafter in effect including, without limitation, the appointment of a trustee, receiver, liquidator, custodian or other similar official for itself or any substantial part of its property; (iii) the commencement against the Bond Insurer of any involuntary case or other proceeding seeking any relief referred to in the preceding clause (ii) and such case or proceeding shall not have been dismissed within 90 days following the commencement thereof, (iv) the making by the Bond Insurer of an assignment for the benefit of creditors; (v) the failure of the Bond Insurer to generally pay its Debts (provided for purposes of this definition, "Debts" shall not include any obligation of the Bond Insurer under any insurance policy or surety bond) as they become due; or (vi) the initiation by the Bond Insurer of any actions to authorize any of the foregoing;

(b) the Bond Insurer shall fail, wholly or partially to make a payment when due of or principal or interest to the Trustee as required under the Bond Insurance Policy;

(c) the Bond Insurer shall, in writing, claim that the Bond Insurance Policy, with respect to the payment of principal of or interest on the Class III 2000 Series A-1 Bonds, is not valid and binding on the Bond Insurer, and repudiate the obligations of the Bond Insurer under the Bond Insurance Policy, with respect to payment of principal of and interest on the Class III 2000 Series A-1 Bonds, or the Bond Insurer shall initiate any legal proceedings to seek an adjudication that the Bond Insurance Policy, with respect to the payment of principal of or interest on the Class III 2000 Series A-1 Bonds, is not valid and binding on the Bond Insurer;

(d) any Governmental Authority with jurisdiction to rule on the validity of the Bond Insurance Policy shall announce, find or rule that the Bond Insurance Policy or any provision thereof regarding the obligation of the Bond Insurer to make a payment with respect to the Class III 2000 Series A-1 Bonds is not valid and binding on the Bond Insurer; or

(e) the Bond Insurance Policy is canceled or terminated for any reason without the consent of the Standby Bond Purchaser.

"Commitment Period" means the period from the date of the Standby Bond Purchase Agreement to and including the earliest of (i) March 20, 2005 (or to an extended date as may become effective under the Standby Bond Purchase Agreement), (ii) the date on which no Adjustable Rate Bonds are outstanding, (iii) the close of business on the date on which the Adjustable Rate Bonds are converted to a rate other than the Weekly Rate, (iv) the close of business on the 30th day (or, if such day is not a Business Day, the next succeeding Business Day) following receipt by the Authority and the Paying Agent of a Notice of Termination Date, and (v) the date on which the Available Commitment has been reduced to zero or terminated in its entirety due to the redemption, repayment or other payment of all of the principal amount of the Adjustable Rate Bonds or due to the delivery of an Alternate Standby Agreement.

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

"Purchase Price" means, with respect to any Adjustable Rate Bond, the unpaid principal amount thereof plus interest accrued and unpaid thereon from and including the Interest Payment Date next preceding the Purchase Date thereof to but excluding the Purchase Date thereof, in each case without premium, provided that accrued interest will not be included in the Purchase Price if the applicable Purchase Date is an Interest Payment Date and, provided further that the aggregate amount of the Purchase Price comprising interest on any Purchase Date will not exceed the lesser of the Available Interest Commitment (for up to 205 days' interest at 14% per annum, based on a 365- or 366-day year for the actual number of days elapsed, except as provided in the following sentence) and the actual amount of interest accrued on such Adjustable Rate Bonds to but excluding such Purchase Date. Prior to February 1, 2001, the Available Interest Commitment will equal the sum of (i) the interest on the 2000 Series A-1 Bonds for a period of 205 days at 14% per annum (based on a 365 or 366 day year for the actual number of days elapsed) and (ii) the interest on the 2000 Series A-2 Bonds for the period commencing the effective date of the Standby Bond Purchase Agreement and ending January 31, 2001, at the initial Term Rate for the 2000 Series A-2 Bonds (based on a 360 day year and twelve 30-day months).

THE INITIAL STANDBY BOND PURCHASE AGREEMENT PROVIDES FUNDS ONLY FOR PAYMENT OF THE PURCHASE PRICE AS DESCRIBED ABOVE, DOES NOT SECURE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE ADJUSTABLE RATE BONDS, AND MAY BE TERMINATED AS DESCRIBED BELOW.

Conditions Precedent to Obligations of Standby Bond Purchaser

The obligation of the Standby Bond Purchaser to purchase Adjustable Rate Bonds on any particular Purchase Date under the Standby Bond Purchase Agreement is subject to the conditions that (i) with respect to the Class III 2000 Series A-1 Bonds only, no Bond Insurer Event of Default shall have occurred and be continuing, and (ii) with respect to the Class I 2000 Series A-1 Bonds and the 2000 Series A-2 Bonds only, a long-term rating of such Adjustable Rate Bonds by Moody's or S&P of not lower than "Baa2" or "BBB," respectively, shall be in effect. However, in the event either condition is not met, the Standby Bond Purchaser may not terminate the initial Standby Bond Purchase Agreement.

Termination of Standby Bond Purchase Agreement By Standby Bond Purchaser

In the event that the Authority fails to pay to the Standby Bond Purchaser any commitment fee within five Business Days after the same becomes due, the Standby Bond Purchaser may terminate the initial Standby Bond Purchase Agreement by giving notice of termination to the Trustee, the Paying Agent, the Authority, the Bond Insurer, and the Remarketing Agent, such termination to become effective 30 days after receipt by the Paying Agent of such notice. Upon receipt of such written notice by the Trustee, the Trustee is to give notice to all Owners of the Adjustable Rate Bonds, and the Adjustable Rate Bonds will be subject to mandatory tender for purchase as described in "TERMS OF THE 2000 SERIES A BONDS - Adjustable Rate Bonds - Mandatory Purchase Upon Termination of initial Standby Bond Purchase Agreement." Other events of default are defined under the Standby Bond Purchase Agreement; however, the Standby Bond Purchaser has agreed to purchase tendered Adjustable Rate Bonds on the terms and conditions of the Standby Bond Purchase Agreement notwithstanding the occurrence of such events of default. See "Conditions Precedent to Obligations of Standby Bond Purchaser" under this caption.

Termination of Standby Bond Purchase Agreement by Authority

Upon (i) the withdrawal, suspension or reduction in the rating assigned to the Standby Bond Purchaser's senior unsecured short-term obligations by Moody's or S&P below "P-1" or "A-1," respectively, or the default by the Bank in honoring its payment obligations under the Standby Bond Purchase Agreement or the Standby Bond Purchaser seeking recovery of amounts described in the Standby Bond Purchase Agreement, (ii) the payment to the Standby Bond Purchaser of all fees, expenses and other amounts payable under the Standby Bond Purchase Agreement, and (iii) the payment to the Standby Bond Purchaser of all principal and accrued interest owing on any Bank Bonds, the Authority may, with the consent of the Bond Insurer (and, upon the occurrence of the events described in clause (i) of this paragraph, shall at the direction of the Bond Insurer) terminate the Standby Bond Purchase Agreement. In the event of such termination, the Authority must replace the Standby Bond Purchase Agreement with an Alternate Standby Bond Purchase Agreement and the Adjustable Rate Bonds will be subject to mandatory

tender for purchase, as described in "Alternate Standby Bond Purchase Agreement" under this caption.

Alternate Standby Bond Purchase Agreement

The Authority may replace any Standby Bond Purchase Agreement with a new Standby Bond Purchase Agreement (an "Alternate Standby Bond Purchase Agreement") substantially conforming to the coverage amount requirements set forth in the Series 2000A Indenture, provided that (i) if a Term Rate is in effect during the term of the current Standby Bond Purchase Agreement, the Authority may not furnish an Alternate Standby Bond Purchase Agreement with an expiration date earlier than the expiration date in the Standby Bond Purchase Agreement then in effect; (ii) if any Class III 2000 Series A-1 Bonds are outstanding, written consent of the Bond Insurer is required; and (iii) the Alternate Standby Bond Purchase Agreement is accompanied by (a) a Favorable Opinion of Bond Counsel as to the delivery of the Alternate Standby Bond Purchase Agreement, (b) an opinion of counsel stating that the delivery is authorized under the Indenture and complies with its terms, (c) an opinion of counsel to the provider of the Alternate Standby Bond Purchase Agreement stating that such Alternate Standby Bond Purchase Agreement is a legal, valid, binding and enforceable obligation of such obligor in accordance with its terms, and (d) a Favorable Opinion of Bond Counsel with respect to any security interest granted by the Authority or related person, firm, association or public body to the provider of the Alternate Standby Bond Purchase Agreement.

The Authority is to notify the Trustee, the Remarketing Agent and the Paying Agent of its intention to deliver an Alternate Standby Bond Purchase Agreement at least 45 days prior to the date of delivery of the Alternate Standby Bond Purchase Agreement (the "Substitution Date"). Upon receipt of such notice, if the Alternate Standby Bond Purchase Agreement will be issued by a different issuer, the Trustee is to mail a notice of the anticipated delivery of the Alternate Standby Bond Purchase Agreement, including the name of its issuer, by first-class mail, or transmitted in such other manner (such as by electronic means) as may be customary for the industry as directed in writing by the Authority, to the Remarketing Agent and the Owners of the Adjustable Rate Bonds at least 30 days prior to the Substitution Date. If at least 45 days prior to the Substitution Date the Authority has not delivered a Rating Confirmation Notice in connection with the Alternate Standby Bond Purchase Agreement, the Adjustable Rate Bonds having the benefit of the current Standby Bond Purchase Agreement will be subject to mandatory tender as described in "TERMS OF THE 2000 SERIES A BONDS - Adjustable Rate Bonds – Mandatory Purchase– Mandatory Purchase For Failure to Replace Standby Agreement or Upon Certain Substitution of Alternate Standby Agreement."

APPENDIX I

Standby Bond Purchaser

The following information has been obtained from the Standby Bond Purchaser for inclusion herein. Such information is not guaranteed as to accuracy or completeness by the Authority or the Underwriters and is not to be construed as a representation by the Authority or the Underwriters. Neither the Authority nor the Underwriters have verified this information, and no representation is made by them as to the accuracy or adequacy of such information or as to the absence of material adverse changes in such information subsequent to its date or the date hereof.

The Federal Home Loan Bank of Topeka (the "Standby Bond Purchaser") is a privately owned corporation organized under the laws of the United States and is located in Topeka, Kansas. The Standby Bond Purchaser promotes housing and homeownership by providing wholesale funding and other financial products and services to help member financial institutions expand the availability of residential mortgage and targeted community development credit and compete more effectively in their markets. With approximately \$24 billion in assets and \$1 billion in capital, the Standby Bond Purchaser serves more than 750 member stockholders throughout Colorado, Kansas, Nebraska and Oklahoma. The Standby Bond Purchaser is one of 12 Federal Home Loan Banks established by Congress in 1932 to relieve financial strains on thrift institutions and to promote homeownership. The 12 Federal Home Loan Banks are regulated by the Federal Housing Finance Board in Washington, D.C.

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

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

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

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

PAYMENTS OF THE PURCHASE PRICE OF THE ADJUSTABLE RATE BONDS WILL BE MADE PURSUANT TO THE STANDBY BOND PURCHASE AGREEMENT IF REMARKETING PROCEEDS ARE NOT AVAILABLE. ALTHOUGH THE STANDBY BOND PURCHASE AGREEMENT IS A BINDING OBLIGATION OF THE STANDBY BOND PURCHASER, THE ADJUSTABLE RATE BONDS ARE NOT DEPOSITS OR OBLIGATIONS OF THE FEDERAL HOME LOAN BANK OF TOPEKA AND ARE NOT GUARANTEED BY SUCH BANK. THE ADJUSTABLE RATE BONDS ARE NOT INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION OR ANY OTHER GOVERNMENTAL AGENCY AND ARE SUBJECT TO CERTAIN INVESTMENT RISKS, INCLUDING POSSIBLE LOSS OF THE PRINCIPAL AMOUNT INVESTED.

The inclusion of this information shall not create any implication that there has been no change in the affairs of the Standby Bond Purchaser since the date hereof, or that the information contained or referred to in this Official Statement is correct as of any time subsequent to its date.

APPENDIX J

Federal Insurance Programs

Federal Insurance Programs. There are various programs under which mortgage loans for families of low and moderate income may be insured by the FHA, including Section 221(d)(3) and 221(d)(4) of the National Housing Act of 1934, as amended, Section 223(f) pursuant to Section 207 of the National Housing Act and Section 542(c) of the Housing and Community Development Act of 1992, as amended. Borrowers of Projects financed by Loans which are insured under a federal insurance program ("Insured Loans") will be required to enter into a CHFA Regulatory Agreement with respect to the Projects as required by regulations of the Authority and the FHA.

The Section 542(c) program was instituted in 1995 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" under the program. 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. 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"), 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 Authority is required to share with HUD in any loss arising as a consequence of the loan default. Under the CHFA Risk-Sharing Agreement, the Authority has assumed broad responsibility for the administration of the Section 542(c) program and has assumed 50% of the risk associated with the Mortgage Loans insured under that program. 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. To date, 40 of the mortgage loans made under the existing general resolution (in an approximate aggregate principal amount of \$154,708,291, outstanding as of December 31, 1999 in the aggregate principal amount of \$126,214,069, and accounting for 3,494 units) have been insured under the Section 542(c) program. See "COLORADO HOUSING AND FINANCE AUTHORITY – General Obligations of the Authority" for a description of Section 542(c) claims which may be filed in connection with 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 mortgagee (i.e., the Authority so long as it is the mortgagee under the mortgage loan) 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 "TERMS OF THE 2000 SERIES A BONDS – Adjustable Rate Bonds" and "- Non-Adjustable Rate Bonds – Redemption of the 2000 Series A-3 Bonds."** 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 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 and water rates) 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 notice of default is given 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 an event of default occurs, 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 "CERTAIN ASSUMPTIONS AND BONDOWNERS' RISKS - Conditions to Payment of FHA Insurance."

Federal Assistance Programs. Housing Facilities are not required by the Master Indenture to be the subject of federal assistance payments and the new Housing Facilities financed by the 2000 Series A Bonds are not anticipated to be the subject of any federal assistance programs. However, most of the Housing Facilities and Projects heretofore financed with proceeds of the Refunded Series 1977 Bonds have been assisted by HUD under its Section 8

Subsidy Program for New Construction, Substantial Rehabilitation or Moderate Rehabilitation, and the average expiration date of the housing assistance payment contracts relating to such subsidized Housing Facilities is in the year 2006. See "CERTAIN INFORMATION ABOUT THE LOANS AND AUTHORITY PROJECTS" attached as Appendix F hereto. In October 1997, the Multifamily Assisted Housing Reform and Affordability Act of 1997 ("Title V") was signed into law, as described in "CERTAIN ASSUMPTIONS AND BONDOWNERS' RISKS - Expiration of HAP Contracts." HUD has recently provided preliminary guidance by interim rule and notices related to its implementation. As amended by Public Law 106-74, enacted in October 1999, Title V provides for restructuring of mortgage financing and the renewal of HAP Contracts for certain multifamily housing projects, including certain projects financed by the Loans. **Implementation of this new legislation and any future changes to the HUD Section 8 Subsidy Program could have an adverse impact on the Housing Facilities financed by the Refunded Series 1977 Bonds which are subsidized under the Section 8 Subsidy Program.** See "CERTAIN ASSUMPTIONS AND BONDOWNERS' RISKS – Considerations Regarding Redemption at Par."

APPENDIX K

Book-Entry System

The following information in this section regarding DTC and the book entry system is based solely on information provided by DTC. No representation is made by the Authority or the Underwriters as to the completeness or the accuracy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof.

DTC is a limited-purpose trust company organized under the laws of the State of New York, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC was created to hold securities of its Participants (the "Participants") and to facilitate the clearance and settlement of securities transactions among Participants in such securities through electronic book-entry changes in accounts of the Participants, thereby eliminating the need of physical movement of securities certificates. Participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations, some of whom (and/or their representatives) own DTC. Access to the DTC system is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Participant, either directly or indirectly.

Ownership interests in the 2000 Series A Bonds may be purchased by or through Participants. Such Participants and the persons for whom they acquire interests in the 2000 Series A Bonds as nominees will not receive certificate Bonds, but each such Participant is to receive a credit balance in the records of DTC in the amount of such Participant's interest in the 2000 Series A Bonds, which is to be confirmed in accordance with DTC's standard procedures. Each such person for which a Participant has an interest in the 2000 Series A Bonds, as nominee, may desire to make arrangements with such Participant to receive a credit balance in the records of such Participant, and may desire to make arrangements with such Participant to have all notices of redemption or other communications of the Authority or the Trustee to DTC, which may affect such persons, to be forwarded in writing by such Participant and to have notification made of all interest payments.

With respect to 2000 Series A Bonds registered in the registration books kept by the Trustee, in the name of Cede & Co., as nominee of DTC, the Authority, the Bond Insurer and the Trustee shall have no responsibility or obligation to any Participant or to any person on behalf of which a Participant holds an interest in the 2000 Series A Bonds with respect to (i) the accuracy of the records of DTC, Cede & Co. or any Participant with respect to any ownership interest in the 2000 Series A Bonds, (ii) the delivery to any Participant or any other person, other than Cede & Co., as registered owner, as shown in the registration books kept by the Trustee as bond registrar, of any notice with respect to the 2000 Series A Bonds, including any notice of redemption, (iii) the payment to any Participant or any other person, other than Cede & Co., as registered owner, as shown in the registration books kept by the Trustee, of any amount with respect to principal of or interest on the 2000 Series A Bonds, (iv) the selection by DTC or any Participant of any person to receive payment in the event of partial redemption of 2000 Series A Bonds, or (v) any consent given or other action taken by DTC. The Authority, the Bond Insurer

and the Trustee may treat and consider the person in whose name each Bond is registered in the registration books kept by the Trustee as the holder and absolute owner of such 2000 Series A Bond for the purpose of payment of principal, premium and interest with respect to such 2000 Series A Bond, for the purpose of giving notices of redemption and other matters with respect to such 2000 Series A Bond, for the purpose of registering transfers with respect to such 2000 Series A Bond, and for all other purposes whatsoever. For the purposes of this Official Statement, the term "Beneficial Owner" shall hereinafter be defined to include the person for whom the Participant acquires an interest in the 2000 Series A Bonds.

If any Beneficial Owner of 2000 Series A Bonds wishes to receive a copy of any notices or other communications to the registered owner of 2000 Series A Bonds held by DTC, such Beneficial Owner may file a request with the Trustee asking that the Beneficial Owner be put on a list to receive copies of all notices and other communications sent to the registered owner of the 2000 Series A Bonds for the ensuing 12-month period. The Authority will use its best efforts to cause copies of such notices and other communications to be forwarded to any Beneficial Owner who has made such request within the 12-month period preceding the date of mailing of the notice or other communication. However, failure to give any such notice or other communication to any Beneficial Owner, any defect in any such notice or other communication, or the failure of any Beneficial Owner who has requested such notices and other communications to receive any such notice or other communication is in no way to affect the matter to which the notice or other communication pertains. Full legal notice shall have been given if mailed to the registered owner of the 2000 Series A Bonds; copies of notices or other communications provided to Beneficial Owners will be provided as a courtesy only.

DTC is to receive payments from the Trustee, acting as paying agent and bond registrar, to be remitted by DTC to the Participants for subsequent disbursement to the Beneficial Owners. The ownership interest of each Beneficial Owner in the 2000 Series A Bonds is to be recorded on the records of the Participants, whose ownership interests is to be recorded on a computerized book-entry system operated by DTC.

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

Beneficial Owners are to receive from the Participants a written confirmation of their purchase detailing the terms of the 2000 Series A Bonds acquired. Transfers of ownership interests in the 2000 Series A Bonds are to be accomplished by book entries made by DTC and the Participants who act on behalf of the Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the 2000 Series A Bonds, except as specifically provided in the Indenture.

For every transfer and exchange of the 2000 Series A Bonds, the Beneficial Owner may be charged a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto, and any reasonable fees and expenses of the Trustee and costs incurred in preparing bond certificates.

Neither the Authority nor the Trustee shall be required to transfer or exchange 2000 Series A Bonds from the Record Date (as defined below) applicable to the 2000 Series A Bonds through and including the next succeeding interest or principal payment date for the 2000 Series A Bonds or from the Record Date next preceding any selection of 2000 Series A Bonds to be redeemed or thereafter until after the first mailing of any notice of redemption; or to transfer or exchange any 2000 Series A Bonds called for redemption. For purposes hereof, Record Date will mean in the case of each interest or principal payment date, the Trustee's close of business on the fifteenth day of the month immediately preceding such interest or principal payment date, and in the case of each redemption, such Record Date shall be specified by the Trustee in the notice of redemption, provided that such Record Date shall be fifteen calendar days before the mailing of such notice of redemption.

DTC's services with respect to the 2000 Series A Bonds may be discontinued or terminated at any time under the following circumstances:

(a) DTC may determine to discontinue providing its services with respect to the 2000 Series A Bonds at any time by giving notice to the Authority and discharging its responsibilities with respect thereto under applicable law.

(b) The Authority, in its sole discretion and without the consent of any other person, may terminate the services of DTC with respect to the 2000 Series A Bonds if the Authority determines that DTC is unable to discharge its responsibilities with respect to the 2000 Series A Bonds or that a continuation of the requirement that all of the Outstanding 2000 Series A Bonds be registered in the registration books kept by the Trustee in the name of Cede & Co., or any other nominee of DTC, is not in the best interests of the Beneficial Owners of the 2000 Series A Bonds.

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

NEITHER THE AUTHORITY, THE BOND INSURER NOR THE TRUSTEE WILL HAVE ANY LIABILITY FOR THE FAILURE OF DTC TO PERFORM ITS OBLIGATIONS TO ANY PARTICIPANT OR ANY BENEFICIAL OWNER OF ANY 2000 SERIES A BONDS.

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