

CHFA has received two letters from the Internal Revenue Service, both dated February 19, 2004, copies of which are attached.

The first of the two letters (i) reports that the IRS has selected for examination CHFA's Single Family Program Bonds, 1997 Series A-2 and 1997 Series A-3, (ii) asks for responses to five specific questions, and (iii) lists additional information that may be reviewed at an initial appointment to be scheduled.

The second of the two letters asks the same five specific questions with respect to many (but not all) of CHFA's single family housing revenue bonds and one series of multi-family housing revenue bonds issued during the period 1994 through 2001, as identified in the letter. The letter recites that "unless otherwise notified, you should not consider this an examination of any of the public debt issuances identified below."

CHFA is cooperating with the IRS in its examination of the 1997A-2 and 1997A-3 Single Family Program Bonds and in its review of the other bonds identified by the IRS.

(Attachments)



COMMISSIONER  
TAX EXEMPT AND  
GOVERNMENT ENTITIES  
DIVISION

DEPARTMENT OF THE TREASURY  
INTERNAL REVENUE SERVICE  
WASHINGTON, D.C. 20224

Colorado Housing and Finance Authority

1981 Blake Street  
Denver, CO 80202-1272

**Refer Reply to:**

TE/GE Tax-Exempt Bond Division-4900TEM  
40 West Baseline Road, Suite 214  
Tempe, Arizona 85283-1287

**Person to Contact:**

Randy Torres

**Identification Number:**

86-17264

**Telephone Number:**

(602) 207-8298

**Fax Number:**

(602) 207-8004

**Date:**

02/19/2004

Dear Tom Hemmings:

We are writing to you in order to obtain information concerning an official tax matter. This request is authorized under section 7602 of the Internal Revenue Code.

Unless otherwise notified, you should not consider this an examination of any of the public debt issuances identified below.

This inquiry concerns one or more single-family mortgage bonds that we believe you have issued. We are asking for information that you may have concerning methods that could have been employed in funding your issuance costs. Specifically, we are seeking information concerning any monies paid upfront to you or to any other party to the transaction if those amounts were used to pay any portion of the issuance costs for the bond transaction.

We have attached a list of possible single-family mortgage bond issues that you may have been involved in. Please provide the following information for each transaction listed.


- 1). Please provide the name and EIN of the provider of each investment agreement in which proceeds of the bonds were invested.
- 2). If the underwriter or other party to the bond transaction sold any portion of its remarketing fees, please provide the name and EIN of the purchaser, if any, of the custody receipts and indicate whether such party is related to the provider of the investment agreement as noted in #1 above.
- 3). Please describe how the costs of issuance for the bonds were funded. If the costs of issuance were funded from the sale of the custody receipts, please provide a copy of such contract and provide a listing of the costs funded by such contract.
- 4). Please describe any other agreement or contract between one or more participants to the bond transaction that was used to fund the costs of issuance for the bonds. Please provide a copy of this contract.
- 5). Please provide a copy of all relevant documents surrounding the bidding of the investment agreements(s) for the bonds, including, but not limited to, bid request forms and bids.

We realize that you may be concerned about our inquiry and we are sensitive to these concerns. This information will be used solely for official matters subject to the disclosure provisions of the Internal Revenue Code.

Please respond to our request within 21 days of the date of this letter.

Thank you for your cooperation in this matter. Please feel free to call or write if you have any questions or concerns about this matter or are unable to promptly respond.

Sincerely,

A handwritten signature in black ink, appearing to read "Randy Torres". The signature is written in a cursive style with a large, sweeping initial "R".

Randy Torres  
Internal Revenue Agent

<b>Form 4564</b>	<b>SINGLE FAMILY MORTGAGE BOND ISSUE LIST</b>	<b>Request No.</b>
<b>Tax-Exempt Bond Issuer:</b> Colorado Housing Finance Authority		<b>Page</b> <b>1</b>

1. 2001 \$33,005,000 AMT Single Family Program Series C-2, issued August 1, 2001
2. 2001 \$6,025,000 Single Family Program SR Series C-3, issued August 1, 2001
3. 2001 \$2,335,000 Single Family Program Sub Series C, issued August 1, 2001
4. 2001 \$14,815,000 AMT Single Family Program Series B-2, issued May 1, 2001
5. 2001 \$20,550,000 Single Family Program SR Series B-3, issued May 1, 2001
6. 2001 \$2,475,000 Single Family Program Sub Series B, issued May 1, 2001
7. 2001 \$23,265,000 AMT Single Family Program Series A-2, issued March 1, 2001
8. 2001 \$1,440,000 AMT Single Family Program Series A, issued March 1, 2001
9. 2001 \$5,295,000 Single Family Program SR Series A-3, issued March 1, 2001
10. 2000 \$15,665,000 AMT SR Series E-2, issued November 1, 2000
11. 2000 \$12,825,000 SR-Series E-3, issued November 1, 2000
12. 2000 \$1,260,000 Sub, issued November 1, 2000
13. 2000 \$23,450,000 AMT Single Family Program Series C-2, issued June 1, 2000
14. 2000 \$17,120,000 Single Family Program Series C-3, issued June 1, 2000
15. 2000 \$1,025,000 Single Family Program Sub Series C, issued June 1, 2000
16. 2000 \$29,720,000 AMT Single Family Program Series B-2, issued April 1, 2000
17. 2000 \$5,250,000 Single Family Program SR Series B-3, issued April 1, 2000
18. 2000 \$830,000 Single Family Program Sub Series B, issued April 1, 2000
19. 2000 \$4,200,000 Family Program Series B-1, issued April 1, 2000
20. 2000 \$34,385,000 AMT Single Family Program SR Series A-2, issued Jan. 1, 2000
21. 2000 \$10,590,000 Single Family Program Series SR A-3, issued January. 1, 2000
22. 2000 \$1,025,000 Single Family Program Sub Series A, issued January 1, 2000
23. 1999 \$17,840,000 AMT Single Family Program SR Series C-2, issued Oct. 1, 1999
24. 1999 \$35,890,000 Single Family Program SR Series C-3, issued October. 1, 1999
25. 1999 \$1,490,000 Single Family Program Sub Series C, issued October. 1, 1999
26. 1999 \$37,960,000 AMT Single Family Program SR Series B-2, issued June 1, 1999
27. 1999 \$16,615,000 Single Family Program SR Series B-3, issued June 1, 1999
28. 1999 \$1,225,000 Single Family Program Sub Series B, issued June 1, 1999
29. 1998 \$28,315,000 AMT Single Family Program SR Series D-2, issued Oct. 1, 1998
30. 1998 \$26,055,000 Single Family Program Series D-3, issued October 1, 1998
31. 1998 \$1,130,000 Single Family Program Sub D, issued October 1, 1998
32. 1998 \$4,440,000 AMT Single Family Program Series C-1, issued June 25, 1998
33. 1998 \$2,860,785 CAP Appreciation AMT Single Family Program C-1, issued June 25, 1998
34. 1998 \$1,266,550 CAP Appreciation Single Family Program Series B-3, issued June 25, 1998
35. 1998 \$23,275,000 AMT Single Family Program SR Series A-2, issued March 1, 1998
36. 1998 \$21,825,000 Program SR Series A-3, issued March 1, 1998
37. 1998 \$900,000 Single Family Program Sub A, issued March 1, 1998
38. 1997 \$28,205,000 SR Series C-2 Single Family Program, issued October 1, 1997

<b>Form 4564</b>	<b>SINGLE FAMILY MORTGAGE BOND ISSUE LIST</b>	<b>Request No.</b>
<b>Tax-Exempt Bond Issuer:</b> Colorado Housing Finance Authority		<b>Page</b> <b>2</b>

39. 1997 \$12,575,000 SR Series C-3 Single Family Program, issued October 1, 1997
40. 1997 \$850,000 Sub Series C- Single Family Program, issued October 1, 1997
41. 1997 \$28,645,000 Series B-2 Single Family Program SR, issued July 1, 1997
42. 1997 \$10,765,000 Series B-3 Single Family Program SR, issued July 1, 1997
43. 1997 \$850,000 Series B Single Family Program Sub, issued July 1, 1997
44. 1996 \$13,075,000 Insd Mortgage Series C-2, issued October 1, 1996
45. 1996 \$9,840,000 Insd Mortgage Series C-3, issued October 1, 1996
46. 1996 \$31,045,000 Series C/1 Single Family Program, issued October 1, 1996
47. 1996 \$8,180,000 Series C/2 Single Family Program, issued October 1, 1996
48. 1996 \$775,000 Sub Series C Single Family Program, issued October 1, 1996
49. 1995 \$9,720,000 Single Family Program Ser Series C-2, issued August 1, 1995
50. 1995 \$19,750,000 Single Family Program SR Series C-1, issued August 1, 1995
51. 1995 \$530,000 Single Family Program Sub Series C-2, issued August 1, 1995
52. 1995 \$18,450,000 Single Family Program SR Series B-1, issued May 1, 1995
53. 1995 \$3,800,000 Single Family Program SR Series B-2, issued May 1, 1995
54. 1995 \$500,000 Single Family Program Sub Series B, issued May 1, 1995
55. 1995 \$24,500,000 SR Single Family Program Series A, issued March 1, 1995
56. 1995 \$500,000 Sub Single Family Program Series A, issued March 1, 1995
57. 1994 \$14,700,000 SR Series F Single Family Program, issued December 1, 1994
58. 1994 \$300,000 Sub Series F Single Family Program, issued December 1, 1994
59. 1994 \$14,715,000 REF Single Family Program SR Series C, issued Aug. 1, 1994
60. 1994 \$8,790,000 REF Single Family Program SR Series b, issued Aug. 1, 1994
61. 1994 \$19,600,000 Single Family Program Series E, issued August 1, 1994
62. 1994 \$29,125,000 REF Single Family Program Series D, issued June 1, 1994



COMMISSIONER  
TAX EXEMPT AND  
GOVERNMENT ENTITIES  
DIVISION

DEPARTMENT OF THE TREASURY  
INTERNAL REVENUE SERVICE  
WASHINGTON, D.C. 20224

Colorado Housing and Finance Authority  
Attn: Tom Hemmings, CFO  
1981 Blake Street  
Denver, CO 80202-1272

**Refer Reply to:**  
TE/GE Tax-Exempt Bond Division-4900TEM  
40 West Baseline Road, Suite 214  
Tempe, Arizona 85283-1287  
**Person to Contact:**  
Randy Torres  
**Identification Number:**  
86-17264  
**Telephone Number:**  
(602) 207-8298  
**Fax Number:**  
(602) 207-8004  
**Date:**  
02/19/2004

RE: 1997 \$30,175,000 Single Family Program SR-Series A-2 and 1997 \$10,775,000 Single Family Program SR-Series A-3

Dear Tom Hemmings:

We have selected the debt issuance named above for examination. The IRS routinely examines municipal debt issuances to determine compliance with Federal tax requirements.

Please review the enclosed Information Document Request and mail all requested documents to the address noted above. Other items will be requested as the examination proceeds.

If you desire to appoint a representative to act on your behalf, a power of attorney must be filed with the Service in order for the Service to discuss or provide your representative with confidential information. A Form 2848, Power of Attorney and Declaration of Representative, or any other properly written power of attorney or authorization may be used for this purpose. Copies of Form 2848 may be obtained from any Internal Revenue Service Office.

Thank you for your cooperation in this matter. Please feel free to call at the telephone number shown above if you have any questions or concerns about this matter or are unable to promptly respond to the Information Document Request.

Sincerely,

A handwritten signature in cursive script that reads "Randy Torres".

Randy Torres  
Internal Revenue Agent

Form 4564	INITIAL INFORMATION AND EXPLANATION REQUEST	Request No. 1
Tax-Exempt Bond Issuer: Colorado Housing Finance Authority		Page 1
Name of Tax-Exempt Bond Issue(s): 1997 \$30,175,000 Single Family Program SR-Series A-2 and 1997 \$10,775,000 Single Family Program SR-Series A-3		

TO ALLOW ME TO COMPLETE THIS EXAMINATION IN THE SHORTEST PERIOD OF TIME, **PLEASE MAIL ME A COMPLETE COPY OF THE BOND TRANSCRIPT.** NOTE: If you send me an original bond transcript it will be returned to you at the completion of the Examination.

**ALSO MAIL ME A RESPONSE TO THE FIVE FOLLOWING QUESTIONS BY MARCH 12, 2004:**

- 1). Please provide the name and EIN of the provider of each investment agreement in which proceeds of the bonds were invested.
- 2). If the underwriter or other party to the bond transaction sold any portion of its remarketing fees, please provide the name and EIN of the purchaser, if any, of the custody receipts and indicate whether such party is related to the provider of the investment agreement as noted in #1 above.
- 3). Please describe how the costs of issuance for the bonds were funded. If the costs of issuance were funded from the sale of the custody receipts, please provide a copy of such contract and provide a listing of the costs funded by such contract.
- 4). Please describe any other agreement or contract between one or more participants to the bond transaction that was used to fund the costs of issuance for the bonds. Please provide a copy of this contract.
- 5). Please provide a copy of all relevant documents surrounding the bidding of the investment agreements(s) for the bonds, including, but not limited to, bid request forms and bids.

Form 4564	INITIAL INFORMATION AND EXPLANATION REQUEST	Request No. 1
Tax-Exempt Bond Issuer: Colorado Housing Finance Authority		Page 2
Name of Tax-Exempt Bond Issue(s): 1997 \$30,175,000 Single Family Program SR-Series A-2 and 1997 \$10,775,000 Single Family Program SR-Series A-3		

AFTER I REVIEW THE BOND TRANSCRIPT AND YOUR RESPONSE TO THE FIVE QUESTIONS ABOVE, I WILL CONTACT YOU TO SCHEDULE YOU THE INITIAL APPOINTMENT. TO ALLOW YOU AS MUCH TIME AS POSSIBLE TO PREPARE FOR THE INITIAL APPOINTMENT SOME OF THE INFORAMTION I NEED TO REVIEW IS SHOWN BELOW. WHEN I CONTACT YOU TO SCHEDULE THE INITIAL APPIONTMENT I WILL PROVIDE YOU WITH ANOTHER DOCUMENT REQUEST IDENTIFYING THE INFORMATION I NEEDED TO VERIFY COMPLIANCE TO THE PROVISIONS OF SECTION 143 OF THE CODE:

INFORMATION NEEDED:

- 1) EMAIL AND CORRESPONDENCE FILES, INCLUDING INTERNAL MEMORANDA AND REPORTS RELATED TO THE ISSUANCE OF THE BOND.
- 2) MONTHLY/PERIODIC BOND REPORTS REQUIRED IN BOND DOCUMENTS.
- 3) MINUTES OF MEETINGS FROM ALL PARTIES INVOLVED WITH THE BONDS. INCLUDE RESOLUTIONS, MEMORANDA, ESTIMATES AND REPORTS FROM COUNTY DEPARTMENTS, ETC.
- 4) ALL BOOKS AND RECORDS RELATED TO THE RECEIPT AND DIBURSEMENT OF BOND PROCEEDS (**Provide account records, investment contracts/agreements, annual audits and all trustee statements**)
- 5) PROVIDE A COMPLETE COPY OF THE YIELD COMPUTATAION AND ARBITRAGE/EXCESS EARNINGS CALCULATION. PROVIDE A COPY OF FORM 8038-T, IF FILED.
- 6) HAS THE BOND BEEN REISSUED, REFUNDED, CALLED OR DEFEASED? IF YES, PROVIDE DETAILS.