



COLORADO HOUSING AND FINANCE AUTHORITY

**AUDITED FINANCIAL STATEMENTS AND
ANNUAL FINANCIAL INFORMATION REPORT**

As of December 31, 2009

**Single Family Mortgage Bonds
Outstanding under Master Indenture of Trust
dated as of October 1, 2001**

Bond Series	Cusip	Bond Series	Cusip	Bond Series	Cusip
SF01AA-1	196479RP6	SF03B-1	196483CK5	SF06C-1	196483CM1
SF01AA-2	196479RM3	SF03B-2	196483DM0	SF06C-2	196483CH2
SF01AA-3	196479RR2	SF03B-3	196483BW0	SF06C-3	196483AF8
SF01AA-4	196479CF4	SF03B-4	196479HK8	SF07A-1	196483CN9
SF02A-1	196479DK2	SF03C-1	196483DF5	SF07A-2	196483CF6
SF02A-2	196479DL0	SF03C-2	196479HW2	SF07A-3	196483AL5
SF02A-3	196479DM8	SF03C-3	196479HZ5	SF07B-1	196483DH1
SF02A-4	196479DE6	SF04A-1	196479JE0	SF07B-2	196483AR2
SF02A-4	196479DF3	SF04A-2	196479JF7	SF07B-3	196483AS0
SF02A-4	196479DG1	SF04A-3	196479JD2	SF08A-1	196483DK4
SF02A-5	196479DH9	SF04B-1	196479KC2	SF08A-2	196483CT6
SF02A-5	196479DJ5	SF04B-2	196479KD0	SF08A-3	196483CV1
SF02B-1	196479SH3	SF04B-3	196479KB4	SF08A-4	196483AX9
SF02B-2	196479SK6	SF05A-1	196479KL2	SF08A-5	196483AY7
SF02B-3	196479SM2	SF05A-2	196479KM0	SF09A	196479PX1
SF02B-4	196479ES4	SF05A-3	196479KH1	SF09A	196479PY9
SF02B-4	196479ET2	SF05B-1A	196479KT5	SF09A	196479PZ6
SF02C-1	196479RV3	SF05B-1B	196479KU2	SF09A	196479QA0
SF02C-2	196479RT8	SF05B-2	196479RG6	SF09A	196479QB8
SF02C-3	196479RK7	SF05B-3	196479KV0	SF09A	196479QC6
SF02C-4	196479FB0	SF06A-1	196479QK8	SF09A	196479QD4
SF02C-4	196479FC8	SF06A-2	196479QL6	SF09A	196479QE2
SF02C-5	196479FD6	SF06A-3	196479QM4	SF09A	196479QF9
SF03A-1	196479SP5	SF06A-4	196479LJ6	SF09A	196479QG7
SF03A-2	196479SR1	SF06B-1	196483CL3	SF09A	196479QH5
SF03A-3	196479HG7	SF06B-2	196483CB5	SF09A	196479QJ1
SF03A-3	196479HH5	SF06B-3	196483CC3		
SF03A-4	196479HJ1	SF06B-4	196483AE1		



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COLORADO HOUSING AND FINANCE AUTHORITY

AUDITED FINANCIAL STATEMENTS AND ANNUAL FINANCIAL INFORMATION REPORT

As of December 31, 2009

Single Family Mortgage Bonds Outstanding under Master Indenture of Trust dated as of October 1, 2001

INTRODUCTION

The Colorado Housing and Finance Authority (the "**Authority**") is providing its Audited Financial Statements and the other information in this Annual Report as of December 31, 2009 (this "**Annual Report**") pursuant to Continuing Disclosure Undertakings entered into by the Authority with respect to the Bonds listed on the cover page of this Annual Report (the "**Bonds**") which are Outstanding under the Authority's Master Indenture of Trust dated as of October 1, 2001 (the "**Master Indenture**"). The information in this Annual Report is subject to change without notice, and the availability of this Annual Report does not under any circumstances create any implication that there has been no change in the affairs of the Authority, the trust estate with respect to the Bonds or otherwise since the date hereof. This Annual Report speaks only as of its date. Capitalized terms contained in this Annual Report and not otherwise defined herein shall have the meanings ascribed thereto in the related Official Statements with respect to the Bonds.

COLORADO HOUSING AND FINANCE AUTHORITY

Employees and Pension Information

As of December 31, 2009, the Authority had approximately 178 full-time employees, all of whom were members of the Public Employees' Retirement Association of Colorado ("**PERA**"). State statutes required the Authority to contribute 12.8% of each participating employee's gross salary to PERA in 2009. In 2009, the Authority's PERA contribution totaled approximately \$1,521,000, compared to an Authority contribution in 2008 of \$1,288,000. See footnote (12) of the audited 2009 financial statements of the Authority attached as **Appendix C** to this Annual Report for further information.

Selected Financial Information

The audited 2009 financial statements of the Authority attached hereto as **Appendix C** provide certain financial information about the Authority on a fund accounting basis, including a description of its General Fund.

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, 2009 as provided by the Authority.



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

	<i>FY</i> <u>2009</u>	<i>FY</i> <u>2008</u>	<i>FY</i> <u>2007</u>	<i>FY</i> <u>2006</u>	<i>FY</i> <u>2005</u>
Interest and investment revenue:					
Loans receivable	17,979	15,635	\$12,900	\$12,449	\$11,241
Investments	337	1,807	3,420	3,061	2,016
Net increase (decrease) fair value of long-term investments	<u>(185)</u>	<u>41</u>	<u>(66)</u>	<u>(137)</u>	<u>441</u>
Total interest and investment revenue	18,131	17,483	16,254	15,373	13,698
Interest expense - bonds and notes payable	<u>6,457</u>	<u>8,990</u>	<u>9,719</u>	<u>9,663</u>	<u>7,681</u>
Net interest and investment revenue	11,674	8,493	6,535	5,710	6,017
Other revenue (expense):					
Rental operations	7,460	8,424	10,882	11,638	10,902
Fees and miscellaneous income	27,112	17,641	17,556	15,449	14,097
Gain on sales of capital assets	<u>--</u>	<u>6,092</u>	<u>6,659</u>	<u>--</u>	<u>--</u>
Total other revenue	<u>34,572</u>	<u>32,157</u>	<u>35,097</u>	<u>27,087</u>	<u>24,999</u>
Net revenue	46,246	40,650	41,632	32,797	34,952
Other expenses:					
Salaries and related benefits	16,180	14,936	14,341	12,721	11,322
General operating	16,333	14,160	15,635	14,732	14,724
Provision for losses	3,662	2,985	(300)	(1,050)	870
Other interest expense	1,104	1,187	1,588	1,845	1,848
Transfers	(4,078)	10,663	(3,645)	(6,179)	(13,192)
Depreciation	<u>3,159</u>	<u>2,684</u>	<u>2,722</u>	<u>2,651</u>	<u>2,679</u>
Total other expense	<u>36,360</u>	<u>46,615</u>	<u>30,341</u>	<u>24,720</u>	<u>18,251</u>
Change in net assets	\$ <u>9,886</u>	\$ <u>(5,965)</u>	\$ <u>11,291</u>	\$ <u>8,077</u>	\$ <u>12,765</u>
Net Assets, end of year	<u>\$161,337</u>	<u>\$151,451</u>	<u>\$157,416</u>	<u>\$146,125</u> ⁽¹⁾	<u>\$149,244</u>
Bonds and Notes Payable	<u>\$203,042</u>	<u>\$287,704</u>	<u>\$203,030</u>	<u>\$152,455</u>	<u>\$253,738</u>
Total Assets	<u>\$400,427</u>	<u>\$471,057</u>	<u>\$392,944</u>	<u>\$327,534</u>	<u>\$428,627</u>

(1) The net assets shown as of December 31, 2006 reflect the restatement of net assets as of December 31, 2005. During 2006, it was determined that interfund receivables and payables arising in prior years represented amounts transferred between the various funds but not reflected as such. As a result, net assets as of December 31, 2005 were reduced by \$11,196,000.

Sources: **Derived based on the audited financial statements of the Authority for years ended December 31, 2005-2009.**



Obligations of the Authority

The following is a summary of certain obligations incurred by the Authority to provide funds for and otherwise operate the Authority and its programs. See also footnote (6) to the audited financial statements of the Authority attached hereto as **Appendix C**.

Commercial Loan Programs

The Authority has financed rental loans with proceeds of its Multifamily Housing Insured Mortgage Revenue Bonds (outstanding as of December 31, 2009 in an aggregate principal amount of \$112,300,000) and, since 2000, has financed rental and business loans and certain guaranteed participation interests with proceeds of its Multi-Family/Project Bonds, which were outstanding as of December 31, 2009 in an aggregate principal amount of \$847,220,000. Certain of the Multi-Family/Project Bonds are secured by the full faith and credit of the Authority, as described in "General Obligations – Multi-Family/Project Bonds" under this caption.

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

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

Single Family Mortgage Programs

In connection with its Single Family Mortgage Programs, the Authority has previously issued numerous series of its Single-Family Program Bonds as senior and subordinate bonds, payable from the revenues of pledged mortgage loans and outstanding as of December 31, 2009 in the aggregate principal amount of \$61,914,124. The Authority has also issued its Single Family Mortgage Bonds (referred to as "**Bonds**" in this Annual Report) under the Master Indenture, payable from the revenues of mortgage loans held thereunder, outstanding as of December 31, 2009 in the aggregate principal amount of \$2,073,750,000. See **Appendix B-1** to this Annual Report for further detail about the Bonds. Subordinate bonds issued as part of the Single-Family Program Bonds and Class III Bonds outstanding



under the Master Indenture are also general obligations of the Authority, as described in "General Obligations – Single-Family Bonds – Subordinate Bonds and Class III Bonds" under this caption. In addition, the Authority has issued its 2009AA Program Bonds, outstanding in the aggregate principal amount of \$275,210,000, under the Master Indenture of Trust dated as of December 1, 2009, as supplemented and amended, between the Authority and Zions First National Bank, Denver, Colorado, as trustee, payable from amounts on deposit in an escrow fund created thereunder until released and then payable from the revenues of mortgage loans and mortgage backed securities held thereunder. The Authority has also issued general obligation bonds through private placement in order to finance single family mortgage loans. See "General Obligations – Privately Placed Bonds" under this caption. For more detailed information concerning the outstanding bonds of the Authority issued in connection with its Single Family Mortgage Programs, see www.chfainfo.com and footnote (6) of the audited financial statements of the Authority attached hereto as **Appendix C**. The Authority's financing activities in connection with its Single Family Mortgage Programs also include the sale of certain single family mortgage loans to Fannie Mae and the issuance and sale of Ginnie Mae Certificates in order to finance first mortgage loans as part of the Non-Qualified Single Family Mortgage Programs.

Except for bonds specifically identified in Appendix B-1 to this Annual Report as Bonds under the Master Indenture, the revenue bonds described above and at the Authority's website are secured separately from and are not on parity with the Bonds and are issued and secured under resolutions or indentures of the Authority other than the Master Indenture.

General Obligations

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

Multi-Family/Project Bonds. The Authority has issued Class I Multi-Family/Project Bonds (outstanding as of December 31, 2009 in an aggregate principal amount of \$274,760,000) in order to finance business loans which are payable not only from a senior lien on loan revenues but also as general obligations of the Authority. The Authority has also issued Class II Multi-Family/Project Bonds (outstanding as of December 31, 2009 in the aggregate principal amount of \$22,860,000) and Class III Multi-Family/Project Bonds (outstanding as of December 31, 2009 in an aggregate principal amount of \$2,085,000) in order to finance certain rental and business loans. These Class II and Class III Multi-Family/Project Bonds are payable from loan revenues on a subordinate lien basis to the Class I Multi-Family/Project Bonds and also as general obligations of the Authority.

Single Family Bonds – Subordinate Bonds and Class III Bonds. The Subordinate Bonds for the various series of the Authority's Single-Family Program Senior and Subordinate Bonds are payable from mortgage loan revenues on a subordinate lien basis and are also general obligations of the Authority. The aggregate principal amount of such Subordinate Bonds as of December 31, 2009 was \$770,000. The Authority has also issued Class III Bonds, the proceeds of which have been used to finance mortgage loans for the Single Family Mortgage Programs. These Class III Bonds, outstanding in the aggregate principal amount of \$77,240,000 as of December 31, 2009, are payable from mortgage loan revenues under the Master Indenture and are also general obligations of the Authority. See **Appendix B-1** to this Annual Report for more information about these Class III Bonds.



General Obligation Bonds. In connection with its Special Projects financing program, the Authority has financed a business loan to the Colorado Municipal League through the public offering of general obligation bonds. As of December 31, 2009, such bonds were outstanding in the aggregate principal amount of \$895,000.

Privately Placed Bonds. The Authority has issued general obligation bonds through private placement in order to finance rental loans. As of December 31, 2009, such privately placed bonds were outstanding in an aggregate principal amount of \$25,058,000. The Authority has also funded participation interests and business loans using proceeds of its privately placed bonds, outstanding as of December 31, 2009 in the aggregate principal amount of \$26,509,255. In addition, the Authority has issued general obligation bonds through private placement in order to finance single family mortgage loans. As of December 31, 2009, such privately placed bonds were outstanding in an aggregate principal amount of \$35,414,958.

Loans Backed by Authority General Obligation. The Authority has acquired or originated certain uninsured rental and business loans using proceeds of, and pledged to the repayment of, its Multi-Family/Project Bonds, outstanding as of December 31, 2009 in the aggregate principal amount of \$329,034,194. The Authority has pledged its full faith and credit to the payment of a substantial portion of such loans. The Authority has also assumed, as a general obligation, 50% risk of loss in the mortgage loans acquired by the Authority and insured by the FHA under Section 542(c) of the Housing and Community Development Act of 1992, as amended. As of December 31, 2009, such 542(c) mortgage loans were outstanding in the amount of approximately \$245.85 million (\$40.19 million held under the Authority's general bond resolution and securing the Multi-Family Housing Insured Mortgage Revenue Bonds and \$205.66 million held under the Multi-Family/Project Master Indenture and securing the Multi-Family/Project Bonds). In the case of a §542(c) claim, the Authority is responsible, as a general obligation, to reimburse FHA for 50% of any loss incurred by the FHA as a result of and after the final settlement of such claim. See "Programs to Date – Commercial Loan Programs – Rental Finance Programs" under this caption. As of December 31, 2009, the Authority had incurred risk-sharing losses of approximately \$8.4 million following the defaults on insured mortgage loans for certain projects, the foreclosure and sale of those projects and the settlement of the respective final insurance claims with FHA. In addition, the mortgage loans for the Platte Valley Village II project in the approximate aggregate principal amount of \$1.78 million, for the Fox Run Apartments project in the approximate aggregate principal amount of \$3.4 million and for the Maples at Crestwood Apartments project in the approximate aggregate principal amount of \$14.84 million have also defaulted. The Authority has filed insurance claims and received insurance proceeds from HUD with respect to these loans. It is likely that the Authority will incur a risk-sharing liability with respect to these loans, for which the Authority believes it is adequately reserved.

Interest Rate Contracts; Derivative Products. The Authority has pledged its full faith and credit to secure its obligation to make termination payments under the Interest Rate Contracts relating to the Bonds under the Master Indenture, under the derivative products relating to the Multi-Family/Project Bonds under the related master indenture and under the derivative product relating to the Multi-Family Housing Insured Mortgage Revenue Bonds under the general bond resolution. See **Appendix B-1** – "THE OUTSTANDING BONDS AND AUXILIARY OBLIGATIONS – The Outstanding Auxiliary Obligations" to this Annual Report. See also footnote (8) to the audited financial statements of the Authority attached hereto as **Appendix C**.

Other Borrowings. The Authority has entered into agreements with the Federal Home Loan Bank of Topeka and a commercial bank for borrowings from time to time. Such borrowings are also general



obligations of the Authority and have generally been used to date to make or purchase loans pending the permanent financing of such loans. As of December 31, 2009, no borrowings were outstanding under those agreements. See footnote (5) to the audited 2009 financial statements of the Authority attached hereto as **Appendix C**. The Authority has also borrowed amounts evidenced by Rural Business Cooperative Service Notes (outstanding as of December 31, 2009 in the aggregate principal amount of \$1,012,720), which have been used to finance project or working capital loans or participations therein for small businesses in rural areas. The Authority has pledged its full faith and credit to the payment of such notes. In addition, the Authority is obligated to repay certain seller carry-back notes (outstanding as of December 31, 2009 in the aggregate principal amount of \$56,033) which evidence borrowings by the Authority in connection with its purchase of certain RAP Projects.

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

Summary of Certain Authority Obligations

The following is a table which lists certain obligations of the Authority and sets forth the respective outstanding amount for such obligations as of December 31, 2009. Further detail regarding these items is provided under the other subcaptions of "Obligations of the Authority" in this Annual Report.

Summary of Certain Authority Obligations as of December 31, 2009

<i>Certain Authority Obligations</i>	
MF Housing Insured Mortgage Revenue Bonds	112,300,000
MF Project Bonds	847,220,000
SF Program Senior Subordinate Bonds	61,914,124
SF Mortgage Bonds	2,073,750,000
SF Program Bonds (1)	275,210,000
General Obligation Bonds:	
Rental Finance	
Business Finance	895,000
Privately Placed Bonds:	
Rental Finance	25,058,000
Business Finance	26,509,255
Single Family	35,414,958

(1) These Bonds are the 2009AA Program Bonds issued and outstanding under the Master Indenture. See **Appendix B-1** to this Annual Report for more information about the Bonds.



The following table identifies the specific components of the Authority Obligations listed on the preceding table which are general obligations of the Authority as well as other general obligations of the Authority as of December 31, 2009. Further detail regarding these items is provided under the other subcaptions of "Obligations of the Authority" in this Annual Report.

General Obligations of the Authority as of: 12/31/2009

General Obligations

<hr/>	
MF Project Bonds:	
Class I (w/ GO Pledge)	274,760,000
Class II (w/ GO Pledge)	22,860,000
Class III (w/ GO Pledge)	2,085,000
SF Program Subordinate Bonds	770,000
SF Mortgage Bonds, Class III	77,240,000
General Obligation Bonds:	
Rental Finance (Denver Dry Project)	
Business Finance (Colorado Municipal League Proj)	895,000
Privately Placed Bonds:	
Rental Finance	25,058,000
Business Finance	26,509,255
Single Family	35,414,958
Other Borrowings:	
Line of Credit	0
Rural Business Cooperative Service Notes	1,012,720
Seller Carry Back RAP Notes	56,033



CERTAIN PROGRAM ASSUMPTIONS

Private Mortgage Insurance Mortgage Loans and Private Insurers

Private Mortgage Insurance Mortgage Loans must be insured by a private insurance company approved by the Authority, qualified to transact business in the State and to provide insurance on mortgages purchased by Freddie Mac or Fannie Mae and rated by each Rating Agency then rating the Bonds, at the time each Private Mortgage Insurance Mortgage Loan under the Master Indenture is made or originated, as set forth in the respective series indenture (a "**Private Insurer**"). As of December 31, 2009, 18.55% of the \$1.79 billion aggregate principal amount of First Mortgage Loans in the Trust Estate were Private Mortgage Insurance Mortgage Loans. The following Private Insurers were providing insurance for the respective percentages of First Mortgage Loans (based on outstanding principal balance) as of December 31, 2009:

Private Mortgage Insurance Mortgage Loans and Private Insurers

Name of Private Insurer	Percentage of Trust Estate	Percentage of Private Mortgage Insurance Mortgage Loans
Genworth	5.25%	28.31%
Mortgage Guaranty Ins.	7.00%	37.73%
PMI Mortgage Insurance	1.09%	5.86%
Radian Guaranty Inc.	0.39%	2.08%
RMIC	2.19%	11.83%
Triad Guaranty Insurance	0.54%	2.93%
United Guaranty Corp.	2.03%	10.94%
Unknown	<u>0.06%</u>	<u>0.31%</u>
Total Percentage	18.55%	100.00%



Investments

As of December 31, 2009, the Authority has invested certain amounts in Series subaccounts of Funds related to such Bonds in investment agreements with the investment providers and at the rates as set forth in the following table.

Outstanding Investment Agreements as of December 31, 2009

BOND ISSUE	FUNDS INVESTED (in related Series subaccounts)	PROVIDER & RATE	TERMINATION DATE
2001AA	DEBT-SERVICE-RESERVE	TRINITY DEBT SERVICE RESERVE	3/01/2036
	LOAN-RECYCLING	TRINITY FLOAT FUND	3/01/2036
	REDEMPTION	TRINITY FLOAT FUND	3/01/2036
	REVENUE	TRINITY FLOAT FUND	3/01/2036
2002A	DEBT-SERVICE-RESERVE	TRINITY DEBT SERV RES 5.60%	11/01/2032
1992A	REDEMPTION	TRINITY FLOAT FUND 5.10%	11/01/2032
	LOAN-RECYCLING	TRINITY FLOAT FUND 5.10%	11/01/2032
	REBATE	TRINITY FLOAT FUND 5.10%	11/01/2032
	REDEMPTION	TRINITY FLOAT FUND 5.10%	11/01/2032
	REVENUE	TRINITY FLOAT FUND 5.10%	11/01/2032
2002B	LOAN-RECYCLING	IXIS 2002B FLOAT 4.85%	11/01/2032
	REDEMPTION	IXIS 2002B FLOAT 4.85%	11/01/2032
	REVENUE	IXIS 2002B FLOAT 4.85%	11/01/2032
2003A	LOAN-RECYCLING	TRINITY FLOAT FUND 4.13%	11/01/2032
	REDEMPTION	TRINITY FLOAT FUND 4.13%	11/01/2032
	REVENUE	TRINITY FLOAT FUND 4.13%	11/01/2032
2004B	REDEMPTION	IXIS 2002B FLOAT 4.85%	11/01/2034
	REVENUE	IXIS 2002B FLOAT 4.85%	11/01/2034
2006A	DEBT-SERVICE-RESERVE	RABOBANK INV. DSR @ 4.71%	11/01/2036
	REBATE	IXIS 2006B FLOAT 4.85%	11/01/2036
	REDEMPTION	IXIS 2006B FLOAT 4.85%	11/01/2036
	REVENUE	IXIS 2006B FLOAT 4.85%	11/01/2036
2006B	DEBT-SERVICE-RESERVE	RBC 5.56% DSR	11/01/2036
2008A	REDEMPTION	NATIXIS INVESTMENT 4.2710%	11/01/2038
	REVENUE	NATIXIS INVESTMENT 4.2710%	11/01/2038

- (1) The Authority makes no representation about the financial condition or creditworthiness of the Investment Providers. Prospective investors are urged to make their own investigation into the financial condition and creditworthiness of the Investment Providers.
- (2) Following the downgrade of IXIS Funding Corp. (now known as Natixis Funding Corp.) by S&P from "AA-/A-1+" to "A+/A-1" on October 28, 2008, Natixis Funding Corp. opted, pursuant to its rights under the applicable investment agreement, to post collateral to secure the applicable investment agreement until December 1, 2009, at which time Natixis Funding Corp. may either post collateral for another period, assign the investment agreement to another qualified investment agreement provider, or obtain a replacement guarantor to enhance its capital position. If Natixis does not take any of such actions on December 1, 2009, and their ratings as issued by Moody's and S&P are at that time below "Aa3/P1" by Moody's or "AA-/A-1+" by S&P, the Trustee may request the return of the moneys invested under the applicable investment agreement.
- (3) The downgrade of Natixis Funding Corp. on October 28, 2008 described in footnote 2 above did not cause a "ratings event" under these investment agreements which provide for such a "ratings event" upon a downgrade by S&P below "A+/A1" or by Moody's below "A1/P1." Consequently, these investment agreements are not secured by collateral at this time.



INDEPENDENT AUDITORS

The financial statements of the Authority as of and for the years ended December 31, 2009 and 2009, have been audited by Clifton Gunderson LLP, independent auditors, as stated in their report appearing therein, and are the most recent audited financial statements of the Authority available. These financial statements are attached hereto as Appendix C.

COLORADO HOUSING AND FINANCE AUTHORITY

By: /s/ Cris White
Executive Director



APPENDIX B-1

The Outstanding Bonds and Auxiliary Obligations

The Outstanding Bonds

As of December 31, 2009, the Authority had issued the following Series of Bonds under the Master Indenture in the Classes as indicated:

Series	Principal Amount Issued	Outstanding Principal Amount
2001 Series AA:		
2001 Series AA, (Class I)	\$50,000,000	\$36,500,000
2001 Series AA, (Class I)	\$46,840,000	\$46,840,000
2001 Series AA, (Class I)	\$25,000,000	\$25,000,000
2001 Series AA, (Class II)	\$10,000,000	\$10,000,000
		<u>\$118,340,000</u>
2002 Series A:		
2002 Series A, (Class I)	\$41,000,000	\$10,000,000
2002 Series A, (Class I)	\$12,990,000	\$4,240,000
2002 Series A, (Class I)	\$23,075,000	\$20,340,000
2002 Series A, (Class I)	\$4,545,000	\$3,530,000
2002 Series A, (Class II)	\$12,455,000	\$12,455,000
		<u>\$50,565,000</u>
2002 Series B:		
2002 Series B, (Class I)	\$15,000,000	\$10,000,000
2002 Series B, (Class I)	\$60,000,000	\$10,820,000
2002 Series B, (Class I)	\$40,000,000	\$40,000,000
2002 Series B, (Class II)	\$5,000,000	\$5,000,000
2002 Series B, (Class III)	\$15,000,000	-
2002 Series B, (Class I)	\$44,340,000	-
		<u>\$65,820,000</u>
2002 Series C:		
2002 Series C, (Class I)	\$30,000,000	\$20,785,000
2002 Series C, (Class I)	\$75,000,000	\$10,000,000
2002 Series C, (Class I)	\$40,000,000	\$40,000,000
2002 Series C, (Class II)	\$10,000,000	\$10,000,000
2002 Series C, (Class III)	\$17,000,000	\$2,340,000
2002 Series C, (Class I)	\$51,000,000	-
		<u>\$83,125,000</u>
2003 Series A:		
2003 Series A, (Class I)	\$42,000,000	\$10,000,000
2003 Series A, (Class I)	\$20,000,000	\$20,000,000
2003 Series A, (Class II)	\$7,000,000	\$7,000,000
2003 Series A, (Class III)	\$9,000,000	\$4,630,000
2003 Series A, (Class I)	\$28,000,000	-
		<u>\$41,630,000</u>



2003 Series B:		
2003 Series B, (Class I)	\$40,000,000	\$35,440,000
2003 Series B, (Class I)	\$80,000,000	\$28,160,000
2003 Series B, (Class I)	\$60,000,000	\$60,000,000
2003 Series B, (Class III)	\$20,000,000	\$3,520,000
2003 Series B, (Class I)	\$54,000,000	-
		\$127,120,000
2003 Series C:		
2003 Series C, (Class I)	\$70,000,000	\$23,470,000
2003 Series C, (Class I)	\$40,000,000	\$40,000,000
2003 Series C, (Class III)	\$13,000,000	\$4,800,000
2003 Series C, (Class I)	\$30,000,000	-
2003 Series C, (Class I)	\$70,275,000	-
		\$68,270,000
2004 Series A:		
2004 Series A, (Class I)	\$60,000,000	\$26,575,000
2004 Series A, (Class I)	\$50,000,000	\$50,000,000
2004 Series A, (Class III)	\$13,000,000	\$4,535,000
2004 Series A, (Class I)	\$85,000,000	-
2004 Series A, (Class I)	\$104,000,000	-
		\$81,110,000
2004 Series B:		
2004 Series B, (Class I)	\$50,000,000	\$23,670,000
2004 Series B, (Class I)	\$40,000,000	\$40,000,000
2004 Series B, (Class III)	\$11,000,000	\$4,955,000
2004 Series B, (Class I)	\$82,335,000	-
		\$68,625,000
2005 Series A:		
2005 Series A, (Class I)	\$50,000,000	\$26,055,000
2005 Series A, (Class I)	\$40,000,000	\$40,000,000
2005 Series A, (Class III)	\$10,000,000	\$4,505,000
2005 Series A, (Class I)	\$11,300,000	-
2005 Series A, (Class I)	\$13,095,000	-
		\$70,560,000
2005 Series B:		
2005 Series B, (Class I)	\$80,000,000	\$80,000,000
2005 Series B, (Class II)	\$20,000,000	\$20,000,000
2005 Series B, (Class I)	\$102,270,000	-
2005 Series B, (Class I)	\$36,230,000	-
2005 Series B, (Class I)	\$40,000,000	\$24,045,000
2005 Series B, (Class I)	\$40,000,000	\$24,045,000
		\$148,090,000
2006 Series A:		
2006 Series A, (Class I)	\$30,000,000	\$10,185,000
2006 Series A, (Class I)	\$20,590,000	\$17,590,000
2006 Series A, (Class I)	\$40,000,000	\$40,000,000
2006 Series A, (Class II)	\$19,410,000	\$19,410,000
2006 Series A, (Class I)	\$70,700,000	-
		\$87,185,000



2006 Series B:		
2006 Series B, (Class I)	\$60,000,000	\$40,820,000
2006 Series B, (Class I)	\$49,325,000	\$49,325,000
2006 Series B, (Class I)	\$62,945,000	\$62,945,000
2006 Series B, (Class II)	\$20,000,000	\$9,555,000
2006 Series B, (Class I)	\$87,000,000	-
		<u>\$162,645,000</u>
2006 Series C:		
2006 Series C, (Class I)	\$60,000,000	\$40,810,000
2006 Series C, (Class I)	\$70,700,000	\$70,700,000
2006 Series C, (Class II)	\$29,300,000	\$29,300,000
		<u>\$140,810,000</u>
2007 Series A:		
2007 Series A, (Class I)	\$70,000,000	\$64,840,000
2007 Series A, (Class I)	\$70,000,000	\$70,000,000
2007 Series A, (Class III)	\$35,000,000	\$24,000,000
		<u>\$158,840,000</u>
2007 Series B:		
2007 Series B, (Class I)	\$120,000,000	\$93,500,000
2007 Series B, (Class I)	\$50,000,000	\$50,000,000
2007 Series B, (Class II)	\$50,000,000	\$50,000,000
		<u>\$193,500,000</u>
2008 Series A:		
2008 Series A, (Class I)	\$60,000,000	\$59,060,000
2008 Series A, (Class I)	\$170,000,000	\$139,500,000
2008 Series A, (Class I)	\$80,000,000	\$80,000,000
2008 Series A, (Class II)	\$15,000,000	\$15,000,000
2008 Series A, (Class III)	\$23,955,000	\$23,955,000
		<u>\$317,515,000</u>
2009 Series A:		
2009 Series A, (Class I)	\$90,000,000	\$90,000,000
		<u>\$90,000,000</u>
<hr/>		
Single Family Mortgage Bonds	\$3,603,675,000	\$2,073,750,000
Class I	\$3,238,555,000	\$1,808,790,000
Class II	\$198,165,000	\$187,720,000
Class III	\$166,955,000	\$77,240,000
TOTAL	\$3,603,675,000	\$2,073,750,000



The Outstanding Auxiliary Obligations

The Auxiliary Obligations under the Master Indenture are the obligations of the Authority for the payment of money under Liquidity Facilities and Interest Rate Contracts.

Liquidity Facilities

The Authority has previously entered into Standby Bond Purchase Agreements (constituting Liquidity Facilities under the Master Indenture) among the Authority, the Paying Agent and a Liquidity Facility Provider. The following table describes the Liquidity Facility in effect as of December 31, 2009 with respect to each outstanding Series of Adjustable Rate Bonds under the Master Indenture, the name of the Liquidity Facility Provider and the expiration date (unless extended or earlier terminated).

Outstanding Liquidity Facilities and Providers

Bond	Provider	Expiration Date
Single Family 2001 Series AA-1, Series AA-2, and Series AA-3	Helaba	01/06/2010
Single Family 2002 Series A-1, Series A-2, and Series A-3	Federal Home Loan Bank of Topeka	04/25/2012
Single Family 2002 Series B-1, Series B-2, and Series B-3	Lloyds-TSB	01/07/2010
Single Family 2002 Series C-1, Series C-2, and Series C-3	Lloyds-TSB	01/06/2010
Single Family 2003 Series A-1 and Series A-2	Lloyds-TSB	01/06/2010
Single Family 2003 Series B-1	Fannie Mae/Freddie Mac (Liquidity)	12/31/2010
Single Family 2003 Series B-3	Federal Home Loan Bank of Topeka	12/16/2013
Single Family 2003 Series B-2	JP Morgan (Liquidity)	01/06/2010
Single Family 2003 Series C-2	Dexia Credit Local New York Branch	04/13/2012
Single Family 2003 Series C-1	JP Morgan (Liquidity)	01/06/2010
Single Family 2004 Series A-1 and Series A-2	Dexia Credit Local New York Branch	04/13/2012
Single Family 2004 Series B-1 and Series B-2	Dexia Credit Local New York Branch	04/13/2012
Single Family 2005 Series A-1 and Series A-2	Dexia Credit Local New York Branch	04/13/2012
Single Family 2005 Series B-2	Barclays Capital - (Liquidity Provider)	09/02/2010
Single Family 2006 Series A-1, Series A-2, and Series A-3	Federal Home Loan Bank of Topeka	05/06/2014
Single Family 2006 Series B-1	Fannie Mae/Freddie Mac (Liquidity)	12/31/2010
Single Family 2006 Series B-2 and Series B-3	Federal Home Loan Bank of Topeka	06/03/2014
Single Family 2006 Series C-1	Fannie Mae/Freddie Mac (Liquidity)	12/31/2010
Single Family 2006 Series C-2	Federal Home Loan Bank of Topeka	06/24/2014
Single Family 2007 Series A-1	Fannie Mae/Freddie Mac (Liquidity)	12/31/2010
Single Family 2007 Series A-2	Federal Home Loan Bank of Topeka	06/24/2014
Single Family 2007 Series B-2	Dexia Credit Local New York Branch	10/18/2017
Single Family 2007 Series B-1	KBC	01/07/2010
Single Family 2007 Series B-3	KBC	10/18/2012
Single Family 2008 Series A-1	BNP Paribas (Liquidity Provider)	01/07/2010
Single Family 2008 Series A-2 and Series A-3	Dexia Credit Local New York Branch	01/06/2010



Outstanding Interest Rate Contracts

The Authority has previously entered into the following Interest Rate Contracts which were in effect with respect to outstanding Adjustable Rate Bonds under the Master Indenture as of December 31, 2009:

Bond Issue		Original Notional Balance	Current Notional Balance	Swap Provider
Single Family				
2001 Series AA Derivative Products:				
Single Family SF01AA-1	Class I	\$30,000,000	\$30,000,000	Barclays Bank PLC New York
Single Family SF01AA-2	Class I	\$46,840,000	\$46,840,000	Barclays Bank PLC New York
Single Family SF01AA-3	Class I	\$15,340,000	\$15,340,000	Barclays Bank PLC New York
2002 Series A Derivative Products:				
Single Family SF02A-3	Class I	\$19,090,000	\$19,090,000	Barclays Bank PLC New York
2002 Series B Derivative Products:				
Single Family SF02B-3	Class I	\$40,000,000	\$40,000,000	Barclays Bank PLC New York
2002 Series C Derivative Products:				
Single Family SF02C-3	Class I	\$40,000,000	\$40,000,000	Barclays Bank PLC New York
2003 Series A Derivative Products:				
Single Family SF03A-2	Class I	\$20,000,000	\$20,000,000	Barclays Bank PLC New York
2003 Series B Derivative Products:				
Single Family SF03B-1	Class I	\$36,670,000	\$35,440,000	Barclays Bank PLC New York
Single Family SF03B-2	Class I	\$30,000,000	\$28,160,000	RBC
Single Family SF03B-3	Class I	\$60,000,000	\$60,000,000	Barclays Bank PLC New York
2003 Series C Derivative Products:				
Single Family SF03C-1	Class I	\$60,000,000	\$17,430,000	Bayerische
Single Family SF03C-2	Class I	\$40,000,000	\$40,000,000	Barclays Bank PLC New York
2004 Series A Derivative Products:				
Single Family SF04A-1	Class I	\$47,000,000	\$13,900,000	Bayerische
Single Family SF04A-2	Class I	\$50,000,000	\$50,000,000	AIG
2004 Series B Derivative Products:				
Single Family SF04B-1	Class I	\$40,000,000	\$11,600,000	UBS (Swap)
Single Family SF04B-2	Class I	\$40,000,000	\$40,000,000	AIG
2005 Series A Derivative Products:				
Single Family SF05A-1	Class I	\$40,000,000	\$17,200,000	UBS (Swap)
Single Family SF05A-2	Class I	\$40,000,000	\$40,000,000	AIG



2005 Series B Derivative Products:

Single Family SF05B-2	Class I	\$80,000,000	\$80,000,000	AIG
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2006 Series A Derivative Products:

Single Family SF06A-1	Class I	\$20,000,000	\$10,185,000	JP Morgan
Single Family SF06A-3	Class I	\$40,000,000	\$40,000,000	Bank of America

2006 Series B Derivative Products:

Single Family SF06B-1	Class I	\$60,000,000	\$40,820,000	JP Morgan
Single Family SF06B-2	Class I	\$49,325,000	\$49,325,000	Bank of America
Single Family SF06B-3	Class I	\$62,945,000	\$62,945,000	Bank of America

2006 Series C Derivative Products:

Single Family SF06C-1	Class I	\$60,000,000	\$40,810,000	JP Morgan
Single Family SF06C-2	Class I	\$10,605,000	\$10,605,000	Bank of America
Single Family SF06C-2	Class I	\$10,605,000	\$10,605,000	Bank of America
Single Family SF06C-2	Class I	\$14,140,000	\$14,140,000	Bank of America
Single Family SF06C-2	Class I	\$35,350,000	\$35,350,000	Bank of America

2007 Series A Derivative Products:

Single Family SF07A-1	Class I	\$70,000,000	\$53,655,000	JP Morgan
Single Family SF07A-2	Class I	\$70,000,000	\$70,000,000	Bank of America

2007 Series B Derivative Products:

Single Family SF07B-1	Class I	\$99,215,000	\$82,760,000	JP Morgan
Single Family SF07B-2	Class I	\$50,000,000	\$50,000,000	Bank of America
Single Family SF07B-3	Class II	\$50,000,000	\$50,000,000	Barclays Bank PLC New York

2008 Series A Derivative Products:

Single Family SF08A-1	Class I	\$60,000,000	\$59,060,000	JP Morgan
Single Family SF08A-2	Class I	\$130,000,000	\$110,780,000	Citi
Single Family SF08A-3	Class I	\$80,000,000	\$80,000,000	AIG

Total Outstanding Class I	\$1,697,125,000	\$1,466,040,000
Total Outstanding Class II	\$50,000,000	\$50,000,001
	<u>\$1,747,125,000</u>	<u>\$1,516,040,001</u>

(1) As of December 31, 2009.

(2) These Interest Rate Contracts have been entered in place of interest rate swap agreements previously existing between the Authority and certain affiliates of Lehman Brothers Inc. which have been terminated by the Authority and replaced with Barclays Bank.



APPENDIX B-2

The Mortgage Loan Portfolio

As of December 31, 2009, First Mortgage Loans with an outstanding aggregate principal balance of \$1,751,387,178 and Second Mortgage Loans with an outstanding aggregate principal balance of \$38,510,412 had been acquired in the Acquisition Account as a part of the Trust Estate. The following information with respect to such outstanding Mortgage Loans has been provided as of the dates so indicated:

Issue	Outstanding Aggregate Principal Balance of First Mortgage	Aggregate Number of Outstanding First Mortgage Loans	Average Principal Balance per First Mortgage Loan	Average Coupon of First Mortgage Loans	Weighted Average Maturity of First Mortgage Loans	Outstanding Aggregate Principal Balance of Second Mortgage Loans	Aggregate Number of Outstanding Second Mortgage Loans	Average Principal Balance per Second Mortgage Loan
SF01AA	89,863,625	898	100,071	6.18%	23.97	20,189,082	5108	3,952
SF02A	35,246,741	374	94,243	5.83%	23.05			
SF02B	55,496,572	515	107,760	6.01%	23.65	552,675	149	3,709
SF02C	71,780,528	651	110,262	5.83%	23.64	727,697	195	3,732
SF03A	33,680,710	306	110,068	5.54%	23.41			
SF03B	105,314,880	944	111,562	5.53%	23.76	1,371,771	386	3,554
SF03C	60,524,372	562	107,695	5.51%	23.92			
SF04A	70,232,945	612	114,760	5.35%	24.43			
SF04B	61,592,315	482	127,785	5.29%	24.86			
SF05A	63,116,128	501	125,980	5.47%	25.15			
SF05B	117,304,550	929	126,270	5.48%	25.46			
SF06A	78,267,151	635	123,255	5.42%	25.84			
SF06B	131,208,343	1045	125,558	5.77%	26.37	3,188,997	794	4,016
SF06C	107,167,780	823	130,216	6.16%	26.79	8,906,156	2212	4,026
SF07A	138,283,382	1028	134,517	5.80%	27.20	3,524,035	919	3,835
SF07B	170,004,507	1274	133,442	6.16%	27.56			
SF08A	283,835,887	2017	140,722	6.32%	29.04	50,000	2	25,000
SF09A	78,466,763	631	124,353	5.71%	28.49			
Total	\$ 1,751,387,178	14,227	123,103	5.74%	25.37	38,510,412	9,765	3,944
Average for Portfolio	\$97,299,288	790	\$123,103	5.74%	25.37	\$4,813,802	1,221	3,944



**MORTGAGE INSURANCE INFORMATION FOR MORTGAGE LOANS
AS OF DECEMBER 31, 2009**

Series of Bonds	Private (Down To 80% LTV)	FHA Insured	VA Guaranteed	RHCDS Guaranteed	UNINSURED	CHFA 2nds - Uninsured
SF01AA	\$ 10,045,201.60	\$ 61,903,819.03	\$ 5,623,937.09	\$ 3,854,034.86	\$ 8,292,608.02	\$ 20,131,077.80
SF02A	\$ 835,046.38	\$ 29,988,748.04	\$ 2,155,133.07	\$ 1,188,525.32	\$ 1,079,288.19	\$ -
SF02B	\$ 4,597,263.55	\$ 42,046,221.09	\$ 3,328,959.52	\$ 1,855,434.54	\$ 3,463,669.65	\$ 552,674.74
SF02C	\$ 6,094,548.91	\$ 56,332,619.98	\$ 5,048,431.70	\$ 1,938,116.12	\$ 2,366,811.70	\$ 724,499.28
SF03A	\$ 787,201.62	\$ 28,766,142.07	\$ 3,022,505.11	\$ 337,973.71	\$ 766,887.62	\$ -
SF03B	\$ 4,460,652.27	\$ 86,928,621.53	\$ 5,666,106.92	\$ 3,507,962.84	\$ 4,084,197.46	\$ 1,369,243.62
SF03C	\$ 1,396,300.75	\$ 51,929,839.21	\$ 3,183,202.38	\$ 1,547,159.62	\$ 2,467,869.83	\$ -
SF04A	\$ 3,914,888.02	\$ 50,319,770.06	\$ 7,495,773.59	\$ 2,826,838.99	\$ 5,675,674.59	\$ -
SF04B	\$ 2,397,572.00	\$ 48,796,518.85	\$ 8,103,476.04	\$ 1,445,419.21	\$ 849,328.46	\$ -
SF05A	\$ 2,972,137.32	\$ 49,116,113.71	\$ 6,181,249.93	\$ 1,597,592.27	\$ 3,122,026.55	\$ -
SF05B	\$ 6,829,192.44	\$ 87,560,375.22	\$ 12,750,188.60	\$ 3,604,008.40	\$ 5,714,898.41	\$ -
SF06A	\$ 8,165,290.72	\$ 52,022,118.07	\$ 10,876,507.17	\$ 1,814,041.83	\$ 4,781,381.77	\$ -
SF06B	\$ 31,276,097.82	\$ 72,346,184.16	\$ 10,961,294.98	\$ 3,678,023.03	\$ 11,986,204.92	\$ 3,188,996.71
SF06C	\$ 28,513,745.21	\$ 65,625,888.48	\$ 5,629,827.87	\$ 2,243,645.97	\$ 5,039,663.37	\$ 8,906,155.59
SF07A	\$ 58,908,529.20	\$ 58,511,188.00	\$ 8,768,512.22	\$ 2,476,758.58	\$ 9,618,393.63	\$ 3,524,035.30
SF07B	\$ 70,973,529.62	\$ 75,288,603.46	\$ 10,202,679.80	\$ 2,419,023.06	\$ 11,120,670.82	\$ -
SF08A	\$ 88,535,494.88	\$ 169,705,381.53	\$ 13,727,280.53	\$ 3,622,570.36	\$ 8,245,159.80	\$ 50,000.00
SF09A	\$ 901,089.95	\$ 65,531,370.53	\$ 3,600,160.05	\$ 1,411,809.61	\$ 7,022,333.24	\$ -



**INFORMATION CONCERNING PROPERTY TYPES FOR THE FIRST MORTGAGE LOANS
AS OF DECEMBER 31, 2009**

Bond Name	SINGLE FAMILY DETACHED	CONDOMINIUMS/TO WNHOMES	OTHER: DUPLEX	NEW CONSTRUCTION	EXISTING HOMES	Principal Bal
SF01AA	88,131,403	16,256,378	5,664,925	27,593,406	82,459,301	110,052,707
SF02A	26,095,615	8,353,837	797,290	8,684,489	26,562,252	35,246,741
SF02B	40,366,093	14,002,275	1,680,879	10,913,252	45,135,995	56,049,247
SF02C	49,438,058	20,105,865	2,964,302	19,672,916	52,835,309	72,508,225
SF03A	22,343,471	10,155,933	1,181,306	11,062,067	22,618,643	33,680,710
SF03B	75,489,938	27,698,497	3,498,217	29,332,736	77,353,915	106,686,651
SF03C	41,423,880	16,744,131	2,356,360	20,405,716	40,118,656	60,524,372
SF04A	49,474,920	18,434,533	2,323,493	17,624,183	52,608,762	70,232,945
SF04B	45,692,259	13,810,634	2,089,422	25,678,196	35,914,118	61,592,315
SF05A	46,396,727	14,521,887	2,197,515	17,021,049	46,095,079	63,116,128
SF05B	80,561,091	31,948,006	4,795,453	32,470,972	84,833,578	117,304,550
SF06A	55,906,888	18,717,200	3,643,063	23,495,605	54,771,545	78,267,151
SF06B	96,618,915	30,752,161	7,026,264	22,344,795	112,052,544	134,397,340
SF06C	77,370,003	28,223,822	10,480,110	18,270,302	97,803,633	116,073,935
SF07A	96,535,976	29,294,203	15,977,238	20,644,632	121,162,785	141,807,417
SF07B	115,176,924	39,372,953	15,454,630	26,069,383	143,935,124	170,004,507
SF08A	214,728,828	45,682,218	23,474,841	36,618,602	247,267,285	283,885,887
SF09A	56,272,973	14,003,969	8,189,821	12,008,728	66,458,036	78,466,763



**FORECLOSURE AND DELINQUENCY STATISTICS
FOR FIRST AND SECOND MORTGAGES
AS OF DECEMBER 31, 2009**

Bond Name	Number of Loans Financed	Number of Loans Prepaid in full	Number of Loans Foreclosed to Date	Number of Real Estate Owned	Number of Mortgage Loans Outstanding	Number of Loan Delinquencies 60+ Days	Value of Delinquencies 60+ Days	Percentage of Total Loans Delinquent 60+ Days	Number of Loans in Foreclosure	Value of Loans in Foreclosure	Percentage of Loans in Foreclosure	Percentage of All Loans Delinquent and Foreclosure
SF01AA	10,666	4,513	153	2	6,006	80	8,963,835	8.15%	21	2,527,049	2.30%	10.44%
SF02A	1,158	694	90	2	374	41	4,226,049	11.99	15	1,340,671	3.80	15.79
SF02B	1,766	967	136	3	664	48	5,481,409	9.78	12	1,376,001	2.45	12.23
SF02C	2,068	1,124	99	4	846	52	5,896,672	8.13	15	1,464,684	2.02	10.15
SF03A	671	302	63	1	306	28	3,017,821	8.96	6	733,162	2.18	11.14
SF03B	2,576	1,134	113	1	1,330	69	7,709,322	7.23	30	3,570,311	3.35	10.57
SF03C	947	319	66	2	562	28	3,266,620	5.40	9	1,103,899	1.82	7.22
SF04A	905	225	68	1	612	49	5,454,873	7.77	12	1,003,045	1.43	9.19
SF04B	684	157	45	1	482	33	3,931,913	6.38	11	1,135,652	1.84	8.23
SF05A	698	151	46	0	501	39	4,907,391	7.78	14	1,679,314	2.66	10.44
SF05B	1,237	236	72	4	929	84	11,162,135	9.52	21	2,801,463	2.39	11.90
SF06A	772	109	28	2	635	62	7,800,111	9.97	9	1,045,007	1.34	11.30
SF06B	2,256	366	52	10	1,839	94	11,416,391	8.49	29	3,471,212	2.58	11.08
SF06C	3,471	400	38	9	3,035	78	9,455,924	8.15	20	2,684,221	2.31	10.46
SF07A	2,135	170	19	11	1,947	91	12,191,809	8.60	25	3,336,683	2.35	10.95
SF07B	1,436	140	22	5	1,274	106	13,759,585	8.09	37	4,905,592	2.89	10.98
SF08A	2,203	168	17	6	2,019	170	24,848,175	8.75	69	9,870,201	3.48	12.23
SF09A	661	32	-	0	631	31	4,097,900	5.22	5	662,118	0.84	6.07
Total	36,310	11,207	1,127	64	23,992	1,183	147,587,935	7.79%	360	44,710,283	2.21%	10.00%

(1) Estimated

*Percentages are based on outstanding principal amount of the Loans.



As of December 31, 2009, the following balances were held in the respective subaccounts under the Master Indenture:

<u>ACCOUNTS</u>	<u>AMOUNTS ON DEPOSITS</u>
SF 2001AA LOAN-RECYCLING	1,006,347
SF 2001AA LOAN-RECYCLING	4,650
SF 2001AA LOAN-RECYCLING	9,350,000
SF 2001AA LOAN-RECYCLING NQ	346
SF 2002A LOAN-RECYCLING	2,565,000
SF 2002A LOAN-RECYCLING	52,417
SF 2002B LOAN-RECYCLING NQ	3,966
SF 2002B LOAN-RECYCLING Q	2,297,526
SF 2002C LOAN-RECYCLING Q	1,220,000
SF 2003A LOAN-RECYCLING	300
SF 2003A LOAN-RECYCLING	2,480,650
SF 2003B LOAN-RECYCLING NQ	31,854
SF 2003B LOAN-RECYCLING Q	80,076
SF 2003B LOAN-RECYCLING Q	1,900,000
SF 2006B LOAN-RECYCLING	3,469,240
SF 2006C LOAN-RECYCLING	3,393,414
SF 2007A LOAN-RECYCLING	1,540,000
SF 2007B LOAN-RECYCLING	1,540,000
SF 2008A ACQUISITION	518
SF 2008A ACQUISITION NQ LOAN	4,193
<u>TOTAL</u>	<u>30,940,497</u>



INVESTMENT INFORMATION

<u>ISSUE</u>	<u>INVESTMENT TYPE</u>	<u>AMOUNT</u>	<u>INTEREST RATE (%)</u>	<u>MATURITY DATE</u>
SF 2001AA LOAN-RECYCLING	INVESTMENT AGREEMENT	1,006,347	5.30	3/01/2036
SF 2001AA LOAN-RECYCLING	INVESTMENT AGREEMENT	4,650	.30	3/01/2036
SF 2001AA LOAN-RECYCLING	MONEY MARKET	9,350,000		Short Term
SF 2001AA LOAN-RECYCLING NQ	MONEY MARKET	346		Short Term
SF 2001AA REVENUE	INVESTMENT AGREEMENT	13,993,653	5.30	3/01/2036
SF 2001AA REVENUE	INVESTMENT AGREEMENT	9,547,184	.30	3/01/2036
SF 2001AA REVENUE	MONEY MARKET	2,375,973		Short Term
SF 2001AA REVENUE NQ LOAN	INVESTMENT AGREEMENT	1,978,916	.30	3/01/2036
SF 2001AA REVENUE NQ LOAN	MONEY MARKET	5,576,744		Short Term
SF 2001AA DSR	INVESTMENT AGREEMENT	2,500,000	5.30	3/01/2036
SF 2001AA DSR	MONEY MARKET	1,135,098		Short Term
SF 2001AA DSR	US GOV AGENCY COUPON BOND	1,304,877	4.63	8/15/2028
SF 2001AA DSR	US GOV AGENCY COUPON BOND	444,057	5.00	5/01/2031
SF 2001AA DSR	HOUSING BOND	1,210,000	5.20	6/01/2033
		<u>50,427,846</u>		

<u>ISSUE</u>	<u>INVESTMENT TYPE</u>	<u>AMOUNT</u>	<u>INTEREST RATE (%)</u>	<u>MATURITY DATE</u>
SF 2002A LOAN-RECYCLING	INVESTMENT AGREEMENT	2,565,000	5.10	11/01/2032
SF 2002A LOAN-RECYCLING	MONEY MARKET	52,417		Short Term
SF 2002A REVENUE	INVESTMENT AGREEMENT	9,788,589	5.10	11/01/2032
SF 1992A REDEMPTION	INVESTMENT AGREEMENT	68,041	5.10	11/01/2032
SF 2002A REBATE	INVESTMENT AGREEMENT	147,196	5.10	11/01/2032
SF 2002A DSR	INVESTMENT AGREEMENT	4,475,500	5.60	11/01/2032
		<u>17,096,744</u>		



<u>ISSUE</u>	<u>INVESTMENT TYPE</u>	<u>AMOUNT</u>	<u>INTEREST RATE (%)</u>	<u>MATURITY DATE</u>
SF 2002B LOAN-RECYCLING NQ	INVESTMENT AGREEMENT	3,966	4.85	11/01/2032
SF 2002B LOAN-RECYCLING Q	MONEY MARKET	2,297,526		Short Term
SF 2002B REVENUE Q LOAN	INVESTMENT AGREEMENT	2,192,954	4.85	11/01/2032
SF 2002B REVENUE Q LOAN	MONEY MARKET	1,000,000		Short Term
SF 2002B REVENUE Q LOAN	MONEY MARKET	56,959		Short Term
SF 2002B REVENUE NQ LOAN	INVESTMENT AGREEMENT	414,764	4.85	11/01/2032
SF 2002B REVENUE NQ LOAN	MONEY MARKET	216,685		Short Term
SF 2002B REVENUE NQ LOAN	MONEY MARKET	705,293		Short Term
SF 2002B DSR	MONEY MARKET	3,647		Short Term
SF 2002B DSR	FEDERAL HOME LOAN MTG CORP	6,716,486	6.25	7/15/2032
		<u>13,608,280</u>		

<u>ISSUE</u>	<u>INVESTMENT TYPE</u>	<u>AMOUNT</u>	<u>INTEREST RATE (%)</u>	<u>MATURITY DATE</u>
SF 2002C LOAN-RECYCLING Q	MONEY MARKET	1,220,000		Short Term
SF 2002C REVENUE Q LOAN	MONEY MARKET	3,090,398		Short Term
SF 2002C REVENUE Q LOAN	MONEY MARKET	2,176,443		Short Term
SF 2002C REVENUE NQ LOAN	MONEY MARKET	1,151,896		Short Term
SF 2002C REVENUE NQ LOAN	MONEY MARKET	720,093		Short Term
SF 2002C DSR	MONEY MARKET	215,000		Short Term
SF 2002C DSR	FEDERAL NATIONAL MTG ASSOC	8,217,098	6.63	11/15/2030
		<u>16,790,928</u>		



<u>ISSUE</u>	<u>INVESTMENT TYPE</u>	<u>AMOUNT</u>	<u>INTEREST RATE (%)</u>	<u>MATURITY DATE</u>
SF 2003A LOAN-RECYCLING	INVESTMENT AGREEMENT	300	4.13	11/01/2032
SF 2003A LOAN-RECYCLING	MONEY MARKET	2,480,650		Short Term
SF 2003A REVENUE	INVESTMENT AGREEMENT	3,993,913	4.13	11/01/2032
SF 2003A REVENUE	MONEY MARKET	17,169		Short Term
SF 2003A DSR	MONEY MARKET	7,519		Short Term
SF 2003A DSR	FEDERAL HOME LOAN MTG CORP	3,822,900	6.25	7/15/2032
		<u>10,322,451</u>		

<u>ISSUE</u>	<u>INVESTMENT TYPE</u>	<u>AMOUNT</u>	<u>INTEREST RATE (%)</u>	<u>MATURITY DATE</u>
SF 2003B LOAN-RECYCLING NQ	MONEY MARKET	31,854		Short Term
SF 2003B LOAN-RECYCLING Q	MONEY MARKET	80,076		Short Term
SF 2003B LOAN-RECYCLING Q	MONEY MARKET	1,900,000		Short Term
SF 2003B BOND-PURCHASE	MONEY MARKET	35,506		Short Term
SF 2003B REVENUE Q LOAN	MONEY MARKET	2,333,238		Short Term
SF 2003B REVENUE Q LOAN	MONEY MARKET	45,962		Short Term
SF 2003B REVENUE NQ LOAN	MONEY MARKET	1,830,873		Short Term
SF 2003B REVENUE NQ LOAN	MONEY MARKET	5,032,151		Short Term
SF 2003B DSR	MONEY MARKET	77,442		Short Term
SF 2003B DSR	FEDERAL NATIONAL MTG ASSOC	9,618,094	6.63	11/15/2030
		<u>20,985,197</u>		



<u>ISSUE</u>	<u>INVESTMENT TYPE</u>	<u>AMOUNT</u>	<u>INTEREST RATE (%)</u>	<u>MATURITY DATE</u>
SF 2003C REVENUE Q LOAN	MONEY MARKET	2,436,440		Short Term
SF 2003C REVENUE Q LOAN	MONEY MARKET	55,438		Short Term
SF 2003C DSR	MONEY MARKET	6,124,775		Short Term
		<u>8,616,652</u>		

<u>ISSUE</u>	<u>INVESTMENT TYPE</u>	<u>AMOUNT</u>	<u>INTEREST RATE (%)</u>	<u>MATURITY DATE</u>
SF 2004A BOND-PURCHASE	MONEY MARKET	1,898		Short Term
SF 2004A REVENUE	MONEY MARKET	3,674,721		Short Term
SF 2004A DSR	MONEY MARKET	6,124,776		Short Term
		<u>9,801,395</u>		

<u>ISSUE</u>	<u>INVESTMENT TYPE</u>	<u>AMOUNT</u>	<u>INTEREST RATE (%)</u>	<u>MATURITY DATE</u>
SF 2004B BOND-PURCHASE	MONEY MARKET	7,245		Short Term
SF 2004B REVENUE	INVESTMENT AGREEMENT	650,710	4.85	11/01/2034
SF 2004B REVENUE	MONEY MARKET	2,298,253		Short Term
SF 2004B REVENUE	MONEY MARKET	12,944		Short Term
SF 2004B DSR	FEDERAL HOME LOAN MTG CORP	4,902,060	6.25	7/15/2032
		<u>7,871,212</u>		



<u>ISSUE</u>	<u>INVESTMENT TYPE</u>	<u>AMOUNT</u>	<u>INTEREST RATE (%)</u>	<u>MATURITY DATE</u>
SF 2005A BOND-PURCHASE	MONEY MARKET	2,007		Short Term
SF 2005A REVENUE	MONEY MARKET	2,189,102		Short Term
SF 2005A REVENUE	MONEY MARKET	33,522		Short Term
SF 2005A DSR	MONEY MARKET	4,630,508		Short Term
SF 2005A DSR	MONEY MARKET	350,000		Short Term
		<u>7,205,140</u>		

<u>ISSUE</u>	<u>INVESTMENT TYPE</u>	<u>AMOUNT</u>	<u>INTEREST RATE (%)</u>	<u>MATURITY DATE</u>
SF 2005B REVENUE	MONEY MARKET	4,368,316		Short Term
SF 2005B REVENUE	MONEY MARKET	14,908,933		Short Term
SF 2005B DSR	MONEY MARKET	9,000,000		Short Term
		<u>28,277,250</u>		

<u>ISSUE</u>	<u>INVESTMENT TYPE</u>	<u>AMOUNT</u>	<u>INTEREST RATE (%)</u>	<u>MATURITY DATE</u>
SF 2006A BOND-PURCHASE	MONEY MARKET	5,073		Short Term
SF 2006A REVENUE	INVESTMENT AGREEMENT	1,094,291	4.85	11/01/2036
SF 2006A REVENUE	MONEY MARKET	1,647,164		Short Term
SF 2006A REBATE	INVESTMENT AGREEMENT	456,297	4.85	11/01/2036
SF 2006A DSR	INVESTMENT AGREEMENT	5,500,000	4.71	11/01/2036
		<u>8,702,825</u>		



<u>ISSUE</u>	<u>INVESTMENT TYPE</u>	<u>AMOUNT</u>	<u>INTEREST RATE (%)</u>	<u>MATURITY DATE</u>
SF 2006B LOAN-RECYCLING	MONEY MARKET	3,469,240		Short Term
SF 2006B BOND-PURCHASE	MONEY MARKET	870		Short Term
SF 2006B REVENUE	MONEY MARKET	5,817,485		Short Term
SF 2006B REVENUE	MONEY MARKET	1,596,942		Short Term
SF 2006B REBATE	MONEY MARKET	1,388,963		Short Term
SF 2006B DSR	INVESTMENT AGREEMENT	9,613,500	5.56	11/01/2036
		<u>21,887,001</u>		

<u>ISSUE</u>	<u>INVESTMENT TYPE</u>	<u>AMOUNT</u>	<u>INTEREST RATE (%)</u>	<u>MATURITY DATE</u>
SF 2006C LOAN-RECYCLING	MONEY MARKET	3,393,414		Short Term
SF 2006C REVENUE	MONEY MARKET	5,867,466		Short Term
SF 2006C REVENUE	MONEY MARKET	1,655,740		Short Term
SF 2006C REBATE	MONEY MARKET	78,574		Short Term
SF 2006C DSR	MONEY MARKET	3,035,000		Short Term
SF 2006C DSR	MONEY MARKET	1,965,000		Short Term
SF 2006C DSR TAXABLE	MONEY MARKET	3,000,000		Short Term
		<u>18,995,193</u>		

<u>ISSUE</u>	<u>INVESTMENT TYPE</u>	<u>AMOUNT</u>	<u>INTEREST RATE (%)</u>	<u>MATURITY DATE</u>
SF 2007A LOAN-RECYCLING	MONEY MARKET	1,540,000		Short Term
SF 2007A REVENUE	MONEY MARKET	3,597,292		Short Term
SF 2007A REBATE	MONEY MARKET	23,570		Short Term
SF 2007A DSR	MONEY MARKET	5,249,999		Short Term
SF 2007A DSR TAXABLE	MONEY MARKET	3,500,000		Short Term
		<u>13,910,861</u>		



<u>ISSUE</u>	<u>INVESTMENT TYPE</u>	<u>AMOUNT</u>	<u>INTEREST RATE (%)</u>	<u>MATURITY DATE</u>
SF 2007B LOAN-RECYCLING	MONEY MARKET	1,540,000		Short Term
SF 2007B REVENUE	MONEY MARKET	5,928,269		Short Term
SF 2007B REVENUE	MONEY MARKET	180,433		Short Term
SF 2007B DSR	MONEY MARKET	4,999,999		Short Term
SF 2007B DSR TAXABLE	MONEY MARKET	6,000,000		Short Term
		<u>18,648,701</u>		

<u>ISSUE</u>	<u>INVESTMENT TYPE</u>	<u>AMOUNT</u>	<u>INTEREST RATE (%)</u>	<u>MATURITY DATE</u>
SF 2008A ACQUISITION	MONEY MARKET	518		Short Term
SF 2008A ACQUISITION NQ LOAN	MONEY MARKET	4,193		Short Term
SF 2008A BOND-PURCHASE	MONEY MARKET	154		Short Term
SF 2008A REVENUE Q LOAN	INVESTMENT AGREEMENT	4,896,420	4.27	11/01/2038
SF 2008A REVENUE Q LOAN	MONEY MARKET	72,486		Short Term
SF 2008A REVENUE Q LOAN	MONEY MARKET	2,413,381		Short Term
SF 2008A REVENUE NQ LOAN	INVESTMENT AGREEMENT	2,430,317	4.27	11/01/2038
SF 2008A REVENUE NQ LOAN	MONEY MARKET	301,141		Short Term
SF 2008A REVENUE NQ LOAN	MONEY MARKET	534,823		Short Term
SF 2008A DSR	MONEY MARKET	4,947,749		Short Term
SF 2008A DSR	MONEY MARKET	1,000,000		Short Term
SF 2008A DSR TAXABLE	MONEY MARKET	6,113,191		Short Term
SF 2008A DSR TAXABLE	MONEY MARKET	2,129,013		Short Term
SF 2008A DSR TAXABLE	GNMA MBS	2,617,294	7.00	12/20/2039
SF 2008A DSR TAXABLE	GNMA MBS	753,626	7.50	12/20/2039
		<u>28,214,307</u>		



<u>ISSUE</u>	<u>INVESTMENT TYPE</u>	<u>AMOUNT</u>	<u>INTEREST RATE (%)</u>	<u>MATURITY DATE</u>
SF 2009A COST-OF-ISSUANCE	MONEY MARKET	91,715		Short Term
SF 2009A REVENUE	MONEY MARKET	5,186,489		Short Term
SF 2009A DSR	MONEY MARKET	4,499,999		Short Term
		<u>9,778,203</u>		

<u>Investment Type</u>	
FEDERAL HOME LOAN MTG CORP	15,441,447
FEDERAL NATIONAL MTG ASSOC	17,835,192
GNMA MBS	3,370,920
HOUSING BOND	1,210,000
INVESTMENT AGREEMENT	77,322,508
MONEY MARKET	194,211,183
US GOV AGENCY COUPON BOND	1,748,934
	<u>311,140,184</u>



APPENDIX C

**Financial Statements for the
Years ended December 31, 2009 and 2009
and Independent Auditor's Reports**

COLORADO HOUSING AND FINANCE AUTHORITY
ANNUAL FINANCIAL REPORT
For the Year Ended December 31, 2009
(With summarized Financial Information for 2008)



Prepared by:
Finance Division

COLORADO HOUSING AND FINANCE AUTHORITY – Annual Financial Report

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colorado housing and finance authority



INTRODUCTORY SECTION

The Colorado Housing and Finance Authority (the “Authority”) is a public enterprise that finances affordable housing, business and economic growth opportunities for residents and businesses of Colorado. Its dual mission is to increase the availability of affordable, decent and accessible housing for lower- and moderate-income Coloradans, and to strengthen the state’s economic development through its programs.

Established by the Colorado General Assembly in 1973, the Authority raises funds through the public and private sale of bonds and notes, which are not obligations of the State of Colorado. The proceeds are loaned to eligible borrowers, including Colorado-owned small and medium-sized businesses, primarily through private lending institutions across the state under the sound fiscal practices of the Authority. The Authority provides home ownership, affordable multi-family housing or Colorado-owned business financing in every Colorado county.

As a self-sustaining organization, the Authority’s operating revenues come from loan and program administration fees, interest charges and investment income. The Authority receives no tax dollars, and its net revenues are reinvested in its programs.

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

An independent 11-member Board of Directors governs the Authority. The Board is comprised of a member of the Colorado General Assembly, the state auditor, an executive director of a principal department of the state government appointed by the governor, and eight individuals appointed by the governor and confirmed by the State Senate. The table on the following page lists the Board of Directors at December 31, 2009.

BOARD OF DIRECTORS

Joel S. Rosenstein	Board Chair
Roxanne Huber	Board Chair Pro Tem
John Blumberg	Board Secretary/Treasurer
Sally Symanski	Board Member
Jim Hahn	Board Member
Betty Boyd	Board Member
David Myler	Board Member
Anita Padilla-Fitzgerald	Board Member
Kevin Marchman	Board Member
Sam Betters	Board Member
Mark O'Connor	Board Member

Independent Auditor's Report

Board of Directors
Colorado Housing and Finance Authority
Denver, Colorado

We have audited the accompanying financial statements of the business-type activities and each major fund of Colorado Housing and Finance Authority as of and for the year ended December 31, 2009, which collectively comprise Colorado Housing and Finance Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Colorado Housing and Finance Authority's management. Our responsibility is to express opinions on these financial statements based on our audit. The prior year summarized comparative information has been derived from Colorado Housing and Finance Authority's December 31, 2008 basic financial statements and, in our report dated April 23, 2009, we expressed unqualified opinions on the basic financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and each major fund of Colorado Housing and Finance Authority as of December 31, 2009, and the respective changes in financial position and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 25, 2010 on our consideration of Colorado Housing and Finance Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 5 through 10 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Colorado Housing and Finance Authority's basic financial statements. The Schedule of Adjusted Net Worth and Schedule of Insurance Requirement listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The introductory section listed in the table of contents has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Clifton Henderson LLP

Greenwood Village, Colorado
March 25, 2010



MANAGEMENT'S DISCUSSION AND ANALYSIS



This section of the Colorado Housing and Finance Authority's (the "Authority") annual financial report presents management's discussion and analysis of the financial position and results of operations at and for the fiscal year ended December 31, 2009. This analysis should be read in conjunction with the Authority's financial statements and accompanying notes.

Financial Highlights

- Net assets as of December 31, 2009, were \$280.4 million, a decrease of \$15.3 million, or 5.2%, compared to net assets of \$295.7 million as of December 31, 2008, decreasing the Authority's capital position. Net assets as a percent of total assets increased from 7.28% as of December 31, 2008, to 7.64% as of December 31, 2009.
- As reflected in the Statement of Revenues, Expenses and Changes in Net Assets, the decrease in net assets of \$15.3 million for 2009 represents a \$28.6 million, or 215.0%, decrease compared to the increase in net assets for 2008 of \$13.3 million. This \$28.6 million decrease was comprised of a \$12.5 million decrease in net interest income (primarily due to a \$19.1 million decrease in the fair market value of investments held), a \$4.5 million increase in other operating revenues, a \$14.5 million increase in operating expenses, including a \$9.9 million increase in the provision for loan losses, and no gain on sale of RAP properties in 2009 (\$6.1 million in 2008). Profitability, as measured by return on average net assets, was a negative 5.31% in 2009 compared to a positive 4.60% in 2008.
- Total investments as of December 31, 2009, were \$577.5 million, a decrease of \$145.9 million, or 20.2%, compared to the amount outstanding as of December 31, 2008. As loans were paid down, the proceeds were used to pay off bonds, reducing the corresponding debt service reserves reflected in investments.
- Total net loans receivable as of December 31, 2009, were \$3.0 billion, a decrease of \$255.5 million, or 8.0%, compared to the amount outstanding as of December 31, 2008. Loan repayments occurred without a corresponding increase in new loans retained as the Authority issued more Ginnie Mae securities during 2009.
- As of December 31, 2009, total debt outstanding was \$3.3 billion, a decrease of \$360.6 million, or 9.8%, compared to the balance at December 31, 2008. Payments of loans have been used to reduce bond balances rather than recycling into new loans.

Overview of the Financial Statements

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

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

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



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

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

Authority Funds – The Authority's financial statements present the activities of its three funds – the General Fund, the Single Family Fund and the Multi-Family/Business Fund. A description of each of these funds is provided in the notes to the financial statements. Interfund activity is eliminated.



Analysis of Financial Activities

The following table presents condensed information about the financial position of the Authority as of December 31, 2009, and 2008, and changes in the balances of selected items during the fiscal year ended December 31, 2009 (in thousands):

As of December 31,	2009	2008	\$ Change	% Change
Assets				
Cash	\$ 35,900	\$ 29,355	\$ 6,545	22.3%
Investments	285,765	479,323	(193,558)	-40.4%
Loans receivable	163,033	106,935	56,098	52.5%
Loans receivable held for sale	67,356	-	67,356	0.0%
Other current assets	31,397	31,544	(147)	-0.5%
Current assets	583,451	647,157	(63,706)	-9.8%
Noncurrent assets:				
Investments	291,691	244,075	47,616	19.5%
Loans receivable, net	2,722,117	3,101,117	(379,000)	-12.2%
Capital assets, net	28,586	29,606	(1,020)	-3.4%
Other assets	45,364	37,804	7,560	20.0%
Total noncurrent assets	3,087,758	3,412,602	(324,844)	-9.5%
Total assets	\$ 3,671,209	\$ 4,059,759	\$ (388,550)	-9.6%
Liabilities				
Short-term debt	\$ 73,250	\$ 164,985	\$ (91,735)	-55.6%
Bonds payable	22,822	18,394	4,428	24.1%
Notes payable	74	73	1	1.4%
Other current liabilities	55,708	69,486	(13,778)	-19.8%
Current liabilities	151,854	252,938	(101,084)	-40.0%
Noncurrent liabilities:				
Bonds and notes payable, net	3,225,551	3,498,847	(273,296)	-7.8%
Other liabilities	13,436	12,307	1,129	9.2%
Total noncurrent liabilities	3,238,987	3,511,154	(272,167)	-7.8%
Total liabilities	3,390,841	3,764,092	(373,251)	-9.9%
Net assets:				
Invested in capital assets, net of related debt	28,586	29,606	(1,020)	-3.4%
Restricted by bond indentures	119,031	144,216	(25,185)	-17.5%
Unrestricted	132,751	121,845	10,906	9.0%
Total net assets	280,368	295,667	(15,299)	-5.2%
Total liabilities and net assets	\$ 3,671,209	\$ 4,059,759	\$ (388,550)	-9.6%

Total loans receivable decreased \$255.5 million, or 8.0%, during the current year, of which the noncurrent portion of the decrease was \$379.0 million. This decrease is largely due to the shift of securitizing new loan production into Ginnie Mae securities that are sold in the market. During 2009, \$308.9 million in loans were sold to Ginnie Mae and Fannie Mae. New loan purchases and originations held by the Authority were approximately \$373.6 million.



Management's Discussion and Analysis

Current liabilities decreased \$101.1 million, or 40.0%, compared to 2008. This decrease was primarily due to a decrease of \$91.7 million in the amount borrowed under the Authority's lines of credit. Noncurrent bonds and notes payable decreased \$273.3 million, or 7.8%, compared to December 31, 2008, primarily due to the pay down of bond principal. Additional information on the Authority's debt activities is provided under "Debt Administration".

The following table presents condensed statements of revenues, expenses and changes in net assets for the years ended December 31, 2009, and 2008, and the change from the prior year (in thousands):

For the years ended December 31,	2009	2008	\$ Change	% Change
Interest income and expense:				
Interest on loans receivable	\$ 172,953	\$ 171,953	\$ 1,000	0.6%
Investment income	14,990	26,481	(11,491)	-43.4%
Net increase (decrease) in the fair value of investments	(10,396)	8,710	(19,106)	-219.4%
Interest on debt	(175,712)	(192,774)	17,062	-8.9%
Net interest income	1,835	14,370	(12,535)	-87.2%
Other operating revenues:				
Rental income	7,460	8,424	(964)	-11.4%
Other revenues	26,964	21,511	5,453	25.3%
Total other operating revenues	34,424	29,935	4,489	15.0%
Total operating income	36,259	44,305	(8,046)	-18.2%
Operating expenses:				
Salaries and related benefits	16,180	14,936	1,244	8.3%
General operating	17,815	14,957	2,858	19.1%
Depreciation	3,159	2,684	475	17.7%
Provision for losses	14,404	4,517	9,887	218.9%
Total operating expenses	51,558	37,094	14,464	39.0%
Net operating income (loss)	(15,299)	7,211	(22,510)	-312.2%
Federal grant receipts	112,458	101,882	10,576	10.4%
Federal grant payments	(112,458)	(101,882)	(10,576)	10.4%
Gains on sales of capital assets	-	6,092	(6,092)	-100.0%
Nonoperating revenues and expenses, net	-	6,092	(6,092)	-100.0%
Change in net assets	(15,299)	13,303	(28,602)	-215.0%
Net assets:				
Beginning of year	295,667	282,364	13,303	4.7%
End of year	\$ 280,368	\$ 295,667	\$ (15,299)	-5.2%



Interest earned on loans of \$173.0 million, interest income on investments of \$15.0 million and interest expense on debt of \$175.7 million are the primary components of net interest income of the Authority.

Total operating income was \$36.3 million in 2009, a decrease of \$8.0 million, or 18.2%, compared to 2008. There were two major components of the decrease in operating revenues. First, a net decrease in the fair value of investments of \$19.1 million due primarily to a decline in market rates in 2009 compared to 2008. In addition, there was an \$11.5 million decrease in investment income due primarily to a decrease in investment balances. These decreases were partially offset by a \$17.1 million decrease in interest on debt and a \$4.5 million increase in other operating revenues. Interest expense on debt decreased due to lower market rates and debt balances.

Total operating expenses of \$51.6 million for 2009 increased \$14.5 million, or 39.0%, compared to 2008. Salaries and general operating expenses increased \$4.1 million due to increased staffing levels, increased professional fees and an increase in the amortization of service release premiums. Additionally, the Authority incurred a \$9.9 million increase in the provision for loan losses due to higher delinquency and foreclosure rates.

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

Capital Assets

Capital assets, net of accumulated depreciation, as of December 31, 2009, totaled \$28.6 million, a decrease of \$1.0 million, or 3.4%, compared to the amount as of December 31, 2008. The majority of this investment in capital assets is related to the Authority's ownership of four apartment complexes that provide housing to lower- and moderate-income families.

The significant additions during 2009 include the implementation of a Business Intelligence application, improvements to our disaster recovery system, and enhancements to existing software related to debt management and single family and multi-family origination.

Additional information regarding the Authority's capital assets can be found in the notes to the financial statements.

Debt Administration

As of December 31, 2009, the Authority had \$3.2 billion in bonds and notes payable outstanding and \$73.3 million outstanding under borrowing agreements with the Federal Home Loan Bank. This debt is secured by various assets and, in certain cases, the general obligation pledge of the Authority. The long-term ratings on the debt of the Single Family Fund and the Multi-Family/Business Fund range from A1 to Aaa by Moody's Investors Service (Moody's) and A+ to AAA by Standard & Poor's (S&P), depending on the underlying collateral. The Authority issuer's credit rating on the general obligation debt is A1/A+ by Moody's and S&P, respectively.

In 2009 the Authority issued \$137.4 million in debt related to its lending programs. Of this amount, \$90.0 million was issued pursuant to the Authority's single family lending program and is reflected in the Single Family Fund, \$47.4 million was for the multi-family/business lending program and is reflected in the Multi-Family/Business Fund. Offsetting these new debt issues were maturities of short-term debt related to the Authority's private activity bond volume cap preservation program, scheduled debt payments and early redemptions of various debt issues.

Additional information of the Authority's long-term and short-term debt can be found in the notes to the financial statements.



BASIC FINANCIAL STATEMENTS

Colorado Housing and Finance Authority
Statement of Net Assets

December 31, 2009

(with summarized financial information for December 31, 2008)

(in thousands of dollars)

	General Fund	Single Family	Multi-Family/ Business	Eliminations	2009	2008
Assets						
Current assets:						
Cash (Note 2)	\$ 35,597	\$ 303	\$ -	\$ -	\$ 35,900	\$ 29,355
Investments (Note 2)	63,984	197,520	24,261	-	285,765	479,323
Loans receivable (Note 3)	73,644	61,931	28,070	(612)	163,033	106,935
Loans receivable held for sale (Note 3)	67,356	-	-	-	67,356	-
Accrued interest receivable	4,021	13,093	6,513	(184)	23,443	26,015
Deferred debt financing costs, net	17	607	195	-	819	864
Other assets	6,364	629	142	-	7,135	4,665
Due (to) from other funds	(36,621)	31,506	5,115	-	-	-
Total current assets	214,362	305,589	64,296	(796)	583,451	647,157
Noncurrent assets:						
Investments (Note 2)	1,670	122,248	167,773	-	291,691	244,075
Loans receivable, net (Note 3)	129,840	1,795,999	814,038	(17,760)	2,722,117	3,101,117
Capital assets - non-depreciable (Note 4)	4,981	-	-	-	4,981	6,635
Capital assets - depreciable, net (Note 4)	23,605	-	-	-	23,605	22,971
Other real estate owned, net	5,085	4,635	328	-	10,048	2,379
Deferred debt financing costs, net	297	10,920	3,512	-	14,729	15,558
Other assets	20,587	-	-	-	20,587	19,867
Total noncurrent assets	186,065	1,933,802	985,651	(17,760)	3,087,758	3,412,602
Total assets	\$ 400,427	\$ 2,239,391	\$ 1,049,947	\$ (18,556)	\$ 3,671,209	\$ 4,059,759
Liabilities						
Current liabilities:						
Short-term debt (Note 5)	\$ 73,250	\$ -	\$ -	\$ -	\$ 73,250	\$ 164,985
Bonds payable (Note 6)	90	11,610	11,122	-	22,822	18,394
Notes payable (Note 6)	74	-	-	-	74	73
Accrued interest payable	1,082	15,884	11,785	(184)	28,567	46,264
Federally assisted program advances	347	-	-	-	347	110
Accounts payable and other liabilities	25,289	1,043	462	-	26,794	23,112
Total current liabilities	100,132	28,537	23,369	(184)	151,854	252,938
Noncurrent liabilities:						
Bonds payable, net (Note 6)	87,788	2,154,024	960,271	-	3,202,083	3,497,835
Notes payable (Note 6)	41,840	-	-	(18,372)	23,468	1,012
Other liabilities (Note 6)	9,330	2,499	1,607	-	13,436	12,307
Total noncurrent liabilities	138,958	2,156,523	961,878	(18,372)	3,238,987	3,511,154
Total liabilities	239,090	2,185,060	985,247	(18,556)	3,390,841	3,764,092
Net assets						
Invested in capital assets, net of related debt	10,214	-	-	18,372	28,586	29,606
Restricted by bond indentures	-	54,331	64,700	-	119,031	144,216
Unrestricted (Note 10)	151,123	-	-	(18,372)	132,751	121,845
Total net assets	161,337	54,331	64,700	-	280,368	295,667
Total liabilities and net assets	\$ 400,427	\$ 2,239,391	\$ 1,049,947	\$ (18,556)	\$ 3,671,209	\$ 4,059,759

The accompanying notes are an integral part of these statements

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

For the year ended December 31, 2009

(with summarized financial information for the year ended December 31, 2008)

(in thousands of dollars)

	General Fund	Single Family	Multi-Family/ Business	Eliminations	2009	2008
Interest income and expense:						
Interest on loans receivable	\$ 17,979	\$ 104,218	\$ 52,151	\$ (1,395)	\$ 172,953	\$ 171,953
Investment income	337	8,093	6,560	-	14,990	26,481
Net increase (decrease) in the fair value of investments	(185)	(6,274)	(3,937)	-	(10,396)	8,710
Interest on debt	(7,561)	(118,922)	(50,624)	1,395	(175,712)	(192,774)
Net interest income	10,570	(12,885)	4,150	-	1,835	14,370
Other operating income:						
Rental income	7,460	-	-	-	7,460	8,424
Loan servicing income	11,891	-	-	-	11,891	11,306
Section 8 administration fees	4,449	-	-	-	4,449	4,255
Other revenues	10,772	(148)	-	-	10,624	5,950
Total other operating revenues	34,572	(148)	-	-	34,424	29,935
Total operating revenues	45,142	(13,033)	4,150	-	36,259	44,305
Operating expenses:						
Salaries and related benefits	16,180	-	-	-	16,180	14,936
General operating	16,333	1,134	348	-	17,815	14,957
Depreciation	3,159	-	-	-	3,159	2,684
Provision for losses	3,662	5,147	5,595	-	14,404	4,517
Total operating expenses	39,334	6,281	5,943	-	51,558	37,094
Net operating income (loss)	5,808	(19,314)	(1,793)	-	(15,299)	7,211
Nonoperating revenues and expenses:						
Federal grant receipts	112,458	-	-	-	112,458	101,882
Federal grant payments	(112,458)	-	-	-	(112,458)	(101,882)
Gains on sales of capital assets	-	-	-	-	-	6,092
Total nonoperating revenues, net	-	-	-	-	-	6,092
Income before transfers	5,808	(19,314)	(1,793)	-	(15,299)	13,303
Transfers from (to) other funds	4,078	(3,443)	(635)	-	-	-
Change in net assets	9,886	(22,757)	(2,428)	-	(15,299)	13,303
Net assets:						
Beginning of year	151,451	77,088	67,128	-	295,667	282,364
End of year	\$ 161,337	\$ 54,331	\$ 64,700	\$ -	\$ 280,368	\$ 295,667

The accompanying notes are an integral part of these statements

Colorado Housing and Finance Authority
Statement of Cash Flows

For the year ended December 31, 2009

(with summarized financial information for the year ended December 31, 2008)

(in thousands of dollars)

	General Fund	Single Family	Multi-Family/ Business	Eliminations	2009	2008
Cash flows from operating activities:						
Principal payments received on loans receivable & receipts from dispositions of other real estate owned	\$ 21,671	\$ 241,558	\$ 44,551	\$ (678)	\$ 307,102	\$ 218,027
Interest payments received on loans receivable	16,368	105,568	52,506	(1,407)	173,035	169,914
Payments for fundings of loans receivable	(363,014)	(6)	(10,569)	-	(373,589)	(545,771)
Receipts from sale of loans	300,195	8,732	-	-	308,927	-
Receipt (payment) for loan transfers between funds	99,149	(99,781)	632	-	-	-
Receipts from rental operations	7,553	-	-	-	7,553	8,431
Receipts from other revenues	18,371	(135)	-	-	18,236	22,144
Payments for salaries and related benefits	(16,210)	-	-	-	(16,210)	(15,444)
Payments for goods and services	(17,049)	(1,226)	(365)	-	(18,640)	(18,656)
All other, net	2,130	-	-	-	2,130	701
Net cash provided (used) by operating activities	69,164	254,710	86,755	(2,085)	408,544	(160,654)
Cash flows from noncapital financing activities:						
Proceeds from issuance of short-term debt	8,560,675	-	-	-	8,560,675	5,911,850
Proceeds from issuance of bonds	-	90,000	47,435	-	137,435	587,274
Proceeds from replacement of interest rate swaps	-	-	-	-	-	123,003
Proceeds from issuance of notes payable	22,530	-	-	-	22,530	-
Receipts from federal grant programs	112,158	-	-	-	112,158	101,851
Payments for federal grant programs	(112,458)	-	-	-	(112,458)	(101,882)
Principal paid on short-term debt	(8,652,410)	-	-	-	(8,652,410)	(5,811,410)
Principal paid on bonds	(14,707)	(309,293)	(104,759)	-	(428,759)	(296,108)
Payments on terminations of interest rate swaps	-	-	-	-	-	(79,450)
Principal paid on notes payable	(73)	-	-	-	(73)	(3,957)
Interest paid on short-term debt	(498)	-	-	-	(498)	(2,702)
Interest paid on bonds	(5,489)	(132,323)	(53,886)	-	(191,698)	(170,332)
Interest paid on notes payable	(11)	-	-	-	(11)	(257)
Transfers (to) from other funds	(10,769)	(3,898)	14,667	-	-	-
Net cash used by noncapital financing activities	(101,052)	(355,514)	(96,543)	-	(553,109)	257,880
Cash flows from capital and related financing activities:						
Purchase of capital assets	(2,210)	-	-	-	(2,210)	(5,411)
Proceeds from the disposal of capital assets	71	-	-	-	71	11,934
Principal paid on capital-related debt	(678)	-	-	678	-	-
Interest paid on capital-related debt	(1,407)	-	-	1,407	-	-
Net cash provided (used) by capital and related financing activities	(4,224)	-	-	2,085	(2,139)	6,523
Cash flows from investing activities:						
Proceeds from maturities and sales of investments	2,012,992	3,224,745	488,903	-	5,726,640	3,731,322
Purchase of investments	(1,970,748)	(3,140,512)	(490,083)	-	(5,601,343)	(3,854,349)
Income received from investments	593	16,874	10,485	-	27,952	17,678
Net cash provided by investing activities	42,837	101,107	9,305	-	153,249	(105,349)
Net increase (decrease) in cash	6,725	303	(483)	-	6,545	(1,600)
Cash at beginning of year	28,872	-	483	-	29,355	30,955
Cash at end of year	\$ 35,597	\$ 303	\$ -	\$ -	\$ 35,900	\$ 29,355

The accompanying notes are an integral part of these statements

Continued on the next page.

Colorado Housing and Finance Authority

Statement of Cash Flows *(continued)*

For the year ended December 31, 2009

(with summarized financial information for the year ended December 31, 2008)

(in thousands of dollars)

	General Fund	Single Family	Multi-Family/ Business	Eliminations	2009	2008
Reconciliation of operating income to net cash used by operating activities:						
Net operating income (loss)	\$ 5,808	\$ (19,314)	\$ (1,793)	\$ -	(15,299)	7,211
Adjustments to reconcile operating income to net cash used by operating activities:						
Depreciation expense	3,159	-	-	-	3,159	2,684
Amortization of service release premiums	3,035	-	-	-	3,035	1,988
Amortization of deferred loan fees/costs, net	(1,046)	1,058	(97)	-	(85)	285
Provision for losses	3,662	5,147	5,595	-	14,404	4,517
(Increase) decrease in fair value of investments	185	6,274	3,937	-	10,396	(8,710)
Investment income	(337)	(8,093)	(6,560)	-	(14,990)	(26,481)
Interest on debt	7,561	118,922	50,624	(1,395)	175,712	192,773
Changes in assets and liabilities:						
Loans receivable and other real estate owned	47,471	149,458	34,711	(678)	230,962	(330,019)
Accrued interest receivable on loans	(1,611)	1,351	355	(12)	83	(2,039)
Other assets	(3,031)	(93)	(12)	-	(3,136)	(2,574)
Accounts payable and other liabilities	4,308	-	(5)	-	4,303	(289)
Net cash used by operating activities	\$ 69,164	\$ 254,710	\$ 86,755	\$ (2,085)	\$ 408,544	\$ (160,654)

The Authority defines cash and cash equivalents as cash deposits.

The accompanying notes are an integral part of these statements

colorado housing and finance authority



NOTES TO FINANCIAL STATEMENTS



(1) Organization and Summary of Significant Accounting Policies

(a) Authorizing Legislation and Reporting Entity

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

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

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

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

Blended Component Units - Hyland Park Centre Corporation ("Hyland Park"), Tanglewood Oaks Apartments Corporation ("Tanglewood"), and Village of Yorkshire Corporation ("Yorkshire") have been designated as blended component units and included in the Authority's financial statements. Hyland Park, Tanglewood and Yorkshire are public, non-profit instrumentalities of the Authority, each of which owns and operates a single, separate multi-family rental housing project. The Authority is financially accountable for these units because they have the same board of directors and management personnel, and their surplus assets are relinquished to the Authority. Separate financial statements for the individual component units may be obtained through the Authority.

(b) Measurement Focus, Basis of Accounting and Financial Statement Presentation

Measurement Focus and Basis of Accounting - The Authority's funds are accounted for as enterprise funds for financial reporting purposes. All funds utilize the economic resource measurement focus and accrual basis of accounting wherein revenues are recognized when earned and expenses when incurred. The Authority applies all Governmental Accounting Standards Board (GASB) pronouncements for its funds, as well as those of the Financial Accounting Standards Board issued before November 30, 1989, unless such pronouncements conflict with or contradict GASB pronouncements. After November 30, 1989, the Authority only applies applicable GASB pronouncements.

Financial Statement Presentation - The Authority's financial statements include a classified Statement of Net Assets, a Statement of Revenues, Expenses and Changes in Net Assets formatted to report operating and nonoperating revenues and expenses, a Statement of Cash Flows presented using the direct method and notes to the financial statements. The Authority's financial statements present its funds in separate columns. Summarized financial information for 2008 has been presented in the accompanying financial statements in order to provide an understanding of changes in the Authority's financial position, results of operations and cash flows on an entity-wide basis. However, the summarized financial information is not intended to present the financial position, results of operations or cash flows in accordance with accounting principles generally accepted in the United States of America.



The financial activities of the Authority are recorded in three funds which are consolidated for reporting purposes and are described below.

General Fund – The General Fund is the Authority’s primary operating fund. It accounts for all financial activity not specifically pledged for the repayment of bonds in the other funds.

Single Family Fund – The Single Family Fund accounts for bonds issued and assets pledged for payment of the bonds under the related indentures. Loans acquired by this fund with the proceeds of single family bond issues include FHA, conventional, USDA Rural Development and VA loans made under various loan programs.

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

Interfund activity is eliminated, reflected in the “Eliminations” column of the statements.

(c) Summary of Significant Accounting Policies

Cash – The Authority’s cash and cash equivalents are considered to be cash on hand and demand deposits held in banks.

Investments – Investments of the Authority, with the exception of nonparticipating investment agreements which are reported at cost, are carried at fair value based on quoted market prices. Investments with a maturity of one year or less are valued at amortized cost, which approximates fair value.

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

Loans Receivable Held for Sale - Loans originated and intended for sale in the secondary market are carried at cost. Gains and losses on loan sales (sales proceeds minus carrying value) are recorded in noninterest income.

Allowance for Loan Losses - The allowance for loan losses is provided through charges against current operations based on management’s periodic review of the loan portfolio. 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, guarantees, mortgage insurance, historical loss experience for each loan type, 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.

Capital Assets – The Authority’s capital assets consist of two components. Corporate capital assets include those capital assets other than those used in its Rental Acquisition Program (RAP) activities. The Authority commenced its RAP operations in 1988 when the Board authorized the acquisition, rehabilitation and operation of multi-family properties to provide affordable housing to lower and moderate income families. The Authority has acquired and rehabilitated these properties with a combination of funds, including (1) general obligation and multi-family bond proceeds, (2) seller-carry notes, and (3) contributions from the General Fund. As a policy matter, the Authority sells these properties from time to time to qualified non-profit sponsors. As of December 31, 2009, the Authority owned a total of four RAP projects, including its three component units, containing 917 units.



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

Capital assets are defined by the Authority as assets with an initial, individual cost of \$2,500 in the case of corporate capital assets and \$1,500 in the case of RAP capital assets. Capital assets are depreciated or amortized using the straight-line method over their estimated useful lives, ranging from 3-30 years.

Other Real Estate Owned - Other real estate owned represents real estate acquired through foreclosure and in-substance foreclosures. Other real estate owned is recorded at the lower of the investment in the loan or the estimated net realizable value.

Bond and Note Issuance Costs - Costs of debt issuance are deferred and amortized over the lives of the bond issues using the effective interest method.

Other Assets - Included in other assets are unamortized costs of mortgage servicing rights. Mortgage servicing rights are amortized over the life of the related loans using the effective interest method.

Due From and Due to Other Funds - The outstanding balances between funds result mainly from the processing of loan payments which are initially received by the General Fund and then transferred to the Single Family Fund and Multi-Family/Business Fund on a month lag basis. All interfund payables are expected to be paid within one year.

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

The Authority issues fixed rate and variable rate bonds. The rate on the fixed rate bonds is set at bond closing, with the variable rate bonds bearing interest at a weekly rate until maturity or earlier redemption. The remarketing agent for each bond issue establishes the weekly rate according to each indenture's remarketing agreement. The weekly rates are communicated to the various bond trustees for preparation of debt service payments. The weekly rate, as set by the remarketing agent, allows the bonds to trade in the secondary market at a price equal to 100% of the principal amount of the bonds outstanding, with each rate not exceeding maximum rates permitted by law.

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

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

Forward Sales Contracts - Forward sales securities commitments and private investor sales commitments are utilized to hedge changes in fair value of mortgage loan inventory and commitments to originate mortgage loans. At December 31, 2009, the Authority had executed 67 forward sales transactions with a \$115,102,000 notional amount with six counterparties with concentrations and ratings (Standard and Poor's/ Moody's Investors Service) as shown in Note 8. The forward sales will all settle by April 30, 2010.



Debt Refundings - For current and advance refundings resulting in defeasance of debt reported by the Authority, 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.

Interest Rate Swap Agreements - The Authority enters into interest rate swap agreements with rated swap counterparties in order to (1) provide lower cost fixed rate financing for its loan production needs through synthetic fixed rate structures; and (2) utilize synthetic fixed rate structures with refunding bonds in order to generate cash flow savings. The interest differentials to be paid or received under such swaps are recognized as an increase or decrease in interest expense of the related bond liability. The Authority enters into fixed payor swaps, where we pay a fixed interest rate in exchange for receiving a variable interest rate from the counterparty. The variable interest rate may be based on either a taxable or tax-exempt index. By entering into a swap agreement, the Authority hedges its interest rate exposure on the underlying variable rate bonds. Additional information about the swap agreements is provided in Note 8.

Other Liabilities: At December 31, 2009, the major components of other liabilities are:

- *Servicing escrow:* the net amount of collected escrow funds currently being held to pay future obligations of property taxes and mortgage insurance premiums due on real properties.
- *Brownfield monies:* amounts advanced from the state of Colorado to be used for loans for the expansion, redevelopment, or reuse of real property which may be complicated by the presence or potential presence of a hazardous substance, pollutant, or contaminant that have not yet been extended.
- *Deferred Low Income Housing Tax Credit (LIHTC) Income:* compliance monitoring fees collected in advance on multi-family properties that have been awarded low income housing tax credits to be used over a 15 year period. These fees cover the ongoing cost the Authority incurs to certify that these properties remain low-income compliant during the 15 year period and continue to be eligible to use the tax credits awarded.
- *Compensated Absences:* employees accrue paid time off at a rate based on length of service. Employees may accrue and carry over 150% of their annual paid time off benefit. The liability for compensated absences is based on current salary rates and is reflected in the financial statements.

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

The Authority's nonoperating revenues and expenses consist primarily of pass-through amounts related to the Authority's role as a contract administrator of the U.S. Department of Housing and Urban Development's Section 8 subsidy program. Under the Section 8 subsidy program, tenants pay 30% of their income toward rent and the balance is paid by federal subsidy. In addition, under the federal government's American Recovery and Reinvestment Act (ARRA), passed in February 2009, the Authority became the allocator of the Tax Credit Assistance Program (TCAP) and the Tax Credit Exchange Program (TCEP). The two programs were created to assist developers holding allocations of federal Low Income Housing Tax Credits (LIHTC). The Authority received over \$60 million in federal funds to allocate to projects already underway across the state.

Budget Policies - The Authority's budget year is the calendar year. The budget is developed on a full accrual basis with estimations of revenue by source and expenses by object. The Authority is not subject to the Local Budget Government Law of Colorado pursuant to Title 29, Article 1, Part 1 of the Colorado Revised Statutes.



Notes to Financial Statements
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New Accounting Principles - The Authority has adopted all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable. No new statements needed to be adopted for the fiscal year ended December 31, 2009.

The GASB issued Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, which provides guidance on internally generated intangible assets, primarily computer software; and Statement No. 53, *Accounting and Reporting for Derivative Instruments* which provides guidance on derivative instruments. The Authority is required to adopt these statements in the fiscal year ending December 31, 2010.

Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

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

(2) Cash and Investments

For General Fund investments, the Authority is authorized by means of a Board-approved investment policy to invest in notes, bonds and other obligations issued or guaranteed by the U.S. government and certain governmental agencies. Additionally, the Authority is permitted to invest, with certain restrictions as to concentration of risk, collateralization levels, maximum periods to maturity, and/or underlying rating levels applied, in revenue or general obligations of states and their agencies, certificates of deposits, U.S. dollar denominated corporate or bank debt, commercial paper, repurchase agreements backed by U.S. government or agency securities, money market mutual funds and investment agreements. The Authority is also subject to permissible investments as authorized by Title 24, Article 75, Part 6 of the Colorado Revised Statutes (CRS). Permissible investments pursuant to the CRS are either identical to or less restrictive than the Authority's investment policy. In addition, each of the trust indentures established under the Authority's bond programs contain requirements as to permitted investments of bond fund proceeds, which may be more or less restrictive than the Authority's investment policy for General Fund monies. Pursuant to temporary IRS regulations, the Authority has acquired and is holding \$52,320,000 of its own bonds as investments. These investments are included in the disclosures below under State & political subdivision obligations.

As of December 31, 2009, the Authority had the following investments:

Investment Type	Investment Maturities (In Years)				Total	2008
	Less Than 1	1-5	6-10	More Than 10		
Money market mutual fund	\$ 94,345	\$ -	\$ -	\$ -	\$ 94,345	\$ 153,140
External investment pool	191,291	-	-	-	191,291	87,109
Repurchase agreement	-	-	-	4,088	4,088	4,469
U.S. Treasury	-	-	-	587	587	632
U.S. Government agencies	129	2,089	18,341	51,378	71,937	98,357
State & political subdivision obligations	-	2,568	-	59,099	61,667	157,263
Investment agreements - uncollateralized	-	-	-	139,175	139,175	202,217
Investment agreements - collateralized	-	-	-	14,366	14,366	20,211
Total	\$ 285,765	\$ 4,657	\$ 18,341	\$ 268,693	\$ 577,456	\$ 723,398



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

Interest Rate Risk – The Authority manages interest rate risk in the General Fund by generally limiting the maximum maturity date of an investment to seven years. Of the General Fund’s \$65,654,000 in investments, 97% have maturities of less than one year.

In the Single Family and Multi-Family/Business Funds, the Authority matches maturities to anticipated cash flows. Of the investments with a maturity of more than ten years, 77% are debt service reserves.

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

Investment Type	Rating
Money market mutual fund	Aaa/AAAm
External investment pool	Aaa/AAAm
Repurchase agreement	Unrated
U.S. Government agencies	Aaa/AAA
State & political subdivision obligations	Baa1/AA- to Aaa/AAA
Investment agreements - uncollateralized	Unrated
Investment agreements - collateralized	Unrated

The rating for the repurchase agreements in the above table is the rating of the underlying securities. Ninety-seven percent of the investments in securities issued by state and political subdivisions are rated AAA. Investment agreements meet the requirements of the rating agency providing the rating on the related debt issue, and of the Board’s investment policy.

As of December 31, 2009, the Authority had invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST), an investment vehicle established for local governmental entities in Colorado to pool funds available for investment. COLOTRUST is reflected in the above tables as an external investment pool. The State Securities Commissioner administers and enforces all State statutes governing COLOTRUST. COLOTRUST operates similar to a money market fund and each share’s fair value is \$1.00.

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

Issuer	Total	General Fund	Single Family	Multi-Family/ Business
AIM Trust Treasury Portfolio	11.79%	4.14%	20.43%	
Federal National Mortgage Association			5.60%	8.99%
Colorado Housing and Finance Authority	9.06%			27.25%
Colotrust	33.13%	93.05%	40.72%	
Dreyfus Cash Management Fund				12.63%
Federal Home Loan Bank			5.19%	
Financial Guaranty Insurance Company				7.64%
Natixis Funding Corporation	9.40%			20.89%
Trinity Funding Company	8.89%		16.06%	
West LB AG				8.25%



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

Custodial Credit Risk - Cash Deposits – In the case of cash deposits, custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. At December 31, 2009, the Authority's cash deposits had a carrying amount of \$35,900,000. All deposit accounts were either covered by the Federal Deposit Insurance Corporation or collateralized in accordance with the State of Colorado's Division of Banking's Public Deposit Protection Act.

Included in cash deposits are escrow deposits in the amount of \$22,372,000 held in a fiduciary capacity. These escrow deposits are primarily held for the payment of property taxes and insurance on behalf of the Authority's mortgagors.

(3) Loans Receivable and Related Allowances

Loans receivable at December 31, 2009, and 2008, consist of the following:

	2009	2008
General Fund	\$ 284,584	\$ 341,252
Single Family Fund:		
Program Senior and Subordinate Mortgage	74,424	89,623
	1,784,591	1,926,597
Total Single Family Fund loans	1,859,015	2,016,220
Multi-Family/Business Fund:		
Insured Mortgage Revenue	82,548	86,298
Multi-Family/Project	770,592	801,728
Total Multi-Family/Business Fund loans	853,140	888,026
Less intercompany loans, included in Multi-Family/Project above	(18,372)	(19,050)
Total loans receivable	2,978,367	3,226,448
Payments in process	(2,700)	(3,554)
Deferred cash assistance expense	7,132	7,797
Deferred fee income	(9,534)	(10,639)
Allowance for loan losses	(20,759)	(12,000)
Total loans receivable, net	\$ 2,952,506	\$ 3,208,052

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

General Fund loans are made up of single family, multi-family and business finance loans acquired under various programs of the General Fund, warehoused loans to be acquired by the Single Family and Multi-Family/Business Funds, loans held as



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

investments, and loans backed by bonds within the General Fund. These loans are typically collateralized by mortgages on real property and improvements. Certain of these loans are also guaranteed by agencies of the United States government.

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

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

Activity in the allowance for loan losses for the years ended December 31, 2008 and 2009 was as follows:

	<u>2009</u>	<u>2008</u>
Beginning Balance	\$ (12,000)	\$ (10,401)
Provision	(14,404)	(4,733)
Net Charge-offs	<u>5,645</u>	<u>3,134</u>
Ending Balance	<u>\$ (20,759)</u>	<u>\$ (12,000)</u>



Notes to Financial Statements
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(4) Capital Assets and Rental Acquisition Program (RAP)

Capital assets activity for the year ended December 31, 2009, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Non-depreciable capital assets:				
Land	\$ 4,785	\$ -	\$ -	\$ 4,785
Construction in progress	1,850	1,228	(2,882)	196
Total non-depreciable capital assets	6,635	1,228	(2,882)	4,981
Depreciable capital assets:				
Cost:				
Computer equipment/software	8,747	2,947	-	11,694
Furniture and equipment	1,054	37	-	1,091
Rental property - non-building related	1,458	629	-	2,087
Buildings and related improvements	27,388	251	(71)	27,568
Total depreciable capital assets	38,647	3,864	(71)	42,440
Less accumulated depreciation:				
Computer equipment/software	(3,686)	(1,681)	-	(5,367)
Furniture and equipment	(287)	(121)	-	(408)
Rental property - non-building related	(542)	(248)	-	(790)
Buildings and related improvements	(11,161)	(1,109)	-	(12,270)
Total accumulated depreciation	(15,676)	(3,159)	-	(18,835)
Total depreciable capital assets, net	22,971	705	(71)	23,605
Total capital assets, net	\$ 29,606	\$ 1,933	\$ (2,953)	\$ 28,586



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As discussed in Note 1(c), the Authority's capital assets consist of two components, corporate capital assets and RAP capital assets. Summary capital assets activity for these two components for the year ended December 31, 2009, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Corporate activities:				
Cost	\$ 21,000	\$ 1,344	\$ -	\$ 22,344
Accumulated depreciation	(6,487)	(2,209)	-	(8,696)
Net	14,513	(865)	-	13,648
RAP activities:				
Cost	24,282	866	(71)	25,077
Accumulated depreciation	(9,189)	(950)	-	(10,139)
Net	15,093	(84)	(71)	14,938
Total capital assets, net	\$ 29,606	\$ (949)	\$ (71)	\$ 28,586

Summary financial information for the Authority's RAP activities as of December 31, 2009, and for the year then ended is provided below:

As of December 31, 2009	
Property, net of accumulated depreciation	\$ 14,938
Total assets	\$ 19,705
Total liabilities	\$ 15,092
Net assets	\$ 4,613

For the year ended December 31, 2009	
Rental income	\$ 7,406
Gains on sales of properties	(1)
Other revenues	5
General operating expenses	(4,023)
Depreciation expense	(950)
Interest expense	(1,104)
Operating income	\$ 1,333



(5) Short-term Debt

The Authority has agreements with the Federal Home Loan Bank of Topeka (FHLB) for collateralized borrowings in an amount not to exceed the lending limit internally established by the FHLB. Borrowings under these agreements are used to support the Authority's various lending programs, including warehousing of loans in the General Fund, and activities related to the Authority's private activity bond volume cap preservation program. Amounts drawn under the agreements bear interest at the same rates charged by the FHLB to its member banks and are collateralized by certain mortgage loans and/or investments. There are no commitment fees associated with these agreements.

The Authority also has a revolving, unsecured, commercial bank line of credit agreement for borrowings of up to \$30,000,000. Amounts drawn under the agreement bear interest fixed at 1.75% per annum above the London Interbank Offered Rate. This line of credit agreement terminates on September 30, 2010. The Authority pays an unused line fee at the rate of 0.25% per annum, payable in arrears on the first business day after each calendar quarter. The fee is based upon the amount by which the daily average of the aggregate principal amount of the borrowings outstanding is less than the line of credit.

Short-term debt activity for the years ended December 31, 2009 and 2008 were as follows:

	<u>2009</u>	<u>2008</u>
Beginning Balance	\$ 164,985	\$ 64,545
Additions	8,560,675	5,911,850
Reductions	<u>(8,652,410)</u>	<u>(5,811,410)</u>
Ending Balance	<u>\$ 73,250</u>	<u>\$ 164,985</u>

(6) Long-term Liabilities

The Authority issues bonds and notes payable to finance its lending programs. Proceeds from long-term debt of the Single Family and Multi-Family/Business Funds are used for funding of single family, multi-family and business loans. Long-term debt of the General Fund (including notes payable) is used to finance single family and business loans related to various private placements, the Authority's RAP activities and for general corporate purposes. The aggregate principal amounts of bonds and notes payable outstanding as of December 31, 2009, and 2008, are shown in the table on the following pages. Interest is payable semi-annually unless otherwise noted. Interest rates on variable debt are reset on a weekly basis by the remarketing agents. Pursuant to temporary IRS regulations, the Authority has acquired and is holding \$52,320,000 of its own bonds as investments.



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(tabular dollar amounts are in thousands)

Description and due date	Interest rate (%)	2009	2008
Bonds payable:			
General Fund (all General Fund bonds carry the Authority's general obligation pledge):			
General Obligation Bonds:			
1992 Series A	2010-2030	9.125	\$ - \$ 3,090
1998 Series A	2010-2017	4.90 to 5.25	895 980
Total General Obligation Bonds			895 4,070
Single Family:			
Taxable Mortgage Revenue Bonds: (* principal and interest payable monthly)			
2000 Series A*	2010 - 2020	6.914	431 1,144
2000 Series B*	2010 - 2020	6.675	150 165
2001 Series AP*	2010 - 2021	6.135	1,415 1,665
2001 Series AV*	2010 - 2021	6.625	61 67
2002 Series AP*	2010 - 2022	5.662	167 207
2004 Series A*	2010 - 2024	4.95	1,083 1,318
2004 Series B*	2010 - 2035	4.98	2,622 2,962
2004 Series CV*	2010 - 2035	5.14	1,618 1,966
2005 Series A *	2010 - 2035	5.17	6,881 8,003
2005 Series B*	2010 - 2036	5.32	5,954 7,258
2006 Series A*	2010 - 2036	5.92	8,312 8,979
2007 Series A*	2010 - 2037	5.50	6,722 7,622
Total Single Family			35,416 41,356
Multi-Family/Business Finance:			
ACCESS Program Bonds:			
1995 Series A	2010-2015	7.67	20 76
Guaranteed Loan Participation Purchase Bonds: (* principal and interest payable monthly)			
1999 Series A	2010-2024	5.71	565 619
2000 Series A	2010-2025	6.755	145 184
2003 Series A*	2010-2023	5.004	1,861 2,277
2004 Series A*	2010-2024	4.62	2,513 2,813
2004 Series B*	2010-2024	4.88	6,236 6,860
2005 Series A*	2010-2025	4.81	2,656 2,840
2006 Series A*	2010-2026	5.98	3,986 4,314
2007 Series A*	2010-2027	5.89	3,555 3,954
Total Guaranteed Loan Participation Purchase Bonds			21,517 23,861
Project Loan Participation Purchase Bonds: (* principal and interest payable monthly)			
2004 Series AP*	2010-2024	4.90	4,972 5,784
Taxable Rental Project Revenue Bonds: (* principal and interest payable monthly)			
2000 Series A	2010-2020	6.152	3,993 4,379
2002 Series AV*	2010-2022	5.55	5,696 6,086
2003 Series AV*	2010-2024	5.19	3,525 3,739
2004 Series A*	2010-2024	4.90	11,844 12,664
Total Taxable Rental Project Revenue Bonds			25,058 26,868
Total Multi-Family/Business Finance			51,567 56,589
Total General Fund			87,878 102,015

Table continued on following page.



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

Description and due date	Interest rate (%)	2009	2008	
Single Family Fund:				
Single Family Program Senior and Subordinate Bonds:				
1995 Series D	2010 - 2026	5.63 - 7.38	-	105
1996 Series C	2010 - 2027	7.10 - 7.55	-	30
1997 Series A	2010 - 2028	4.00 - 7.25	250	500
1997 Series B	2010 - 2028	1.51 - 7.00	-	310
1997 Series C	2010 - 2028	4.80 - 6.88	400	760
1998 Series A	2010 - 2029	4.60 - 6.60	2,860	3,690
1998 Series B	2010 - 2029	4.50 - 6.55	3,226	3,826
1998 Series C	2010 - 2029	4.50 - 5.63	4,568	4,794
1998 Series D	2010 - 2029	4.25 - 6.35	4,435	4,880
1999 Series A	2010 - 2030	4.25 - 6.45	4,960	5,575
1999 Series B	2010 - 2030	4.87 - 6.85	2,425	3,090
1999 Series C	2010 - 2031	4.70 - 7.20	4,635	5,755
2000 Series A	2010 - 2031	5.40 - 7.54	2,230	2,470
2000 Series B	2010 - 2031	5.10 - 7.47	2,330	2,805
2000 Series C	2010 - 2031	5.10 - 8.40	1,815	2,400
2000 Series D	2010 - 2032	5.15 - 7.43	3,515	3,955
2000 Series E	2010 - 2032	5.15 - 7.10	2,485	3,030
2001 Series A	2010 - 2032	5.00 - 6.50	5,580	6,385
2001 Series B	2010 - 2033	4.12 - 6.85	6,795	8,080
2001 Series C	2010 - 2033	4.00 - 6.60	9,405	10,760
Total Single Family Program Senior and Subordinate Bonds			61,914	73,200
Single Family Mortgage Bonds:				
2001 Series AA	2010 - 2041	Variable & 5.25	118,340	131,840
2002 Series A	2010 - 2032	Variable & 4.55 - 5.65	50,565	60,820
2002 Series B	2010 - 2032	Variable & 1.60 - 5.40	65,820	87,355
2002 Series C	2010 - 2036	Variable & 1.55 - 4.95	83,125	111,255
2003 Series A	2010 - 2032	Variable & 1.20 - 5.15	41,630	49,305
2003 Series B	2010 - 2033	Variable & 1.00 - 5.00	127,120	148,085
2003 Series C	2010 - 2032	Variable & 1.13 - 5.00	68,270	85,170
2004 Series A	2010 - 2034	Variable & 1.75 - 5.25	81,110	96,720
2004 Series B	2010 - 2034	Variable & 1.99	68,625	80,415
2005 Series A	2010 - 2035	Variable & 2.50 - 5.25	70,560	85,690
2005 Series B	2010 - 2036	Variable & 2.75 - 5.22	148,090	158,220
2006 Series A	2010 - 2036	Variable & 3.43 - 5.00	87,185	106,985
2006 Series B	2010 - 2036	Variable & 3.85 - 5.10	162,645	183,800
2006 Series C	2010 - 2036	Variable & 4.63	140,810	158,680
2007 Series A	2010 - 2037	Variable & 4.80	158,840	164,000
2007 Series B	2010 - 2038	Variable	193,500	220,000
2008 Series A	2010 - 2038	Variable & 5.00 - 5.75	317,515	348,955
2009 Series A	2010 - 2029	2.40 - 5.50	90,000	-
Total Single Family Mortgage Bonds			2,073,750	2,277,295
Total Single Family Fund			2,135,664	2,350,495

Table continued on following page.



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

Description and due date	Interest rate (%)	2009	2008	
Multi-Family/Business Fund:				
Multi-Family Housing Insured - Mortgage Revenue Bonds:				
1997 Series A	2010-2038	4.00 - 7.13	1,580	4,880
1997 Series B	2010-2038	3.90 - 7.25	10,400	10,570
1997 Series C	2010-2039	4.10 - 6.75	21,000	21,025
1998 Series A	2010-2039	5.35 - 6.70	15,240	15,420
1998 Series B	2010-2040	5.45 - 7.00	6,780	7,080
1999 Series A	2010-2041	3.25 - 6.65	18,320	29,530
1999 Series B	2010-2041	5.25 - 5.85	5,190	5,245
1999 Series C	2010-2041	4.55 - 7.93	5,650	5,690
2002 Series AA	2010-2030	Variable	28,140	29,380
Total Multi-Family Housing Insured - Mortgage Revenue Bonds			112,300	128,820
Multi-Family/Project Bonds: (* principal and interest payable quarterly on some of the bonds)				
2000 Series A	2010 - 2032	Variable & 6.15 - 7.28	29,480	30,500
2000 Series B*	2010 - 2042	Variable & 4.70 - 6.10	26,140	29,875
2001 Series A	2010 - 2043	0.31 - 5.65	25,005	25,440
2002 Series A	2010 - 2042	Variable & 0.30 - 5.79	23,015	23,435
2002 Series C	2010 - 2042	Variable & 2.55 - 5.30	113,985	131,470
2003 Series A	2010 - 2033	Variable	38,795	39,390
2004 Series A	2010 - 2045	Variable & 1.70 - 4.80	77,730	78,920
2005 Series A	2010 - 2040	Variable	66,690	68,025
2005 Series B	2010 - 2040	Variable	25,990	26,310
2006 Series A	2010 - 2041	Variable	53,305	103,140
2007 Series B	2010 - 2038	Variable	87,220	91,055
2008 Series A	2010 - 2043	Variable	32,340	32,610
2008 Series B	2010 - 2052	Variable	165,465	165,515
2008 Series C	2010 - 2038	Variable	35,215	41,560
2009 Series A	2010 - 2041	Variable & 1.30 - 5.40	46,845	-
Total Multi-Family/Project Bonds			847,220	887,245
Total Multi-Family/Business Fund			959,520	1,016,065
Total bonds payable			3,183,062	3,468,575
Deferred premiums			4,484	5,642
Deferred losses on refunding amounts			(5,457)	(5,515)
Net premium on swaps			42,816	47,527
Bonds payable, net			\$ 3,224,905	\$ 3,516,229
Notes payable			\$ 23,542	\$ 1,085



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

A breakdown of bonds payable as of December 31, 2009 and 2008 by fixed and variable interest rates follows in the table below. Certain of the Authority's variable rate debt has been converted to fixed rate debt by entering into pay fixed/receive variable rate interest rate swap agreements as further described in Note 8. Such debt is referred to in the table as synthetic fixed rate debt.

Description	2009	2008
Fixed rate debt	\$ 684,082	\$ 654,060
Synthetic fixed rate debt	2,196,650	2,257,690
Unhedged variable rate debt	302,330	556,825
Total	\$ 3,183,062	\$ 3,468,575

Included in certain of the bond issues shown in the previous table are capital appreciation term bonds. The principal amounts of these bonds appreciate based on semiannual compounding of the original principal balances at the interest rates specified. The appreciated balances of these bonds at maturity, and as reflected in the accompanying Statement of Net Assets at December 31, 2009, and 2008, are as follows:

Description and due date	Interest Rate (%)	Appreciated Balances		
		Maturity	2009	2008
Single Family Program Senior and Subordinate Bonds:				
1998 Series B - 2025-2029	5.50	\$ 6,053	\$ 2,366	\$ 2,241
1998 Series C - 2020-2029	5.625	10,294	4,568	4,794
			<u>\$ 6,934</u>	<u>\$ 7,035</u>

Also included in the table of bonds and notes payable outstanding are certain Single Family and Multi-Family/Project bonds which carry the Authority's general obligation pledge. These bonds are presented in the following table as of December 31, 2009, and 2008:

Description	2009	2008
Single Family Program Subordinate Bonds	\$ 770	\$ 1,095
Single Family Mortgage Bonds, Class III	77,240	89,170
Multi-Family/Project Bonds, Class I	274,760	285,305
Multi-Family/Project Bonds, Class II	22,860	23,000
Multi-Family/Project Bonds, Class III	2,085	16,915
Total	\$ 377,715	\$ 415,485



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

Long-term liability activity for the year ended December 31, 2009, was as follows:

Description	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable	\$ 3,468,575	\$ 137,435	\$ (422,948)	\$ 3,183,062	\$ 18,545
Unamortized premium/discount	5,642	-	(1,158)	4,484	26
Deferred losses on refunding	(5,515)	(736)	794	(5,457)	(31)
Net premium on swaps	47,527	-	(4,711)	42,816	4,282
Net bonds payable	3,516,229	136,699	(428,023)	3,224,905	22,822
Notes payable	1,085	22,530	(73)	23,542	74
Arbitrage rebate payable	3,014	873	(156)	3,731	-
Compensated absences	771	958	(765)	964	964
Deferred income	3,263	522	(382)	3,403	227
Other liabilities	6,248	767	(476)	6,539	10
Total other long-term liabilities	13,296	3,120	(1,779)	14,637	1,201
Total long-term liabilities	\$ 3,530,610	\$ 162,349	\$ (429,875)	\$ 3,263,084	\$ 24,097

Bonds and notes payable sinking fund installments and maturities subsequent to December 31, 2009, using rates in effect as of that date are as follows:

Year Ending December 31,	General Fund		Single Family		Multi-Family		Notes Payable	
	Principal	Interest	Principal *	Interest	Principal	Interest	Principal	Interest
2010	\$ 90	\$ 4,689	\$ 9,035	\$ 26,920	\$ 9,420	\$ 13,639	\$ 74	\$ 1,262
2011	95	4,685	15,075	26,626	9,900	13,418	75	1,261
2012	105	4,680	28,595	26,278	10,420	13,175	76	1,261
2013	130	4,675	52,705	25,825	10,975	12,925	76	1,260
2014	208	4,667	49,100	25,342	12,140	12,688	15,235	808
2015-2019	2,151	23,070	365,820	116,256	73,395	60,572	248	319
2020-2024	42,648	19,868	233,056	96,037	100,550	53,937	69	311
2025-2029	10,342	9,730	261,956	73,495	114,750	45,145	-	309
2030-2034	-	8,740	449,800	33,835	198,010	34,332	-	-
2035-2039	32,109	2,526	643,435	9,188	214,990	17,443	1,781	253
2040-2044	-	-	36,500	273	38,750	3,872	3,408	163
2045-2049	-	-	-	-	755	2,483	-	-
2050-2052	-	-	-	-	165,465	1,282	2,500	-
Total	\$ 87,878	\$ 87,330	\$ 2,145,077	\$ 460,075	\$ 959,520	\$ 284,911	\$ 23,542	\$ 7,207

* Includes \$9.4 million of future accretion of principal value on capital appreciation bonds.

In late 2009 the U.S. Department of Treasury announced a plan to assist Housing and Finance Agencies (HFAs) through a two part initiative: a new bond purchase program to support new lending by HFAs and a temporary credit and liquidity program to improve the access of HFAs to liquidity for outstanding HFA bonds.



The New Issue Bond Program will provide financing for HFAs to issue new mortgage revenue bonds no later than December 31, 2010. Using authority under the Housing and Economic Recovery Act of 2008 (HERA), Treasury will purchase securities of Fannie Mae and Freddie Mac backed by these new mortgage revenue bonds.

The Temporary Credit and Liquidity Program will allow Fannie Mae and Freddie Mac to provide replacement credit and liquidity facilities available to HFAs. The Treasury will backstop the Government Sponsored Entity replacement credit and liquidity facilities for the HFAs by purchasing an interest in them using HERA authority. The liquidity program expires December 31, 2012.

The HFA initiative was developed by Treasury with input from state HFAs and reflects the confidence Treasury has in HFA lending practices. It is designed to be temporary in nature and will be available to help bridge the transition period as HFAs resume their activities after experiencing a number of challenges in the course of the financial and housing downturn.

Pursuant to the Temporary Credit and Liquidity Program, the Authority issued its Single Family Program Class I Bonds in the amount of \$275,210,000, with settlement on January 12, 2010. The bonds initially carry variable interest rates that approximate the investment interest rates earned from the investment of bond proceeds. The bonds are to be converted to fixed rate bonds by December 31, 2010 concurrent with the issuance of other bonds by the Authority or redeemed no later than February 1, 2011.

(7) Conduit Debt Obligation

The Authority has issued certain conduit bonds, the proceeds of which were made available to various developers and corporations for rental housing and commercial purposes. The bonds are payable solely from amounts received by the trustees from the revenue earned by the developers and corporations. Loan and corresponding debt service payments are generally guaranteed by irrevocable direct-pay letters of credit, or other credit enhancement arrangements. The faith and credit of the Authority is not pledged for the payment of the principal or interest on the bonds. Accordingly, these obligations are excluded from the Authority's financial statements.

As of December 31, 2009, there were 79 series of bonds outstanding, with an aggregate principal amount outstanding of \$433,925,000.

(8) Derivative Instruments

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

Summary of Swap Transactions - The key terms, including the fair values and counterparty credit ratings of the outstanding swaps as of December 31, 2009, are shown in the table on the following page. The notional amounts of the swaps approximate the principal amounts of the associated debt. Except as discussed under amortization risk below, the authority's swap agreements contain scheduled reductions to outstanding notional amounts that are expected to approximately follow scheduled or anticipated reductions in the associated bonds payable.

In the fourth quarter of 2008, due to a credit event affecting two of the Authority's counterparties, the Authority terminated 63 swaps with a notional amount of \$1,095,810,000. The Authority entered into 39 replacement swap agreements with other counterparties for a notional amount of \$926,935,000. Terminated swap agreements with a notional amount of \$168,875,000 were not replaced. In connection with the swap terminations and replacements, a termination payment of \$4.7 million was expensed in 2008 and a net premium of \$47.5 million was received. This premium is included in bonds payable, current and non-current, and is being amortized over the life of the new swap agreements.



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

Outstanding Swaps at December 31, 2009:

Associated Bond Issue	Current Notional Amount	Effective Date	Termination Date	Fixed Rate Paid	Variable Rate Received *	Embedded Options	Optional Termination Date, at Par	Optional Termination Amount	Counterparty Rating Moody's/S&P	Fair Value **
Single Family:										
Single-Family 2001-AA	\$ 30,000	12/01/09	11/01/38	4.4850%	T rigger, SIFMA + .05% or 68% of LIBOR	Par optional termination right 7(3)	11/1/2019	all remaining	AA-/Aa3	\$ (2,882)
Single-Family 2001-AA2	46,840	12/04/08	05/01/31	4.6000%	T rigger, SIFMA + .05% or 68% LIBOR				AA-/Aa3	(8,091)
Single-Family 2001-AA1	15,340	12/02/08	05/01/18	5.5260%	T rigger, SIFMA + .05% or 68% LIBOR				AA-/Aa3	(2,885)
Single-Family 2002-A3	19,090	12/04/08	11/01/21	4.7490%	T rigger, SIFMA + .05% or 68% LIBOR				AA-/Aa3	(2,563)
Single-Family 2002-B3	40,000	12/04/08	11/01/21	4.5060%	T rigger, SIFMA + .05% or 68% LIBOR				AA-/Aa3	(4,991)
Single-Family 2002-C3	40,000	12/04/08	05/01/22	4.4220%	T rigger, SIFMA + .15% or 68% LIBOR				AA-/Aa3	(4,918)
Single-Family 2003-A2	20,000	12/02/08	11/01/21	4.1600%	T rigger, SIFMA + .05% or 68% LIBOR				AA-/Aa3	(2,136)
Single-Family 2003-B1	35,440	12/02/08	11/01/26	4.8510%	LIBOR + .05%	Par optional termination right	05/01/15	27,305	AA-/Aa3	(1,319)
Single-Family 2003-B-2	28,160	10/29/08	05/01/28	4.9380%	LIBOR + .05%	Par optional termination right	11/1/2018	all remaining	AA-/Aa3	(1,742)
Single-Family 2003-B3	60,000	12/02/08	11/01/26	4.3840%	T rigger, SIFMA + .15% or 68% LIBOR	Par optional termination right	05/01/15	43,170	AA-/Aa3	(5,201)
Single-Family 2003-C1	17,430	12/03/03	05/01/12	4.0330%	LIBOR + .05%				AAA/Aaa	(653)
Single-Family 2003-C2	40,000	12/02/08	11/01/26	4.5950%	T rigger, SIFMA + .15% or 68% LIBOR	Par optional termination right	05/01/15	28,780	AA-/Aa3	(3,930)
Single-Family 2004-A1	13,900	09/01/04	05/01/12	4.4596%	LIBOR + .05%				AAA/Aaa	(594)
Single-Family 2004-A2	50,000	07/28/04	11/01/26	4.3685%	T rigger, SIFMA + .15% or 68% LIBOR	Par optional termination right	05/01/15	35,970	A-/A3	(4,293)
Single-Family 2004-B1	11,600	12/01/04	05/01/12	4.0520%	LIBOR + .05%				A-/Aa3	(424)
Single-Family 2004-B2	40,000	11/01/04	11/10/04	4.1220%	T rigger, SIFMA + .15% or 68% LIBOR	Par optional termination right	05/01/15	28,780	A-/A3	(2,836)
Single-Family 2005-A1	17,200	05/01/05	05/01/13	4.3555%	LIBOR + .05%				A-/Aa3	(807)
Single-Family 2005-A2	40,000	03/16/05	11/01/27	4.0710%	T rigger, SIFMA + .15% or 68% LIBOR	Par optional termination right	05/01/15	32,290	A-/A3	(2,865)
Single-Family 2005-B2	80,000	07/20/05	05/01/34	4.1693%	T rigger, SIFMA + .15% or 68% LIBOR	Par optional termination right	05/01/15	48,650	A-/A3	(6,923)
Single-Family 2006-A1	10,185	03/01/06	11/01/13	5.1610%	LIBOR + .05%				AA-/Aa1	(653)
Single-Family 2006-A3	40,000	01/18/06	11/01/36	4.3129%	T rigger, SIFMA + .15% or 68% LIBOR	Par optional termination right	05/01/19	37,810	A-/Aa3	(3,868)
Single-Family 2006-B1	40,820	11/01/06	11/01/14	5.6685%	LIBOR + .05%				AA-/Aa1	(3,319)
Single-Family 2006-B2	49,325	07/26/06	11/01/34	4.1951%	T rigger, SIFMA + .05% or 68% of LIBOR	Par optional termination right	05/01/19	16,700	A-/Aa3	(4,866)
Single-Family 2006-B3	62,945	07/26/06	11/01/36	4.5445%	T rigger, SIFMA + .15% or 68% LIBOR	Par optional termination right	05/01/19	59,190	A-/Aa3	(7,545)
Single-Family 2006-C1	40,810	01/02/07	11/01/14	5.3143%	LIBOR + .05%				AA-/Aa1	(2,990)
Single-Family 2006-C2	14,140	12/20/06	05/01/16	4.2884%	T rigger, SIFMA + .05% or 68% of LIBOR	Par optional termination right	05/01/12	7,050	A-/Aa3	(1,186)
Single-Family 2006-C2	10,605	12/20/06	11/01/16	4.2884%	T rigger, SIFMA + .05% or 68% of LIBOR	Par optional termination right	11/01/12	5,300	A-/Aa3	(937)
Single-Family 2006-C2	10,605	12/20/06	11/01/17	4.2884%	T rigger, SIFMA + .05% or 68% of LIBOR	Par optional termination right	11/01/13	5,300	A-/Aa3	(1,004)
Single-Family 2006-C2	35,350	12/20/06	11/01/34	4.2884%	T rigger, SIFMA + .05% or 68% of LIBOR	Par optional termination right	11/01/19	21,210	A-/Aa3	(3,361)
Single-Family 2007A-1	53,655	6/1/2007	05/01/15	5.1911%	LIBOR + .05%				AA-/Aa1	(3,931)
Single-Family 2007A-2	70,000	5/9/2007	11/01/37	4.1530%	T rigger, SIFMA + .15% or 68% LIBOR	Par optional termination right	5/1/2019	62,910	A-/Aa3	(5,681)
Single-Family 2007B-1	82,760	11/1/2007	11/01/26	5.5800%	Libor + 0.05%	Par optional termination right	11/1/2017	24,610	AA-/Aa1	(7,360)
Single-Family 2007B-2	50,000	10/18/2007	05/01/38	4.5075%	T rigger, SIFMA + .15% or 68% LIBOR	Par optional termination right	5/1/2019	46,545	A-/Aa3	(5,805)
								Up to:		
							1) 11/1/2013	1) 12,500		
							2) 11/1/2015	2) 25,000		
Single-Family 2007B-3	50,000	12/02/08	05/01/38	4.4050%	T rigger, SIFMA + .15% or 68% LIBOR	Par optional termination right	3) 11/1/2017	3) 50,000	AA-/Aa3	(3,514)
								Up to:		
							1) 5/1/2014	1) 20,000		
							2) 5/1/2016	2) 40,000		
Single-Family 2008A-3	80,000	6/4/2008	5/1/2038	4.4140%	T rigger, SIFMA + .05% or 68% of LIBOR	Par optional termination right	3) 5/1/2018	3) 80,000	A-/A3	(6,119)
								Up to:		
								1) 14,260		
							1) 11/1/2011	2) 27,440		
							2) 11/1/2013	3) 38,340		
							3) 11/1/2016	4) all		
Single-Family 2008A-1	59,060	6/4/2008	05/01/38	5.4450%	LIBOR +.05%	Par optional termination right	4) 11/1/2018	remaining	AA-/Aa1	(2,025)
Single-Family 2008A-2	110,780	6/4/2008	11/1/2027	4.5960%	LIBOR +.05%	Par optional termination right	5/1/2018	all remaining	A-/A1	(4,867)
Total Single Family	1,516,040									(129,084)

Table continued on following page.



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

Associated Bond Issue	Current Notional Amount	Effective Date	Termination Date	Fixed Rate Paid	Variable Rate Received *	Embedded Options	Optional Termination Date, at Par	Optional Termination Amount	Counterparty Rating	Fair Value **
Multi-Family/Business:										
Multi-Family/Project 2000-A1	12,750	11/21/08	10/01/20	5.2350% SIFMA + .05					Aa3/AA-	(2,128)
Multi-Family/Project 2000-A2	10,030	11/21/08	04/01/15	5.8000% SIFMA + .05					Aa3/AA-	(1,146)
Multi-Family/Project 2000-B1	5,825	10/19/00	07/01/20	7.3900% LIBOR + .25%					Aaa/AA+	(1,176)
Multi-Family/Project 2002-A1	9,410	11/21/08	10/01/22	5.1000% SIFMA + .15					Aa3/AA-	(1,412)
Multi-Family/Hsg Ins 2002AA	28,140	11/21/08	10/01/23	6.0680% SIFMA + .05					Aa3/AA-	(5,998)
Multi-Family/Project 2002-C2	70,715	11/21/08	10/01/32	5.1240% T rigger, SIFMA + .15% or 68% LIBOR		Par optional termination right	04/01/18	59,340	Aa3/AA-	(10,746)
Multi-Family/Project 2002-C4	31,960	11/21/08	10/01/32	5.0440% T rigger, SIFMA + .05% or 68% LIBOR		Par optional termination right	04/01/18	26,785	Aa3/AA-	(4,619)
Multi-Family/Project 2003-A1	20,720	12/03/08	04/01/26	4.5550% LIBOR +.05%		Par optional termination right	10/01/09	16,576	Aa3/AA-	(33)
Multi-Family/Project 2004-A1	44,225	11/01/04	10/01/25	5.5281% LIBOR +.05%		Par optional termination right	10/01/14	all remaining	A3/A-	(3,124)
Multi-Family/Project 2004-A1	10,000	05/29/09	05/01/13	5.3640% LIBOR					Aaa/AA-	(1,033)
Multi-Family/Project 2004-A2	10,785	09/22/04	04/01/45	4.8840% SIFMA +.15%		Par optional termination right	10/01/19	all remaining	A3/A-	(926)
Multi-Family/Project 2005-A1 (A)	4,925	08/01/05	10/01/35	5.8200% LIBOR +.05%		Par optional termination right	04/01/15	all remaining	A3/A-	(322)
Multi-Family/Project 2005-A1 (B)	3,130	08/01/05	10/01/20	5.2050% LIBOR +.05%					A3/A-	(321)
Multi-Family/Project 2005-A1 (C)	10,305	08/01/05	10/01/25	5.7120% LIBOR +.05%		Par optional termination right	04/01/15	all remaining	A3/A-	(715)
Multi-Family/Project 2005-A1 (D)	4,010	08/01/05	10/01/25	5.5730% LIBOR +.05%		Par optional termination right	10/01/11	all remaining	A3/A-	(163)
Multi-Family/Project 2005-A2	19,430	07/01/05	04/01/36	4.2850% SIFMA +.05%		Par optional termination right	04/01/15	all remaining	A3/A-	(1,043)
Multi-Family/Project 2005-A3 (A)	6,500	04/13/05	04/01/40	4.6560% SIFMA +.15%		Par optional termination right	10/01/20	all remaining	A3/A-	(599)
Multi-Family/Project 2005-A3 (B)	6,435	10/01/05	04/01/32	4.4800% SIFMA +.15%		Par optional termination right	04/01/15	all remaining	A3/A-	(330)
Multi-Family/Project 2005-B1	14,025	03/01/06	04/01/36	5.2350% LIBOR +.05%		Par optional termination right	10/01/15	11,125	Aa3/A+	(778)
Multi-Family/Project 2005-B2 (A)	3,575	01/02/06	10/01/40	4.7350% SIFMA +.15%		Par optional termination right	10/01/15	3,305	Aa3/A+	(181)
Multi-Family/Project 2005-B2 (B)	6,030	09/01/06	10/01/38	4.5270% SIFMA +.15%		Par optional termination right	10/01/21	4,520	Aa3/A+	(479)
Multi Family/Project 2006A-1	35,635	12/03/08	04/01/27	5.7100% LIBOR +.05%		Par optional termination right	10/1/2016, 840(2)	12,305	Aa3/AA-	(4,423)
Multi Family/Project 2006A-1	11,640	12/01/06	10/01/36	5.3420% LIBOR +.05%		Par optional termination right	04/01/21	8,040	Aa3/A+	(951)
Multi Family/Project 2007B-1	38,015	12/3/2008	04/01/38	5.6400% LIBOR +.05%		Par optional termination right	4/01/2022, 460(3)	16,925	Aa3/AA-	(4,322)
Multi Family/Project 2007B-1	7,675	10/01/07	10/01/22	5.2200% LIBOR +.05%		Par optional termination right	04/01/28	6,190	Aa3/A+	(561)
Multi Family/Project 2007B-2	2,815	12/03/08	10/01/36	4.2870% SIFMA +.15%		Par optional termination right	10/1/2017	2,040	Aa3/AA-	(161)
Multi Family/Project 2007B-2	2,120	12/03/08	04/01/38	4.5350% SIFMA +.15%		Par optional termination right	10/2/2017	1,780	Aa3/AA-	(119)
Multi Family/Project 2007B-2	4,860	12/03/08	04/01/38	4.4695% SIFMA +.15%		Par optional termination right	10/2/2017	4,395	Aa3/AA-	(294)
Multi Family/Project 2007B-2	4,850	12/03/08	04/01/28	4.6510% SIFMA +.15%		Par optional termination right	4/1/2023	3,835	Aa3/AA-	(516)
Multi Family/Project 2007B-3	2,585	12/03/08	10/01/37	4.2970% SIFMA +.15%		Par optional termination right	10/1/2017	2,065	Aa3/AA-	(119)
Multi Family/Project 2007B-3	4,850	12/03/08	10/01/19	4.0967% SIFMA +.05%		Par optional termination right	10/1/2014	4,430	Aa3/AA-	(255)
Multi Family/Project 2007B-3	2,305	12/03/08	04/01/38	4.8805% SIFMA +.05%		Par optional termination right	10/1/2017	2,205	Aa3/AA-	(192)
Multi Family/Project 2008A1	16,210	12/03/08	04/01/29	5.1300% LIBOR +.05%		Par optional termination right	18(2) 4/1/2019(1)	all remaining	Aa3/AA-	(1,577)
Multi Family/Project 2008A2	7,920	12/03/08	04/01/43	4.5400% SIFMA +.15%		Par optional termination right	04/01/19	6,340	Aa3/AA-	(446)
Multi Family/Project 2008B (a)	118,600	12/03/08	10/01/44	5.17215% LIBOR					Aaa/AA-	(14,319)
Multi Family/Project 2008B (b)	46,815	12/03/08	03/01/47	5.2071% LIBOR					Aaa/AA-	(6,206)
Multi Family/Project 2008C3	7,935	12/03/08	10/01/38	4.3400% SIFMA +.05%		Par optional termination right	4/1/2019	6,500	Aa3/AA-	(454)
Multi Family/Project 2009A1	32,855	06/24/09	10/01/41	4.7900% SIFMA +.05%		Par optional termination right	14(2) 4/1/2024(1)	all remaining	Aa3/AA-	(3,223)
Total Multi-Family/Business	680,610									(75,410)
Total	\$ 2,196,650									\$ (204,494)

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

(**) The fair value of the outstanding swaps are presented for informational purposes only and do not impact the financial statements. All fair values have been calculated using the mark-to-market or par value method and include the valuation of any related embedded option.



Risk Disclosure

Credit Risk: All of the Authority's swaps rely upon the performance of the third parties who serve as swap counterparties, and as a result the Authority is exposed to credit risk - i.e., the risk that a swap counterparty fails to perform according to its contractual obligations. The appropriate measurement of this risk at the reporting date is the fair value of the swaps, as shown in the column labeled "Fair Value" in the table on pages 34 and 35. The Authority is exposed to credit risk in the amount of any positive net fair value exposure to each counterparty. As of December 31, 2009, the Authority was exposed to no credit risk to any of its counterparties. To mitigate credit risk, the Authority maintains strict credit standards for swap counterparties. All swap counterparties must be rated in the Aa/AA or higher category by either Moody's Investors Service (Moody's) or Standard & Poor's (S&P) respectively at the time the contract is executed.

At December 31, 2009, the Authority had executed 75 swap transactions with 9 counterparties with concentrations and ratings (Standard and Poor's/ Moody's Investors Service) as shown in the following table:

Swap Count	Notional Amount	Concentration	Counterparty Rating
1	\$ 110,780	5.0%	A+/A1
14	399,745	18.2%	A3/A-
6	287,290	13.1%	AA-/Aa1
16	414,715	18.9%	Aa3/A+
31	743,390	33.8%	Aa3/AA-
4	203,575	9.3%	Aaa/AA-
2	31,330	1.4%	Aaa/AAA
1	5,825	0.3%	Aaa/AAAt
75	\$ 2,196,650	100.0%	

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

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

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

Termination Risk: The Authority's swap agreements do not contain any out-of-the-ordinary termination events that would expose it to significant termination risk. In keeping with market standards, the Authority or the counterparty may terminate



each swap if the other party fails to perform under the terms of the contract. In addition, the swap documents allow either party to terminate in the event of a significant loss of creditworthiness. If at the time of the termination a swap has a negative value, the Authority would be liable to the counterparty for a payment equal to the fair value of such swap.

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

Rollover Risk: The Authority is exposed to rollover risk only on swaps that mature or may be terminated at the counterparty's option prior to the maturity of the associated debt. As of December 31, 2009, the Authority is not exposed to rollover risk.

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



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

Swap Payments and Associated Debt - Using interest rates as of December 31, 2009, debt service requirements of the Authority's outstanding variable-rate debt and net swap payments are as follows. As rates vary, variable rate interest rate payments on the bonds and net swap payments will change.

Year Ending December 31,	Principal	Interest	Swaps, Net	Total
2010	\$ 107,915	\$ 8,519	\$ 96,701	\$ 213,135
2011	107,035	8,100	91,737	206,872
2012	104,985	7,676	86,763	199,424
2013	114,345	7,234	81,722	203,301
2014	108,635	6,795	76,562	191,992
2015-2019	498,295	27,512	311,969	837,776
2020-2024	352,480	18,494	217,626	588,600
2025-2029	293,880	11,219	143,592	448,691
2030-2034	278,395	6,317	84,086	368,798
2035-2039	164,590	2,130	31,072	197,792
2040-2044	52,615	627	10,247	63,489
2045-2047	13,480	78	1,288	14,846
Total	\$2,196,650	\$ 104,701	\$ 1,233,365	\$ 3,534,716

Forward Sales Contracts - The Authority has entered into forward sales contracts for the delivery of Ginnie Mae securities in order to lock in the sales price for the securitization of certain taxable single family loans. The contracts hedge changes in interest rates between the time of the loan reservations and the securitization of such loans into Ginnie Mae securities. The outstanding forward contracts, summarized by counterparty as of December 31, 2009, are shown in the table below.

Counterparty				Original Sales	Fair Market	Net
Rating	Count	Par	Exposure	Price	Value	Difference
A/NR	22	\$ 31,000	28.0%	\$ 32,067	\$ 31,986	\$ (81)
A/A3	1	2,000	1.8%	2,085	2,094	9
N/R	24	30,500	27.6%	31,712	31,620	(92)
N/R	3	5,500	5.0%	5,771	5,745	(26)
A+/Aa2	12	27,500	24.9%	28,801	28,644	(157)
AA-/Aa3	5	14,000	12.7%	14,666	14,555	(111)
	67	\$ 110,500	100.0%	\$ 115,102	\$ 114,644	\$ (458)



(9) Debt Refundings

On June 24, 2009, the Authority issued its Multi-Family/Project Bonds 2009 Series A, in the aggregate principal amount of \$47,435,000. Proceeds of the bonds were used to refund a portion of its outstanding Multi-Family/Project Bonds 2006 Series A in the amount of \$44,380,000. The refunding resulted in a decrease in the aggregate debt service requirement of approximately \$15,754,000, based on the change in variable interest rates at the time of refunding, and an approximate economic gain to the Authority of \$8,669,000. In accordance with GASB Statement No. 23, Accounting and Financial Reporting for Refundings of Debt Reported by Proprietary Activities, \$736,000 was deferred and is being amortized over the estimated life of the old debt.

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

In prior years, the Authority defeased certain bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Authority's financial statements. On December 31, 2009, \$58.9 million of bonds outstanding are considered defeased.

(10) Restricted Net Assets

The amounts restricted for the Single Family Fund and the Multi-Family/Business Fund are for the payment of principal, redemption premium, if any, or interest on all outstanding single family and multi-family/business 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 if (1) updated cash flow projections indicate that adequate resources will exist after any withdrawal to service the outstanding debt, subject to approval by the bond trustee; (2) the Authority determines that such monies are needed for the implementation or maintenance of any duly adopted program of the Authority; and (3) no default exists in the payment of the principal, redemption premium, if any, or interest on such bonds.

Assets of the Single Family and Multi-Family/Business 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 Single Family and Multi-Family/Business Funds and are held in cash or investments. At December 31, 2009, these assets were at least equal to the amounts required to be restricted.

The Authority's Board of Directors (the "Board") has designated certain amounts of the unrestricted net assets of the General Fund as of December 31, 2009, for various purposes, as indicated in the following table. These designations of net assets are not binding, and can be changed by the Board.



General Fund Unrestricted Net Assets as December 31, 2009:

Appropriations for loan programs:	
Housing Opportunity loans	\$ 31,665
Housing loans	359
Business finance loans	14,335
Total appropriations	46,359
Designations:	
General operating and working capital	24,903
Unrealized appreciation of investments	362
General Obligation Bonds	39,499
Single and multi-family bonds	40,000
Total designations	104,764
Total General Fund unrestricted net assets	\$ 151,123

(11) Interfund Receivables, Payables and Transfers

The outstanding balances between funds result mainly from the processing of loan payments which are initially received by the General Fund and then transferred to the Single Family Fund and Multi-Family/Business Fund on a month lag basis. All interfund payables are expected to be paid within one year.

The Authority makes transfers between funds primarily for the purpose of (1) making initial contributions from the General Fund to new bond series to cover bond issuance costs and (2) transferring amounts to the General Fund that are no longer restricted by bond resolutions or indentures.

The balances of interfund receivables, payables and transfers as of December 31, 2009, are as follows:

Fund	Due From	Due To	Transfers In	Transfers Out
General	\$ 36,626	\$ 5	\$ 5,486	\$ 1,408
Single Family	-	31,506	967	4,410
Multi-Family/Business	5	5,120	99	734
Total	\$ 36,631	\$ 36,631	\$ 6,552	\$ 6,552



(12) Retirement Plans

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

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

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

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

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

	2009	2008	2007
Contribution rate of covered salary:			
Members	8.00%	8.00%	8.00%
Authority:			
Trust	11.78%	10.88%	9.98%
Health Fund	1.02%	1.02%	1.02%
Total contribution rate	12.80%	11.90%	11.00%

Contributions by the Authority:

Trust	\$ 1,400	\$ 1,178	\$ 1,010
Health Fund	121	110	103
Total contributions	\$ 1,521	\$ 1,288	\$ 1,113

An additional benefit offered to eligible Authority employees through PERA is a Voluntary Investment Program, established under Section 401(k) of the Internal Revenue Code. Participants invest a percentage of their annual gross salaries up to the annual IRS limit of their gross salaries. The Authority contributes 1% of each participating employee's salary as part of the 401(k) match and, in addition to the 1% contribution, the Authority matches half of the employee's 401(k) contribution up to 5% of the participating employee's gross salary. The Authority's match is a maximum of 3.5%, which includes the 1% contribution. Contributions by the Authority for the years ended December 31, 2009, and 2008 were \$360,000 and



\$325,000, respectively. Contributions by participating employees for the years ended December 31, 2009, and 2008 were \$821,000 and \$829,000, respectively.

Included in bonds and notes payable are bonds payable to PERA of \$29,938,000 at December 31, 2009, that carry the Authority's general obligation pledge.

(13) 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 and purchased insurance. Commercial general liability, property losses, business automobile liability, worker's compensation and public officials' liability are all managed through purchased insurance. There were no significant reductions or changes in insurance coverage from the prior year. Settled claims did not exceed insurance coverage in any of the past three fiscal years.

(14) Related Party Transactions

During 2009, the Authority entered into a transaction with the Housing Authority of the City of Loveland, Colorado, the Executive Director of which is a member of the Authority's Board. Using funds granted under the Tax Credit Exchange Program of the American Recovery and Reinvestment Act of 2009, the Authority made a \$2.6 million loan to the Loveland Housing Authority. This transaction was made in the normal course of business under terms and conditions similar to other transactions with unrelated parties.

(15) Commitments and Contingencies

The Authority had outstanding commitments to make or acquire single family and multi-family/business loans of \$59,307,000 and \$31,751,000 respectively, as of December 31, 2009.

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

The Authority participates in the Government National Mortgage Association (Ginnie Mae) Mortgage-Backed Securities (MBS) Programs. Through the MBS Programs, Ginnie Mae guarantees securities that are issued by the Authority and backed by pools of mortgage loans. If a borrower fails to make a timely payment on a mortgage loan, the Authority must use its own funds to ensure that the security holders receive timely payment. All loans pooled under the Ginnie Mae MBS program are either insured by the Federal Housing Authority or United States Department of Agriculture Rural Development, or are guaranteed by the Veterans Administration. The Authority assesses the overall risk of loss on loans that it may be required to repurchase and establishes reserves for them. At December 31, 2009, a reserve for potential losses on repurchased loans was established. This reserve is reflected in the allowance for loan losses (Note 3).



SUPPLEMENTAL INFORMATION

colorado housing and finance authority



SUPPLEMENTAL INFORMATION

Colorado Housing and Finance Authority Schedule of Adjusted Net Worth

A.	Adjusted net worth calculation:		
	Stockholder's equity per statement of financial condition at end of reporting period	\$	280,368
	Less:		
	Itemized unacceptable assets		
	1. Other Assets	\$	27,722
	2.		
	3.		
	Total unacceptable assets		<u>27,722</u>
	Adjusted net worth	\$	<u>252,646</u>
B.	Required net worth calculation:		
	Unpaid principal balance of securities outstanding (Note: number of pools = 41)	\$	292,677
	Plus:		
	Outstanding balance of commitment authority issued and requested		<u>462,450</u>
	Total outstanding portfolio and authority	\$	<u>755,127</u>
	Required net worth	\$	<u>2,620</u>
C.	Excess (deficit) net worth (Adjusted net worth - required net worth)	\$	<u>250,026</u>

CHFA certifies that it is in good standing with FHA, Fannie Mae and Freddie Mac, and has not been the subject of any adverse actions.

colorado housing and finance authority



Colorado Housing and Finance Authority Schedule of Insurance Requirement

A.	Identification of affiliated Ginnie Mae Issuers	
	Affiliated Ginnie Mae Issuers:	None
B.	Required insurance calculation:	
	Servicing portfolio:	
	Ginnie Mae	\$ 292,677
	Fannie Mae	\$ 17,468
	Freddie Mac	\$ -
	Conventional (other)	\$ 2,987,967
	Total servicing portfolio	\$ 3,298,112
	Required fidelity bond coverage	\$ 3,823
	Required mortgage servicing errors and omissions coverage	\$ 3,823
C.	Verification of insurance coverage:	
	Fidelity bond coverage at end of reporting period:	\$ 8,000
	Mortgage servicing errors and omissions coverage at end of reporting period:	\$ 5,000
D.	Excess (deficit) insurance coverage:	
	Fidelity bond coverage	\$ 4,177
	Required mortgage servicing errors and omissions coverage	\$ 1,177
E.	Ginnie Mae loss payable endorsement	
	Fidelity bond coverage	Yes/No
	Mortgage servicing errors and omissions coverage	Yes/No

colorado housing and finance authority



REPORTS REQUIRED BY THE SINGLE AUDIT ACT AMENDMENTS OF 1996

**COLORADO HOUSING AND FINANCE AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2009**

Federal Grantor	Program Title	CFDA Number	Federal Expenditures
Major Programs:			
U.S. Department of Housing	Section 8 Housing Assistance Payments Program	14.195	\$ 76,864,084
	Section 8 Housing Assistance Payments Program Special Allocations (ARRA)	14.317	22,446,579 *
	Section 8 Moderate Rehabilitation - Lower Income Housing Assistance Program	14.856	7,642,058
	Section 8 Moderate Rehabilitation - Single Room Occupancy	14.249	727,375
	Tax Credit Assistance Program (ARRA)	14.258	4,846,422
	Government National Mortgage Association Mortgage Backed Securities Loan Guarantee program	14.000	<u>292,677,091</u>
Total Major Programs			<u>405,203,609</u>
Other Federal Awards (nonmajor programs):			
U.S. Department of Treasury	Tax Credit Exchange Program (ARRA)	21.000	2,575,296
U.S. Department of Treasury Passed through Neighbor Works America	National Foreclosure Mitigation Counseling Program	21.000	<u>1,805,017</u>
Total Other Federal Awards			<u>4,380,313</u>
Total Federal Financial Awards			<u>\$ 409,583,922</u>

* Represents ARRA funding through September 30, 2009 as year-end information is not yet available from HUD.

The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2009

Note 1 – Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Colorado Housing and Finance Authority (the “Authority”) and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 2 – Subrecipients

Of the federal expenditures presented in the schedule, the Authority provides federal awards to subrecipients as follows:

Program Title	CFDA Number	<u>Federal Expenditures</u>
Section 8 Housing Assistance Payments Program	14.195	\$ 95,695,719
Section 8 Moderate Rehabilitation – Lower Income Housing Assistance Program	14.856	6,913,910
National Foreclosure Mitigation Counseling Program	21.000	1,736,219
Section 8 Moderate Rehabilitation – Single Room Occupancy	14.249	621,557
Total Federal Awards Provided to Subrecipients		<u>\$ 104,967,405</u>

Note 3 – Loans Outstanding

The Authority has entered into a Risk Sharing Agreement and other mortgage insurance programs with the U.S. Department of Housing and Urban Development (“HUD”). The HUD Risk Sharing Program provides for HUD’s assumption of 50% of the Authority’s tax exempt and taxable mortgages for new construction or acquisition/rehabilitation of rental housing. Both construction and permanent financing are available for developments where at least either 25% or 45% of the housing units are occupancy and rent-restricted to be affordable for households with incomes below 50% or 60% of the area median income. The other programs insure the Authority 20% to a maximum of 99% against the loss on mortgage loan defaults.

The Authority had the following loan balances outstanding as of December 31, 2009 pursuant to the programs described above.

Program Title	CFDA Number	<u>Balance Outstanding</u>
HFA Risk-Sharing – Section 542(c) Mortgage Insurance for Rental and Cooperative Housing:	14.188	\$ 256,705,832
Section 221(d)(4)	14.135	59,314,185
Section 221(d)(3)	14.135	7,125,471
Purchase of Refinancing of Multi-family Housing – Section 223(f)	14.155	2,619,736
Total Federal Awards Provided to Subrecipients		<u>\$ 325,765,224</u>

**Independent Auditor's Report on Internal Control
Over Financial Reporting and on Compliance and Other Matters Based
on an Audit of Financial Statements Performed in Accordance
with Government Auditing Standards**

Board of Directors
Colorado Housing and Finance Authority
Denver, Colorado

We have audited the financial statements of the business type activities and each major fund of Colorado Housing and Finance Authority (the Authority) as of and for the year ended December 31, 2009, and have issued our report thereon dated March 25, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Colorado Housing and Finance Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Colorado Housing and Finance Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of Colorado Housing and Finance Authority in a separate letter dated March 25, 2010.

This report is intended solely for the information and use of management, the Board of Directors, the audit committee, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Clifton Gunderson LLP

Greenwood Village, Colorado
March 25, 2010

**Independent Auditor's Report on Compliance with Requirements
Applicable to Each Major Program and on Internal Control
Over Compliance in Accordance with OMB Circular A-133**

Board of Directors
Colorado Housing and Finance Authority
Denver, Colorado

Compliance

We have audited the compliance of Colorado Housing and Finance Authority with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2009. Colorado Housing and Finance Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and responses. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Colorado Housing and Finance Authority's management. Our responsibility is to express an opinion on Colorado Housing and Finance Authority's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Colorado Housing and Finance Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Colorado Housing and Finance Authority's compliance with those requirements.

In our opinion, Colorado Housing and Finance Authority complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2009. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and responses as item 2009-1.

Internal Control Over Compliance

The management of Colorado Housing and Finance Authority is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Colorado Housing and Finance Authority's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis.

A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency as described in the accompanying schedule of findings and responses as item 2009-1. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Colorado Housing and Finance Authority's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. We did not audit Colorado Housing and Finance Authority's response and, accordingly, we express no opinion on the response.

This report is intended solely for the information and use of management, the Board of Directors, audit committee, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Clifton Gunderson LLP

Greenwood Village, Colorado
March 25, 2010

**COLORADO HOUSING AND FINANCE AUTHORITY
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended December 31, 2009**

PART I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unqualified
 Internal control over financial reporting:
 Material weakness(es) identified? ___ yes √ no
 Significant deficiency(ies) identified
 not considered to be material weaknesses? ___ yes √ none reported
 Noncompliance material to financial statements
 noted? ___ yes √ no

Federal Awards

Internal control over major program:
 Material weakness(es) identified? ___ yes √ no
 Significant Deficiency(ies) identified
 not considered to be material weaknesses? √ yes ___ no

Type of auditor's report issued on compliance
 for major program: Unqualified

Any audit findings disclosed that are required
 to be reported in accordance with section 510 (a)
 of OMB Circular A-133? ___ yes √ no

Identification of major programs:
CFDA Number(s)

Name of Federal Program or Cluster

14.856, 14.195, 14.249, 14.317 14.258 14.000	Section 8 Project Based Cluster Tax Credit Assistance Program Mortgage Backed Securities Loan Program
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Dollar threshold used to distinguish between
 Type A and Type B programs: \$3,000,000

Auditee qualified as low-risk auditee? ___ yes √ no

**COLORADO HOUSING AND FINANCE AUTHORITY
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended December 31, 2009**

PART II - FINDINGS RELATED TO FINANCIAL STATEMENTS

There were no audit findings required to be reported under generally accepted governmental auditing standards for the year ended December 31, 2009.

**COLORADO HOUSING AND FINANCE AUTHORITY
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended December 31, 2009**

PART III - FINDINGS RELATED TO FEDERAL AWARDS

Finding 2009-1

**14.856 Section 8 Moderate Rehabilitation – Lower Income Housing Assistance Program
14.249 Section 8 Moderate Rehabilitation – Single Room Occupancy**

**Reporting Compliance
Significant Deficiency**

Condition:

The Authority failed to submit its December 31, 2008 financial information into the Department of Housing and Urban Development's (HUD) online reporting system, the Real Estate Assessment Center (REAC), as required by the adjusted December 31, 2009 deadline. The required reporting relates to the Authority's Section 8 Moderate Rehabilitation Program, which consists of ten contracts and 21 projects.

Effect:

The Authority is not in compliance with HUD guidelines, which could impact its status with HUD.

Recommendation:

We recommend the Authority determine who is the appropriate individual to be responsible for:

- Reporting all activity appropriately on the year end HUD Form 52681 and reconciling to the general ledger.
- Using that information to enter all required data into the REAC system on a timely basis.
- Monitoring all changes to the HUD REAC system and filing requirements as they occur throughout the year.

Management Response:

Management agrees. The accounting and asset management departments are still in the process of submitting the 2008 financial information. This will be completed by April 30, 2010. During the audit, two departments began discussions to develop a better control process. They plan on having additional conversations to assess the best process and develop an implementation plan by April 30, 2010.

**COLORADO HOUSING AND FINANCE AUTHORITY
PRIOR AUDIT FINDINGS
Year Ended December 31, 2009**

Finding 2008-1

Condition:

The Authority posts numerous journal entries as part of the normal processing of accounting information. However, in most instances, a detailed independent review of these journal entries is not completed.

Effect:

Incorrect or inappropriate journal entries could be posted to the accounting records either due to error or fraud and not be detected in the normal course of operations.

Recommendation:

The Authority posts numerous journal entries on an annual basis and therefore it is not practical for every journal entry to be reviewed. However, we recommend that the Authority develop a process to independently review selected journal entries that are in areas of higher risk for misstatement, are unusual or non-routine in nature, or affect the year end financial statement preparation process. Review personnel should possess sufficient technical knowledge of the subject matter of the journal entries being reviewed to be able to identify errors or entries that appear to be unusual.

Current Status:

This finding was resolved during the year ended December 31, 2009.

Finding 2008-2

Condition:

The Authority is required by bond indentures to maintain separate investor bank accounts for various debt obligations. The posting of loan transactions to these accounts is complex and requires numerous bank transfers on a daily basis. During our testing of these accounts, we noted several areas where internal control procedures are not adequate to ensure that the activity in the accounts is properly authorized and reconciled as follows:

- Cash reconciliations are not consistently reviewed by an individual independent of the posting and reconciliation process.
- During our interim work in December 2008, we found that the Authority had not reconciled the private investor accounts (about 10 accounts) since January 2008.

**COLORADO HOUSING AND FINANCE AUTHORITY
PRIOR AUDIT FINDINGS
Year Ended December 31, 2009**

- The Commercial Loan Principal & Interest Clearing account has an unreconciled difference of about \$404,000. The methodology for reconciling this account has not been updated to make it more consistent with the Single Family Loan Principal & Interest Clearing Account.
- Daily transfer activity is not reviewed or authorized by a member of management. The file used to make the transfers is automatically generated but is in a format that can be manually edited (text file) prior to the transfer being made.

Effect:

The lack of adequate review and reconciliation procedures increases the risk that error or fraud will occur and not be detected in the normal course of operations.

Recommendation:

We recommend that the Authority reevaluate the procedures currently in place to manage the bank reconciliation process. Due to the volume of activity in some of the accounts, a process needs to be established to reconcile the activity on a daily basis. Review procedures need to be established to ensure that bank accounts are reconciled and differences resolved in a timely manner. In addition, the daily cash transfers should be independently reviewed to ensure that there are no unauthorized or inappropriate transfers.

Current Status:

This finding was resolved during the year ended December 31, 2009.