



COLORADO HOUSING AND FINANCE AUTHORITY

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

As of December 31, 2011

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

| <u>Series</u> | <u>CUSIP</u> | <u>Series</u> | <u>CUSIP</u> |
|---------------|--------------|---------------|--------------|
| SF01AA-1 | 196479RP6 | SF06A-3 | 196479QM4 |
| SF01AA-2 | 196479RM3 | SF06A-4 | 196479LJ6 |
| SF01AA-3 | 196479RR2 | SF06B-1 | 196483CL3 |
| SF01AA-4 | 196479CF4 | SF06B-2 | 196483CB5 |
| SF02A-1 | 196479DK2 | SF06B-3 | 196483CC3 |
| SF02A-2 | 196479DL0 | SF06C-1 | 196483CM1 |
| SF02A-3 | 196479DM8 | SF06C-2 | 196483CH2 |
| SF02A-4 | 196479DG1 | SF06C-3 | 196483AF8 |
| SF02A-5 | 196479DH9 | SF07A-1 | 196483CN9 |
| SF02B-2 | 196479SK6 | SF07A-2 | 196483CF6 |
| SF02B-3 | 196479SM2 | SF07A-3 | 196483AL5 |
| SF02C-3 | 196479RK7 | SF07B-1 | 196483DH1 |
| SF02C-4 | 196479FC8 | SF07B-2 | 196483AR2 |
| SF02C-5 | 196479FD6 | SF07B-3 | 196483AS0 |
| SF03A-1 | 196479SP5 | SF08A-1 | 196483DK4 |
| SF03A-2 | 196479SR1 | SF08A-2 | 196483CT6 |
| SF03A-3 | 196479HG7 | SF08A-3 | 196483CV1 |
| SF03A-4 | 196479HJ1 | SF08A-4 | 196483AX9 |
| SF03B-1 | 196483CK5 | SF08A-5 | 196483AY7 |
| SF03B-2 | 196483DM0 | SF09A | 196479PZ6 |
| SF03B-3 | 196483BW0 | SF09A | 196479QA0 |
| SF03B-4 | 196479HK8 | SF09A | 196479QB8 |
| SF03C-1 | 196483DF5 | SF09A | 196479QC6 |
| SF03C-2 | 196479HW2 | SF09A | 196479QD4 |
| SF03C-3 | 196479HZ5 | SF09A | 196479QE2 |
| SF04A-2 | 196479JF7 | SF09A | 196479QF9 |
| SF04A-3 | 196479JD2 | SF09A | 196479QG7 |
| SF04B-2 | 196479KD0 | SF09A | 196479QH5 |
| SF04B-3 | 196479KB4 | SF09A | 196479QJ1 |
| SF05A-2 | 196479KM0 | SF11B-1 | 196479UF4 |
| SF05A-3 | 196479KH1 | SF11B-2 | 196479UG2 |
| SF05B-1A | 196479KT5 | SF11C-1 | JP1 |
| SF05B-1B | 196479KU2 | SF11C-2 | JP2 |
| SF05B-2 | 196479RG6 | SF11C-3 | JP3 |
| SF06A-1 | 196479QK8 | SF11D-1 | 196479UK3 |
| SF06A-2 | 196479QL6 | SF11D-2 | 196479UL1 |



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COLORADO HOUSING AND FINANCE AUTHORITY

AUDITED FINANCIAL STATEMENTS AND ANNUAL FINANCIAL INFORMATION REPORT

As of December 31, 2011

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, 2011 (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, 2011, the Authority had approximately 194 full-time employees, all of whom were members of the Public Employees' Retirement Association of Colorado ("**PERA**"). State statutes required the Authority to contribute 13.7% of each participating employee's gross salary to PERA in 2011. In 2011, the Authority's PERA contribution totaled approximately \$1,869,000, compared to an Authority contribution in 2010 of \$1,665,000. See footnote (11) of the audited 2011 financial statements of the Authority attached as **Appendix C** to this Annual Report for further information.

Selected Financial Information

The audited 2011 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, 2011 as provided by the Authority.



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

| | FY 2011 | FY 2010 | FY 2009 | FY 2008 | FY 2007 |
|--|------------------|------------------|------------------|------------------|------------------|
| Interest and investment revenue: | | | | | |
| Loans receivable | \$12,719 | \$13,302 | \$18,035 | \$15,586 | \$12,900 |
| Investments | 730 | 426 | 394 | 1,750 | 3,419 |
| Net increase (decrease) in fair value | | | | | |
| of long-term investments | 74 | 47 | (185) | 41 | (66) |
| Total interest and investment revenue | 13,523 | 13,775 | 18,244 | 17,377 | 16,253 |
| Interest expense - bonds and notes payable | 5,722 | 5,603 | 6,457 | 8,989 | 9,718 |
| Net interest and investment revenue | 7,801 | 8,172 | 11,787 | 8,388 | 6,535 |
| Other revenue (expense): | | | | | |
| Rental operations | 8,804 | 9,306 | 7,460 | 8,424 | 10,882 |
| Fees and miscellaneous income | 35,731 | 39,219 | 27,106 | 17,592 | 17,432 |
| Hedging activity loss | (527) | (200) | - | - | - |
| Gains on sales of capital assets | (30) | 128 | 2 | 6,091 | 6,650 |
| Total other revenue | 43,978 | 48,453 | 34,568 | 32,107 | 34,964 |
| Net revenue | 51,779 | 56,625 | 46,355 | 40,495 | 41,499 |
| Operating expenses: | | | | | |
| Salaries and related benefits | 18,210 | 17,808 | 16,180 | 14,935 | 14,341 |
| General operating | 38,962 | 54,306 | 16,334 | 14,160 | 15,627 |
| Provision for losses | 3,791 | 2,916 | 3,662 | 2,985 | (300) |
| Other interest expense | 1,038 | 1,068 | 1,099 | 1,137 | 1,465 |
| Transfers | (7,005) | (2,236) | (4,078) | 10,663 | (3,841) |
| Depreciation | 3,684 | 3,773 | 3,159 | 2,685 | 2,722 |
| Total operating expenses | 58,680 | 77,635 | 36,356 | 46,565 | 30,014 |
| Change in net assets | (6,901) | (21,010) | 9,999 | (6,070) | 11,485 |
| Net Assets, end of year | <u>\$133,426</u> | <u>\$140,327</u> | <u>\$161,337</u> | <u>\$151,338</u> | <u>\$157,408</u> |
| Bonds and Notes Payable | <u>\$140,773</u> | <u>\$190,178</u> | <u>\$203,041</u> | <u>\$287,704</u> | <u>\$203,029</u> |
| Total Assets | <u>\$344,403</u> | <u>\$400,091</u> | <u>\$394,396</u> | <u>\$465,149</u> | <u>\$387,141</u> |



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 (3) 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, 2011 in an aggregate principal amount of \$77,355,000) 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, 2011 in an aggregate principal amount of \$797,220,000. 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, 2011 in the aggregate principal amount of \$41,721,715. 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, 2011 in the aggregate principal amount of \$1,594,340,000. 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 (the "NIBP Master Indenture"), 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. Under a NIBP Master Indenture dated as of December 1, 2009, in May, 2011, the Authority converted \$58,800,000 aggregate principal amount of its 2009AA Program Bonds and issued its Single Family Program Class I Bonds, Series 2011AA (Mortgage-Backed Securities Program) in the aggregate principal amount of \$39,200,000 under the NIBP Master Indenture, the proceeds of which were used to finance Mortgage Loans through the purchase of mortgage-backed securities guaranteed by Ginnie Mae ("Ginnie Mae Certificates"). As of December 31, 2011, the \$216,410,000 aggregate principal amount of 2009AA Program Bonds under the NIBP Master Indenture which remained unconverted. 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, 2011 in an aggregate principal amount of \$265,430,000) 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, 2011 in the aggregate principal amount of \$22,095,000) and Class III Multi-Family/Project Bonds (outstanding as of December 31, 2011 in an aggregate principal amount of \$1,700,000) 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, 2011 was \$310,000. 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 \$53,480,000 as of December 31, 2011, 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.

Privately Placed Bonds. The Authority has issued general obligation bonds through private placement in order to finance rental loans. As of December 31, 2011, such privately placed bonds were outstanding in an aggregate principal amount of \$23,394,000. The Authority has also funded participation interests and business loans using proceeds of its privately placed bonds, outstanding as of December 31, 2011 in the aggregate principal amount of \$21,045,255. In addition, the Authority has issued general obligation bonds through private placement in order to finance single family mortgage loans. As of December 31, 2011, such privately placed bonds were outstanding in an aggregate principal amount of \$25,846,001.

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, 2011 in the aggregate principal amount of \$321,206,220. 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, 2011, such 542(c) mortgage loans were outstanding in the amount of \$234,110,579 (\$32,855,486 held under the General Resolution and securing the Multifamily Housing Insured Mortgage Revenue Bonds and \$201,255,093 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. To date, the Authority has incurred risk-sharing losses of approximately \$11.8 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 \$1.781 million, for the Fox Run Apartments project in the approximate aggregate principal amount of \$3.455 million and for the Gold Camp Apartments project in the approximate aggregate principal amount of \$1.195 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, 2011, \$46.1 million in borrowings were outstanding under those agreements. See footnote (5) to the audited 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, 2011 in the aggregate principal amount of \$1,800,370), 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, 2011 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 "A2" rating (with negative credit watch) 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, 2011. 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, 2011

| <u>Certain Authority Obligations</u> | <u>Outstanding Amount (December 31, 2011)</u> |
|---|---|
| Single Family Mortgage Bonds (2001 Master Indenture) ⁽¹⁾ | \$1,594,340,000 |
| Single Family Program Senior/Subordinate Bonds (Separate Indentures) | 41,721,715 |
| Single Family Program Bonds (NIBP Master Indenture) | 98,000,000 |
| Multifamily Housing Insured Mortgage Revenue Bonds (General Resolution) | 77,355,000 |
| Multi-Family/Project Bonds (Master Indenture) | 797,220,000 |
| Privately Placed Bonds: | |
| Rental Finance | 23,394,000 |
| Business Finance | 21,045,255 |
| Single Family | 25,846,001 |

⁽¹⁾These are the Bonds (including the Remarketed Bonds) issued and outstanding under the Master Indenture. See **Appendix A** to this Supplement 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, 2011. 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: | | 12/31/2011 |
|--|--|-------------------|
| <i>General Obligations</i> | | |
| <hr/> | | |
| MF Project Bonds: | | |
| Class I (w/ GO Pledge) | | 265,430,000 |
| Class II (w/ GO Pledge) | | 22,095,000 |
| Class III (w/ GO Pledge) | | 1,700,000 |
| SF Program Subordinate Bonds | | 310,000 |
| SF Mortgage Bonds, Class III | | 53,480,000 |
| Privately Placed Bonds: | | |
| Rental Finance | | 23,394,000 |
| Business Finance | | 21,045,255 |
| Single Family | | 25,846,001 |
| Other Borrowings: | | |
| Line of Credit | | 46,100,000 |
| Rural Business Cooperative Service Notes | | 1,800,370 |
| Seller Carry Back RAP Notes* | | 56,033 |

* These notes were fully repaid in connection with the final sale of the RAP projects in March 2012.



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, 2011, 19.32% of the \$1.2 billion aggregate principal amount of First Mortgage Loans in the Trust Estate was 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, 2011:

Private Mortgage Insurance Mortgage Loans and Private Insurers

| Name of Private Insurer ⁽¹⁾ | Percentage of Trust Estate ⁽²⁾ | Percentage of Private Mortgage Insurance Mortgage Loans ⁽³⁾ |
|---|--|--|
| Mortgage Guaranty Ins. | 7.34% | 38.01% |
| Genworth | 5.46 | 28.28 |
| RMIC | 2.28 | 11.81 |
| United Guaranty Corp. | 2.11 | 10.93 |
| PMI Mortgage Insurance ⁽⁴⁾ | 1.10 | 5.67 |
| Triad Guaranty Insurance | 0.53 | 2.74 |
| Radian Guaranty Inc. | 0.43 | 2.2 |
| Other | <u>.07</u> | <u>.34</u> |
| Total Percentage | 19.32% | 100.00% |

⁽¹⁾ The ratings of several of these Private Insurers have been downgraded since the time that the Private Mortgage Insurance Mortgage Loans in the Trust Estate which are insured by such Private Insurers were originated, and such ratings are in most cases below the rating levels which were required for such Private Insurers by the applicable series indentures at the time of such originations.

⁽²⁾ Aggregate principal balance of First Mortgage Loans in the Trust Estate as of December 31, 2011 was approximately \$1.291 billion.

⁽³⁾ Aggregate principal balance of First Mortgage Loans as of December 31, 2011 which were Private Mortgage Insurance Mortgage Loans was approximately \$249.5 million.

⁽⁴⁾ In October 2011, Arizona regulators took control of PMI Mortgage Insurance, instituting a partial claim payment plan under which insurance claims made to PMI would be paid 50% in cash and the remainder of the claims were to be deferred. In November 2011, PMI Mortgage Insurance filed a voluntary petition under Chapter 11 of the U.S. Bankruptcy Code. An Order for Appointment of Receiver and Injunction was entered on March 14, 2012, placing PMI Mortgage Corporation into rehabilitation.



Investments

As of December 31, 2011, the Authority had 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, 2011

| FUNDS INVESTED (in related Series subaccounts) | PROVIDER & RATE ⁽¹⁾ | TERMINATION DATE |
|--|---|------------------|
| SF 2001AA DSR | TRINITY FUNDING COMPANY, LLC 5.30% | 3/1/36 |
| SF 2001AA LOAN-RECYCLING | TRINITY FUNDING COMPANY, LLC 5.30% | 3/1/36 |
| SF 2001AA LOAN-RECYCLING | TRINITY FUNDING COMPANY, LLC (FLOAT FUND) | 3/1/36 |
| SF 2001AA REVENUE | TRINITY FUNDING COMPANY, LLC 5.30% | 3/1/36 |
| SF 2001AA REVENUE | TRINITY FUNDING COMPANY, LLC (FLOAT FUND) | 3/1/36 |
| SF 2001AA REVENUE NQ LOAN | TRINITY FUNDING COMPANY, LLC (FLOAT FUND) | 3/1/36 |
| SF 2002A DSR | TRINITY FUNDING COMPANY, LLC 5.60% | 11/1/32 |
| SF 2002A LOAN-RECYCLING | TRINITY FUNDING COMPANY, LLC 5.10% | 11/1/32 |
| SF 2002A REBATE | TRINITY FUNDING COMPANY, LLC 5.10% | 11/1/32 |
| SF 2002A REDEMPTION | TRINITY FUNDING COMPANY, LLC 5.10% | 11/1/32 |
| SF 2002A REVENUE | TRINITY FUNDING COMPANY, LLC 5.10% | 11/1/32 |
| SF 2002B LOAN-RECYCLING NQ ⁽²⁾ | NATIXIS FUNDING CORP. 4.60% | 11/1/32 |
| SF 2002B REVENUE NQ LOAN ⁽²⁾ | NATIXIS FUNDING CORP. 4.60% | 11/1/32 |
| SF 2002B REVENUE Q LOAN ⁽²⁾ | NATIXIS FUNDING CORP. 4.60% | 11/1/32 |
| SF 2003A LOAN-RECYCLING | TRINITY FUNDING COMPANY, LLC 4.13% | 11/1/32 |
| SF 2003A REVENUE | TRINITY FUNDING COMPANY, LLC 4.13% | 11/1/32 |
| SF 2004B REVENUE ⁽²⁾ | NATIXIS FUNDING CORP. 4.60% | 11/1/34 |
| SF 2006A DSR | RABOBANK INTERNATIONAL 4.71% | 11/1/36 |
| SF 2006A REBATE ⁽²⁾ | NATIXIS FUNDING CORP. 4.60% | 11/1/36 |
| SF 2006A REVENUE ⁽²⁾ | NATIXIS FUNDING CORP. 4.60% | 11/1/36 |
| SF 2006B DSR | ROYAL BANK OF CANADA 5.56% | 11/1/36 |
| SF 2008A REVENUE NQ LOAN ⁽²⁾ | NATIXIS FUNDING CORP. 4.271% | 11/1/38 |
| SF 2008A REVENUE Q LOAN ⁽²⁾ | NATIXIS FUNDING CORP. 4.271% | 11/1/38 |

⁽¹⁾ Neither the Authority nor the Remarketing Agent makes any 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⁾ These funds are invested under a master repurchase agreement entered with Natixis Funding Corp. on January 29, 2010 (the "Master Repurchase Agreement"). The Master Repurchase Agreement replaced the investment agreements previously in effect, and provides for the delivery of securities to the Trustee at a collateralization level of 105%.



As of December 31, 2011, 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 | 6,318,685 |
| SF 2001AA LOAN-RECYCLING (Non-Qualified) | 347 |
| SF 2002A LOAN-RECYCLING | 2,442 |
| SF 2002B LOAN-RECYCLING (Non-Qualified) | 3,966 |
| SF 2002B LOAN-RECYCLING | 3,755 |
| SF 2002C LOAN-RECYCLING | 678 |
| SF 2003A LOAN-RECYCLING | 2,751 |
| SF 2003B LOAN-RECYCLING (Non-Qualified) | 32,105 |
| SF 2003B LOAN-RECYCLING | 1,986,478 |
| SF 2004A LOAN-RECYCLING | 272 |
| SF 2006B LOAN-RECYCLING | 3,463,319 |
| SF 2006C LOAN-RECYCLING | 3,404,850 |
| SF 2007A LOAN-RECYCLING | 751 |
| SF 2008A ACQUISITION | 520 |
| SF 2011AA ACQUISITION | 2,856 |



Investment Information

| <u>Bond Issue Account</u> | <u>Investment Type</u> | <u>Amount</u> | <u>Interest Rate</u> | <u>Maturity Date</u> |
|-----------------------------|----------------------------|-------------------|----------------------|----------------------|
| SF 2001AA DSR | FEDERAL HOME LOAN BANK | 11,938 | 4.13 % | 3/13/2020 |
| SF 2001AA DSR | FEDERAL HOME LOAN MTG CORP | 1,105,342 | 3.75 % | 3/27/2019 |
| SF 2001AA DSR | GNMA MBS | 10,851 | 4.50 % | 4/01/2040 |
| SF 2001AA DSR | GNMA MBS | 11,353 | 5.00 % | 2/20/2039 |
| SF 2001AA DSR | GNMA MBS | 452,527 | 4.00 % | 2/20/2041 |
| SF 2001AA DSR | HOUSING BOND | 1,195,000 | 5.20 % | 6/01/2033 |
| SF 2001AA DSR | INVESTMENT AGREEMENT | 2,500,000 | 5.30 % | 3/01/2036 |
| SF 2001AA LOAN-RECYCLING | INVESTMENT AGREEMENT | 349,374 | .54 % | 3/01/2036 |
| SF 2001AA LOAN-RECYCLING | INVESTMENT AGREEMENT | 1,006,347 | 5.30 % | 3/01/2036 |
| SF 2001AA REVENUE | INVESTMENT AGREEMENT | 3,355,476 | .54 % | 3/01/2036 |
| SF 2001AA REVENUE | INVESTMENT AGREEMENT | 13,993,653 | 5.30 % | 3/01/2036 |
| SF 2001AA REVENUE NQ LOAN | INVESTMENT AGREEMENT | 5,799,213 | .54 % | 3/01/2036 |
| SF 2001AA DSR | MONEY MARKET | 652 | | Short Term |
| SF 2001AA DSR | MONEY MARKET | 7,337 | | Short Term |
| SF 2001AA LOAN-RECYCLING | MONEY MARKET | 4,962,963 | | Short Term |
| SF 2001AA LOAN-RECYCLING NQ | MONEY MARKET | 347 | | Short Term |
| SF 2001AA REVENUE | MONEY MARKET | 175,055 | | Short Term |
| SF 2001AA DSR | US GOV AGENCY COUPON BOND | 1,310,552 | 4.63 % | 8/15/2028 |
| | | <u>36,247,979</u> | | |
| SF 1992A REDEMPTION | INVESTMENT AGREEMENT | 41,293 | 5.10 % | 11/01/2032 |
| SF 2002A DSR | INVESTMENT AGREEMENT | 4,475,500 | 5.60 % | 11/01/2032 |
| SF 2002A LOAN-RECYCLING | INVESTMENT AGREEMENT | 2,442 | 5.10 % | 11/01/2032 |
| SF 2002A REBATE | INVESTMENT AGREEMENT | 440,305 | 5.10 % | 11/01/2032 |
| SF 2002A REVENUE | INVESTMENT AGREEMENT | 5,774,262 | 5.10 % | 11/01/2032 |
| SF 2002A REDEMPTION CI | MONEY MARKET | 80,004 | | Short Term |
| | | <u>10,813,806</u> | | |
| SF 2002B DSR | FEDERAL HOME LOAN BANK | 994 | 4.13 % | 3/13/2020 |
| SF 2002B DSR | FEDERAL HOME LOAN MTG CORP | 6,706,380 | 6.25 % | 7/15/2032 |
| SF 2002B DSR | GNMA MBS | 1,032 | 5.00 % | 2/20/2039 |
| SF 2002B DSR | GNMA MBS | 1,521 | 4.50 % | 4/01/2040 |
| SF 2002B DSR | MONEY MARKET | 100 | | Short Term |
| SF 2002B LOAN-RECYCLING Q | MONEY MARKET | 3,755 | | Short Term |
| SF 2002B LOAN-RECYCLING NQ | REPURCHASE AGREEMENT | 3,966 | 4.60 % | 11/01/2032 |
| SF 2002B REVENUE NQ LOAN | REPURCHASE AGREEMENT | 561,690 | 4.60 % | 11/01/2032 |
| SF 2002B REVENUE Q LOAN | REPURCHASE AGREEMENT | 14,090,757 | 4.60 % | 11/01/2032 |
| | | <u>21,370,195</u> | | |



| <u>Bond Issue Account</u> | <u>Investment Type</u> | <u>Amount</u> | <u>Interest Rate</u> | <u>Maturity Date</u> |
|----------------------------|----------------------------|-------------------|----------------------|----------------------|
| SF 2002C DSR | FEDERAL HOME LOAN BANK | 6,963 | 4.13 % | 3/13/2020 |
| SF 2002C DSR | FEDERAL HOME LOAN MTG CORP | 196,505 | 3.75 % | 3/27/2019 |
| SF 2002C DSR | FEDERAL NATIONAL MTG ASSOC | 8,156,565 | 6.63 % | 11/15/2030 |
| SF 2002C DSR | GNMA MBS | 6,086 | 4.50 % | 4/01/2040 |
| SF 2002C DSR | GNMA MBS | 6,193 | 5.00 % | 2/20/2039 |
| SF 2002C LOAN-RECYCLING Q | MONEY MARKET | 678 | | Short Term |
| SF 2002C REVENUE NQ LOAN | MONEY MARKET | 933,632 | | Short Term |
| SF 2002C REVENUE Q LOAN | MONEY MARKET | 1,311,343 | | Short Term |
| | | <u>10,617,966</u> | | |
| SF 2003A DSR | FEDERAL HOME LOAN BANK | 2,982 | 4.13 % | 3/13/2020 |
| SF 2003A DSR | FEDERAL HOME LOAN MTG CORP | 3,803,803 | 6.25 % | 7/15/2032 |
| SF 2003A DSR | GNMA MBS | 2,065 | 5.00 % | 2/20/2039 |
| SF 2003A DSR | GNMA MBS | 2,435 | 4.50 % | 4/01/2040 |
| SF 2003A LOAN-RECYCLING | INVESTMENT AGREEMENT | 300 | 4.13 % | 11/01/2032 |
| SF 2003A REVENUE | INVESTMENT AGREEMENT | 3,240,124 | 4.13 % | 11/01/2032 |
| SF 2003A LOAN-RECYCLING | MONEY MARKET | 2,451 | | Short Term |
| | | <u>7,054,160</u> | | |
| SF 2003B DSR | FEDERAL HOME LOAN BANK | 2,982 | 4.13 % | 3/13/2020 |
| SF 2003B DSR | FEDERAL HOME LOAN MTG CORP | 68,777 | 3.75 % | 3/27/2019 |
| SF 2003B DSR | FEDERAL NATIONAL MTG ASSOC | 9,502,281 | 6.63 % | 11/15/2030 |
| SF 2003B DSR | GNMA MBS | 2,840 | 4.50 % | 4/01/2040 |
| SF 2003B DSR | GNMA MBS | 3,097 | 5.00 % | 2/20/2039 |
| SF 2003B DSR | MONEY MARKET | 201 | | Short Term |
| SF 2003B LOAN-RECYCLING NQ | MONEY MARKET | 32,105 | | Short Term |
| SF 2003B LOAN-RECYCLING Q | MONEY MARKET | 1,986,478 | | Short Term |
| SF 2003B REVENUE NQ LOAN | MONEY MARKET | 344,391 | | Short Term |
| SF 2003B REVENUE Q LOAN | MONEY MARKET | 99,660 | | Short Term |
| SF 2003B REVENUE Q LOAN | MONEY MARKET | 12,354,927 | | Short Term |
| | | <u>24,397,739</u> | | |
| SF 2003C DSR | FEDERAL HOME LOAN BANK | 7,958 | 4.13 % | 3/13/2020 |
| SF 2003C DSR | FEDERAL HOME LOAN MTG CORP | 6,126,051 | 3.75 % | 3/27/2019 |
| SF 2003C DSR | GNMA MBS | 7,100 | 4.50 % | 4/01/2040 |
| SF 2003C DSR | GNMA MBS | 8,258 | 5.00 % | 2/20/2039 |
| SF 2003C DSR | MONEY MARKET | 417 | | Short Term |
| SF 2003C REVENUE Q LOAN | MONEY MARKET | 2,862,292 | | Short Term |
| | | <u>9,012,075</u> | | |



| <u>Bond Issue Account</u> | <u>Investment Type</u> | <u>Amount</u> | <u>Interest Rate</u> | <u>Maturity Date</u> |
|---------------------------|----------------------------|-------------------|----------------------|----------------------|
| SF 2004A DSR | FEDERAL HOME LOAN BANK | 2,191,454 | 4.13 % | 3/13/2020 |
| SF 2004A DSR | GNMA MBS | 1,950,565 | 4.50 % | 4/01/2040 |
| SF 2004A DSR | GNMA MBS | 1,985,924 | 5.00 % | 2/20/2039 |
| SF 2004A LOAN-RECYCLING | MONEY MARKET | 272 | | Short Term |
| SF 2004A REVENUE | MONEY MARKET | 15,229 | | Short Term |
| SF 2004A REVENUE | MONEY MARKET | 4,176,218 | | Short Term |
| | | <u>10,319,661</u> | | |
| SF 2004B DSR | FEDERAL HOME LOAN MTG CORP | 4,874,408 | 6.25 % | 7/15/2032 |
| SF 2004B REVENUE | REPURCHASE AGREEMENT | 6,632,830 | 4.60 % | 11/01/2034 |
| | | <u>11,507,238</u> | | |
| SF 2005A DSR | FEDERAL HOME LOAN BANK | 6,963 | 4.13 % | 3/13/2020 |
| SF 2005A DSR | FEDERAL HOME LOAN MTG CORP | 4,981,408 | 3.75 % | 3/27/2019 |
| SF 2005A DSR | GNMA MBS | 5,883 | 4.50 % | 4/01/2040 |
| SF 2005A DSR | GNMA MBS | 6,193 | 5.00 % | 2/20/2039 |
| SF 2005A DEBT-SERVICE CI | MONEY MARKET | 123 | | Short Term |
| SF 2005A DSR | MONEY MARKET | 360 | | Short Term |
| SF 2005A REVENUE | MONEY MARKET | 2,324,593 | | Short Term |
| | | <u>7,325,523</u> | | |
| SF 2005B DSR | FEDERAL HOME LOAN BANK | 8,952 | 4.13 % | 3/13/2020 |
| SF 2005B DSR | FEDERAL HOME LOAN MTG CORP | 9,009,765 | 3.75 % | 3/27/2019 |
| SF 2005B DSR | GNMA MBS | 7,910 | 4.50 % | 4/01/2040 |
| SF 2005B DSR | GNMA MBS | 8,258 | 5.00 % | 2/20/2039 |
| SF 2005B DSR | MONEY MARKET | 197 | | Short Term |
| SF 2005B REVENUE | MONEY MARKET | 189,045 | | Short Term |
| SF 2005B REVENUE | MONEY MARKET | 6,852,704 | | Short Term |
| | | <u>16,076,831</u> | | |
| SF 2006A DSR | INVESTMENT AGREEMENT | 5,500,000 | 4.71 % | 11/01/2036 |
| SF 2006A REBATE | REPURCHASE AGREEMENT | 4,852 | 4.60 % | 11/01/2036 |
| SF 2006A REVENUE | REPURCHASE AGREEMENT | 13,913,423 | 4.60 % | 11/01/2036 |
| | | <u>19,418,274</u> | | |
| SF 2006B DSR | INVESTMENT AGREEMENT | 9,613,500 | 5.56 % | 11/01/2036 |
| SF 2006B LOAN-RECYCLING | MONEY MARKET | 519 | | Short Term |
| SF 2006B LOAN-RECYCLING | MONEY MARKET | 3,462,800 | | Short Term |
| SF 2006B REVENUE | MONEY MARKET | 12,967,815 | | Short Term |
| | | <u>26,044,634</u> | | |



| <u>Bond Issue Account</u> | <u>Investment Type</u> | <u>Amount</u> | <u>Interest Rate</u> | <u>Maturity Date</u> |
|---------------------------|----------------------------|-------------------|----------------------|----------------------|
| SF 2006C DSR | FEDERAL HOME LOAN BANK | 8,952 | 4.13 % | 3/13/2020 |
| SF 2006C DSR TAXABLE | FEDERAL HOME LOAN BANK | 6,963 | 4.13 % | 3/13/2020 |
| SF 2006C DSR | FEDERAL HOME LOAN MTG CORP | 4,996,146 | 3.75 % | 3/27/2019 |
| SF 2006C DSR TAXABLE | FEDERAL HOME LOAN MTG CORP | 2,991,792 | 3.75 % | 3/27/2019 |
| SF 2006C DSR | GNMA MBS | 7,224 | 5.00 % | 2/20/2039 |
| SF 2006C DSR | GNMA MBS | 7,404 | 4.50 % | 4/01/2040 |
| SF 2006C DSR TAXABLE | GNMA MBS | 6,193 | 5.00 % | 2/20/2039 |
| SF 2006C DSR TAXABLE | GNMA MBS | 6,998 | 4.50 % | 4/01/2040 |
| SF 2006C LOAN-RECYCLING | MONEY MARKET | 3,404,850 | | Short Term |
| SF 2006C REBATE | MONEY MARKET | 315 | | Short Term |
| SF 2006C REVENUE | MONEY MARKET | 107 | | Short Term |
| SF 2006C REVENUE | MONEY MARKET | 11,073,038 | | Short Term |
| | | <u>22,509,982</u> | | |
| SF 2007A DSR | FEDERAL HOME LOAN BANK | 1,880,095 | 4.13 % | 3/13/2020 |
| SF 2007A DSR TAXABLE | FEDERAL HOME LOAN BANK | 1,084,288 | 4.13 % | 3/13/2020 |
| SF 2007A DSR | GNMA MBS | 1,671,550 | 4.50 % | 4/01/2040 |
| SF 2007A DSR | GNMA MBS | 1,701,040 | 5.00 % | 2/20/2039 |
| SF 2007A DSR TAXABLE | GNMA MBS | 19,231 | 4.00 % | 12/20/2040 |
| SF 2007A DSR TAXABLE | GNMA MBS | 406,970 | 4.50 % | 2/01/2040 |
| SF 2007A DSR TAXABLE | GNMA MBS | 964,126 | 4.50 % | 4/01/2040 |
| SF 2007A DSR TAXABLE | GNMA MBS | 980,576 | 5.00 % | 2/20/2039 |
| SF 2007A DSR TAXABLE | MONEY MARKET | 5,707 | | Short Term |
| SF 2007A DSR TAXABLE | MONEY MARKET | 39,863 | | Short Term |
| SF 2007A LOAN-RECYCLING | MONEY MARKET | 751 | | Short Term |
| SF 2007A REBATE | MONEY MARKET | 23,650 | | Short Term |
| SF 2007A REVENUE | MONEY MARKET | 22,182 | | Short Term |
| SF 2007A REVENUE | MONEY MARKET | 6,251,105 | | Short Term |
| | | <u>15,051,133</u> | | |
| SF 2007B DSR | FEDERAL HOME LOAN BANK | 1,790,567 | 4.13 % | 3/13/2020 |
| SF 2007B DSR TAXABLE | FEDERAL HOME LOAN BANK | 320,312 | 4.13 % | 3/13/2020 |
| SF 2007B DSR | GNMA MBS | 1,591,426 | 4.50 % | 4/01/2040 |
| SF 2007B DSR | GNMA MBS | 1,620,530 | 5.00 % | 2/20/2039 |
| SF 2007B DSR TAXABLE | GNMA MBS | 39,331 | 4.00 % | 12/20/2040 |
| SF 2007B DSR TAXABLE | GNMA MBS | 284,896 | 4.50 % | 4/01/2040 |
| SF 2007B DSR TAXABLE | GNMA MBS | 289,012 | 5.00 % | 2/20/2039 |
| SF 2007B DSR TAXABLE | GNMA MBS | 411,159 | 4.00 % | 2/20/2041 |
| SF 2007B DSR TAXABLE | GNMA MBS | 4,273,810 | 6.50 % | 3/01/2040 |
| SF 2007B DSR TAXABLE | MONEY MARKET | 5,701 | | Short Term |
| SF 2007B DSR TAXABLE | MONEY MARKET | 363,275 | | Short Term |
| SF 2007B REVENUE | MONEY MARKET | 186,907 | | Short Term |
| SF 2007B REVENUE | MONEY MARKET | 17,064,094 | | Short Term |
| | | <u>28,241,019</u> | | |



| <u>Bond Issue Account</u> | <u>Investment Type</u> | <u>Amount</u> | <u>Interest Rate</u> | <u>Maturity Date</u> |
|---------------------------|------------------------|-------------------|----------------------|----------------------|
| SF 2008A DSR | FEDERAL HOME LOAN BANK | 2,129,779 | 4.13 % | 3/13/2020 |
| SF 2008A DSR TAXABLE | FEDERAL HOME LOAN BANK | 331,255 | 4.13 % | 3/13/2020 |
| SF 2008A DSR | GNMA MBS | 1,893,768 | 4.50 % | 4/01/2040 |
| SF 2008A DSR | GNMA MBS | 1,927,089 | 5.00 % | 2/20/2039 |
| SF 2008A DSR TAXABLE | GNMA MBS | 133,056 | 7.50 % | 12/20/2039 |
| SF 2008A DSR TAXABLE | GNMA MBS | 294,632 | 4.50 % | 4/01/2040 |
| SF 2008A DSR TAXABLE | GNMA MBS | 299,335 | 5.00 % | 2/20/2039 |
| SF 2008A DSR TAXABLE | GNMA MBS | 1,292,357 | 4.00 % | 12/20/2040 |
| SF 2008A DSR TAXABLE | GNMA MBS | 1,385,367 | 4.00 % | 2/20/2041 |
| SF 2008A DSR TAXABLE | GNMA MBS | 1,386,621 | 7.00 % | 12/20/2039 |
| SF 2008A DSR TAXABLE | GNMA MBS | 2,693,651 | 7.00 % | 3/01/2040 |
| SF 2008A DSR TAXABLE | GNMA MBS | 2,926,374 | 6.00 % | 3/01/2040 |
| SF 2008A REVENUE NQ LOAN | INVESTMENT AGREEMENT | 5,874,888 | 4.27 % | 11/01/2038 |
| SF 2008A REVENUE Q LOAN | INVESTMENT AGREEMENT | 28,507,824 | 4.27 % | 11/01/2038 |
| SF 2008A ACQUISITION | MONEY MARKET | 520 | | Short Term |
| SF 2008A DSR | MONEY MARKET | 490 | | Short Term |
| SF 2008A DSR TAXABLE | MONEY MARKET | 139,183 | | Short Term |
| SF 2008A DSR TAXABLE | MONEY MARKET | 710,823 | | Short Term |
| SF 2008A REVENUE NQ LOAN | MONEY MARKET | 51,594 | | Short Term |
| SF 2008A REVENUE Q LOAN | MONEY MARKET | 15,269 | | Short Term |
| | | <u>51,993,875</u> | | |
| SF 2009A DSR | FEDERAL HOME LOAN BANK | 1,611,510 | 4.13 % | 3/13/2020 |
| SF 2009A DSR | GNMA MBS | 1,432,294 | 4.50 % | 4/01/2040 |
| SF 2009A DSR | GNMA MBS | 1,458,478 | 5.00 % | 2/20/2039 |
| SF 2009A DSR | MONEY MARKET | 2,218 | | Short Term |
| SF 2009A REVENUE | MONEY MARKET | 11,183 | | Short Term |
| SF 2009A REVENUE | MONEY MARKET | 3,562,760 | | Short Term |
| | | <u>8,078,443</u> | | |
| SF 2011B COST-OF-ISSUANCE | MONEY MARKET | 6,745 | | Short Term |
| SF 2011C COST-OF-ISSUANCE | MONEY MARKET | 2,460 | | Short Term |
| SF 2011D COST-OF-ISSUANCE | MONEY MARKET | 43,480 | | Short Term |

| <u>Investment Type</u> | <u>Amount</u> |
|----------------------------|--------------------|
| FEDERAL HOME LOAN BANK | 11,404,906 |
| FEDERAL HOME LOAN MTG CORP | 44,860,378 |
| FEDERAL NATIONAL MTG ASSOC | 17,658,846 |
| GNMA MBS | 35,884,583 |
| HOUSING BOND | 1,195,000 |
| INVESTMENT AGREEMENT | 90,474,501 |
| MONEY MARKET | 98,136,936 |
| REPURCHASE AGREEMENT | 35,207,517 |
| US GOV AGENCY COUPON BOND | 1,310,552 |
| | <u>336,133,219</u> |



INDEPENDENT AUDITORS

The financial statements of the Authority as of and for the years ended December 31, 2011 with summarized Financial Information for 2010, have been audited by KPMG 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 A. White
Executive Director



APPENDIX A

The Outstanding Bonds and Auxiliary Obligations

The Outstanding Bonds

As of December 31, 2011, the Authority had issued and outstanding the following Series of Bonds under the Master Indenture in the Classes as indicated:

| Series | Class | Principal Amount Issued | Outstanding Principal Amount |
|----------------------------|-----------|----------------------------|---------------------------------|
| 2001 Series AA: | | | |
| 2001 Series AA, (Class I) | Class I | \$50,000,000 | \$30,000,000 |
| 2001 Series AA, (Class I) | Class I | \$46,840,000 | \$46,840,000 |
| 2001 Series AA, (Class I) | Class I | \$25,000,000 | \$25,000,000 |
| 2001 Series AA, (Class II) | Class II | \$10,000,000 | \$10,000,000 |
| | | | <u>\$111,840,000</u> |
| 2002 Series A: | | | |
| 2002 Series A, (Class I) | Class I | \$41,000,000 | \$7,385,000 |
| 2002 Series A, (Class I) | Class I | \$12,990,000 | \$3,960,000 |
| 2002 Series A, (Class I) | Class I | \$23,075,000 | \$18,605,000 |
| 2002 Series A, (Class I) | Class I | \$4,545,000 | \$1,490,000 |
| 2002 Series A, (Class II) | Class II | \$12,455,000 | \$2,455,000 |
| | | | <u>\$33,895,000</u> |
| 2002 Series B: | | | |
| 2002 Series B, (Class I) | Class I | \$15,000,000 | - |
| 2002 Series B, (Class I) | Class I | \$60,000,000 | \$8,525,000 |
| 2002 Series B, (Class I) | Class I | \$40,000,000 | \$23,240,000 |
| 2002 Series B, (Class II) | Class II | \$5,000,000 | - |
| 2002 Series B, (Class III) | Class III | \$15,000,000 | - |
| 2002 Series B, (Class I) | Class I | \$44,340,000 | - |
| | | | <u>\$31,765,000</u> |
| 2002 Series C: | | | |
| 2002 Series C, (Class I) | Class I | \$30,000,000 | - |
| 2002 Series C, (Class I) | Class I | \$75,000,000 | - |
| 2002 Series C, (Class I) | Class I | \$40,000,000 | \$35,630,000 |
| 2002 Series C, (Class II) | Class II | \$10,000,000 | \$2,800,000 |
| 2002 Series C, (Class III) | Class III | \$17,000,000 | \$1,055,000 |
| 2002 Series C, (Class I) | Class I | \$51,000,000 | - |
| | | | <u>\$39,485,000</u> |
| 2003 Series A: | | | |
| 2003 Series A, (Class I) | Class I | \$42,000,000 | \$4,620,000 |
| 2003 Series A, (Class I) | Class I | \$20,000,000 | \$19,455,000 |
| 2003 Series A, (Class II) | Class II | \$7,000,000 | \$3,000,000 |
| 2003 Series A, (Class III) | Class III | \$9,000,000 | \$1,990,000 |
| 2003 Series A, (Class I) | Class I | \$28,000,000 | - |
| | | | <u>\$29,065,000</u> |



| Series | Class | Principal Amount Issued | Outstanding Principal Amount |
|----------------------------|-----------|----------------------------|---------------------------------|
| 2003 Series B: | | | |
| 2003 Series B, (Class I) | Class I | \$40,000,000 | \$28,970,000 |
| 2003 Series B, (Class I) | Class I | \$80,000,000 | \$13,625,000 |
| 2003 Series B, (Class I) | Class I | \$60,000,000 | \$60,000,000 |
| 2003 Series B, (Class III) | Class III | \$20,000,000 | \$250,000 |
| 2003 Series B, (Class I) | Class I | \$54,000,000 | - |
| | | | <hr/> \$102,845,000 <hr/> |
| 2003 Series C: | | | |
| 2003 Series C, (Class I) | Class I | \$70,000,000 | \$9,535,000 |
| 2003 Series C, (Class I) | Class I | \$40,000,000 | \$32,290,000 |
| 2003 Series C, (Class III) | Class III | \$13,000,000 | \$1,300,000 |
| 2003 Series C, (Class I) | Class I | \$30,000,000 | - |
| 2003 Series C, (Class I) | Class I | \$70,275,000 | - |
| | | | <hr/> \$43,125,000 <hr/> |
| 2004 Series A: | | | |
| 2004 Series A, (Class I) | Class I | \$60,000,000 | - |
| 2004 Series A, (Class I) | Class I | \$50,000,000 | \$40,340,000 |
| 2004 Series A, (Class III) | Class III | \$13,000,000 | \$1,850,000 |
| 2004 Series A, (Class I) | Class I | \$85,000,000 | - |
| 2004 Series A, (Class I) | Class I | \$104,000,000 | - |
| | | | <hr/> \$42,190,000 <hr/> |
| 2004 Series B: | | | |
| 2004 Series B, (Class I) | Class I | \$50,000,000 | - |
| 2004 Series B, (Class I) | Class I | \$40,000,000 | \$32,290,000 |
| 2004 Series B, (Class III) | Class III | \$11,000,000 | \$2,295,000 |
| 2004 Series B, (Class I) | Class I | \$82,335,000 | - |
| | | | <hr/> \$34,585,000 <hr/> |
| 2005 Series A: | | | |
| 2005 Series A, (Class I) | Class I | \$50,000,000 | - |
| 2005 Series A, (Class I) | Class I | \$40,000,000 | \$36,010,000 |
| 2005 Series A, (Class III) | Class III | \$10,000,000 | \$2,085,000 |
| 2005 Series A, (Class I) | Class I | \$11,300,000 | - |
| 2005 Series A, (Class I) | Class I | \$13,095,000 | - |
| | | | <hr/> \$38,095,000 <hr/> |



| Series | Class | Principal Amount Issued | Outstanding Principal Amount |
|----------------------------|-----------|----------------------------|---------------------------------|
| 2005 Series B: | | | |
| 2005 Series B, (Class I) | Class I | \$80,000,000 | \$36,650,000 |
| 2005 Series B, (Class II) | Class II | \$20,000,000 | - |
| 2005 Series B, (Class I) | Class I | \$102,270,000 | - |
| 2005 Series B, (Class I) | Class I | \$36,230,000 | - |
| 2005 Series B, (Class I) | Class I | \$40,000,000 | \$15,920,000 |
| 2005 Series B, (Class I) | Class I | \$40,000,000 | \$15,920,000 |
| | | | <hr/> \$68,490,000 <hr/> |
| 2006 Series A: | | | |
| 2006 Series A, (Class I) | Class I | \$30,000,000 | \$4,550,000 |
| 2006 Series A, (Class I) | Class I | \$20,590,000 | \$17,590,000 |
| 2006 Series A, (Class I) | Class I | \$40,000,000 | \$40,000,000 |
| 2006 Series A, (Class II) | Class II | \$19,410,000 | \$15,210,000 |
| 2006 Series A, (Class I) | Class I | \$70,700,000 | - |
| | | | <hr/> \$77,350,000 <hr/> |
| 2006 Series B: | | | |
| 2006 Series B, (Class I) | Class I | \$60,000,000 | \$3,250,000 |
| 2006 Series B, (Class I) | Class I | \$49,325,000 | \$49,325,000 |
| 2006 Series B, (Class I) | Class I | \$62,945,000 | \$62,945,000 |
| 2006 Series B, (Class II) | Class II | \$20,000,000 | - |
| 2006 Series B, (Class I) | Class I | \$87,000,000 | - |
| | | | <hr/> \$115,520,000 <hr/> |
| 2006 Series C: | | | |
| 2006 Series C, (Class I) | Class I | \$60,000,000 | \$3,230,000 |
| 2006 Series C, (Class I) | Class I | \$70,700,000 | \$70,700,000 |
| 2006 Series C, (Class II) | Class II | \$29,300,000 | \$23,900,000 |
| | | | <hr/> \$97,830,000 <hr/> |
| 2007 Series A: | | | |
| 2007 Series A, (Class I) | Class I | \$70,000,000 | \$7,595,000 |
| 2007 Series A, (Class I) | Class I | \$70,000,000 | \$70,000,000 |
| 2007 Series A, (Class III) | Class III | \$35,000,000 | \$22,700,000 |
| | | | <hr/> \$100,295,000 <hr/> |



| Series | Class | Principal Amount Issued | Outstanding Principal Amount |
|---|-----------|----------------------------|---------------------------------|
| 2007 Series B: | | | |
| 2007 Series B, (Class I) | Class I | \$120,000,000 | \$36,370,000 |
| 2007 Series B, (Class I) | Class I | \$50,000,000 | \$50,000,000 |
| 2007 Series B, (Class II) | Class II | \$50,000,000 | \$50,000,000 |
| | | | <hr/> \$136,370,000 <hr/> |
| 2008 Series A: | | | |
| 2008 Series A, (Class I) | Class I | \$60,000,000 | \$40,040,000 |
| 2008 Series A, (Class I) | Class I | \$170,000,000 | \$50,960,000 |
| 2008 Series A, (Class I) | Class I | \$80,000,000 | \$80,000,000 |
| 2008 Series A, (Class II) | Class II | \$15,000,000 | \$3,835,000 |
| 2008 Series A, (Class III) | Class III | \$23,955,000 | \$19,955,000 |
| | | | <hr/> \$194,790,000 <hr/> |
| 2009 Series A: | | | |
| 2009 Series A, (Class I) | Class I | \$90,000,000 | \$69,570,000 |
| | | | <hr/> \$69,570,000 <hr/> |
| 2011 Series B: | | | |
| 2011 Series B, (Class I) ⁽¹⁾ | Class I | \$32,530,000 | \$32,530,000 |
| 2011 Series B, (Class I) ⁽¹⁾ | Class I | \$31,650,000 | \$31,650,000 |
| | | | <hr/> \$64,180,000 <hr/> |
| 2011 Series C: | | | |
| 2011 Series C, (Class I) ^{(1) (2)} | Class I | \$39,805,000 | \$39,805,000 |
| 2011 Series C, (Class I) ^{(1) (2)} | Class I | \$35,415,000 | \$35,415,000 |
| 2011 Series C, (Class I) ^{(1) (2)} | Class I | \$33,750,000 | \$33,750,000 |
| | | | <hr/> \$108,970,000 <hr/> |
| 2011 Series D: | | | |
| 2011 Series D, (Class I) ^{(1) (3)} | Class I | \$24,130,000 | \$24,130,000 |
| 2011 Series D, (Class I) ^{(1) (3)} | Class I | \$29,955,000 | \$29,955,000 |
| | | | <hr/> \$54,085,000 <hr/> |
| Single Family Mortgage Bonds | | \$3,830,910,000 | \$1,594,340,000 |
| Class I | Class I | \$3,465,790,000 | \$1,429,660,000 |
| Class II | Class II | \$198,165,000 | \$111,200,000 |
| Class III | Class III | \$166,955,000 | \$53,480,000 |
| Total | | \$3,830,910,000 | \$1,594,340,000 |

⁽¹⁾ These Bonds are index rate bonds, which bear interest at an adjustable rate determined monthly by a calculation agent based on one-month LIBOR plus an established spread.

⁽²⁾ The Taxable Single Family Mortgage Class I Adjustable Index Rate Note, 2011 Series C, was issued by the Authority to evidence the obligation of the Authority to repay a loan by JPMorgan Chase Bank, National Association, made to the Authority under a Loan and Security Agreement dated as of November 1, 2011. The 2011 Series C Note matures on May 1, 2013 and is subject to mandatory sinking fund redemption payments on each May 1 and November 1 prior to that maturity date.

⁽³⁾ The Single Family Class I Adjustable Index Rate Bonds, 2011 Series D, were issued by the Authority directly to Wells Fargo Bank, National Association ("Wells"), as the purchaser. In connection with such issuance and purchase, the Authority and Wells entered into a Continuing Covenant Agreement dated as of November 1, 2011. The 2011 Series D-1 Bonds mature on November 1, 2014, and the 2011 Series D-2 Bonds mature on November 1, 2016. The 2011 Series D-1 Bonds are subject to mandatory sinking fund redemption payments on each May 1 and November 1 prior to their maturity date, and mandatory sinking fund redemption payments are due on such dates for the 2011 Series D-2 Bonds commencing on May 1, 2015 through their maturity date.



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, 2011 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 ⁽¹⁾

| <u>Series of Adjustable Rate Bonds</u> | <u>Related Liquidity Facility Provider</u> | <u>Expiration Date of Liquidity Facility</u> | <u>Bank Bond Rate/ Accelerated Payments/Lien</u> |
|--|--|--|--|
| 2001AA-1, AA-2, and AA-3 | Fannie Mae and Freddie Mac | December 31, 2012 | (3) |
| 2002A-1, A-2, and A-3 | Federal Home Loan Bank of Topeka | April 25, 2012 | (4) |
| 2002B-1, B-2, and B-3 | Fannie Mae and Freddie Mac | December 31, 2012 ⁽²⁾ | (3) |
| 2002C-3 | Fannie Mae and Freddie Mac | December 31, 2012 ⁽²⁾ | (3) |
| 2003A-1 and A-2 | Fannie Mae and Freddie Mac | December 31, 2012 ⁽²⁾ | (3) |
| 2003B-1 | Fannie Mae and Freddie Mac | December 31, 2012 ⁽²⁾ | (3) |
| 2003B-2 | Fannie Mae and Freddie Mac | December 31, 2012 ⁽²⁾ | (3) |
| 2003B-3 | Federal Home Loan Bank of Topeka | December 16, 2013 | (4) |
| 2003C-1 | Fannie Mae and Freddie Mac | December 31, 2012 ⁽²⁾ | (3) |
| 2003C-2 | Royal Bank of Canada | October 12, 2014 | (5) |
| 2004A-2 | Royal Bank of Canada | October 12, 2014 | (5) |
| 2004B-2 | Royal Bank of Canada | October 12, 2014 | (5) |
| 2005A-2 | Royal Bank of Canada | October 12, 2014 | (5) |
| 2005B-2 | Barclays Bank PLC | September 6, 2012 | (6) |
| 2006A-1, A-2 and A-3 | Federal Home Loan Bank of Topeka | May 6, 2014 | (4) |
| 2006B-1 | Fannie Mae and Freddie Mac | December 31, 2012 ⁽²⁾ | (3) |
| 2006B-2 and B-3 | Federal Home Loan Bank of Topeka | June 3, 2014 | (4) |
| 2006C-1 | Fannie Mae and Freddie Mac | December 31, 2012 ⁽²⁾ | (3) |
| 2006C-2 | Federal Home Loan Bank of Topeka | June 24, 2014 | (4) |
| 2007A-1 | Fannie Mae and Freddie Mac | December 31, 2012 ⁽²⁾ | (3) |
| 2007A-2 | Federal Home Loan Bank of Topeka | June 24, 2014 | (4) |
| 2007B-1 | Fannie Mae and Freddie Mac | December 31, 2012 ⁽²⁾ | (3) |
| 2007B-2 | Royal Bank of Canada | October 12, 2014 | (5) |
| 2007B-3 | KBC Bank N.V. | October 18, 2012 | (5) |
| 2008A-1, A-2 and A-3 | Fannie Mae and Freddie Mac | December 31, 2012 | (3) |

⁽¹⁾ As of December 31, 2011 (except as noted).

⁽²⁾ Fannie Mae and Freddie Mac have announced that the expiration date for these Temporary Credit and Liquidity Facilities may be extended to December 31, 2015 based on a plan submitted to the issuer and approved by Fannie Mae and Freddie Mac. The Authority has submitted a plan in connection with its request for such an extension, and is waiting for approval.

⁽³⁾ (a) Bank Rate: prime rate (based on JPMorgan Prime Rate) plus 1.00%.

(b) Term out provisions: accelerated principal payment due in full on tenth anniversary of the purchase date. Class I lien.

⁽⁴⁾ (a) Bank Rate: One-Month LIBOR plus 2.00% (1.50% for 2003 Series B-3 Bonds).



- (b) Term out provisions: repayments due 90 days following purchase date in equal semiannual installments until fifth anniversary of the purchase date. Class III lien/General Obligation.
- ⁽⁵⁾ (a) Bank Rate: for the first 90 days following the purchase date, the "Base Rate" which equals the highest of (i) the prime rate plus 2.50%, (ii) the Fed funds rate plus 3.00% and (iii) 8.00%; then for the period 91-180 days following the purchase date, the Base Rate plus 1.00%; then for the period 181 days and higher following the purchase date, the Base Rate plus 2.00%.
- (b) Term out provisions: repayments due on the first business day of February, May, August or November on or following 90 days following purchase date and thereafter quarterly on each such dates in equal installments to the third anniversary of such purchase date. Class I lien.
- ⁽⁶⁾ (a) Bank Rate: for the first 30 days following the purchase date, the "Base Rate" which equals the highest of the Fed funds plus 5%, prime rate plus 5% and Three-Month LIBOR plus 5%; then for the period 31-90 days following the purchase date, the Base Rate plus 2.00%; then for the period 91 days and higher following the purchase date, 12%.
- (b) Term out provisions: accelerated principal payment due in full on the date which is three years following the purchase date. Class III lien/General Obligation.



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, 2011:

| <u>Outstanding Interest Rate Contracts</u> ⁽²⁾ | | Original Notional Balance | Current Notional Balance ⁽¹⁾ | Counterparty ⁽²⁾ |
|--|---------|--|--|------------------------------------|
| 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 |
| | | | <u>\$92,180,000</u> | |
| 2002 Series A Derivative Products: | | | | |
| Single Family SF02A-3 | Class I | \$19,090,000 | <u>\$17,815,000</u> | Barclays Bank PLC New York |
| 2002 Series B Derivative Products: | | | | |
| Single Family SF02B-3 | Class I | \$24,382,951 | <u>\$23,240,000</u> | Barclays Bank PLC New York |
| 2002 Series C Derivative Products: | | | | |
| Single Family SF02C-3 | Class I | \$35,630,000 | <u>\$35,630,000</u> | Barclays Bank PLC New York |
| 2003 Series A Derivative Products: | | | | |
| Single Family SF03A-2 | Class I | \$20,000,000 | <u>\$19,455,000</u> | Barclays Bank PLC New York |
| 2003 Series B Derivative Products: | | | | |
| Single Family SF03B-1 | Class I | \$33,283,958 | \$29,735,000 | Barclays Bank PLC New York |
| Single Family SF03B-2 | Class I | \$18,446,091 | \$12,860,000 | Royal Bank of Canada |
| Single Family SF03B-3 | Class I | \$60,000,000 | \$60,000,000 | Barclays Bank PLC New York |
| | | | <u>\$102,595,000</u> | |
| 2003 Series C Derivative Products: | | | | |
| Single Family SF03C-2 | Class I | \$32,288,000 | <u>\$32,288,000</u> | Barclays Bank PLC New York |
| 2004 Series A Derivative Products: | | | | |
| Single Family SF04A-2 | Class I | \$40,340,000 | <u>\$40,340,000</u> | AIG |
| 2004 Series B Derivative Products: | | | | |
| Single Family SF04B-2 | Class I | \$32,290,000 | <u>\$32,290,000</u> | AIG |
| 2005 Series A Derivative Products: | | | | |
| Single Family SF05A-2 | Class I | \$36,010,000 | <u>\$36,010,000</u> | AIG |
| 2005 Series B Derivative Products: | | | | |
| Single Family SF05B-2 | Class I | \$38,655,241 | <u>\$36,650,000</u> | AIG |
| 2006 Series A Derivative Products: | | | | |
| Single Family SF06A-1 | Class I | \$20,000,000 | \$4,550,000 | JP Morgan |
| Single Family SF06A-3 | Class I | \$40,000,000 | \$40,000,000 | Bank of America |
| | | | <u>\$44,550,000</u> | |
| 2006 Series B Derivative Products: | | | | |
| Single Family SF06B-1 | Class I | \$9,047,619 | \$3,233,016 | 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 |
| | | | <u>\$115,503,016</u> | |
| 2006 Series C Derivative Products: | | | | |
| Single Family SF06C-1 | Class I | \$9,047,619 | \$3,230,000 | 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 |
| | | | <u>\$73,930,000</u> | |
| 2007 Series A Derivative Products: | | | | |
| Single Family SF07A-1 | Class I | \$17,695,124 | \$7,595,000 | JP Morgan |
| Single Family SF07A-2 | Class I | \$70,000,000 | \$70,000,000 | Bank of America |
| | | | <u>\$77,595,000</u> | |
| 2007 Series B Derivative Products: | | | | |
| Single Family SF07B-1 | Class I | \$61,175,715 | \$36,370,000 | 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 |
| | | | <u>\$136,370,000</u> | |
| 2008 Series A Derivative Products: | | | | |
| Single Family SF08A-1 | Class I | \$57,096,000 | \$0 | JP Morgan |
| Single Family SF08A-1 | Class I | \$40,729,758 | \$40,729,758 | JP Morgan |
| Single Family SF08A-2 | Class I | \$82,706,617 | \$50,960,000 | BNY Mellon |
| Single Family SF08A-3 | Class I | \$80,000,000 | \$80,000,000 | AIG |
| | | | <u>\$171,689,758</u> | |
| 2011 Series B Derivative Products: | | | | |
| Single Family SF11B-1 | Class I | \$588,000 | \$0 | JP Morgan |
| Single Family SF11B-1 | Class I | \$420,049 | \$420,049 | JP Morgan |
| Single Family SF11B-1 | Class I | \$867,498 | \$775,000 | Barclays Bank PLC New York |
| Single Family SF11B-1 | Class I | \$870,000 | \$870,000 | Barclays Bank PLC New York |
| Single Family SF11B-1 | Class I | \$1,914,894 | \$1,335,000 | Royal Bank of Canada |
| Single Family SF11B-1 | Class I | \$1,880,000 | \$1,880,000 | Barclays Bank PLC New York |
| Single Family SF11B-1 | Class I | \$1,880,000 | \$1,880,000 | AIG |
| Single Family SF11B-1 | Class I | \$2,020,000 | \$2,020,000 | AIG |
| Single Family SF11B-1 | Class I | \$2,360,000 | \$2,360,000 | AIG |
| Single Family SF11B-1 | Class I | \$9,831,933 | \$3,510,000 | JP Morgan |
| Single Family SF11B-1 | Class I | \$9,831,933 | \$3,513,277 | JP Morgan |
| Single Family SF11B-1 | Class I | \$9,738,725 | \$4,180,000 | JP Morgan |
| Single Family SF11B-1 | Class I | \$7,089,789 | \$4,215,000 | JP Morgan |
| Single Family SF11B-1 | Class I | \$8,820,849 | \$5,435,000 | BNY Mellon |
| Single Family SF11B-2 | Class I | \$612,000 | \$0 | JP Morgan |
| Single Family SF11B-2 | Class I | \$435,051 | \$435,051 | JP Morgan |
| Single Family SF11B-2 | Class I | \$895,482 | \$800,000 | Barclays Bank PLC New York |
| Single Family SF11B-2 | Class I | \$910,000 | \$910,000 | Barclays Bank PLC New York |
| Single Family SF11B-2 | Class I | \$1,836,003 | \$1,280,000 | Royal Bank of Canada |
| Single Family SF11B-2 | Class I | \$1,840,000 | \$1,840,000 | Barclays Bank PLC New York |
| Single Family SF11B-2 | Class I | \$1,840,000 | \$1,840,000 | AIG |
| Single Family SF11B-2 | Class I | \$1,970,000 | \$1,970,000 | AIG |
| Single Family SF11B-2 | Class I | \$2,300,000 | \$2,300,000 | AIG |
| Single Family SF11B-2 | Class I | \$9,243,698 | \$3,300,000 | JP Morgan |
| Single Family SF11B-2 | Class I | \$9,243,698 | \$3,303,081 | JP Morgan |
| Single Family SF11B-2 | Class I | \$9,540,689 | \$4,095,000 | JP Morgan |
| Single Family SF11B-2 | Class I | \$6,938,406 | \$4,125,000 | JP Morgan |
| Single Family SF11B-2 | Class I | \$8,617,978 | \$5,310,000 | BNY Mellon |
| | | | <u>\$63,901,458</u> | |
| 2011 Series C Derivative Products: | | | | |
| Single Family SF11C-1 | Class I | \$546,000 | \$0 | JP Morgan |
| Single Family SF11C-1 | Class I | \$390,046 | \$390,046 | JP Morgan |
| Single Family SF11C-1 | Class I | \$1,090,000 | \$1,090,000 | Barclays Bank PLC New York |
| Single Family SF11C-1 | Class I | \$40,000,000 | \$2,170,000 | UBS Investment Bank |
| Single Family SF11C-1 | Class I | \$13,949,329 | \$2,340,000 | UBS Investment Bank |
| Single Family SF11C-1 | Class I | \$3,456,849 | \$2,410,000 | Royal Bank of Canada |
| Single Family SF11C-1 | Class I | \$47,000,000 | \$2,820,000 | Bayerische Landesbank |



| | | | | |
|---|---------|------------------------|------------------------|----------------------------|
| Single Family SF11C-1 | Class I | \$60,000,000 | \$3,585,000 | Bayerische Landesbank |
| Single Family SF11C-1 | Class I | \$11,344,538 | \$4,050,000 | JP Morgan |
| Single Family SF11C-1 | Class I | \$11,344,538 | \$4,053,782 | JP Morgan |
| Single Family SF11C-1 | Class I | \$11,823,931 | \$5,075,000 | JP Morgan |
| Single Family SF11C-1 | Class I | \$8,595,213 | \$5,110,000 | JP Morgan |
| Single Family SF11C-1 | Class I | \$10,687,266 | \$6,585,000 | BNY Mellon |
| Single Family SF11C-2 | Class I | \$570,000 | \$0 | JP Morgan |
| Single Family SF11C-2 | Class I | \$405,047 | \$405,047 | JP Morgan |
| Single Family SF11C-2 | Class I | \$772,353 | \$690,000 | Barclays Bank PLC New York |
| Single Family SF11C-2 | Class I | \$710,000 | \$710,000 | Barclays Bank PLC New York |
| Single Family SF11C-2 | Class I | \$2,280,660 | \$1,590,000 | Royal Bank of Canada |
| Single Family SF11C-2 | Class I | \$2,020,000 | \$2,020,000 | Barclays Bank PLC New York |
| Single Family SF11C-2 | Class I | \$2,020,000 | \$2,020,000 | AIG |
| Single Family SF11C-2 | Class I | \$13,114,754 | \$2,200,000 | UBS Investment Bank |
| Single Family SF11C-2 | Class I | \$2,530,000 | \$2,530,000 | AIG |
| Single Family SF11C-2 | Class I | \$10,504,202 | \$3,750,000 | JP Morgan |
| Single Family SF11C-2 | Class I | \$10,504,202 | \$3,753,501 | JP Morgan |
| Single Family SF11C-2 | Class I | \$11,008,487 | \$4,725,000 | JP Morgan |
| Single Family SF11C-2 | Class I | \$8,006,500 | \$4,760,000 | JP Morgan |
| Single Family SF11C-2 | Class I | \$9,948,814 | \$6,130,000 | BNY Mellon |
| Single Family SF11C-3 | Class I | \$588,000 | \$0 | JP Morgan |
| Single Family SF11C-3 | Class I | \$420,049 | \$420,049 | JP Morgan |
| Single Family SF11C-3 | Class I | \$850,708 | \$760,000 | Barclays Bank PLC New York |
| Single Family SF11C-3 | Class I | \$790,000 | \$790,000 | Barclays Bank PLC New York |
| Single Family SF11C-3 | Class I | \$2,065,503 | \$1,440,000 | Royal Bank of Canada |
| Single Family SF11C-3 | Class I | \$1,970,000 | \$1,970,000 | AIG |
| Single Family SF11C-3 | Class I | \$1,972,000 | \$1,972,000 | Barclays Bank PLC New York |
| Single Family SF11C-3 | Class I | \$12,935,917 | \$2,170,000 | UBS Investment Bank |
| Single Family SF11C-3 | Class I | \$2,470,000 | \$2,470,000 | AIG |
| Single Family SF11C-3 | Class I | \$10,028,011 | \$3,580,000 | JP Morgan |
| Single Family SF11C-3 | Class I | \$10,028,011 | \$3,583,343 | JP Morgan |
| Single Family SF11C-3 | Class I | \$10,193,044 | \$4,375,000 | JP Morgan |
| Single Family SF11C-3 | Class I | \$7,409,376 | \$4,405,000 | JP Morgan |
| Single Family SF11C-3 | Class I | \$9,218,477 | \$5,680,000 | BNY Mellon |
| | | | <u>\$108,577,768</u> | |
| 2011 Series D Derivative Products: | | | | |
| Single Family SF11D-1 | Class I | \$7,297,049 | \$6,955,000 | Barclays Bank PLC New York |
| Single Family SF11D-1 | Class I | \$24,258,405 | \$23,000,000 | AIG |
| Single Family SF11D-2 | Class I | \$8,320,000 | \$7,930,000 | Barclays Bank PLC New York |
| Single Family SF11D-2 | Class I | \$17,086,355 | \$16,200,000 | AIG |
| | | | <u>\$54,085,000</u> | |
| Total Outstanding Class I | | \$2,237,925,000 | \$1,264,695,000 | |
| Total Outstanding Class II | | \$50,000,000 | \$50,000,000 | |
| | | <u>\$2,287,925,000</u> | <u>\$1,314,695,000</u> | |

⁽¹⁾ As of December 31, 2011.

⁽²⁾ In November 2011, the Authority issued its 2011 Series B Bonds, 2011 Series C Note and 2011 Series D Bonds (collectively, the "2011 Bonds"), the proceeds of which were used to refund all or a portion of certain outstanding Bonds. In connection with the refunding of such Bonds, certain of these Interest Rate Contracts have been allocated in whole or in part to the 2011 Bonds.



APPENDIX B

The Mortgage Loan Portfolio

As of December 31, 2011, First Mortgage Loans with an outstanding aggregate principal balance of \$1,261,406,034 and Second Mortgage Loans with an outstanding aggregate principal balance of \$30,266,100 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:

INFORMATION CONCERNING THE MORTGAGE LOANS AS OF

December 31, 2011

| Series of Bond ⁽¹⁾ | Outstanding Aggregate Principal Balance of First Mortgage Loans | Aggregate Number of Outstanding First Mortgage Loans | Average Principal Balance per First Mortgage Loan | Average Principal 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 | \$66,346,364 | 671 | \$98,877 | 6.03% | 22.52 | \$16,006,654 | 4,111 | \$3,894 |
| SF02A | \$26,659,460 | 296 | \$90,066 | 5.80% | 21.11 | | | |
| SF02B | \$41,126,941 | 404 | \$101,799 | 6.00% | 21.75 | \$445,324 | 119 | \$3,742 |
| SF02C | \$53,404,126 | 513 | \$104,102 | 5.80% | 21.63 | \$572,082 | 155 | \$3,691 |
| SF03A | \$25,297,990 | 244 | \$103,680 | 5.53% | 21.44 | | | |
| SF03B | \$77,716,082 | 750 | \$103,621 | 5.48% | 21.72 | \$1,138,329 | 321 | \$3,546 |
| SF03C | \$47,053,598 | 467 | \$100,757 | 5.50% | 21.97 | | | |
| SF04A | \$44,722,020 | 412 | \$108,549 | 5.21% | 22.49 | | | |
| SF04B | \$41,861,392 | 336 | \$124,587 | 5.23% | 22.91 | | | |
| SF05A | \$49,865,546 | 415 | \$120,158 | 5.46% | 23.19 | | | |
| SF05B | \$87,097,034 | 741 | \$117,540 | 5.46% | 23.50 | | | |
| SF06A | \$58,686,373 | 513 | \$114,398 | 5.37% | 23.87 | | | |
| SF06B | \$97,231,833 | 812 | \$119,744 | 5.69% | 24.41 | \$2,405,856 | 608 | \$3,957 |
| SF06C | \$78,897,265 | 640 | \$123,277 | 6.13% | 24.86 | \$6,918,876 | 1,742 | \$3,972 |
| SF07A | \$100,481,084 | 802 | \$125,288 | 5.73% | 25.23 | \$2,728,978 | 719 | \$3,796 |
| SF07B | \$123,316,080 | 983 | \$125,449 | 6.06% | 25.59 | | | |
| SF08A | \$181,307,449 | 1,345 | \$134,801 | 6.22% | 27.22 | \$50,000 | 2 | \$25,000 |
| SF09A | \$60,335,397 | 515 | \$117,156 | 5.56% | 26.48 | | | |
| Total | \$1,261,406,034 | 10,859 | \$116,162 | 5.77% | 24.18 | \$30,266,100 | 7,777 | \$3,892 |
| Average for Portfolio | \$70,078,113 | 603 | \$116,162 | 5.77% | 24.18 | \$1,681,450 | 432 | \$3,892 |

⁽¹⁾ Proceeds of the Authority's 2011 Bonds were used to refund all or a portion of certain outstanding Bonds. In connection with the refunding of such Bonds, the Mortgage Loans originally financed with the proceeds of a Series of the refunded Bonds have been deemed under the Indenture to have been financed by both the refunded Bonds and the 2011 Bonds used to redeem the refunded Bonds of such Series. All of such Mortgage Loans deemed to relate to the 2011 Bonds continue to be shown in this table within the original Series.



MORTGAGE INSURANCE INFORMATION FOR MORTGAGE LOANS

December 31, 2011

| Series of Bonds ⁽¹⁾ | Conventional Insured | FHA | VA | RHCDS | Conventional Uninsured | CHFA 2nds - Uninsured |
|--------------------------------|----------------------|-------|-------|-------|------------------------|-----------------------|
| SF01AA | 14.2% | 51.2% | 4.3% | 3.5% | 7.4% | 19.4% |
| SF02A | 2.3% | 86.3% | 4.9% | 3.2% | 3.3% | 0.0% |
| SF02B | 8.1% | 76.8% | 5.2% | 3.5% | 5.4% | 1.1% |
| SF02C | 7.2% | 77.2% | 6.9% | 2.7% | 4.9% | 1.1% |
| SF03A | 2.1% | 86.3% | 7.5% | 1.0% | 3.1% | 0.0% |
| SF03B | 4.2% | 82.0% | 4.5% | 3.2% | 4.6% | 1.4% |
| SF03C | 1.3% | 87.7% | 4.3% | 2.6% | 4.1% | 0.0% |
| SF04A | 6.6% | 70.9% | 8.9% | 4.0% | 9.6% | 0.0% |
| SF04B | 3.3% | 76.8% | 15.4% | 1.9% | 2.7% | 0.0% |
| SF05A | 3.8% | 78.7% | 9.2% | 2.6% | 5.7% | 0.0% |
| SF05B | 6.4% | 74.0% | 10.9% | 3.3% | 5.3% | 0.0% |
| SF06A | 10.2% | 67.0% | 12.0% | 2.3% | 8.5% | 0.0% |
| SF06B | 22.3% | 54.4% | 7.3% | 3.1% | 10.5% | 2.4% |
| SF06C | 24.5% | 57.1% | 4.0% | 2.0% | 4.4% | 8.1% |
| SF07A | 42.2% | 40.7% | 4.3% | 1.9% | 8.3% | 2.6% |
| SF07B | 42.8% | 43.9% | 4.5% | 1.5% | 7.3% | 0.0% |
| SF08A | 37.4% | 53.9% | 4.1% | 1.5% | 3.1% | 0.0% |
| SF09A | 0.9% | 83.6% | 3.9% | 1.4% | 10.3% | 0.0% |
| INDENTURE TOTAL | 19.3% | 63.6% | 6.2% | 2.4% | 6.2% | 2.3% |

⁽¹⁾ Proceeds of the Authority's 2011 Bonds were used to refund all or a portion of certain outstanding Bonds. In connection with the refunding of such Bonds, the Mortgage Loans originally financed with the proceeds of a Series of the refunded Bonds have been deemed under the Indenture to have been financed by both the refunded Bonds and the 2011 Bonds used to redeem the refunded Bonds of such Series. All of such Mortgage Loans deemed to relate to the 2011 Bonds continue to be shown in this table within the original Series.



INFORMATION CONCERNING PROPERTY TYPES FOR FIRST MORTGAGE LOANS
December 31, 2011

| Series of Bonds ⁽¹⁾ | SINGLE FAMILY DETACHED | CONDOMINIUMS / TOWNHOMES | OTHER |
|--------------------------------|------------------------|-----------------------------|-------|
| SF01AA | 79.6% | 15.3% | 5.1% |
| SF02A | 73.7% | 24.2% | 2.1% |
| SF02B | 71.1% | 26.0% | 2.9% |
| SF02C | 68.0% | 28.0% | 3.9% |
| SF03A | 66.0% | 30.1% | 3.8% |
| SF03B | 70.4% | 26.6% | 3.0% |
| SF03C | 67.4% | 28.7% | 3.9% |
| SF04A | 71.1% | 25.3% | 3.6% |
| SF04B | 73.8% | 22.7% | 3.5% |
| SF05A | 73.5% | 23.4% | 3.1% |
| SF05B | 68.8% | 27.1% | 4.1% |
| SF06A | 71.5% | 23.9% | 4.6% |
| SF06B | 72.4% | 22.6% | 5.0% |
| SF06C | 66.3% | 24.2% | 9.5% |
| SF07A | 66.8% | 21.1% | 12.0% |
| SF07B | 67.3% | 23.4% | 9.3% |
| SF08A | 75.3% | 16.1% | 8.6% |
| SF09A | 71.1% | 18.2% | 10.7% |
| INDENTURE TOTAL | 71.1% | 22.4% | 6.5% |

⁽¹⁾ Proceeds of the Authority's 2011 Bonds were used to refund all or a portion of certain outstanding Bonds. In connection with the refunding of such Bonds, the Mortgage Loans originally financed with the proceeds of a Series of the refunded Bonds have been deemed under the Indenture to have been financed by both the refunded Bonds and the 2011 Bonds used to redeem the refunded Bonds of such Series. All of such Mortgage Loans deemed to relate to the 2011 Bonds continue to be shown in this table within the original Series.

| Series of Bonds ⁽¹⁾ | Original # of Loans Financed | Loans Prepaid in Full | Loans Foreclosed |
|--------------------------------|------------------------------|-----------------------|------------------|
| SF01AA | 10,677 | 5,706 | 195 |
| SF02A | 1,148 | 737 | 115 |
| SF02B | 1,761 | 1,065 | 174 |
| SF02C | 2,065 | 1,252 | 146 |
| SF03A | 668 | 342 | 82 |
| SF03B | 2,563 | 1,316 | 177 |
| SF03C | 939 | 376 | 96 |
| SF04A | 820 | 301 | 107 |
| SF04B | 622 | 208 | 77 |
| SF05A | 699 | 202 | 82 |
| SF05B | 1,228 | 345 | 142 |
| SF06A | 770 | 181 | 76 |
| SF06B | 2,251 | 698 | 134 |
| SF06C | 3,456 | 978 | 98 |
| SF07A | 2,125 | 504 | 101 |
| SF07B | 1,414 | 320 | 111 |
| SF08A | 1,946 | 436 | 163 |
| SF09A | 655 | 117 | 25 |
| INDENTURE TOTAL | 35,807 | 15,084 | 2,101 |

⁽¹⁾ Proceeds of the Authority's 2011 Bonds were used to refund all or a portion of certain outstanding Bonds. In connection with the refunding of such Bonds, the Mortgage Loans originally financed with the proceeds of a Series of the refunded Bonds have been deemed under the Indenture to have been financed by both the refunded Bonds and the 2011 Bonds used to redeem the refunded Bonds of such Series. All of such Mortgage Loans deemed to relate to the 2011 Bonds continue to be shown in this table within the original Series.



**FORECLOSURE AND DELINQUENCY STATISTICS
FOR FIRST & SECOND MORTGAGES ⁽¹⁾
December 31, 2011**

| Series of Bonds ⁽²⁾ | Number of Loans Financed | Number of Loans Prepaid in Full | Number of Loans Foreclosed to Date | Number of Real Estate Owned Loans | Number of Mortgage Loans Outstanding | Number of Delinquent 60+ Days | Value of Delinquent Loans | Percentage of Total Loans Delinquent 60+ Days * | Number of Loans in Foreclosure | Value of Foreclosure | Percentage of Loans in Foreclosure * | Percentage of All Loans Delinquent and Foreclosure * |
|---------------------------------------|---------------------------------|--|---|--|---|--------------------------------------|----------------------------------|--|---------------------------------------|-----------------------------|---|---|
| SF01AA | 10,677 | 5,706 | 195 | 3 | 4,782 | 31 | \$1,799,334 | 2.18% | 21 | \$2,763,576 | 3.36% | 5.54% |
| SF02A | 1,148 | 737 | 115 | 2 | 296 | 7 | \$647,822 | 2.43% | 10 | \$1,001,501 | 3.76% | 6.19% |
| SF02B | 1,761 | 1,065 | 174 | 1 | 523 | 10 | \$1,075,330 | 2.59% | 17 | \$1,472,350 | 3.54% | 6.13% |
| SF02C | 2,065 | 1,252 | 146 | 3 | 668 | 10 | \$1,110,304 | 2.06% | 13 | \$1,321,194 | 2.45% | 4.50% |
| SF03A | 668 | 342 | 82 | 0 | 244 | 8 | \$1,006,845 | 3.98% | 15 | \$1,543,627 | 6.10% | 10.08% |
| SF03B | 2,563 | 1,316 | 177 | 3 | 1,071 | 23 | \$2,301,550 | 2.92% | 23 | \$2,346,489 | 2.98% | 5.89% |
| SF03C | 939 | 376 | 96 | 1 | 467 | 10 | \$934,271 | 1.99% | 14 | \$1,306,009 | 2.78% | 4.76% |
| SF04A | 820 | 301 | 107 | 3 | 412 | 10 | \$906,366 | 2.03% | 14 | \$1,523,688 | 3.41% | 5.43% |
| SF04B | 622 | 208 | 77 | 1 | 336 | 5 | \$627,656 | 1.50% | 16 | \$1,965,980 | 4.70% | 6.20% |
| SF05A | 699 | 202 | 82 | 2 | 415 | 6 | \$786,224 | 1.58% | 14 | \$1,608,547 | 3.23% | 4.80% |
| SF05B | 1,228 | 345 | 142 | 3 | 741 | 12 | \$1,428,192 | 1.64% | 31 | \$3,917,852 | 4.50% | 6.14% |
| SF06A | 770 | 181 | 76 | 1 | 513 | 11 | \$1,466,799 | 2.50% | 17 | \$1,912,963 | 3.26% | 5.76% |
| SF06B | 2,251 | 698 | 134 | 7 | 1,420 | 12 | \$1,659,710 | 1.67% | 36 | \$4,324,618 | 4.34% | 6.01% |
| SF06C | 3,456 | 978 | 98 | 8 | 2,382 | 15 | \$2,196,579 | 2.56% | 27 | \$3,405,304 | 3.97% | 6.53% |
| SF07A | 2,125 | 504 | 101 | 3 | 1,521 | 20 | \$2,373,721 | 2.30% | 42 | \$5,903,925 | 5.72% | 8.02% |
| SF07B | 1,414 | 320 | 111 | 6 | 983 | 29 | \$3,975,180 | 3.22% | 38 | \$5,232,575 | 4.24% | 7.47% |
| SF08A | 1,946 | 436 | 163 | 17 | 1,347 | 51 | \$6,658,370 | 3.67% | 76 | \$11,006,409 | 6.07% | 9.74% |
| SF09A | 655 | 117 | 25 | 0 | 515 | 13 | \$1,385,979 | 2.30% | 18 | \$2,287,393 | 3.79% | 6.09% |
| Total | 35,807 | 15,084 | 2,101 | 64 | 18,636 | 283 | \$32,340,231 | 2.50% | 442 | \$54,844,000 | 4.25% | 6.75% |

⁽¹⁾ Estimated

⁽²⁾ Proceeds of the Authority's 2011 Bonds were used to refund all or a portion of certain outstanding Bonds. In connection with the refunding of such Bonds, the Mortgage Loans originally financed with the proceeds of a Series of the refunded Bonds have been deemed under the Indenture to have been financed by both the refunded Bonds and the 2011 Bonds used to redeem the refunded Bonds of such Series. All of such Mortgage Loans deemed to relate to the 2011 Bonds continue to be shown in this table within the original Series.

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



APPENDIX C

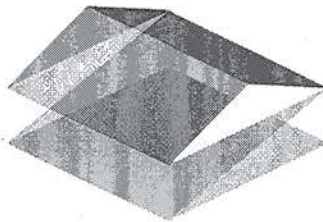
**Financial Statements for the
Years ended December 31, 2011 and with summarized Financial Information for 2010
and Independent Accountants' Reports**

**COLORADO HOUSING AND FINANCE AUTHORITY
ANNUAL FINANCIAL REPORT**

(With Independent Auditors' Report Thereon)

For the Year Ended December 31, 2011

(With comparative financial information for 2010)



chfa

*Prepared by:
Accounting Division*

COLORADO HOUSING AND FINANCE AUTHORITY – Annual Financial Report

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colorado housing and finance authority



EXECUTIVE LETTER

**Message from Cris White,
Executive Director and CEO
March, 2012**

Since the economic decline of 2008, Colorado's community and business leaders have been focused on restoring economic stability through job creation, collaboration, and innovation. These efforts have begun to show results. By year end, Colorado's unemployment was 7.9 percent, down one percent from the previous year. And while the median single family home sales price decreased by 2 percent; the number of units sold increased by 2 percent. CHFA has worked to assist these efforts by furthering our mission of affordable housing and economic development finance.

In 2011, CHFA's Home Finance Division delivered over \$394 million in loan production serving 2,609 households. Nearly one-fourth of our home finance customers purchased foreclosed or abandoned properties, helping restore stability to Colorado neighborhoods. Additionally, CHFA continued its tradition of supporting home buyer education by providing free in-person and online classes to 7,100 Colorado households. We updated our homebuyer education course curriculum to address legal and process changes facing today's first time buyers. Greater emphasis has been placed on helping prospective buyers understand the Good Faith Estimate and Truth in Lending forms. Additionally, the course now provides proactive information about the availability of free-HUD approved foreclosure prevention counseling should payment difficulties arise. The new curriculum was launched with a promotional Tool Kit that includes marketing and teaching resources to help our 27 housing counseling partner agencies promote classes in their communities, and ensure course consistency between providers.

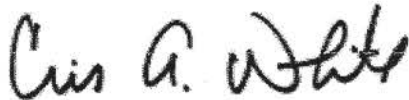
CHFA's Commercial Lending Division also experienced significant activity over the past year. Requests for Low Income Housing Tax Credits (LIHTC) outpaced credit availability by 5 to 1. The growing demand for 9 percent LIHTCs has placed greater emphasis on CHFA's commitment to transparency and predictability in the allocation process. As we developed the 2012 Qualified Allocation Plan (QAP), CHFA added more opportunities for stakeholder input through surveys and public hearings. Based on feedback received, we expanded our LIHTC Allocation Committee membership to include two members of the public. Additionally, we've noted several housing and market priorities in the QAP to assist the development community in better understating our areas of emphasis.

Likewise, CHFA's Business Finance team expanded existing partnerships to make new resources available to Colorado's lending and business communities. In conjunction with the Colorado Office of Economic Development and International Trade (OEDIT), CHFA launched the Colorado Capital Access and the Cash Collateral Support programs utilizing \$17.2 million in funding authorized through the Small Business Jobs Act of 2010. These programs will help Colorado's small and medium sized businesses access capital by providing incentives designed to leverage private bank financing. Colorado Capital Access was modeled after our existing Colorado Credit Reserve program, which utilizes funds provided by the Colorado General Assembly in 2009. Through 2011, Colorado Credit Reserve has assisted 433 businesses obtain \$16.82 million in financing and supported nearly 3,000 new and existing jobs. Eleven percent of Colorado Credit Reserve customers are minority owned businesses, and 42 percent are women-owned businesses.

Last year, I also was pleased to welcome CHFA's new Chief Financial Officer Patricia Hippe. Patricia joins us from the Minnesota Housing Finance Agency where she raised over \$5.4 billion in capital to support their single family and multifamily finance programs. She is a strong addition to our team, and brings a wealth of experience in for-profit, nonprofit, and government finance. In 2011, CHFA also continued to implement our Diversity and Inclusion Initiative. This effort is designed to create a more inclusive environment at CHFA by breaking down

departmental silos, and creating a culture where we embrace the contributions of diverse perspectives. When we operate with an emphasis on inclusion, we enrich the dialogue and ensure cross-collaborative decision making occurs. I believe that cross-collaborative decision making, when done correctly, results in better decisions, is more efficient, and actually saves time in the long run. This approach has assisted us not only as we work internally, but as we look externally at how we can best achieve our mission. As the year ahead continues, we will keep looking at new opportunities for the organization. Whether we can achieve success by expanding partnerships, refining programs, or launching new initiatives - CHFA remains dedicated to financing the places where Coloradans live and work.

Sincerely,

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

Cris A. White
Executive Director and CEO

colorado housing and finance authority



MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)



This section of the Colorado Housing and Finance Authority's (the Authority) annual financial report presents management's discussion and analysis of the financial position and results of operations at and for the fiscal years ended December 31, 2011 and 2010. This information is being presented to provide additional information regarding the activities of the Authority and to meet the disclosure requirements of Government Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* (GASB No. 34).

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

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

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

Overview of the Financial Statements

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

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

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



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

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

Debt Activity

CHFA issued \$39.2 million in Single Family Series 2011AA market bonds, and \$58.8 million of converted Series 2009AA NIBP program bonds in April, 2011. The \$98 million in bond proceeds were used to provide permanent financing for loans originated under the Authority's qualified single family loan programs and securitized into Ginnie Mae mortgage backed securities. The Authority does not plan to issue more NIBP bonds in 2012, favoring the funding of loan purchases through the securitization and MBS sale process. In July, 2011, CHFA restructured mandatory sinking fund payments in the Single Family Series 2006B-2 bonds in order to provide more flexibility and also realize savings to the indenture.

During 2011, CHFA renewed \$129 million in expiring liquidity agreements with Barclays Capital and \$56 million with FHLBank Topeka. The Authority put in place a new \$200 million liquidity facility with the Royal Bank of Canada in November, 2011 as a replacement bank for facilities provided by Dexia. In an effort to reduce liquidity facility needs, the Authority refunded just over \$227 million in outstanding single family variable rate demand obligations (VRDOs) into floating rate notes (FRNs). The November, 2011 refunding consisted of two direct placement transactions and one public market sale and resulted in a direct reduction of liquidity facilities related to VRDOs. In 2012, CHFA plans to continue pursuing liquidity facility replacements and renewals as well as FRN transactions which eliminate the overall need for such facilities.

CHFA novated (transferred) an \$80 million swap agreement from Citibank NA to BNY Mellon in December, 2011. The novated swap retained the same terms as the original agreement and was undertaken to eliminate the weaker credit counterparty, Citibank, in favor of a stronger one, BNY Mellon. The Authority will evaluate additional novation and replacement opportunities that may arise in 2012.

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

Financial Highlights

- Total net loans receivable as of December 31, 2011 were \$2.3 billion, a decrease of \$346.4 million, or 13.1%, compared to the amount outstanding as of December 31, 2010. Loan repayments occurred without a corresponding increase in new loans retained as the Authority continued to issue Ginnie Mae securities during the year. During 2011, \$404.2 million in loans were sold through the issuance of Ginnie Mae securities.
- Total investments as of December 31, 2011 were \$884.7 million, an increase of \$11.8 million, or 1.4%, compared to the amount outstanding as of December 31, 2010. Offsetting the reduction of investments was a significant increase to the fair value of investments due to declining interest rates.
- Total deferred outflows as of December 31, 2011 was \$267.4 million, an increase of \$87.2 million, or 48.4%, compared to the amount outstanding as of December 31, 2010, which reflects a decline in market expectations of future interest rates (decline in forward yield curve).
- As of December 31, 2011, total debt outstanding was \$2.9 billion, a decrease of \$368.2 million, or 11.1%, compared to the balance at December 31, 2010. Payments of loans have been used to reduce bond balances rather than recycled into new loans.



- Net position as of December 31, 2011, was \$270.5 million, an increase of \$16.9 million, or 6.7%, compared to net position of \$253.6 million as of December 31, 2010, increasing the Authority's capital position. Net position as a percent of total assets increased from 6.8% as of December 31, 2010 to 8.0% as of December 31, 2011.
- As reflected in the Statement of Revenues, Expenses and Changes in Net Position, net position increased by \$16.9 million for 2011 as compared to a \$281 thousand decrease during 2010. The \$16.9 million, or 6.7%, increase was primarily composed of the following:
 - An \$8.5 million decrease in net interest income as a result of lower investment rates and higher bond expenses.
 - A \$13.8 million increase in other operating revenues is a result of the following:
 - \$502 thousand decrease in real estate owned (REO) rental income.
 - \$3.0 million decrease in gain/sale of loans.
 - \$1.2 million increase in investment derivative activity loss.
 - \$18.6 million increase in fair value of investments.
 - \$43 thousand decrease in loan servicing and other revenues.
 - A \$12.0 million decrease in operating expense primarily as a result of an increase in salaries and related benefits due to increased staffing and benefit costs, a decrease in general operating expenses due to reduced Lehman swap termination costs and an increase in provision for loan losses due to increased delinquencies and foreclosures.



Analysis of Financial Activities

Condensed Summary of Net Position

(in thousands of dollars)

| For the years ended December 31, | 2011 | 2010 Restated | 2009 Restated |
|---|-------------------|-------------------|-------------------|
| Assets | | | |
| Cash | \$ 89,292 | \$ 91,981 | \$ 35,900 |
| Investments | 884,670 | 872,861 | 575,994 |
| Loans receivable | 2,264,846 | 2,601,982 | 2,880,823 |
| Loans receivable held for sale | 38,206 | 47,478 | 67,356 |
| Capital assets, net | 24,160 | 26,741 | 28,586 |
| Other assets | 70,365 | 79,061 | 76,619 |
| Total assets | 3,371,539 | 3,720,104 | 3,665,278 |
| Deferred Outflows | | | |
| Accumulated decrease in fair value of hedging derivatives | 267,410 | 180,245 | 137,632 |
| Liabilities | | | |
| Bonds and notes payable, net | 2,935,507 | 3,303,668 | 3,278,881 |
| Derivative instruments and related borrowings | 335,558 | 243,572 | 204,498 |
| Other liabilities | 97,362 | 99,531 | 63,213 |
| Total liabilities | 3,368,427 | 3,646,771 | 3,546,592 |
| Deferred Inflows | | | |
| Accumulated increase in fair value of hedging derivatives | - | - | 2,458 |
| Net position: | | | |
| Invested in capital assets | 24,160 | 26,741 | 28,586 |
| Restricted by bond indentures | 137,096 | 113,252 | 163,809 |
| Unrestricted | 109,266 | 113,586 | 61,465 |
| Total net position | \$ 270,522 | \$ 253,579 | \$ 253,860 |

The deferred outflows, deferred inflows and net position for December 31, 2010 and 2009 were adjusted due to the early adoption of GASB No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions* (GASB No. 64), which designates specific circumstances where hedge accounting may continue after the termination of the hedging derivative instrument. The early adoption of GASB No. 64 resulted in the following adjustments to the Statement of Net Position as of December 31, 2010; deferred outflows increased by \$36,462,000, deferred inflows decreased by \$6,168,000, beginning net position increased by \$44,778,000, and ending net position decreased by \$42,630,000. The early adoption of GASB No. 64 resulted in the following adjustments to the Statement of Net Position as of December 31, 2009 deferred outflows increased by \$24,873,000, deferred inflows decreased by \$19,905,000, beginning net position increased by \$46,865,000, and ending net position decreased by \$44,778,000.

Comparison of Years Ended December 31, 2011 and 2010

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



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

Comparison of Years Ended December 31, 2010 and 2009:

Total assets increased \$54.8 million, or 1.5% from the prior year. Cash and cash equivalents, and investments, combined, increased \$352.9 million, or 57.7%. Mortgage and other loans receivable decreased by \$298.7 million, or 10.1%, as a result of loan repayments occurring without a corresponding increase in new loans retained, as the Authority continued to issue Ginnie Mae securities during the year. Total deferred outflows increased \$42.6 million, or 31.0% from the prior year, due to declining interest rates.

Total liabilities increased \$100.2 million, or 2.8% from the prior year. Notes and bond payable increased \$24.8 million, or 0.8% primarily due to the reduction of bonds payable from the collection of mortgage payments. Derivative instruments and related borrowings increased \$39.1 million, or 19.1% from prior year.

Subsequent Events:

In March of 2012, the Authority completed the sale of the real estate for all Blended Component Units, which encompass the Rental Assistance Program ("RAP") - Hyland Park Centre Corporation ("Hyland Park"), Tanglewood Oaks Apartments Corporation ("Tanglewood"); and Village of Yorkshire Corporation ("Yorkshire"). In addition, the Authority completed the sale of real estate for Maple Tree Settlement, which is not a Blended Component Unit, but is part of RAP. Each of these properties was sold at a gain. These properties contributed a total increase to net operating income in 2011 and 2010 of \$1.5 million and \$498 thousand respectively.

The Authority paid in full the outstanding Lehman swap termination settlement as of March 2012.

Also in March, the Authority redeemed \$106,325,000 of NIPB bonds.

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

| For the years ended December 31, | 2011 | 2010 Restated | 2009 Restated |
|--|---------------|---------------|-----------------|
| Interest income and expense: | | | |
| Interest on loans receivable | \$ 134,597 | \$ 151,319 | \$ 173,009 |
| Interest on investments | 23,423 | 18,094 | 15,053 |
| Interest on debt | (138,545) | (141,458) | (173,971) |
| Net interest income | 19,475 | 27,955 | 14,091 |
| Other operating income: | | | |
| Rental income | 8,804 | 9,306 | 7,460 |
| Gain on sale of loans | 16,792 | 19,817 | 8,528 |
| Investment derivative activity loss | (1,715) | (473) | (2,882) |
| Net increase in the fair value of investments | 25,887 | 7,324 | (10,396) |
| Other revenues | 19,443 | 19,400 | 18,430 |
| Total other operating income | 69,211 | 55,374 | 21,140 |
| Total operating income | 88,686 | 83,329 | 35,231 |
| Operating expenses: | | | |
| Salaries and related benefits | 18,210 | 17,808 | 16,180 |
| General operating | 40,783 | 55,636 | 17,815 |
| Depreciation | 3,684 | 3,773 | 3,159 |
| Provision for loan losses | 9,036 | 6,521 | 14,404 |
| Total operating expenses | 71,713 | 83,738 | 51,558 |
| Net operating income (loss) | 16,973 | (409) | (16,327) |
| Federal grant receipts | 134,491 | 134,613 | 112,458 |
| Federal grant payments | (134,491) | (134,613) | (112,458) |
| Gain (loss) on sale of capital assets | (30) | 128 | - |
| Nonoperating revenues and expenses, net | (30) | 128 | - |
| Change in net position | 16,943 | (281) | (16,327) |
| Net position: | | | |
| Beginning of year | 253,579 | 253,860 | 270,187 |
| End of year | \$ 270,522 | \$ 253,579 | \$ 253,860 |

Comparison of Years Ended December 31, 2011 and 2010

Total operating income increased by \$5.4 million in 2011 to \$88.7 million, an increase of 6.4%, compared to 2010. The following contributed to the increase:

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



- The fair value of investments increased by \$18.6 million due primarily to a decrease in market interest rates during 2011.

Total operating expenses decreased \$12.0 million in 2011 to \$71.7 million, a decrease of 14.4%, compared to 2010. The decrease was primarily due to an increase in salaries and related benefits due to increased staffing, merit increases and health insurance costs, a decrease in general operating costs related to Lehman swap termination settlements, a decrease in depreciation expense due to assets becoming fully depreciated and an increase in provision for loan losses due to increasing delinquencies and foreclosures.

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

Comparison of Years Ended December 31, 2010 and 2009

Total operating income increased by \$49.3 million in 2010 to \$83.3 million, an increase of 144.8%, compared to 2009. The following contributed to the increase:

- Interest income decreased by \$18.6 million in 2010 as a result of reduced loans receivable balances.
- Interest expense related to debt decreased by \$33.7 million due to the normalization of interest rates and lower outstanding debt.
- Gain on sale of loans increased by \$11.3 million in 2010 due primarily to gains on the sale of GNMA securities.
- The fair value of investments increased by \$17.7 million due primarily to a decrease in market rates in 2010.

Total operating expenses increased \$33.4 million in 2010 to \$83.7 million, an increase of 66.2%, compared to 2009. The following contributed to the decrease:

- Salaries and related benefits increased by \$1.6 million, or 10.1%, due to increased staffing, merit increases and health insurance costs.
- General operating costs increased by \$39.0 million or 234.6%, due to expenses related to the Lehman swap termination settlements and costs associated with the Rental Acquisition Program and Other Real Estate Owned including management fees, repairs and maintenance, utilities, personal and administrative costs.
- Depreciation expense increased \$614 thousand, or 19.4%, due to purchase, implementation, and development and computer software.
- Offsetting these increases is a \$7.9 million decrease to the provision for loan losses due to a change in accounting estimate for reserves related to government-insured loans to better reflect credit risk considering economic programs, borrower factors, and collateral values.

colorado housing and finance authority



AUDITORS' REPORT



KPMG LLP
Suite 2700
707 Seventeenth Street
Denver, CO 80202-3499

Independent Auditors' Report

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

We have audited the accompanying financial statements of the Colorado Housing and Finance Authority (the Authority), as of and for the year ended December 31, 2011, which comprise the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit. The accompanying basic financial statements of the Authority as of December 31, 2010, were audited by other auditors whose report thereon dated June 27, 2011, expressed an unqualified opinion on those statements, before the restatement to reflect the retroactive application of an accounting principle and change in accounting described in note 1(c) to the basic financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of December 31, 2011, and the respective changes in financial position, and cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

We also audited the adjustments described in note 1(c) that were applied to restate the 2010 basic financial statements to reflect the retroactive application of an accounting principle and change in accounting. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the 2010 basic financial statements of the Authority other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2010 basic financial statements taken as a whole.



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

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information included in Schedules 1 through 3 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

As discussed in note 1(c) to the financial statements, during 2011, the Authority adopted Governmental Accounting Standards Board (GASB) Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions*. The adoption required retroactive application to prior periods.

KPMG LLP

March 29, 2012

colorado housing and finance authority



BASIC FINANCIAL STATEMENTS

Colorado Housing and Finance Authority **Statements of Net Position**

For the years ended December 2011 and 2010

(in thousands of dollars)

| | 2011 | 2010 Restated, note 1 |
|---|-------------------|--------------------------|
| Assets | | |
| Current assets: | | |
| Cash | | |
| Restricted | \$ 56,011 | \$ 75,483 |
| Unrestricted | 33,281 | 16,498 |
| Investments (partially restricted, see note 2) | 646,232 | 652,878 |
| Loans receivable (partially restricted, see note 3) | 113,701 | 134,211 |
| Loans receivable held for sale | 38,206 | 47,478 |
| Other current assets | 25,049 | 30,394 |
| Current assets | 912,480 | 956,942 |
| Noncurrent assets: | | |
| Investments (partially restricted, see note 2) | 238,438 | 219,983 |
| Loans receivable, net (partially restricted, see note 3) | 2,151,145 | 2,467,772 |
| Capital assets, net | 24,160 | 26,741 |
| Other assets | 45,316 | 48,667 |
| Total noncurrent assets | 2,459,059 | 2,763,163 |
| Total assets | 3,371,539 | 3,720,105 |
| Deferred Outflows | | |
| Accumulated decrease in fair value of hedging derivatives | 267,410 | 180,245 |
| Liabilities | | |
| Current liabilities: | | |
| Short-term debt | 46,100 | 87,900 |
| Bonds payable | 321,512 | 299,187 |
| Notes payable | 104 | 79 |
| Other current liabilities | 73,421 | 90,764 |
| Current liabilities | 441,137 | 477,930 |
| Noncurrent liabilities: | | |
| Bonds and notes payable, net | 2,567,791 | 2,916,502 |
| Derivative instruments | 281,951 | 183,600 |
| Hybrid instrument borrowing | 53,607 | 59,972 |
| Other liabilities | 23,941 | 8,767 |
| Total noncurrent liabilities | 2,927,290 | 3,168,841 |
| Total liabilities | 3,368,427 | 3,646,771 |
| Net position | | |
| Invested in capital assets | 24,160 | 26,741 |
| Restricted by bond indentures | 137,096 | 113,252 |
| Unrestricted | 109,266 | 113,586 |
| Total net position | \$ 270,522 | \$ 253,579 |

See accompanying notes to basic financial statements.

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

For the years ended December 2011 and 2010

(in thousands of dollars)

| | 2011 | 2010 Restated, note 1 |
|--|------------|--------------------------|
| Interest income and expense: | | |
| Interest on loans receivable | \$ 134,597 | \$ 151,319 |
| Interest on investments | 23,423 | 18,094 |
| Interest on debt | (138,545) | (141,458) |
| Net interest income | 19,475 | 27,955 |
| Other operating revenue: | | |
| Rental income | 8,804 | 9,306 |
| Gain on sale of loans | 16,792 | 19,817 |
| Investment derivative activity loss | (1,715) | (473) |
| Net increase in the fair value of investments | 25,887 | 7,324 |
| Other revenues | 19,443 | 19,400 |
| Total other operating income | 69,211 | 55,374 |
| Total operating income | 88,686 | 83,329 |
| Operating expenses: | | |
| Salaries and related benefits | 18,210 | 17,808 |
| General operating | 40,783 | 55,636 |
| Depreciation | 3,684 | 3,773 |
| Provision for loan losses | 9,036 | 6,521 |
| Total operating expenses | 71,713 | 83,738 |
| Net operating income (loss) | 16,973 | (409) |
| Federal grant receipts | 134,491 | 134,613 |
| Federal grant payments | (134,491) | (134,613) |
| Gain (loss) on sale of capital assets | (30) | 128 |
| Nonoperating revenues and expenses, net | (30) | 128 |
| Change in net position | 16,943 | (281) |
| Net position: | | |
| Beginning of year | 253,579 | 253,860 |
| End of year | \$ 270,522 | \$ 253,579 |

See accompanying notes to basic financial statements.

Colorado Housing and Finance Authority
Statements of Cash Flows
For the years ended December 2011 and 2010
(in thousands of dollars)

| | 2011 | 2010 Restated, note 1 |
|---|----------------|--------------------------|
| Cash flows from operating activities: | | |
| Principal payments received on loans receivable and receipts from dispositions of other real estate owned | \$ 303,302 | \$ 320,375 |
| Interest payments received on loans receivable | 138,083 | 154,818 |
| Payments for loans receivable | (367,983) | (428,218) |
| Receipts from sales of Ginnie Mae securities | 420,989 | 417,478 |
| Receipts from rental operations | 8,748 | 9,346 |
| Receipts from other revenues | 19,391 | 19,173 |
| Payments for salaries and related benefits | (18,775) | (17,109) |
| Payments for goods and services | (41,362) | (19,213) |
| All other, net | 1,503 | (1,185) |
| Net cash provided by operating activities | 463,896 | 455,465 |
| Cash flows from noncapital financing activities: | | |
| Net increase (decrease) in short-term debt | (41,800) | 14,650 |
| Proceeds from issuance of bonds | 266,435 | 275,210 |
| Proceeds from issuance of notes payable | 1,388 | 125 |
| Receipts from federal grant programs | 135,352 | 134,308 |
| Payments for federal grant programs | (134,491) | (134,613) |
| Principal paid on bonds | (583,898) | (247,064) |
| Principal paid on notes payable | (105) | (17,415) |
| Interest paid on short-term debt | (271) | (226) |
| Interest rate swap settlements | (92,102) | (95,330) |
| Interest paid on bonds | (49,000) | (52,336) |
| Interest paid on notes payable | (756) | (1,004) |
| Bond issuance costs paid | (1,728) | (1,365) |
| Net cash used by noncapital financing activities | (500,976) | (125,060) |
| Cash flows from capital and related financing activities: | | |
| Purchase of capital assets | (1,133) | (2,148) |
| Proceeds from the disposal of capital assets | - | 347 |
| Net cash used by capital and related financing activities | (1,133) | (1,801) |
| Cash flows from investing activities: | | |
| Proceeds from maturities and sales of investments | 3,089,608 | 2,897,006 |
| Purchase of investments | (3,075,530) | (3,186,689) |
| Income received from investments | 21,446 | 17,160 |
| Net cash provided (used) by investing activities | 35,524 | (272,523) |
| Net increase (decrease) in cash | (2,689) | 56,081 |
| Cash at beginning of year | 91,981 | 35,900 |
| Cash at end of year | \$ 89,292 | \$ 91,981 |
| Restricted | 56,011 | 75,483 |
| Unrestricted | 33,281 | 16,498 |
| Cash, end of year | \$ 89,292 | \$ 91,981 |

See accompanying notes to basic financial statements.

Continued on the next page

Colorado Housing and Finance Authority

Statements of Cash Flows *(continued)*

For the years ended December 2011 and 2010

(in thousands of dollars)

| | 2011 | 2010 |
|---|------------|------------------|
| | | Restated, note 1 |
| Reconciliation of operating income (loss) to net cash provided (used) by operating activities: | | |
| Net operating income (loss) | \$ 16,973 | \$ (409) |
| Adjustments to reconcile operating income (loss) to net cash used by operating activities: | | |
| Depreciation expense | 3,684 | 3,773 |
| Amortization of service release premiums | 3,538 | 2,946 |
| Amortization of deferred loan fees/costs, net | 65 | 115 |
| Amortization of derivatives related borrowings | (6,364) | (6,469) |
| Provision for loan losses | 9,036 | 6,521 |
| Gain on sale of capital assets | 30 | - |
| Interest on investments | (23,418) | (18,087) |
| Interest on debt | 144,909 | 147,927 |
| Unrealized loss on investment derivatives | 1,715 | 473 |
| Unrealized gain on investments | (25,887) | (7,324) |
| Loss on sale of REO | 1,631 | 413 |
| Gain on sale of loans receivable held for sale | (16,792) | (19,817) |
| Changes in assets and liabilities: | | |
| Loans receivable and other real estate owned | 350,818 | 306,083 |
| Accrued interest receivable on loans and investments | 3,742 | 3,505 |
| Other assets | 1,446 | (3,983) |
| Accounts payable and other liabilities | (1,230) | 39,798 |
| Net cash provided by operating activities | \$ 463,896 | \$ 455,465 |

See accompanying notes to basic financial statements.

colorado housing and finance authority



NOTES TO BASIC FINANCIAL STATEMENTS



1) Organization and Summary of Significant Accounting Policies

(a) Authorizing Legislation and Reporting Entity

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

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

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

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

Blended Component Units – Rental Acquisition Program ("RAP") - Hyland Park Centre Corporation ("Hyland Park"), Tanglewood Oaks Apartments Corporation ("Tanglewood"), and Village of Yorkshire Corporation ("Yorkshire") have been designated as blended component units and included in the Authority's financial statements. Hyland Park, Tanglewood and Yorkshire are public, nonprofit 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.

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

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

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

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



(b) Basis of Accounting

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

(c) Summary of Significant Accounting Policies

Estimates - The preparation of financial statements in conformity with 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. Significant estimates to the Authority's financial statements include the allowance for loan losses and fair value estimates. Actual results could differ from those estimates.

Cash and Restricted Cash - The Authority's cash and cash equivalents are considered to be cash on hand and demand deposits held in banks.

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

Investments - Investments of the Authority, with the exception of nonparticipating investment agreements, which are reported at cost, are reported at fair value based on values obtained from third-party pricing services. The values are based on quoted market prices when available or on adjusted value in relation to observable prices on similar investments. Investments with an initial maturity of one year or less are valued at amortized cost, which approximates fair value. Virtually all investments are restricted.

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

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

Allowance for Loan Losses - The allowance for loan losses is a reserve against current operations based on management's estimate of expected loan losses. Management's estimate considers such factors as the payment history of the loans, the projected cash flows of the borrowers, estimated value of the collateral, subsidies, guarantees, mortgage insurance, historical loss experience for each loan type, additional guarantees provided by the borrowers and economic conditions. Based on the review of these factors, a total reserve amount is calculated and a provision is made against current operations to reflect the estimated balance.

Troubled Debt Restructuring - A restructuring of a debt constitutes a troubled debt restructuring if the creditor for economic or legal reasons related to the debtor's financial difficulties grants a concession to the debtor that it would not



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

otherwise consider. Whatever the form of concession granted by the creditor to the debtor in a troubled debt restructuring, the creditor's objective is to make the best of a difficult situation. That is, the creditor expects to obtain more cash or other value from the debtor, or to increase the probability of receipt, by granting the concession than by not granting it.

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

Capital Assets – The Authority's capital assets consist of two groups. Corporate capital assets include those capital assets other than those used in its RAP activities. The 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 sources of funds, including (1) general obligation and multi-family bond proceeds, (2) seller-carry notes, and (3) contributions from the Authority's general operating account. As of December 31, 2011, the Authority owned a total of four RAP projects, including its three component units, containing 917 units. These properties were sold subsequent to year-end, see note 15.

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, which are 30 years for buildings and from 3 to 10 years for furniture and equipment.

Other Assets – The major other assets are:

- *Mortgage servicing rights (servicing release premiums)*: amortized over the life of the related loans using the effective interest method. Unamortized costs totaling \$21,520,000 and \$21,705,000 were outstanding at December 31, 2011 and 2010, respectively. Included in these amounts are mortgage servicing rights of \$9,502,000 and \$6,765,000, as of December 31, 2011 and 2010, respectively, related to loans sold by the Authority for which the Authority retained the mortgage servicing rights. These mortgage servicing rights are reported at the lower of cost or fair value. In 2011, the Authority recognized an impairment loss of \$635,000. The impairment loss is reported in general operating expense on the Statement of Revenues, Expenses and Changes in Net Position. No impairment was recognized in 2010.
- *Other real estate owned (REO)*: represents real estate acquired through foreclosure and in-substance foreclosures. Other real estate owned is recorded at the lower of the investment in the loan or the estimated net realizable value, which equals estimated fair value minus closing costs.
- *Bond and note issuance costs*: costs of debt issuance are deferred and amortized to interest expense over the lives of the bond issues using the effective interest method.

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

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



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equal to 100% of the principal amount of the bonds outstanding, with each rate not exceeding maximum rates permitted by law. The variable rate bonds that bear interest monthly are based on the 1-month London Interbank Offered Rate (LIBOR).

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

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

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

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

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

Derivative Instruments - Forward Sales Contracts – Forward sales securities commitments and private investor sales commitments are utilized to hedge changes in fair value of mortgage loan inventory and commitments to originate mortgage loans. At December 31, 2011, the Authority had executed 34 forward sales transactions with an \$82,392,000 notional amount with three counterparties with concentrations and ratings (Standard and Poor's / Moody's Investors Service) as shown in note 8. The forward sales will all settle by March 19, 2012. These contracts are considered investment derivative instruments.

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

Other Liabilities – The major other liabilities are:

- **Servicing escrow:** the net amount of collected escrow funds currently being held to pay future obligations of property taxes and insurance premiums due on real properties. The Authority has a corresponding asset that is recorded in restricted cash.



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- *Alternative Dispute Resolution*: amounts due to Lehman Brothers Financial Products, Inc. and Lehman Brothers Special Financing, Inc. (the "Lehman Debtors") to resolve a dispute relating to the termination value of certain derivative contracts between the Authority and the Lehman Debtors. It is anticipated that the amounts will be paid in full during 2012.
- *Deferred Low Income Housing Tax Credit (LIHTC) Income*: compliance monitoring fees collected in advance on multi-family properties that have been awarded low-income housing tax credits to be used over a 15-year period. These fees cover the ongoing cost the Authority incurs to certify that these properties remain low-income compliant during the 15-year period and continue to be eligible to use the tax credits awarded.
- *Compensated Absences*: employees accrue paid time off at a rate based on length of service. Employees may accrue and carry over a maximum of 150% of their annual paid time off benefit. The liability for compensated absences is based on current salary rates and is reported in the Statement of Net Position.

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

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

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

New Accounting Principles - The Authority has evaluated the financial statement impact and adopted several new Statements issued by the Governmental Accounting Standards Board (GASB) in its current fiscal year ended December 31, 2011.

GASB issued GASB Statement No. 62, which improves financial reporting by incorporating into GASB's authoritative literature certain accounting and financial reporting guidance that is included in FASB and the American Institute of Certified Public Accountants ("AICPA") pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements. GASB No. 62 will supersede Statement No. 20. The requirements of GASB No. 62 are effective for financial statements for periods beginning after December 15, 2011, although earlier application is encouraged. There was no material impact to the Authority's financial statements from the early adoption of this standard in 2011.

GASB issued GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* ("GASB No. 63"), which provides guidance for reporting deferred outflows of resources and deferred inflows of resources within the financial statements of governmental entities. These elements were previously identified and defined in GASB Concepts Statement No. 4, *Elements of Financial Statements*. Deferred outflows of resources are defined as a consumption of net assets by the government that is applicable to a future reporting period. They are required to be reported in the statement of financial position in a separate section following assets. Similarly,



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deferred inflows of resources are defined as an acquisition of net assets by a government that is applicable to a future reporting period. They should be reported in the statement of financial position in a separate section following liabilities. Additionally, GASB No. 63 renames the statement of net assets as the statement of net position. The statement of net position should report all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. There was no material impact to the Authority's financial statements from the early adoption of this standard in 2011.

GASB issued GASB Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions* ("GASB No. 64"), which designates specific circumstances where hedge accounting may continue after the termination of the hedging derivative instrument. Under the provisions of GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments* (GASB No. 53), a government is to cease hedge accounting upon the termination of the hedging derivative instrument, resulting in the immediate recognition of the deferred outflows or inflows of resources as a component of investment income. However, in many instances, governments have managed to replace their swap counterparty or swap counterparty's credit support providers by amending existing swap agreements or by entering into new swap agreements. Therefore, GASB No. 64 was issued to clarify the circumstances in which an effective hedging relationship continues after these events occur.

Under GASB No. 64, a hedging derivative instrument is considered terminated unless an effective hedging relationship continues when all of the following criteria are met: 1) collectability of swap payments is considered to be probable, 2) the swap counterparty of the interest rate swap or commodity swap, or the swap counterparty's credit support provider, is replaced with an assignment or in-substance assignment, and 3) the government enters into the assignment or in-substance assignment in response to the swap counterparty, or the swap counterparty's credit support provider, either committing or experiencing an act of default or a termination event as both are described in the swap agreement. The early adoption of this statement in 2011 required adjustment to prior periods.

The early adoption of GASB No. 64, in 2011 allowed the Authority to continue hedge accounting on certain interest rate swaps that were replaced in prior years. Prior to the adoption of GASB No. 64, the hedging associations for these interest rate swaps were considered terminated. Upon adoption of GASB No. 64, the Statement of Net Position as of December 31, 2010 was retroactively restated as follows: deferred outflows increased by \$36,462,000, deferred inflows decreased by \$6,168,000, beginning net position increased by \$44,778,000, and ending net position increased by a net \$42,630,000. Hybrid instrument borrowing amortization, which is reported in interest on debt on the 2010 Statement of Revenues, Expenses and Changes in Net Position, decreased by \$2,148,000.

Change in Accounting – Prior to the year ended December 31, 2011, the Authority presented three separate funds along with the combined total thereof in its basic financial statements. In the current year, the Authority has changed the presentation to include only the combined total of its programs, along with comparative prior year information. The total amounts are otherwise unchanged, from the prior year presentation as a result of this accounting change.

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

(2) Cash and Investments

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



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fund proceeds, which may be more or less restrictive than the Authority's investment policy. These investments are included in the disclosures below under State and political subdivision obligations.

Interest Rate Risk

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

| Investment Type | Investment Maturities (In Years) | | | | Total |
|---|----------------------------------|------------------|------------------|-------------------|-------------------|
| | Less Than 1 | 1-5 | 6-10 | More Than 10 | |
| Certificates of Deposits | \$ 2,700 | \$ - | \$ - | \$ - | \$ 2,700 |
| External investment pool (COLOTRUST) | 100,336 | - | - | - | 100,336 |
| Investment agreements - uncollateralized | 105,364 | - | - | 33,481 | 138,845 |
| Money market mutual fund | 275,372 | - | - | - | 275,372 |
| Repurchase agreements | 52,369 | - | - | 15,107 | 67,476 |
| State and political subdivision obligations | - | - | - | 2,587 | 2,587 |
| U.S. government agencies | 110,091 | 13,852 | 56,212 | 116,541 | 296,696 |
| U.S. Treasury | - | - | - | 658 | 658 |
| Total | \$ 646,232 | \$ 13,852 | \$ 56,212 | \$ 168,374 | \$ 884,670 |

As of December 31, 2010, the Authority had the following investment maturities:

| Investment Type | Investment Maturities (In Years) | | | | Total |
|---|----------------------------------|-----------------|------------------|-------------------|-------------------|
| | Less Than 1 | 1-5 | 6-10 | More Than 10 | |
| Certificate of Deposit | \$ 47,200 | \$ - | \$ - | \$ - | \$ 47,200 |
| External investment pool (COLOTRUST) | 105,079 | 16 | - | - | 105,095 |
| Investment agreements - collateralized | 23,967 | - | - | 6,875 | 30,842 |
| Investment agreements - uncollateralized | 121,991 | - | - | 40,277 | 162,268 |
| Money market mutual fund | 318,150 | 507 | - | - | 318,657 |
| Repurchase agreements | 2,162 | - | - | 2,151 | 4,313 |
| State and political subdivision obligations | - | - | - | 3,038 | 3,038 |
| U.S. government agencies | 22,561 | 6,897 | 65,961 | 105,441 | 200,860 |
| U.S. Treasury | - | - | - | 588 | 588 |
| Total | \$ 641,110 | \$ 7,420 | \$ 65,961 | \$ 158,370 | \$ 872,861 |

General Program investments of \$9,716,000 include investments pledged as of December 31, 2011 as follows: a \$2,700,000 certificate of deposit pledged to the FHLB line of credit and COLOTRUST investments of RDLP, RDLP II & RDLP V in the amounts of \$152,000, \$511,000 and \$18,000, respectively; each pledged as collateral for the Rural Development Loan Program (RDLP) notes payable.



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General Program investments of \$75,900,000 include investments pledged as of December 31, 2010 as follows: a \$47,200,000 certificate of deposit pledged to the FHLB line of credit, \$3,581,000 GNMA security, COLOTRUST investments of RDLP, RDLP II & RDLP V in the amounts of \$247,000, \$482,000 and \$5,325, respectively; each pledged as collateral for the of Rural Development Loan Program (RDLP) notes payable.

All Single-Family and Multi-Family/Business Program investments, which total \$874,954,000, are restricted under bond indentures or other debt agreements, or otherwise pledged as collateral for borrowings.

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

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

| Investment Type | 2011 | | 2010 | |
|---|----------------------|-------------------|-------------------|-------------------|
| | Rating | Total | Rating | Total |
| Certificate of Deposit | Not Rated | \$ 2,700 | Not Rated | \$ 47,200 |
| External investment pool | AAA | 100,336 | AAA/Aaa | 105,095 |
| Investment agreements - collateralized | - | - | Not Rated | 30,842 |
| Investment agreements - uncollateralized | AA/Aa | 49,840 | N/A | - |
| Investment agreements - uncollateralized | A/Aa | 45,533 | N/A | - |
| Investment agreements - uncollateralized | AAA/Aaa | 27,970 | N/A | - |
| Investment agreements - uncollateralized | AA/Aaa/Aa/Baa/NR | 15,502 | Not Rated | 162,268 |
| Money market mutual fund | AAA/Aaa/NR | 275,372 | AAA/Aaa/Aa/NR | 318,657 |
| Repurchase agreements | Not Rated | 67,476 | Not Rated | 4,313 |
| State and political subdivision obligations | AAA/Aaa/AA | 2,587 | AAA/Aaa/AA/Baa/Aa | 3,038 |
| U.S. government agencies | AA/Aaa/U.S. Treasury | 296,696 | AAA/Aaa | 200,860 |
| U.S. Treasury | AA/Aaa | 658 | AAA/Aaa | 588 |
| Total | | \$ 884,670 | | \$ 872,861 |

Of the investments in securities issued by state and political subdivisions, 47% 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, 2011 and 2010, the Authority had invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST), an investment vehicle established for local governmental entities in Colorado to pool funds available for investment. COLOTRUST is reflected in the above tables as an external investment pool. The State Securities Commissioner administers and enforces all State statutes governing COLOTRUST. COLOTRUST operates similarly to a money market fund and each share's fair value is \$1.00.



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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, as of December 31, 2011 and 2010.

| Issuer | 2011 | 2010 |
|--|-------------|-------------|
| Certificate of deposit - FHLB | 2.79% | 7.82% |
| U.S. government agencies - FHLMC | 6.76% | 5.94% |
| U.S. government agencies - FNMA | 5.93% | 5.50% |
| Investment agreements - uncollateralized - IXIS | 14.01% | 10.83% |
| Investment agreements - uncollateralized - Trinity | 4.74% | 6.30% |

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

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

Included in cash deposits are escrow deposits in the amount of \$24,652,000 and \$25,586,000 held in a fiduciary capacity as of December 31, 2011 and 2010, respectively. These escrow deposits are primarily held for the payment of property taxes and insurance on behalf of the mortgagors whose loans are owned or serviced by the Authority.



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

Loans receivable and loans receivable held for sale at December 31, 2011 and 2010 consist of the following:

| | 2011 | 2010 |
|---|--------------|--------------|
| General Programs | \$ 222,249 | \$ 233,313 |
| Single Family Programs: | | |
| Program Senior and Subordinate | 54,300 | 63,267 |
| Mortgage | 1,285,980 | 1,569,295 |
| Total Single Family Program loans | 1,340,280 | 1,632,562 |
| Multi-Family/Business Programs: | | |
| Insured Mortgage Revenue | 49,697 | 74,039 |
| Multi-Family/Project | 727,057 | 751,656 |
| Total Multi-Family/Business Program loans | 776,754 | 825,695 |
| Less intercompany loans, included in Multi-Family/Project above | (16,852) | (17,640) |
| Total | 2,322,431 | 2,673,930 |
| Payments in process | 111 | (2,407) |
| Deferred cash assistance expense | 6,082 | 6,635 |
| Deferred fee income | (8,150) | (8,960) |
| Allowance for loan losses | (17,423) | (19,737) |
| Total loans receivable, net and loans receivable held for sale | \$ 2,303,051 | \$ 2,649,461 |

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

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

During 2011, the Authority securitized and sold \$46.6 million single family loans for a gain. The gain is reported in gain on sale of loans in the accompanying statement of revenue, expense and changes in net position.

General Program loans include single-family, multi-family and business finance loans acquired under various programs of the General Program, loans to be sold through the issuance of GNMA securities, loans held as investments, and loans backed by bonds within the General Program. These loans are typically collateralized by mortgages on real property and improvements. Certain of these loans are also guaranteed by agencies of the U.S. government.

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

The single-family loan portfolio included in the general and single-family programs as of December 31, 2011 comprised of \$926 million of FHA insured loans, \$84 million of VA guaranteed loans, \$39 million of RD loans, \$249 million of conventional insured loans with the balance of \$168 million made up of uninsured conventional and second mortgage loans. The single-



Notes to Basic Financial Statements
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family loan portfolio included in the general and single-family programs as of December 31, 2010 comprised of \$1.1 billion of FHA insured loans, \$110 million of VA guaranteed loans, \$46 million of RD loans and \$292 million of conventional insured loans with the balance of \$202 million made up of uninsured conventional and second mortgage loans. The Authority is exposed to operational risk, which makes it subject to loss or repurchase of insured FHA loans if specific guidelines are not met. In 2011, the Authority recorded a reserve of \$458 thousand for claim refunds to be paid to the U.S. Department of Housing and Urban Development ("HUD"). No reserve was recorded in 2010.

As of December 31, 2011 and 2010, single-family mortgage loans with pending foreclosure actions have aggregate principal balances of approximately \$96.6 million and \$61.7 million, respectively. As of December 31, 2011 and 2010, the aggregate principal balance of single-family mortgage loans delinquent 60 days or greater, excluding REOs, was approximately \$136.6 million and \$137.3 million, respectively.

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

As of December 31, 2011, approximately \$530 million, or 75%, of the commercial loan balances are not covered by insurance. As of December 31, 2011, the insured loans comprised of \$240 million of Section 542(c) risk share loans, which are 50% insured, and \$40 million of Sections 221(d) and 223(f) new construction and rehabilitation loans, which are 99% insured.

As of December 31, 2010, the insured loans are comprised of \$253 million of Section 542(c) risk share loans, which are 50% insured, and \$58 million of Sections 221(d) and 223(f) new construction and rehabilitation loans, which are 99% insured. The remaining balances were uninsured.

As of December 31, 2011 and 2010, commercial loans with pending foreclosure actions have aggregate principal balances of approximately \$0.0 million and \$4.5 million, respectively. As of December 31, 2011 and 2010, commercial loans delinquent 60 days or greater aggregate principal balances were approximately \$4.1 million and \$6.1 million, respectively.

Activity in the allowance for loan loss for the years ended December 31, 2011 and 2010 was as follows:

| | <u>2011</u> | <u>2010</u> |
|-----------------------|------------------|------------------|
| Beginning balance | \$ 19,737 | \$ 20,759 |
| Provision | 9,036 | 6,521 |
| Net charge-offs | | |
| Single-family | (8,568) | (3,840) |
| Multi-family/Business | (2,782) | (3,703) |
| Ending balance | <u>\$ 17,423</u> | <u>\$ 19,737</u> |

The Authority services loans on the behalf of others, primarily for Ginnie Mae, which are not reported on the Statement of Net Position. As of December 31, 2011 and 2010, these outstanding loan balances were \$1.0 billion and \$695.3 million, respectively.



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The Authority has granted terms and interest rate concessions to Debtors, which are considered troubled debt restructuring, as of December 31, 2011 and 2010, as summarized below:

| Single Family Program Loans: | 2011 | 2010 |
|---|-------------|-------------|
| Aggregate Recorded Balance - TDRs | \$51,775 | \$15,368 |
| Number of TDR Loans | 347 | 116 |
| Gross Interest Revenue if Receivables had been current | \$3,124 | \$957 |
| Interest Revenue included in Changes in Net Position | \$1,936 | \$855 |

Single Family Program TDRs increased due to continuing difficult economic conditions for borrowers.

| Multi-Family/Business Program Loans: | 2011 | 2010 |
|---|-------------|-------------|
| Aggregate Recorded Balance - TDRs | \$29,008 | \$42,711 |
| Number of TDR Loans | 35 | 37 |
| Gross Interest Revenue if Receivables had been current | \$1,803 | \$2,922 |
| Interest Revenue included in Changes in Net Position | \$1,748 | \$2,681 |

Multi-Family/Business Program TDRs decreased primarily due to loan payoffs.



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

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

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



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Capital asset activity for the year ended December 31, 2010 was as follows:

| | Beginning Balance | Additions | Reductions | Ending Balance |
|--|----------------------|-----------|------------|-------------------|
| Non-depreciable capital assets: | | | | |
| Land | \$ 4,785 | \$ - | \$ - | \$ 4,785 |
| Construction in progress | 196 | 1,250 | (684) | 762 |
| Total non-depreciable capital assets | 4,981 | 1,250 | (684) | 5,547 |
| Depreciable capital assets: | | | | |
| Computer equipment/software | 11,694 | 722 | - | 12,416 |
| Furniture and equipment | 1,091 | 53 | (149) | 995 |
| Rental property - non-building related | 2,087 | 173 | (239) | 2,021 |
| Buildings and related improvements | 27,568 | 634 | (484) | 27,718 |
| Total depreciable capital assets | 42,440 | 1,582 | (872) | 43,150 |
| Less accumulated depreciation: | | | | |
| Computer equipment/software | (5,367) | (2,204) | - | (7,571) |
| Furniture and equipment | (408) | (139) | 149 | (398) |
| Rental property - non-building related | (790) | (265) | 239 | (816) |
| Buildings and related improvements | (12,270) | (1,165) | 264 | (13,171) |
| Total accumulated depreciation | (18,835) | (3,773) | 652 | (21,956) |
| Total depreciable capital assets, net | 23,605 | (2,191) | (220) | 21,194 |
| Total capital assets, net | \$ 28,586 | \$ (941) | \$ (904) | \$ 26,741 |



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As discussed in note 1(c), the Authority's capital assets consist of two groups; corporate capital assets and RAP capital assets. Summary of capital asset activity for these two groups for the year ended December 31, 2011 was as follows:

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

Summary of capital asset activity for these two components for the year ended December 31, 2010 was as follows:

| | Beginning Balance | Additions | Reductions | Ending Balance |
|------------------------------|----------------------|-----------|------------|-------------------|
| Corporate activities: | | | | |
| Cost | \$ 22,344 | \$ 2,072 | \$ (915) | \$ 23,501 |
| Accumulated depreciation | (8,696) | (2,749) | 229 | (11,216) |
| Net | 13,648 | (677) | (686) | 12,285 |
| RAP activities: | | | | |
| Cost | 25,077 | 760 | (641) | 25,196 |
| Accumulated depreciation | (10,139) | (1,024) | 423 | (10,740) |
| Net | 14,938 | (264) | (218) | 14,456 |
| Total capital assets, net | \$ 28,586 | \$ (941) | \$ (904) | \$ 26,741 |



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

Summary of financial information for the Authority's RAP activities as of December 31, 2011 and 2010 was as follows:

| For the years ended December 31, | 2011 | 2010 |
|---|-----------|-----------|
| Property, net of accumulated depreciation | \$ 13,926 | \$ 14,456 |
| Total assets | 19,334 | 18,210 |
| Total liabilities | 14,348 | 14,754 |
| Net position | 4,986 | 3,456 |

| For the years ended December 31, | 2011 | 2010 |
|---------------------------------------|----------|----------|
| Rental income | \$ 8,096 | \$ 7,656 |
| Gain (loss) on sale of capital assets | (30) | 128 |
| Interest income | 7 | 7 |
| General operating expenses | (4,544) | (5,176) |
| Depreciation expense | (939) | (1,024) |
| Interest expense | (1,060) | (1,093) |
| Operating income | \$ 1,530 | \$ 498 |

(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, which is 40% of the Authority's total assets, or \$1.3 billion. As of December 31, 2011 and 2010, the Authority had \$46.1 million and \$87.9 million of short-term debt outstanding with the FHLB, respectively. Borrowings under these agreements are used to support the Authority's various lending programs, to purchase loans to be sold through the issuance of GNMA securities and activities related to the Authority's private activity bond volume cap preservation program. Amounts drawn under the agreements bear interest at the same rates charged by the FHLB to its member banks and are collateralized by certain mortgage loans and investments. There are no commitment fees associated with these agreements.

The Authority also has a revolving, unsecured, commercial bank line of credit agreement for borrowings of up to \$30.0 million. Amounts drawn under the agreement bear interest fixed at 1.95% per annum above the daily One-Month LIBOR. This line of credit agreement terminates on September 30, 2012. The Authority pays an unused line fee at the rate of 0.25% per annum, payable in arrears on the first business day after each calendar quarter. The fee is based upon the amount by which the daily average of the aggregate principal amount of the borrowings outstanding is less than the line of credit.



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

Short-term debt activity for the years ended December 31, 2011, and 2010 was as follows:

| | <u>2011</u> | <u>2010</u> |
|-------------------|--------------------|--------------------|
| Beginning Balance | \$ 87,900 | \$ 73,250 |
| Additions | 5,228,735 | 4,467,100 |
| Repayments | <u>(5,270,535)</u> | <u>(4,452,450)</u> |
| Ending Balance | <u>\$ 46,100</u> | <u>\$ 87,900</u> |

(6) Bonds, Notes Payable and Other Liabilities

The Authority issues bonds and notes payable to finance its lending programs. Proceeds from long-term debt of the Single Family and Multi-Family/Business bonds are used for funding of single-family, multi-family and business loans. Long-term debt of the General Programs (including notes payable) is used to finance single-family and business loans related to various private placements, the Authority's RAP activities and general corporate purposes. The aggregate principal amounts of bonds and notes payable outstanding as of December 31, 2011 and 2010, are shown in the table on the following pages. Interest is payable semi-annually unless otherwise noted. Interest rates on most of the variable rate debt reset on a weekly basis by the remarketing agents. At December 31, 2011 these rates ranged from 0.08% to 1.85%. At December 31, 2010 these rates ranged from 0.27% to 0.54%. Three of the bond series reset on a monthly basis based on LIBOR, and one bond sub-series resets monthly based on the Securities Industry Financial Markets Association Municipal Swap Index (SIFMA).



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

| Description and Maturity Date | Interest rate (%) | 2011 | 2010 |
|--|-------------------|---------------|---------------|
| Bonds payable: | | | |
| General Programs - All General Program bonds carry the Authority's general obligation pledge: | | | |
| Single Family: | | | |
| Taxable Mortgage Revenue Bonds: (* principal and interest payable monthly) | | | |
| 2000 Series A* 2012 - 2020 | 6.91 | \$ 358 | \$ 384 |
| 2001 Series AP* 2012 - 2021 | 6.14 | 1,220 | 1,287 |
| 2004 Series A* 2012 - 2024 | 4.95 | 815 | 1,043 |
| 2004 Series B* 2012 - 2035 | 4.98 | 2,075 | 2,337 |
| 2004 Series CV* 2012 - 2035 | 5.14 | 1,146 | 1,494 |
| 2005 Series A* 2012 - 2035 | 5.17 | 5,135 | 6,252 |
| 2005 Series B* 2012 - 2036 | 5.32 | 4,651 | 5,353 |
| 2006 Series A* 2012 - 2036 | 5.92 | 5,774 | 6,786 |
| 2007 Series A* 2012 - 2037 | 5.50 | 4,672 | 5,704 |
| 2011 Series A* 2012 - 2031 | 2.92 | 4,678 | - |
| Total Single Family | | 30,524 | 30,640 |
| Multi-Family/Business Finance: | | | |
| Guaranteed Loan Participation Purchase Bonds: (* principal and interest payable monthly) | | | |
| 1999 Series A 2012-2024 | 5.71 | 491 | 521 |
| 2003 Series A* 2012-2023 | 5.00 | 193 | 1,539 |
| 2004 Series A* 2012-2024 | 4.62 | 935 | 1,995 |
| 2004 Series B* 2012-2024 | 4.88 | 4,652 | 5,991 |
| 2005 Series A* 2012-2025 | 4.81 | 2,241 | 2,524 |
| 2006 Series A* 2012-2026 | 5.98 | 2,366 | 3,158 |
| 2007 Series A* 2012-2027 | 5.89 | 1,933 | 3,290 |
| Total Guaranteed Loan Participation Purchase Bonds | | 12,811 | 19,018 |
| Project Loan Participation Purchase Bonds: (* principal and interest payable monthly) | | | |
| 2004 Series AP* 2012-2024 | 4.90 | 3,556 | 4,497 |
| Taxable Rental Project Revenue Bonds: (* principal and interest payable monthly) | | | |
| 2000 Series A 2012-2020 | 6.15 | 3,799 | 3,844 |
| 2002 Series AV* 2012-2022 | 5.55 | 5,176 | 5,476 |
| 2003 Series AV* 2012-2024 | 5.19 | 3,332 | 3,428 |
| 2004 Series A* 2012-2024 | 4.90 | 11,087 | 11,483 |
| Total Taxable Rental Project Revenue Bonds | | 23,394 | 24,231 |
| Total Multi-Family/Business Finance | | 39,761 | 47,746 |
| Total General Programs | | 70,285 | 78,386 |

Table continued on following page.



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

| Description and Maturity Date | | | Interest rate (%) | 2011 | 2010 |
|--|-------------|--|-------------------|------------------|------------------|
| Single Family Program: | | | | | |
| Single Family Program Senior and Subordinate Bonds: | | | | | |
| 1998 Series A | 2012 - 2029 | 6.50 - 6.60 | | 1,820 | 2,365 |
| 1998 Series B | 2012 - 2029 | 5.50 | | 2,198 | 2,748 |
| 1998 Series C | 2012 - 2029 | 5.63 | | 3,698 | 3,900 |
| 1998 Series D | 2012 - 2029 | 6.13 - 6.35 | | 2,935 | 3,815 |
| 1999 Series A | 2012 - 2030 | 6.05 - 6.45 | | 3,340 | 4,300 |
| 1999 Series B | 2012 - 2030 | 6.50 - 6.80 | | 1,075 | 1,660 |
| 1999 Series C | 2012 - 2031 | 6.75 - 7.05 | | 2,810 | 3,715 |
| 2000 Series A | 2012 - 2031 | 7.35 - 7.50 | | 1,480 | 1,730 |
| 2000 Series B | 2012 - 2031 | 6.70 - 7.25 | | 1,630 | 1,905 |
| 2000 Series C | 2012 - 2031 | 5.70 - 8.40 | | 1,040 | 1,355 |
| 2000 Series D | 2012 - 2032 | 5.40 - 6.90 | | 1,905 | 2,620 |
| 2000 Series E | 2012 - 2032 | 5.38 - 7.00 | | 1,780 | 1,980 |
| 2001 Series A | 2012 - 2032 | 5.00 - 6.50 | | 4,345 | 4,715 |
| 2001 Series B | 2012 - 2033 | 5.00 - 6.80 | | 5,160 | 5,870 |
| 2001 Series C | 2012 - 2033 | 4.88 - 6.60 | | 6,505 | 7,610 |
| Total Single Family Program Senior and Subordinate Bonds | | | | 41,721 | 50,288 |
| Single Family Mortgage Bonds: (* rates on the 2011 Series D bonds increase if the bond rating is downgraded) | | | | | |
| 2001 Series AA | 2012 - 2041 | Variable & 5.25 | | 111,840 | 111,840 |
| 2002 Series A | 2012 - 2032 | Variable & 5.00 - 5.65 | | 33,895 | 36,190 |
| 2002 Series B | 2012 - 2032 | Variable & 4.80 - 5.40 | | 31,765 | 58,400 |
| 2002 Series C | 2012 - 2036 | Variable & 4.40 - 4.95 | | 39,485 | 67,550 |
| 2003 Series A | 2012 - 2032 | Variable & 4.75 - 5.15 | | 29,065 | 33,170 |
| 2003 Series B | 2012 - 2033 | Variable & 5.00 | | 102,845 | 120,385 |
| 2003 Series C | 2012 - 2032 | Variable & 5.00 | | 43,125 | 62,765 |
| 2004 Series A | 2012 - 2034 | Variable & 5.25 | | 42,190 | 72,900 |
| 2004 Series B | 2012 - 2034 | Variable & 5.25 | | 34,585 | 64,615 |
| 2005 Series A | 2012 - 2035 | Variable & 5.25 | | 38,095 | 64,890 |
| 2005 Series B | 2012 - 2036 | Variable & 4.98 - 5.22 | | 68,490 | 124,770 |
| 2006 Series A | 2012 - 2036 | Variable & 5.00 | | 77,350 | 82,600 |
| 2006 Series B | 2012 - 2036 | Variable & 5.10 | | 115,520 | 145,495 |
| 2006 Series C | 2012 - 2036 | Variable & 4.63 | | 97,830 | 125,125 |
| 2007 Series A | 2012 - 2037 | Variable & 4.80 | | 100,295 | 145,115 |
| 2007 Series B | 2012 - 2038 | Variable | | 136,370 | 174,780 |
| 2008 Series A | 2012 - 2038 | Variable & 5.00 - 5.75 | | 194,790 | 302,420 |
| 2009 Series A | 2012 - 2029 | 2.95 - 5.50 | | 69,570 | 78,900 |
| 2011 Series AA | 2012 - 2041 | 0.60 - 5.00 | | 96,415 | - |
| 2011 Series B | 2012 - 2014 | Variable = 1 month LIBOR + (0.70 - 0.90) | | 64,180 | - |
| 2011 Series C | 2012 - 2013 | Variable = 1 month LIBOR + 0.60 | | 108,970 | - |
| 2011 Series D | 2012 - 2016 | Variable & SIFMA + 0.70, 75% LIBOR + 0.80* | | 54,085 | - |
| Total Single Family Mortgage Bonds | | | | 1,690,755 | 1,871,910 |
| Single Family Program Bonds: | | | | | |
| 2009 Series AA | 2015 | Variable - NIBP | | 216,410 | 275,210 |
| Total Single Family Program | | | | 1,948,886 | 2,197,408 |

Table continued on following page.



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

| Description and Maturity Date | Interest rate (%) | 2011 | 2010 |
|---|------------------------|---------------------|---------------------|
| Multi-Family/Business Program: | | | |
| Multi-Family Housing Insured - Mortgage Revenue Bonds: | | | |
| 1997 Series A 2012-2038 | 5.75 - 7.13 | - | 1,540 |
| 1997 Series B 2012-2038 | 5.70 - 5.90 | 3,915 | 10,220 |
| 1997 Series C 2012-2039 | 5.60 - 5.75 | 8,715 | 20,965 |
| 1998 Series A 2012-2039 | 5.35 - 6.70 | 9,220 | 15,050 |
| 1998 Series B 2012-2040 | 5.45 - 7.00 | 1,525 | 6,750 |
| 1999 Series A 2012-2041 | 4.55 - 6.65 | 17,920 | 18,130 |
| 1999 Series B 2012-2041 | 5.25 - 5.85 | 5,075 | 5,135 |
| 1999 Series C 2012-2041 | 6.05 - 6.20 | 5,565 | 5,610 |
| 2002 Series AA 2012-2030 | Variable | 25,420 | 26,820 |
| Total Multi-Family Housing Insured - Mortgage Revenue Bonds | | 77,355 | 110,220 |
| Multi-Family/Project Bonds: (* principal and interest payable quarterly on some of the bonds) | | | |
| 2000 Series A 2012 - 2030 | Variable | 18,110 | 21,715 |
| 2000 Series B* 2012 - 2042 | Variable & 5.90 - 6.10 | 25,410 | 25,790 |
| 2001 Series A 2012 - 2043 | 5.30 - 5.65 | 22,710 | 24,560 |
| 2002 Series A 2012 - 2042 | Variable & 5.70 | 22,150 | 22,585 |
| 2002 Series C 2012 - 2042 | Variable & 4.20 - 5.30 | 108,660 | 111,575 |
| 2003 Series A 2012 - 2033 | Variable | 37,210 | 38,235 |
| 2004 Series A 2012 - 2045 | Variable & 3.60 - 4.80 | 73,255 | 76,470 |
| 2005 Series A 2012 - 2040 | Variable | 63,730 | 65,390 |
| 2005 Series B 2012 - 2040 | Variable | 25,065 | 25,650 |
| 2006 Series A 2012 - 2036 | Variable | 51,815 | 53,305 |
| 2007 Series B 2012 - 2038 | Variable | 78,545 | 84,000 |
| 2008 Series A 2012 - 2043 | Variable | 30,775 | 31,470 |
| 2008 Series B 2012 - 2052 | Variable | 163,505 | 164,905 |
| 2008 Series C 2012 - 2038 | Variable | 34,650 | 34,940 |
| 2009 Series A 2012 - 2041 | Variable & 1.30 - 5.40 | 41,630 | 44,605 |
| Total Multi-Family/Project Bonds | | 797,220 | 825,195 |
| Total Multi-Family/Business Program | | 874,575 | 935,415 |
| Total bonds payable | | 2,893,746 | 3,211,209 |
| Premiums and losses classified as bonds payable | | | |
| Deferred premiums | | 3,273 | 3,311 |
| Deferred losses on refunding | | (15,147) | (5,004) |
| Bonds payable, net | | 2,881,872 | 3,209,516 |
| Notes payable | | 7,535 | 6,252 |
| Bonds and notes payable, net | | \$ 2,889,407 | \$ 3,215,768 |
| Statement of Net Position Summary | | | |
| Current: | | | |
| Bonds payable | | 321,512 | 299,187 |
| Notes payable | | 104 | 79 |
| Noncurrent: | | | |
| Bonds and notes payable, net | | 2,567,791 | 2,916,502 |
| Total | | \$ 2,889,407 | \$ 3,215,768 |



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

A breakdown of bonds payable as of December 31, 2011 and 2010, by fixed and variable interest rates, follows in the table below. Certain of the Authority's variable rate debt has been hedged by entering into pay fixed/receive variable rate interest rate swap agreements as further described in note 8. Such debt is referred to in the table as synthetic fixed rate debt.

| Description | 2011 | 2010 |
|---|--------------|--------------|
| Fixed rate debt | \$ 552,332 | \$ 555,879 |
| Hedged variable rate (synthetic fixed) debt | 1,944,459 | 2,088,735 |
| Unhedged variable rate debt | 396,955 | 566,595 |
| Total | \$ 2,893,746 | \$ 3,211,209 |

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 Position at December 31, 2011, are as follows:

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

The appreciated balances of these bonds at maturity, and as reflected in the accompanying Statement of Net Position at December 31, 2010, are as follows:

| Description and due date | Interest Rate (%) | Appreciated Balances | |
|---|-------------------|----------------------|-----------------|
| | | Maturity | 2010 |
| Single Family Program Senior and Subordinate Bonds: | | | |
| 1998 Series B - 2025-2029 | 5.50 | \$ 6,053 | \$ 2,498 |
| 1998 Series C - 2020-2029 | 5.63 | 8,313 | 3,900 |
| | | | <u>\$ 6,398</u> |



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

Also included in the table of bonds and notes payable outstanding are certain Single-Family and Multi-Family/Project bonds, which carry the Authority's general obligation pledge. These general obligation bonds are presented in the following table as of December 31, 2011 and 2010:

| Description | 2011 | 2010 |
|---|-------------------|-------------------|
| General Fund Program Bonds | \$ 70,285 | \$ 78,386 |
| Single Family Program Subordinate Bonds | 310 | 505 |
| Single Family Mortgage Bonds, Class III | 53,480 | 63,525 |
| Multi-Family/Project Bonds, Class I | 265,430 | 272,145 |
| Multi-Family/Project Bonds, Class II | 22,095 | 22,625 |
| Multi-Family/Project Bonds, Class III | 1,700 | 2,040 |
| Total | \$ 413,300 | \$ 439,226 |

Standby Purchase Agreements provide liquidity support on variable rate bonds that are remarketed weekly. The liquidity/commitment fees vary by agreement and are based on a percentage of the outstanding bond balance, payable semi-annually. Liquidity fees for the years ended December 31, 2011 and 2010 were \$10.2 and \$8.5 million, respectively. A schedule of providers and maturities is presented below, as of December 31, 2011:

| Liquidity Expiration | Barclays Bank PLC. (1) | Credit Agricole - CIB (2) | FHLB (3) | KBC Bank N.V. (4) | Royal Bank of Canada (5) | TCLP (6) | Grand Total |
|-------------------------|---------------------------|------------------------------|-------------------|-------------------|-----------------------------|-------------------|---------------------|
| 04/12 | \$ - | \$ - | \$ 29,950 | \$ - | \$ - | \$ - | 29,950 |
| 08/12 | - | 78,545 | - | - | - | - | 78,545 |
| 09/12 | 106,320 | - | - | - | - | - | 106,320 |
| 09/12 | - | - | 64,925 | - | - | - | 64,925 |
| 10/12 | - | - | - | 50,000 | - | - | 50,000 |
| 04/13 | - | - | 45,875 | - | - | - | 45,875 |
| 04/13 | - | - | 30,775 | - | - | - | 30,775 |
| 05/13 | - | - | 16,425 | - | - | - | 16,425 |
| 06/13 | - | - | 163,505 | - | - | - | 163,505 |
| 09/13 | - | - | 37,210 | - | - | - | 37,210 |
| 10/13 | - | - | 1,720 | - | - | - | 1,720 |
| 11/13 | - | - | 100,640 | - | - | - | 100,640 |
| 12/13 | - | - | 25,065 | - | - | - | 25,065 |
| 12/13 | - | - | 94,650 | - | - | - | 94,650 |
| 03/14 | - | - | 18,110 | - | - | - | 18,110 |
| 05/14 | - | - | 62,140 | - | - | - | 62,140 |
| 06/14 | - | - | 112,270 | - | - | - | 112,270 |
| 06/14 | - | - | 171,315 | - | - | - | 171,315 |
| 10/14 | - | - | - | - | 190,930 | - | 190,930 |
| 12/15 | - | - | - | - | - | 492,305 | 492,305 |
| Total | \$ 106,320 | \$ 78,545 | \$ 974,575 | \$ 50,000 | \$ 190,930 | \$ 492,305 | \$ 1,892,675 |

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

- (1) (a) Bank Rate: for the first 30 days following the purchase date, the "Base Rate" which equals the highest of the Fed funds plus 5%, prime rate plus 5% and Three-Month LIBOR plus 5%; then for the period 31-90 days following the purchase date, the Base Rate plus 2.00%; then for the period 91 days and higher following the purchase date, 12%.
- (b) Term out provisions: accelerated principal payment due in full on the date which is three years following the purchase date. Class III lien/General Obligation.
- (2) (a) Bank Rate: the higher of (a) prime rate or (b) Fed funds rate plus 1%.
- (b) Term out provisions: repayments due 90 days following purchase date in equal semiannual installments until fifth anniversary of the purchase date. Class I lien.



Notes to Basic Financial Statements
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- (3) (a) Bank Rate: One-Month LIBOR plus 2.00% (1.50% for 2003 Series B-3 Bonds).
 (b) Term out provisions: repayments due 90 days following purchase date in equal semiannual installments until fifth anniversary of the purchase date. Class III lien/General Obligation.
- (4) (a) Bank Rate: the higher of (a) prime rate or (b) Fed funds rate plus 1%.
 (b) Term out provisions: 10 equal semiannual installments following the purchase date. Class III lien/General Obligation.
- (5) (a) Bank Rate: for the first 90 days following the purchase date, the "Base Rate" which equals the highest of (i) the prime rate plus 2.50%, (ii) the Fed funds rate plus 3.00% and (iii) 8.00%; then for the period 91-180 days following the purchase date, the Base Rate plus 1.00%; then for the period 181 days and higher following the purchase date, the Base Rate plus 2.00%.
 (b) Term out provisions: repayments due on the first business day of February, May, August or November on or following 90 days following purchase date and thereafter quarterly on each such dates in equal installments to the third anniversary of such purchase date. Class I lien.
- (6) (a) Bank Rate: prime rate (based on JPMorgan Prime Rate) plus 1.00%.
 (b) Term out provisions: accelerated principal payment due in full on tenth anniversary of the purchase date. Class I lien.

Bonds, notes payable and other noncurrent liability activity for the year ended December 31, 2011 was as follows:

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



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

Bonds, notes payable and other noncurrent liability activity for the year ended December 31, 2010 was as follows:

| Description | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|------------------------------|-------------------|------------|--------------|----------------|---------------------|
| Bonds payable | \$ 3,164,517 | \$ 275,210 | \$ (527,863) | \$ 2,911,864 | \$ 299,345 |
| Deferred premiums | 4,458 | - | (1,456) | 3,002 | 309 |
| Deferred losses on refunding | (5,425) | - | 888 | (4,537) | (467) |
| Net bonds payable | 3,163,550 | 275,210 | (528,431) | 2,910,329 | 299,187 |
| Notes payable | 20,968 | 125 | (14,920) | 6,173 | 79 |
| Arbitrage rebate payable | 3,731 | (757) | (32) | 2,942 | - |
| Deferred income | 3,176 | 228 | (363) | 3,041 | 217 |
| Other liabilities | 2,996 | - | (212) | 2,784 | 35,009 |
| | 9,903 | (529) | (607) | 8,767 | 36,258 |
| | \$ 3,194,421 | \$ 274,806 | \$ (543,958) | \$ 2,925,269 | \$ 335,524 |

Bonds and notes payable sinking fund installments and contractual maturities subsequent to December 31, 2011, using rates in effect as of December 31, 2011, are as follows:

| Years Ending December 31, | General Program | | Single Family | | Multi-Family | | Notes Payable | |
|------------------------------|-----------------|-----------|---------------|------------|--------------|------------|---------------|----------|
| | Principal | Interest | Principal * | Interest | Principal | Interest | Principal | Interest |
| 2012 | \$ - | \$ 3,633 | \$ 312,540 | \$ 20,389 | \$ 9,665 | \$ 9,068 | \$ 104 | \$ 11 |
| 2013 | - | 3,633 | 100,655 | 19,407 | 10,175 | 8,867 | 104 | 10 |
| 2014 | 90 | 3,633 | 72,125 | 18,347 | 11,385 | 8,680 | 5,342 | 9 |
| 2015 | 179 | 3,625 | 55,005 | 17,754 | 11,895 | 8,553 | 106 | 8 |
| 2016 | 186 | 3,614 | 85,625 | 17,312 | 12,620 | 8,426 | 1,302 | 7 |
| 2017-2021 | 4,922 | 17,543 | 296,232 | 77,397 | 87,335 | 39,670 | 442 | 18 |
| 2022-2026 | 34,844 | 11,868 | 179,679 | 63,427 | 74,965 | 34,132 | 135 | 3 |
| 2027-2031 | 6,611 | 7,129 | 251,228 | 43,324 | 126,030 | 27,519 | - | - |
| 2032-2036 | 18,781 | 5,386 | 350,970 | 20,142 | 235,365 | 20,136 | - | - |
| 2037-2041 | 4,672 | 236 | 251,435 | 10,991 | 125,205 | 8,516 | - | - |
| 2042-2046 | - | - | - | - | 6,430 | 1,438 | - | - |
| 2047-2051 | - | - | - | - | - | 1,308 | - | - |
| 2052 | - | - | - | - | 163,505 | 152 | - | - |
| Total | \$ 70,285 | \$ 60,300 | \$1,955,494 | \$ 308,490 | \$ 874,575 | \$ 176,465 | \$ 7,535 | \$ 66 |

* Includes \$6.6 million of future accretion of principal value on capital appreciation bonds.

In response to capital market disruptions nationally, in late 2009 the U.S. Department of the Treasury announced a plan to assist Housing and Finance Authorities (HFAs) through a two-part initiative: a new bond purchase program called the New



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

Issue Bond Program ("NIBP") to support new lending by HFAs and a temporary credit and liquidity program ("TCLP") to improve the access of HFAs to liquidity for outstanding HFA bonds.

The NIBP provided financing for HFAs to issue new mortgage revenue bonds no later than December 31, 2011. Pursuant to the NIBP, the Authority issued its Single Family Program Class I Bonds in the amount of \$275,210,000 on January 12, 2010. Using authority under the Housing and Economic Recovery Act of 2008 ("HERA"), Treasury purchased securities of Fannie Mae and Freddie Mac backed by these mortgage revenue bonds. The bonds initially carry variable interest rates that approximate the investment interest rates earned from the investment of bond proceeds. The bonds must to be converted to fixed rate debt, concurrent with the issuance of other mortgage revenue bonds by the Authority or redeemed no later than December 31, 2015. As of December 31, 2011, \$216,410,000 NIBP bonds had not been converted.

The TCLP allows Fannie Mae and Freddie Mac to provide replacement credit and liquidity facilities to HFAs. The Treasury will backstop the replacement credit and liquidity facilities for the HFAs by purchasing an interest in them using HERA authority. The TCLP was set to expire December 31, 2012 but was extended to December 31, 2015 subject to submission and acceptance of a plan to extinguish TCLP facilities by the new expiration date. Plans are due in 2012 and CHFA is in the process of submitting its plan to the sponsoring entities. Pursuant to the TCLP, the Authority utilized \$903,685,000 to replace Standby Purchase Agreements on its variable rate bonds that are remarketed weekly, of which \$492,305,000 and \$814,085,000 was outstanding as of December 31, 2011 and 2010, respectively. The Authority plans to replace the TCLP facility with liquidity facilities provided by other banks or convert the underlying variable rate bonds to fixed rate bonds or to variable-rate debt that does not require standby liquidity.

(7) Conduit Debt Obligation

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

As of December 31, 2011, there were 68 series of bonds outstanding, with an aggregate principal amount outstanding of \$407,326,000. As of December 31, 2010, there were 67 series of bonds outstanding, with an aggregate principal amount outstanding of \$412,413,000.

(8) Derivative Instruments

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

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

The fair values take into consideration the prevailing interest rate environment and the specific terms and conditions of each swap. All fair values were estimated using the zero-coupon discounting method. This method calculates the future payments required by the swap, assuming that the current forward rates implied by the yield curve are the market's best



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estimate of future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero coupon rate bonds due on the date of each future net settlement payment on the swaps.

- (a) The Authority's interest rate swaps, which were used to hedge interest rate risk, are considered to be hedging derivative instruments under GASB No. 53, with the exception of Single Family Swap 2001-AA which is considered to be an investment derivative instrument.
- (b) In 2011, the Authority early adopted GASB No. 64, which designates specific circumstances where hedge accounting may continue after the termination of the hedging derivative instrument. As a result, the 2010 financial statements were restated; see New Accounting Principles in note 1.
- (c) On November 10, 2011, the Authority partially refunded certain single family bonds that were subject to existing interest rate swap agreements that were considered effective interest rate hedges. As a result of the partial refunding, deferred outflows related to those hedges in the amount of \$10.3 million has been reclassified to deferred refunding loss, which is presented as part of bonds and notes payable in the basic financial statements. The deferred refunding loss is amortized to interest expense over the life of the new debt using the straight line method. The interest expense is offset by an equal amount that is accreted to deferred outflows over the remaining life of the respective swap.

A summary of interest rate swaps for the years ended December 31, 2011, and 2010, was as follows:

| Summary of Interest Rate Swaps | 12/31/2011 | 12/31/2010 |
|---|------------|------------|
| | Fair Value | Fair Value |
| Par optional termination right with trigger | \$ 99,781 | \$ 76,429 |
| Par optional termination right | 68,925 | 47,295 |
| Trigger | 20,665 | 8,770 |
| Plain | 91,853 | 50,906 |
| Total fair value | \$ 281,224 | \$ 183,400 |

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

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

Detail of Outstanding Interest Rate Swaps - The key terms, including the fair values and counterparty credit ratings of the outstanding swaps as of December 31, 2011, are shown in the table below. The notional amounts of the swaps approximate the principal amounts of the associated debt. Except as discussed under amortization risk below, the authority's swap agreements contain scheduled reductions to outstanding notional amounts that are expected to approximately follow scheduled or anticipated reductions in the associated bonds payable. Based on the standard swap agreement, payments are settled on a net basis.

The Authority enters into master netting arrangements with each of its swap counterparties. All of the agreements provide for the netting of the value of assets and liability positions of all transactions with the respective counterparty. There are no



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other significant transactions with these counterparties outside of these swap agreements, such that the aggregate amount of liabilities included in the master netting arrangements is equal to the net fair value of the swaps.

Outstanding Swaps at December 31, 2011:

| Associated Bond Issue | Current Notional Amount | Effective Date | Termination Date | Fixed Rate Paid | Variable Rate Received * | Embedded Options | Optional Termination Date, at Par | Optional Termination Amount | Counterparty Rating S&P/Moody's | 2010 Fair Value ** | Change in Fair Value | 2011 Fair Value ** |
|-------------------------------|-------------------------------|-------------------|---------------------|-----------------------|------------------------------------|---------------------|--|---|---------------------------------------|-----------------------|-------------------------|-----------------------|
| Single Family: | | | | | | | | | | | | |
| Investment derivative: | | | | | | | | | | | | |
| 2001-AA **** | \$ 30,000 | 12/1/2009 | 11/1/2038 | 4.4850% | Trigger, SIFMA + .05% or 68% LIBOR | *** | 1) 11/1/2015 2) 11/1/2017 3) 11/1/2019 | Up to: 1) 7,500 2) 15,000 3) all remaining | A+/Aa3 | \$ (359) | \$ (1,311) | \$ (1,670) |
| Hedging derivatives: | | | | | | | | | | | | |
| 2001-AA2 **** | 46,840 | 12/4/2008 | 5/1/2031 | 4.6000% | Trigger, SIFMA + .05% or 68% LIBOR | | | | A+/Aa3 | (1,620) | (5,425) | (7,045) |
| 2001-AA1 | 15,340 | 12/2/2008 | 5/1/2018 | 5.5260% | Trigger, SIFMA + .05% or 68% LIBOR | | | | A+/Aa3 | (1,753) | (441) | (2,194) |
| 2002-A3 **** | 17,815 | 12/4/2008 | 11/1/2021 | 4.7490% | Trigger, SIFMA + .05% or 68% LIBOR | | | | A+/Aa3 | (895) | (726) | (1,621) |
| 2002-B3 **** | 38,125 | 12/4/2008 | 11/1/2021 | 4.5060% | Trigger, SIFMA + .05% or 68% LIBOR | | | | A+/Aa3 | (1,824) | (1,850) | (3,674) |
| 2002-C3 **** | 40,000 | 12/4/2008 | 5/1/2022 | 4.4220% | Trigger, SIFMA + .15% or 68% LIBOR | | | | A+/Aa3 | (1,791) | (2,371) | (4,162) |
| 2003-A2 **** | 19,455 | 12/2/2008 | 11/1/2021 | 4.1600% | Trigger, SIFMA + .05% or 68% LIBOR | | | | A+/Aa3 | (887) | (1,082) | (1,969) |
| 2003-B1 **** | 32,760 | 12/2/2008 | 11/1/2026 | 4.8510% | LIBOR + .05% | *** | 5/1/2015 | 27,305 | A+/Aa3 | (2,703) | (939) | (3,642) |
| 2003-B-2 | 20,915 | 10/29/2008 | 5/1/2028 | 4.9380% | LIBOR + .05% | *** | 11/1/2018 | all remaining | AA-/Aa1 | (2,171) | (587) | (2,758) |
| 2003-B3 **** | 50,000 | 12/2/2008 | 11/1/2026 | 4.3840% | Trigger, SIFMA + .15% or 68% LIBOR | *** | 5/1/2015 | 43,170 | A+/Aa3 | (2,019) | (383) | (2,402) |
| 2003-C1 | 3,585 | 12/3/2003 | 5/1/2012 | 4.0330% | Bayerische + .05% | | | | NR/Baa1 | (308) | 263 | (45) |
| 2003-C2 **** | 40,000 | 12/2/2008 | 11/1/2026 | 4.5950% | Trigger, SIFMA + .15% or 68% LIBOR | *** | 5/1/2015 | 28,780 | A+/Aa3 | (1,359) | (187) | (1,546) |
| 2004-A1 | 2,820 | 9/1/2004 | 5/1/2012 | 4.4600% | Bayerische + .05% | | | | NR/Baa1 | (273) | 234 | (39) |
| 2004-A2 | 50,000 | 7/28/2004 | 11/1/2026 | 4.3885% | Trigger, SIFMA + .15% or 68% LIBOR | *** | 5/1/2015 | 35,970 | A-/Aa3 | (4,869) | 162 | (4,707) |
| 2004-B1 | 2,170 | 12/1/2004 | 5/1/2012 | 4.0520% | LIBOR + .05% | | | | A-/Aa3 | (197) | 170 | (27) |
| 2004-B2 | 40,000 | 11/1/2004 | 11/1/2026 | 4.1220% | Trigger, SIFMA + .15% or 68% LIBOR | *** | 5/1/2015 | 28,780 | A-/Aa3 | (3,388) | (75) | (3,463) |
| 2005-A1 | 6,710 | 5/1/2005 | 5/1/2013 | 4.3555% | LIBOR + .05% | | | | A-/Aa3 | (548) | 335 | (213) |
| 2005-A2 | 40,000 | 3/16/2005 | 11/1/2027 | 4.0710% | Trigger, SIFMA + .15% or 68% LIBOR | *** | 5/1/2015 | 32,290 | A-/Aa3 | (3,320) | (255) | (3,575) |
| 2005-B2 | 75,850 | 7/20/2005 | 5/1/2034 | 4.1693% | Trigger, SIFMA + .15% or 68% LIBOR | *** | 5/1/2015 | 48,650 | A-/Aa3 | (6,743) | 130 | (6,613) |
| 2006-A1 | 4,550 | 3/1/2006 | 11/1/2013 | 5.1610% | LIBOR + .05% | | | | A+/Aa1 | (467) | 244 | (223) |
| 2006-A3 | 40,000 | 1/19/2006 | 11/1/2035 | 4.3129% | Trigger, SIFMA + .15% or 68% LIBOR | *** | 5/1/2019 | 37,810 | A/A2 | (4,634) | (2,148) | (6,782) |
| 2006-B1 | 21,440 | 11/1/2006 | 11/1/2014 | 5.6685% | LIBOR + .05% | | | | A+/Aa1 | (2,664) | 1,025 | (1,639) |
| 2006-B2 | 49,325 | 7/28/2006 | 11/1/2034 | 4.1951% | Trigger, SIFMA + .05% or 68% LIBOR | *** | 5/1/2019 | 16,700 | A/A2 | (5,827) | (1,718) | (7,545) |
| 2006-B3 | 52,945 | 7/28/2006 | 11/1/2036 | 4.5445% | Trigger, SIFMA + .15% or 68% LIBOR | *** | 5/1/2019 | 59,190 | A/A2 | (8,556) | (3,247) | (11,803) |
| 2006-C1 | 21,420 | 1/2/2007 | 11/1/2014 | 5.3143% | LIBOR + .05% | | | | A-/Aa1 | (2,455) | 933 | (1,522) |
| 2006-C2 | 14,140 | 12/20/2006 | 5/1/2016 | 4.2884% | Trigger, SIFMA + .05% or 68% LIBOR | *** | 5/1/2012 | 7,050 | A/A2 | (1,134) | 81 | (1,053) |
| 2006-C2 | 10,605 | 12/20/2006 | 11/1/2016 | 4.2884% | Trigger, SIFMA + .05% or 68% LIBOR | *** | 11/1/2012 | 5,300 | A/A2 | (949) | (1) | (950) |
| 2006-C2 | 10,605 | 12/20/2006 | 11/1/2017 | 4.2884% | Trigger, SIFMA + .05% or 68% LIBOR | *** | 11/1/2013 | 5,300 | A/A2 | (1,115) | (134) | (1,250) |
| 2006-C2 | 35,350 | 12/20/2006 | 11/1/2034 | 4.2884% | Trigger, SIFMA + .05% or 68% LIBOR | *** | 11/1/2019 | 21,210 | A/A2 | (4,217) | (1,592) | (5,809) |
| 2007A-1 | 30,045 | 6/1/2007 | 5/1/2015 | 5.1911% | LIBOR + .05% | | | | A+/Aa1 | (3,444) | 1,099 | (2,345) |
| 2007A-2 | 70,000 | 5/9/2007 | 11/1/2037 | 4.1530% | Trigger, SIFMA + .15% or 68% LIBOR | *** | 5/1/2019 | 62,910 | A/A2 | (7,072) | (3,773) | (10,845) |
| 2007B-1 | 58,965 | 11/1/2007 | 11/1/2026 | 5.5800% | LIBOR + 0.05% | *** | 11/1/2017 | 24,610 | A+/Aa1 | (8,152) | (628) | (8,780) |
| 2007B-2 | 50,000 | 10/18/2007 | 5/1/2038 | 4.5075% | Trigger, SIFMA + .15% or 68% LIBOR | *** | 5/1/2019 | 46,545 | A/A2 | (6,453) | (2,511) | (8,964) |
| 2007B-3 **** | 50,000 | 12/2/2008 | 5/1/2038 | 4.4050% | Trigger, SIFMA + .15% or 68% LIBOR | *** | 1) 11/1/2013 2) 11/1/2015 3) 11/1/2017 | Up to: 1) 12,500 2) 25,000 3) 50,000 | A+/Aa3 | (3,734) | (823) | (4,557) |
| 2008A-3 | 42,800 | 6/4/2008 | 5/1/2038 | 4.4140% | Trigger, SIFMA + .05% or 68% LIBOR | *** | 1) 5/1/2014 2) 5/1/2016 3) 5/1/2018 | Up to: 1) 20,000 2) 40,000 3) 80,000 | A+/Aa1 | (4,990) | (1,346) | (6,336) |
| 2008A-1 | 80,000 | 6/4/2008 | 5/1/2038 | 5.4450% | LIBOR + .05% | *** | 1) 11/1/2011 2) 11/1/2013 3) 11/1/2016 4) 11/1/2018 | Up to: 1) 14,280 2) 27,440 3) 36,340 4) all remaining | A-/Aa3 | (6,801) | (1,810) | (8,611) |
| 2008A-2 | 80,100 | 6/4/2008 | 11/1/2027 | 4.5960% | LIBOR + .05% | *** | 5/1/2018 | all remaining | AA-/Aa3 | (6,943) | (2,356) | (9,299) |

Table continued on following page.



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| Associated Bond Issue | Current Notional Amount | Effective Date | Termination Date | Fixed Rate Paid | Variable Rate Received * | Embedded Options | Optional Termination Date, at Par | Optional Termination Amount | Counterparty Rating S&P/Moody's | 2010 Fair Value ** | Change in Fair Value | 2011 Fair Value ** |
|------------------------------|-------------------------|----------------|------------------|-----------------|------------------------------------|------------------|-----------------------------------|-----------------------------|---------------------------------|--------------------|----------------------|--------------------|
| Multifamily/Business: | | | | | | | | | | | | |
| 2000-A1 **** | 12,750 | 11/21/2008 | 10/1/2020 | 5.2350% | SIFMA + .05 | | | | A+/Aa3 | (1,803) | (582) | (2,365) |
| 2000-A2 **** | 7,080 | 11/21/2008 | 4/1/2015 | 5.8000% | SIFMA + .05 | | | | A+/Aa3 | (570) | 147 | (423) |
| 2000-B1 (SPV) | 5,095 | 10/19/2000 | 7/1/2020 | 7.3900% | Cllgroup 3 month + .25% | | | | A-/A2 | (1,262) | (102) | (1,364) |
| 2002-A1 **** | 9,410 | 11/21/2008 | 10/1/2022 | 5.1000% | SIFMA + .15 | | | | A+/Aa3 | (1,244) | (451) | (1,705) |
| 2002AA **** | 25,420 | 11/21/2008 | 10/1/2023 | 6.0350% | SIFMA + .05 | | | | A+/Aa3 | (3,551) | (1,412) | (5,083) |
| 2002-C2 **** | 70,715 | 11/21/2008 | 10/1/2032 | 5.1240% | Trigger, SIFMA + .15% or 68% LIBOR | *** | 4/1/2018 | 59,340 | A+/Aa3 | (3,783) | (2,843) | (6,626) |
| 2002-C4 **** | 31,960 | 11/21/2008 | 10/1/2032 | 5.0440% | Trigger, SIFMA + .05% or 68% LIBOR | *** | 4/1/2018 | 25,785 | A+/Aa3 | (1,807) | (1,378) | (3,185) |
| 2003-A1 **** | 2,124 | 12/3/2008 | 10/1/2013 | 4.5550% | LIBOR +.05% | *** | 10/1/2009 | 16,576 | A+/Aa3 | (296) | 226 | (70) |
| 2004-A1 | 40,675 | 11/1/2004 | 10/1/2025 | 5.5201% | LIBOR +.05% | *** | 10/1/2014 | all remaining | A-/WR | (4,552) | (170) | (4,722) |
| 2004-A1 **** | 10,000 | 5/29/2009 | 5/1/2013 | 5.3640% | LIBOR | | | | AA-/Aa1 | (590) | 194 | (396) |
| 2004-A2 | 10,785 | 9/22/2004 | 4/1/1945 | 4.8840% | SIFMA +.15% | *** | 10/1/2019 | all remaining | A-/WR | (1,138) | (817) | (1,955) |
| 2005-A1 (A) | 4,755 | 8/1/2005 | 10/1/2035 | 5.8200% | LIBOR +.05% | *** | 4/1/2015 | all remaining | A-/WR | (561) | (111) | (672) |
| 2005-A1 (B) | 3,005 | 8/1/2005 | 10/1/2020 | 5.2050% | LIBOR +.05% | | | | A-/WR | (469) | (274) | (743) |
| 2005-A1 (C) | 9,925 | 8/1/2005 | 10/1/2025 | 5.7120% | LIBOR +.05% | *** | 4/1/2015 | all remaining | A-/WR | (1,100) | (238) | (1,338) |
| 2005-A1 (D) | - | 8/1/2005 | 10/1/2025 | 5.5730% | LIBOR +.05% | *** | 10/1/2011 | all remaining | A-/WR | (129) | 129 | - |
| 2005-A2 | 17,855 | 7/1/2005 | 4/1/2036 | 4.2850% | SIFMA + .05% | *** | 4/1/2015 | all remaining | A-/WR | (1,322) | (311) | (1,633) |
| 2005-A3 (A) | 6,280 | 4/13/2005 | 4/1/2040 | 4.6560% | SIFMA +.15% | *** | 10/1/2020 | all remaining | A-/WR | (894) | (464) | (1,158) |
| 2005-A3 (B) | 6,120 | 10/1/2005 | 4/1/2032 | 4.4800% | SIFMA +.15% | *** | 4/1/2015 | all remaining | A-/WR | (429) | (140) | (569) |
| 2005-B1 | 13,180 | 3/1/2006 | 4/1/2036 | 5.2350% | LIBOR +.05% | *** | 10/1/2015 | 11,125 | A/A2 | (1,453) | (369) | (1,822) |
| 2005-B2 (A) | 3,495 | 1/2/2006 | 10/1/2040 | 4.7350% | SIFMA +.15% | *** | 10/1/2015 | 3,305 | A/A2 | (227) | (121) | (348) |
| 2005-B2 (B) | 5,845 | 9/1/2006 | 10/1/2038 | 4.5270% | SIFMA +.15% | *** | 10/1/2021 | 4,520 | A/A2 | (569) | (490) | (1,059) |
| Up to: | | | | | | | | | | | | |
| 2006A-1 **** | 30,350 | 12/3/2008 | 4/1/2027 | 5.7100% | LIBOR +.05% | *** | 1) 10/1/2011 | 1) 2,840 | | | | |
| 2006A-1 | 11,200 | 12/1/2006 | 10/1/2036 | 5.3420% | LIBOR +.05% | *** | 2) 10/1/2016 | 2) 12,305 | A+/Aa3 | (676) | (2,021) | (2,697) |
| Up to: | | | | | | | | | | | | |
| 1) 10/1/2012 1) 6,920 | | | | | | | | | | | | |
| 2) 10/1/2017 2) 19,480 | | | | | | | | | | | | |
| 2007B-1 **** | 36,135 | 12/3/2008 | 4/1/2038 | 5.8400% | LIBOR +.05% | *** | 3) 4/1/2022 | 3) 16,925 | A+/Aa3 | (412) | (2,573) | (2,985) |
| 2007B-1 | 7,525 | 10/1/2007 | 4/1/2028 | 5.2200% | LIBOR +.05% | *** | 4/1/2028 | 6,190 | A/A2 | (927) | (1,005) | (1,933) |
| 2007B-2 **** | 2,650 | 12/3/2008 | 10/1/2036 | 4.2870% | SIFMA +.15% | *** | 10/1/2017 | 2,040 | A+/Aa3 | (112) | (130) | (242) |
| 2007B-2 **** | 2,040 | 12/3/2008 | 4/1/2038 | 4.5350% | SIFMA +.15% | *** | 10/2/2017 | 1,780 | A+/Aa3 | (89) | (108) | (197) |
| 2007B-2 **** | 4,760 | 12/3/2008 | 4/1/2038 | 4.4700% | SIFMA +.15% | *** | 10/2/2017 | 4,395 | A+/Aa3 | (365) | (255) | (621) |
| 2007B-2 **** | 4,730 | 12/3/2008 | 4/1/2028 | 4.6510% | SIFMA +.15% | *** | 4/1/2023 | 3,635 | A+/Aa3 | (538) | (475) | (1,013) |
| 2007B-3 **** | 2,480 | 12/3/2008 | 10/1/2037 | 4.2970% | SIFMA +.05% | *** | 10/1/2017 | 2,085 | A+/Aa3 | (106) | (129) | (235) |
| 2007B-3 **** | 4,695 | 12/3/2008 | 10/1/2019 | 4.0967% | SIFMA +.05% | *** | 10/1/2014 | 4,430 | A+/Aa3 | (274) | (75) | (349) |
| 2007B-3 **** | 2,285 | 12/3/2008 | 4/1/2038 | 4.8805% | SIFMA +.05% | *** | 10/1/2017 | 2,205 | A+/Aa3 | (212) | (120) | (332) |
| Up to: | | | | | | | | | | | | |
| 2008A1 **** | 15,200 | 12/3/2008 | 4/1/2029 | 5.1300% | LIBOR +.05% | *** | 1) 4/1/2018 | 1) 3,070 | | | | |
| 2008A2 **** | 7,630 | 12/3/2008 | 4/1/2043 | 4.5400% | SIFMA +.15% | *** | 2) 4/1/2019 2) all remaining | | A+/Aa3 | (160) | (1,206) | (1,366) |
| 2008B (a) **** | 116,080 | 12/3/2008 | 10/1/2044 | 5.1722% | LIBOR | | 4/1/2019 | 6,340 | A+/Aa3 | (468) | (513) | (981) |
| 2008B (b) **** | 46,605 | 12/3/2008 | 3/1/1947 | 5.2071% | LIBOR | | | | AA-/Aa1 | (21,605) | (29,176) | (50,781) |
| 2008C3 **** | 7,700 | 12/3/2008 | 10/1/2038 | 4.3400% | SIFMA +.05% | *** | 4/1/2019 | 6,500 | A+/Aa3 | (9,356) | (13,804) | (22,960) |
| Up to: | | | | | | | | | | | | |
| 2009A1 **** | 31,215 | 6/24/2009 | 10/1/2041 | 4.7900% | SIFMA +.05% | *** | 1) 10/1/2014 1) 13,580 | | A+/Aa3 | (585) | (503) | (1,088) |
| 2) 4/1/2024 2) all remaining | | | | | | | | | | | | |
| Total | 629,764 | | | | | | | | | (1,747) | (2,167) | (3,914) |
| Total | \$ 1,944,459 | | | | | | | | | \$ (183,400) | \$ (97,824) | \$ (281,224) |

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

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

(****) Par optional termination right.

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

(SPV) Counterparty operates as a special purpose vehicle

Risk Disclosure

Credit Risk: All of the Authority's swaps rely upon the performance of the third parties who serve as swap counterparties, and as a result, the Authority is exposed to credit risk - 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 outstanding swaps table above. The Authority is exposed to credit risk in the amount of any positive net fair value exposure to each counterparty. As of December 31, 2011, the Authority was



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(tabular dollar amounts are in thousands)

exposed to minimal 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 Standard & Poor's (S&P) or Moody's Investors Service (Moody's), respectively, at the time the contract is executed.

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

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

At December 31, 2010, the Authority had executed 75 swap transactions with nine counterparties with concentrations and ratings (Standard and Poor's/ Moody's Investors Service) as shown in the following table:

| Swap Count | Notional Amount | Concentration | Counterparty Rating (S&P / Moody's) |
|------------|-----------------|---------------|-------------------------------------|
| 1 | \$ 94,815 | 4.5% | A+/A1 |
| 2 | 18,385 | 0.9% | NR/A1 |
| 1 | 5,475 | 0.3% | A/A2 |
| 10 | 436,695 | 20.9% | AA-/Aa1 |
| 16 | 403,405 | 19.3% | A+/Aa3 |
| 31 | 733,495 | 35.1% | AA-/Aa3 |
| 14 | 396,465 | 19.0% | A-/A3 |
| 75 | \$ 2,088,735 | 100% | |

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

Basis Risk: The Authority is exposed to basis risk when the variable interest rate paid to the holders of its variable rate demand obligations (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 SIFMA rate (plus a trading spread). Certain tax-exempt swaps, as indicated in the table above, contain a trigger feature in which the Authority



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

receives a rate indexed on SIFMA should LIBOR be less than a predetermined level (the trigger level, 3.5%), or a rate pegged at a percentage of LIBOR should LIBOR be equal to or greater than the predetermined trigger level. For these swaps, the Authority would be negatively exposed to basis risk during the time period it is receiving the rate based on a percentage of LIBOR should the relationship between LIBOR and SIFMA converge.

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

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

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

Rollover Risk: The Authority is exposed to rollover risk only on swaps that mature or may be terminated at the counterparty's option prior to the maturity of the associated debt. As of December 31, 2011 and 2010, the Authority was not exposed to rollover risk.

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

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

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

Swap Payments - Using interest rates as of December 31, 2011, debt service requirements of the Authority's outstanding variable-rate debt and net swap payments were as follows. As rates vary, variable rate interest rate payments on the bonds and net swap payments will change.



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

| Year Ending December 31, | Principal | Interest | Swaps, Net | Total |
|-----------------------------|--------------|-----------|------------|--------------|
| 2012 | \$ 104,355 | \$ 5,707 | \$ 81,973 | \$ 192,035 |
| 2013 | 113,619 | 5,197 | 76,967 | 195,783 |
| 2014 | 106,740 | 4,763 | 71,878 | 183,381 |
| 2015 | 93,610 | 4,380 | 67,150 | 165,140 |
| 2016 | 120,640 | 4,156 | 62,974 | 187,770 |
| 2017-2021 | 429,715 | 17,603 | 251,605 | 698,923 |
| 2022-2026 | 315,705 | 12,983 | 175,168 | 503,856 |
| 2027-2031 | 261,880 | 8,044 | 115,594 | 385,518 |
| 2032-2036 | 266,500 | 3,841 | 60,822 | 331,163 |
| 2037-2041 | 88,665 | 703 | 19,038 | 108,406 |
| 2042-2046 | 34,830 | 181 | 5,609 | 40,620 |
| 2047 | 8,200 | 5 | 168 | 8,373 |
| Total | \$ 1,944,459 | \$ 67,563 | \$ 988,946 | \$ 3,000,968 |

Hybrid instrument borrowings - Certain interest rate swaps, as identified on the detailed swap table above, include fixed rates that were off-market at the execution of the interest rate swaps. For financial reporting purposes these interest rate swaps are considered hybrid instruments and are bifurcated between borrowings, with an aggregate original amount of \$73.4 million reflecting the fair value of the instrument at its execution, and an interest rate swap with a fixed rate that was considered at-the market at execution. Activity for the hybrid instrument borrowings for the year ended December 31, 2011 was as follows:

| | 2011 | 2010 |
|-------------------|-----------|-----------|
| Beginning balance | \$ 59,972 | \$ 66,441 |
| Additions | - | - |
| Reductions | (6,365) | (6,469) |
| Ending balance | \$ 53,607 | \$ 59,972 |



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

The following table sets for as of December 31, 2011, payments of principal and interest on the hybrid instrument borrowings for the next five years and thereafter. The total payments generally reflect the difference between the stated fixed rate of the hybrid instrument and the at-the-market fixed rate at the execution of the instrument.

| Year Ending December 31, | Principal and Interest |
|-------------------------------------|-----------------------------------|
| 2012 | \$ 4,468 |
| 2013 | 4,468 |
| 2014 | 4,424 |
| 2015 | 4,241 |
| 2016 | 4,051 |
| 2017-2021 | 17,125 |
| 2022-2026 | 11,090 |
| 2027-2031 | 3,740 |
| Total | \$ 53,607 |

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

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

| Count | Par | Concentration | Original Sales Price | 12/31/11 Sales Price | Fair Value | Counterparty Rating |
|--------------|------------|----------------------|---------------------------------|---------------------------------|-------------------|--------------------------------|
| 5 | \$ 20,500 | 26.4% | \$ 21,698 | \$ 21,916 | \$ 218 | AA1 |
| 17 | 35,000 | 45.2% | 37,346 | 37,654 | 308 | AAa3 |
| 12 | 22,000 | 28.4% | 23,348 | 23,549 | 201 | AA-/Aa3 |
| 34 | \$ 77,500 | 100.0% | \$ 82,392 | \$ 83,119 | \$ 727 | |

The outstanding forward contracts, summarized by counterparty as of December 31, 2010, were as follows:

| Count | Par | Concentration | Original Sales Price | 12/31/10 Sales Price | Fair Value | Counterparty Rating |
|--------------|------------|----------------------|---------------------------------|---------------------------------|-------------------|--------------------------------|
| 8 | \$ 5,500 | 33.4% | \$ 5,806 | \$ 5,706 | \$ (100) | A/NR |
| 2 | 1,500 | 9.1% | 1,581 | 1,574 | (7) | A+/Aa3 |
| 13 | 9,000 | 54.5% | 9,479 | 9,383 | (96) | AA/Aa2 |
| 1 | 500 | 3.0% | 524 | 527 | 3 | NR |
| 24 | \$ 16,500 | 100.0% | \$ 17,390 | \$ 17,190 | \$ (200) | |



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

Summary

A summary of derivative instruments activity for the years ended December 31, 2011 and 2010 is as follows:

| | 2011 | | | | 2010 | | | |
|-----------------------|------------------|-------------|----------|------------|------------------|-------------|----------|------------|
| | Hedging Swaps | Investments | | Total | Hedging Swaps | Investments | | Total |
| | | Swaps | Forwards | | | Swaps | Forwards | |
| Fair value, beginning | \$ 183,441 | \$ 359 | \$ (200) | \$ 183,600 | \$ 138,095 | \$ (38) | \$ - | \$ 138,057 |
| Settlements | (87,108) | (1,146) | 200 | (88,054) | (89,679) | (1,222) | - | (90,901) |
| Change in fair value | 183,221 | 2,457 | 727 | 186,405 | 135,025 | 1,619 | (200) | 136,444 |
| Fair value, ending | \$ 279,554 | \$ 1,670 | \$ 727 | \$ 281,951 | \$ 183,441 | \$ 359 | \$ (200) | \$ 183,600 |

(9) Debt Refundings

On November 10, 2011, the Authority issued its Single Family Bonds 2011 Series B, C and D, in the aggregate principal amount of \$227,235,000. The entire proceeds of the bonds were used to refund a portion of various single family mortgage bonds. The refunding resulted in a decrease in the aggregate future debt service requirement of approximately \$1,376,000, based on the change in variable interest rates at the time of refunding and an approximate economic gain to the Authority of \$468,000. In accordance with GASB Statement No. 23, *Accounting and Financial Reporting for Refundings of Debt Reported by Proprietary Activities*, \$11,450,000 was deferred and is being amortized over the contractual life of the new 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, 2011, \$58.9 million of bonds outstanding are considered defeased.

(10) Restricted and Unrestricted Net Position

The amounts restricted for the Single-Family bond programs and the Multi-Family/Business bond programs are for the payment of principal, redemption premium, if any, or interest on all outstanding single-family and multi-family/business bond issues, in the event that no other funds 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 funds are needed for the implementation or maintenance of any duly adopted program of the Authority; and (3) no default exists in the payment of the principal, redemption premium, if any, or interest on such bonds.

Assets of the Single-Family and Multi-Family/Business bond programs 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 funds are insufficient. Such assets are segregated within the Single-Family and Multi-Family/Business Programs and are held in cash, loans receivable or investments. At December 31, 2011 and 2010, these assets were at least equal to the amounts required to be restricted.



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

The Board has designated certain amounts of the unrestricted net position of the General Programs as of December 31, 2011 and 2010, for various purposes, as indicated in the following table. These designations of net position are not binding, and can be changed by the Board.

Unrestricted Net Position as December 31, 2011 and 2010:

| | 2011 | 2010 |
|---------------------------------------|------------|------------|
| Designations: | | |
| Housing program | \$ 37,717 | \$ 36,874 |
| Commercial program | 18,396 | 24,616 |
| General operating and working capital | 25,025 | 26,475 |
| General obligation bonds | 28,128 | 25,621 |
| Total unrestricted net position | \$ 109,266 | \$ 113,586 |

(11) Retirement Plans

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

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

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

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



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

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:

| | 2011 | 2010 |
|---|----------|----------|
| Contribution rate of covered salary: | | |
| Members | 8.00% | 8.00% |
| Authority: | | |
| Trust | 12.68% | 12.68% |
| Health Fund | 1.02% | 1.02% |
| Total Authority contribution rate | 13.70% | 13.70% |
| Contributions by the Authority: | | |
| Trust | \$ 1,730 | \$ 1,548 |
| Health Fund | 139 | 117 |
| Total Authority contributions | \$ 1,869 | \$ 1,665 |

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 Internal Revenue Service 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, 2011 and 2010 were \$396,000 and \$370,000, respectively. Contributions by participating employees for the years ended December 31, 2011 and 2010 were \$902,000 and \$860,000, respectively. All required contributions are paid in full annually.

(12) 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, workers' 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.

(13) Related-Party Transactions

In 2011, the Authority did not enter into any related-party transactions. In 2010, the Authority entered into a transaction with Warren Village Inc., Colorado, the Chairman of the Board of Directors of which is a member of the Authority's Executive Team. Using funds granted under the Tax Credit Exchange Program of the AARA, the Authority made a \$1.1 million grant to the Warren Village. This transaction was made in the normal course of business under terms and conditions similar to other transactions with unrelated parties.

(14) Commitments and Contingencies

The Authority had outstanding commitments to make or acquire single-family and multi-family/business loans of \$62,050,000 and \$2,964,000, respectively, as of December 31, 2011. The Authority had outstanding commitments to make



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

or acquire single-family and multi-family/business loans of \$62,725,000 and \$15,819,000, respectively, as of December 31, 2010.

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

The Authority participates in the Ginnie Mae Mortgage-Backed Securities (MBS) Programs. Through the MBS Programs, Ginnie Mae guarantees securities that are issued by the Authority and backed by pools of mortgage loans. If a borrower fails to make a timely payment on a mortgage loan, the Authority must use its own funds to ensure that the security holders receive timely payment. All loans pooled under the Ginnie Mae MBS Program are either insured by the Federal Housing Authority or United States Department of Agriculture Rural Development, or are guaranteed by the VA. The Authority assesses the overall risk of loss on loans that it may be required to repurchase and repurchases the loans as necessary. The Authority repurchased \$21.3 million and \$3.3 million of these loans in 2011 and 2010, respectively.

15) Subsequent Events

In March 2012, the Authority completed the sale of the real estate for all Blended Component Units, which encompass the Rental Assistance Program (RAP) - Hyland Park Centre Corporation ("Hyland Park"), Tanglewood Oaks Apartments Corporation ("Tanglewood"), and Village of Yorkshire Corporation ("Yorkshire"). In addition, the Authority completed the sale of real estate for Maple Tree Settlement, which is not a Blended Component Unit, but is part of RAP. Each of these properties was sold at a gain. These properties had net income in 2011 and 2010 of \$1.5 million and \$498 thousand, respectively.

The Authority paid in full the outstanding Lehman swap termination settlement as of March 2012.

Also in March, the Authority redeemed \$106,325,000 of NIPB bonds.

colorado housing and finance authority



SUPPLEMENTAL INFORMATION

colorado housing and finance authority

financing the places where people live and work

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

December 31, 2011

(with summarized financial information for December 31, 2010)

(in thousands of dollars)

| | General Programs | Single Family | Multi-Family/ Business | Eliminations | 2011 | Summarized 2010 |
|---|---------------------|------------------|---------------------------|-----------------|-------------------|--------------------|
| Assets | | | | | | |
| Current assets: | | | | | | |
| Cash (Note 2) | | | | | | |
| Restricted | \$ 56,011 | \$ - | \$ - | \$ - | \$ 56,011 | \$ 75,483 |
| Unrestricted | 33,281 | - | - | - | 33,281 | 16,498 |
| Investments (Note 2) | 9,058 | 530,373 | 106,801 | - | 646,232 | 652,878 |
| Loans receivable (Note 3) | 43,966 | 44,709 | 25,568 | (562) | 113,701 | 134,211 |
| Loans receivable held for sale (Note 3) | 38,206 | - | - | - | 38,206 | 47,478 |
| Accrued interest receivable | 3,339 | 8,865 | 4,865 | (160) | 16,909 | 20,075 |
| Deferred debt financing costs, net | 15 | 478 | 174 | - | 667 | 778 |
| Other assets | 6,977 | 378 | 118 | - | 7,473 | 9,541 |
| Due (to) from other programs | (27,174) | 20,345 | 6,829 | - | - | - |
| Total current assets | 163,699 | 605,148 | 144,355 | (722) | 912,480 | 956,942 |
| Noncurrent assets: | | | | | | |
| Investments (Note 2) | 658 | 154,576 | 83,204 | - | 238,438 | 219,983 |
| Loans receivable, net (Note 3) | 129,417 | 1,296,553 | 741,465 | (16,290) | 2,151,145 | 2,467,772 |
| Capital assets - non-depreciable (Note 4) | 5,026 | - | - | - | 5,026 | 5,547 |
| Capital assets - depreciable, net (Note 4) | 19,134 | - | - | - | 19,134 | 21,194 |
| Other real estate owned, net | 3,515 | 4,448 | 2,656 | - | 10,619 | 12,505 |
| Deferred debt financing costs, net | 263 | 8,605 | 3,138 | - | 12,006 | 13,998 |
| Other assets | 22,691 | - | - | - | 22,691 | 22,164 |
| Total noncurrent assets | 180,704 | 1,464,182 | 830,463 | (16,290) | 2,459,059 | 2,763,163 |
| Total assets | 344,403 | 2,069,330 | 974,818 | (17,012) | 3,371,539 | 3,720,105 |
| Total Deferred Outflows - Hedging | | | | | | |
| Accumulated decrease in fair value of hedging derivatives | - | 135,763 | 131,647 | - | 267,410 | 180,245 |
| Liabilities | | | | | | |
| Current liabilities: | | | | | | |
| Short-term debt (Note 5) | 46,100 | - | - | - | 46,100 | 87,900 |
| Bonds payable (Note 6) | - | 311,847 | 9,665 | - | 321,512 | 299,187 |
| Notes payable (Note 6) | 104 | - | - | - | 104 | 79 |
| Accrued interest payable | 1,178 | 14,433 | 10,093 | (160) | 25,544 | 25,641 |
| Federally assisted program advances | 458 | - | - | - | 458 | 60 |
| Accounts payable and other liabilities | 45,605 | 1,071 | 743 | - | 47,419 | 65,063 |
| Total current liabilities | 93,445 | 327,351 | 20,501 | (160) | 441,137 | 477,930 |
| Noncurrent liabilities: | | | | | | |
| Bonds payable, net (Note 6) | 70,285 | 1,629,772 | 860,303 | - | 2,560,360 | 2,910,329 |
| Derivative instruments | 727 | 149,577 | 131,647 | - | 281,951 | 183,600 |
| Derivatives related borrowing | - | 27,253 | 26,354 | - | 53,607 | 59,972 |
| Notes payable (Note 6) | 24,283 | - | - | (16,852) | 7,431 | 6,173 |
| Other liabilities (Note 6) | 22,237 | 872 | 832 | - | 23,941 | 8,767 |
| Total noncurrent liabilities | 117,532 | 1,807,474 | 1,019,136 | (16,852) | 2,927,290 | 3,168,841 |
| Total liabilities | 210,977 | 2,134,825 | 1,039,637 | (17,012) | 3,368,427 | 3,646,771 |
| Net position | | | | | | |
| Invested in capital assets, net of related debt | 7,308 | - | - | 16,852 | 24,160 | 26,741 |
| Restricted by bond indentures | - | 70,268 | 66,828 | - | 137,096 | 113,252 |
| Unrestricted (Note 10) | 126,118 | - | - | (16,852) | 109,266 | 113,586 |
| Total net position | \$ 133,426 | \$ 70,268 | \$ 66,828 | \$ - | \$ 270,522 | \$ 253,579 |

See accompanying independent auditors' report.

colorado housing and finance authority



Colorado Housing and Finance Authority

Combining Schedule - Statement of Revenues, Expenses and Changes in Net Position

For the year ended December 31, 2011

(with summarized financial information for the year ended December 31, 2010)

(in thousands of dollars)

| | General Program | Single Family | Multi-Family/ Business | Eliminations | 2011 | Summarized 2010 |
|---|--------------------|------------------|---------------------------|--------------|------------|--------------------|
| Interest income and expense: | | | | | | |
| Interest on loans receivable | \$ 12,719 | \$ 75,599 | \$ 47,564 | \$ (1,285) | \$ 134,597 | \$ 151,319 |
| Interest on investments | 735 | 15,154 | 7,534 | - | 23,423 | 18,094 |
| Interest on debt | (6,765) | (89,676) | (43,389) | 1,285 | (138,545) | (141,458) |
| Net interest income | 6,689 | 1,077 | 11,709 | - | 19,475 | 27,955 |
| Other operating income: | | | | | | |
| Rental income | 8,804 | - | - | - | 8,804 | 9,306 |
| Loan servicing income | 13,633 | - | (3) | - | 13,630 | 13,058 |
| Section 8 administration fees | 5,052 | - | - | - | 5,052 | 4,629 |
| Gain on sale of loans | 16,792 | - | - | - | 16,792 | 19,817 |
| Investment derivative activity loss | (527) | (1,188) | - | - | (1,715) | (473) |
| Net increase (decrease) in the fair value of investments | 74 | 21,264 | 4,549 | - | 25,887 | 7,324 |
| Other revenues (losses) | 255 | 506 | - | - | 761 | 1,713 |
| Total other operating income | 44,083 | 20,582 | 4,546 | - | 69,211 | 55,374 |
| Total operating income | 50,772 | 21,659 | 16,255 | - | 88,686 | 83,329 |
| Operating expenses: | | | | | | |
| Salaries and related benefits | 18,210 | - | - | - | 18,210 | 17,808 |
| General operating | 38,963 | 1,319 | 501 | - | 40,783 | 55,636 |
| Depreciation | 3,684 | - | - | - | 3,684 | 3,773 |
| Provision for losses | 3,791 | 4,746 | 499 | - | 9,036 | 6,521 |
| Total operating expenses | 64,648 | 6,065 | 1,000 | - | 71,713 | 83,738 |
| Net operating income (loss) | (13,876) | 15,594 | 15,255 | - | 16,973 | (409) |
| Nonoperating revenues and expenses: | | | | | | |
| Federal grant receipts | 134,491 | - | - | - | 134,491 | 134,613 |
| Federal grant payments | (134,491) | - | - | - | (134,491) | (134,613) |
| Gains on sales of capital assets | (30) | - | - | - | (30) | 128 |
| Total nonoperating revenues, net | (30) | - | - | - | (30) | 128 |
| Income before transfers | (13,906) | 15,594 | 15,255 | - | 16,943 | (281) |
| Transfers from (to) other programs | 7,005 | 4,049 | (11,054) | - | - | - |
| Change in net position | (6,901) | 19,643 | 4,201 | - | 16,943 | (281) |
| Net position: | | | | | | |
| Beginning of year | 140,327 | 50,625 | 62,627 | - | 253,579 | 253,860 |
| End of year | \$ 133,426 | \$ 70,268 | \$ 66,828 | \$ - | \$ 270,522 | \$ 253,579 |

See accompanying independent auditors' report.

colorado housing and finance authority



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

For the year ended December 31, 2011

(with summarized financial information for the year ended December 31, 2010)

(in thousands of dollars)

| | General Program | Single Family | Multi-Family/ Business | Eliminations | 2011 | Summarized 2010 |
|--|--------------------|------------------|---------------------------|--------------|-------------|--------------------|
| Cash flows from operating activities: | | | | | | |
| Principal payments received on loans receivable | | | | | | |
| & receipts from dispositions of other real estate owned | \$ 23,786 | \$ 220,862 | \$ 58,654 | \$ - | \$ 303,302 | \$ 320,375 |
| Interest payments received on loans receivable | 12,288 | 79,450 | 47,642 | (1,297) | 138,083 | 154,818 |
| Payments for loans receivable | (365,925) | - | (1,270) | (788) | (367,983) | (428,218) |
| Receipts from sales of Ginnie Mae securities | 420,989 | - | - | - | 420,989 | 417,478 |
| Receipts (payments) for loan transfers between programs | (53,809) | 64,712 | (10,903) | - | - | - |
| Receipts from rental operations | 8,748 | - | - | - | 8,748 | 9,346 |
| Receipts from other revenues | 18,888 | 506 | (3) | - | 19,391 | 19,173 |
| Payments for salaries and related benefits | (18,775) | - | - | - | (18,775) | (17,109) |
| Payments for goods and services | (39,543) | (1,318) | (501) | - | (41,362) | (19,213) |
| All other, net | 1,046 | 457 | - | - | 1,503 | (1,185) |
| Net cash provided (used) by operating activities | 7,693 | 364,669 | 93,619 | (2,085) | 463,896 | 455,465 |
| Cash flows from noncapital financing activities: | | | | | | |
| Net increase (decrease) in short-term debt | (41,800) | - | - | - | (41,800) | 14,650 |
| Proceeds from issuance of bonds | - | 266,435 | - | - | 266,435 | 275,210 |
| Proceeds from issuance of notes payable | 1,388 | - | - | - | 1,388 | 125 |
| Receipts from federal grant programs | 135,352 | - | - | - | 135,352 | 134,308 |
| Payments for federal grant programs | (134,491) | - | - | - | (134,491) | (134,613) |
| Principal paid on bonds | (8,101) | (514,957) | (60,840) | - | (583,898) | (247,064) |
| Principal paid on notes payable | (105) | - | - | - | (105) | (17,415) |
| Interest paid on short-term debt | (271) | - | - | - | (271) | (226) |
| Interest rate swap settlements | - | (59,832) | (32,270) | - | (92,102) | (95,330) |
| Interest paid on bonds | (3,984) | (31,028) | (13,988) | - | (49,000) | (52,336) |
| Interest paid on notes payable | (756) | - | - | - | (756) | (1,004) |
| Bond issuance costs paid | - | (1,728) | - | - | (1,728) | (1,365) |
| Transfers (to) from other programs | (9,609) | 12,858 | (3,249) | - | - | - |
| Net cash used by noncapital financing activities | (62,377) | (328,252) | (110,347) | - | (500,976) | (125,060) |
| Cash flows from capital and related financing activities: | | | | | | |
| Purchase of capital assets | (1,133) | - | - | - | (1,133) | (2,148) |
| Proceeds from the disposal of capital assets | - | - | - | - | - | 347 |
| Principal paid on capital-related debt | (788) | - | - | - | - | - |
| Interest paid on capital-related debt | (1,297) | - | - | 1,297 | - | - |
| Net cash provided (used) by capital and related financing activities | (3,218) | - | - | 2,085 | (1,133) | (1,801) |
| Cash flows from investing activities: | | | | | | |
| Proceeds from maturities and sales of investments | 1,696,617 | 1,098,355 | 294,369 | 267 | 3,089,608 | 2,897,006 |
| Purchase of investments | (1,642,128) | (1,147,867) | (285,268) | (267) | (3,075,530) | (3,186,689) |
| Income received from investments | 731 | 13,095 | 7,620 | - | 21,446 | 17,160 |
| Net cash provided (used) by investing activities | 55,220 | (36,417) | 16,721 | - | 35,524 | (272,523) |
| Net increase (decrease) in cash | (2,682) | - | (7) | - | (2,689) | 56,081 |
| Cash at beginning of year | 91,974 | - | 7 | - | 91,981 | 35,900 |
| Cash at end of year | \$ 89,292 | \$ - | \$ - | \$ - | \$ 89,292 | \$ 91,981 |
| Restricted | 56,011 | - | - | - | 56,011 | 75,483 |
| Unrestricted | 33,281 | - | - | - | 33,281 | 16,498 |
| Cash and cash equivalents, end of year | \$ 89,292 | \$ - | \$ - | \$ - | \$ 89,292 | \$ 91,981 |

Continued on the next page

colorado housing and finance authority



Colorado Housing and Finance Authority
Combining Schedule - Statement of Cash Flows *(continued)*
For the year ended December 31, 2011
(with summarized financial information for the year ended December 31, 2010)
(in thousands of dollars)

| | General Program | Single Family | Multi-Family/ Business | Eliminations | 2011 | Summarized 2010 |
|---|--------------------|-------------------|---------------------------|-------------------|-------------------|--------------------|
| Reconciliation of operating income (loss) to net cash provided (used) by operating activities: | | | | | | |
| Net operating income (loss) | \$ (13,876) | \$ 15,594 | \$ 15,255 | \$ - | \$ 16,973 | \$ (409) |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: | | | | | | |
| Depreciation expense | 3,684 | - | - | - | 3,684 | 3,773 |
| Amortization of service release premiums | 3,538 | - | - | - | 3,538 | 2,946 |
| Amortization of deferred loan fees/costs, net | (720) | 856 | (71) | - | 65 | 115 |
| Amortization of imputed debt associated with swaps | - | (3,524) | (2,840) | - | (6,364) | (6,469) |
| Provision for losses | 3,791 | 4,746 | 499 | - | 9,036 | 6,521 |
| Gain on sale of capital assets | 30 | - | - | - | 30 | - |
| Interest on investments | (730) | (15,154) | (7,534) | - | (23,418) | (18,087) |
| Interest on debt | 6,765 | 93,201 | 46,228 | (1,285) | 144,909 | 147,927 |
| Unrealized loss on derivatives | 527 | 1,188 | - | - | 1,715 | 473 |
| Unrealized gain on investments | (74) | (21,264) | (4,549) | - | (25,887) | (7,324) |
| (Gain) loss on sale of REO | 2,137 | (506) | - | - | 1,631 | 413 |
| Gain on sale of loans | (16,792) | - | - | - | (16,792) | (19,817) |
| Changes in assets and liabilities: | | | | | | |
| Loans receivable and other real estate owned | 19,046 | 286,079 | 46,481 | (788) | 350,818 | 305,083 |
| Accrued interest receivable on loans and investments | 610 | 2,995 | 149 | (12) | 3,742 | 3,505 |
| Other assets | 987 | 458 | 1 | - | 1,446 | (3,983) |
| Accounts payable and other liabilities | (1,230) | - | - | - | (1,230) | 39,798 |
| Net cash provided (used) by operating activities | \$ 7,693 | \$ 364,669 | \$ 93,619 | \$ (2,085) | \$ 463,896 | \$ 455,465 |

See accompanying independent auditors' report.

