



**COLORADO HOUSING AND FINANCE AUTHORITY**

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

**As of December 31, 2014**

**Single Family Program Bonds  
Outstanding under Respective Indenture of Trust Listed Below**

<u>Series</u>	<u>CUSIP</u>
SF2013AA	196479VN6
SF11AA	196479TB5
SF11AA	196479TC3
SF11AA	196479TD1
SF11AA	196479TE9
SF11AA	196479TF6
SF11AA	196479TG4
SF11AA	196479TH2
SF11AA	196479TJ8
SF11AA	196479TK5
SF11AA	196479TL3
SF11AA	196479TM1
SF11AA	196479TN9
SF11AA	196479TP4
SF11AA	196479TQ2
SF11AA	196479TR0
SF11AA	196479TS8
SF11AA	196479TT6
SF11AA	196479TU3
SF11AA	196479TV1
SF11AA	196479TW9
SF11AA	196479TX7
SF11AA	196479UB3
SF11AA	196479UC1
SF11AA	196479UD9
SF11AA	196479UE7
SF11AA	196479TY5
SF11AA	196479TZ2
SF11AA	196479UA5
SF11AA	196479TA7



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## COLORADO HOUSING AND FINANCE AUTHORITY

### AUDITED FINANCIAL STATEMENTS AND ANNUAL FINANCIAL INFORMATION REPORT

As of December 31, 2014

#### Single Family Program Bonds Outstanding under Respective Indentures of Trust Listed on Cover Page

### 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, 2014 (this "**Annual Report**") pursuant to Continuing Disclosure Undertakings entered into by the Authority with respect to the Single Family Program Bonds listed on the cover page of this Annual Report (the "**Bonds**") which are Outstanding under the Authority's respective Indentures of Trust listed on the cover page of this Annual Report (the "**Indentures**"). 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.

### CERTAIN PROGRAM ASSUMPTIONS

#### Outstanding Bonds

For information about each series of the Bonds, their lien, priorities, the principal amounts issued and the principal amounts outstanding as of December 31, 2014, see **Appendix A** hereto.

#### Loan Portfolio Characteristics

For information about the loan portfolio characteristics for portfolios securing each series of Bonds under the respective Indentures, see **Appendix A** hereto.

#### Selected Financial Information

The Annual Report should be read in conjunction with the Audited Financial Statements found in Appendix B. The audited 2014 Financial Statements of the Authority attached hereto as **Appendix B** provide certain financial information about the Authority on a fund accounting basis, including a description of its General Fund

#### Employees and Pension Information

As of December 31, 2014, the Authority had approximately 156 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 2014. In 2014, the Authority's PERA contribution totaled approximately \$1,627,000, compared to an Authority



contribution in 2013 of \$1,618,000. See footnote (11) of the audited 2014 financial statements of the Authority attached as **Appendix B** of this Annual Report for further information.

Colorado Housing and Finance Authority

General Fund

Selected Financial Information

Years Ended December 31

(in thousands of dollars)

	FY 2014	FY 2013	FY 2012	FY 2011	FY 2010
Interest and investment revenue:					
Loans receivable	\$ 6,461	\$ 6,835	\$ 7,120	\$ 12,210	\$ 13,302
Investments	184	153	149	730	426
Net increase (decrease) in fair value of long-term investments	(46)	(157)	(13)	74	47
Total interest and investment revenue	6,599	6,831	7,256	13,014	13,775
Interest expense - bonds and notes payable	1,485	2,985	4,266	5,705	5,899
Net interest and investment revenue	5,114	3,846	2,990	7,309	7,876
Other revenue (expense):					
Rental operations	32	358	2,675	8,804	9,306
Fees and miscellaneous income	46,000	46,228	45,795	35,969	39,301
Hedging activity loss	(1,154)	992	445	(527)	(200)
Gains on sales of capital assets	(20)	5	39,154	(30)	128
Total other revenue	44,858	47,583	88,069	44,216	48,535
Net revenue	49,972	51,429	91,059	51,525	56,411
Operating expenses:					
Salaries and related benefits	16,977	16,505	17,836	18,210	17,808
General operating	23,060	15,714	17,989	39,511	50,277
Provision for losses	(1,180)	1,078	1,407	3,791	2,916
Other interest expense	-	-	173	1,038	1,068
Transfers	(1,851)	12,333	(4,073)	(7,005)	(2,236)
Depreciation	1,197	1,655	2,722	3,684	3,773
Total operating expenses	38,203	47,285	36,054	59,229	73,606
Change in net assets	11,769	4,144	55,005	(7,704)	(17,195)
Net Assets, end of year	\$ 207,356	\$ 195,587	\$ 191,443	\$ 136,438	\$ 144,142
Bonds, notes payable and short-term debt	\$ 87,105	\$ 78,430	\$ 141,973	\$ 140,773	\$ 190,178
Total Assets	\$ 349,560	\$ 319,057	\$ 379,295	\$ 347,414	\$ 403,905



## Obligations of the Authority

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

### *Commercial Loan Programs*

The Authority has financed rental loans with proceeds of its Multifamily Housing Insured Mortgage Revenue Bonds (outstanding as of December 31, 2014 in an aggregate principal amount of zero) 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, 2014 in an aggregate principal amount of \$641,090,000. 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 B** 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*

The Authority has issued its Single Family Mortgage Bonds under the Master Indenture, payable from the revenues of mortgage loans held thereunder, outstanding as of December 31, 2014 in the aggregate principal amount of \$1,037,270,000. 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.

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](http://www.chfainfo.com) and footnote (6) of the audited financial statements of the Authority attached hereto as **Appendix B**. 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 and second mortgage loans as part of the Non-Qualified Single Family Mortgage Programs.

**Except for bonds specifically identified in Appendix A to this Annual Report as Bonds under the respective Indentures, 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 respective Indentures.**

#### *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 Bonds (outstanding as of December 31, 2014 in an aggregate principal amount of \$206,880,000) 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 Bonds (outstanding as of December 31, 2014 in the aggregate principal amount of \$17,710,000). These Class II Bonds are payable from loan revenues on a subordinate lien basis to the Class I Bonds and also as general obligations of the Authority.

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 Subordinate Bonds were fully redeemed as of December 31, 2014. 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, with outstanding aggregate principal amount of \$41,985,000 as of December 31, 2014, are payable from mortgage loan revenues under the Master Indenture and are also general obligations of the Authority.

Privately Placed Bonds. The Authority has issued general obligation bonds through private placement in order to finance rental loans. As of December 31, 2014, such privately placed bonds were outstanding in an aggregate principal amount of \$14,025,000. The Authority has also funded participation interests and business loans using proceeds of its privately placed bonds, outstanding as of December 31, 2014 in the aggregate principal amount of \$8,362,000. In addition, the Authority has issued general obligation bonds through private placement in order to finance single family mortgage loans. As of December 31, 2014, there were no such privately placed bonds outstanding.

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, 2014 in the aggregate principal amount of \$206,293,045. 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, 2014, such §542(c) mortgage loans were outstanding in the amount of approximately \$206.6 million (\$29.5 million held under the



Federally Insured Multi-Family Housing Loan Program Pass-Through Revenue Bonds and \$177.1 million held under the Multi-Family/Project Master Indenture and securing the Multi-Family/Project Bonds). In the case of a §542(c) claim, the Authority is responsible, as a general obligation, to reimburse FHA for 50% of any loss incurred by the FHA as a result of and after the final settlement of such claim. See "Programs to Date – Commercial Loan Programs – Rental Finance Programs" under this caption. To date, the Authority has incurred risk-sharing losses of approximately \$3.4 million following the defaults on insured mortgage loans for certain projects, the foreclosure and sale of those projects and the settlement of the respective final insurance claims with FHA

Derivative Products: Interest Rate Contracts. The Authority has pledged its full faith and credit to secure its obligation to make termination payments under the Derivative Products relating to the Multi-Family/Project Bonds under the related master indenture and under the interest rate contracts relating to the Single Family Mortgage Bonds under the related master indenture. There are no derivative contracts associated with the Indentures. See **Appendix A** – "OUTSTANDING BONDS" to this Annual Report. See also footnote (8) to the audited financial statements of the Authority attached hereto as **Appendix B**.

Other Borrowings. The Authority has entered into agreements with the Federal Home Loan Bank of Topeka and commercial banks 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, 2014, \$61.8 million in borrowings were outstanding under those agreements. See footnote (5) to the audited financial statements of the Authority attached hereto as **Appendix B**. The Authority has also borrowed amounts evidenced by Rural Business Cooperative Service Notes (outstanding as of December 31, 2014 in the aggregate principal amount of \$633,367), 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.



*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, 2014. Further detail regarding these items is provided under the other sub captions of "Obligations of the Authority" in this Annual Report.

**Summary of Certain Authority Obligations as of December 31, 2014**

<b><u>Certain Authority Obligations</u></b>	<b><u>Outstanding Amount</u></b>
Single Family Mortgage Bonds (2001 Master Indenture)	\$1,037,270,000
Single Family Program Class I Bonds	22,460,000
Federally Taxable Single Family Program Class I Bonds	39,945,000
Multi-Family/Project Bonds (Master Indenture)	641,090,000
Federally Insured Multi-Family Loan Program Pass-Through	29,508,000
Privately Placed Bonds:	
Rental Finance	14,025,000
Business Finance	8,362,000
<b>Total</b>	<b><u><u>\$1,792,660,000</u></u></b>





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, 2014. Further detail regarding these items is provided under the other sub captions of "Obligations of the Authority" in this Annual Report.

**General Obligations of the Authority as of December 31, 2014**

***General Obligations***

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MF Project Bonds:	
Class I (w/ GO Pledge)	206,880,000
Class II (w/ GO Pledge)	17,710,000
SF Mortgage Bonds, Class III	41,985,000
Privately Placed Bonds:	
Rental Finance	14,025,000
Business Finance	8,362,000
Other Borrowings:	
Line of Credit	61,800,000
Rural Business Cooperative Service Notes	633,367



**EXHIBIT A (i)**

**Outstanding Bonds**

**SF 2013AA**

Series	Class	Tax Status	Maturity Date	CUSIP	Interest Rate	Original Issue Amount	Outstanding Principal	Principal Matured	Principal Redemptions
SF2013AA	I	Taxable	09/01/2041	196479VN6	2.8000%	\$53,630,000	\$39,945,000	\$1,405,000	\$12,280,000
						<u>\$53,630,000</u>	<u>\$39,945,000</u>	<u>\$1,405,000</u>	<u>\$12,280,000</u>

**SF 2011AA**

Series	Class	Tax Status	Maturity Date	CUSIP	Interest Rate	Original Issue Amount	Outstanding Principal	Principal Matured	Principal Redemptions
SF11AA	I	non-AMT	11/01/2011	196479TB5	0.45000%	\$360,000	\$0	\$360,000	\$0
SF11AA	I	non-AMT	05/01/2012	196479TC3	0.60000%	\$740,000	\$0	\$730,000	\$10,000
SF11AA	I	non-AMT	11/01/2012	196479TD1	0.75000%	\$745,000	\$0	\$735,000	\$10,000
SF11AA	I	non-AMT	05/01/2013	196479TE9	1.00000%	\$750,000	\$0	\$730,000	\$20,000
SF11AA	I	non-AMT	11/01/2013	196479TF6	1.10000%	\$760,000	\$0	\$710,000	\$50,000
SF11AA	I	non-AMT	05/01/2014	196479TG4	1.45000%	\$765,000	\$0	\$645,000	\$120,000
SF11AA	I	non-AMT	11/01/2014	196479TH2	1.60000%	\$775,000	\$0	\$615,000	\$160,000
SF11AA	I	non-AMT	05/01/2015	196479TJ8	2.00000%	\$780,000	\$520,000	\$0	\$260,000
SF11AA	I	non-AMT	11/01/2015	196479TK5	2.15000%	\$785,000	\$525,000	\$0	\$260,000
SF11AA	I	non-AMT	05/01/2016	196479TL3	2.50000%	\$800,000	\$535,000	\$0	\$265,000
SF11AA	I	non-AMT	11/01/2016	196479TM1	2.65000%	\$815,000	\$545,000	\$0	\$270,000
SF11AA	I	non-AMT	05/01/2017	196479TN9	3.00000%	\$825,000	\$555,000	\$0	\$270,000
SF11AA	I	non-AMT	11/01/2017	196479TP4	3.00000%	\$840,000	\$565,000	\$0	\$275,000
SF11AA	I	non-AMT	05/01/2018	196479TQ2	3.40000%	\$855,000	\$575,000	\$0	\$280,000
SF11AA	I	non-AMT	11/01/2018	196479TR0	3.45000%	\$875,000	\$585,000	\$0	\$290,000
SF11AA	I	non-AMT	05/01/2019	196479TS8	3.70000%	\$605,000	\$410,000	\$0	\$195,000
SF11AA	I	non-AMT	11/01/2019	196479TT6	3.80000%	\$620,000	\$415,000	\$0	\$205,000
SF11AA	I	non-AMT	05/01/2020	196479TU3	4.00000%	\$635,000	\$425,000	\$0	\$210,000
SF11AA	I	non-AMT	11/01/2020	196479TV1	4.00000%	\$650,000	\$435,000	\$0	\$215,000
SF11AA	I	non-AMT	05/01/2021	196479TW9	4.10000%	\$660,000	\$445,000	\$0	\$215,000
SF11AA	I	non-AMT	11/01/2021	196479TX7	4.10000%	\$680,000	\$450,000	\$0	\$230,000
SF11AA	I	non-AMT	05/01/2022	196479UB3	4.30000%	\$690,000	\$460,000	\$0	\$230,000
SF11AA	I	non-AMT	11/01/2022	196479UC1	4.30000%	\$710,000	\$475,000	\$0	\$235,000
SF11AA	I	non-AMT	05/01/2023	196479UD9	4.50000%	\$730,000	\$490,000	\$0	\$240,000
SF11AA	I	non-AMT	11/01/2023	196479UE7	4.50000%	\$750,000	\$505,000	\$0	\$245,000
SF11AA	I	non-AMT	11/01/2026	196479TY5	4.85000%	\$4,955,000	\$3,280,000	\$0	\$1,675,000
SF11AA	I	non-AMT	11/01/2028	196479TZ2	5.00000%	\$10,970,000	\$6,905,000	\$495,000	\$3,570,000
SF11AA	I	non-AMT	05/01/2029	196479UA5	5.00000%	\$5,075,000	\$3,360,000	\$0	\$1,715,000
SF11AA	I	non-AMT	11/01/2041	196479TA7	3.55000%	\$58,800,000	\$0	\$0	\$58,800,000
						<u>\$98,000,000</u>	<u>\$22,460,000</u>	<u>\$5,020,000</u>	<u>\$70,520,000</u>



**EXHIBIT A (ii)**

**Outstanding Investments**

As of December 31, 2014, the amount and type of assets as set forth in the following table.

<u>Issue</u>	<u>Investment Type</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Maturity Date</u>
SF 2011AA REVENUE	GNMA MBS	458,412.13	4.50 %	05/20/2041
SF 2011AA REVENUE	GNMA MBS	622,176.35	5.00 %	02/20/2041
SF 2011AA REVENUE	GNMA MBS	2,328,619.99	5.00 %	04/20/2041
SF 2011AA REVENUE	GNMA MBS	6,428,168.85	4.50 %	02/20/2041
SF 2011AA REVENUE	GNMA MBS	10,413,318.16	4.50 %	03/20/2041
SF 2011AA REVENUE	GNMA MBS	11,878,170.52	4.00 %	02/20/2041
SF 2011AA REVENUE	GNMA MBS	12,773,628.38	4.00 %	01/20/2041
SF 2011AA REVENUE	GNMA MBS	13,016,758.06	4.50 %	04/20/2041
SF 09/11AA REDEMPTION CI	MONEY MARKET	2,856.71	0.01 %	Short Term
SF 09AA/11AA REVENUE REF	MONEY MARKET	1,975,162.05	0.01 %	Short Term
SF 2011AA REVENUE	MONEY MARKET	2,385,879.30	0.01 %	Short Term
		<u>\$62,283,150.50</u>		
SF 2013AA DS CI	MONEY MARKET	93,205.00	0.01 %	Short Term
SF 2013AA REDEMPTION CI	MONEY MARKET	1,300,000.00	0.01 %	Short Term
SF 2013AA REVENUE	MONEY MARKET	54,511.20	0.01 %	Short Term
		<u>\$1,447,716.20</u>		
	<b>Investment Type</b>	<b>Amount</b>		
	GNMA MBS	\$57,919,252.44		
	MONEY MARKET	\$5,811,614.26		
		<u>\$63,730,866.70</u>		



EXHIBIT A (iii)

INFORMATION CONCERNING THE MORTGAGE LOANS AS OF December 31, 2014

Pool #	Outstanding Aggregate Principal of 1st Mortgage Loans	Number of 1st Mortgages	Average Coupon of 1st Mortgages	Average Remaining Maturity (years)
754669	\$6,233,910	52	4.48%	25.89
754670	\$6,248,450	47	4.48%	25.92
754671	\$7,274,379	56	4.44%	25.91
754672	\$4,400,506	33	4.49%	25.89
754673	\$6,429,497	49	4.81%	25.96
754677	\$6,310,212	48	4.85%	26.08
754678	\$4,105,356	35	4.87%	26.11
754679	\$621,851	5	5.50%	25.61
754682	\$83,821	1	4.38%	26.00
754683	\$5,688,098	47	4.95%	26.22
754684	\$6,975,736	53	4.95%	26.21
754685	\$2,329,167	22	5.32%	26.23
754686	\$458,412	3	5.10%	26.33
<b>TOTAL</b>	<b>\$57,159,396</b>	<b>451</b>	<b>4.74%</b>	<b>26.03</b>

The GNMA MBS Portfolio

Pool #	Mortgage-Backed Security CUSIP	Mortgage-Backed Security Pass-Through Rate	Maturity Date	Original Mortgage-Backed Security Principal Amount	Mortgage-Backed Security Principal Outstanding (as of December 31, 2014)
754669	36230PFJ4	4.00 %	1/20/2041	\$9,944,603	\$6,219,874
754670	36230PFK1	4.00	1/20/2041	9,960,226	6,237,504
754671	36230PFL9	4.00	2/20/2041	9,940,643	7,102,116
754672	36230PFM7	4.00	2/20/2041	6,964,905	4,389,337
754673	36230PFN5	4.50	2/20/2041	11,863,889	6,417,269
754677	36230PFS4	4.50	3/20/2041	9,983,914	6,298,227
754678	36230PFT2	4.50	3/20/2041	9,187,200	4,098,148
754679	36230PFU9	5.00	2/20/2041	1,488,677	621,211
754682	36230PFX3	4.00	2/20/2041	1,057,099	83,821
754683	36230pfy1	4.50	4/20/2041	9,986,316	5,678,181
754684	36230PDZ8	4.50	4/20/2041	12,476,656	6,964,782
754685	36230PF21	5.00	4/20/2041	4,835,272	2,325,170
754686	36230PF39	4.50	5/20/2041	485,772	457,719
<b>TOTAL</b>				<b>\$98,175,172</b>	<b>\$56,893,359</b>



**EXHIBIT A (iv)**

Pool	Single Family Detached	Condominiums / Townhomes	Other	New Construction	Existing Homes	Original # of Loans Financed	Loans Prepaid in Full	Loans Bought Out of Pool Due to Loan Modification or Serious Delinquency	Loans Foreclosed	FHA	VA	RHCDS
754669	89.1%	8.6%	2.3%	3.0%	97.0%	74	13	2	7	98.94%	0.00%	1.06%
754670	83.0%	13.9%	3.1%	17.1%	82.9%	70	20	1	2	98.15%	1.85%	0.00%
754671	88.4%	7.8%	3.8%	10.5%	89.5%	71	10	1	4	99.01%	0.99%	0.00%
754672	86.0%	2.5%	11.5%	7.2%	92.8%	46	8	1	4	100.00%	0.00%	0.00%
754673	87.1%	12.9%	0.0%	5.7%	94.3%	80	20	1	10	100.00%	0.00%	0.00%
754677	90.6%	4.0%	5.4%	2.5%	97.5%	70	17	3	2	93.70%	5.05%	1.25%
754678	87.9%	12.1%	0.0%	8.4%	91.6%	66	21	6	4	99.39%	0.00%	0.61%
754679	56.6%	0.0%	43.4%	0.0%	100.0%	11	3	2	1	100.00%	0.00%	0.00%
754682	0.00%	0.0%	100.0%	0.0%	100.0%	7	6	0	0	100.00%	0.00%	0.00%
754683	92.8%	7.2%	0.0%	7.8%	92.2%	76	25	2	2	98.72%	0.00%	1.28%
754684	90.0%	7.0%	3.0%	9.9%	90.1%	88	29	2	4	91.71%	2.23%	6.07%
754685	85.9%	7.4%	6.7%	6.4%	93.6%	40	16	0	2	100.00%	0.00%	0.00%
754686	100.0%	0.0%	0.0%	0.0%	100.0%	3	0	0	0	100.00%	0.00%	0.00%
<b>Grand Total</b>	<b>87.9%</b>	<b>8.3%</b>	<b>3.8%</b>	<b>7.9%</b>	<b>92.1%</b>	<b>702</b>	<b>188</b>	<b>21</b>	<b>42</b>	<b>97.68%</b>	<b>1.16%</b>	<b>1.17%</b>



	Current	30 Days	60 - 89 Days	90 - 119 Days	120 + Days	Foreclosure	Total
<b>754669</b>							
# of Loans	47	2		1	2		52
\$ Value	5,429,081	349,899		153,788	301,141		6,233,910
%	87.09%	5.613%	0.00%	2.467%	4.831%	0.00%	
<b>754670</b>							
# of Loans	42	2	2	1			47
\$ Value	5,603,223	207,556	280,148	157,524			6,248,450
%	89.674%	3.322%	4.484%	2.521%	0.00%	0.00%	
<b>754671</b>							
# of Loans	49	5	2				56
\$ Value	6,344,729	666,294	263,357				7,274,379
%	87.22%	9.16%	3.62%	0.00%	0.00%	0.00%	
<b>754672</b>							
# of Loans	28	4			1		33
\$ Value	3,771,802	446,126			182,579		4,400,506
%	85.713%	10.138%	0.00%	0.00%	4.149%	0.00%	
<b>754673</b>							
# of Loans	45	2			2		49
\$ Value	5,900,128	301,287			228,081		6,429,497
%	91.767%	4.686%	0.00%	0.00%	3.547%	0.00%	
<b>754677</b>							
# of Loans	43	1		1	2	1	48
\$ Value	5,650,046	181,330		151,547	167,512	159,777	6,310,212
%	89.538%	2.874%	0.00%	2.402%	2.655%	2.532%	
<b>754678</b>							
# of Loans	33	1			1		35
\$ Value	3,839,395	174,237			91,724		4,105,356
%	93.522%	4.244%	0.00%	0.00%	2.234%	0.00%	



	Current	30 Days	60 - 89 Days	90 - 119 Days	120 + Days	Foreclosure	Total
<b>754679</b>							
# of Loans	5						5
\$ Value	621,851						621,851
%	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
<b>4682</b>							
# of Loans	1						1
\$ Value	83,821						83,821
%	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
<b>754683</b>							
# of Loans	41	3	2		1		47
\$ Value	4,973,869	396,104	270,901		47,223		5,688,098
%	87.444%	6.964%	4.763%	0.00%	0.83%	0.00%	
<b>754684</b>							
# of Loans	48	3	2				53
\$ Value	6,424,761	403,849	147,126				6,975,736
%	92.102%	5.789%	2.109%	0.00%	0.00%	0.00%	
<b>754685</b>							
# of Loans	17	4		1			22
\$ Value	1,747,586	535,467		46,115			2,329,167
%	75.031%	22.99%	0.00%	1.98%	0.00%	0.00%	
<b>754686</b>							
# of Loans	3						3
\$ Value	458,412						458,412
%	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
<b>INDENTURE TOTAL</b>							
# of Loans	402	27	8	4	9	1	<b>451</b>
\$ Value	50,848,704	3,662,149	961,532	508,974	1,018,260	159,777	<b>57,159,396</b>
%	<b>88.959%</b>	<b>6.407%</b>	<b>1.682%</b>	<b>0.89%</b>	<b>1.781%</b>	<b>0.28%</b>	



EXHIBIT A (vi)

<b>Bond Issue</b>	<b>Bonds Outstanding</b>	<b>GNMA Security Balance</b>	<b>Weighted Average Mortgage Rate</b>	<b>Mortgage Types</b>	<b>Total Investments</b>	<b>Total Investment Assets</b>
<b>SF2009AA-1/2011AA</b>	22,460,000	57,919,252	4.74%	Fixed	5,811,614	63,730,866
<b>SF2013AA</b>	39,945,000					
<b>TOTAL</b>	<b>62,405,000</b>	<b>57,919,252</b>			<b>5,811,614</b>	<b>63,730,866</b>





## **INDEPENDENT AUDITORS**

The financial statements of the Authority as of and for the years ended December 31, 2014 with summarized Financial Information for 2013, 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 B**.

### **COLORADO HOUSING AND FINANCE AUTHORITY**

By: /s/ Cris A. White  
Executive Director



**APPENDIX B**  
**Financial Statements for the**  
**Years ended December 31, 2014 with summarized Financial Information for 2013**  
**and Independent Accountants' Reports**

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**COLORADO HOUSING AND FINANCE AUTHORITY**  
**ANNUAL FINANCIAL REPORT**  
**(With Independent Auditors' Report Thereon)**  
**December 31, 2014 and 2013**



*Prepared by:*  
*Accounting Division*

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# COLORADO HOUSING AND FINANCE AUTHORITY – Annual Financial Report

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colorado housing and finance authority



**EXECUTIVE LETTER  
(UNAUDITED)**

**Message from Cris White,  
Executive Director and CEO  
March 26, 2015**

In 2014, CHFA celebrated our 40 year anniversary and more than \$10 billion invested into Colorado's economy since our inception. While we acknowledged our past accomplishments, we also worked hard throughout the year to further improve operations and financially strengthen the position of the organization for another 40+ years of success. These efforts led to an effective year in production and community impact.

Overall in 2014, CHFA supported:

- 3,462 Colorado households in obtaining home purchase loans, mortgage refinance loans, or mortgage credit certificates;
- the development or preservation of 26 affordable rental housing projects, supporting a total of 2,197 rental housing units; and
- 396 businesses with our capital access and business lending programs, which combined supported 4,414 jobs in Colorado.

CHFA made a \$505 million direct investment, in total, into our mission last year. The economic activity estimated to occur as a result of this investment is \$690 million.

In celebration of CHFA's 40<sup>th</sup> anniversary, we created an essay contest to recognize our home mortgage customers, and launched our inaugural *David W. Herlinger Direct Effect Awards*, which honor CHFA's nonprofit partners. Our essay contest entitled, *Home is Where My Story Starts<sup>sm</sup>* asked CHFA's home mortgage customers to describe how homeownership got their story started in a new way for a chance to win a free home mortgage payment for a month, or \$1,000 applied to the CHFA mortgage—whichever was greater. More than 100 entries were received, and CHFA's panel of judges chose 12 winners. The creation of the *David W. Herlinger Direct Effect Awards* recognized nonprofit organizations whose missions aligned with CHFA's work to support affordable homeownership, the development or preservation of affordable rental housing, and growth investment in Colorado businesses. Nearly 100 applications were received, and four nonprofit organizations were chosen to receive \$10,000 each to aid in advancing their missions.

Throughout 2014, CHFA's Home Finance division underwent a thorough operational efficiency review in an effort to be better business partners to lenders and better serve CHFA's mission. Changes such as streamlining review processes, increasing loan file review process transparency, and significantly reducing the number of loan files suspended were all implemented in 2014. Additionally, we expanded eligibility criteria for borrowers by removing purchase price limits and other tax-exempt overlays. These efforts better aligned CHFA with the industry, an outcome we will continue to work toward in 2015 and beyond.

CHFA's Community Development division achieved many successes in 2014 in both business and rental finance. In December 2014, the U.S. Treasury Department released a report detailing how the State Small Business Credit Initiative (SSBCI) has helped small businesses grow and create jobs, naming Colorado as a top state in fund deployment. Colorado was reported as the fourth state to deploy the most SSBCI funds by percentage of allocation. Additionally, as of December 2014, CHFA had nearly fully deployed \$2.5 million in Colorado Credit Reserve (CCR), originally authorized by the Colorado General Assembly in 2009 to help small businesses access capital. To date, CCR has impacted more than 1,200 businesses, which support nearly 11,000 jobs.

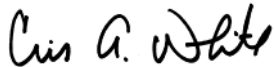
To further our impact on the affordable rental housing market, CHFA worked with state leaders to support the renewal of the State Low Income Housing Tax Credit (LIHTC) program. The bill, HB 14-1017 sponsored by State Senator Jessie Ulibarri and Representative Crisanta Duran, authorizes CHFA to competitively award \$5 million of state LIHTC in both 2015 and

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2016 to support the development and preservation of affordable rental housing. The bill also authorizes CHFA to allocate State LIHTC above the \$5 million cap to support developments in counties impacted by natural disasters.

CHFA's outreach efforts in 2014 resulted in exciting developments aligned with our mission and priorities. We were proud to co-sponsor a new program called the Pathways Home Supportive Housing Toolkit. Participants of the program receive tools they need to develop permanent supportive housing in their community. By the fall of 2014, the program already produced its first successful project, Pathways Village. The project will be a 40-unit affordable housing development for homeless families and individuals on the Western Slope. This is the first development of its kind in the region. Based on 2014 outreach, we anticipate that an additional 12 developments proposing to construct 200 new permanent supportive housing units will be seeking support from CHFA within the next three years.

The past year was truly a success for CHFA. We met and exceeded several goals, including reaching \$497 million in loan production. CHFA was also able to contribute approximately \$5 million to our Housing Opportunities Fund (HOF), providing a flexible source of funding for affordable housing development. Stronger earnings, a renewed ability to fund HOF, and a robust production pipeline were key factors contributing to CHFA's financial success in 2014. With this momentum, we look forward to strengthening our effect on Colorado in 2015.



Cris A. White  
Executive Director and CEO



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





**Management's Discussion and Analysis**  
*(unaudited)*

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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 as of and for the years ended December 31, 2014 and 2013. 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*.

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

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

The Authority participates in the Government National Mortgage Association (Ginnie Mae) Mortgage Backed Securities (MBS) Programs. Through the MBS Programs, Ginnie Mae guarantees securities that are issued by the Authority and that are backed by pools of mortgage loans. Ginnie Mae securities, which can be held or sold, carry the full faith and credit guaranty of the United States government. 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 are guaranteed by the United States Department of Agriculture Rural Development or the Veterans Administration.

The Authority also participates in the Federal National Mortgage Association (Fannie Mae) Mortgage Backed Securities (MBS) and Whole Loan Commitment Programs. Fannie Mae is a Government-Sponsored Enterprise with a public mission to provide stability in and to increase the liquidity of the residential mortgage market and to help increase the availability of mortgage credit to low- and moderate-income families and in underserved areas. CHFA is a Fannie Mae Seller/Service, either selling whole loans to Fannie Mae for cash or swapping pooled loans for mortgage-backed securities (MBS) issued by Fannie Mae, which securities can be held or sold.

### **Overview of the Financial Statements**

The basic financial statements consist of the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position, the Statement of Cash Flows and the notes thereto. The Authority follows enterprise fund accounting. The financial statements offer information about the Authority's activities and operations.

The Statement of Net Position includes all of the Authority's assets and liabilities, presented in order of liquidity, along with deferred outflows and deferred inflows. The resulting net position presented in these statements is displayed as invested in capital assets, restricted or unrestricted. Net position is restricted when its use is subject to external limits such as bond indentures, legal agreements or statutes.



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

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

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

During 2013, the Authority implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which is effective for financial statements for periods beginning after December 15, 2012. This Statement establishes accounting standards to reclassify certain items that were previously reported as assets and liabilities, as deferred outflows or inflows on the Statement of Net Position. This Statement also recognizes certain items that were previously reported as assets and liabilities as outflows or inflows of resources on the Statement of Revenues, Expenses and Changes in Net Position. Accounting changes adopted to conform to the provisions of this statement were applied retroactively by restating the basic financial statements for all prior periods presented.

### **Debt Activity**

In November 2014, the Authority issued \$55.4 million in Federally Taxable Single Family Program Class I, 2014 Series A Bonds to refund outstanding variable rate bonds into fixed rate bonds in order to take advantage of favorable interest rates. The 2014 Series A refunding transaction allowed the Authority to lock in historically low fixed interest rates ahead of the May 1, 2015 optional termination date of the swap agreements associated with the variable rate debt. The swap agreements were left outstanding and the required payments will be made until May 1, 2015 when the swaps will terminate at no cost to the Authority.

**Programs** – The financial statements present the activities of the Authority's housing and lending programs. Information regarding these programs is provided in the supplemental schedules.

### **Financial Highlights**

- Total cash and investments as of December 31, 2014 were \$834.1 million, a decrease of \$23.4 million, or 2.7%, compared to the amount outstanding as of December 31, 2013. The decrease was primarily the result of payments made against interest rate swap agreements and scheduled payments of principal and interest on bonds outstanding.
- Total net loans receivable as of December 31, 2014 were \$1.4 billion, a decrease of \$199.8 million, or 12.3%, compared to the amount outstanding as of December 31, 2013. Loan repayments occurred without a corresponding increase in new loans retained as the Authority continued in 2014 to sell all of its single family loan production through three vehicles: sales of Ginnie Mae and Fannie Mae mortgage backed securities or by direct sale to Fannie Mae. During 2014, \$259.4 million in loans were sold through the issuance and sale of Ginnie Mae securities, \$165.2 million in loans were pooled and swapped for Fannie Mae mortgage backed securities, which were subsequently sold, and \$3.7 million in loans were sold directly to Fannie Mae.



*Management's Discussion and Analysis*  
*(unaudited)*

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- Total deferred outflows as of December 31, 2014 were \$142.1 million, an increase of \$10.7 million, or 8.1%, compared to the amount outstanding as of December 31, 2013, reflecting a decrease in market interest rates.
- As of December 31, 2014, total debt outstanding was \$1.9 billion, a decrease of \$259.2 million, or 12.3%, compared to the balance at December 31, 2013. Payments of loans, together with available cash, have been used to reduce bond balances.
- Net position as of December 31, 2014 was \$340.2 million, an increase of \$36.5 million, or 12.0%, compared to the balance at December 31, 2013, increasing the Authority's capital position. Net position as a percent of total assets increased from 12.0% as of December 31, 2013 to 14.7% as of December 31, 2014.
- As reflected in the Statement of Revenues, Expenses and Changes in Net Position, net position was \$32.9 million or 922.6% greater than the results at December 31, 2013. The increase in the change in net position compared to prior year was primarily composed of the following:
  - A \$3.3 million increase in net interest income as a result of lower bond expenses.
  - A \$31.6 million increase in other operating revenues is a result of the following:
    - \$326 thousand decrease in real estate owned rental income
    - \$752 thousand increase in gain on sale of loans
    - \$2.8 million increase in investment derivative activity
    - \$28.4 million increase in fair value of investments
    - \$44 thousand decrease in loan servicing and other revenues
  - A \$1.9 million increase in operating expenses due primarily to an increase in service release premium expense related to fair value adjustments and an offsetting decrease in provision for loan losses.



**Analysis of Financial Activities**

**Condensed Summary of Net Position**

(in thousands of dollars)

For the years ended December 31,	2014	2013	2012
<b>Assets</b>			
Cash	\$ -	\$ 110,726	\$ 156,431
Investments	-	746,775	800,929
Loans receivable, net	(44,463)	1,591,990	1,917,912
Loans receivable held for sale	44,463	37,733	29,967
Capital assets, net	-	7,055	8,110
Other assets	-	47,172	50,199
<b>Total assets</b>	<b>-</b>	<b>2,541,451</b>	<b>2,963,548</b>
<b>Deferred Outflows</b>			
Accumulated decrease in fair value of hedging derivatives	-	115,435	233,514
Refundings of debt	-	16,010	15,844
<b>Total deferred outflows</b>	<b>-</b>	<b>131,445</b>	<b>249,358</b>
<b>Liabilities</b>			
Bonds and notes payable and short-term debt	#DIV/0!	2,115,267	2,528,667
Derivative instruments and related borrowings	-	184,069	312,524
Other liabilities	2	66,109	70,060
<b>Total liabilities</b>	<b>#DIV/0!</b>	<b>2,365,445</b>	<b>2,911,251</b>
<b>Deferred Inflows</b>			
Accumulated increase in fair value of hedging derivatives	-	3,716	1,489
<b>Net position:</b>			
Investment in capital assets	-	7,055	8,110
Restricted primarily by bond indentures	6,807	101,076	114,910
Unrestricted	(6,807)	195,604	177,146
<b>Total net position</b>	<b>\$ -</b>	<b>\$ 303,735</b>	<b>\$ 300,166</b>

**Comparison of Years Ended December 31, 2014 and 2013**

Total assets decreased \$228.6 million, or 9.0%, from the prior year. Total cash and investments decreased \$23.4 million, or 2.7% primarily as a result of payments made against interest rate swap agreements and scheduled payments of principal and interest on bonds outstanding. Net loans receivable decreased by \$199.8 million, or 12.3%, as a result of loan repayments occurring without a corresponding increase in new loans retained as the Authority continued in 2014 to sell all of its single family loan production through three vehicles: sales of Ginnie Mae and Fannie Mae mortgage backed securities or by direct sale to Fannie Mae. Deferred outflows increased \$10.7 million, or 8.1%, from the prior year, reflecting a decrease in market interest rates.



*Management's Discussion and Analysis*  
*(unaudited)*

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Total liabilities decreased \$255.3 million, or 10.8%, from the prior year. Bonds, notes payable and short-term debt decreased \$259.2 million, or 12.3% from the prior year, primarily due to scheduled bond payments and additional unscheduled redemptions. Derivative instruments and related borrowings decreased \$2.5 million, or 1.3%, from the prior year due to a decrease in market interest rates.

**Comparison of Years Ended December 31, 2013 and 2012**

Total assets decreased \$422.1 million, or 14.2%, from the prior year. Total cash and investments decreased \$99.9 million, or 10.4% as a result of several factors, including payments made against interest rate swap agreements, scheduled payments of principal and interest on bonds outstanding and an unscheduled refunding of high cost fixed rate bonds in an effort to generate interest savings. Net loans receivable decreased by \$318.2 million, or 16.3%, as a result of loan repayments occurring without a corresponding increase in new loans retained as the Authority continued in 2013 to sell all of its single family loan production through three vehicles: sales of Ginnie Mae and Fannie Mae mortgage backed securities or by direct sale to Fannie Mae. Deferred outflows decreased \$117.9 million, or 47.3%, from the prior year, reflecting an increase in market interest rates.

Total liabilities decreased \$545.8 million, or 18.7%, from the prior year. Bonds, notes payable and short-term debt decreased \$413.4 million, or 16.3% from the prior year, primarily due to scheduled bond payments and additional unscheduled redemptions. Derivative instruments and related borrowings decreased \$128.5 million, or 41.1%, from the prior year due to an increase in market interest rates.



*Management's Discussion and Analysis*  
(unaudited)

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

For the years ended December 31,	2014	2013	2012
<b>Interest income and expense:</b>			
Interest on loans receivable	\$ -	\$ 96,000	\$ 113,322
Interest on investments	-	22,200	23,291
Interest on debt	-	(97,193)	(120,805)
Net interest income	-	21,007	15,808
<b>Other operating income (loss):</b>			
Rental income	-	358	2,675
Gain on sale of loans	-	23,094	25,103
Investment derivative activity loss	-	(6,005)	(13,820)
Net increase (decrease) in the fair value of investments	-	(19,574)	3,590
Other revenues	-	22,783	21,760
Total other operating income	-	20,656	39,308
Total operating income	-	41,663	55,116
<b>Operating expenses:</b>			
Salaries and related benefits	-	16,505	17,836
General operating	1	18,763	19,950
Depreciation	-	1,655	2,722
Provision for loan losses	-	1,176	9,106
Total operating expenses	1	38,099	49,614
<b>Net operating income</b>	<b>(1)</b>	<b>3,564</b>	<b>5,502</b>
<b>Nonoperating expenses:</b>			
Federal grant receipts	115,245	111,929	112,954
Federal grant payments	(115,245)	(111,929)	(112,954)
Gain (loss) on sale of capital assets	-	5	39,154
Total nonoperating income and expenses, net	-	5	39,154
<b>Change in net position</b>	<b>(1)</b>	<b>3,569</b>	<b>44,656</b>
<b>Net position:</b>			
Beginning of year	1	300,166	255,510
End of year	\$ -	\$ 303,735	\$ 300,166



### **Comparison of Years Ended December 31, 2014 and 2013**

Total operating income increased by \$34.8 million in 2014, or 83.6%, compared to 2013. The following contributed to the increase:

- Interest income decreased by \$13.3 million in 2014 as a result of higher loan prepayments without a corresponding increase in new loan production retained.
- Interest expense related to debt decreased by \$16.6 million due to lower outstanding balances and reducing interest through actions to restructure debt.
- The fair value of investments increased by \$28.4 million due primarily to changes in market rates during 2014.

Total operating expenses increased \$1.9 million in 2014, or 4.9%, compared to 2013. The increase was primarily due to an increase in service release premium expense related to fair value adjustments and an offsetting decrease in provision for loan losses.

The federal grant receipts/payments consisted 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, 2013 and 2012**

Total operating income decreased by \$13.5 million in 2013, or 24.4%, compared to 2012. The following contributed to the decrease:

- Interest income decreased by \$18.4 million in 2013 as a result of higher loan prepayments without a corresponding increase in new loan production retained.
- Interest expense related to debt decreased by \$23.6 million due to lower outstanding balances and reducing interest through actions to restructure debt.
- Investment derivative activity increased \$7.8 million due to a novation transaction completed during the fourth quarter of 2012.
- The fair value of investments decreased by \$23.2 million due primarily to market interest rates during 2013.

Total operating expenses decreased \$11.5 million in 2013, or 23.2%, compared to 2012. The decrease was primarily due to a decrease in general operating costs related to streamlining of operating expenses and lower provision for loan losses.

Total nonoperating revenues and expenses, net, decreased by \$39.1 million, or approximately 100%, compared to 2012. The decrease is due to the gain on sale of certain properties sold during 2012 that were owned by the Authority.

### **Subsequent Events**

During the fourth quarter of 2014 the Authority began an effort to reduce long-term interest expense by refunding outstanding variable rate bonds within in the Single Family Indenture. Effective February 5, 2015, \$137.1 million in single family variable rate bonds were refunded into fixed rate bonds in the amount of \$99.8 million, ahead of the May 1, 2015 optional termination date of the swap agreements associated with the variable rate debt. The swap agreements were left outstanding and the required payments will be made until May 1, 2015 when the swaps will terminate at no cost to the Authority. This action will result in long-term economic savings to the Authority of approximately \$10.2 million.

The Authority's management has evaluated other subsequent events through March 26, 2015. No other events have occurred which warrant disclosure or adjustments to the financial statement amounts presented.



**INDEPENDENT AUDITORS' REPORT**









**BASIC FINANCIAL STATEMENTS**

## Colorado Housing and Finance Authority

### Statement of Net Position

For the years ended December 2014 and 2013

(in thousands of dollars)

	2014	2013
<b>Assets</b>		
Current assets:		
Cash		
Restricted	\$ -	\$ 66,637
Unrestricted	-	44,089
Investments (partially restricted, see note 2)	454,893	466,867
Loans receivable (partially restricted, see note 3)	42,981	90,799
Loans receivable held for sale	44,463	37,733
Other current assets	-	19,745
<b>Total current assets</b>	<b>542,337</b>	<b>725,870</b>
Noncurrent assets:		
Investments (partially restricted, see note 2)	(454,893)	279,908
Loans receivable, net (partially restricted, see note 3)	(87,444)	1,501,191
Capital assets, net	-	7,055
Other assets	-	27,427
<b>Total noncurrent assets</b>	<b>(542,337)</b>	<b>1,815,581</b>
<b>Total assets</b>	<b>-</b>	<b>2,541,451</b>
<b>Deferred Outflows</b>		
Accumulated decrease in fair value of hedging derivatives	-	115,435
Refundings of debt	-	16,010
<b>Total deferred outflows</b>	<b>-</b>	<b>131,445</b>
<b>Liabilities</b>		
Current liabilities:		
Short-term debt	-	42,380
Bonds payable	#DIV/0!	158,300
Notes payable	103	1,120
Other current liabilities	81	60,955
<b>Total current liabilities</b>	<b>#DIV/0!</b>	<b>262,755</b>
Noncurrent liabilities:		
Bonds and notes payable	#DIV/0!	1,913,467
Derivative instruments	-	117,534
Hybrid instrument borrowing	-	66,535
Other liabilities	(79)	5,154
<b>Total noncurrent liabilities</b>	<b>#DIV/0!</b>	<b>2,102,690</b>
<b>Total liabilities</b>	<b>#DIV/0!</b>	<b>2,365,445</b>
<b>Deferred Inflows</b>		
Accumulated increase in fair value of hedging derivatives	-	3,716
<b>Net position</b>		
Investment in capital assets	-	7,055
Restricted primarily by bond indentures	6,807	101,076
Unrestricted	(6,807)	195,604
<b>Total net position</b>	<b>\$ -</b>	<b>\$ 303,735</b>

See accompanying notes to basic financial statements.

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

For the years ended December 2014 and 2013

(in thousands of dollars)

	2014	2013
<b>Interest income and expense:</b>		
Interest on loans receivable	\$ -	\$ 96,000
Interest on investments	-	22,200
Interest on debt	-	(97,193)
Net interest income	-	21,007
<b>Other operating income (loss):</b>		
Rental income	-	358
Gain on sale of loans	-	23,094
Investment derivative activity loss	-	(6,005)
Net increase (decrease) in the fair value of investments	-	(19,574)
Other revenues	-	22,783
Total other operating income	-	20,656
Total operating income	-	41,663
<b>Operating expenses:</b>		
Salaries and related benefits	-	16,505
General operating	1	18,763
Depreciation	-	1,655
Provision for loan losses	-	1,176
Total operating expenses	1	38,099
<b>Net operating income</b>	<b>(1)</b>	<b>3,564</b>
<b>Nonoperating income and expenses:</b>		
Federal grant receipts	115,245	111,929
Federal grant payments	(115,245)	(111,929)
Gain on sale of capital assets	-	5
Total nonoperating income and expenses	-	5
<b>Change in net position</b>	<b>(1)</b>	<b>3,569</b>
<b>Net position:</b>		
Beginning of year	1	300,166
End of year	\$ -	\$ 303,735

See accompanying notes to basic financial statements.

# Colorado Housing and Finance Authority

## Statement of Cash Flows

For the years ended December 2014 and 2013

(in thousands of dollars)

	2014	2013
<b>Cash flows from operating activities:</b>		
Principal payments received on loans receivable and receipts from dispositions of other real estate owned	\$ 190,299	\$ 506,211
Interest payments received on loans receivable	-	95,597
Payments for loans receivable	(449,679)	(502,009)
Receipts from sales of Ginnie Mae securities	259,380	341,606
Receipts from rental operations	-	285
Receipts from other revenues	-	21,515
Payments for salaries and related benefits	-	(16,548)
Payments for goods and services	-	(19,509)
All other, net	-	366
Net cash provided by operating activities	-	427,514
<b>Cash flows from noncapital financing activities:</b>		
Net increase (decrease) in short-term debt	-	(29,095)
Proceeds from issuance of bonds	55,435	133,028
Proceeds from issuance of notes payable	-	-
Receipts from federal grant programs	115,245	110,468
Payments for federal grant programs	(115,245)	(111,929)
Principal paid on bonds	(55,435)	(510,475)
Payments on terminations of interest rate swaps	-	1,005
Principal paid on notes payable	-	(5,517)
Interest paid on short-term debt	-	(135)
Interest rate swap settlements	-	(79,951)
Interest paid on bonds	-	(37,460)
Interest paid on notes payable	-	(296)
Net cash used in noncapital financing activities	-	(530,357)
<b>Cash flows from capital and related financing activities:</b>		
Purchase of capital assets	(542)	(599)
Proceeds from the disposal of capital assets	542	4
Interest paid on capital-related debt	-	-
Net cash provided by (used in) capital and related financing activities	-	(595)
<b>Cash flows from investing activities:</b>		
Proceeds from maturities and sales of investments	4,280,860	2,916,886
Purchase of investments	(4,280,860)	(2,882,304)
Income received from investments	-	23,151
Net cash provided by investing activities	-	57,733
<b>Net increase (decrease) in cash</b>	<b>-</b>	<b>(45,705)</b>
Cash at beginning of year	110,726	156,431
Cash at end of year	\$ 110,726	\$ 110,726
Restricted	\$ -	\$ 66,637
Unrestricted	-	44,089
Cash, end of year	\$ -	\$ 110,726

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Continued on the next page

## Colorado Housing and Finance Authority

### Statement of Cash Flows *(continued)*

For the years ended December 2014 and 2013

*(in thousands of dollars)*

	2014	2013
<b>Reconciliation of operating income to net cash provided by (used in) operating activities:</b>		
Net operating income	\$ (1)	\$ 3,564
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	-	1,655
Amortization of service release premiums	-	3,584
Amortization of deferred loan fees/costs, net	-	37
Amortization of derivatives related borrowings	-	(15,158)
Provision for loan losses	-	1,176
Interest on investments	-	(22,200)
Interest on debt	-	112,350
Unrealized loss on investment derivatives	-	6,005
Unrealized (gain) loss on investments	-	19,574
Gain on sale of REO	-	(2,281)
Gain on sale of loans receivable held for sale	-	(23,094)
Changes in assets and liabilities:		
Loans receivable and other real estate owned	-	344,469
Accrued interest receivable on loans and investments	-	(403)
Other assets	-	(3,381)
Accounts payable and other liabilities	1	1,617
Net cash provided by operating activities	\$ -	\$ 427,514

See accompanying notes to basic financial statements.



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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 (the Statutes), as amended (the Act). The Authority is not a state agency and is not subject to administrative direction by the State. The governing body of the Authority is its board of directors (the Board). Operations of the Authority commenced in 1974. The Authority is not a component unit of the State or any other entity.

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

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

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

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

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

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

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

### (b) Basis of Accounting

The Authority presents its financial statements in accordance with United States Generally Accepted Accounting Principles (U.S. GAAP) as established by the Governmental Accounting Standards Board (GASB). For financial purposes, the



Authority is considered a special-purpose government engaged in business-type activities. The financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when incurred. All significant intra-entity transactions have been eliminated.

**(c) Summary of Significant Accounting Policies**

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

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

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

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

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

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

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

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



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

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

**Capital Assets** – Capital assets are defined by the Authority as assets with an initial, individual cost of \$5,000. 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** – Other assets is primarily made up of mortgage servicing rights (servicing release premiums). Mortgage servicing rights are amortized over the life of the related loans using the effective interest method. Unamortized costs totaling \$19.2 million and \$21.3 million were outstanding at December 31, 2014 and 2013, respectively. Included in these amounts are mortgage servicing rights of \$13.4 million and \$14.2 million as of December 31, 2014 and 2013, 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.

The Authority recorded an impairment loss of \$4.6 million as of December 31, 2014 and a net impairment loss reversal of \$1.1 million of prior years' impairment loss on mortgage servicing rights as of December 31, 2013. The impairment and related reversal are reported in general operating expense on the Statement of Revenues, Expenses and Changes in Net Position.

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

The Authority issues fixed rate and variable rate bonds. The rate on the fixed rate bonds is set at bond closing. The variable rate bonds bear interest at either a monthly or a weekly rate until maturity or earlier redemption. For bonds that pay weekly rates, the remarketing agent for each bond issue establishes the weekly rate according to each indenture's remarketing agreement. The weekly rates are communicated to the various bond trustees for preparation of debt service payments. The weekly rate, as set by the remarketing agent, allows the bonds to trade in the secondary market at a price equal to 100% of the principal amount of the bonds outstanding, with each rate not exceeding maximum rates permitted by law. The variable rate bonds that bear interest monthly are based on the one-month London Interbank Offered Rate (LIBOR).

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

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



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

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

**Derivative Instruments – Interest Rate Swap Agreements** – The Authority enters into interest rate swap agreements (swap) with rated swap counterparties in order to (1) provide lower cost fixed rate financing for its loan production needs through synthetic fixed rate structures and (2) utilize synthetic fixed rate structures with refunding bonds in order to generate cash flow savings. The interest differentials to be paid or received under such swaps are recognized as an increase or decrease in interest expense of the related bond liability. The Authority enters into fixed payor swaps, where it pays a fixed interest rate in exchange for receiving a variable interest rate from the counterparty. The variable interest rate may be based on either a taxable or tax-exempt index. By entering into a swap agreement, the Authority hedges its interest rate exposure on the associated variable rate bonds. The Authority's interest rate swaps are generally considered to be hedging derivative instruments under GASB No. 53. However, certain interest rate swaps have been deemed ineffective and are classified as investment derivative instruments. 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 purchase mortgage loans. At December 31, 2014, the Authority had executed 53 forward sales transactions with a \$123.0 million notional amount with four 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 23, 2015. These contracts are considered investment derivative instruments.

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

**Other Liabilities** – The major other liabilities are as follows:

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



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

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**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.

**New Accounting Principles** – The Governmental Accounting Standards Board (GASB) issued Statement No. 69, *Government Combinations and Disposals of Government Operations*, which is effective for financial statements for periods beginning after June 15, 2013. The standard was issued to improve the accounting and financial reporting standards related to government combinations and disposals of government operations. These transactions include mergers, acquisitions, and transfers of, or disposals of, government operations. GASB 69 is not applicable to the Authority, as the Authority did not engage in any of the combinations or disposals subject to the provisions of Statement No. 69 during 2014.

GASB issued Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, which is effective for financial statements for periods beginning after June 15, 2013. This Statement will enhance comparability of financial statements among governments by requiring consistent reporting by governments which extend or receive nonexchange financial guarantees. This Statement will also address the information disclosed about a government’s obligations and risk exposure from extending nonexchange financial guarantees. The result of these changes will allow financial statement users to assess a government’s probability of having to repay obligation holders under a nonexchange financial guarantee. This Statement is not applicable to the Authority, as the Authority did not engage in any nonexchange financial guarantees which are subject to the provisions of Statement No. 70 during 2014.

**Future Accounting Principles** – GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions*, which is effective for financial statements for periods beginning after June 15, 2014. This Statement addresses the accounting and financial reporting for employer pension plans provided to employees by pension plans administered through trusts that have certain characteristics. Statement No. 68 establishes standards for measuring and recognizing liabilities, deferred inflows and outflows of resources, and expenses as they relate to pension plans. More specifically, this Statement details how cost-sharing multiple-employer defined benefit plans, such as the one administered by the Public Employee’s Retirement Association of Colorado (PERA) on behalf of the Authority, will recognize pension liabilities based upon the employer’s proportionate share of the collective net pension liability of the trust. This Statement also addresses the note disclosure and required supplementary information requirements for reporting the pension liability. This Statement will be applicable to the Authority in 2015, and could have a material impact on the Authority’s financial statements as the Authority contributes to both a defined benefit and defined contribution pension plan as administered by the PERA.

GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, which is effective for financial statements for periods beginning after June 15, 2014. The objective of this statement is to address an issue regarding the application of the transition provisions of Statement No. 68, which requires the recognition of a deferred outflow or deferred inflow of resources related to pensions at the initial application of the new standard. This Statement amends paragraph 137 of Statement No. 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement No. 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts. The provisions of this Statement are required to be





applied simultaneously with the provisions of Statement No. 68. As such, this Statement will be applicable to the Authority in 2015 and will have no additional impact on the Authority's financial statements, except as stated in Statement No. 68.

GASB issued Statement No. 72, *Fair Value Measurement and Application*, which is effective for financial statements for periods beginning after June 15, 2015. This Statement defines fair value and describes how fair value should be measured, what assets and liabilities should be measured at fair value, and what information about fair value should be disclosed in the notes to the financial statements. Under the new statement, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Investments, which generally are measured at fair value, are defined as a security or other asset that governments hold primarily for the purpose of income or profit and the present service capacity of which is based solely on its ability to generate cash or to be sold to generate cash. The financial impact of the applicability of Statement No. 72 on the Authority's financial statements has not yet been determined.

## **(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 Statutes. Permissible investments pursuant to the Statutes are either identical to or less restrictive than the Authority's investment policy. In addition, each of the trust indentures established under the Authority's bond programs contains requirements as to permitted investments of bond fund proceeds, which may be more or less restrictive than the Authority's investment policy. These investments are included in the disclosures below under State and political subdivision obligations.



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

As of December 31, 2014, 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	\$ 57,393	\$ -	\$ -	\$ -	\$ 57,393
External investment pool	67,648	-	-	-	67,648
Investment agreements - uncollateralized	92,479	-	-	27,148	119,627
Money market mutual fund	132,621	-	-	-	132,621
Repurchase agreement	19,182	-	-	6,740	25,922
State & political subdivision obligations	-	-	-	532	532
U.S. government agencies	85,404	49,372	-	176,275	311,051
U.S. Treasury	166	-	598	-	764
<b>Total</b>	<b>\$ 454,893</b>	<b>\$ 49,372</b>	<b>\$ 598</b>	<b>\$ 210,695</b>	<b>\$ 715,558</b>

As of December 31, 2013, 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	\$ 23,800	\$ -	\$ -	\$ -	\$ 23,800
External investment pool	82,612	-	-	-	82,612
Investment agreements - uncollateralized	84,986	-	-	32,385	117,371
Money market mutual fund	238,738	-	-	-	238,738
Repurchase agreement	17,192	-	-	6,740	23,932
State & political subdivision obligations	-	-	-	580	580
U.S. government agencies	18,823	35,969	20,272	183,962	259,026
U.S. Treasury	716	-	-	-	716
<b>Total</b>	<b>\$ 466,867</b>	<b>\$ 35,969</b>	<b>\$ 20,272</b>	<b>\$ 223,667</b>	<b>\$ 746,775</b>

General Program investments of \$65.1 million include investments pledged as of December 31, 2014 as follows: a \$57.4 million certificate of deposit pledged to the Federal Home Loan Bank (FHLB) line of credit and Colorado Local Government Liquid Asset Trust (COLOTRUST) investments of Rural Development Loan Program (RDLP), RDLP II and RDLP V in the amounts of \$576 thousand, \$265 thousand and \$29 thousand, respectively; each pledged as collateral for the RDLP notes payable and \$364 thousand of investments pledged as collateral for private placement bonds.

General Program investments of \$32.8 million include investments pledged as of December 31, 2013 as follows: a \$23.8 million certificate of deposit pledged to the Federal Home Loan Bank (FHLB) line of credit and Colorado Local Government Liquid Asset Trust (COLOTRUST) investments of Rural Development Loan Program (RDLP), RDLP II and RDLP V in the amounts of \$465 thousand, \$141 thousand and \$25 thousand, respectively; each pledged as collateral for the RDLP notes payable and \$3.0 million of investments pledged as collateral for private placement bonds.





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

All Single Family and Multi-Family/Business Program investments, which total \$650.4 million and \$714.0 million as of December 31, 2014 and 2013, respectively, are restricted under bond indentures or other debt agreements, or otherwise pledged as collateral for borrowings.

**Interest Rate Risk** – 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	2014		2013	
	Rating	Total	Rating	Total
Certificate of deposit	Not Rated	\$ 57,393	Not Rated	\$ 23,800
External investment pool	AAAm	67,648	AAAm	82,612
Investment agreements - uncollateralized	AA+/A1	53,559	AA+/A1	45,652
Investment agreements - uncollateralized	AA/Aa1	35,651	AA+/Aa1	34,496
Investment agreements - uncollateralized	A/A2	20,540	A/A2	22,109
Investment agreements - uncollateralized	A+/Aa2	5,500	AA-/Aa3	9,614
Investment agreements - uncollateralized	AA-/Aa3	4,376	AA-/Aa2	5,500
Money market mutual fund	AAAm/Aaa	132,621	AAAm/Aaa	238,738
Repurchase agreements	AA+/Aaa	25,922	AA/Aaa	19,726
Repurchase agreements	-	-	AA+/Aaa	4,206
State and political subdivision obligations	AAA/Aaa	532	AAA/Aaa	580
U.S. government agencies	AA+/Aaa	311,052	AA+/Aaa	259,026
U.S. Treasury	AA+/Aaa	764	AA+/Aaa	716
<b>Total</b>		<b>\$ 715,558</b>		<b>\$ 746,775</b>

Of the investments in securities issued by state and political subdivisions, 100% are rated AAA as of December 31, 2014 and 2013. Investment agreements meet the requirements of the rating agency providing the rating on the related debt issue and of the Board’s investment policy. The Board’s investment policy states that the Authority is empowered to invest in any security that is a revenue or general obligation of any political subdivision. The credit rating at the time of purchase must be rated in one of its two highest rating categories by one or more nationally recognized organizations, which regularly rate such obligations and concentration limits may not exceed more than 20% of the investment portfolio.

As of December 31, 2014 and 2013, the Authority had invested in 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.



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

**Concentration of Credit Risk** – The Authority has various maximum investment limits both by type of investment and by issuer to prevent inappropriate concentration of credit risk. The following table provides information on issuers in which the Authority has investments representing more than 5% of its total investments as of December 31, 2014 and 2013.

<b>Issuer</b>	<b>2014</b>	<b>2013</b>
COLOTRUST	9.45%	11.06%
FHLB	10.99%	5.98%
FHLMC	17.71%	7.34%
Fidelity	12.67%	24.49%
FNMA	7.00%	6.31%
GNMA	15.79%	18.23%
IXIS	11.48%	10.78%
Trinity	5.74%	4.75%
Wells Fargo	5.82%	7.33%

**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 fully 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 \$43.0 million and \$36.7 million held in a fiduciary capacity as of December 31, 2014 and 2013, 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.



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

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

Loans receivable and loans receivable held for sale at December 31, 2014 and 2013 consisted of the following:

	2014	2013
General Fund	\$ 166,490	\$ 170,449
Single Family Fund	690,300	854,829
Multi-Family/Business Fund:		
Multi-Family/Project	555,203	589,996
Multi-Family Pass Through	29,461	31,297
Total Multi-Family/Business Fund loans	584,664	621,293
Less intercompany loans, included in Multi-Family/Project above	(1,904)	(2,330)
Total loans receivable	1,439,550	1,644,241
Payments in process	(682)	(1,203)
Deferred fee income	-	(164)
Allowance for loan losses	(8,948)	(13,151)
Total loans receivable, net	\$ 1,429,920	\$ 1,629,723

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

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

General Program loans include single family, multi-family and business finance loans acquired under various programs of the General Program, loans to be sold through the issuance of Ginnie Mae securities, loans to be sold to Fannie Mae, loans to be pooled and swapped for securities issued by Fannie Mae, 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 insured or guaranteed by agencies of the U.S. government.

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

The single family loan portfolio included in the general and single family programs as of December 31, 2014 comprised of \$494.4 million of FHA insured loans, \$35.1 million of VA guaranteed loans, \$23.6 million of RD guaranteed loans and \$104.5 million of conventional insured loans with the balance of \$136.4 million made up of uninsured conventional and second mortgage loans.

The single family loan portfolio included in the general and single family programs as of December 31, 2013 comprised of \$598.2 million of FHA insured loans, \$43.5 million of VA guaranteed loans, \$28.5 million of RD guaranteed loans and \$133.1 million of conventional insured loans with the balance of \$150.1 million made up of uninsured conventional and second mortgage loans.



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

The Authority is exposed to operational risk, which makes it subject to loss or repurchase of insured FHA loans if specific guidelines are not met. As of December 31, 2014 and 2013, the Authority recorded a reserve of \$239 thousand and \$275 thousand, respectively, for claim refunds to be paid to the U.S. Department of Housing and Urban Development (HUD).

As of December 31, 2014 and 2013, single family mortgage loans with pending foreclosure actions have aggregate principal balances of approximately \$12.1 million and \$26.6 million, respectively. As of December 31, 2014 and 2013, the aggregate principal balance of single family mortgage loans delinquent 91 days or greater was approximately \$55.6 million and \$77.6 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, 2014, approximately \$357.7 million, or 72.0%, of the commercial loan balances are not covered by insurance. The insured loans comprised of \$206.6 million of Section 542(c) risk share loans, which are 50% insured, and \$10.8 million of Sections 221(d) and 223(f) new construction and rehabilitation loans, which are 99% insured.

As of December 31, 2013, approximately \$384.1 million, or 72.1%, of the commercial loan balances are not covered by insurance. The insured loans comprised of \$192.0 million of Section 542(c) risk share loans, which are 50% insured, and \$22.5 million of Sections 221(d) and 223(f) new construction and rehabilitation loans, which are 99% insured.

As of December 31, 2014 and 2013, commercial loans with pending foreclosure actions have aggregate principal balances of approximately \$240 thousand and \$0, respectively. As of December 31, 2014 and 2013, commercial loans delinquent 91 days or greater aggregate principal balances were approximately \$858 thousand and \$408 thousand, respectively.

Activity in the allowance for loan loss for the years ended December 31, 2014 and 2013 was as follows:

	<u>2014</u>	<u>2013</u>
Beginning balance	\$ 13,151	\$ 17,818
Provision (reversal)	(1,332)	(507)
Net charge-offs		
Single-family	(2,600)	(3,431)
Multi-family/Business	(271)	(729)
Ending balance	<u>\$ 8,948</u>	<u>\$ 13,151</u>

The Authority services loans on the behalf of others, primarily for Fannie Mae, which are not reported on the Statement of Net Position. As of December 31, 2014 and 2013, these outstanding loan balances were \$274.9 million and \$105.7 million, respectively.

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



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

The Authority has granted terms and interest rate concessions to debtors, which are considered troubled debt restructuring, as of December 31, 2014 and 2013, as summarized below:

<b>Single Family Program Loans:</b>	<b>2014</b>	<b>2013</b>
Aggregate recorded balance	\$ 41,982	\$ 34,059
Number of loans	324	243
Gross interest revenue if receivables had been current	\$ 2,400	\$ 2,019
Interest revenue included in changes in net position	\$ 1,569	\$ 1,323
<b>Multi-Family/Business Program Loans:</b>	<b>2014</b>	<b>2013</b>
Aggregate recorded balance	\$ 14,869	\$ 19,437
Number of loans	22	25
Gross interest revenue if receivables had been current	\$ 835	\$ 1,122
Interest revenue included in changes in net position	\$ 931	\$ 1,160



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

**(4) Capital Assets**

Capital asset activity for the year ended December 31, 2014 was as follows:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>
<b>Nondepreciable capital assets:</b>				
Land	\$ 1,573	\$ -	\$ -	\$ 1,573
Construction in progress	276	556	(598)	234
Total nondepreciable capital assets	1,849	556	(598)	1,807
<b>Depreciable capital assets:</b>				
Cost:				
Computer equipment/software *	14,329	402	(53)	14,678
Furniture and equipment	1,117	43	(44)	1,116
Buildings and related improvements	7,896	139	-	8,035
Total depreciable capital assets	23,342	584	(97)	23,829
Less accumulated depreciation:				
Computer equipment/software *	(12,996)	(742)	37	(13,701)
Furniture and equipment	(753)	(101)	23	(831)
Buildings and related improvements	(4,387)	(354)	-	(4,741)
Total accumulated depreciation	(18,136)	(1,197)	60	(19,273)
Total depreciable capital assets, net	5,206	(613)	(37)	4,556
Total capital assets, net	\$ 7,055	\$ (57)	\$ (635)	\$ 6,363

\* Includes capital lease



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

Capital asset activity for the year ended December 31, 2013 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
<b>Nondepreciable capital assets:</b>				
Land	\$ 1,573	\$ -	\$ -	\$ 1,573
Construction in progress	309	569	(602)	276
Total nondepreciable capital assets	1,882	569	(602)	1,849
<b>Depreciable capital assets:</b>				
Cost:				
Computer equipment/software *	13,863	478	(12)	14,329
Furniture and equipment	1,086	50	(19)	1,117
Buildings and related improvements	7,791	105	-	7,896
Total depreciable capital assets	22,740	633	(31)	23,342
Less accumulated depreciation:				
Computer equipment/software *	(11,833)	(1,175)	12	(12,996)
Furniture and equipment	(650)	(122)	19	(753)
Buildings and related improvements	(4,029)	(358)	-	(4,387)
Total accumulated depreciation	(16,512)	(1,655)	31	(18,136)
Total depreciable capital assets, net	6,228	(1,022)	-	5,206
Total capital assets, net	\$ 8,110	\$ (453)	\$ (602)	\$ 7,055

\* Includes capital lease

**(5) Short-Term Debt**

The Authority has agreements with the FHLB of Topeka for collateralized borrowings in an amount not to exceed the lending limit internally established by the FHLB, which is 40% of the Authority's total assets, or \$925.1 million. As of December 31, 2014 and 2013, the Authority had \$61.8 million and \$42.4 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 Ginnie Mae 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 one week or one-month LIBOR rate. This line of credit agreement terminates on December 18, 2015. The Authority pays an unused line fee at the rate of .020% per annum, payable in arrears on the first business day after each calendar quarter. The fee is based upon the average daily unused amount of the line of credit computed on the basis of a 360-day year. As of December 31, 2014 and 2013, there were no outstanding balances.



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

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Short-term debt activity for the years ended December 31, 2014 and 2013 was as follows:

	<u>2014</u>	<u>2013</u>
Beginning balance	\$ 42,380	\$ 71,475
Additions	3,535,460	2,658,410
Reductions	<u>(3,516,035)</u>	<u>(2,687,505)</u>
Ending balance	<u>\$ 61,805</u>	<u>\$ 42,380</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. The aggregate principal amounts of bonds and notes payable outstanding as of December 31, 2014 and 2013 are shown in the table on the following pages. Interest is payable semiannually unless otherwise noted. Interest rates on variable rate debt reset on a weekly or monthly basis. At December 31, 2014, these rates ranged from 0.02% to 0.92%. At December 31, 2013, these rates ranged from 0.04% to 1.07%.





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

Description and due date	Interest rate (%)	2014	2013
<b>Bonds payable:</b>			
<b>General Fund</b> (prior to 2011, all General Fund bonds carry the Authority's general obligation pledge):			
Multi-Family/Business Finance:			
Guaranteed Loan Participation Purchase Bonds: (* principal and interest payable monthly)			
1999 Series A	2015 - 2024	5.71	115
2004 Series B*	2015 - 2024	4.88	1,166
2005 Series A*	2015 - 2025	4.81	301
2011 Series A*	2015 - 2031	2.92	938
2012 Series A*	2015 - 2025	2.84	5,542
Total Guaranteed Loan Participation Purchase Bonds			8,062
Project Loan Participation Purchase Bonds: (* principal and interest payable monthly)			
2004 Series AP*	2015 - 2024	4.90	300
Taxable Rental Project Revenue Bonds: (* principal and interest payable monthly)			
2000 Series A	2015 - 2020	6.15	3,031
2002 Series AV*	2015 - 2022	5.55	1,356
2003 Series AV*	2015 - 2024	5.19	705
2004 Series A*	2015 - 2024	4.90	8,933
Total Taxable Rental Project Revenue Bonds			14,025
Total Multi-Family/Business Finance			22,387
<b>Total General Fund</b>			<b>22,387</b>
<b>Single Family Fund:</b>			
Single Family Mortgage Bonds:			
2001 Series AA	2015 - 2038	Variable	89,670
2002 Series A	2015 - 2021	Variable	13,740
2002 Series B	2015 - 2021	Variable	23,240
2002 Series C	2015 - 2022	Variable	27,090
2003 Series A	2015 - 2030	Variable	4,620
2003 Series B	2015 - 2028	Variable	86,300
2003 Series C	2015 - 2032	Variable	39,370
2004 Series A	2014 - 2032	Variable	-
2004 Series B	2015 - 2026	Variable	28,450
2005 Series A	2014 - 2033	Variable	-
2005 Series B	2015 - 2036	Variable & 4.98 - 5.22	52,540
2006 Series A	2015 - 2036	Variable	40,975
2006 Series B	2015 - 2036	Variable	87,520
2006 Series C	2015 - 2036	Variable	12,395
2007 Series A	2015 - 2037	Variable & 4.80	73,895
2007 Series B	2015 - 2038	Variable	119,990
2008 Series A	2015 - 2038	Variable & 5.00	105,840
2009 Series A	2015 - 2029	3.60 - 5.50	37,040
2011 Series AA	2015 - 2029	Variable & 2.00 - 5.00	22,460
2011 Series B	2014 - 2014	Variable	-
2011 Series D	2015 - 2016	Variable	24,130
2012 Series A	2015 - 2038	Variable	75,080
2013 Series AA	2015 - 2041	2.80	39,945
2013 Series B	2015 - 2036	Variable	39,950
2014 Series A	2015 - 2027	0.33 - 3.53	55,435
Total Single Family Mortgage Bonds			1,099,675
<b>Total Single Family Fund</b>			<b>1,099,675</b>

Table continued on following page.



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

Description and due date	Interest rate (%)	2014	2013
<b>Multi-Family/Business Fund:</b>			
Multi-Family/Project Bonds: (* principal and interest payable quarterly on some of the bonds)			
2000 Series A	2015 - 2030	Variable	17,350
2000 Series B*	2015 - 2020	Variable	3,770
2002 Series A	2015 - 2030	Variable	8,800
2002 Series C	2015 - 2032	Variable	79,650
2003 Series A	2015 - 2033	Variable	32,840
2004 Series A	2015 - 2045	Variable	51,395
2005 Series A	2015 - 2040	Variable	52,925
2005 Series B	2015 - 2040	Variable	21,130
2006 Series A	2015 - 2036	Variable	38,750
2007 Series B	2015 - 2038	Variable	65,480
2008 Series A	2015 - 2043	Variable	25,850
2008 Series B	2015 - 2052	Variable	157,505
2008 Series C	2015 - 2038	Variable	21,665
2009 Series A	2015 - 2041	Variable & 3.60 - 5.40	29,020
2012 Series A	2015 - 2051	2.75 - 4.50	10,470
2012 Series B	2015 - 2054	2.55 - 4.20	17,450
2013 Series A	2015 - 2023	Variable	7,040
2013 Series I	2015 - 2044	3.20	29,508
Total Multi-Family/Project Bonds			670,598
<b>Total Multi-Family/Business Fund</b>			<b>670,598</b>
<b>Total bonds payable</b>		\$ 1,792,660	\$ 2,070,175
<b>Premiums and losses classified as bonds payable</b>			
Bond premiums (unamortized)		638	659
<b>Bonds payable</b>		\$ 1,793,298	\$ 2,070,834
<b>Notes payable</b>		1,009	2,053
<b>Bonds and notes payable</b>		\$ 1,794,307	\$ 2,072,887
<b>Bonds and Notes Payable Summary</b>			
<b>Current:</b>			
Bonds payable		\$ 134,731	\$ 158,300
Notes payable		103	1,120
<b>Noncurrent:</b>			
Bonds and notes payable		1,659,473	1,913,467
<b>Total</b>		\$ 1,794,307	\$ 2,072,887



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

A breakdown of bonds payable as of December 31, 2014 and 2013, 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.

<b>Description</b>	<b>2014</b>	<b>2013</b>
Fixed rate debt	\$ 297,140	\$ 288,990
Synthetic fixed rate debt	1,353,075	1,632,965
Unhedged variable rate debt	142,445	148,220
<b>Total</b>	<b>\$ 1,792,660</b>	<b>\$ 2,070,175</b>

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, 2014 and 2013:

<b>Description</b>	<b>2014</b>	<b>2013</b>
General Fund Program Bonds	\$ 15,907	\$ 24,669
Single Family Mortgage Bonds, Class III	41,985	43,650
Multi-Family/Project Bonds, Class I	206,880	224,905
Multi-Family/Project Bonds, Class II	17,710	19,025
<b>Total</b>	<b>\$ 282,482</b>	<b>\$ 312,249</b>



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

Standby Purchase Agreements provide liquidity support on variable rate bonds that are remarketed weekly. The liquidity/commitment fees vary by agreement and are based on a percentage of the outstanding bond balance, payable monthly or quarterly. During 2014, CHFA renewed \$296.5 million in expiring liquidity facilities with FHLB of Topeka. During 2013, the Authority entered into agreements with Bank of New York Mellon for \$71.8 million in new liquidity facilities to replace the final outstanding Temporary Credit Liquidity Program agreements. The Authority also renewed \$471.9 million in expiring liquidity facilities with FHLB of Topeka and \$151.2 million of expiring facilities with Barclays Bank. Liquidity fees for the years ended December 31, 2014 and 2013 were \$6.5 million and \$7.7 million, respectively.

A schedule of providers and maturities is presented below, as of December 31, 2014:

Liquidity Expiration	Barclays Bank		Royal Bank of				Grand Total
	PLC. (1)	FHLB (2)	JP Morgan (3)	Canada (4)	BNY Mellon (5)		
2015	\$ 140,945	\$ 430,930	\$ 72,520	\$ 58,285	\$ -	\$ 702,680	
2016	-	295,835	-	127,450	59,670	482,955	
<b>Total</b>	<b>\$ 140,945</b>	<b>\$ 726,765</b>	<b>\$ 72,520</b>	<b>\$ 185,735</b>	<b>\$ 59,670</b>	<b>\$ 1,185,635</b>	

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 I/General Obligation Lien.
- (2) (a) Bank Rate: One-Month LIBOR plus 2.00% (1.50% for 2003 Series B-3 Bonds).  
(b) Term out provisions: repayments due 90 days following purchase date in equal semiannual installments until fifth anniversary of the purchase date. Class I, II/General Obligation lien.
- (3) (a) Bank Rate: for the first 90 days following the purchase date, the "Base Rate", which equals the highest of (i) the prime rate plus 1.50%, (ii) the Fed funds rate plus 2.00% and (iii) 7.50%; then for the period 91 days and higher following the purchase date, the Base Rate plus 1.00%.  
(b) Term out provisions: repayments due on the first business day of April and October on or following 90 days following purchase date and thereafter on each such dates in equal installments to the fifth anniversary of such purchase date. Class I/General Obligation lien.
- (4) (a) Bank Rate: for the first 90 days following the purchase date, the "Base Rate", which equals the highest of (i) the prime rate plus 2.50%, (ii) the Fed funds rate plus 3.00% and (iii) 8.00%; then for the period 91-180 days following the purchase date, the Base Rate plus 1.00%; then for the period 181 days and higher following the purchase date, the Base Rate plus 2.00%.  
(b) Term out provisions: repayments due on the first business day of February, May, August or November on or following 90 days following purchase date and thereafter quarterly on each such dates in equal installments to the third anniversary of such purchase date. Class I, II lien.
- (5) (a) Bank Rate: for any day, the "Base Rate", which is the greater of (a) the prime rate in effect for such day and (b) the sum of the Federal Funds Rate in effect for such day plus 1.00%, plus 2.00%.  
(b) Term out provisions: with respect to any Bank Bond, the earlier of the fifth anniversary or the related mandatory redemption start date (the first business day of the month next following the earlier of (i) the 90th day following the purchase date of such Bank Bond and (ii) the last day of the purchase period) or the maturity date of such Bank Bond. Class I lien.



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

The following table presents the detail of bonds, notes payable and certain other liabilities that include current and noncurrent activity for the year ended December 31, 2014:

Description	Beginning Balance	Additions	Reductions	Ending Balance	Current	Noncurrent
Bonds payable	\$ 2,070,175	\$ 55,435	\$ (332,950)	\$ 1,792,660	\$ 134,683	\$ 1,657,977
Bond premiums - unamortized	659	-	(21)	638	48	590
Total bonds payable	2,070,834	55,435	(332,971)	1,793,298	134,731	1,658,567
Notes payable	2,053	76	(1,120)	1,009	103	906
Arbitrage rebate payable	726	(104)	(134)	488	-	488
Unearned revenue	2,594	331	(368)	2,557	170	2,387
Other liabilities	2,074	255	(471)	1,858	80	1,778
Total other liabilities	5,394	482	(973)	4,903	250	4,653
Total	\$ 2,078,281	\$ 55,993	\$ (335,064)	\$ 1,799,210	\$ 135,084	\$ 1,664,126

The following table presents the detail of bonds, notes payable and certain other liabilities that include current and noncurrent activity for the year ended December 31, 2013:

Description	Beginning Balance	Additions	Reductions	Ending Balance	Current	Noncurrent
Bonds payable	\$ 2,447,622	\$ 133,028	\$ (510,475)	\$ 2,070,175	\$ 158,250	\$ 1,911,925
Bond premiums - unamortized	2,000	-	(1,341)	659	50	609
Total bonds payable	2,449,622	133,028	(511,816)	2,070,834	158,300	1,912,534
Notes payable	7,570	-	(5,517)	2,053	1,120	933
Arbitrage rebate payable	842	810	(926)	726	-	726
Unearned revenue	2,788	177	(371)	2,594	173	2,421
Other liabilities	2,551	12	(489)	2,074	67	2,007
Total other liabilities	6,181	999	(1,786)	5,394	240	5,154
Total	\$ 2,463,373	\$ 134,027	\$ (519,119)	\$ 2,078,281	\$ 159,660	\$ 1,918,621



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

Bonds and notes payable sinking fund installments and contractual maturities subsequent to December 31, 2014, using rates in effect as of December 31, 2014, are as follows:

Years Ending December 31,	General Fund		Single Family		Multi-Family		Notes Payable	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2015	\$ 147	\$ 1,011	\$ 61,838	\$ 10,531	\$ 72,698	\$ 2,590	\$ 103	\$ 10
2016	150	1,002	93,599	10,103	111,437	2,621	104	9
2017	146	993	84,504	9,498	111,532	2,504	105	8
2018	148	984	68,731	8,921	102,643	2,386	106	7
2019	784	961	46,391	8,533	93,639	2,280	107	6
2020 - 2024	14,231	3,675	180,391	36,582	44,190	10,552	337	17
2025 - 2029	5,843	157	182,575	26,609	11,540	9,766	147	3
2030 - 2034	938	55	190,820	12,867	62,270	9,121	-	-
2035 - 2039	-	-	150,880	6,561	9,035	8,319	-	-
2040 - 2044	-	-	39,946	1,957	46,628	8,452	-	-
2045 - 2049	-	-	-	-	4,986	527	-	-
Total	\$ 22,387	\$ 8,838	\$ 1,099,675	\$ 132,162	\$ 670,598	\$ 59,118	\$ 1,009	\$ 60

**(7) Conduit Debt Obligation**

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

As of December 31, 2014, there were 51 series of conduit bonds outstanding, with an aggregate principal amount outstanding of \$919.6 million. As of December 31, 2013, there were 58 series of conduit bonds outstanding, with an aggregate principal amount outstanding of \$1.0 billion.

**(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 an interest rate hedge is considered ineffective, it is referred to as an investment derivative and 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



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

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payments required by the swap, assuming that the current forward rates implied by the yield curve are the market's best estimate of future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero coupon rate bonds due on the date of each future net settlement payment on the swaps.

The Authority's interest rate swaps, which were used to hedge interest rate risk, are generally considered to be hedging derivative instruments under GASB No. 53. However, certain interest rate swaps have been deemed ineffective and are classified as investment derivative instruments.

On January 9, May 1 and November 1, 2014, the Authority partially redeemed from loan repayments and prepayments certain single family bonds subject to existing interest rate swap agreements that were considered effective interest rate hedges. As a result of the redemptions, \$38.8 million of the existing swaps were deemed terminated and are no longer effective hedges.

On August 19, October 1 and November 17, 2014, the Authority redeemed from loan prepayments certain multi-family bonds subject to existing interest rate swap agreements that were considered effective interest rate hedges. As a result of the redemptions, \$8.4 million of the existing swaps were deemed terminated and are no longer effective hedges.

On November 6, 2014, the Authority fully redeemed and refunded with fixed rate bonds certain single family bonds subject to existing interest rate swap agreements that were considered effective interest rate hedges. As a result of the redemption and refunding, \$72.3 million of the existing swaps were deemed terminated and are no longer effective hedges.

On June 26, 2013, the Authority refunded certain multi-family bonds that were subject to an existing interest rate swap agreement that was considered an effective interest rate hedge. As a result of the refunding, \$7.9 million of the notional amount of existing swap was transferred to the refunding series and deferred outflows related to this hedge in the amount of \$1.3 million have been reclassified to deferred refunding loss, which is presented as part of deferred outflows 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.

On June 26, 2013, the Authority redeemed certain multi-family bonds that were subject to an existing interest rate swap agreement that was considered an effective interest rate hedge. As a result of the redemption, \$15.3 million of the notional amount of the existing swap was transferred to a previously issued multi-family bond series.

Between April 1 and November 1, 2013, the Authority utilized loan prepayments to redeem certain multi-family bonds that were subject to existing interest rate swap agreements that were considered effective interest rate hedges. As a result of the redemptions, \$20.1 million of the notional amount of the swaps (representing the notional amount in excess of outstanding bonds) were deemed terminated and are no longer effective hedges.

On May 1 and November 1, 2013, the Authority utilized loan prepayments to partially redeem 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 redemptions, \$19.1 million of the notional amount of the swaps (representing the notional amount in excess of outstanding bonds) were deemed terminated and are no longer effective hedges, and \$4.0 million of the notional amount of the existing swaps were transferred to a previously issued single family bond series.

On November 19, 2013, 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 refunding, \$40.0 million of the notional amount of the existing swaps were transferred to the refunding series and deferred outflows related to those hedges in the amount of \$4.6 million have been reclassified to deferred refunding loss, which is presented as part of deferred outflows in the basic financial statements. The deferred refunding loss is amortized to interest expense over the life of the



**Notes to Basic Financial Statements**  
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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, 2014, and 2013 was as follows:

<b>Summary of Interest Rate Swaps</b>	<b>2014 Fair Value</b>	<b>2013 Fair Value</b>
Par optional termination right with trigger	\$ 23,371	\$ 36,996
Par optional termination right	28,803	32,798
Trigger	11,829	9,409
Plain	67,769	39,040
Total fair value	\$ 131,772	\$ 118,243

*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, 2014, are shown in the table below. The notional amounts of the swaps approximate the principal amounts of the associated debt. Except as discussed under amortization risk below, the Authority's swap agreements contain scheduled reductions to outstanding notional amounts that are expected to approximately follow scheduled or anticipated reductions in the associated bonds payable. Based on the standard swap agreement, payments are settled on a net basis.

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





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**Outstanding Swaps at December 31, 2014:**

Swap Series	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	2014 Fair Value **	Change in Fair Value	2013 Fair Value **
<b>Single Family:</b>												
<b>Investment derivatives (includes overhedged portion of interest rate swaps):</b>												
2001AA-1 ****	\$ 30,000	12/1/2009	11/1/2038	4.4850%	Trigger, SIFMA + .15% or 68% LIBOR	***	1) 11/1/2015 2) 11/1/2017 3) 11/1/2019	Up to: 1) 7,500 2) 15,000 3) all remaining	A / A2	\$ 422	\$ 684	\$ (262)
2002C-3 ****	7,580	12/4/2008	5/1/2022	4.4220%	Trigger, SIFMA + .15% or 68% LIBOR				A / A2	(1,308)	(448)	(860)
2003C-2 ****	685	12/2/2008	5/1/2015	4.5950%	Trigger, SIFMA + .15% or 68% LIBOR	***	42,125	28,780	A / A2	(10)	(10)	-
2004A-2 (SPV)	38,150	7/28/2004	11/1/2026	4.3685%	65% LIBOR + .10%	***	42,125	35,970	AA- / Aa3	(528)	(431)	(97)
2004B-2 (SPV)	2,070	11/10/2004	5/1/2015	4.1220%	65% LIBOR + .10%	***	42,125	28,780	AA- / Aa3	(27)	60	(87)
2005A-2 (SPV)	34,130	3/16/2005	11/1/2027	4.0710%	65% LIBOR + .10%	***	42,125	32,290	AA- / Aa3	(440)	(298)	(142)
2006A-3	2,925	1/18/2006	5/1/2019	4.3129%	Trigger, SIFMA + .15% or 68% LIBOR	***	43,586	37,810	A / A2	(363)	(131)	(232)
2006B-2	16,255	7/26/2006	11/1/2017	4.1951%	Trigger, SIFMA + .05% or 68% LIBOR	***	43,586	16,700	A / A2	(821)	(821)	-
2006B-3	7,820	7/26/2006	5/1/2019	4.5445%	Trigger, SIFMA + .15% or 68% LIBOR	***	43,586	59,190	A / A2	(1,046)	(1,046)	-
2007A-2	21,990	5/9/2007	5/1/2019	4.1530%	Trigger, SIFMA + .15% or 68% LIBOR	***	43,586	62,910	A / A2	(2,522)	(826)	(1,696)
2012A-2 (SPV)	1,740	6/4/2008	5/1/2016	4.4140%	65% LIBOR + .10%	***	1) 5/1/2016 2) 5/1/2018	Up to: 1) 40,000 2) all remaining	AA- / Aa3	(92)	(80)	(12)
<b>Total</b>	<b>163,345</b>									<b>(6,735)</b>	<b>(3,347)</b>	<b>(3,388)</b>
<b>Hedging derivatives:</b>												
2001AA-2 ****	44,940	12/4/2008	5/1/2031	4.6000%	Trigger, SIFMA + .05% or 68% LIBOR				A / A2	(5,174)	(2,167)	(3,007)
2001AA-3	14,415	12/2/2008	5/1/2018	5.5260%	Trigger, SIFMA + .05% or 68% LIBOR				A / A2	(905)	474	(1,379)
2002A-3 ****	13,740	12/4/2008	11/1/2021	4.7490%	Trigger, SIFMA + .05% or 68% LIBOR				A / A2	(745)	189	(934)
2002B-3 ****	31,170	12/4/2008	11/1/2021	4.5060%	Trigger, SIFMA + .05% or 68% LIBOR				A / A2	(1,759)	397	(2,156)
2002C-3 ****	27,090	12/4/2008	5/1/2022	4.4220%	Trigger, SIFMA + .15% or 68% LIBOR				A / A2	(1,352)	241	(1,593)
2003B-1 ****	28,145	12/2/2008	11/1/2026	4.8510%	LIBOR + .05%	***	5/1/2015	27,305	A / A2	(413)	1,233	(1,646)
2003B-2	12,375	10/29/2008	5/1/2028	4.9380%	LIBOR + .05%	***	11/1/2018	all remaining	AA- / Aa3	(1,212)	223	(1,435)
2003B-3 ****	45,780	12/2/2008	11/1/2026	4.3840%	Trigger, SIFMA + .15% or 68% LIBOR	***	5/1/2015	43,170	A / A2	2,043	1,651	392
2003C-2 ****	29,835	12/2/2008	11/1/2026	4.5950%	Trigger, SIFMA + .15% or 68% LIBOR	***	5/1/2015	28,780	A / A2	1,573	1,176	397
2004B-2 (SPV)	28,450	11/10/2004	11/1/2026	4.1220%	65% LIBOR + .10%	***	5/1/2015	28,780	AA- / Aa3	(28)	(16)	(12)
2005B-2 (SPV)	52,850	7/20/2005	5/1/2034	4.1693%	65% LIBOR + .10%	***	5/1/2015	48,650	AA- / Aa3	3	187	(184)
2006A-3	37,075	1/18/2006	11/1/2036	4.3129%	Trigger, SIFMA + .15% or 68% LIBOR	***	5/1/2019	37,810	A / A2	(3,503)	728	(4,231)
2006B-1	-	11/1/2006	11/1/2014	5.6685%	LIBOR + .05%				A+ / Aa3	-	206	(206)
2006B-2	32,395	7/26/2006	11/1/2034	4.1951%	Trigger, SIFMA + .05% or 68% LIBOR	***	5/1/2019	16,700	A / A2	(2,537)	2,057	(4,594)
2006B-3	55,125	7/26/2006	11/1/2036	4.5445%	Trigger, SIFMA + .15% or 68% LIBOR	***	5/1/2019	59,190	A / A2	(5,790)	2,245	(8,035)
2006C-1	-	1/2/2007	11/1/2014	5.3143%	LIBOR + .05%				A+ / Aa3	-	192	(192)
2006C-2 (A)	7,090	12/20/2006	5/1/2016	4.2884%	Trigger, SIFMA + .05% or 68% LIBOR	***			A / A2	(358)	265	(623)
2006C-2 (B)	5,305	12/20/2006	11/1/2016	4.2884%	Trigger, SIFMA + .05% or 68% LIBOR	***			A / A2	10	(3)	13
2006C-2 (C)	5,305	12/20/2006	11/1/2017	4.2884%	Trigger, SIFMA + .05% or 68% LIBOR	***	11/1/2013	5,300	A / A2	(490)	168	(658)
2006C-2 (D)	34,645	12/20/2006	11/1/2034	4.2884%	Trigger, SIFMA + .05% or 68% LIBOR	***	11/1/2019	21,210	A / A2	714	245	469
2007A-1	3,745	6/1/2007	5/1/2015	5.1911%	LIBOR + .05%				A+ / Aa3	(62)	406	(468)
2007A-2	48,010	5/9/2007	11/1/2037	4.1530%	Trigger, SIFMA + .15% or 68% LIBOR	***	5/1/2019	62,910	A / A2	(3,532)	1,742	(5,274)
2007B-1	32,490	11/1/2007	11/1/2026	5.5800%	LIBOR + .05%	***	11/1/2017	24,610	A+ / Aa3	(3,285)	1,299	(4,584)
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	(5,027)	957	(5,984)
2007B-3 ****	37,500	12/2/2008	5/1/2038	4.4050%	Trigger, SIFMA + .15% or 68% LIBOR	***	1) 11/1/2015 2) 11/1/2017	Up to: 1) 25,000 2) 50,000	A / A2	(1,100)	1,394	(2,494)
2008A-1	26,860	6/4/2008	5/1/2038	5.4450%	LIBOR + .05%	***	1) 11/1/2016 2) 11/1/2018	Up to: 1) 26,500 2) 36,275	A+ / Aa3	(2,844)	346	(3,190)
2008A-2	45,955	6/4/2008	11/1/2027	4.5960%	LIBOR + .05%	***	05/01/18	all remaining	AA- / Aa2	(3,823)	683	(4,506)
2012A-1 ****	16,820	12/2/2008	11/1/2021	4.1600%	Trigger, SIFMA + .05% or 68% LIBOR				A / A2	252	(268)	520
2012A-2 (SPV)	58,260	6/4/2008	5/1/2038	4.4140%	65% LIBOR + .10%	***	1) 5/1/2016 2) 5/1/2018	Up to: 1) 40,000 2) all remaining	A / A2	(317)	(267)	(50)
<b>Total</b>	<b>825,370</b>									<b>(39,661)</b>	<b>15,983</b>	<b>(55,644)</b>
<b>Total Single Family</b>	<b>988,715</b>									<b>(46,396)</b>	<b>12,636</b>	<b>(59,032)</b>

Table continued on following page.



**Notes to Basic Financial Statements**  
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Swap Series	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	2014 Fair Value **	Change in Fair Value	2013 Fair Value **
<b>Multi-Family:</b>												
<b>Investment derivatives</b> (includes overhedged portion of interest rate swaps):												
2000A-1 ****	1,720	11/21/2008	10/1/2015	5.2350%	SIFMA + .05%				A / A2	(54)	84	(138)
2002A-1 ****	3,640	11/21/2008	10/1/2022	5.1000%	SIFMA + .15%				A / A2	(555)	(555)	-
2002C-2 ****	10,065	11/21/2008	4/1/2018	5.1240%	Trigger, SIFMA + .15% or 68% LIBOR	***	4/1/2018	59,340	A / A2	(1,199)	378	(1,577)
2002C-4 ****	5,585	11/21/2008	4/1/2018	5.0440%	Trigger, SIFMA + .05% or 68% LIBOR	***	4/1/2018	26,785	A / A2	(669)	108	(777)
2007B-2 (A) ****	1,345	12/3/2008	10/1/2017	4.2870%	SIFMA + .15%	***	10/1/2017	2,040	A / A2	(119)	41	(160)
2007B-3 (B) ****	-	12/3/2008	10/1/2019	4.0967%	SIFMA + .05%	***	10/1/2014	4,430	A / A2	-	36	(36)
2008C-3 ****	1,990	12/3/2008	4/1/2019	4.3400%	SIFMA + .05%	***	4/1/2019	6,500	A / A2	(225)	(225)	-
2009A-1 ****	4,135	6/24/2009	10/1/2016	4.7900%	SIFMA + .05%	***	4/1/2024	all remaining	A / A2	(307)	172	(479)
<b>Total</b>	<b>28,480</b>									<b>(3,128)</b>	<b>39</b>	<b>(3,167)</b>
<b>Hedging derivatives:</b>												
2000A-1 ****	11,030	11/21/2008	10/1/2020	5.2350%	SIFMA + .05%				A / A2	(1,212)	296	(1,508)
2000A-2 ****	860	11/21/2008	4/1/2015	5.8000%	SIFMA + .05%				A / A2	(8)	75	(83)
2000B-1 (SPV)	3,770	10/19/2000	7/1/2020	7.3900%	Citigroup 3 month + .25%				AA- / A3	(645)	191	(836)
2002A-1 ****	4,085	11/21/2008	10/1/2022	5.1000%	SIFMA + .15%				A / A2	(527)	602	(1,129)
2002C-2 ****	58,330	11/21/2008	10/1/2032	5.1240%	Trigger, SIFMA + .15% or 68% LIBOR	***	4/1/2018	59,340	A / A2	20	1,235	(1,215)
2002C-4 ****	25,320	11/21/2008	10/1/2032	5.0440%	Trigger, SIFMA + .05% or 68% LIBOR	***	4/1/2018	26,785	A / A2	(24)	591	(615)
2003A ****	13,640	11/21/2008	10/1/2023	6.0350%	SIFMA + .05%				A / A2	(223)	(403)	180
2004A-1 (SPV)	-	11/1/2004	10/1/2025	5.5281%	LIBOR + .05%	***	10/1/2014	all remaining	A- / Baa1	-	1,385	(1,385)
2004A-2 (SPV)	10,785	9/22/2004	4/1/2045	4.8840%	SIFMA + .15%	***	10/1/2019	all remaining	A- / Baa1	(1,515)	(256)	(1,259)
2005A-1 (A) (SPV)	4,465	8/1/2005	10/1/2035	5.8200%	LIBOR + .05%	***	4/1/2015	all remaining	A- / Baa1	(64)	247	(311)
2005A-1 (B) (SPV)	2,785	8/1/2005	10/1/2020	5.2050%	LIBOR + .05%	***			A- / Baa1	(479)	1	(480)
2005A-1 (C) (SPV)	9,280	8/1/2005	10/1/2025	5.7120%	LIBOR + .05%	***	4/1/2015	all remaining	A- / Baa1	(87)	471	(558)
2005A-2 (SPV)	15,215	7/1/2005	4/1/2036	4.2850%	SIFMA + .05%	***	4/1/2015	all remaining	A- / Baa1	(132)	628	(760)
2005A-3 (A) (SPV)	5,910	4/13/2005	4/1/2040	4.6560%	SIFMA + .15%	***	10/1/2020	all remaining	A- / Baa1	(864)	(131)	(733)
2005A-3 (B) (SPV)	5,570	10/1/2005	4/1/2032	4.4800%	SIFMA + .15%	***	4/1/2015	all remaining	A- / Baa1	(53)	224	(277)
2005B-1	11,695	3/1/2006	4/1/2036	5.2350%	LIBOR + .05%	***	10/1/2015	06/16/30	A / A2	(430)	554	(984)
2005B-2 (A)	3,355	1/2/2006	10/1/2040	4.7350%	SIFMA + .15%	***	10/1/2015	01/17/09	A / A2	(99)	98	(197)
2005B-2 (B)	5,530	9/1/2006	10/1/2038	4.5270%	SIFMA + .15%	***	10/1/2021	05/16/12	A / A2	(837)	(206)	(631)
2006A-1 ****	26,510	12/3/2008	4/1/2027	5.7100%	LIBOR + .05%	***	10/1/2016	02/12/28	A / A2	(913)	187	(1,100)
2006A-1 (F)	10,420	12/1/2006	10/1/2036	5.3420%	LIBOR + .05%	***	4/1/2021	01/04/22	A / A2	(1,849)	(230)	(1,619)
								Up to:				
							1) 10/1/2017	1) 14,220				
2007B-1 ****	26,485	12/3/2008	4/1/2038	5.6400%	LIBOR + .05%	***	2) 4/1/2022	2) 13,205	A / A2	(1,237)	(559)	(678)
2007B-1 (G)	7,255	10/1/2007	4/1/2028	5.2200%	LIBOR + .05%	***	10/1/2022	12/11/16	A / A2	(1,375)	(358)	(1,017)
2007B-2 (A) ****	1,035	12/3/2008	10/1/2036	4.2870%	SIFMA + .15%	***	10/1/2017	08/01/05	A / A2	(22)	(34)	12
2007B-2 (B) ****	1,920	12/3/2008	4/1/2038	4.5350%	SIFMA + .15%	***	10/2/2017	11/14/04	A / A2	(110)	1	(111)
2007B-2 (C) ****	4,605	12/3/2008	4/1/2038	4.4700%	SIFMA + .15%	***	10/2/2017	01/12/12	A / A2	(380)	48	(428)
2007B-2 (D) ****	4,540	12/3/2008	4/1/2028	4.6510%	SIFMA + .15%	***	4/1/2023	07/01/10	A / A2	(808)	(208)	(600)
2007B-3 (A) ****	2,290	12/3/2008	10/1/2037	4.2970%	SIFMA + .05%	***	10/1/2017	08/26/05	A / A2	(128)	10	(138)
2007B-3 (B) ****	-	12/3/2008	10/1/2019	4.0967%	SIFMA + .05%	***	10/1/2014	02/16/12	A / A2	-	37	(37)
2007B-3 (C) ****	2,255	12/3/2008	4/1/2038	4.8805%	SIFMA + .05%	***	10/1/2017	01/13/06	A / A2	(205)	14	(219)
								Up to:				
							1) 4/1/2018	1) 3,070				
2008A-1 ****	13,430	12/3/2008	4/1/2029	5.1300%	LIBOR + .05%	***	2) 4/1/2019	2) all remaining	A / A2	(522)	(2)	(520)
2008A-2 ****	7,150	12/3/2008	4/1/2043	4.4540%	SIFMA + .15%	***	4/1/2019	05/10/17	A / A2	(704)	(189)	(515)
2008B (a) ****	111,770	12/3/2008	10/1/2044	5.1722%	LIBOR				AA- / Aa3	(43,671)	(19,895)	(23,776)
2008B (b) ****	45,735	12/3/2008	3/1/2047	5.2071%	LIBOR				AA- / Aa3	(20,218)	(9,758)	(10,460)
2008C-3 ****	5,290	12/3/2008	10/1/2038	4.3400%	SIFMA + .05%	***	4/1/2019	10/17/17	A / A2	(568)	100	(668)
								Up to:				
							1) 10/1/2016	1) 13,580				
2009A-1 ****	24,450	6/24/2009	10/1/2041	4.7900%	SIFMA + .05%	***	2) 4/1/2024	2) all remaining	A / A2	(2,244)	(799)	(1,445)
2013A ****	7,040	11/21/2008	10/1/2023	6.0350%	SIFMA + .05%				A / A2	(115)	(171)	56
<b>Total</b>	<b>493,805</b>									<b>(82,248)</b>	<b>(26,204)</b>	<b>(56,044)</b>
<b>Total Multi-Family</b>	<b>522,285</b>									<b>(85,376)</b>	<b>(26,165)</b>	<b>(59,211)</b>
<b>Total</b>	<b>\$ 1,511,000</b>									<b>\$ (131,772)</b>	<b>\$ (13,529)</b>	<b>\$ (118,243)</b>

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

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

(\*\*\*) Par optional termination right.

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

(SPV) Counterparty operates as a special-purpose vehicle.



### Risk Disclosure

*Credit Risk:* All of the Authority's swaps rely upon the performance of the third parties who serve as swap counterparties, and as a result, the Authority is exposed to credit risk – that is, the risk that a swap counterparty fails to perform according to its contractual obligations. The appropriate measurement of this risk at the reporting date is the fair value of the swaps, as shown in the column labeled "Fair Value" in the outstanding swaps table above. The Authority is exposed to credit risk in the amount of any positive net fair value exposure to each counterparty. As of December 31, 2014 and 2013, the Authority was 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, 2014, the Authority had executed 64 swap transactions with six 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)
7	\$ 54,010	3.6%	A- / Baa1
45	1,016,900	67.3%	A / A2
1	45,955	3.0%	AA- / Aa2
3	63,095	4.2%	A+ / Aa3
1	3,770	0.2%	AA- / A3
7	327,270	21.7%	AA- / Aa3
64	\$ 1,511,000	100%	

At December 31, 2013, the Authority had executed 68 swap transactions with eight 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)
8	\$ 92,315	5.5%	A- / Baa1
46	1,079,335	64.4%	A / A2
1	56,270	3.4%	AA- / Aa2
5	92,705	5.5%	A+ / Aa3
1	4,245	0.3%	AA- / A3
7	351,115	20.9%	AA- / Aa3
68	\$ 1,675,985	100%	

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

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



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

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

The Authority's taxable variable rate bond interest payments are substantially equivalent to LIBOR (plus a trading spread) and are reset on a weekly basis. The Authority is receiving one-month 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, 2014 and 2013, 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:* As of December 31, 2014 and 2013, swaps with a fair value of \$109.6 million and \$90.5 million, respectively, require the Authority to post collateral in the event that the underlying Class I bond rating drops below Aa3 as issued by Moody's Investor Service or AA- as issued by Standard & Poor's. Collateral requirements range up to 100% of the fair value of the swap depending on the bond rating. Over collateralization is required for investments posted in lieu of cash. At December 31, 2014 and 2013, the ratings of bonds subject to collateral requirements exceed the levels specified in the swap agreements.



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

**Swap Payments** – Using interest rates as of December 31, 2014, debt service requirements of the Authority’s outstanding variable rate debt and net swap payments were as follows. As rates vary, variable rate interest rate payments on the bonds and net swap payments will change.

Years Ending December 31,	Principal	Interest	Swaps, Net	Total
2015	\$ 90,480	\$ 2,793	\$ 67,449	\$ 160,722
2016	104,665	2,548	63,337	170,550
2017	113,795	2,361	58,765	174,921
2018	69,755	2,241	53,946	125,942
2019	70,775	2,131	50,755	123,661
2020-2024	323,300	8,863	206,034	538,197
2025-2029	267,875	5,918	137,357	411,150
2030-2034	256,865	3,520	80,342	340,727
2035-2039	147,395	1,093	30,355	178,843
2040-2044	52,615	194	10,413	63,222
2045-2047	13,480	26	1,304	14,810
<b>Total</b>	<b>\$1,511,000</b>	<b>\$ 31,688</b>	<b>\$ 760,057</b>	<b>\$ 2,302,745</b>

**Hybrid Instrument Borrowings** – Certain interest rate swaps, as identified on the detailed swap table above, include fixed rates that were off-market at the execution of the interest rate swaps. For financial reporting purposes, these interest rate swaps are considered hybrid instruments and are bifurcated between borrowings, with an aggregate original amount of \$98.0 million reflecting the fair value of the instrument at its execution, and an interest rate swap with a fixed rate that was considered at-the-market at execution. Activity for the hybrid instrument borrowings for the years ended December 31, 2014 and 2013 was as follows:

	2014	2013
Beginning balance	\$ 66,535	\$ 73,233
Additions	-	6,982
Reductions	(17,135)	(13,680)
<b>Ending balance</b>	<b>\$ 49,400</b>	<b>\$ 66,535</b>



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

The following table sets forth as of December 31, 2014, payments of principal and interest on the hybrid instrument borrowings for the next five years and thereafter. The total payments generally reflect the difference between the stated fixed rate of the hybrid instrument and the at-the-market fixed rate at the execution of the instrument.

Years Ending December 31,	Principal and Interest
2015	\$ 9,141
2016	7,181
2017	6,203
2018	4,709
2019	3,760
2020-2024	11,319
2025-2029	5,036
2030-2034	1,719
2035-2039	281
2040-2044	48
2045-2047	3
<b>Total</b>	<b>\$ 49,400</b>

**Forward Sales Contracts** – The Authority has entered into forward sales contracts for the delivery of Ginnie Mae and Fannie 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 and Fannie Mae securities. These contracts are considered investment derivative instruments, such that their change in fair value is reported as investment derivative activity gains or losses on the Statement of Revenues, Expenses and Changes in Net Position.

The outstanding forward contracts, summarized by counterparty as of December 31, 2014, were as follows:

Count	Par	Exposure	Original Sales		12/31/14		Counterparty Rating (S&P / Moody's)
			Price	Premium	Fair Value		
13	\$ 28,500	23.2%	\$ 30,265	\$ 30,380	\$ 115	A / A2	
9	26,500	21.5%	28,411	28,468	57	A / A2	
9	16,000	13.0%	17,004	17,070	66	AA- / Aa2	
22	52,000	42.3%	55,306	55,513	207	AA- / Aa3	
53	\$ 123,000	100.0%	\$ 130,986	\$ 131,431	\$ 445		



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

The outstanding forward contracts, summarized by counterparty as of December 31, 2013, were as follows:

Count	Par	Exposure	Original Sales	12/31/13	Fair Value	Counterparty Rating (S&P / Moody's)
			Price	Premium		
25	\$ 49,300	50.4%	\$ 52,157	\$ 51,788	\$ (369)	A / A2
21	48,500	49.6%	51,290	50,950	(340)	AA- / Aa3
46	\$ 97,800	100.0%	\$ 103,447	\$ 102,738	\$ (709)	

**Summary**

A summary of derivative instruments activity for the years ended December 31, 2014 and 2013 is as follows:

	2014				2013			
	Hedging	Investments		Total	Hedging	Investments		Total
	Swaps	Swaps	Forwards		Swaps	Swaps	Forwards	
Fair value, beginning	\$ 111,927	\$ 6,316	\$ (709)	\$ 117,534	\$ 225,186	\$ 13,822	\$ 283	\$ 239,291
Settlements	(52,245)	(4,857)	709	(56,393)	(62,879)	(1,913)	(283)	(65,075)
Change in fair value	63,320	7,311	445	71,076	(50,380)	(5,593)	(709)	(56,682)
Fair value, ending	\$ 123,002	\$ 8,770	\$ 445	\$ 132,217	\$ 111,927	\$ 6,316	\$ (709)	\$ 117,534

**(9) Debt Refundings**

On November 6, 2014, the Authority issued its Single Family Mortgage Bonds 2014 Series A in the aggregate principal amount of \$55.4 million. The entire proceeds of the bonds were used to refund the Single Family Mortgage Bonds 2004 Series A and 2005 Series A. The refunding resulted in a decrease in the aggregate future debt service requirement of approximately \$12.1 million and an approximate economic gain to the Authority of \$10.5 million. In accordance with GASB Statement No. 23, Accounting and Financial Reporting for Refundings of Debt Reported by Proprietary Activities, \$110 thousand was deferred and is being amortized over the contractual life of the new debt.

On April 30, 2013, the Authority issued its Single Family Program Bonds 2013 Series AA in the aggregate principal amount of \$53.6 million. The entire proceeds of the bonds were used to refund the converted Single Family Program Bonds 2009 Series AA. The refunding resulted in a decrease in the aggregate future debt service requirement of approximately \$11.5 million and an approximate economic gain to the Authority of \$7.2 million.

On June 26, 2013, the Authority issued its Multi-Family Housing Loan Program Bonds 2013 Series I, in the aggregate principal amount of \$31.6 million. The entire proceeds of the bonds were used to refund various Multi-Family Housing Insured and Multi-Family Project Bonds. The refunding resulted in a decrease in the aggregate future debt service requirement of approximately \$8.0 million and an approximate economic gain to the Authority of \$8.2 million.

On June 26, 2013, the Authority issued its Multi-Family Project Bonds 2013 Series A, in the aggregate principal amount of \$7.9 million. The entire proceeds of the bonds were used to refund the Multi-Family Housing Insured Bonds 2002 Series AA. The refunding was variable rate to variable rate and did not result in a change to the aggregate future debt service requirement and resulted in an approximate economic loss to the Authority of \$215 thousand. In accordance with GASB Statement No. 23, Accounting and Financial Reporting for Refundings of Debt Reported by Proprietary Activities, a loss of





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

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\$1.3 million was deferred and is being amortized over the contractual life of the new debt as an adjustment to interest expense.

On November 19, 2013 the Authority issued its Class II Single Family Bonds 2013 Series B in the aggregate principal amount of \$40.0 million. The entire proceeds of the bonds were used to refund a portion of the Class I SF06C-2 Single Family bonds. In order to increase flexibility, the refunding also extended the sinking funds of the bonds resulting in an increase in the aggregate future debt service requirement, including related fees, of approximately \$4.8 million and an approximate economic gain to the Authority of \$7.7 million. In accordance with Statement No. 23, a loss of \$4.6 million was deferred and is being amortized over the contractual life of the new debt as an adjustment to interest expense.

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

In prior years, the Authority defeased certain bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Authority's financial statements. On September 2, 2014, all defeased bonds were repaid with the final \$58.9 million remittance to bondholders.

**(10) Restricted and Unrestricted Net Position**

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

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

The Board has designated certain amounts of the unrestricted net position of the General Programs as of December 31, 2014 and 2013, for various purposes, as indicated in the following table. These designations of net position are not binding, and can be changed by the Board.





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

**Unrestricted Net Position for the years ended December 31, 2014 and 2013:**

	2014	2013
Designations:		
Housing loans	\$ 74,557	\$ 67,955
Commerical loans	14,039	14,462
General operating and working capital	17,561	15,460
Rating agency reserves	28,598	32,885
General obligation bonds	24,011	26,541
Nongeneral obligation bonds	35,419	38,301
Total general programs unrestricted net position	\$ 194,185	\$ 195,604

**(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](http://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:

	2014	2013
<b>Contribution rate of covered salary:</b>		
Members	8.00%	8.00%
Authority:		
Trust	12.68%	12.68%
Health Fund	1.02%	1.02%
<b>Total Authority contribution rate</b>	<b>13.70%</b>	<b>13.70%</b>

**Contributions by the Authority:**

Trust	\$ 1,506	\$ 1,498
Health Fund	121	120
<b>Total Authority contributions</b>	<b>\$ 1,627</b>	<b>\$ 1,618</b>

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

Contributions by the Authority for the years ended December 31, 2014 and 2013 were \$367 thousand and \$357 thousand, respectively. Contributions by participating employees for the years ended December 31, 2014 and 2013 were \$958 thousand and \$931 thousand, respectively. All required contributions are paid in full annually.

**(12) Risk Management**

The Authority has an Enterprise Risk Management (ERM) program under which risk to the business at both a strategic and operational level are identified, tracked and managed. The ERM program consists of Legal Compliance, Internal Audit, Regulatory Compliance and Information Security and Privacy. ERM program oversight is through the ERM Committee. The Committee consists of the General Counsel, Chief Financial Officer, Director of IT, Director of Enterprise Risk, Director of Asset Management, Director of Commercial Lending, Director of Home Finance and the Manager of Marketing and Communications. The risk management techniques utilized include annual risk assessments with periodic updates, established policies and procedures which are tested based on risk, and purchased insurance. Commercial general liability, property losses, automobile liability, worker's compensation, Crime, Executive Risk package with Directors' and Officer and Employed Lawyers Professional Liability, Cyber Coverage and public officials liability are all shared risk managed through purchased insurance. Settled claims did not exceed insurance coverage in the past three years.



### **(13) Related-Party Transactions**

The Authority has three outstanding loans with the Housing Authority of the City of Loveland, Colorado, the Executive Director of which is a member of the Authority's Board. As of December 31, 2014 and 2013, the unpaid principal balance on related party transactions were \$2.5 million and \$2.6 million, respectively.

### **(14) Commitments and Contingencies**

The Authority had outstanding commitments to make or acquire single family and multi-family/business loans of \$[REDACTED] million and \$[REDACTED] million, respectively, as of December 31, 2014. The Authority had outstanding commitments to make or acquire single family and multi-family/business loans of \$70.5 million and \$14.4 million, respectively, as of December 31, 2013.

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 advance its own funds to ensure that the security holders receive timely payment. All loans pooled under the Ginnie Mae MBS Program are either insured by the FHA or are guaranteed by the VA or RD. The Authority assesses the overall risk of loss on loans that it may be required to repurchase and advances funds to repurchase the loans as necessary. Advances are recovered as claims are processed or loans are modified. The Authority repurchased \$[REDACTED] million and \$60.6 million of these loans in 2014 and 2013, respectively. Claims, recoveries and proceeds from re-pooled, modified loans substantially reimburse the Authority over time.

The Authority also participates in the Whole Loan Sales and Mortgage-Backed Securities (MBS) programs with Fannie Mae. Through the consideration of Whole Loan Sales to Fannie Mae, the Authority receives cash for mortgages. Through the MBS program, the Authority swaps loans for securities issued by Fannie Mae. Whole Loans Sales are serviced by the Authority in an Actual/Actual remittance method and the MBS loans are serviced by the Authority in a Schedule/Schedule remittance method. Under the Schedule/Schedule method if a borrower fails to make a timely payment on a MBS mortgage loan, the Authority must advance its own funds to ensure that the security holders receive timely payment. 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 did not have any repurchase obligations as of December 31, 2014.

### **(15) Subsequent Events**

During the fourth quarter of 2014 the Authority began an effort to reduce interest expense by refunding outstanding bonds within in the Single Family Indenture. Effective February 5, 2015, \$137.1 million in single family variable rate bonds were refunded, and new bonds in the amount of \$99.8 million were issued at lower, fixed rates. This action resulted in an economic savings to the Authority of approximately \$10.2 million.

The Authority's management has evaluated other subsequent events through March 26, 2015. No other events have occurred which warrant disclosure or adjustments to the financial statement amounts presented.



**OTHER REPORTING**





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colorado housing and finance authority



**HUD REPORTING**





colorado housing and finance authority



**SUPPLEMENTAL INFORMATION  
(UNAUDITED)**

# colorado housing and finance authority



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

For the year ended December 31, 2014

(with summarized financial information for December 31, 2013)

(in thousands of dollars)

	General Programs	Single Family	Multi-Family/ Business	Eliminations	2014	Summarized 2013
<b>Assets</b>						
Current assets:						
Cash (Note 2)						
Restricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 66,637
Unrestricted	-	-	-	-	-	44,089
Investments (Note 2)	63,166	286,282	105,445	-	454,893	466,867
Loans receivable (Note 3)	42,981	-	-	-	42,981	90,799
Loans receivable held for sale (Note 3)	44,463	-	-	-	44,463	37,733
Accrued interest receivable	-	-	-	-	-	14,466
Other assets	-	-	-	-	-	5,279
Due (to) from other programs	-	-	-	-	-	-
<b>Total current assets</b>	<b>150,610</b>	<b>286,282</b>	<b>105,445</b>	<b>-</b>	<b>542,337</b>	<b>725,870</b>
Noncurrent assets:						
Investments (Note 2)	(63,166)	(286,282)	(105,445)	-	(454,893)	279,908
Loans receivable, net (Note 3)	(87,444)	-	-	-	(87,444)	1,501,191
Capital assets - nondepreciable (Note 4)	-	-	-	-	-	1,849
Capital assets - depreciable, net (Note 4)	-	-	-	-	-	5,206
Other real estate owned, net	-	-	-	-	-	3,600
Other assets	-	-	-	-	-	23,827
<b>Total noncurrent assets</b>	<b>(150,610)</b>	<b>(286,282)</b>	<b>(105,445)</b>	<b>-</b>	<b>(542,337)</b>	<b>1,815,581</b>
<b>Total assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,541,451</b>
<b>Deferred Outflows</b>						
Accumulated decrease in fair value of hedging derivatives	-	-	-	-	-	115,435
Refundings of debt	-	-	-	-	-	16,010
<b>Total deferred outflows</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>131,445</b>
<b>Liabilities</b>						
Current liabilities:						
Short-term debt (Note 5)	-	-	-	-	-	42,380
Bonds payable (Note 6)	#DIV/0!	61,886	#DIV/0!	#DIV/0!	#DIV/0!	158,300
Notes payable (Note 6)	103	-	-	-	103	1,120
Accrued interest payable	-	-	-	-	-	17,809
Federally assisted program advances	-	-	-	-	-	354
Accounts payable and other liabilities	80	-	1	-	81	42,792
<b>Total current liabilities</b>	<b>#DIV/0!</b>	<b>61,886</b>	<b>#DIV/0!</b>	<b>#DIV/0!</b>	<b>#DIV/0!</b>	<b>262,755</b>
Noncurrent liabilities:						
Bonds payable (Note 6)	#DIV/0!	(61,886)	#DIV/0!	#DIV/0!	#DIV/0!	1,912,534
Derivative instruments	-	-	-	-	-	117,534
Derivatives related borrowing	-	-	-	-	-	66,535
Notes payable (Note 6)	(103)	-	-	-	(103)	933
Other liabilities (Note 6)	(79)	-	-	-	(79)	5,154
<b>Total noncurrent liabilities</b>	<b>#DIV/0!</b>	<b>(61,886)</b>	<b>#DIV/0!</b>	<b>#DIV/0!</b>	<b>#DIV/0!</b>	<b>2,102,690</b>
<b>Total liabilities</b>	<b>#DIV/0!</b>	<b>-</b>	<b>#DIV/0!</b>	<b>#DIV/0!</b>	<b>#DIV/0!</b>	<b>2,365,445</b>
<b>Deferred Inflows</b>						
Accumulated increase in fair value of hedging derivatives	-	-	-	-	-	3,716
<b>Net position</b>						
Investment in capital assets, net of related debt	-	-	-	-	-	7,055
Restricted primarily by bond indentures	6,807	-	-	-	6,807	101,076
Unrestricted (Note 10)	(6,807)	-	-	-	(6,807)	195,604
<b>Total net position</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 303,735</b>

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, 2014

(with summarized financial information for the year ended December 31, 2013)

(in thousands of dollars)

	General Program	Single Family	Multi-Family/ Business	Eliminations	2014	Summarized 2013
<b>Interest income and expense:</b>						
Interest on loans receivable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 96,000
Interest on investments	-	-	-	-	-	22,200
Interest on debt	-	-	-	-	-	(97,193)
Net interest income	-	-	-	-	-	21,007
<b>Other operating income (loss):</b>						
Rental income	-	-	-	-	-	358
Loan servicing income	-	-	-	-	-	13,343
Section 8 administration fees	-	-	-	-	-	4,329
Gain on sale of loans	-	-	-	-	-	23,094
Investment derivative activity gain (loss)	-	-	-	-	-	(6,005)
Net increase (decrease) in the fair value of investments	-	-	-	-	-	(19,574)
Other revenues (losses)	-	-	-	-	-	5,111
Total other operating income (loss)	-	-	-	-	-	20,656
Total operating income (loss)	-	-	-	-	-	41,663
<b>Operating expenses:</b>						
Salaries and related benefits	-	-	-	-	-	16,505
General operating	1	1	(1)	-	1	18,763
Depreciation	-	-	-	-	-	1,655
Provision for losses	-	-	-	-	-	1,176
Total operating expenses	1	1	(1)	-	1	38,099
<b>Net operating income (loss)</b>	(1)	(1)	1	-	(1)	3,564
<b>Nonoperating income and expenses:</b>						
Federal grant receipts	115,245	-	-	-	115,245	111,929
Federal grant payments	(115,245)	-	-	-	(115,245)	(111,929)
Gains on sales of capital assets	-	-	-	-	-	5
Total nonoperating income and expenses, net	-	-	-	-	-	5
<b>Income (loss) before transfers</b>	(1)	(1)	1	-	(1)	3,569
<b>Transfers from (to) other programs</b>	-	-	-	-	-	-
<b>Change in net position</b>	(1)	(1)	1	-	(1)	3,569
<b>Net position:</b>						
Beginning of year	1	-	-	-	1	300,166
End of year	\$ -	\$ (1)	\$ 1	\$ -	\$ -	\$ 303,735

See

accompanying independent auditors' report.

# colorado housing and finance authority



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

For the period ended December 31, 2014

(with summarized financial information for the year ended December 31, 2013)

(in thousands of dollars)

	General Program	Single Family	Multi-Family/ Business	Eliminations	2014	Summarized 2013
<b>Cash flows from operating activities:</b>						
Principal payments received on loans receivable & receipts from dispositions of other real estate owned	\$ 181,259	\$ 794	\$ 8,246	\$ -	\$ 190,299	\$ 506,211
Interest payments received on loans receivable	-	-	-	-	-	95,597
Payments for loans receivable	(440,639)	(794)	(8,246)	-	(449,679)	(502,009)
Receipts from sales of Ginnie Mae securities	259,380	-	-	-	259,380	341,606
Receipts from rental operations	-	-	-	-	-	285
Receipts from other revenues	(1)	-	1	-	-	21,515
Payments for salaries and related benefits	-	-	-	-	-	(16,548)
Payments for goods and services	-	-	-	-	-	(19,509)
All other, net	-	-	-	-	-	366
Net cash provided by (used in) operating activities	(1)	-	1	-	-	427,514
<b>Cash flows from noncapital financing activities:</b>						
Net increase (decrease) in short-term debt	-	-	-	-	-	(29,095)
Proceeds from issuance of bonds	-	55,435	-	-	55,435	133,028
Receipts from federal grant programs	115,245	-	-	-	115,245	110,468
Payments for federal grant programs	(115,245)	-	-	-	(115,245)	(111,929)
Principal paid on bonds	-	(55,435)	-	-	(55,435)	(510,475)
Payments on terminations of interest rate swaps	-	-	-	-	-	1,005
Principal paid on notes payable	-	-	-	-	-	(5,517)
Interest paid on short-term debt	-	-	-	-	-	(135)
Interest rate swap settlements	-	-	-	-	-	(79,951)
Interest paid on bonds	-	-	-	-	-	(37,460)
Interest paid on notes payable	-	-	-	-	-	(296)
Transfers to (from) other programs	-	-	-	-	-	-
Net cash used in noncapital financing activities	-	-	-	-	-	(530,357)
<b>Cash flows from capital and related financing activities:</b>						
Purchase of capital assets	(542)	-	-	-	(542)	(599)
Proceeds from the disposal of capital assets	542	-	-	-	542	4
Principal paid on capital-related debt	-	-	-	-	-	-
Interest paid on capital-related debt	-	-	-	-	-	-
Net cash provided by (used in) capital and related financing activities	-	-	-	-	-	(595)
<b>Cash flows from investing activities:</b>						
Proceeds from maturities and sales of investments	3,286,586	783,237	211,037	-	4,280,860	2,916,886
Purchase of investments	(3,286,586)	(783,237)	(211,037)	-	(4,280,860)	(2,882,304)
Income received from investments	-	(1)	1	-	-	23,151
Net cash provided by investing activities	-	(1)	1	-	-	57,733
<b>Net increase (decrease) in cash</b>	(1)	(1)	2	-	-	(45,705)
Cash at beginning of year	-	1	-	-	110,726	156,431
Cash at end of year	\$ (1)	\$ -	\$ 2	\$ -	\$ 110,726	\$ 110,726
Restricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 66,637
Unrestricted	-	-	-	-	-	44,089
Cash, end of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 110,726

Continued on the next page

# colorado housing and finance authority



## Colorado Housing and Finance Authority

### Combining Schedule - Statement of Cash Flows *(continued)*

For the period ended December 31, 2014

*(with summarized financial information for the year ended December 31, 2013)*

*(in thousands of dollars)*

	General Program	Single Family	Multi-Family/ Business	Eliminations	2014	Summarized 2013
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>						
Net operating income (loss)	\$	(1) \$	(1) \$	1 \$	- \$	(1) \$ 3,564
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation expense	-	-	-	-	-	1,655
Amortization of service release premiums	-	-	-	-	-	3,584
Amortization of deferred loan fees/costs, net	-	-	-	-	-	37
Amortization of imputed debt associated with swaps	-	-	-	-	-	(15,158)
Provision for losses	-	-	-	-	-	1,176
Interest on investments	-	-	-	-	-	(22,200)
Interest on debt	-	-	-	-	-	112,350
Unrealized loss on derivatives	-	-	-	-	-	6,005
Unrealized (gain) loss on investments	-	-	-	-	-	19,574
(Gain) loss on sale of REO	-	-	-	-	-	(2,281)
Gain on sale of loans	-	-	-	-	-	(23,094)
Changes in assets and liabilities:						
Loans receivable and other real estate owned	-	-	-	-	-	344,469
Accrued interest receivable on loans and investments	-	-	-	-	-	(403)
Other assets	-	-	-	-	-	(3,381)
Accounts payable and other liabilities	-	1	-	-	1	1,617
Net cash provided by (used in) operating activities	\$	(1) \$	- \$	1 \$	- \$	- \$ 427,514

See accompanying independent auditors' report.

# colorado housing and finance authority



Colorado Housing and Finance Authority  
 Schedule of Adjusted Net Worth  
 At December 31, 2014  
 (in thousands of dollars)

A.	Adjusted net worth calculation:		
	Net position per statement of net position at end of reporting period	\$	-
	Less:		
	Itemized unacceptable assets		
	1. Other assets	\$	-
	2.		
	3.		
	Total unacceptable assets	<u>                    </u>	<u>                    -</u>
	Adjusted net worth	<u>                    \$</u>	<u>                    -</u>
B.	Required net worth calculation:		
	Unpaid principal balance of securities outstanding (Note: number of pools: 296)	\$	1,601,282
	Plus:		
	Outstanding balance of commitment authority issued and requested		<u>                    135,188</u>
	Total outstanding portfolio and authority	<u>                    \$</u>	<u>                    1,736,470</u>
	Required net worth	<u>                    \$</u>	<u>                    5,973</u>
C.	Excess net worth (Adjusted net worth - required net worth)	<u>                    \$</u>	<u>                    (5,973)</u>
	Capital ratio (Meets requirements? <input checked="" type="radio"/> Yes / <input type="radio"/> No)		#DIV/0!

See accompanying independent auditors' report.

# colorado housing and finance authority



Colorado Housing and Finance Authority  
Schedule of Other Assets  
At December 31, 2014  
(in thousands of dollars)

A.	Accrued interest income	\$	-
B.	Deferred debt cost of issuance		-
C.	Other real estate owned		-
	Total other asset included in adjusted net worth	\$	-
D.	Other assets excluded from adjusted net worth		-
	Total current and noncurrent other assets	\$	-

See accompanying independent auditors' report.

# colorado housing and finance authority



Colorado Housing and Finance Authority  
 Liquid Asset Requirement Calculation for Issuers  
 At December 31, 2014  
 (in thousands of dollars)

A. Liquid asset calculation:

Required net worth (Schedule of Adjusted Net Worth, section B) \$ 5,973

Acceptable liquid assets

- 1. Unrestricted cash \$ -
- 2.
- 3.
- 4.
- 5.
- 6. \_\_\_\_\_

Total liquid assets \$ -

B. Required liquid asset:

Excess liquid 0%  
 (Total liquid assets/required net worth)

Meets requirements?

Yes / No

See accompanying independent auditors' report.



# colorado housing and finance authority



Colorado Housing and Finance Authority  
 Capital Requirement Calculation for Issuer  
 At December 31, 2014  
 (in thousands of dollars)

A. Capital requirement for depository institutions: not applicable to CHFA

Tier 1 capital	\$ _____
Total capital	\$ _____
Risk-based assets	\$ _____
Total assets	\$ _____

Tier 1 capital/total assets	_____ %
Tier 1 capital/risk-based assets	_____ %
Total capital/risk-based assets	_____ %

		Meets requirement?
5% of tier 1 capital/total assets	\$ _____	<u>Yes / No</u>
6% of tier 1 capital/risk-based assets	\$ _____	<u>Yes / No</u>
10% of total capital/risk-based assets	\$ _____	<u>Yes / No</u>

B. Capital requirement for nondepository institutions:

Total adjusted net worth	\$ _____ -
Total assets	\$ _____ -

		Meets requirement?
Total adjusted net worth/total assets	<u>#DIV/0!</u> %	<u>Yes</u> / No

See accompanying independent auditors' report.

# colorado housing and finance authority



Colorado Housing and Finance Authority  
 Schedule of Insurance Requirement  
 At December 31, 2014  
 (in thousands of dollars)

A.	Identification of affiliated Ginnie Mae Issuers Affiliated Ginnie Mae issuers:	<u>None</u>
B.	Required insurance calculation: Servicing portfolio:	
	Ginnie Mae	\$ 1,326,373
	Fannie Mae	274,909
	Freddie Mac	-
	Conventional (other)	<u>1,441,620</u>
	Total servicing portfolio	<u>\$ 3,042,902</u>
	Required fidelity bond coverage	<u>\$ 3,568</u>
	Required mortgage servicing errors and omissions coverage	<u>\$ 3,568</u>
C.	Verification of insurance coverage:	
	Fidelity bond coverage at end of reporting period	<u>\$ 10,000</u>
	Mortgage servicing errors and omissions coverage at end of reporting period	<u>\$ 10,000</u>
D.	Excess insurance coverage:	
	Fidelity bond coverage	<u>\$ 6,432</u>
	Required mortgage servicing errors and omissions coverage	<u>\$ 6,432</u>
E.	Ginnie Mae loss payable endorsement	
	Fidelity bond coverage	<u><input checked="" type="radio"/> Yes <input type="radio"/> No</u>
	Mortgage servicing errors and omissions coverage	<u><input checked="" type="radio"/> Yes <input type="radio"/> No</u>

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

See accompanying independent auditors' report.