COLORADO HOUSING AND FINANCE AUTHORITY
ANNUAL FINANCIAL REPORT
(With Independent Auditors' Report Thereon)
December 31, 2013 and 2012

Prepared by:
Accounting Division

COLORADO HOUSING AND FINANCE AUTHORITY – Annual Financial Report

Table of Contents

	Page(s)
EXECUTIVE LETTER (Unaudited)	1 – 3
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)	4 – 11
INDEPENDENT AUDITORS' REPORT	12 – 15
BASIC FINANCIAL STATEMENTS	16 – 20
Statement of Net Position	17
Statement of Revenues, Expenses and Changes in Net Position	18
Statement of Cash Flows	19 – 20
NOTES TO BASIC FINANCIAL STATEMENTS	21 – 57
SUPPLEMENTAL INFORMATION (Unaudited)	58 – 62
1. Combining Schedule – Statement of Net Position	59
2. Combining Schedule – Statement of Revenues, Expenses and Changes in Net Position	60
3. Combining Schedule – Statement of Cash Flows	61 – 62

colorado housing and finance authority

EXECUTIVE LETTER
(UNAUDITED)

Message from Cris White,
Executive Director and CEO
March 27, 2014

2013 was a year of progress. The Colorado Housing and Finance Authority's (CHFA) mission of affordable housing and economic development was strengthened by our work to enhance internal operations and improve the organization's financial stability. These efforts enabled CHFA to further our community impact and are demonstrated in CHFA's 2013 production.

Overall, CHFA supported:

- 3,443 Colorado households in obtaining home purchase loans, mortgage refinance loans, or mortgage credit certificates;
- The development or preservation of 31 affordable rental housing projects, supporting a total of 2,671 rental housing units; and
- Assisted 461 businesses with our capital access and business lending programs, which combined supported 4,109 jobs in Colorado.
- In total, CHFA made a $526.1 million direct investment into our mission last year. The economic activity estimated to occur as a result of this investment is nearly $700 million.

Contributing to our success was CHFA's Home Finance division, which launched the Fannie Mae HFA Preferred Risk Share loan program, called CHFA Advantage[sm]. Providing Coloradans with an affordable alternative to paying costly monthly mortgage insurance fees, CHFA Advantage was also CHFA's first mortgage refinance loan offering in recent years. In addition, the Home Finance division began an operational review with the intent of streamlining processes to deliver improved customer service and profitability. Changes resulting from this review will be implemented in 2014.

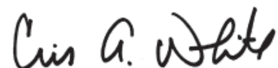
Likewise, CHFA's Community Development division furthered their work to provide affordable rental housing and business lending resources throughout the state. The team made significant progress deploying Colorado's State Small Business Credit Initiative (SSBCI) programs to eligible businesses and their participating lenders. Authorized under the 2010 Small Business Jobs Act, SSBCI funds help businesses access capital so they may grow and support jobs in the state. As the SSBCI program administrator, CHFA's team helped Colorado receive the second wave of SSBCI funding available for allocation from the U.S. Department of Treasury.

The Community Development team also launched the 9% Tax Credit Loan program, providing a new permanent financing alternative within the multifamily space. The program has been favorably received with six loan commitments secured in 2013, and several more in the 2014 pipeline. The 9% Tax Credit Loan program will be used in conjunction with CHFA's Housing Opportunities Fund, otherwise referred to as HOF. CHFA's Board of Directors allocated $3 million to recapitalize HOF last year. For over 20 years, HOF has been a key financing resource for affordable projects, providing a tool to blend down borrowing costs or for permanent debt to fill financing gaps. The new investment in HOF allows CHFA to once again offer this critical resource to affordable rental projects across Colorado.

Last year, CHFA strengthened its outreach to customers and partners. We introduced Dovenmuehle Mortgage Inc. (DMI) as our single family sub-servicer. The alliance with DMI will allow CHFA and our customers to benefit from the established infrastructure, technology, and economies of scale that a sub-servicer can provide. At the same time, it will reduce CHFA's long-term costs, so we may remain focused on investing as much of our resources as possible back into our mission of affordable housing and business finance.

CHFA also began redesigning our external website www.chfainfo.com to allow for enhanced user experience and functionality. The new website will launch in spring 2014, which aligns with the celebration of CHFA's 40th anniversary. Created in 1973, CHFA officially opened its doors for business in 1974. Since that time, we have invested over $10 billion in Colorado. I'm proud of the progress we've made; however, CHFA's work is not yet complete. With over half of Colorado's renters paying more than 30 percent of their income towards housing costs, and an ongoing need for affordable capital to support homeownership and business growth, we remain diligent and focused on our mission. We look forward to another 40 years of partnering with Colorado to invest in the development of strong communities.

Sincerely,



Cris A. White
Executive Director and CEO

MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)

This section of the Colorado Housing and Finance Authority's (the Authority) annual financial report presents management's discussion and analysis of the financial position and results of operations as of and for the years ended December 31, 2013 and 2012. 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 or GNMA) 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 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 United States Department of Agriculture Rural Development, or are guaranteed by the Veterans Administration.

The Authority also participates in the Federal National Mortgage Association (Fannie Mae or FNMA) Mortgage Backed Securities (MBS) and Whole Loan Commitment Programs. FNMA is a Government-sponsored entity whose purpose is to expand the secondary mortgage market. CHFA participates in this market by either securitizing conventional loans in the form of MBS or by a direct whole loan commitment for cash from FNMA.

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 April 2013, the Authority issued $53.6 million in Federally Taxable Single Family Program Class I, Series 2013AA Bonds to refund outstanding fixed rate bonds in order to take advantage of lower interest rates. The Authority also issued $31.6 million of Federally Insured Multi-Family Loan Program Pass Through Revenue Series 2013-I Bonds in the second quarter of 2013 to refund outstanding debt with the purpose of lowering interest rate costs. In conjunction with the Series 2013-I transaction, the Authority issued $7.9 million in Multi-Family/Project Class I Adjustable Rate Series 2013-A Bonds to refund the last remaining bond series under the Multi-Family Insured General Bond Resolution to close out the Resolution and consolidate administration of debt.

During the fourth quarter of 2013, Single Family Mortgage Class II Adjustable Rate Bonds 2013 Series B refunded $40.0 million of outstanding Class I bonds. The resulting improvement in indenture parity enabled the Authority to use available cash to call existing high cost fixed rate bonds to generate interest savings. The Authority will continue to monitor the balance between outstanding Class I and Class II debt and may utilize similar class to class refunding measures to reduce costs and improve indenture parity.

During 2013, the Authority put into place $71.8 million in new liquidity facilities with the Bank of New York Mellon to replace the final outstanding Temporary Credit Liquidity Program agreements. The Authority also renewed over $471.9 million in expiring liquidity facilities with FHLBank Topeka and $151.2 million of expiring facilities with Barclays Bank during the course of 2013. Additionally, the Authority entered into early liquidity facility extensions at improved pricing levels with Royal Bank of Canada and JP Morgan Chase Bank, the existing facility providers, with the purpose of taking advantage of lower facility costs for a longer period of time.

The Authority obtained a $30.0 million unsecured line of credit with Key Bank to replace an expiring agreement during the fourth quarter of 2013. At December 31, 2013, there were no balances outstanding.

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

Financial Highlights

- Total cash and investments as of December 31, 2013 were $857.5 million, a decrease of $99.9 million, or 10.4%, compared to the amount outstanding as of December 31, 2012. The decrease was the 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.

- Total net loans receivable as of December 31, 2013 were $1.6 billion, a decrease of $318.2 million, or 16.3%, compared to the amount outstanding as of December 31, 2012. Loan repayments occurred 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. During 2013, $318.3 million in loans were sold through the issuance and sale of Ginnie Mae securities, $80.0 million in loans were sold through the issuance and sale of Fannie Mae securities and $20.3 million in loans were sold directly to Fannie Mae.

- Total deferred outflows as of December 31, 2013 were $131.4 million, a decrease of $117.9 million, or 47.3%, compared to the amount outstanding as of December 31, 2012, reflecting an increase in market interest rates.

- As of December 31, 2013, total debt outstanding was $2.1 billion, a decrease of $413.4 million, or 16.3%, compared to the balance at December 31, 2012. Payments of loans, together with available cash, have been used to reduce bond balances.

- Net position as of December 31, 2013 was $303.7 million, an increase of $3.6 million, or 1.2%, compared to the balance at December 31, 2012, increasing the Authority's capital position. Net position as a percent of total assets increased from 10.1% as of December 31, 2012 to 12.0% as of December 31, 2013.

- As reflected in the Statement of Revenues, Expenses and Changes in Net Position, the change in net position decreased by $41.1 million, or 92.0%, compared to December 31, 2012. The decrease in the change in net position compared to prior year was primarily composed of the following:
  - A $5.2 million increase in net interest income as a result of lower bond expenses.
  - A $18.7 million decrease in other operating revenues is a result of the following:
    - $2.3 million decrease in real estate owned rental income
    - $2.0 million decrease in gain on sale of loans
    - $7.8 million increase in investment derivative activity
    - $23.2 million decrease in fair value of investments
    - $1.0 million increase in loan servicing and other revenues
  - A $11.5 million decrease in operating expenses due primarily to a decrease in provision for loan losses and overall lower general operating expenses.
  - A $39.1 million decrease in gain on sale of capital assets due to the sale of the four Rental Acquisition Program (RAP) properties during the first quarter of 2012.

Analysis of Financial Activities

Condensed Summary of Net Position
(in thousands of dollars)

For the years ended December 31,	2013	2012 Restated	2011 Restated
Assets			
Cash	$ 110,726	$ 156,431	$ 89,292
Investments	746,775	800,929	884,670
Loans receivable, net	1,591,990	1,917,912	2,266,895
Loans receivable held for sale	37,733	29,967	38,206
Capital assets, net	7,055	8,110	24,160
Other assets	47,172	50,199	57,133
Total assets	2,541,451	2,963,548	3,360,356
Deferred Outflows			
Accumulated decrease in fair value of hedging derivatives	115,435	233,514	267,410
Refundings of debt	16,010	15,844	11,317
Total deferred outflows	131,445	249,358	278,727
Liabilities			
Bonds and notes payable and short-term debt	2,115,267	2,528,667	2,950,654
Derivative instruments and related borrowings	184,069	312,524	335,558
Other liabilities	66,109	70,060	97,361
Total liabilities	2,365,445	2,911,251	3,383,573
Deferred Inflows			
Accumulated increase in fair value of hedging derivatives	3,716	1,489	-
Net position:			
Investment in capital assets	7,055	8,110	24,160
Restricted by bond indentures	101,076	114,910	119,072
Unrestricted	195,604	177,146	112,278
Total net position	$ 303,735	$ 300,166	$ 255,510

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.

Comparison of Years Ended December 31, 2012 and 2011

Total assets decreased $396.8 million, or 11.8%, from the prior year. Combined, cash and investments decreased $16.6 million, or 1.7% from the prior year. Net loans receivable decreased by $357.2 million, or 15.5%, as a result of loan repayments occurring without a corresponding increase in new loans retained as the Authority continued in 2012 to sell all of its single family loan production through sales of Ginnie Mae and Fannie Mae mortgage backed securities. Deferred outflows decreased $29.4 million, or 10.5%, from the prior year, reflecting a reduced cost to terminate swap agreements.

Total liabilities decreased $472.3 million, or 14.0%, from the prior year. Bonds, notes payable and short-term debt decreased $422.0 million, or 14.3%, primarily due to scheduled bond payments and additional unscheduled redemptions. Derivative instruments and related borrowings decreased $23.0 million, or 6.9%, from prior year due to an increase in market interest rates.

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

For the years ended December 31,	2013	2012 Restated	2011 Restated
Interest income and expense:			
Interest on loans receivable	**$ 96,000**	$ 113,322	$ 134,873
Interest on investments	**22,200**	23,291	23,423
Interest on debt	**(97,193)**	(120,805)	(137,108)
Net interest income	**21,007**	15,808	21,188
Other operating income (loss):			
Rental income	**358**	2,675	8,804
Gain on sale of loans	**23,094**	25,103	16,792
Investment derivative activity loss	**(6,005)**	(13,820)	(1,715)
Net increase (decrease) in the fair value of investments	**(19,574)**	3,590	25,887
Other revenues	**22,783**	21,760	19,680
Total other operating income	**20,656**	39,308	69,448
Total operating income	**41,663**	55,116	90,636
Operating expenses:			
Salaries and related benefits	**16,505**	17,836	18,210
General operating	**18,763**	19,950	41,333
Depreciation	**1,655**	2,722	3,684
Provision for loan losses	**1,176**	9,106	9,036
Total operating expenses	**38,099**	49,614	72,263
Net operating income	**3,564**	5,502	18,373
Nonoperating expenses:			
Federal grant receipts	**111,929**	112,954	134,491
Federal grant payments	**(111,929)**	(112,954)	(134,491)
Gain (loss) on sale of capital assets	**5**	39,154	(30)
Total nonoperating income and expenses, net	**5**	39,154	(30)
Change in net position	**3,569**	44,656	18,343
Net position:			
Beginning of year	**300,166**	255,510	237,167
End of year	**$ 303,735**	$ 300,166	$ 255,510

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 the sale of RAP properties during 2012. The federal grant receipts/payments consist primarily of pass-through amounts related to the Authority's role as a contract administrator of the U.S. Department of Housing and Urban Development's Section 8 subsidy program. Under the Section 8 subsidy program, tenants pay 30% of their income toward rent and the balance is paid by federal subsidy.

Comparison of Years Ended December 31, 2012 and 2011

Total operating income decreased by $35.5 million in 2012, or 39.2%, compared to 2011. The following contributed to the decrease:

- Interest income decreased by $21.7 million in 2012 as a result of higher prepayments without a corresponding increase in new loan production retained.
- Interest expense related to debt decreased by $16.3 million due to lower outstanding balances.
- Gain on sale of loans increased by $8.3 million in 2012 related primarily to the increased amount of issuance of Ginnie Mae securities.
- The fair value of investments decreased by $22.3 million due to fluctuations in market interest rates during 2012.

Total operating expenses decreased $22.6 million in 2012, or 31.3%, compared to 2011. The decrease was primarily due to a decrease in general operating costs related to the Lehman swap termination settlement.

Total nonoperating revenues and expenses, net, increased by $39.2 million, or approximately 100%, compared to 2011. The increase is due to the gain on the sale of RAP properties during 2012. The federal grant receipts/payments consist primarily of pass-through amounts related to the Authority's role as a contract administrator of the U.S. Department of Housing and Urban Development's Section 8 subsidy program. Under the Section 8 subsidy program, tenants pay 30% of their income toward rent and the balance is paid by federal subsidy.

Subsequent Events

The Authority's management has evaluated subsequent events through March 27, 2014. No events have occurred which warrant disclosure or adjustments to the financial statement amounts presented.

INDEPENDENT AUDITORS' REPORT

KPMG LLP
Suite 800
1225 17th Street
Denver, CO 80202-5598

Independent Auditors' Report

The Board of Directors
Colorado Housing and Finance Authority:

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Colorado Housing and Finance Authority (the Authority) as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Colorado Housing and Finance Authority as of December 31, 2013 and 2012, and the respective changes in financial position, and cash flows thereof for the years then ended, in accordance with U.S. generally accepted accounting principles.

KPMG LLP is a Delaware limited liability partnership, the U.S. member firm of KPMG International Cooperative ("KPMG International"), a Swiss entity.

Emphasis of Matter

As discussed in note 1 to the financial statements, in fiscal year 2013, the Authority adopted Governmental Accounting Standards Board Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The supplementary information included in Schedules 1 through 3 and the executive letter is presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information included in Schedules 1 through 3 is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information included in Schedules 1 through 3 is fairly stated in all material respects in relation to the basic financial statements as a whole.

The executive letter has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2014 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

KPMG LLP

Denver, Colorado
March 27, 2014

BASIC FINANCIAL STATEMENTS

Colorado Housing and Finance Authority
Statement of Net Position

For the years ended December 2013 and 2012

(in thousands of dollars)

	2013	2012 Restated, Note 1
Assets		
Current assets:		
Cash		
Restricted	**$ 66,637**	$ 89,268
Unrestricted	**44,089**	67,163
Investments (partially restricted, see note 2)	**466,867**	461,711
Loans receivable (partially restricted, see note 3)	**90,799**	93,898
Loans receivable held for sale	**37,733**	29,967
Other current assets	**19,745**	19,490
Total current assets	**725,870**	761,497
Noncurrent assets:		
Investments (partially restricted, see note 2)	**279,908**	339,218
Loans receivable, net (partially restricted, see note 3)	**1,501,191**	1,824,014
Capital assets, net	**7,055**	8,110
Other assets	**27,427**	30,709
Total noncurrent assets	**1,815,581**	2,202,051
Total assets	**2,541,451**	2,963,548
Deferred Outflows		
Accumulated decrease in fair value of hedging derivatives	**115,435**	233,514
Refundings of debt	**16,010**	15,844
Total deferred outflows	**131,445**	249,358
Liabilities		
Current liabilities:		
Short-term debt	**42,380**	71,475
Bonds payable	**158,300**	173,416
Notes payable	**1,120**	103
Other current liabilities	**60,955**	64,138
Total current liabilities	**262,755**	309,132
Noncurrent liabilities:		
Bonds and notes payable	**1,913,467**	2,283,673
Derivative instruments	**117,534**	239,291
Hybrid instrument borrowing	**66,535**	73,233
Other liabilities	**5,154**	5,922
Total noncurrent liabilities	**2,102,690**	2,602,119
Total liabilities	**2,365,445**	2,911,251
Deferred Inflows		
Accumulated increase in fair value of hedging derivatives	**3,716**	1,489
Net position		
Investment in capital assets	**7,055**	8,110
Restricted by bond indentures	**101,076**	114,910
Unrestricted	**195,604**	177,146
Total net position	**$ 303,735**	$ 300,166

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 2013 and 2012
(in thousands of dollars)

	2013	2012 Restated, Note 1
Interest income and expense:		
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
Other operating income (loss):		
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
Operating expenses:		
Salaries and related benefits	**16,505**	17,836
General operating	**18,763**	19,950
Depreciation	**1,655**	2,722
Provision for loan losses	**1,176**	9,106
Total operating expenses	**38,099**	49,614
Net operating income	**3,564**	5,502
Nonoperating income and expenses:		
Federal grant receipts	**111,929**	112,954
Federal grant payments	**(111,929)**	(112,954)
Gain on sale of capital assets	**5**	39,154
Total nonoperating income and expenses	**5**	39,154
Change in net position	**3,569**	44,656
Net position:		
Beginning of year	**300,166**	255,510
End of year	**$ 303,735**	$ 300,166

See accompanying notes to basic financial statements.

Colorado Housing and Finance Authority
Statement of Cash Flows
For the years ended December 2013 and 2012
(in thousands of dollars)

	2013	2012 Restated, Note 1
Cash flows from operating activities:		
Principal payments received on loans receivable and receipts from dispositions of other real estate owned	**$ 506,211**	$ 411,579
Interest payments received on loans receivable	**95,597**	116,399
Payments for loans receivable	**(502,009)**	(427,769)
Receipts from sales of Ginnie Mae securities	**341,606**	390,631
Receipts from rental operations	**285**	2,865
Receipts from other revenues	**21,515**	22,025
Payments for salaries and related benefits	**(16,548)**	(17,617)
Payments for goods and services	**(19,509)**	(50,430)
All other, net	**366**	8,688
Net cash provided by operating activities	**427,514**	456,371
Cash flows from noncapital financing activities:		
Net increase (decrease) in short-term debt	**(29,095)**	25,375
Proceeds from issuance of bonds	**133,028**	133,375
Proceeds from issuance of notes payable	**-**	137
Receipts from federal grant programs	**110,468**	114,064
Payments for federal grant programs	**(111,929)**	(112,954)
Principal paid on bonds	**(510,475)**	(579,499)
Payments on terminations of interest rate swaps	**1,005**	5,337
Principal paid on notes payable	**(5,517)**	(102)
Interest paid on short-term debt	**(135)**	(182)
Interest rate swap settlements	**(79,951)**	(84,088)
Interest paid on bonds	**(37,460)**	(51,824)
Interest paid on notes payable	**(296)**	(1,140)
Net cash used in noncapital financing activities	**(530,357)**	(551,501)
Cash flows from capital and related financing activities:		
Purchase of capital assets	**(599)**	(487)
Proceeds from the disposal of capital assets	**4**	52,970
Net cash provided by (used in) capital and related financing activities	**(595)**	52,483
Cash flows from investing activities:		
Proceeds from maturities and sales of investments	**2,916,886**	2,761,770
Purchase of investments	**(2,882,304)**	(2,674,441)
Income received from investments	**23,151**	22,457
Net cash provided by investing activities	**57,733**	109,786
Net increase (decrease) in cash	**(45,705)**	67,139
Cash at beginning of year	**156,431**	89,292
Cash at end of year	$ **110,726**	$ 156,431
Restricted	$ **66,637**	$ 89,268
Unrestricted	**44,089**	67,163
Cash, end of year	$ **110,726**	$ 156,431

Continued on the next page

Colorado Housing and Finance Authority
Statement of Cash Flows *(continued)*
For the years ended December 2013 and 2012
(in thousands of dollars)

	2013	2012 Restated, Note 1
Reconciliation of operating income to net cash provided by (used in) operating activities:		
Net operating income	$ **3,564**	$ 5,502
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	**1,655**	2,722
Amortization of service release premiums	**3,584**	5,841
Amortization of deferred loan fees/costs, net	**37**	114
Amortization of derivatives related borrowings	**(15,158)**	(6,807)
Provision for loan losses	**1,176**	9,106
Interest on investments	**(22,200)**	(23,291)
Interest on debt	**112,350**	127,612
Unrealized loss on investment derivatives	**6,005**	13,820
Unrealized (gain) loss on investments	**19,574**	(3,590)
Gain on sale of REO	**(2,281)**	(1,166)
Gain on sale of loans receivable held for sale	**(23,094)**	(25,103)
Changes in assets and liabilities:		
Loans receivable and other real estate owned	**344,469**	369,716
Accrued interest receivable on loans and investments	**(403)**	3,014
Other assets	**(3,381)**	2,826
Accounts payable and other liabilities	**1,617**	(23,945)
Net cash provided by operating activities	$ **427,514**	$ 456,371

See accompanying notes to basic financial statements.

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.

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 $2,500. Capital assets are depreciated or amortized using the straight-line method over their estimated useful lives, which are 30 years for buildings and from 3 to 10 years for furniture and equipment.

Other Assets – The major other assets are as follows:

- *Mortgage servicing rights (servicing release premiums)*: amortized over the life of the related loans using the effective interest method. Unamortized costs totaling $21.3 million and $18.6 million were outstanding at December 31, 2013 and 2012, respectively. Included in these amounts are mortgage servicing rights of $14.2 million and $9.5 million as of December 31, 2013 and 2012, respectively, related to loans sold by the Authority for which the Authority retained the mortgage servicing rights. These mortgage servicing rights are reported at the lower of cost or fair value. In 2013, the Authority recorded a net reversal of $1.1 million of prior years' impairment loss on mortgage servicing rights. The impairment and related reversal are reported in general operating expense on the Statement of Revenues, Expenses and Changes in Net Position. In 2012, the Authority recognized an impairment loss of $1.8 million.
- *Other real estate owned (REO)*: represents real estate acquired through foreclosure and in-substance foreclosures. Other real estate owned is recorded at the lower of the investment in the loan or the estimated net realizable value, which equals estimated fair value less selling and closing costs.

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, 2013, the Authority had executed 46 forward sales transactions with a $103.4 million notional amount with two 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 20, 2014. 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.

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 – As of December 31, 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. The Authority's January 1, 2012 net position, based on Statement No. 65 accounting adjustments, was restated (reduced) by $15.0 million from $270.5 million to $255.5 million for bond issuance costs and certain loan-related costs that are expensed when incurred and for certain loan-related fees that are recorded as revenue upon receipt under the new standard. In addition, the December 31, 2012 Statement of Net Position was restated to reclassify $15.8 million from bonds payable to deferred outflows.

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. These characteristics mirror the criteria and definitions set forth in Statement No. 67. 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 Authorities 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. 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. This Statement will be applicable to the Authority in 2014; however, this Statement will have no material impact on the Authority's financial statements, as the Authority has no plans to engage in any of the combinations or disposals subject to the provisions of Statement No. 69.

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 will be applicable to the Authority in 2014; however, this Statement will have no material impact on the Authority's financial statements, as the Authority has no plans to engage in any nonexchange financial guarantees, which are subject to the provisions of Statement No. 70.

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.

(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 Statues. 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.

Interest Rate Risk

As of December 31, 2013, the Authority had the following investment maturities:

	Investment Maturities (In Years)				
Investment Type	Less Than 1	1-5	6-10	More Than 10	Total
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
Total	$ 466,867	$ 35,969	$ 20,272	$ 223,667	$ 746,775

As of December 31, 2012, the Authority had the following investment maturities:

	Investment Maturities (In Years)				
Investment Type	Less Than 1	1-5	6-10	More Than 10	Total
Certificate of deposit	$ 39,900	$ -	$ -	$ -	$ 39,900
External investment pool	96,984	-	-	-	96,984
Investment agreements - uncollateralized	140,510	-	-	33,093	173,603
Money market mutual fund	108,790	-	-	-	108,790
Repurchase agreement	73,338	-	-	15,495	88,833
State & political subdivision obligations	-	-	-	2,325	2,325
U.S. government agencies	1,424	17,052	57,344	213,909	289,729
U.S. Treasury	765	-	-	-	765
Total	$ 461,711	$ 17,052	$ 57,344	$ 264,822	$ 800,929

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.

General Program investments of $45.9 million include investments pledged as of December 31, 2012 as follows: a $39.9 million certificate of deposit pledged to the FHLB line of credit and COLOTRUST investments of RDLP, RDLP II and RDLP V in the amounts of $313 thousand, $329 thousand and $22 thousand, respectively; each pledged as collateral for the RDLP notes payable and $688 thousand of investments pledged as collateral for private placement bonds.

All Single Family and Multi-Family/Business Program investments, which total $714.0 million and $755.0 million as of December 31, 2013 and 2012, respectively, are restricted under bond indentures or other debt agreements, or otherwise pledged as collateral for borrowings.

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

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

	2013		2012	
Investment Type	**Rating**	**Total**	**Rating**	**Total**
Certificate of deposit	Not Rated	$ 23,800	Not Rated	$ 39,900
External investment pool	AAAm	82,612	AAA	96,984
Investment agreements - uncollateralized	AA/Aa	49,610	AA/Aa	96,318
Investment agreements - uncollateralized	A/Aa	-	A/Aa	12,268
Investment agreements - uncollateralized	A/A	22,109	A/A	56,199
Investment agreements - uncollateralized	AA/A	45,652	AA/A	8,818
Money market mutual fund	AAAm/Aaa	238,738	AAA/Aaa	108,790
Repurchase agreements	AA/Aaa	23,932	AA/Aaa	88,833
State and political subdivision obligations	AAA/Aaa	580	AAA/Aaa/AA/Baa	2,325
U.S. government agencies	AA/Aaa	259,026	AA/Aaa	289,729
U.S. Treasury	AA/Aaa	716	AA/Aaa	765
Total		$ 746,775		$ 800,929

Of the investments in securities issued by state and political subdivisions, 100.0% and 40.4% as of December 31, 2013 and 2012, respectively, are rated AAA. Investment agreements meet the requirements of the rating agency providing the rating on the related debt issue and of the Board's investment policy. 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, 2013 and 2012, 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.

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, 2013 and 2012.

Issuer	2013	2012
External investment pool - COLOTRUST	11.06%	12.11%
Investment agreements - uncollateralized - IXIS	7.58%	12.55%
Investment agreements - uncollateralized - Trinity	4.75%	6.14%
Money market fund - Fidelity	24.49%	7.56%
Money market fund - Heritage	7.33%	6.02%
Repurchase agreements - IXIS	3.20%	8.21%
U.S. government agencies - FHLB	2.79%	5.45%
U.S. government agencies - FHLMC	6.78%	4.97%
U.S. government agencies - FNMA	6.31%	6.62%
U.S. government agencies - GNMA	18.23%	19.13%

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 $36.7 million and $37.8 million held in a fiduciary capacity as of December 31, 2013 and 2012, 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.

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

Loans receivable and loans receivable held for sale at December 31, 2013 and 2012 consisted of the following:

	2013	2012
General Fund	$ 170,449	$ 191,864
Single Family Fund:		
Program Senior and Subordinate	-	20,640
Mortgage	854,829	1,050,852
Total Single Family Fund loans	854,829	1,071,492
Multi-Family/Business Fund:		
Insured Mortgage Revenue	-	42,815
Multi-Family/Project	589,996	667,360
Multi-Family Pass Through	31,297	-
Total Multi-Family/Business Fund loans	621,293	710,175
Less intercompany loans, included in Multi-Family/Project above	(2,330)	(2,726)
Total loans receivable	1,644,241	1,970,805
Payments in process	(1,203)	(5,024)
Deferred fee income	(164)	(84)
Allowance for loan losses	(13,151)	(17,818)
Total loans receivable, net	$ 1,629,723	$ 1,947,879

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 and Fannie Mae securities, loans held as investments, and loans backed by bonds within the General Program. These loans are typically collateralized by mortgages on real property and improvements. Certain of these loans are also guaranteed by agencies of the U.S. government.

Single family bond program loans are collateralized by mortgages on applicable real property and, in the case of loans with an initial loan-to-value ratio of 80% or more, are generally either insured by the 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, 2013 comprised of $598.2 million of FHA insured loans, $43.5 million of VA guaranteed loans, $28.5 million of RD 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.

The single family loan portfolio included in the general and single family programs as of December 31, 2012 comprised of $746.9 million of FHA insured loans, $58.9 million of VA guaranteed loans, $33.2 million of RD loans and $195.2 million of conventional insured loans with the balance of $143.6 million made up of uninsured conventional and second mortgage loans.

The Authority is exposed to operational risk, which makes it subject to loss or repurchase of insured FHA loans if specific guidelines are not met. As of December 31, 2013 and 2012, the Authority recorded a reserve of $275 thousand and $353 thousand, respectively, for claim refunds to be paid to the U.S. Department of Housing and Urban Development (HUD).

As of December 31, 2013 and 2012, single family mortgage loans with pending foreclosure actions have aggregate principal balances of approximately $26.6 million and $28.1 million, respectively. As of December 31, 2013 and 2012, the aggregate principal balance of single family mortgage loans delinquent 91 days or greater was approximately $77.6 million and $75.3 million, respectively.

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

As of December 31, 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, 2012, approximately $447.7 million, or 69.0%, of the commercial loan balances are not covered by insurance. The insured loans comprised of $214.8 million of Section 542(c) risk share loans, which are 50% insured, and $38.2 million of Sections 221(d) and 223(f) new construction and rehabilitation loans, which are 99% insured.

As of December 31, 2013, there were no commercial loans with pending foreclosure actions.

As of December 31, 2012, commercial loans with pending foreclosure actions had an aggregate principal balance of approximately $5.2 million, of which $2.5 million was insured. A reserve amount of $714 thousand has been established for the uninsured portion of these loans.

As of December 31, 2013 and 2012, commercial loans delinquent 91 days or greater aggregate principal balances were approximately $408 thousand and $6.1 million, respectively.

Activity in the allowance for loan loss for the years ended December 31, 2013 and 2012 was as follows:

	2013	2012
Beginning balance	$ 17,818	$ 17,423
Provision (reversal)	(507)	9,106
Net charge-offs		
Single-family	(3,431)	(8,288)
Multi-family/Business	(729)	(423)
Ending balance	$ 13,151	$ 17,818

The Authority services loans on the behalf of others, primarily for Ginnie Mae and Fannie Mae, which are not reported on the Statement of Net Position. As of December 31, 2013 and 2012, these outstanding loan balances were $1.4 billion and $1.2 billion, 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 delinquent thresholds. All Ginnie Mae loans are either insured by the FHA or RD, or are guaranteed by the VA.

The Authority has granted terms and interest rate concessions to debtors, which are considered troubled debt restructuring, as of December 31, 2013 and 2012, as summarized below:

Single Family Program Loans:	**2013**	**2012**
Aggregate recorded balance	$ 34,059	$ 17,168
Number of loans	243	118
Gross interest revenue if receivables had been current	$ 2,019	$ 1,013
Interest revenue included in changes in net position	$ 1,323	$ 689

Multi-Family/Business Program Loans:	**2013**	**2012**
Aggregate recorded balance	$ 19,437	$ 25,638
Number of loans	25	32
Gross interest revenue if receivables had been current	$ 1,122	$ 1,532
Interest revenue included in changes in net position	$ 1,160	$ 1,355

(4) Capital Assets

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

	Beginning Balance	Additions	Reductions	Ending Balance
Nondepreciable capital assets:				
Land	$ 1,573	$ -	$ -	$ 1,573
Construction in progress	309	569	(602)	276
Total nondepreciable capital assets	1,882	569	(602)	1,849
Depreciable capital assets:				
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)	0	5,206
Total capital assets, net	$ 8,110	$ (453)	$ (602)	$ 7,055

* Includes capital lease

Capital asset activity for the year ended December 31, 2012 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Nondepreciable capital assets:				
Land	$ 4,785	$ -	$ (3,212)	$ 1,573
Construction in progress	241	68	-	309
Total nondepreciable capital assets	5,026	68	(3,212)	1,882
Depreciable capital assets:				
Cost:				
Computer equipment/software *	13,523	340	-	13,863
Furniture and equipment	1,067	19	-	1,086
Rental property - nonbuilding related	2,171	60	(2,231)	-
Buildings and related improvements	27,772	-	(19,981)	7,791
Total depreciable capital assets	44,533	419	(22,212)	22,740
Less accumulated depreciation:				
Computer equipment/software *	(9,797)	(2,036)	-	(11,833)
Furniture and equipment	(513)	(137)	-	(650)
Rental property - nonbuilding related	(817)	(44)	861	-
Buildings and related improvements	(14,272)	(505)	10,748	(4,029)
Total accumulated depreciation	(25,399)	(2,722)	11,609	(16,512)
Total depreciable capital assets, net	19,134	(2,303)	(10,603)	6,228
Total capital assets, net	$ 24,160	$ (2,235)	$ (13,815)	$ 8,110

* 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 $1.0 billion. As of December 31, 2013 and 2012, the Authority had $42.4 million and $71.5 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. This line of credit agreement terminates on December 18, 2014. 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, 2013 and 2012, there were no outstanding balances.

Short-term debt activity for the years ended December 31, 2013 and 2012 was as follows:

	2013	2012
Beginning balance	$ 71,475	$ 46,100
Additions	2,658,410	3,125,105
Reductions	(2,687,505)	(3,099,730)
Ending balance	$ 42,380	$ 71,475

(6) Bonds, Notes Payable and Other Liabilities

The Authority issues bonds and notes payable to finance its lending programs. Proceeds from long-term debt of the Single Family and Multi-Family/Business bonds are used for funding of single family, multi-family and business loans. Long-term debt of the General Programs (including notes payable) is used to finance single family and business loans related to various private placements and general corporate purposes. The aggregate principal amounts of bonds and notes payable outstanding as of December 31, 2013 and 2012 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, 2013, these rates ranged from 0.04% to 1.07%. At December 31, 2012, these rates ranged from 0.12% to 1.12%. Sixteen of the bond series reset on a monthly basis based on LIBOR, and one bond sub-series resets monthly based on the Securities Industry Financial Markets Association Municipal Swap Index (SIFMA).

During 2013, the Authority entered into agreements with the Bank of New York Mellon for $71.8 million in new liquidity facilities to replace the final outstanding Temporary Credit Liquidity Program (TCLP) 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. The Authority entered into early liquidity facility extensions at improved pricing levels with Royal Bank of Canada and JP Morgan Chase Bank, the existing facility providers, with the purpose of taking advantage of lower facility costs for a longer period of time.

Descripton and due date		Interest rate (%)	2013	2012
Bonds payable:				
General Fund (prior to 2011, all General Fund bonds carry the Authority's general obligation pledge):				
Single Family:				
Taxable Mortgage Revenue Bonds: (* *principal and interest payable monthly*)				
2000 Series A*	2013 - 2020	6.91	$ -	$ 352
2001 Series AP*	2013 - 2021	6.14	-	1,209
2004 Series A*	2013 - 2024	4.95	-	646
2004 Series B*	2013 - 2035	4.98	-	1,754
2004 Series CV*	2013 - 2035	5.14	-	950
2005 Series A *	2013 - 2035	5.17	-	3,834
2005 Series B*	2013 - 2036	5.32	-	3,475
2006 Series A*	2013 - 2036	5.92	-	3,757
2007 Series A*	2013 - 2037	5.50	-	3,559
Total Single Family			-	19,536
Multi-Family/Business Finance:				
Guaranteed Loan Participation Purchase Bonds: (* *principal and interest payable monthly)*				
1999 Series A	2014 - 2024	5.71	132	148
2003 Series A*	2013 - 2023	5.00	-	6
2004 Series A*	2013 - 2024	4.62	-	233
2004 Series B*	2014 - 2024	4.88	3,125	3,664
2005 Series A*	2014 - 2025	4.81	434	1,962
2006 Series A*	2013 - 2026	5.98	-	1,178
2007 Series A*	2013 - 2027	5.89	-	863
2011 Series A*	2014 - 2031	2.92	1,036	3,096
2012 Series A*	2014 - 2025	2.84	5,962	6,325
Total Guaranteed Loan Participation Purchase Bonds			10,689	17,475
Project Loan Participation Purchase Bonds: (* *principal and interest payable monthly)*				
2004 Series AP*	2014 - 2024	4.90	1,502	2,307
Taxable Rental Project Revenue Bonds: (* *principal and interest payable monthly)*				
2000 Series A	2014 - 2020	6.15	3,128	3,512
2002 Series AV*	2014 - 2022	5.55	3,021	3,481
2003 Series AV*	2014 - 2024	5.19	3,113	3,225
2004 Series A*	2014 - 2024	4.90	10,214	10,666
Total Taxable Rental Project Revenue Bonds			19,476	20,884
Total Multi-Family/Business Finance			31,667	40,666
Total General Fund			31,667	60,202

Table continued on following page.

Descripton and due date		Interest rate (%)	2013	2012
Single Family Fund:				
Single Family Program Senior and Subordinate Bonds:				
1999 Series A	2013 - 2030	6.05 - 6.45	$ -	$ 2,315
2000 Series D	2013 - 2032	6.75 - 6.90	-	1,635
2000 Series E	2013 - 2032	6.60 - 7.00	-	1,605
2001 Series A	2013 - 2032	5.00 - 6.50	-	3,940
2001 Series B	2013 - 2033	5.00 - 6.80	-	4,275
2001 Series C	2013 - 2033	4.88 - 6.60	-	5,355
Total Single Family Program Senior and Subordinate Bonds			-	19,125
Single Family Mortgage Bonds:				
2001 Series AA	2014 - 2038	Variable	101,840	106,840
2002 Series A	2014 - 2021	Variable	16,335	30,515
2002 Series B	2014 - 2021	Variable	23,240	31,765
2002 Series C	2014 - 2022	Variable	29,555	36,055
2003 Series A	2014 - 2030	Variable	4,620	7,660
2003 Series B	2014 - 2028	Variable	93,790	99,565
2003 Series C	2014 - 2032	Variable	41,825	41,825
2004 Series A	2014 - 2032	Variable & 5.25	40,605	41,220
2004 Series B	2014 - 2032	Variable & 5.25	31,250	33,705
2005 Series A	2014 - 2033	Variable & 5.25	36,645	37,295
2005 Series B	2014 - 2036	Variable & 4.98 - 5.22	57,470	62,780
2006 Series A	2014 - 2036	Variable	47,885	74,985
2006 Series B	2014 - 2036	Variable	115,520	115,520
2006 Series C	2014 - 2036	Variable & 4.63	25,025	86,230
2007 Series A	2014 - 2037	Variable & 4.80	86,945	100,295
2007 Series B	2014 - 2038	Variable	136,370	136,370
2008 Series A	2014 - 2038	Variable & 5.00	110,910	110,955
2009 Series A	2014 - 2029	3.45 - 5.50	46,535	58,895
2011 Series AA	2014 - 2029	Variable & 1.45 - 5.00	29,295	91,935
2011 Series B	2014 - 2014	Variable	31,650	64,180
2011 Series C	2013 - 2014	Variable	-	33,750
2011 Series D	2014 - 2016	Variable & 0.76 - 0.93	36,935	47,090
2012 Series A	2014 - 2038	Variable	96,985	98,705
2013 Series AA	2014 - 2041	2.80	48,715	-
2013 Series B	2014 - 2036	Variable	39,950	-
Total Single Family Mortgage Bonds			1,329,895	1,548,135
Total Single Family Fund			1,329,895	1,567,260

Table continued on following page.

Descripton and due date		Interest rate (%)	2013	2012
Multi-Family/Business Fund:				
Multi-Family Housing Insured - Mortgage Revenue Bonds:				
1997 Series B	2013 - 2038	5.70 - 5.90	$ -	$ 3,895
1997 Series C	2013 - 2039	5.60 - 5.75	-	8,705
1998 Series A	2013 - 2039	5.35 - 5.50	-	7,095
1998 Series B	2013 - 2040	5.45 - 5.55	-	1,075
1999 Series A	2013 - 2041	5.10 - 6.65	-	17,360
1999 Series B	2013 - 2041	5.65 - 5.85	-	4,710
1999 Series C	2013 - 2041	6.05 - 6.20	-	5,515
2002 Series AA	2013 - 2030	Variable	-	23,935
Total Multi-Family Housing Insured - Mortgage Revenue Bonds			-	72,290
Multi-Family/Project Bonds: *(* principal and interest payable quarterly on some of the bonds)*				
2000 Series A	2014 - 2030	Variable	17,350	18,110
2000 Series B*	2014 - 2020	Variable	4,245	8,575
2001 Series A	2013 - 2043	5.30 - 5.55	-	5,965
2002 Series A	2014 - 2030	Variable	13,205	19,390
2002 Series C	2014 - 2032	Variable	85,005	103,630
2003 Series A	2014 - 2033	Variable	34,730	36,730
2004 Series A	2014 - 2045	Variable	51,995	63,610
2005 Series A	2014 - 2040	Variable	54,845	60,120
2005 Series B	2014 - 2040	Variable	22,285	22,730
2006 Series A	2014 - 2036	Variable	41,180	44,945
2007 Series B	2014 - 2038	Variable	68,260	72,490
2008 Series A	2014 - 2043	Variable	27,350	30,325
2008 Series B	2014 - 2052	Variable	159,480	162,375
2008 Series C	2014 - 2038	Variable	31,745	33,575
2009 Series A	2014 - 2041	Variable & 3.35 - 5.40	30,035	37,350
2012 Series A	2014 - 2051	2.75 - 4.50	10,500	10,500
2012 Series B	2014 - 2054	2.55 - 4.20	17,450	17,450
2013 Series A	2014 - 2023	Variable	7,610	-
2013 Series I	2014 - 2044	3.20	31,343	-
Total Multi-Family/Project Bonds			708,613	747,870
Total Multi-Family/Business Fund			708,613	820,160
Total bonds payable			$ 2,070,175	$ 2,447,622
Premiums and losses classified as bonds payable				
Bond premiums (unamortized)			659	2,000
Bonds payable			$ 2,070,834	$ 2,449,622
Notes payable			2,053	7,570
Bonds and notes payable			$ 2,072,887	$ 2,457,192

Table continued on following page.

Bonds and Notes Payable Summary	2013	2012
Current:		
Bonds payable	$ 158,300	$ 173,416
Notes payable	1,120	103
Noncurrent:		
Bonds and notes payable	1,913,467	2,283,673
Total	$ 2,072,887	$ 2,457,192

A breakdown of bonds payable as of December 31, 2013 and 2012, by fixed and variable interest rates, follows in the table below. Certain of the Authority's variable rate debt has been hedged by entering into pay fixed/receive variable rate interest rate swap agreements as further described in note 8. Such debt is referred to in the table as synthetic fixed rate debt.

Description	2013	2012
Fixed rate debt	$ 288,990	$ 451,432
Synthetic fixed rate debt	1,632,965	1,820,834
Unhedged variable rate debt	148,220	175,356
Total	$ 2,070,175	$ 2,447,622

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, 2013 and 2012:

Description	2013	2012
General Fund Program Bonds	$ 24,669	$ 50,781
Single Family Program Subordinate Bonds	-	120
Single Family Mortgage Bonds, Class III	43,650	47,200
Multi-Family/Project Bonds, Class I	224,905	248,565
Multi-Family/Project Bonds, Class II	19,025	21,820
Total	$ 312,249	$ 368,486

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. Liquidity fees for the years ended December 31, 2013 and 2012 were $7.7 million and $10.8 million, respectively. A schedule of providers and maturities is presented below, as of December 31, 2013:

Liquidity Expiration	Barclays Bank PLC. (1)	FHLB (2)	JP Morgan (3)	Royal Bank of Canada (4)	BNY Mellon (5)	Grand Total
2014	$ -	$ 345,860	$ -	$ -	$ -	$ 345,860
2015	146,760	463,705	75,870	-	-	686,335
2016	-	-	-	279,140	71,840	350,980
Total	$ 146,760	$ 809,565	$ 75,870	$ 279,140	$ 71,840	$ 1,383,175

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

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

(2) (a) Bank Rate: One-Month LIBOR plus 2.00% (1.50% for 2003 Series B-3 Bonds).
(b) Term out provisions: repayments due 90 days following purchase date in equal semiannual installments until fifth anniversary of the purchase date. Class III lien/General Obligation.

(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 plus1.00%.
(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 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 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.

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

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, 2012:

Description	Beginning Balance	Additions	Reductions	Ending Balance	Current	Noncurrent
Bonds payable	$ 2,893,746	$ 133,375	$ (579,499)	$ 2,447,622	$ 173,275	$ 2,274,347
Bond premiums - unamortized	3,273	-	(1,273)	2,000	141	1,859
Total bonds payable	2,897,019	133,375	(580,772)	2,449,622	173,416	2,276,206
Notes payable	7,535	137	(102)	7,570	103	7,467
Arbitrage rebate payable	1,479	1,063	(1,700)	842	-	842
Unearned revenue	2,917	228	(357)	2,788	186	2,602
Other liabilities	36,749	340	(34,538)	2,551	73	2,478
Total other liabilities	41,145	1,631	(36,595)	6,181	259	5,922
Total	$ 2,945,699	$ 135,143	$ (617,469)	$ 2,463,373	$ 173,778	$ 2,289,595

Bonds and notes payable sinking fund installments and contractual maturities subsequent to December 31, 2013, using rates in effect as of December 31, 2013, are as follows:

Years Ending	General Fund		Single Family		Multi-Family		Notes Payable	
December 31,	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2014	$ 47	$ 1,476	$ 137,404	$ 11,775	$ 20,799	$ 2,919	$ 1,120	$ 73
2015	149	1,471	112,764	11,086	26,698	2,908	104	9
2016	152	1,462	104,929	10,573	27,123	2,864	105	8
2017	148	1,452	113,239	9,968	27,558	2,816	106	7
2018	150	1,443	95,289	9,408	27,868	2,768	107	6
2019-2023	5,503	6,426	204,915	41,801	59,850	13,185	386	17
2024-2028	24,482	680	155,190	33,236	47,990	12,267	125	2
2029-2033	1,036	91	182,790	18,289	102,055	11,371	-	-
2034-2038	-	-	174,660	8,911	146,445	10,214	-	-
2039-2043	-	-	48,715	3,751	19,985	8,789	-	-
2044-2048	-	-	-	-	36,588	2,928	-	-
2049-2053	-	-	-	-	164,804	1,323	-	-
2054	-	-	-	-	850	27	-	-
Total	$ 31,667	$ 14,501	$ 1,329,895	$ 158,798	$ 708,613	$ 74,379	$ 2,053	$ 122

In response to capital market disruptions nationally, in late 2009, the U.S. Department of the Treasury (the Treasury) announced a plan to assist Housing and Finance Authorities (HFAs) through a two-part initiative: a new bond purchase program called the New Issue Bond Program (NIBP) to support new lending by HFAs and a temporary credit and liquidity program (TCLP) to improve the access of HFAs to liquidity for outstanding HFA bonds.

The NIBP provided financing for HFAs to issue new mortgage revenue bonds no later than December 31, 2011. Pursuant to the NIBP, the Authority issued its Single Family Program Class I Bonds in the amount of $275.2 million on January 12, 2010. Using authority under the Housing and Economic Recovery Act of 2008 (HERA), the Treasury purchased securities of Fannie Mae and Freddie Mac backed by these mortgage revenue bonds. The bonds initially carried variable interest rates that approximate the investment interest rates earned from the investment of bond proceeds. The bonds must be converted to fixed rate debt, concurrent with the issuance of other mortgage revenue bonds by the Authority or redeemed no later than December 31, 2015. As of December 31, 2012, all bonds related to the NIBP had been redeemed or converted to fixed rate debt.

The TCLP allows Fannie Mae and Freddie Mac to provide replacement credit and liquidity facilities to HFAs. The Treasury will backstop the replacement credit and liquidity facilities for the HFAs by purchasing an interest in them using HERA authority. The TCLP was set to expire December 31, 2012 but was extended to December 31, 2015 subject to submission and acceptance of a plan submitted by the Authority to extinguish TCLP facilities by the new expiration date. Pursuant to the TCLP, the Authority utilized $903.7 million to replace Standby Purchase Agreements on its variable rate bonds that are remarketed weekly, of which $71.8 million was outstanding as of December 31, 2012. During 2013, the Authority replaced the TCLP facility with liquidity facilities with the Bank of New York Mellon.

(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, 2013, there were 58 series of conduit bonds outstanding, with an aggregate principal amount outstanding of $1.0 billion. As of December 31, 2012, there were 53 series of conduit bonds outstanding, with an aggregate principal amount outstanding of $963.8 million.

(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 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 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 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 September 19, 2012, the Authority refunded certain single family bonds that were subject to existing interest rate swap agreements that were considered effective interest rate hedges. As a result of the partial refunding, deferred outflows related to those hedges in the amount of $10.4 million has been reclassified to deferred refunding loss, which is presented as part of bonds and notes payable in the basic financial statements. The deferred refunding loss is amortized to interest expense over the life of the new debt using the straight line method. The interest expense is offset by an equal amount that is accreted to deferred outflows over the remaining life of the respective swap.

On December 28, 2012, the Authority novated (transferred) $275.8 million in swap agreements from AIG to Wells Fargo. The novation was undertaken to eliminate the weaker credit counterparty, AIG, in favor of a stronger one, Wells Fargo and the floating rate calculation was changed to be based on LIBOR in the new agreements.

A summary of interest rate swaps for the years ended December 31, 2013, and 2012 was as follows:

Summary of Interest Rate Swaps	2013 Fair Value	2012 Fair Value
Par optional termination right with trigger	$ 36,996	$ 71,723
Par optional termination right	32,798	65,358
Trigger	9,409	18,886
Plain	39,040	83,041
Total fair value	$ 118,243	$ 239,008

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.

Collateral requirements: Swaps with a fair value of $90.5 million require the Authority to post collateral in the event that the underlying Class I bond ratings drop 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, 2013 and 2012, the ratings of bonds subject to collateral requirements exceed the levels specified in the swap agreements.

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, 2013, 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.

Outstanding Swaps at December 31, 2013:

Associated Bond Issue	Current Notional Amount	Effective Date	Termination Date	Fixed Rate Paid	Variable Rate Received *	Embedded Options	Optional Termination Date, at Par	Optional Termination Amount	Counterparty Rating S&P/Moody's	2013 Fair Value **	Change in Fair Value	2012 Fair Value **
Single Family:												
Investment derivatives (includes overhedged portion of interest rate swaps):												
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	$ (262)	$ 1,471	$ (1,733)
2002C-3 ****	2,065	12/4/2008	5/1/2022	4.4220%	Trigger, SIFMA + .15% or 68% LIBOR				A / A2	(860)	672	(1,532)
2004B-2 (SPV)	1,740	11/10/2004	5/1/2024	4.1220%	65% LIBOR + .10%	***	5/1/2015	28,780	AA- / Aa3	(87)	102	(189)
2006A-3	1,625	1/18/2006	11/1/2036	4.3129%	Trigger, SIFMA + .15% or 68% LIBOR	***	5/1/2019	37,810	A / A2	(232)	129	(361)
2007A-2	12,790	5/9/2007	11/1/2037	4.1530%	Trigger, SIFMA + .15% or 68% LIBOR	***	5/1/2019	62,910	A / A2	(1,696)	1,017	(2,713)
2012A-2 (SPV)	830	6/4/2008	5/1/2038	4.4140%	65% LIBOR + .10%	***	1) 5/1/2014 2) 5/1/2016 3) 5/1/2018	Up to: 1) 20,000 2) 40,000 3) all remaining	AA- / Aa3	(12)	279	(291)
Total	49,050									(3,149)	3,670	(6,819)
Hedging derivatives:												
2001AA-2 ****	46,840	12/4/2008	5/1/2031	4.6000%	Trigger, SIFMA + .05% or 68% LIBOR				A / A2	(3,007)	4,153	(7,160)
2001AA-3	15,040	12/2/2008	5/1/2018	5.5260%	Trigger, SIFMA + .05% or 68% LIBOR				A / A2	(1,379)	624	(2,003)
2002A-3 ****	16,335	12/4/2008	11/1/2021	4.7490%	Trigger, SIFMA + .05% or 68% LIBOR				A / A2	(934)	665	(1,599)
2002B-3 ****	34,875	12/4/2008	11/1/2021	4.5060%	Trigger, SIFMA + .05% or 68% LIBOR				A / A2	(2,156)	1,584	(3,740)
2002C-3 ****	34,475	12/4/2008	5/1/2022	4.4220%	Trigger, SIFMA + .15% or 68% LIBOR				A / A2	(1,593)	1,245	(2,838)
2003B-1 ****	29,770	12/2/2008	11/1/2026	4.8510%	LIBOR + .05%	***	5/1/2015	27,305	A / A2	(1,646)	1,355	(3,001)
2003B-2	14,905	10/29/2008	5/1/2028	4.9380%	LIBOR + .05%	***	11/1/2018	all remaining	AA- / Aa3	(1,435)	1,110	(2,545)
2003B-3 ****	51,195	12/2/2008	11/1/2026	4.3840%	Trigger, SIFMA + .15% or 68% LIBOR	***	5/1/2015	43,170	A / A2	392	1,643	(1,251)
2003C-2 ****	34,130	12/2/2008	11/1/2026	4.5950%	Trigger, SIFMA + .15% or 68% LIBOR	***	5/1/2015	28,780	A / A2	397	1,131	(734)
2004A-2 (SPV)	42,670	7/28/2004	11/1/2026	4.3685%	65% LIBOR + .10%	***	5/1/2015	35,970	AA- / Aa3	(97)	170	(267)
2004B-2 (SPV)	32,390	11/10/2004	11/1/2026	4.1220%	65% LIBOR + .10%	***	5/1/2015	28,780	AA- / Aa3	(12)	15	(27)
2005A-1	-	5/1/2005	5/1/2013	4.3555%	LIBOR + .05%				A / A2	0	30	(30)
2005A-2 (SPV)	37,980	3/16/2005	11/1/2027	4.0710%	65% LIBOR + .10%	***	5/1/2015	32,290	AA- / Aa3	(142)	116	(258)
2005B-2 (SPV)	61,950	7/20/2005	5/1/2034	4.1693%	65% LIBOR + .10%	***	5/1/2015	48,650	AA- / Aa3	(184)	363	(547)
2006A-1	-	3/1/2006	11/1/2013	5.1610%	LIBOR + .05%				A+ / Aa3	0	62	(62)
2006A-3	38,375	1/18/2006	11/1/2036	4.3129%	Trigger, SIFMA + .15% or 68% LIBOR	***	5/1/2019	37,810	A / A2	(4,231)	2,356	(6,587)
2006B-1	6,550	11/1/2006	11/1/2014	5.6685%	LIBOR + .05%				A+ / Aa3	(206)	567	(773)
2006B-2	49,125	7/26/2006	11/1/2034	4.1951%	Trigger, SIFMA + .05% or 68% LIBOR	***	5/1/2019	16,700	A / A2	(4,594)	2,485	(7,079)
2006B-3	62,945	7/26/2006	11/1/2036	4.5445%	Trigger, SIFMA + .15% or 68% LIBOR	***	5/1/2019	59,190	A / A2	(8,035)	3,990	(12,025)
2006C-1	6,530	1/2/2007	11/1/2014	5.3143%	LIBOR + .05%				A+ / Aa3	(192)	528	(720)
2006C-2 (A)	7,090	12/20/2006	5/1/2016	4.2884%	Trigger, SIFMA + .05% or 68% LIBOR	***			A / A2	(623)	283	(906)
2006C-2 (B)	5,305	12/20/2006	11/1/2016	4.2884%	Trigger, SIFMA + .05% or 68% LIBOR	***			A / A2	13	779	(766)
2006C-2 (C)	5,305	12/20/2006	11/1/2017	4.2884%	Trigger, SIFMA + .05% or 68% LIBOR	***			A / A2	(658)	374	(1,032)
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	469	6,100	(5,631)
2007A-1	11,690	6/1/2007	5/1/2015	5.1911%	LIBOR + .05%				A+ / Aa3	(468)	799	(1,267)
2007A-2	57,210	5/9/2007	11/1/2037	4.1530%	Trigger, SIFMA + .15% or 68% LIBOR	***	5/1/2019	62,910	A / A2	(5,274)	3,168	(8,442)
2007B-1	40,495	11/1/2007	11/1/2026	5.5800%	LIBOR + .05%	***	11/1/2017	24,610	A+ / Aa3	(4,584)	2,905	(7,489)
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	(5,984)	3,095	(9,079)
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	(2,494)	1,460	(3,954)
2008A-1	27,440	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	(3,190)	2,632	(5,822)
2008A-2	56,270	6/4/2008	11/1/2027	4.5960%	LIBOR + .05%	***	5/1/2018	all remaining	AA- / Aa2	(4,506)	3,945	(8,451)
2012A-1 ****	17,815	12/2/2008	11/1/2021	4.1600%	Trigger, SIFMA + .05% or 68% LIBOR				A / A2	520	534	(14)
2012A-2 (SPV)	79,170	6/4/2008	5/1/2038	4.4140%	65% LIBOR + .10%	***	1) 5/1/2014 2) 5/1/2016 3) 5/1/2018	Up to: 1) 20,000 2) 40,000 3) all remaining	A / A2	(50)	1,211	(1,261)
Total	1,046,015									(55,883)	51,477	(107,360)
Total Single Family	1,095,065									(59,032)	55,147	(114,179)

Table continued on following page.

Associated Bond Issue	Current Notional Amount	Effective Date	Termination Date	Fixed Rate Paid	Variable Rate Received *	Embedded Options	Optional Termination Date, at Par	Optional Termination Amount	Counterparty Rating S&P/Moody's	2013 Fair Value **	Change in Fair Value	2012 Fair Value **
Multi-Family:												
Investment derivatives (includes overhedged portion of interest rate swaps):												
2000A-1 ****	$ 1,720	11/21/2008	10/1/2020	5.2350%	SIFMA + .05%				A / A2	$ (138)	$ 56	$ (194)
2002C-2 ****	10,410	11/21/2008	10/1/2032	5.1240%	Trigger, SIFMA + .15% or 68% LIBOR	***	4/1/2018	59,340	A / A2	(1,577)	2,017	(3,594)
2002C-4 ****	5,105	11/21/2008	10/1/2032	5.0440%	Trigger, SIFMA + .05% or 68% LIBOR	***	4/1/2018	26,785	A / A2	(777)	937	(1,714)
2007B-2 (A) ****	1,270	12/3/2008	10/1/2036	4.2870%	SIFMA + .15%	***	10/1/2017	2,040	A / A2	(160)	138	(298)
2007B-3 (B) ****	1,220	12/3/2008	10/1/2019	4.0967%	SIFMA + .05%	***	10/1/2014	4,430	A / A2	(36)	93	(129)
2009A-1 ****	4,245	6/24/2009	10/1/2041	4.7900%	SIFMA + .05%	***	1) 10/1/2014 2) 4/1/2024	Up to: 1) 13,580 2) all remaining	A / A2	(479)	595	(1,074)
Total	23,970									(3,167)	3,836	(7,003)
Hedging derivatives:												
2000A-1 ****	11,030	11/21/2008	10/1/2020	5.2350%	SIFMA + .05%				A / A2	(1,508)	604	(2,112)
2000A-2 ****	3,050	11/21/2008	4/1/2015	5.8000%	SIFMA + .05%				A / A2	(83)	150	(233)
2000B-1 (SPV)	4,245	10/19/2000	7/1/2020	7.3900%	Citigroup 3 month + .25%				AA- / A3	(836)	376	(1,212)
2002A-1 ****	8,500	11/21/2008	10/1/2022	5.1000%	SIFMA + .15%				A / A2	(1,129)	560	(1,689)
2002AA ****	-	11/21/2008	10/1/2023	6.0350%	SIFMA + .05%				A / A2	0	5,055	(5,055)
2002C-2 ****	60,305	11/21/2008	10/1/2032	5.1240%	Trigger, SIFMA + .15% or 68% LIBOR	***	4/1/2018	59,340	A / A2	(1,215)	1,553	(2,768)
2002C-4 ****	26,855	11/21/2008	10/1/2032	5.0440%	Trigger, SIFMA + .05% or 68% LIBOR	***	4/1/2018	26,785	A / A2	(615)	739	(1,354)
2003A ****	14,747	11/21/2008	10/1/2023	6.0350%	SIFMA + .05%	***			A / A2	180	180	0
2003A-1 ****	-	12/3/2008	10/1/2013	4.5550%	LIBOR + .05%	***			A / A2	0	10	(10)
2004A-1 (SPV)	36,655	11/1/2004	10/1/2025	5.5281%	LIBOR + .05%		10/1/2014	all remaining	A- / Baa1	(1,385)	1,911	(3,296)
2004A-1 ****	-	5/29/2009	5/1/2013	5.3640%	LIBOR	***			AA- / Aa3	0	108	(108)
2004A-2 (SPV)	10,785	9/22/2004	4/1/2045	4.8840%	SIFMA + .15%	***	10/1/2019	all remaining	A- / Baa1	(1,259)	972	(2,231)
2005A-1 (A) (SPV)	4,565	8/1/2005	10/1/2035	5.8200%	LIBOR + .05%		4/1/2015	all remaining	A- / Baa1	(311)	240	(551)
2005A-1 (B) (SPV)	2,865	8/1/2005	10/1/2020	5.2050%	LIBOR + .05%	***			A- / Baa1	(480)	272	(752)
2005A-1 (C) (SPV)	9,505	8/1/2005	10/1/2025	5.7120%	LIBOR + .05%	***	4/1/2015	all remaining	A- / Baa1	(558)	504	(1,062)
2005A-2 (SPV)	16,135	7/1/2005	4/1/2036	4.2850%	SIFMA + .05%	***	4/1/2015	all remaining	A- / Baa1	(760)	614	(1,374)
2005A-3 (A) (SPV)	6,040	4/13/2005	4/1/2040	4.6560%	SIFMA + .15%	***	10/1/2020	all remaining	A- / Baa1	(733)	537	(1,270)
2005A-3 (B) (SPV)	5,765	10/1/2005	4/1/2032	4.4800%	SIFMA + .15%	***	4/1/2015	all remaining	A- / Baa1	(277)	223	(500)
2005B-1	12,220	3/1/2006	4/1/2036	5.2350%	LIBOR + .05%	***	10/1/2015	11,125	A / A2	(984)	591	(1,575)
2005B-2 (A)	3,405	1/2/2006	10/1/2040	4.7350%	SIFMA + .15%	***	10/1/2015	3,305	A / A2	(197)	153	(350)
2005B-2 (B)	5,640	9/1/2006	10/1/2038	4.5270%	SIFMA + .15%	***	10/1/2021	4,520	A / A2	(631)	551	(1,182)
2006A-1 ****	27,865	12/3/2008	4/1/2027	5.7100%	LIBOR + .05%	***	10/1/2016	10,270	A / A2	(1,100)	1,636	(2,736)
2006A-1 (F)	10,695	12/1/2006	10/1/2036	5.3420%	LIBOR + .05%	***	4/1/2021	8,040	A / A2	(1,619)	1,167	(2,786)
2007B-1 ****	27,355	12/3/2008	4/1/2038	5.6400%	LIBOR + .05%	***	1) 10/1/2017 2) 4/1/2022	Up to: 1) 14,220 2) 13,205	A / A2	(678)	2,243	(2,921)
2007B-1 (G)	7,350	10/1/2007	4/1/2028	5.2200%	LIBOR + .05%	***	10/1/2022	6,190	A / A2	(1,017)	931	(1,948)
2007B-2 (A) ****	1,210	12/3/2008	10/1/2036	4.2870%	SIFMA + .15%	***	10/1/2017	2,040	A / A2	12	(10)	22
2007B-2 (B) ****	1,960	12/3/2008	4/1/2038	4.5350%	SIFMA + .15%	***	10/2/2017	1,780	A / A2	(111)	122	(233)
2007B-2 (C) ****	4,660	12/3/2008	4/1/2038	4.4700%	SIFMA + .15%	***	10/2/2017	4,395	A / A2	(428)	272	(700)
2007B-2 (D) ****	4,610	12/3/2008	4/1/2028	4.6510%	SIFMA + .15%	***	4/1/2023	3,835	A / A2	(600)	496	(1,096)
2007B-3 (A) ****	2,360	12/3/2008	10/1/2037	4.2970%	SIFMA + .05%	***	10/1/2017	2,065	A / A2	(138)	136	(274)
2007B-3 (B) ****	3,305	12/3/2008	10/1/2019	4.0967%	SIFMA + .05%	***	10/1/2014	4,430	A / A2	(37)	92	(129)
2007B-3 (C) ****	2,265	12/3/2008	4/1/2038	4.8805%	SIFMA + .05%	***	10/1/2017	2,205	A / A2	(219)	151	(370)
2008A-1 ****	14,050	12/3/2008	4/1/2029	5.1300%	LIBOR + .05%	***	1) 4/1/2018 2) 4/1/2019	Up to: 1) 3,070 2) all remaining	A / A2	(520)	994	(1,514)
2008A-2 ****	7,315	12/3/2008	4/1/2043	4.4540%	SIFMA + .15%		4/1/2019	6,340	A / A2	(515)	613	(1,128)
2008B (a) ****	113,285	12/3/2008	10/1/2044	5.1722%	LIBOR				AA- / Aa3	(23,776)	23,762	(47,538)
2008B (b) ****	46,195	12/3/2008	3/1/2047	5.2071%	LIBOR	***			AA- / Aa3	(10,460)	10,836	(21,296)
2008C-3 ****	7,430	12/3/2008	10/1/2038	4.3400%	SIFMA + .05%	***	4/1/2019	6,500	A / A2	(668)	583	(1,251)
2009A-1 ****	25,120	6/24/2009	10/1/2041	4.7900%	SIFMA + .05%	***	1) 10/1/2016 2) 4/1/2024	Up to: 1) 13,580 2) all remaining	A / A2	(1,445)	1,799	(3,244)
2013A ****	7,608	11/21/2008	10/1/2023	6.0350%	SIFMA + .05%	***			A / A2	56	56	0
Total	556,950									(56,044)	61,782	(117,826)
Total Multi-Family	580,920									(59,211)	65,618	(124,829)
Total	$ 1,675,985									$ (118,243)	$ 120,765	$ (239,008)

(*) 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, 2013 and 2012, 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, 2013, the Authority had executed 68 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)
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%	

At December 31, 2012, the Authority had executed 71 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)
1	$ 2,170	0.1%	A / A2
14	370,930	20.4%	A / A3
8	95,965	5.3%	A- / Baa1
31	674,204	37.0%	A+ / A2
6	140,805	7.7%	A+ / Aa3
1	67,385	3.7%	AA- / Aa1
9	464,690	25.5%	AA- / Aa3
1	4,685	0.3%	AAA / NR
71	$ 1,820,834	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.

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, 2013 and 2012, the Authority was not exposed to rollover risk.

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

Collateral Requirements: The Authority is subject to a contingency feature that would require the Authority to post collateral on swap agreements if the Class I obligations credit rating falls to a Moody's A1, or equivalent ratings by S&P and Fitch, and is greater than the established thresholds. As of December 31, 2013 and 2012, all agreements were rated higher than the Moody's A1 and did not require collateral.

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

Swap Payments – Using interest rates as of December 31, 2013, 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
2014	$ 106,125	$ 2,143	$ 75,061	$ 183,329
2015	92,965	2,078	70,104	165,147
2016	107,605	2,006	65,868	175,479
2017	116,135	1,917	61,162	179,214
2018	72,415	1,820	56,225	130,460
2019-2023	354,830	7,878	230,040	592,748
2024-2028	295,585	6,532	154,767	456,884
2029-2033	260,460	4,391	94,211	359,062
2034-2038	195,295	1,647	38,998	235,940
2039-2043	51,345	247	12,953	64,545
2044-2047	23,225	46	2,349	25,620
Total	$1,675,985	$ 30,705	$ 861,738	$ 2,568,428

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 $104.6 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, 2013 and 2012 was as follows:

	2013	2012
Beginning balance	$ 73,233	$ 53,607
Additions	6,982	25,018
Reductions	(13,680)	(5,392)
Ending balance	$ 66,535	$ 73,233

The following table sets forth as of December 31, 2013, 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
2014	$ 14,980
2015	10,212
2016	7,258
2017	6,270
2018	4,803
2019-2023	14,249
2024-2028	6,006
2029-2033	2,280
2034-2038	396
2039-2043	77
2044-2047	4
Total	$ 66,535

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, 2013, were as follows:

Count	Par	Exposure	Original Sales Price	12/31/13 Premium	Fair Value	Counterparty Rating (S&P / Moody's)
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)	

The outstanding forward contracts, summarized by counterparty as of December 31, 2012, were as follows:

Count	Par	Exposure	Original Sales Price	12/31/12 Premium	Fair Value	Counterparty Rating (S&P / Moody's)
2	$ 1,000	1.2%	$ 1,063	$ 1,064	$ 1	BBB-/n/a
2	8,000	9.8%	8,648	8,661	13	A2/P2
3	10,000	12.3%	10,790	10,861	71	A1/P1
2	17,000	20.9%	18,408	18,453	45	A2/P1
22	45,500	55.8%	49,098	49,251	153	A1/P1
31	$ 81,500	100.0%	$ 88,007	$ 88,290	$ 283	

Summary

A summary of derivative instruments activity for the years ended December 31, 2013 and 2012 is as follows:

	2013				2012			
	Hedging	Investments			Hedging	Investments		
	Swaps	Swaps	Forwards	Total	Swaps	Swaps	Forwards	Total
Fair value, beginning	$ 225,186	$ 13,822	$ 283	$ 239,291	$ 264,934	$ 16,290	$ 727	$ 281,951
Settlements	(62,879)	(1,913)	(283)	(65,075)	(75,896)	(1,383)	(727)	(78,006)
Change in fair value	(50,380)	(5,593)	(709)	(56,682)	36,148	(1,085)	283	35,346
Fair value, ending	$ 111,927	$ 6,316	$ (709)	$ 117,534	$ 225,186	$ 13,822	$ 283	$ 239,291

(9) Debt Refundings

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 $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.

On September 19, 2012, the Authority issued its Single Family Bonds 2012 Series A in the aggregate principal amount of $99.1 million. The entire proceeds of the bonds were used to refund a portion of various single family mortgage bonds. The refunding resulted in a decrease in the aggregate future debt service requirement, including related fees, of approximately $3.9 million based on the change in variable interest rates at the time of refunding. In accordance with Statement No. 23, $10.4 million was deferred and is being amortized over the contractual life of the new debt.

Also during 2012, the Authority converted $236.7 million in outstanding VRDOs into floating rate notes (FRN) through a direct placement transaction with Federal Home Loan Bank (FHLB) of Seattle. Refunding or converting VRDOs requiring liquidity facilities into FRNs has proven to be an effective means for the Authority to reduce costs related to the indenture and we will continue to seek these opportunities.

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 December 31, 2013 and 2012, $58.9 million of bonds outstanding are considered defeased.

(10) Restricted and Unrestricted Net Position

The amounts restricted for the Single Family bond programs and the Multi-Family/Business bond programs are for the payment of principal, redemption premium, if any, 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 withdraw 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, 2013 and 2012, for various purposes, as indicated in the following table. These designations of net position are not binding, and can be changed by the Board.

Unrestricted Net Position for the years ended December 31, 2013 and 2012:

	2013	2012
Designations:		
Housing loans	$ 67,955	$ 70,874
Commerical loans	14,462	15,079
General operating and working capital	15,460	11,496
Rating agency reserves	32,885	23,189
General obligation bonds	26,541	31,321
Nongeneral obligation bonds	38,301	25,187
Total general programs unrestricted net position	$ 195,604	$ 177,146

(11) Retirement Plans

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

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

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

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

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:

	2013	2012
Contribution rate of covered salary:		
Members	8.00%	8.00%
Authority:		
Trust	12.68%	12.68%
Health Fund	1.02%	1.02%
Total Authority contribution rate	13.70%	13.70%
Contributions by the Authority:		
Trust	$ 1,498	$ 1,637
Health Fund	120	132
Total Authority contributions	$ 1,618	$ 1,769

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, 2013 and 2012 were $357 thousand and $389 thousand, respectively. Contributions by participating employees for the years ended December 31, 2013 and 2012 were $931 thousand and $951 thousand, respectively. All required contributions are paid in full annually.

(12) Risk Management

The Authority has an Enterprise Risk Management program under which various risks of loss associated with its business operations are identified and managed. The ERM program includes Internal Audit, Compliance and Security/Privacy. The risk management techniques utilized include a combination of standard policies and procedures and purchased insurance. Commercial general liability, property losses, business automobile liability, workers' compensation, Crime, Executive Risk Package with Directors' and Officer and Employed Lawyers Professional Liability, Network Security and Privacy coverage and public officials' liability are all managed through purchased insurance. There were no significant reductions or changes in insurance coverage from the prior year. Settled claims did not exceed insurance coverage in any of the past three 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, 2013 and 2012, the unpaid principal balance on related party transactions was $2.6 million.

(14) Commitments and Contingencies

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. The Authority had outstanding commitments to make or acquire single family and multi-family/business loans of $66.9 million and $6.4 million, respectively, as of December 31, 2012.

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 RD, or are guaranteed by the VA. 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 and subsequently pooled and sold. The Authority repurchased $60.6 million and $48.0 million of these loans in 2013 and 2012, 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, CHFA receives cash for mortgages. Through the MBS program, Fannie Mae guarantees securities that are issued by the Authority and backed by pools of mortgage loans. Whole Loans Sales are serviced by CHFA in an Actual/Actual remittance method and the MBS loans are serviced by CHFA 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, 2013.

(15) Subsequent Events

The Authority's management has evaluated subsequent events through March 27, 2014. No events have occurred which warrant disclosure or adjustments to the financial statement amounts presented.

SUPPLEMENTAL INFORMATION
(UNAUDITED)

Colorado Housing and Finance Authority
Combining Schedule - Statement of Net Position
For the year ended December 31, 2013
(with summarized financial information for December 31, Restated, Note 1)
(in thousands of dollars)

	General Programs	Single Family	Multi-Family/ Business	Eliminations	2013	2012 Summarized Restated, Note 1
Assets						
Current assets:						
Cash *(Note 2)*						
Restricted	$ 66,637	$ -	$ -	$ -	**$ 66,637**	$ 89,268
Unrestricted	44,089	-	-	-	**44,089**	67,163
Investments *(Note 2)*	32,299	320,096	114,472	-	**466,867**	461,711
Loans receivable *(Note 3)*	42,058	28,284	20,535	(78)	**90,799**	93,898
Loans receivable held for sale *(Note 3)*	37,733	-	-	-	**37,733**	29,967
Accrued interest receivable	3,542	7,366	3,612	(54)	**14,466**	14,044
Other assets	4,907	287	85	-	**5,279**	5,446
Due (to) from other programs	(31,407)	18,294	13,113	-	**-**	-
Total current assets	199,858	374,327	151,817	(132)	**725,870**	761,497
Noncurrent assets:						
Investments *(Note 2)*	454	225,707	53,747	-	**279,908**	339,218
Loans receivable, net *(Note 3)*	87,689	820,244	595,510	(2,252)	**1,501,191**	1,824,014
Capital assets - nondepreciable *(Note 4)*	1,849	-	-	-	**1,849**	1,881
Capital assets - depreciable, net *(Note 4)*	5,206	-	-	-	**5,206**	6,229
Other real estate owned, net	174	2,350	1,076	-	**3,600**	9,333
Other assets	23,827	-	-	-	**23,827**	21,376
Total noncurrent assets	119,199	1,048,301	650,333	(2,252)	**1,815,581**	2,202,051
Total assets	319,057	1,422,628	802,150	(2,384)	**2,541,451**	2,963,548
Deferred Outflows						
Accumulated decrease in fair value of hedging derivative	-	59,080	56,355	-	**115,435**	233,514
Refundings of debt	-	13,533	2,477	-	**16,010**	15,844
Total deferred outflows	-	72,613	58,832	-	**131,445**	249,358
Liabilities						
Current liabilities:						
Short-term debt *(Note 5)*	42,380	-	-	-	**42,380**	71,475
Bonds payable *(Note 6)*	47	137,454	20,799	-	**158,300**	173,416
Notes payable *(Note 6)*	1,120	-	-	-	**1,120**	103
Accrued interest payable	312	9,727	7,824	(54)	**17,809**	21,594
Federally assisted program advances	354	-	-	-	**354**	1,708
Accounts payable and other liabilities	40,655	793	1,344	-	**42,792**	40,836
Total current liabilities	84,868	147,974	29,967	(54)	**262,755**	309,132
Noncurrent liabilities:						
Bonds payable *(Note 6)*	31,620	1,193,100	687,814	-	**1,912,534**	2,276,206
Derivative instruments	(709)	59,032	59,211	-	**117,534**	239,291
Derivatives related borrowing	-	41,866	24,669	-	**66,535**	73,233
Notes payable *(Note 6)*	3,263	-	-	(2,330)	**933**	7,467
Other liabilities *(Note 6)*	4,428	502	224	-	**5,154**	5,922
Total noncurrent liabilities	38,602	1,294,500	771,918	(2,330)	**2,102,690**	2,602,119
Total liabilities	123,470	1,442,474	801,885	(2,384)	**2,365,445**	2,911,251
Deferred Inflows						
Accumulated increase in fair value of hedging derivative	-	3,468	248	-	**3,716**	1,489
Net position						
Investment in capital assets, net of related debt	4,725	-	-	2,330	**7,055**	8,110
Restricted by bond indentures	4,569	49,299	58,849	-	**112,717**	114,910
Unrestricted *(Note 10)*	186,293	-	-	(2,330)	**183,963**	177,146
Total net position	$ 195,587	$ 49,299	$ 58,849	$ -	**$ 303,735**	$ 300,166

See accompanying independent auditors' report.

The 2013 Annual Financial Report of the Colorado Housing and Finance Authority (CHFA) was republished on May 7, 2014 in order to restate the unaudited supplemental information. The restatement reflects a material correction that was not material to the audited basic financial statements, which are reported on a consolidated basis.

Colorado Housing and Finance Authority

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

For the year ended December 31, 2013

(with summarized financial information for the year ended December 31, Restated, Note 1)

(in thousands of dollars)

	General Program	Single Family	Multi-Family/ Business	Eliminations	**2013**	2012 Summarized Restated, Note 1
Interest income and expense:						
Interest on loans receivable	$ 6,835	$ 50,098	$ 39,252	$ (185)	**$ 96,000**	$ 113,322
Interest on investments	153	15,890	6,157	-	**22,200**	23,291
Interest on debt	(2,985)	(59,198)	(35,195)	185	**(97,193)**	(120,805)
Net interest income	4,003	6,790	10,214	-	**21,007**	15,808
Other operating income (loss):						
Rental income	358	-	-	-	**358**	2,675
Loan servicing income	13,383	-	(40)	-	**13,343**	13,989
Section 8 administration fees	4,329	-	-	-	**4,329**	3,882
Gain on sale of loans	23,094	-	-	-	**23,094**	25,103
Investment derivative activity gain (loss)	992	(1,292)	(5,705)	-	**(6,005)**	(13,820)
Net increase (decrease) in the fair value of investments	(157)	(12,353)	(7,064)	-	**(19,574)**	3,590
Other revenues (losses)	5,422	530	(841)	-	**5,111**	3,889
Total other operating income (loss)	47,421	(13,115)	(13,650)	-	**20,656**	39,308
Total operating income (loss)	51,424	(6,325)	(3,436)	-	**41,663**	55,116
Operating expenses:						
Salaries and related benefits	16,505	-	-	-	**16,505**	17,836
General operating	15,714	1,854	1,195	-	**18,763**	19,950
Depreciation	1,655	-	-	-	**1,655**	2,722
Provision for losses	1,078	3,574	(3,476)	-	**1,176**	9,106
Total operating expenses	34,952	5,428	(2,281)	-	**38,099**	49,614
Net operating income (loss)	16,472	(11,753)	(1,155)	-	**3,564**	5,502
Nonoperating income and expenses:						
Federal grant receipts	111,929	-	-	-	**111,929**	112,954
Federal grant payments	(111,929)	-	-	-	**(111,929)**	(112,954)
Gains on sales of capital assets	5	-	-	-	**5**	39,154
Total nonoperating income and expenses, net	5	-	-	-	**5**	39,154
Income (loss) before transfers	16,477	(11,753)	(1,155)	-	**3,569**	44,656
Transfers from (to) other programs	(12,333)	18,430	(6,097)	-	**-**	-
Change in net position	4,144	6,677	(7,252)	-	**3,569**	44,656
Net position:						
Beginning of year	191,443	42,622	66,101	-	**300,166**	255,510
End of year	$ 195,587	$ 49,299	$ 58,849	$ -	**$ 303,735**	$ 300,166

See accompanying independent auditors' report.

The 2013 Annual Financial Report of the Colorado Housing and Finance Authority (CHFA) was republished on May 7, 2014 in order to restate the unaudited supplemental information. The restatement reflects a material correction that was not material to the audited basic financial statements, which are reported on a consolidated basis.

Colorado Housing and Finance Authority

Combining Schedule - Statement of Cash Flows

For the period ended December 31, 2013

(with summarized financial information for the year ended December 31, Restated, Note 1)

(in thousands of dollars)

	General Program	Single Family	Multi-Family/ Business	Eliminations	2013	2012 Summarized Restated, Note 1
Cash flows from operating activities:						
Principal payments received on loans receivable & receipts from dispositions of other real estate owned	$ 205,263	$ 199,574	$ 101,770	$ (396)	**$ 506,211**	$ 411,579
Interest payments received on loans receivable	6,587	49,598	39,608	(196)	**95,597**	116,399
Payments for loans receivable	(489,668)	-	(12,341)	-	**(502,009)**	(427,769)
Receipts from sales of Ginnie Mae securities	341,606	-	-	-	**341,606**	390,631
Receipts (payments) for loan transfers between programs	(15,056)	15,056	-	-	**-**	-
Receipts from rental operations	285	-	-	-	**285**	2,865
Receipts from other revenues	21,868	529	(882)	-	**21,515**	22,025
Payments for salaries and related benefits	(16,548)	-	-	-	**(16,548)**	(17,617)
Payments for goods and services	(16,221)	(1,780)	(1,508)	-	**(19,509)**	(50,430)
All other, net	366	-	-	-	**366**	8,688
Net cash provided by (used in) operating activities	38,482	262,977	126,647	(592)	**427,514**	456,371
Cash flows from noncapital financing activities:						
Net increase (decrease) in short-term debt	(29,095)	-	-	-	**(29,095)**	25,375
Proceeds from issuance of bonds	-	93,580	39,448	-	**133,028**	133,375
Proceeds from issuance of notes payable	-	-	-	-	**-**	137
Receipts from federal grant programs	110,468	-	-	-	**110,468**	114,064
Payments for federal grant programs	(111,929)	-	-	-	**(111,929)**	(112,954)
Principal paid on bonds	(28,535)	(330,945)	(150,995)	-	**(510,475)**	(579,499)
Payments on terminations of interest rate swaps	-	(240)	1,245	-	**1,005**	5,337
Principal paid on notes payable	(5,517)	-	-	-	**(5,517)**	(102)
Interest paid on short-term debt	(135)	-	-	-	**(135)**	(182)
Interest rate swap settlements	-	(50,482)	(29,469)	-	**(79,951)**	(84,088)
Interest paid on bonds	(2,659)	(24,110)	(10,691)	-	**(37,460)**	(51,824)
Interest paid on notes payable	(296)	-	-	-	**(296)**	(1,140)
Transfers to (from) other programs	(28,440)	34,350	(5,910)	-	**-**	-
Net cash used in noncapital financing activities	(96,138)	(277,847)	(156,372)	-	**(530,357)**	(551,501)
Cash flows from capital and related financing activities:						
Purchase of capital assets	(599)	-	-	-	**(599)**	(487)
Proceeds from the disposal of capital assets	4	-	-	-	**4**	52,970
Principal paid on capital-related debt	(396)	-	-	396	**-**	-
Interest paid on capital-related debt	(196)	-	-	196	**-**	-
Net cash provided by (used in) capital and related financing activities	(1,187)	-	-	592	**(595)**	52,483
Cash flows from investing activities:						
Proceeds from maturities and sales of investments	1,558,824	1,011,697	346,365	-	**2,916,886**	2,761,770
Purchase of investments	(1,545,836)	(1,013,181)	(323,287)	-	**(2,882,304)**	(2,674,441)
Income received from investments	150	16,354	6,647	-	**23,151**	22,457
Net cash provided by investing activities	13,138	14,870	29,725	-	**57,733**	109,786
Net increase (decrease) in cash	(45,705)	-	-	-	**(45,705)**	67,139
Cash at beginning of year	156,431	-	-	-	**156,431**	89,292
Cash at end of year	$ 110,726	$ -	$ -	$ -	**$ 110,726**	$ 156,431
Restricted	$ 66,637	$ -	$ -	$ -	**$ 66,637**	$ 89,268
Unrestricted	44,089	-	-	-	**44,089**	67,163
Cash, end of year	$ 110,726	-	$ -	$ -	**$ 110,726**	$ 156,431

Continued on the next page

Colorado Housing and Finance Authority

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

For the year ended December 31, 2013

(with summarized financial information for the year ended December 31, Restated, Note 1)

(in thousands of dollars)

	General Program	Single Family	Multi-Family/ Business	Eliminations	**2013**	2012 Summarized Restated, Note 1
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:						
Net operating income (loss)	$ 16,472	$ (11,753)	$ (1,155)	$ -	**$ 3,564**	$ 5,502
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation expense	1,655	-	-	-	**1,655**	2,722
Amortization of service release premiums	3,584	-	-	-	**3,584**	5,841
Amortization of deferred loan fees/costs, net	37	-	-	-	**37**	114
Amortization of imputed debt associated with swaps	-	(12,375)	(2,783)	-	**(15,158)**	(6,807)
Provision for losses	1,078	3,574	(3,476)	-	**1,176**	9,106
Interest on investments	(153)	(15,890)	(6,157)	-	**(22,200)**	(23,291)
Interest on debt	2,985	71,572	37,978	(185)	**112,350**	127,612
Unrealized loss on derivatives	(992)	1,292	5,705	-	**6,005**	13,820
Unrealized (gain) loss on investments	157	12,353	7,064	-	**19,574**	(3,590)
(Gain) loss on sale of REO	(2,592)	(530)	841	-	**(2,281)**	(1,166)
Gain on sale of loans	(23,094)	-	-	-	**(23,094)**	(25,103)
Changes in assets and liabilities:						
Loans receivable and other real estate owned	41,117	215,160	88,588	(396)	**344,469**	369,716
Accrued interest receivable on loans and investments	(248)	(500)	356	(11)	**(403)**	3,014
Other assets	(3,448)	40	27	-	**(3,381)**	2,826
Accounts payable and other liabilities	1,924	34	(341)	-	**1,617**	(23,945)
Net cash provided by (used in) operating activities	$ 38,482	$ 262,977	$ 126,647	$ (592)	**$ 427,514**	$ 456,371

See accompanying independent auditors' report.