

**SUPPLEMENT  
TO  
OFFICIAL STATEMENT DATED JUNE 26, 2002  
(AS REVISED ON JULY 1, 2002)  
RELATED TO**

**\$28,140,000  
COLORADO HOUSING AND FINANCE AUTHORITY  
Adjustable Rate Multi-Family Housing Insured Mortgage Revenue Bonds  
2002 Series AA  
CUSIP: 19647P AY9\***

The Colorado Housing and Finance Authority Adjustable Rate Multi-Family Housing Insured Mortgage Revenue Bonds, 2002 Series AA (referred to herein as the "**2002AA Remarketed Bonds**") are being remarketed as variable rate bonds bearing interest at Weekly Rates determined on each Tuesday by Barclays Capital Inc. in its capacity as 2002AA Remarketing Agent (the "**2002AA Remarketing Agent**"), to be effective from and including each Wednesday to and including the following Tuesday, commencing on December 16, 2009. The interest rates on the 2002AA Remarketed Bonds or any portion thereof may be adjusted at the election of the Authority to a Daily Rate, Term Rate or Fixed Rate, as described in the Official Statement dated June 26, 2002 (as revised on July 1, 2002) relating to the 2002AA Remarketed Bonds (the "**Official Statement**"). Interest on the 2002AA Remarketed Bonds will be payable on each April 1 and October 1, commencing on April 1, 2010, on any redemption date, on any mandatory tender date and at maturity.

While any of the 2002AA Remarketed Bonds are in a Weekly Mode Period, owners of any such 2002AA Remarketed Bonds will have the right to tender their Bonds for purchase and will also be required to tender their Bonds for purchase at the times and subject to the conditions set forth in the Resolutions (as defined herein). Following December 16, 2009, payment of the purchase price for the 2002AA Remarketed Bonds tendered for purchase and not remarketed or for which remarketing proceeds are not available will be supported by a Standby Irrevocable Temporary Credit and Liquidity Facility (Temporary Credit and Liquidity Program) (referred to herein as the "**Facility**" or the "**Credit and Liquidity Facility**") issued 50% each by Fannie Mae and Federal Home Loan Mortgage Corporation (collectively, the "**Facility Provider**" and individually, "**Fannie Mae**" and "**Freddie Mac**," respectively) in favor of Wells Fargo Bank National Association, as Trustee and Tender Agent. The Facility will also provide standby credit support for scheduled debt service due on the 2002AA Remarketed Bonds. Subject to certain limitations and conditions described in this Supplement, an alternate liquidity facility may be substituted for the Facility. Coverage under the Facility for the 2002AA Remarketed Bonds, unless extended or earlier terminated, is stated to expire on December 16, 2012. **Neither the Authority nor the 2002AA Remarketing Agent is obligated to purchase 2002AA Remarketed Bonds tendered by the owners of such 2002AA Remarketed Bonds or subject to mandatory purchase if remarketing proceeds and payments under the Facility are insufficient to pay the purchase price of the 2002AA Remarketed Bonds.**

The obligations of Fannie Mae and Freddie Mac under the Credit and Liquidity Facility are primary, several and not joint obligations, and if either one provider fails to perform its obligations under the Credit and Liquidity Facility, the other provider will not be liable or responsible for performing the obligations of the nonperforming provider. Fannie Mae's and Freddie Mac's obligations with respect to the 2002AA Remarketed Bonds are solely as provided in the Credit and Liquidity Facility. The obligations of Fannie Mae and Freddie Mac under the Credit and Liquidity Facility are several but not joint obligations of each entity and will not be backed by the full faith and credit of the United States of America. The 2002AA Remarketed Bonds are not a debt of the United States of America or of any agency or instrumentality thereof or of Fannie Mae or Freddie Mac. The 2002AA Remarketed Bonds are not guaranteed by the full faith and credit of the United States of America.

This Supplement and the Official Statement provide information about the 2002AA Remarketed Bonds only when they bear interest at a Weekly Rate and are subject to the Facility.

*This cover page contains certain information for quick reference only. It is not a summary of the 2002AA Remarketed Bonds. Investors must read the entire Supplement and the entire Official Statement to obtain information essential to the making of an informed investment decision.*

The 2002AA Remarketed Bonds are being remarketed by the 2002AA Remarketing Agent, subject to certain other conditions. Certain legal matters will be passed on for the 2002AA Remarketing Agent by Bookhardt & O'Toole, Denver, Colorado and for the Facility Provider by internal counsel to Fannie Mae and to Freddie Mac. The 2002AA Remarketing Agent intends, but is not obligated, to make a market in the 2002AA Remarketed Bonds. It is expected that the 2002AA Remarketed Bonds will be available through the facilities of DTC, New York, New York, on December 16, 2009.

**BARCLAYS CAPITAL<sup>†</sup>**

This Supplement is dated December 14, 2009.

<sup>†</sup> 2002AA Remarketing Agent for the 2002AA Remarketed Bonds.

\* Neither the Authority nor the 2002AA Remarketing Agent takes any responsibility for the accuracy of the CUSIP number, which is being provided solely for the convenience of the owners of the 2002AA Remarketed Bonds.

No dealer, broker, salesman or other person has been authorized by the Colorado Housing and Finance Authority or by the 2002AA Remarketing Agent to give any information or to make any representations, other than those contained in this Supplement, and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. The information in this Supplement is subject to change without notice, and neither the delivery of this Supplement nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Authority, since the date hereof. This Supplement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the 2002AA Remarketed Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been furnished by the Authority and obtained from other sources which are believed to be reliable but is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation of, the 2002AA Remarketing Agent. In connection with this offering of the 2002AA Remarketed Bonds, the 2002AA Remarketing Agent may overallocate or effect transactions which stabilize or maintain the market prices of the 2002AA Remarketed Bonds at levels above which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

Neither Fannie Mae nor Freddie Mac has provided or approved any information in this Supplement except Fannie Mae, with respect to the description under the caption "Fannie Mae" in **Appendix I**, and Freddie Mac, with respect to the description under the caption "Freddie Mac" in **Appendix I**, and Fannie Mae and Freddie Mac take no responsibility for any other information contained in this Supplement, and make no representation as to the contents of this Supplement (other than as to Fannie Mae, with respect to the description under the caption "Fannie Mae" in **Appendix I** and other than as to Freddie Mac, with respect to the description under the caption "Freddie Mac" in **Appendix I**). Without limiting the foregoing, neither Fannie Mae nor Freddie Mac makes any representation as to the suitability of the 2002AA Remarketed Bonds for any investor, or compliance with any securities, tax or other laws or regulations. Fannie Mae's and Freddie Mac's role with respect to the 2002AA Remarketed Bonds is limited to providing the Credit and Liquidity Facility to the Trustee.

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RELATED TO  
  
\$28,140,000  
COLORADO HOUSING AND FINANCE AUTHORITY  
Adjustable Rate Multi-Family Housing Insured Mortgage Revenue Bonds  
2002 Series AA**

**INTRODUCTION**

Investors must read the Official Statement dated June 26, 2002, as revised on July 1, 2002 (the "**Official Statement**") in conjunction with this Supplement which includes the Appendices hereto (this "**Supplement**"). This Supplement to the Official Statement contains certain additional information with respect to the \$28,140,000 Colorado Housing and Finance Authority (the "**Authority**" or the "**Issuer**") Adjustable Rate Multi-Family Housing Insured Mortgage Revenue Bonds, 2002 Series AA (being referred to in this Supplement as the "**2002AA Remarketed Bonds**"). The 2002AA Remarketed Bonds were issued pursuant to a Multi-Family Housing Insured Mortgage Revenue Bonds General Bond Resolution, as supplemented and amended (the "**General Resolution**") and the 2002 Series AA Resolution dated as of July 1, 2002, as supplemented by the TCLP Supplemental Resolution hereinafter defined (the "**2002 Series AA Resolution**" and, together with the General Resolution, the "**Resolutions**"). Wells Fargo Bank National Association serves as Trustee (the "**Trustee**") under the Resolutions. Capitalized terms used herein and not defined have the meanings specified in the Resolutions. See "SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL RESOLUTION" in **Appendix C** to the Official Statement and "CERTAIN DEFINITIONS RELATING TO ADJUSTABLE RATE BONDS" in **Appendix K** to the Official Statement.

The information contained herein on the cover and under the headings "INTRODUCTION," "COLORADO HOUSING AND FINANCE AUTHORITY," "TERMS OF THE 2002AA REMARKETED BONDS – TCLP Supplemental Resolution," "CERTAIN PROGRAM ASSUMPTIONS – No Bond Insurance for 2002AA Remarketed Bonds," "– The Facility" and "– 2002AA Derivative Product," "THE CREDIT AND LIQUIDITY FACILITY AND REIMBURSEMENT AGREEMENT," "2002AA REMARKETING AGENT," "CERTAIN CONSIDERATIONS FOR BONDOWNERS – Risks Related to the Facility Provider and the Facility," and "– Risks Related to Derivative Products," "FORWARD-LOOKING STATEMENTS," "RATINGS," "LITIGATION," "CERTAIN RELATIONSHIPS OF PARTIES," "LEGAL MATTERS," "TAX MATTERS UPON REMARKETING" and "INDEPENDENT AUDITORS" supplements and amends, respectively, the information contained on the cover and under the headings "Part I – INTRODUCTION," "Part II – COLORADO HOUSING AND FINANCE AUTHORITY," "Part I – TERMS OF THE 2002 SERIES AA BONDS," "Part I – CERTAIN PROGRAM ASSUMPTIONS – Bond Insurance," "– Initial 2002AA Liquidity Facility" and "– 2002AA Derivative Product," "Part I – 2002AA REMARKETING AGENT," "Part II – CERTAIN CONSIDERATIONS FOR BONDOWNERS," "Part I – LITIGATION," "Part I – RATINGS," "Part I – CERTAIN RELATIONSHIPS OF PARTIES" and "Part II – FINANCIAL STATEMENTS OF THE AUTHORITY" in the Official Statement. Appendices A, B, E, H, I and M to this Supplement are hereby substituted for Appendices A, B, E, H, I and M, respectively, to the Official Statement. This supplement also amends the Official Statement by deletion of all references to the Bond Insurer and the Bond

Insurer's policy, including **Appendix L** to the Official Statement. The information contained herein supersedes any contradictory or inconsistent information contained in the Official Statement. Capitalized terms contained in this Supplement and not otherwise defined shall have the meanings ascribed thereto in the Official Statement, except that certain capitalized terms used in this Supplement and not defined herein shall have the meanings ascribed thereto in the Facility.

The 2002AA Remarketed Bonds were subject to a mandatory tender on June 11, 2009 upon expiration of the initial standby bond purchase agreement entered between the Authority and Westdeutsche Landesbank Girozentrale, acting through its New York Branch, relating to the 2002AA Remarketed Bonds. On December 16, 2009, the Authority expects to enter into a Standby Irrevocable Temporary Credit and Liquidity Facility (Temporary Credit and Liquidity Facility Program) (the "**Facility**" or the "**Credit and Liquidity Facility**") issued 50% each by Fannie Mae and Federal Home Loan Corporation on a several but not a joint basis (collectively referred to herein as the "**Facility Provider**" or "**GSEs**" and individually referred to herein as "**Fannie Mae**" and "**Freddie Mac**," respectively). See "COPIES OF THE CREDIT AND LIQUIDITY FACILITY AND THE REIMBURSEMENT AGREEMENT" in **Appendix H** to this Supplement and "CERTAIN INFORMATION CONCERNING FANNIE MAE AND FREDDIE MAC" in **Appendix I** to this Supplement. Following December 16, 2009, payment of the purchase price for the 2002AA Remarketed Bonds tendered for purchase and not remarketed will be supported by the Facility. **Neither the Authority nor the 2002AA Remarketing Agent is obligated to purchase 2002AA Remarketed Bonds so tendered or subject to mandatory purchase if remarketing proceeds or payments under the Facility are insufficient to pay the purchase price of such 2002AA Remarketed Bonds.** The Facility will also provide standby credit support for scheduled debt service on the 2002AA Remarketed Bonds. Coverage under the Facility for the 2002AA Remarketed Bonds, unless extended or earlier terminated, is stated to expire on December 16, 2012. *Under the terms of the Facility, if one GSE fails to perform its obligations under the Facility, the other GSE will not be liable or responsible for performing the obligations of such nonperforming GSE.*

The Authority may (and expects to) replace the Facility with one or more new liquidity facilities (each, an "**Alternate Liquidity Facility**") in accordance with the procedures set forth in the Resolutions. See "Part II - SECURITY FOR THE OBLIGATIONS – Liquidity Facilities" of the Official Statement. Upon such a replacement, there will be no credit facility supporting the 2002AA Remarketed Bonds. See "CERTAIN CONSIDERATIONS FOR BONDOWNERS – Risks Related to the Facility Provider and the Facility" in this Supplement.

So long as the Facility is in effect with respect to any Series of Bonds outstanding under the General Resolution, the Authority shall not be permitted to issue additional Adjustable Rate Bonds under the General Resolution.

In connection with the remarketing of the 2002AA Remarketed Bonds on December 16, 2009, the financial guaranty insurance policy issued by MBIA Insurance Corporation at the time the 2002AA Remarketed Bonds were initially delivered will terminate and, following such remarketing, will no longer be in effect. See "CERTAIN PROGRAM ASSUMPTIONS – No Bond Insurance for 2002AA Remarketed Bonds" in this Supplement.

## **COLORADO HOUSING AND FINANCE AUTHORITY**

### **Background**

In 1973, upon a finding that there existed in the State a shortage of decent, safe and sanitary housing available within the financial capabilities of low and moderate income families, the Colorado General Assembly established the Colorado Housing Finance Authority, since renamed the Colorado Housing and Finance Authority, as a body corporate and a political subdivision of the State for the purpose of increasing the supply of decent, safe and sanitary housing for such families. The Act authorizes the Authority, among other things, to make loans to individuals and sponsors to finance the construction, reconstruction, rehabilitation or purchase of housing facilities for low and moderate income families and to purchase mortgage loans from, and lend moneys to, qualified Mortgage Lenders under terms and conditions which provide for loans to finance housing facilities for low and moderate income families. The Act was amended in 1982 to authorize the Authority to finance project and working capital loans to commercial and industrial enterprises of small and moderate size. The Act was amended again in 1987 to create an economic development fund to enable the Authority to finance projects or provide capital for business purposes.

In order to achieve its authorized purposes, the Authority currently operates Qualified and Non-Qualified Single Family Mortgage Programs, a Rental Acquisition Program and various rental and business finance programs. See "Programs To Date" under this caption. The Act authorizes the Authority to issue its bonds, notes and other obligations in order to provide sufficient funds to achieve its purposes as set forth in the Act. Bonds or notes issued with respect to such programs are and will be separately secured from other bonds of the Authority, including the 2002AA Remarketed Bonds, except as described in "Part II - SECURITY FOR THE OBLIGATIONS" of the Official Statement. See also "INDEPENDENT AUDITORS" in this Supplement and **Appendix A** to this Supplement for the most recent audited financial statements of the Authority.

### **Board of Directors and Staff Officers**

The Board of Directors of the Authority consists of the Colorado State Auditor, a member of the Colorado General Assembly appointed jointly by the Speaker of the House and the Majority Leader in the Senate, an executive director of a principal department of State government appointed by the Governor of Colorado and eight public members appointed by the Governor with the consent of the Senate. Members of the Board of Directors continue to serve after the end of their respective terms until a successor has been duly appointed and confirmed. The present members of the Board of Directors of the Authority are as follows:

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**Present Board of Directors of the Authority**

<u>Name</u>	<u>Affiliation</u>	<u>End of Term</u>
Joel S. Rosenstein, Esq., Chair (1)	Attorney, Senn, Lewis & Visciano; Denver, Colorado	July 1, 2013
Roxanne M. Huber, Chair, <u>pro tem</u> (2)	Executive Director, Colorado Department of Revenue; Denver, Colorado	At the pleasure of the Governor
John A. Blumberg, Secretary/Treasurer (3)	Co-Founder and Principal, Black Creek Capital LLC; Denver, Colorado	July 1, 2013
Sam Betters	Executive Director; Housing Authority of the City of Loveland; Loveland, Colorado	July 1, 2011
Betty Boyd	State Senator; Denver, Colorado	End of legislative biennium 2009-2010
James M. Hahn	Principal, JMH Consulting, LLC; Denver, Colorado	July 1, 2013
Kevin Marchman	Executive Director, National Organization of African Americans in Housing; Denver, Colorado	July 1, 2011
David J. Myler	Partner, The Myler Law Firm, P.C.; Basalt, Colorado	July 1, 2013
Mark O'Connor	Senior Vice President, First Bank Holding Company, Lakewood, Colorado	July 1, 2011
Anita Padilla-Fitzgerald	President and CEO, MegaStar Financial Corp; Denver, Colorado	July 1, 2013
Sally W. Symanski	Colorado State Auditor; Denver, Colorado	Standing

(1) This Board member was re-elected as Chair of the Board effective March 26, 2009.

(2) This Board member previously served as Secretary/Treasurer of the Board, and, pursuant to the Authority's bylaws, succeeded to the position of Chair, pro tem, effective July 1, 2009 upon the expiration of the term on that date of the prior Chair, pro tem.

(3) This Board member was elected as Secretary/Treasurer of the Board effective August 27, 2009.

The principal staff officers of the Authority are as follows:

*Milroy A. Alexander, Executive Director*, joined the staff in October 1988. Mr. Alexander is a graduate of Metropolitan State College, Denver, Colorado, with a Bachelor's Degree in Accounting. Prior to assuming the responsibilities of Executive Director on January 1, 2001, Mr. Alexander served as the Authority's Director of Finance. Mr. Alexander was previously a financial manager with a major Colorado manufacturer and a senior manager with Touche Ross, a big eight international accounting and consulting firm. Mr. Alexander is a member of the Colorado Society of Certified Public Accountants and the American Institute of Certified Public Accountants. Mr. Alexander has announced his retirement from the Authority, expected to occur prior to the end of calendar year 2009. A search committee of the Board has been formed to consider his replacement.

*Cris A. White, Chief Operating Officer* since February 2002, joined the staff in 1988 and served in various capacities until January 1996. He rejoined the staff in September of 1996 as the Director of Asset Management, after serving in the interim as a business development executive with an international equipment and real estate mortgage lender. On February 1, 2001, Mr. White was appointed Deputy Executive Director for Asset Management and Business Support Services and served until his present appointment. He also continued to serve as Director of Asset Management until December 10, 2001. Mr. White has a Bachelor's Degree in Business Administration from Regis College.

*Thomas E. Hemmings, Chief Financial Officer*, joined the staff in October 2003. Prior to joining the Authority, Mr. Hemmings served as chief financial officer for a \$650 million commercial bank located in Alabama. Mr. Hemmings has over seventeen years experience in banking and financial services, with over 10 of those years at the chief financial officer level. Mr. Hemmings is a graduate of the University of Colorado and is a Certified Public Accountant.

*Charles L. Borgman, General Counsel*, joined the staff in September 2004 and assumed the position of General Counsel on December 1, 2004. Mr. Borgman is a graduate of the University of Iowa and the University of Iowa College of Law and has over 30 years experience in private practice and as in-house counsel in the areas of real estate, mortgage finance, commercial transactions, title insurance, banking and work-outs. Immediately prior to joining the Authority, Mr. Borgman was Vice President and Regional Counsel for North American Title Company, a part of Lennar Corporation.

*John Dolton, Director of Corporate Debt and Investment Management*, joined the staff in August 1990. Prior to assuming his current position, Mr. Dolton served as Director of Finance/CFO (January 2001 – July 2003) and as the Manager of Treasury Operations (September 1994 – December 2000). Before joining the Authority, Mr. Dolton was an analyst for a financial planning and investment management firm. Mr. Dolton has a Bachelor's Degree in Finance from the University of Colorado and holds the Chartered Financial Analyst designation.

*Mark A. MacNicholas, Controller*, joined the staff in October 2008. Prior to joining the Authority, Mr. MacNicholas served as Controller for SunCorp Corporate Credit Union. During his career, Mr. MacNicholas has served in various accounting roles within the financial services industry. Mr. MacNicholas has a Bachelor's Degree in Business Administration from the University of Iowa, a Masters in Accountancy from DePaul University and is a Certified Public Accountant.

*Karen Harkin, CMB, CML*, was appointed as **Director of Home Finance** in February 2001. Ms. Harkin joined the staff in June, 1999. Ms. Harkin received a Bachelor of Science degree from the University of Wisconsin-Madison and a Masters Degree in Business Administration from the University of Dubuque, Iowa. Ms. Harkin has more than twenty years experience in various capacities in public, private and non-profit real estate lending and development.

*Jaime Gomez*, **Director of Commercial Lending**, joined the staff in August 1999. Prior to his current position, Mr. Gomez served as the Director of Business Finance. A corporate reorganization in July 2006 merged the Authority's Business Finance and Rental Finance Divisions, forming the Commercial Lending Division. Mr. Gomez is a graduate of the University of Colorado with a degree in Finance. Mr. Gomez has prior experience working in both the public and private sector, including five-and-a-half years as director of finance and business development for the Colorado Office of Economic Development. Mr. Gomez was also designated as a certified bank examiner by the Federal Reserve Board of Governors in February of 1991.

*D. Brian Miller* was appointed as **Director of Asset Management** in October 2006. Prior to his current position, Mr. Miller served as the Manager of Multifamily Loan Compliance Department, as well as various other positions within the Asset Management Division since joining the Authority in August 1998. Mr. Miller has over fifteen years experience in financial services and asset management. Mr. Miller is a graduate of the University of Northern Colorado with a Bachelor's Degree in Finance.

*Rachel Basye*, **Director of Marketing and Strategic Development**, joined the business finance division of the Authority in 1994. Ms. Basye moved to the Authority's planning and development division in 1995 which, in 2006, was expanded to include marketing and community relations activities in addition to strategic planning and program development/evaluation. Ms. Basye is a graduate of the University of Colorado at Boulder with a Bachelor's Degree in International Affairs and German. She earned her Masters Degree in Public Administration from the University of Colorado at Denver.

*Rodney D. Hardin* joined the staff as **Director of Information Technology** in January 2005. Prior to joining the Authority, Mr. Hardin served as SVP/CIO at Pulte Mortgage LLC for 11 years. He also served as SVP/MIS Manager at North American Mortgage for five years. He is past Chairman of the MBA Residential Technology Steering Committee. His education includes a Bachelor's Degree in Business Administration from Sonoma State University in Rohnert Park, California and a Masters Degree in Business Administration from Regis University in Denver, Colorado.

*Laurie O'Brien*, **Director of Loan Servicing**, joined the staff as Director in February 2006. Prior to joining the Authority, Ms. O'Brien previously worked for several large mortgage companies in the northeastern United States and was most recently employed by Fidelity Financial Services for the past 13 years. She graduated from Medialle College in Buffalo, NY, with a Bachelor of Science Degree in Human Resource Development. Ms. O'Brien has been in loan servicing for over 22 years.

*Deborah Herrera*, **Director of Human Resources**, originally joined the Authority in October 2001 as a senior level Human Resources Generalist and rejoined the Authority in September 2006 as the Director of Human Resources. She has ten years of human resources experience, during four of which she served in a management capacity in the financial/mortgage industry. Prior to rejoining the Authority, Mrs. Herrera was a Human Resources Director for an information and analytics company serving the mortgage and finance industry. Mrs. Herrera received a Bachelor of Arts in Psychology and a Masters in Human Resources Management from the University of North Florida.

## **Employees and Pension Information**

As of December 31, 2008, the Authority had approximately 175 full-time employees, all of whom were members of the Public Employees' Retirement Association of Colorado ("**PERA**"). State statutes required the Authority to contribute 11.90% of each participating employee's gross salary to PERA in 2008. In 2008, the Authority's PERA contribution totaled approximately \$1,288,000, compared to an Authority contribution in 2007 of \$1,113,000. See footnote (11) of the audited 2008 financial statements of the Authority for further information.



## **Insurance Coverage**

The Authority has general liability, errors and omission and employee dishonesty insurance coverage.

## **Selected Financial Information**

The following is a brief summary of historical selected financial information for the Authority. The audited 2008 financial statements of the Authority also provide certain financial information about the Authority on a fund accounting basis, including a description of its General Fund. This information has been included solely for purposes of providing a general overview for potential purchasers of the financial status of the Authority given that the Authority operates the programs which have resulted in the Mortgage Loans securing Obligations (which may be Bonds or Derivative Products) under the General Resolution, including the 2002AA Remarketed Bonds. The Bonds and Derivative Products are limited obligations of the Authority secured by and payable from the Trust Estate, except in the limited case of the Authority's obligation to make termination payments on the Derivative Products which now or in the future are payable only as general obligations of the Authority. See "Obligations of the Authority" and "The General Fund" under this caption. *The overall financial status of the Authority does not indicate and will not necessarily affect whether amounts will be available in the Trust Estate to pay principal and interest on Bonds when due.*

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# Colorado Housing and Finance Authority

## Statement of Net Assets

December 31, 2008

(with summarized financial information for December 31, 2007)

(in thousands of dollars)

	General Fund	Single Family	Multi-Family/ Business	Eliminations	2008	2007
<b>Assets</b>						
Current assets:						
Cash	\$ 28,872	\$ -	\$ 483	\$ -	\$ 29,355	\$ 30,955
Investments	103,808	240,731	134,784	-	479,323	501,063
Loans receivable	10,923	67,256	29,391	(635)	106,935	96,167
Accrued interest receivable	3,829	15,629	6,753	(196)	26,015	24,052
Deferred debt financing costs, net	17	654	193	-	864	931
Other assets	4,000	535	130	-	4,665	4,454
Due (to) from other funds	(51,468)	31,051	20,417	-	-	-
<b>Total current assets</b>	<b>99,981</b>	<b>355,856</b>	<b>192,151</b>	<b>(831)</b>	<b>647,157</b>	<b>657,622</b>
Noncurrent assets:						
Investments	4,484	175,764	63,827	-	244,075	81,313
Loans receivable, net	316,769	1,950,412	852,351	(18,415)	3,101,117	2,788,844
Capital assets - non-depreciable	6,635	-	-	-	6,635	7,016
Capital assets - depreciable, net	22,971	-	-	-	22,971	25,707
Other real estate owned, net	36	1,620	723	-	2,379	2,097
Deferred debt financing costs, net	314	11,773	3,471	-	15,558	16,767
Other assets	19,867	-	-	-	19,867	17,619
<b>Total noncurrent assets</b>	<b>371,076</b>	<b>2,139,569</b>	<b>920,372</b>	<b>(18,415)</b>	<b>3,412,602</b>	<b>2,939,363</b>
<b>Total assets</b>	<b>\$ 471,057</b>	<b>\$ 2,495,425</b>	<b>\$ 1,112,523</b>	<b>\$ (19,246)</b>	<b>\$ 4,059,759</b>	<b>\$ 3,596,985</b>
<b>Liabilities</b>						
Current liabilities:						
Short-term debt	\$ 164,985	\$ -	\$ -	\$ -	\$ 164,985	\$ 64,545
Bonds payable, current portion	182	6,908	11,304	-	18,394	13,515
Notes payable, current portion	73	-	-	-	73	3,956
Accrued interest payable	944	30,481	15,035	(196)	46,264	32,086
Federally assisted program advances	110	-	-	-	110	708
Accounts payable and other liabilities	21,929	747	436	-	23,112	22,241
<b>Total current liabilities</b>	<b>188,223</b>	<b>38,136</b>	<b>26,775</b>	<b>(196)</b>	<b>252,938</b>	<b>137,051</b>
Noncurrent liabilities:						
Bonds payable, net	102,402	2,378,020	1,017,413	-	3,497,835	3,164,023
Notes payable	20,062	-	-	(19,050)	1,012	1,086
Other liabilities	8,919	2,181	1,207	-	12,307	12,461
<b>Total noncurrent liabilities</b>	<b>131,383</b>	<b>2,380,201</b>	<b>1,018,620</b>	<b>(19,050)</b>	<b>3,511,154</b>	<b>3,177,570</b>
<b>Total liabilities</b>	<b>319,606</b>	<b>2,418,337</b>	<b>1,045,395</b>	<b>(19,246)</b>	<b>3,764,092</b>	<b>3,314,621</b>
<b>Net assets</b>						
Invested in capital assets, net of related debt	10,556	-	-	19,050	29,606	32,723
Restricted by bond indentures	-	77,088	67,128	-	144,216	124,948
Unrestricted	140,895	-	-	(19,050)	121,845	124,693
<b>Total net assets</b>	<b>151,451</b>	<b>77,088</b>	<b>67,128</b>	<b>-</b>	<b>295,667</b>	<b>282,364</b>
<b>Total liabilities and net assets</b>	<b>\$ 471,057</b>	<b>\$ 2,495,425</b>	<b>\$ 1,112,523</b>	<b>\$ (19,246)</b>	<b>\$ 4,059,759</b>	<b>\$ 3,596,985</b>

The accompanying notes are an integral part of these statements

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

For the year ended December 31, 2008

(with summarized financial information for the year ended December 31, 2007)

(in thousands of dollars)

	General Fund	Single Family	Multi-Family/ Business	Eliminations	2008	2007
<b>Operating revenues:</b>						
Interest on loans receivable	\$ 15,635	\$ 106,005	\$ 51,813	\$ (1,500)	\$ 171,953	\$ 147,573
Investment income	1,807	15,937	8,737	-	26,481	27,727
Net increase (decrease) in the fair value of investments	41	5,317	3,352	-	8,710	2,245
Rental income	8,424	-	-	-	8,424	10,882
Loan servicing income	11,306	-	-	-	11,306	9,547
Section 8 administration fees	4,255	-	-	-	4,255	4,561
Other revenues	2,080	3,870	-	-	5,950	3,517
<b>Total operating revenues</b>	<b>43,548</b>	<b>131,129</b>	<b>63,902</b>	<b>(1,500)</b>	<b>237,079</b>	<b>206,052</b>
<b>Operating expenses:</b>						
Interest on debt	8,990	118,313	65,784	(1,500)	191,587	155,406
Salaries and related benefits	14,936	-	-	-	14,936	14,341
General operating	14,160	519	278	-	14,957	16,835
Other interest expense	1,187	-	-	-	1,187	1,588
Depreciation	2,684	-	-	-	2,684	2,722
Provision for losses	2,985	5,372	(3,840)	-	4,517	500
<b>Total operating expenses</b>	<b>44,942</b>	<b>124,204</b>	<b>62,222</b>	<b>(1,500)</b>	<b>229,868</b>	<b>191,392</b>
<b>Total operating income (loss)</b>	<b>(1,394)</b>	<b>6,925</b>	<b>1,680</b>	<b>-</b>	<b>7,211</b>	<b>14,660</b>
<b>Nonoperating revenues and expenses:</b>						
Federal grant receipts	101,882	-	-	-	101,882	97,100
Federal grant payments	(101,882)	-	-	-	(101,882)	(97,100)
Gains on sales of capital assets	6,092	-	-	-	6,092	6,659
<b>Total nonoperating revenues, net</b>	<b>6,092</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,092</b>	<b>6,659</b>
<b>Income before transfers</b>	<b>4,698</b>	<b>6,925</b>	<b>1,680</b>	<b>-</b>	<b>13,303</b>	<b>21,319</b>
<b>Transfers from (to) other funds</b>	<b>(10,663)</b>	<b>(4,508)</b>	<b>15,171</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Change in net assets</b>	<b>(5,965)</b>	<b>2,417</b>	<b>16,851</b>	<b>-</b>	<b>13,303</b>	<b>21,319</b>
<b>Net assets:</b>						
Beginning of year	157,416	74,671	50,277	-	282,364	261,045
End of year	\$ 151,451	\$ 77,088	\$ 67,128	\$ -	\$ 295,667	\$ 282,364

The accompanying notes are an integral part of these statements

## The General Fund

### *Generally*

CERTAIN OBLIGATIONS UNDER THE GENERAL RESOLUTION HAVE BEEN OR MAY IN THE FUTURE BE DESIGNATED AS GENERAL OBLIGATIONS OF THE AUTHORITY. SEE "PART II – SECURITY FOR THE OBLIGATIONS" IN THE OFFICIAL STATEMENT AND **APPENDIX B** – "OUTSTANDING GENERAL RESOLUTION OBLIGATIONS" TO THIS SUPPLEMENT. THE FOLLOWING INFORMATION REGARDING THE AUTHORITY'S GENERAL FUND IS PROVIDED ONLY IN CONNECTION WITH OBLIGATIONS WHICH HAVE BEEN OR ARE IN THE FUTURE SO DESIGNATED.

The General Fund is funded principally from reimbursement of administrative expenses and other allowable transfers from other funds (including the transfer of assets in excess of specified parity levels from other bond issues); loan fees payable to the Authority by borrowers; servicing fees payable to the Authority in connection with outstanding loans, income from the Authority's Rental Acquisition Program; income on investments and mortgage loans held temporarily (for warehousing purposes) and permanently in the General Fund; and administrative fees payable by the federal government in connection with the Section 8 housing assistance payments program. Uses of amounts in the General Fund include payment of general and other administrative expenses and payment of costs relating to those activities deemed necessary to fulfill the Authority's corporate purposes and not payable from other funds of the Authority. The General Fund itself is not subject to any pledge created under the General Resolution.

The Authority Board, in its discretion, has historically from time to time designated portions of the General Fund balance to particular purposes, and may do so in the future, which may affect the availability of the General Fund for payments in connection with any Bonds or Auxiliary Obligations which have been designated as general obligations. The designations have been or may be for particular uses by means of annual appropriations to certain programs, the establishment of reserves in limited situations and the imposition of restrictions on the fund balance. Designations by the Authority's Board using each of these means may also be redesignated at any time in the Board's discretion. The Authority Board also annually restricts the fund balance of the General Fund (net of amounts previously appropriated or restricted for various funds, debt service reserves, or operating reserves) for the benefit of the holders of certain bonds of the Authority in the event that no other moneys are legally available for debt service payments. As long as the Authority is not in default under the related indenture or resolution for such bonds, the Board may withdraw such restricted amounts at any time.

### *Financial Information for the General Fund*

The following table sets forth historical selected financial information for the General Fund for the five years ended December 31, 2008 as provided by the Authority.

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

	<u>FY</u> <u>2008</u>	<u>FY</u> <u>2007</u>	<u>FY</u> <u>2006</u>	<u>FY</u> <u>2005</u>	<u>FY</u> <u>2004</u>
Interest and investment revenue:					
Loans receivable	\$15,635	\$12,900	\$12,449	\$11,241	\$10,454
Investments	1,807	3,420	3,061	2,016	1,744
Net increase (decrease) fair value of long-term investments	<u>41</u>	<u>(66)</u>	<u>(137)</u>	<u>441</u>	<u>(392)</u>
Total interest and investment revenue	17,483	16,254	15,373	13,698	11,806
Interest expense - bonds and notes payable	<u>8,990</u>	<u>9,719</u>	<u>9,663</u>	<u>7,681</u>	<u>5,799</u>
Net interest and investment revenue	8,493	6,535	5,710	6,017	6,007
Other revenue (expense):					
Rental operations	8,424	10,882	11,638	10,902	10,279
Fees and miscellaneous income	17,641	17,556	15,449	14,097	12,771
Gain on sales of capital assets	<u>6,092</u>	<u>6,659</u>	<u>--</u>	<u>--</u>	<u>--</u>
Total other revenue	<u>32,157</u>	<u>35,097</u>	<u>27,087</u>	<u>24,999</u>	<u>23,050</u>
Net revenue	40,650	41,632	32,797	34,952	29,057
Other expenses:					
Salaries and related benefits	14,935	14,341	12,721	11,322	10,668
General operating	14,160	15,635	14,732	14,724	13,462
Provision for losses	2,985	(300)	(1,050)	870	(816)
Other interest expense	1,187	1,588	1,845	1,848	1,326
Transfers	10,663	(3,645)	(6,179)	(13,192)	(3,432)
Depreciation	<u>2,685</u>	<u>2,722</u>	<u>2,651</u>	<u>2,679</u>	<u>2,574</u>
Total other expense	<u>46,615</u>	<u>30,341</u>	<u>24,720</u>	<u>18,251</u>	<u>23,782</u>
Change in net assets	\$ <u>(5,965)</u>	\$ <u>11,291</u>	\$ <u>8,077</u>	\$ <u>12,765</u>	\$ <u>5,275</u>
Net Assets, end of year	<u>\$151,451</u>	<u>\$157,416</u>	<u>\$146,125</u> <sup>(1)</sup>	<u>\$149,244</u>	<u>\$136,479</u>
Bonds and Notes Payable	<u>\$287,704</u>	<u>\$203,030</u>	<u>\$152,455</u>	<u>\$253,738</u>	<u>\$212,798</u>
Total Assets	<u>\$471,057</u>	<u>\$392,944</u>	<u>\$327,534</u>	<u>\$428,627</u>	<u>\$359,139</u>

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

Sources: Derived based on the audited financial statements of the Authority for years ended December 31, 2004-2008.

### **Authority Policy Regarding Swaps**

The General Resolution permits the Authority to enter into "Derivative Products," which include interest rate exchange or swap contracts, cash flow exchange or swap contracts, forward swaps, interest rate floors, caps or collars and other derivative products. Under the master indentures relating to its Multi-Family/Project Bonds and the Single Family Mortgage Revenue Bonds, the Authority is also permitted to, and has entered into, certain derivative obligations which are described in footnote (7) of the audited 2008 financial statements of the Authority. The Board of the Authority has adopted a Bond

Issuance Policy which it amends from time to time and, among other things, establishes parameters for swap agreements authorized from time to time by resolution of the Board in connection with the issuance of bonds by the Authority (including Bonds under the General Resolution). On an annual basis, the Authority staff is to provide a report to the Board regarding all outstanding swap agreements. The Board may change its Bond Issuance Policy at any time and from time to time at its sole discretion, including an expansion of the Policy to permit derivative products other than swap agreements. Any changes to the Bond Issuance Policy may impact future derivative obligations including Derivative Products authorized in connection with Bonds under the General Resolution. The Authority routinely engages a consultant to evaluate the terms of any proposed swap agreement and determine whether the base price for such a swap agreement with those terms is fair in the current market environment.

## **Programs to Date**

The following is a brief summary of the programs currently operated by the Authority. This summary has been included solely for purposes of providing information about the Authority's activities to assist a potential investor in evaluating the Authority and its programs. **Except as otherwise described herein, the loans referred to below are not pledged in any way as security for the Bonds. See "PART II – SECURITY FOR THE OBLIGATIONS" to the Official Statement.** See also "Obligations of the Authority" under this caption.

### *Single Family Mortgage Programs*

Under its Single Family Mortgage Programs, the Authority may make mortgage loans for single-family residential dwellings directly to individual borrowers or may purchase such mortgage loans from qualified originating Mortgage Lenders. The Authority presently acquires mortgage loans under its *Qualified Single Family Mortgage Program* and its *Non-Qualified Single Family Mortgage Program*. Under its Qualified Single Family Mortgage Program, the Authority may make mortgage loans to Eligible Borrowers meeting certain income limit requirements, for Eligible Property not exceeding certain Purchase Price limits, and subject to certain other restrictions imposed, in some cases, by the Tax Code. The Authority permits Eligible Borrowers under its Non-Qualified Single Family Mortgage Program to meet certain income limits which are somewhat higher than the limits permitted for the Qualified Single Family Mortgage Program. There is also no limit on prior home ownership or limit on the purchase price of a residence which may be acquired with the proceeds of a loan under the Non-Qualified Single Family Mortgage Program, although the Authority does not exceed the Fannie Mae conforming loan limits. Proceeds of a mortgage loan under the Non-Qualified Single Family Mortgage Program may also be used under the Authority's refinancing program to refinance existing Mortgage Loans. In many other respects, the requirements for the Non-Qualified Single Family Mortgage Program are the same as the requirements for the Authority's Qualified Single Family Mortgage Program. The Authority is in the process of revising all of its procedures in order to accommodate a broader range of programs involving the purchase and sale of single family mortgage loans. For certain information regarding the outstanding mortgage loans acquired under the Single Family Mortgage Programs, see footnote (3) to the audited 2008 financial statements of the Authority.

### *Commercial Loan Programs*

Rental Finance Programs. The Commercial Lending Division of the Authority encompasses the business finance programs (described below) as well as the rental finance programs under which the Authority makes mortgage loans to qualified sponsors of low and moderate income multi-family housing within Colorado. As part of its rental finance activities, the Authority makes mortgage loans insured by an agency or instrumentality of the United States. The insured rental loans made by the Authority must be insured by an agency or instrumentality of the United States under an insurance program requiring

payment of not less than 99% of the principal amount of such mortgage in the event of default. Insured rental loans made to date have been insured by the Federal Housing Administration ("FHA") under Sections 221(d)(3), 221(d)4 and 223(f) of the National Housing Act of 1934, as amended, and under Section 542(c) of the Housing and Community Development Act of 1992, as amended. These insured rental loans have been funded by the Authority as described in "Obligations of the Authority – Commercial Loan Programs" under this caption. In the case of a Section 542(c) claim, the Authority is responsible to reimburse FHA for 50% of any loss incurred by the FHA as a result of and after settlement of such claim. See "Obligations of the Authority – General Obligations – Loans Backed by Authority General Obligation" under this caption. For certain information regarding the Authority's outstanding insured rental loans, see footnote (3) to the audited 2008 financial statements of the Authority.

The Authority also makes uninsured rental loans to §501(c)(3) nonprofit corporations and public housing authorities as well as to for-profit borrowers. Certain of these uninsured rental loans have been made as a part of the Authority's *Small Affordable Rental Transactions Program* (the "**SMART Program**") in principal amounts under \$5 million (or in such greater amounts as approved from time to time pursuant to the delegated authority policy of the Authority as approved or amended from time to time by the Board). In addition to long-term rental loans under the SMART Program, the Authority also makes uninsured rental loans that provide interim financing for acquisition and/or rehabilitation of the acquired property. These loans, referred to as bridge loans, are generally less than two years in term, are secured by a first deed of trust on the real estate, and have full recourse to the borrower during the term of the bridge loan. In the case of for-profit developers, the loans are both full recourse to the borrower and personally guaranteed by the individual principals during the term of the bridge loan. The Authority has also made an uninsured rental loan to a for-profit borrower in support of certain single family rental housing facilities at Fort Carson Army Base in Colorado Springs, Colorado.

Uninsured rental loans have also been made by the Authority using funds from amounts in its General Fund designated as the *Housing Opportunity Fund* ("**HOF**") under a program referred to as the "**HOF Program**." Under the HOF Program, the Authority makes fixed interest rate loans to nonprofit and for profit developers in support of rental housing facilities targeted to low income residents. Eligible "low income" residents are defined as persons or families that earn 60% of Area Median Income or less. HOF loan interest rates are set on a sliding scale based on the income levels of the residents served by prospective rental housing facilities. All HOF loans must conform to standard Authority diligence processes and underwriting criteria and will be secured by either first or second mortgages on real estate (maximum Loan to Value of 90% for loans to for profit developers and 95% for loans to nonprofit developers). Loan terms on HOF loans may range from 20 to 40 years. HOF loans are generally fully amortizing over their term and do not provide for prepayment restrictions or fees. Balloon payments on HOF loans are permitted under certain circumstances.

Under its *Rental Acquisition Program* (the "**RAP Program**"), the Authority acquires and rehabilitates apartment buildings located throughout Colorado for rental to persons and families of low and moderate income. The Authority contracts with private entities to manage such buildings. For certain information concerning the RAP Program and facilities acquired, rehabilitated and operated by the Authority, see footnotes (1) and (4) to the audited 2008 financial statements of the Authority. During 2006, the Authority made the decision to sell a majority of the facilities it currently owns under the RAP Program. The facilities were offered for sale to local housing authorities where the facilities are located, and, if those parties were not interested in the purchase, the Authority offered such facilities to for-profit and nonprofit corporations interested in the purchase. The Authority has completed eleven sales to date. The Authority retains four properties within its portfolio and does not intend to sell these four properties in the foreseeable future. By its sale of these facilities, the Authority has offered valuable assets at a reasonable price to organizations whose mission is the development and preservation of affordable rental housing in Colorado. In all of such sales, the purchasing parties either maintained the existing number of

units with affordability requirements or increased the number of units with affordability requirements. The sale of the eleven properties does not imply that the Authority is discontinuing or closing the RAP program. The Authority intends to seek opportunities to acquire other rental properties in underserved areas within the State of Colorado at such time as such transactions support the goals of the Authority with respect to affordable rental housing in Colorado.

Business Finance Programs. The Authority originates uninsured loans as part of certain of its business loan programs, including the *CHFA Direct Loan Program*, the *Non-Profit Real Estate Loan Program*, the *U.S. Small Business Administration 504 Program* (the "**SBA 504 Program**"), the *CHFA Rural Loan Program*, the *RENEW Program* and the *Business and Industry Loan I ("B&I I") Program*, described below. These uninsured business loans must meet certain economic development or job creation/retention objectives under the Act and are made to small and moderate-size Colorado businesses to provide long-term, fixed rate financing for real estate and equipment. The uninsured business loans are secured by a first lien on the assets financed, are made in amounts up to ninety percent (90%) of the lesser of cost or appraised value of the collateral, are fully-amortizing over terms of up to thirty (30) years for real estate loans and seven years for equipment, and generally require guarantees from principals of the business having a twenty percent or greater ownership interest. A guaranty is also required from the operating company if different from the Borrower.

- Under the CHFA Direct Loan Program, the Authority provides loans to for-profit businesses to acquire, construct and/or rehabilitate and equip commercial, retail or manufacturing facilities.
- Under the Non-Profit Real Estate Loan Program, the Authority provides loans to non-profit organizations to fund real estate acquisition.
- Under the SBA 504 Program, the Authority provides loans to for-profit businesses to finance owner-occupied real estate and/or equipment. The Program provides two structures, a direct loan option (where the Authority originates the first mortgage loan which generally finances 50% of the project costs) and a loan participation option (where the Authority purchases up to a 90% participation in a first mortgage loan). An SBA-approved company provides a second mortgage for up to 40% of the total project costs (or \$1.3 million, whichever is less), with the Borrower providing the remaining 10% of the costs.
- Under the CHFA Rural Loan Program, the Authority provides loans to rural small for-profit businesses to finance real estate and/or equipment.
- Under the RENEW Program, the Authority provides loans to businesses involved in the recycling and waste diversion industries, with funding received from the Colorado Department of Local Affairs.
- Under the B&I I Program, the Authority provides loans to for-profit businesses located in rural areas, which loans are supported by the partial guaranty of the Rural Business-Cooperative Services (which guarantees to date have ranged from 55% to 80% of the loan principal amount).

In connection with its *Special Projects financing program*, the Authority has financed business loans to corporations for certain manufacturing and solid waste disposal facility projects. The Authority has also made an uninsured business loan to a for-profit borrower to finance a project at the United States Air Force Academy in Colorado Springs, Colorado.



The business loan programs of the Authority also include the QIC, QAL and B&I II secondary market programs described below. Under these programs, the Authority purchases the guaranteed portion of a business loan (the "**participation interest**"), and is thereby able to provide the borrower with the safety and predictability of a fixed-rate throughout the term of the loan at an attractive interest rate. Additionally, each of these secondary market programs is a source of profit and liquidity for originating lenders.

The *Quality Investment Capital ("QIC") Program* is a secondary market program whereby the Authority purchases the guaranteed portion of loans originated by local lenders and guaranteed by the SBA. Typically, the Authority markets the QIC Program to local lenders and potential borrowers and purchases the participation interest (which is 100% guaranteed by the SBA). Proceeds of these participation interests may be used to fund real estate, equipment, machinery and working capital.

The *Quality Agricultural Loan ("QAL") Program* is a secondary market program whereby the Authority purchases the guaranteed portion of loans originated by local lenders and guaranteed 100% by the United States Farm Service Agency. The Borrowers are involved in the ranching and agricultural industry throughout Colorado. Proceeds of these loans may be used to finance real estate, equipment, and machinery used in farming and ranching operations.

The *Business & Industry II ("B&I II") Program* creates a secondary market for the purchase of the United States Rural Business Service ("**RBS**") guaranteed portion of qualified loans with funds provided by the Authority. Participating lenders originate loans according to their own credit criteria and RBS requirements. The Program provides fixed-rate financing on the guaranteed portion of RBS loans made to borrowers located in a rural community serviced by RBS guaranteed lenders. The originating lender acts as servicer of the loans for a fee not to exceed one percent (1%) per annum of the outstanding principal balance of the guaranteed portion purchased. Proceeds of the loans may be used to finance real estate, equipment, and machinery. The participation interest is 100% guaranteed by the RBS.

## **Obligations of the Authority**

The following is a summary of certain obligations incurred by the Authority to provide funds for and otherwise operate the Authority and the programs described in "Programs to Date" under this caption. This summary has been included solely for purposes of providing information to assist a potential investor in evaluating the Authority's financial status. See also footnote (6) to the audited 2008 financial statements of the Authority.

### *Commercial Loan Programs*

The Authority has financed rental loans with proceeds of its Bonds (outstanding as of October 1, 2009 in an aggregate principal amount of \$112,300,000). For more information about the Bonds, see **Appendix B** to this Supplement. Since 2000, the Authority has also financed rental and business loans and certain guaranteed participation interests with proceeds of its Multi-Family/Project Bonds, which were outstanding as of October 1, 2009 in an aggregate principal amount of \$867,885,000. Certain of the Multi-Family/Project Bonds are secured by the full faith and credit of the Authority, as described in "General Obligations – Multi-Family/Project Bonds" under this caption.

Bonds secured by a pledge of loan revenues as well as bonds secured by loan revenues and the general obligation of the Authority have also been privately placed to institutional purchasers by the Authority in order to finance rental loans. See "General Obligations – Privately Placed Bonds" under this caption. The Authority has also issued general obligation housing bonds to finance a rental loan secured by a pledge of loan revenues as well as the full faith and credit of the Authority. See "General

Obligations – General Obligation Bonds" under this caption. Projects in the RAP Program have been acquired using a combination of revenue bonds, the Authority's general fund monies, proceeds of general obligation bonds and non-recourse seller carryback financing. See footnote (6) of the audited 2008 financial statements of the Authority for more information regarding these outstanding bonds and notes. The Authority has also acted as a conduit issuer of bonds supported by letters of credit or other credit facilities. These conduit bonds are payable only with amounts received from the conduit borrower, and are therefore not reported as obligations of the Authority on its financial statements.

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

#### *Single Family Mortgage Programs*

In connection with its Single Family Mortgage Programs, the Authority has previously issued numerous series of its Single-Family Program Bonds as senior and subordinate bonds, payable from the revenues of pledged mortgage loans and outstanding as of October 1, 2009 in the aggregate principal amount of \$63,308,311. The Authority has also issued its Single Family Mortgage Bonds under the Single Family Mortgage Bond Master Indenture, payable from the revenues of mortgage loans held thereunder, outstanding as of October 1, 2009 in the aggregate principal amount of \$2,314,190,000. Subordinate bonds issued as part of the Single-Family Program Bonds and Class III Single Family Mortgage Bonds outstanding under the Single Family Mortgage Bond Master Indenture are also general obligations of the Authority, as described in "General Obligations – Single-Family Bonds – Subordinate Bonds and Class III Bonds" under this caption. For more detailed information concerning the outstanding bonds of the Authority issued in connection with its Single Family Mortgage Programs, see [www.chfainfo.com](http://www.chfainfo.com) and footnote (6) of the audited 2008 financial statements of the Authority. The Authority has also issued general obligation bonds through private placement in order to finance single family mortgage loans. See "General Obligations – Privately Placed Bonds" under this caption.

The Authority has also expanded its financing activities in connection with the Single Family Mortgage Programs to include the sale of certain single family mortgage loans to Fannie Mae and also has issued and sold mortgage-backed securities guaranteed by Ginnie Mae (the "**Ginnie Mae Securities**") to finance first mortgage loans as part of the Non-Qualified Single Family Mortgage Programs. Proceeds of Single Family Mortgage Bonds under the Single Family Mortgage Master Indenture have been used to finance second mortgage loans relating to such first mortgage loans financed by and securing the Ginnie Mae Securities. The Authority expects to issue taxable bonds in an aggregate principal amount of approximately \$225 million to the United States Department of Treasury on January 12, 2010 under the Treasury's Single Family New Issue Bond Program (the "**NIB Program**"). Proceeds of such NIB Program bonds will initially be held in escrow and released at the time of issuance of additional bonds under the related master indenture to finance single family mortgage loans and Ginnie Mae Securities, as well as mortgage-backed securities guaranteed by Fannie Mae and Federal Home Loan Mortgage Corporation.

**Except for bonds specifically identified in Appendix B to this Supplement as Bonds under the General Resolution, the revenue bonds described above and at the Authority's website are secured**

**separately from and are not on parity with the Bonds and are issued and secured under resolutions or indentures of the Authority other than the General Resolution.**

*General Obligations*

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

Multi-Family/Project Bonds. The Authority has issued Class I Multi-Family/Project Bonds (outstanding as of October 1, 2009 in an aggregate principal amount of \$280,760,000) in order to finance business loans which are payable not only from a senior lien on loan revenues but also as general obligations of the Authority. The Authority has also issued Class II Multi-Family/Project Bonds (outstanding as of October 1, 2009 in the aggregate principal amount of \$22,860,000) and Class III Multi-Family/Project Bonds (outstanding as of October 1, 2009 in an aggregate principal amount of \$2,085,000) in order to finance certain rental and business loans. These Class II and Class III Multi-Family/Project Bonds are payable from loan revenues on a subordinate lien basis to the Class I Multi-Family/Project Bonds and also as general obligations of the Authority.

Single Family Bonds – Subordinate Bonds and Class III Bonds. The Subordinate Bonds for the various series of the Authority's Single-Family Program Senior and Subordinate Bonds are payable from mortgage loan revenues on a subordinate lien basis and are also general obligations of the Authority. The aggregate principal amount of such Subordinate Bonds as of October 1, 2009 was \$770,000. The Authority has also issued Class III Single Family Mortgage Bonds, the proceeds of which have been used to finance mortgage loans for the Single Family Mortgage Programs. These Class III Bonds, outstanding in the aggregate principal amount of \$82,505,000 as of October 1, 2009, are payable from mortgage loan revenues under the Single Family Mortgage Bond Master Indenture and are also general obligations of the Authority.

General Obligation Bonds. The Authority has financed an uninsured rental loan in connection with a housing project in the City and County of Denver using proceeds of its publicly-offered general obligation housing bonds. As of October 1, 2009, such bonds, secured by a general obligation pledge of the Authority and loan revenues, were outstanding in an aggregate principal amount of \$3,070,000. In connection with its Special Projects financing program, the Authority has financed a business loan to the Colorado Municipal League through the public offering of general obligation bonds. As of October 1, 2009, such bonds were outstanding in the aggregate principal amount of \$980,000.

Privately Placed Bonds. The Authority has issued general obligation bonds through private placement in order to finance rental loans. As of October 1, 2009, such privately placed bonds were outstanding in an aggregate principal amount of \$26,142,000. The Authority has also funded participation interests and business loans using proceeds of its privately placed bonds, outstanding as of October 1, 2009 in the aggregate principal amount of \$27,946,000. In addition, the Authority has issued general obligation bonds through private placement in order to finance single family mortgage loans. As of October 1, 2009, such privately placed bonds were outstanding in an aggregate principal amount of \$37,128,416.

Loans Backed by Authority General Obligation. The Authority has acquired or originated certain uninsured rental and business loans using proceeds of, and pledged to the repayment of, its Multi-Family/Project Bonds, outstanding as of October 1, 2009 in the aggregate principal amount of

\$340,967,632. The Authority has pledged its full faith and credit to the payment of a substantial portion of such loans. The Authority has also assumed, as a general obligation, 50% risk of loss in the mortgage loans acquired by the Authority and insured by the FHA under Section 542(c) of the Housing and Community Development Act of 1992, as amended. As of October 1, 2009, such 542(c) mortgage loans were outstanding in the amount of approximately \$266 million (\$40 million held under the General Resolution and securing the Bonds and \$226 million held under the Multi-Family/Project Master Indenture and securing the Multi-Family/Project Bonds). In the case of a §542(c) claim, the Authority is responsible, as a general obligation, to reimburse FHA for 50% of any loss incurred by the FHA as a result of and after the final settlement of such claim. See "Programs to Date – Commercial Loan Programs – Rental Finance Programs" under this caption. To date, the Authority has incurred risk-sharing losses of approximately \$8.4 million following the defaults on insured mortgage loans for certain projects, the foreclosure and sale of those projects and the settlement of the respective final insurance claims with FHA. In addition, the mortgage loans for the Platte Valley Village II project in the approximate aggregate principal amount of \$1.78 million, for the Fox Run Apartments project in the approximate aggregate principal amount of \$3.45 million and for the Maples at Crestwood Apartments project in the approximate aggregate principal amount of \$14.84 million have also defaulted. The Authority has filed insurance claims and received insurance proceeds from HUD with respect to these loans. It is likely that the Authority will incur a risk-sharing liability with respect to these loans, for which the Authority believes it is adequately reserved.

Interest Rate Contracts; Derivative Products. The Authority has pledged its full faith and credit to secure its obligation to make termination payments under the 2002AA Derivative Product relating to the 2002AA Remarketed Bonds, under the interest rate contracts relating to the Single Family Mortgage Bonds under the Single Family Mortgage Master Indenture and under the derivative products relating to the Multi-Family/Project Bonds under the Multi-Family/Project Master Indenture. See **Appendix B – "OUTSTANDING GENERAL RESOLUTION OBLIGATIONS – Outstanding Derivative Products"** to this Supplement. See also "Authority Policy Regarding Derivatives" under this caption and footnote (7) to the audited 2008 financial statements of the Authority.

Other Borrowings. The Authority has entered into agreements with the Federal Home Loan Bank of Topeka and a commercial bank for borrowings from time to time. Such borrowings are also general obligations of the Authority and have generally been used to date to make or purchase loans pending the permanent financing of such loans. As of October 1, 2009, \$141,250,000 in borrowings were outstanding under those agreements. See footnote (5) to the audited 2008 financial statements of the Authority. The Authority has also borrowed amounts evidenced by Rural Business Cooperative Service Notes (outstanding as of October 1, 2009 in the aggregate principal amount of \$1,012,720), which have been used to finance project or working capital loans or participations therein for small businesses in rural areas. The Authority has pledged its full faith and credit to the payment of such notes.

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

#### *Summary of Certain Authority Obligations*

The following is a table which lists certain obligations of the Authority and sets forth the respective outstanding amount for such obligations as of October 1, 2009. Further detail regarding these items is provided under the other subcaptions of "Obligations of the Authority" in this Supplement.

**Summary of Certain Authority Obligations as of October 1, 2009**

<u>Certain Authority Obligations</u>	<u>Outstanding Amount (October 1, 2009)</u>
Multifamily Housing Insured Mortgage Revenue Bonds (1)	\$112,300,000
Multi-Family/Project Bonds	867,885,000
Single Family Program Senior/Subordinate Bonds	63,308,311
Single Family Mortgage Bonds	2,314,190,000
General Obligation Bonds:	
Rental Finance (Denver Dry Project)	3,070,000
Business Finance (Colorado Municipal League Project)	980,000
Privately Placed Bonds:	
Rental Finance	26,142,000
Business Finance	27,946,000
Single Family	37,128,416

(1) These are the Bonds issued and outstanding under the General Resolution. See **Appendix B** to this Supplement for more information about the Bonds.

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The following table identifies the specific components of the Authority Obligations listed on the preceding table which are general obligations of the Authority as well as other general obligations of the Authority as of October 1, 2009. Further detail regarding these items is provided under the other subcaptions of "Obligations of the Authority" in this Supplement.

**General Obligations of the Authority as of October 1, 2009**

<b>General Obligations</b>	<b>Outstanding Amount (October 1, 2009)</b>
Multi-Family/Project Bonds:	
Class I	\$280,760,000
Class II	22,860,000
Class III	2,085,000
Single-Family Program Subordinate Bonds	770,000
Single Family Mortgage Bonds, Class III	82,505,000
General Obligation Bonds:	
Rental Finance (Denver Dry Project)	3,070,000
Business Finance (Colorado Municipal League Project)	980,000
Privately Placed Bonds:	
Rental Finance	26,142,000
Business Finance	27,946,000
Single Family	37,128,416
Other Borrowings:	
Line of Credit	141,250,000
Rural Business Cooperative Service Notes	1,012,720

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## **TERMS OF THE 2002AA REMARKETED BONDS**

### **TCLP Supplemental Resolution**

In connection with the delivery of the Facility, the Authority will execute the Supplement to the 2002 Series AA Resolution, dated as of December 1, 2009 (the "**TCLP Supplemental Resolution**"). The TCLP Supplemental Resolution contains certain provisions which shall remain in effect with respect to the 2002AA Remarketed Bonds as long as the Facility is in effect, which provisions are described below. Certain capitalized terms used under this heading "TCLP Supplemental Resolution" shall have the meanings ascribed thereto in **Appendix H** – "COPIES OF THE CREDIT AND LIQUIDITY FACILITY AND THE REIMBURSEMENT AGREEMENT" to this Supplement.

#### *Credit Facility Fund*

The TCLP Supplemental Resolution creates a Credit Facility Fund to be held by the Trustee, to be maintained as a separate account, in which no other monies held under the Resolutions are to be commingled. The Credit Facility Fund is to be closed once the Facility Provider has no continuing liability under the Facility. The Trustee is directed to deposit all Debt Service Advances into the Credit Facility Fund, and to deposit any Liquidity Advance and Mandatory Tender Advance into the Standby Purchase Account of the Purchase Fund pursuant to the terms of the Resolutions. No other money may be deposited into the Credit Facility Fund. The TCLP Supplemental Resolution directs the Trustee to apply amounts deposited into the Credit Facility Fund on the date payment is due to the payments for which an Advance has been made pursuant to the Facility. Any and all funds remaining in the Credit Facility Fund after making the payment for which the Advance was made are to be immediately refunded on a *pro rata* basis to the Facility Provider providing such amounts.

#### *Mandatory Purchase Upon Expiration or Termination of the Facility*

So long as the Facility is in effect, the following provision shall be applicable in the case of expiration or termination of the Facility, rather than the mandatory purchase described in "Part I – TERMS OF THE 2002 SERIES AA BONDS – Tender and Purchase – Mandatory Purchase – Mandatory Purchase For Failure to Replace Liquidity Facility or Upon Certain Substitution of Alternate Liquidity Facility" of the Official Statement. In the event of an expiration or termination of the Facility, the 2002AA Remarketed Bonds shall be purchased or deemed purchased at the Purchase Price. Any purchase of the 2002AA Remarketed Bonds pursuant to the General Resolution as supplemented by the TCLP Supplemental Resolution shall occur on the fifth Business Day preceding any such expiration or termination of the Facility.

#### *Mandatory Purchase at the Direction of the Facility Provider*

In addition to the conditions for mandatory tender for purchase of the 2002AA Remarketed Bonds listed under the caption "Mandatory Purchase" in "Part I – TERMS OF THE 2002 SERIES AA BONDS – Tender and Purchase" in the Official Statement and described in "Mandatory Purchase Upon Expiration or Termination of the Facility" under this caption, the 2002AA Remarketed Bonds are subject to mandatory tender for purchase following receipt by the Trustee of written notice from the Facility Provider stating that an event of default under the Reimbursement Agreement has occurred and directing that the 2002AA Remarketed Bonds be subject to mandatory tender for purchase.

### *Special Facility Provider Rights*

Following the purchase of Bank Bonds, Bank Bondholders are entitled to and, if necessary, are deemed to have been assigned all rights and privileges of Bondholders under the Resolutions, along with any additional rights and privileges with respect to payment of interest and redemption provided by the Reimbursement Agreement with respect to Bank Bonds. Following the purchase of Bank Bonds, Bank Bondholders will be recognized by the Authority as the true and lawful owners (or, for Book-Entry Bonds, beneficial owners) of the Bank Bonds, free from any claims, liens, security interests, equitable interests and other interests of the Authority, except as such interests might exist under the terms of the Bank Bonds with respect to all owners (or, for Book-Entry Bonds, beneficial owners) of the 2002AA Remarketed Bonds.

Prior to the appointment under the Resolutions of a successor Trustee or Remarketing Agent for the 2002AA Remarketed Bonds, notice must be provided to the Notice Parties at the Notice Parties' Addresses and the consent of the Facility Provider must be obtained, which consent is not to be unreasonably withheld. In addition, by written notice to the Authority and the Trustee, the Facility Provider may direct the Authority to remove the Remarketing Agent with respect to the 2002AA Remarketed Bonds and to appoint a successor Remarketing Agent in accordance with the provisions of the 2002 Series AA Resolution if (i) an event of default has occurred and is continuing under the Reimbursement Agreement or (ii) the Remarketing Agent has failed to fulfill any of its duties and obligations under the Resolutions, the TCLP Supplemental Resolution or the Remarketing Agreement.

The Facility Provider is a third-party beneficiary of the TCLP Supplemental Resolution and of the Resolutions, and has the right (but not the obligation) to enforce, separately or jointly with the Trustee, or to cause the Trustee to enforce, the provisions of the TCLP Supplemental Resolution.

The Facility Provider alone has the right to enforce the covenants in the TCLP Supplemental Resolution.

## **CERTAIN PROGRAM ASSUMPTIONS**

### **No Bond Insurance for 2002AA Remarketed Bonds**

Simultaneously with the initial delivery of the 2002AA Remarketed Bonds on July 3, 2002, MBIA Insurance Corporation (the "**Bond Insurer**") delivered a financial guaranty insurance policy under which regularly scheduled payments of the principal of and interest on the 2002 Series AA Bonds when due were insured. In connection with remarketing of the 2002AA Remarketed Bonds on December 16, 2009, the insurance policy will terminate by its terms. Following such remarketing, the payment of principal of or interest on the 2002AA Remarketed Bonds will no longer be insured under the Bond Insurer's policy or any other bond insurance policy. As a result, this Supplement amends the Official Statement by deletion of all references to the Bond Insurer and the Bond Insurer's policy, including **Appendix L** to the Official Statement.

### **The Facility**

The Authority had previously entered into a standby bond purchase agreement (constituting a Liquidity Facility under the General Resolution) among the Authority, the Paying Agent and Westdeutsche Landesbank Girozentrale, acting through its New York Branch, a Liquidity Facility Provider (the "**WestLB Liquidity Facility**"). On June 11, 2009, the 2002AA Remarketed Bonds were



subject to mandatory tender as a result of the expiration of the WestLB Liquidity Facility. In connection with the remarketing of the 2002AA Remarketed Bonds on December 16, 2009, the Facility as described in **Appendix H** to this Supplement is being issued 50% each by Fannie Mae and Freddie Mac on a several and not joint basis.

### **2002AA Derivative Product**

In connection with the original issuance of the 2002AA Remarketed Bonds, the Authority entered into a forward interest rate swap agreement with Lehman Brothers Financial Products, Inc. (the "**Lehman Derivative Product**") which was effective July 3, 2002. The Lehman Derivative Product has been terminated, and the Authority has entered a new interest rate swap agreement with Barclays Bank PLC which was effective on November 21, 2008 (the "**2002AA Derivative Product**"). The 2002AA Derivative Product is the only Derivative Product outstanding under the General Resolution. See **Appendix B** to this Supplement.

## **THE CREDIT AND LIQUIDITY FACILITY AND THE REIMBURSEMENT AGREEMENT**

Copies of the Facility and the Reimbursement Agreement are attached to this Supplement as **Appendix H**. Investors are urged to review these copies of the Facility and the Reimbursement Agreement in order to understand all of their terms.

### **2002AA REMARKETING AGENT**

#### **General**

Barclays Capital Inc. is serving as Remarketing Agent for the 2002AA Remarketed Bonds (the "**2002AA Remarketing Agent**") pursuant to an Amendment dated December 16, 2009 to the Remarketing Agreement dated as of July 1, 2002 between the Authority and Barclays Capital Inc., as successor to Lehman Brothers Inc. (the "**Remarketing Agreement**"). If 2002AA Remarketed Bonds are tendered or deemed tendered for purchase as described herein under the caption "Part I – TERMS OF THE 2002 SERIES AA BONDS –Tender and Purchase" in the Official Statement, the 2002AA Remarketing Agent is required to use its best efforts to remarket such 2002AA Remarketed Bonds in accordance with the terms of the Resolutions, and the Remarketing Agreement at a price equal to the principal amount thereof plus accrued interest, if any, thereon to the applicable purchase date. The 2002AA Remarketing Agent is also responsible for determining the rates of interest for such 2002AA Remarketed Bonds in accordance with the 2002 Series AA Resolution. So long as the Facility is in effect, the 2002AA Remarketing Agent has agreed to use its best efforts at all times to remarket the 2002AA Remarketed Bonds (including, without limitation, Bank Bonds) at interest rates up to the maximum rate permitted under the 2002 Series AA Resolution. The 2002AA Remarketing Agent is to transfer any proceeds of remarketing of the 2002AA Remarketed Bonds it receives to the Paying Agent for deposit in accordance with the 2002 Series AA Resolution.

The 2002AA Remarketing Agent may at any time resign and be discharged of its duties and obligations under the Remarketing Agreement upon providing the Authority, the Trustee, the Paying Agent and the Facility Provider with thirty (30) days' prior written notice except that, so long as the

Facility is in effect, such resignation shall not take effect until the appointment of a successor remarketing agent under the 2002 Series AA Resolution. The 2002AA Remarketing Agent may be removed at any time, at the direction of the Authority, by an instrument filed with the 2002AA Remarketing Agent, the Trustee, the Paying Agent, and the Facility Provider and upon at least thirty (30) days' prior written notice to the 2002AA Remarketing Agent. Any successor 2002AA Remarketing Agent shall be selected by the Authority and approved by the Facility Provider. The Facility Provider may direct the Authority to remove the 2002AA Remarketing Agent and appoint a successor remarketing agent with respect to the 2002AA Remarketed Bonds if (i) an event of default has occurred and is continuing under the Reimbursement Agreement or (ii) the 2002AA Remarketing Agent has failed to fulfill any of its duties and obligations under the Resolutions or the Remarketing Agreement. The 2002AA Remarketing Agent shall assign and deliver the 2002AA Remarketing Agreement to its successor.

### **The 2002AA Remarketing Agent is Paid by the Authority**

The 2002AA Remarketing Agent's responsibilities include determining the interest rate from time to time and remarketing the 2002AA Remarketed Bonds that are optionally tendered by the owners thereof, all as further described in the Official Statement. The 2002AA Remarketing Agent has been appointed by the Authority and is paid by the Authority for its services. As a result, the interests of the 2002AA Remarketing Agent may differ from those of existing holders and potential purchasers of 2002AA Remarketed Bonds.

### **The 2002AA Remarketing Agent Routinely Purchases Bonds for its Own Account**

The 2002AA Remarketing Agent is permitted, but not obligated, to purchase tendered 2002AA Remarketed Bonds for its own account. The 2002AA Remarketing Agent, in its sole discretion, routinely acquires tendered 2002AA Remarketed Bonds for its own inventory in order to achieve a successful remarketing of the 2002AA Remarketed Bonds (i.e., because there otherwise are not enough buyers to purchase the 2002AA Remarketed Bonds) or for other reasons. However, the 2002AA Remarketing Agent is not obligated to purchase 2002AA Remarketed Bonds, and may cease doing so at any time without notice. The 2002AA Remarketing Agent may also make a market in the 2002AA Remarketed Bonds by routinely purchasing and selling 2002AA Remarketed Bonds other than in connection with an optional tender and remarketing. Such purchases and sales may be at or below par. However, the 2002AA Remarketing Agent is not required to make a market in the 2002AA Remarketed Bonds. If the 2002AA Remarketing Agent purchases 2002AA Remarketed Bonds for its own account, it may offer those 2002AA Remarketed Bonds at a discount to par to some investors. The 2002AA Remarketing Agent may also sell any 2002AA Remarketed Bonds it has purchased to one or more affiliated investment vehicles for collective ownership or enter into derivative arrangements with affiliates or others in order to reduce its exposure to the 2002AA Remarketed Bonds. The purchase of 2002AA Remarketed Bonds by the 2002AA Remarketing Agent may create the appearance that there is greater third party demand for the 2002AA Remarketed Bonds in the market than is actually the case. The practices described above also may reduce the supply of 2002AA Remarketed Bonds that may be tendered in a remarketing.

### **2002AA Remarketed Bonds may be Offered at Different Prices on any Date**

The 2002AA Remarketing Agent is required to determine on the rate determination date the applicable rate of interest that, in its judgment, is the lowest rate that would permit the sale of the 2002AA Remarketed Bonds at par plus accrued interest, if any, on the date the rate becomes effective (the "**Effective Date**"). The interest rate will reflect, among other factors, the level of market demand for the 2002AA Remarketed Bonds (including whether the 2002AA Remarketing Agent is willing to purchase 2002AA Remarketed Bonds for its own account). The Remarketing Agreement requires that the 2002AA Remarketing Agent use its best efforts to sell tendered 2002AA Remarketed Bonds at par, plus accrued

interest. There may or may not be 2002AA Remarketed Bonds tendered and remarketed on a rate determination date or an Effective Date, the 2002AA Remarketing Agent may or may not be able to remarket any 2002AA Remarketed Bonds tendered for purchase on such date at par and the 2002AA Remarketing Agent may sell 2002AA Remarketed Bonds at varying prices to different investors on such date or any other date. The 2002AA Remarketing Agent is not obligated to advise purchasers in a remarketing if it does not have third party buyers for all of the 2002AA Remarketed Bonds at the remarketing price.

### **The Ability to Sell the 2002AA Remarketed Bonds other than through Tender Process may be Limited**

While the 2002AA Remarketing Agent may buy and sell 2002AA Remarketed Bonds, it is not obligated to do so and may cease doing so at any time without notice. Thus, investors who purchase the 2002AA Remarketed Bonds, whether in a remarketing or otherwise, should not assume that they will be able to sell their 2002AA Remarketed Bonds other than by tendering the 2002AA Remarketed Bonds in accordance with the tender process.

## **CERTAIN CONSIDERATIONS FOR BONDOWNERS**

### **Risks Related to the Facility Provider and the Facility**

#### *Creditworthiness of the Facility Provider*

The ratings of the 2002AA Remarketed Bonds are based on the issuance of the Facility. Such ratings are based solely on the general credit of the Facility Provider. Any downgrade in the ratings of the Facility Provider may impact the interest rate of the 2002AA Remarketed Bonds.

The Facility provides the Trustee with the liquidity support necessary to purchase the 2002AA Remarketed Bonds deemed tendered for purchase as described in the 2002 Series AA Resolution. If remarketing proceeds are not sufficient to provide funds sufficient to pay the purchase price of tendered 2002AA Remarketed Bonds, the Trustee is required to draw funds under the Facility. The Facility also provides standby credit support for scheduled debt service due on the 2002AA Remarketed Bonds. The ability of the Facility Provider to honor such drawings may be adversely affected by its financial condition at the time of such draws. No assurance is given as to the current or future financial condition of the Facility Provider or the financial condition of any entity with which any the Facility Provider may merge or by which it may be acquired. For more information about the Facility Provider and the Facility, see "CERTAIN PROGRAM ASSUMPTIONS – The Facility" in this Supplement. If the Facility Provider becomes insolvent or otherwise becomes a debtor in bankruptcy, timely payment of the purchase price of the 2002AA Remarketed Bonds subject to tender for purchase or payment of scheduled debt service might depend entirely on the sufficiency of the Trust Estate to pay such amounts.

#### *Inability to Obtain Alternate Liquidity Facility*

Coverage under the Facility for the 2002AA Remarketed Bonds expires on December 16, 2012 which is much earlier than the maturity date of the 2002AA Remarketed Bonds and will not be extended. See "CERTAIN PROGRAM ASSUMPTIONS – The Facility" in this Supplement. No assurances can be given that the Authority will be able to obtain an Alternate Liquidity Facility with respect to the 2002AA Remarketed Bonds upon the terms required by the 2002 Series AA Resolution on or before expiration of the Facility. Failure to obtain an Alternate Liquidity Facility will result in a mandatory purchase of the

2002AA Remarketed Bonds at a price of par. The mandatory purchase of such 2002AA Remarketed Bonds on such a mandatory purchase date may not be waived. As a result, 2002AA Remarketed Bonds subject to such mandatory purchase will become Bank Bonds under the Resolutions. See "Interest Costs Associated with Bank Bonds" under this caption.

#### *Increased Costs Associated with Bank Bonds*

Pursuant to the Facility, certain unpaid fees will bear interest at the "Default Rate" and Bank Bonds will bear interest at a rate as set forth in the Facility. Those interest rates could be substantially higher than the variable rate that otherwise would apply to the calculation of interest on the 2002 Series AA Bonds; any increases in those interest rates will increase the amount of interest payable by the Trust Estate under the Resolutions and may affect its sufficiency to pay the 2002AA Remarketed Bonds. See "Inability to Obtain Alternate Liquidity Facility" under this caption.

#### *Replacement of Facility with Alternate Liquidity Facility*

In the Reimbursement Agreement relating to the Facility, the Authority has agreed that, as the market stabilizes, it will obtain an Alternate Liquidity Facility in order to reduce the principal amount of the 2002AA Remarketed Bonds supported by the Facility. Any such Alternate Liquidity Facility will not provide credit support for the 2002AA Remarketed Bonds. In connection with any such replacement, the 2002AA Remarketed Bonds will be subject to mandatory purchase as described in "TERMS OF THE 2002AA REMARKETED BONDS – TCLP Supplemental Resolution – Mandatory Purchase Upon Expiration or Termination of the Facility" in this Supplement.

### **Risks Related to Derivative Products**

Any Derivative Product exposes the Authority to certain risks including, but not limited to, the risk that payments received by the Authority from the applicable Counterparty could be substantially less than the floating rate interest payments due on the related Series of Bonds. Pursuant to any Derivative Product, the Authority will pay interest to the Counterparty at a fixed rate and will receive interest from the Counterparty at a variable rate which will be based on a LIBOR or SIFMA Index. To the extent Counterparty payments are based on a LIBOR or SIFMA Index, the amount of actual interest payments due on the respective Adjustable Rate Bonds may differ from the amount of such interest payments to be made by the Counterparty and the Trust Estate may not be sufficient to pay interest as due.

The payment obligations of the Authority under any Derivative Product do not remove the obligations of the Authority to pay interest on the related Series of Bonds from the Trust Estate. A negative change to the financial position of any of the Counterparties (including bankruptcy or insolvency) at any time may negatively impact payments to the Authority pursuant to the applicable Derivative Product to an extent that cannot be determined. In addition, any Derivative Product is subject to termination upon the occurrence of certain events, and no assurance can be given that any Derivative Product, will continue to be in effect. No Derivative Product will provide a source of credit or security for the Bonds. The Owners of the Bonds do not have any rights under any Derivative Product or against any Counterparty. See "Part II – SECURITY FOR THE OBLIGATIONS – Derivative Products" in the Official Statement. See also **Appendix B-1** – "OUTSTANDING GENERAL RESOLUTION OBLIGATIONS – Outstanding General Resolution Derivative Product" to this Supplement. See footnote (7) to the audited 2008 financial statements of the Authority for a description of certain further risks associated with the Derivative Product and other interest rate contracts entered by the Authority.

## FORWARD-LOOKING STATEMENTS

**This Supplement contains statements relating to future results that are "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995. When used in this Supplement, the words "estimate," "forecast," "intend," "expect," "project," "budget," "plan" and similar expressions identify forward-looking statements.**

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE AUTHORITY DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN ITS EXPECTATIONS, OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR.

## RATINGS

Moody's Investors Service ("**Moody's**") and Standard & Poor's Ratings Services, a Division of The McGraw-Hill Companies, Inc. ("**S&P**"), are expected to give the 2002AA Remarketed Bonds ratings of "Aaa/VMIG-1" and "AAA/A-1+," respectively, based on the delivery of the Facility by the Facility Provider. Moody's and S&P have given the 2002AA Remarketed Bonds the underlying long-term ratings of "Aa2" and "AA+," respectively. Such ratings reflect only the views of Moody's and S&P, respectively, at the time such ratings are given, and are not a recommendation to buy, sell or hold the 2002AA Remarketed Bonds. The Authority makes no representation as to the appropriateness of such ratings. An explanation of the significance of the ratings given by Moody's and S&P, respectively, may be obtained from Moody's and S&P, respectively. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that any such rating will continue for any given period of time or that any such rating will not be revised downward or withdrawn entirely by Moody's or S&P, respectively, if, in the judgment of the issuing rating agency, circumstances so warrant. Any such downward revision or withdrawal of any such rating may have an adverse effect on the marketability or market price of the 2002AA Remarketed Bonds. The Authority has no obligation to oppose, or to provide Owners of the 2002AA Remarketed Bonds with notice of, any such revision or withdrawal of a rating.

## LITIGATION

In connection with the remarketing of the 2002AA Remarketed Bonds, the Authority will deliver an opinion of its in-house counsel to the effect that no litigation before any court is pending or, to his knowledge, threatened against the Authority in any way affecting the existence of the Authority or the titles of its officers to their respective offices, or seeking to restrain or to enjoin the remarketing of the 2002AA Remarketed Bonds, or which would materially adversely affect the financial condition of the Authority, or in any way contesting or affecting the validity or enforceability of the 2002AA Remarketed Bonds, the Indenture or the Remarketing Agreement.

## **CERTAIN RELATIONSHIPS OF PARTIES**

Barclays Capital Inc. is acting as the 2002AA Remarketing Agent for the 2002AA Remarketed Bonds. Barclays Capital Inc. is also acting as the Special Advisor to the Authority in connection with the NIB Program discussed under the caption "COLORADO HOUSING AND FINANCE AUTHORITY – Obligations of the Authority – Single Family Mortgage Program" in this Supplement. Barclays Bank PLC, an affiliate of Barclays Capital Inc., is the counterparty to the Authority under the 2002AA Derivative Product as well as the counterparty under certain derivative obligations entered by the Authority described in footnote (7) to the audited 2008 financial statements of the Authority. Barclays Bank PLC is also the provider of liquidity facilities in connection with certain other outstanding adjustable rate bonds of the Authority.

## **LEGAL MATTERS**

In connection with the remarketing of the 2002AA Remarketed Bonds, Sherman & Howard L.L.C., as Bond Counsel to the Authority, will deliver the opinion described in "TAX MATTERS UPON REMARKETING" of this Supplement. Hogan & Hartson LLP will pass upon certain legal matters relating to the 2002AA Remarketed Bonds as Disclosure Counsel to the Authority. Certain legal matters will be passed upon for the Authority by its in-house counsel. Bookhardt & O'Toole will pass upon certain matters for the 2002AA Remarketing Agent. Certain legal matters will be passed upon for the Facility Provider by its counsel, Kutak Rock LLP.

Neither Sherman & Howard L.L.C., Hogan & Hartson LLP nor Bookhardt & O'Toole participated in any independent verification of the information concerning the financial condition or capabilities of the Authority contained in this Supplement.

## **TAX MATTERS UPON REMARKETING**

The form of opinion of Bond Counsel delivered in connection with the issuance of the 2002AA Remarketed Bonds is contained as an Appendix to the Official Statement. Bond Counsel has not undertaken to update its approving opinion delivered in connection with the issuance of the 2002AA Remarketed Bonds. However, in connection with the remarketing of the 2002AA Remarketed Bonds, Bond Counsel will deliver its opinion to the effect that the delivery of the Credit and Liquidity Facility to the Trustee is permitted under the Resolutions and will not, in and of itself, adversely affect the exclusion from gross income of interest on the 2002AA Remarketed Bonds for federal tax purposes.

## **INDEPENDENT AUDITORS**

The financial statements of the Authority as of and for the years ended December 31, 2008 and 2007, have been audited by Clifton Gunderson LLP, independent auditors, as stated in their report appearing therein, and are the most recent audited statements of the Authority available. These financial statements are attached as **Appendix A** to this Supplement.

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

By: /s/ Thomas E. Hemmings  
Chief Financial Officer

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**APPENDIX A**

**Financial Statements for the Years ended December 31, 2008 and 2007  
and Independent Auditor's Report**

## Independent Auditor's Report

Board of Directors  
Colorado Housing and Finance Authority  
Denver, Colorado

We have audited the accompanying financial statements of the business-type activities and each major fund of Colorado Housing and Finance Authority as of and for the year ended December 31, 2008, which collectively comprise Colorado Housing and Finance Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Colorado Housing and Finance Authority's management. Our responsibility is to express opinions on these financial statements based on our audit. The prior year summarized comparative information has been derived from Colorado Housing and Finance Authority's December 31, 2007 basic financial statements and, in our report dated March 27, 2008, we expressed unqualified opinions on the basic financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and each major fund of Colorado Housing and Finance Authority as of December 31, 2008, and the respective changes in financial position and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 23, 2009 on our consideration of Colorado Housing and Finance Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 4 through 8 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

*Clifton Henderson LLP*

Greenwood Village, Colorado  
April 23, 2009

This section of the Colorado Housing and Finance Authority’s (the “Authority”) annual financial report presents management’s discussion and analysis of the financial position and results of operations at and for the fiscal year ended December 31, 2008. This analysis should be read in conjunction with the Authority’s financial statements and accompanying notes.

### Financial Highlights

- Net assets as of December 31, 2008, were \$295.7 million, an increase of \$13.3 million, or 4.7%, compared to net assets of \$282.4 million as of December 31, 2007, increasing the Authority’s capital position. Net assets as a percent of total assets decreased slightly from 7.85% as of December 31, 2007, to 7.28% as of December 31, 2008.
- As reflected in the Statement of Revenues, Expenses and Changes in Net Assets, the increase in net assets of \$13.3 million for 2008 represents an \$8.0 million, or 37.6%, decrease compared to the increase in net assets for 2007 of \$21.3 million. This \$8.0 million decrease was primarily due to a \$13.0 million decrease in net interest income due to increased interest on debt, and a \$4.0 million increase in provision for loan and other real estate losses in 2008 compared to 2007. Partially offsetting these items was a \$6.5 million increase during 2008 in the fair value of investments and a \$3.8 million gain on retirement of debt in other revenue. Profitability, as measured by return on average net assets, was 4.60% in 2008 compared to 7.85% in 2007.
- Total net loans receivable as of December 31, 2008, were \$3.2 billion, an increase of \$323.0 million, or 11.2%, compared to the amount outstanding as of December 31, 2007.
- The increase in loans receivable was funded primarily by an increase in debt. As of December 31, 2008, total debt outstanding was \$3.7 billion, an increase of \$435.2 million, or 13.4%, compared to the balance at December 31, 2007.

### Overview of the Financial Statements

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

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

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

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

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

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

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

## Analysis of Financial Activities

### Statement of Net Assets

The following table presents condensed information about the financial position of the Authority as of December 31, 2008, and 2007, and changes in the balances of selected items during the fiscal year ended December 31, 2008.

As of December 31, (in thousands)	2008	2007	\$ Change	% Change
<b>Assets</b>				
<b>Current assets</b>	\$ 647,157	\$ 657,622	\$ (10,465)	-1.6%
<b>Noncurrent assets:</b>				
Investments	244,075	81,313	162,762	200.2%
Loans receivable, net	3,101,117	2,788,844	312,273	11.2%
Capital assets, net	29,606	32,723	(3,117)	-9.5%
Other assets	37,804	36,483	1,321	3.6%
Total noncurrent assets	3,412,602	2,939,363	473,239	16.1%
<b>Total assets</b>	\$ 4,059,759	\$ 3,596,985	\$ 462,774	12.9%
<b>Liabilities</b>				
<b>Current liabilities</b>	\$ 252,938	\$ 137,051	\$ 115,887	84.6%
<b>Noncurrent liabilities:</b>				
Bonds and notes payable, net	3,498,847	3,165,109	333,738	10.5%
Other liabilities	12,307	12,461	(154)	-1.2%
Total noncurrent liabilities	3,511,154	3,177,570	333,584	10.5%
<b>Total liabilities</b>	3,764,092	3,314,621	449,471	13.6%
<b>Net assets:</b>				
Invested in capital assets, net of related debt	29,606	32,723	(3,117)	-9.5%
Restricted by bond indentures	144,216	124,948	19,268	15.4%
Unrestricted	121,845	124,693	(2,848)	-2.3%
Total net assets	295,667	282,364	13,303	4.7%
<b>Total liabilities and net assets</b>	\$ 4,059,759	\$ 3,596,985	\$ 462,774	12.9%

Total loans receivable increased \$323.0 million, or 11.2%, during the current year, of which the noncurrent portion of the increase was \$312.3 million. This increase is largely due to new loan purchases and originations of approximately \$545.8

million, offset by loan repayments and prepayments that resulted in total principal reductions of \$218.0 million. This growth in loans receivable was primarily funded by use of bond proceeds, discussed below, in addition to the use of proceeds from sales and maturities of short-term investments

Current liabilities increased \$115.9 million, or 84.6%, compared to 2007. This increase was primarily due to an increase of \$84.4 million in the amount borrowed under the Authority’s line of credit with the Federal Home Loan Bank. Noncurrent bonds and notes payable increased \$333.7 million, or 10.5%, compared to December 31, 2007, as a result of various new bond issues. Additional information on the Authority’s debt activities is provided under “Debt Administration”.

### Statement of Revenues, Expenses and Changes in Net Assets

The following table presents condensed statements of revenues, expenses and changes in net assets for the years ended December 31, 2008, and 2007, and the change from the prior year.

For the years ended December 31, (in thousands)	2008	2007	\$ Change	% Change
<b>Operating revenues:</b>				
Interest on loans receivable	\$ 171,953	\$ 147,573	\$ 24,380	16.5%
Investment income	26,481	27,727	(1,246)	-4.5%
Net increase in the fair value of investments	8,710	2,245	6,465	288.0%
Rental income	8,424	10,882	(2,458)	-22.6%
Other revenues	21,511	17,625	3,886	22.0%
Total operating revenues	237,079	206,052	31,027	15.1%
<b>Operating expenses:</b>				
Interest on debt	191,587	155,406	36,181	23.3%
Salaries and related benefits	14,936	14,341	595	4.1%
General operating	14,957	16,835	(1,878)	-11.2%
Other interest expense	1,187	1,588	(401)	-25.3%
Depreciation	2,684	2,722	(38)	-1.4%
Provision for losses	4,517	500	4,017	803.4%
Total operating expenses	229,868	191,392	38,476	20.1%
<b>Total operating income</b>	<b>7,211</b>	<b>14,660</b>	<b>(7,449)</b>	<b>-50.8%</b>
<b>Nonoperating revenues and expenses, net</b>	<b>6,092</b>	<b>6,659</b>	<b>(567)</b>	<b>-8.5%</b>
<b>Change in net assets</b>	<b>13,303</b>	<b>21,319</b>	<b>(8,016)</b>	<b>-37.6%</b>
<b>Net assets:</b>				
Beginning of year	282,364	261,045	21,319	8.2%
End of year	\$ 295,667	\$ 282,364	\$ 13,303	4.7%

Interest earned on loans of \$172.0 million, interest income on investments of \$26.5 million and interest expense on debt of \$191.6 million are the primary components of total revenues and expenses of the Authority.

Total operating revenues were \$237.1 million in 2008, an increase of \$31.0 million, or 15.1%, compared to 2007. Interest on loans receivable climbed \$24.4 million, or 16.5%, over the 2007 amount. This increase is primarily the result of a 13.3% increase in average loans outstanding.

Also contributing to the increase in operating revenues was a net increase in the fair value of investments of \$6.5 million in 2008 compared to an increase in fair value of \$4.7 million in 2007. This increase was due to a decline in market rates in 2008 and in 2007. In addition, loan servicing income, reflected in other revenues, increased \$1.8 million, or 18.4%, compared to 2007. The Authority services in excess of 99% of its loans receivable, for which it receives a monthly fee.

Total operating expenses of \$229.9 million for 2008 increased \$38.5 million, or 20.1%, compared to 2007. The rise was largely attributable to a \$36.2 million, or 23.3%, increase in interest expense on debt. This increase was due primarily to an increase in interest rates from 2007 to 2008.

Operating expenses also increased as a result of a provision for loan and other real estate losses of \$4.5 million in 2008 compared to a provision of \$0.5 million in 2007.

Reflected in nonoperating revenues and expenses are \$6.1 million in gains on the sales of various apartment complexes owned by the Authority, discussed in more detail below in “Capital Assets”.

### **Capital Assets**

Capital assets, net of accumulated depreciation, as of December 31, 2008, totaled \$29.6 million, a decrease of \$3.1 million, or 9.5%, compared to the amount as of December 31, 2007. The majority of this investment in capital assets is related to the Authority’s ownership of four apartment complexes that provide housing to lower and moderate income families. During 2007 the Authority sold six complexes for a total gain of \$6.7 million. In 2008, the Authority sold an additional six properties for a total gain of \$6.1 million.

The only significant additions during 2008 were the implementation of a new debt management and property management application and enhancements to a software application related to single family and multi-family origination.

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

### **Debt Administration**

As of December 31, 2008, the Authority had \$3.5 billion in bonds and notes payable outstanding and \$149.0 million outstanding under borrowing agreements with the Federal Home Loan Bank. This debt is secured by various assets and, in certain cases, the general obligation pledge of the Authority. The long-term ratings on the debt of the Single Family Fund and the Multi-Family/Business Fund range from A1 to Aaa by Moody’s Investors Service (Moody’s) and A+ to AAA by Standard & Poor’s (S&P), depending on the underlying collateral. The Authority issuer’s credit rating on the general obligation debt is A1/A+ by Moody’s and S&P, respectively.

In 2008 the Authority issued \$589.2 million in debt related to its lending programs. Of this amount, \$349.0 million was issued pursuant to the Authority’s single family lending program and is reflected in the Single Family Fund, \$239.8 million was for the multi-family/business lending program and is reflected in the Multi-Family/Business Fund. Partially offsetting these new debt issues were maturities of short-term debt related to the Authority’s private activity bond volume cap preservation program, scheduled debt payments, early redemptions and refundings of various debt issues.

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



**Colorado Housing and Finance Authority**  
**Statement of Net Assets**

December 31, 2008

(with summarized financial information for December 31, 2007)

(in thousands of dollars)

	General Fund	Single Family	Multi-Family/ Business	Eliminations	2008	2007
<b>Assets</b>						
Current assets:						
Cash	\$ 28,872	\$ -	\$ 483	\$ -	\$ 29,355	\$ 30,955
Investments	103,808	240,731	134,784	-	479,323	501,063
Loans receivable	10,923	67,256	29,391	(635)	106,935	96,167
Accrued interest receivable	3,829	15,629	6,753	(196)	26,015	24,052
Deferred debt financing costs, net	17	654	193	-	864	931
Other assets	4,000	535	130	-	4,665	4,454
Due (to) from other funds	(51,468)	31,051	20,417	-	-	-
<b>Total current assets</b>	<b>99,981</b>	<b>355,856</b>	<b>192,151</b>	<b>(831)</b>	<b>647,157</b>	<b>657,622</b>
Noncurrent assets:						
Investments	4,484	175,764	63,827	-	244,075	81,313
Loans receivable, net	316,769	1,950,412	852,351	(18,415)	3,101,117	2,788,844
Capital assets - non-depreciable	6,635	-	-	-	6,635	7,016
Capital assets - depreciable, net	22,971	-	-	-	22,971	25,707
Other real estate owned, net	36	1,620	723	-	2,379	2,097
Deferred debt financing costs, net	314	11,773	3,471	-	15,558	16,767
Other assets	19,867	-	-	-	19,867	17,619
<b>Total noncurrent assets</b>	<b>371,076</b>	<b>2,139,569</b>	<b>920,372</b>	<b>(18,415)</b>	<b>3,412,602</b>	<b>2,939,363</b>
<b>Total assets</b>	<b>\$ 471,057</b>	<b>\$ 2,495,425</b>	<b>\$ 1,112,523</b>	<b>\$ (19,246)</b>	<b>\$ 4,059,759</b>	<b>\$ 3,596,985</b>
<b>Liabilities</b>						
Current liabilities:						
Short-term debt	\$ 164,985	\$ -	\$ -	\$ -	\$ 164,985	\$ 64,545
Bonds payable, current portion	182	6,908	11,304	-	18,394	13,515
Notes payable, current portion	73	-	-	-	73	3,956
Accrued interest payable	944	30,481	15,035	(196)	46,264	32,086
Federally assisted program advances	110	-	-	-	110	708
Accounts payable and other liabilities	21,929	747	436	-	23,112	22,241
<b>Total current liabilities</b>	<b>188,223</b>	<b>38,136</b>	<b>26,775</b>	<b>(196)</b>	<b>252,938</b>	<b>137,051</b>
Noncurrent liabilities:						
Bonds payable, net	102,402	2,378,020	1,017,413	-	3,497,835	3,164,023
Notes payable	20,062	-	-	(19,050)	1,012	1,086
Other liabilities	8,919	2,181	1,207	-	12,307	12,461
<b>Total noncurrent liabilities</b>	<b>131,383</b>	<b>2,380,201</b>	<b>1,018,620</b>	<b>(19,050)</b>	<b>3,511,154</b>	<b>3,177,570</b>
<b>Total liabilities</b>	<b>319,606</b>	<b>2,418,337</b>	<b>1,045,395</b>	<b>(19,246)</b>	<b>3,764,092</b>	<b>3,314,621</b>
<b>Net assets</b>						
Invested in capital assets, net of related debt	10,556	-	-	19,050	29,606	32,723
Restricted by bond indentures	-	77,088	67,128	-	144,216	124,948
Unrestricted	140,895	-	-	(19,050)	121,845	124,693
<b>Total net assets</b>	<b>151,451</b>	<b>77,088</b>	<b>67,128</b>	<b>-</b>	<b>295,667</b>	<b>282,364</b>
<b>Total liabilities and net assets</b>	<b>\$ 471,057</b>	<b>\$ 2,495,425</b>	<b>\$ 1,112,523</b>	<b>\$ (19,246)</b>	<b>\$ 4,059,759</b>	<b>\$ 3,596,985</b>

The accompanying notes are an integral part of these statements

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

For the year ended December 31, 2008

(with summarized financial information for the year ended December 31, 2007)

(in thousands of dollars)

	General Fund	Single Family	Multi-Family/ Business	Eliminations	2008	2007
<b>Operating revenues:</b>						
Interest on loans receivable	\$ 15,635	\$ 106,005	\$ 51,813	\$ (1,500)	\$ 171,953	\$ 147,573
Investment income	1,807	15,937	8,737	-	26,481	27,727
Net increase (decrease) in the fair value of investments	41	5,317	3,352	-	8,710	2,245
Rental income	8,424	-	-	-	8,424	10,882
Loan servicing income	11,306	-	-	-	11,306	9,547
Section 8 administration fees	4,255	-	-	-	4,255	4,561
Other revenues	2,080	3,870	-	-	5,950	3,517
<b>Total operating revenues</b>	<b>43,548</b>	<b>131,129</b>	<b>63,902</b>	<b>(1,500)</b>	<b>237,079</b>	<b>206,052</b>
<b>Operating expenses:</b>						
Interest on debt	8,990	118,313	65,784	(1,500)	191,587	155,406
Salaries and related benefits	14,936	-	-	-	14,936	14,341
General operating	14,160	519	278	-	14,957	16,835
Other interest expense	1,187	-	-	-	1,187	1,588
Depreciation	2,684	-	-	-	2,684	2,722
Provision for losses	2,985	5,372	(3,840)	-	4,517	500
<b>Total operating expenses</b>	<b>44,942</b>	<b>124,204</b>	<b>62,222</b>	<b>(1,500)</b>	<b>229,868</b>	<b>191,392</b>
<b>Total operating income (loss)</b>	<b>(1,394)</b>	<b>6,925</b>	<b>1,680</b>	<b>-</b>	<b>7,211</b>	<b>14,660</b>
<b>Nonoperating revenues and expenses:</b>						
Federal grant receipts	101,882	-	-	-	101,882	97,100
Federal grant payments	(101,882)	-	-	-	(101,882)	(97,100)
Gains on sales of capital assets	6,092	-	-	-	6,092	6,659
<b>Total nonoperating revenues, net</b>	<b>6,092</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,092</b>	<b>6,659</b>
<b>Income before transfers</b>	<b>4,698</b>	<b>6,925</b>	<b>1,680</b>	<b>-</b>	<b>13,303</b>	<b>21,319</b>
<b>Transfers from (to) other funds</b>	<b>(10,663)</b>	<b>(4,508)</b>	<b>15,171</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Change in net assets</b>	<b>(5,965)</b>	<b>2,417</b>	<b>16,851</b>	<b>-</b>	<b>13,303</b>	<b>21,319</b>
<b>Net assets:</b>						
Beginning of year	157,416	74,671	50,277	-	282,364	261,045
End of year	\$ 151,451	\$ 77,088	\$ 67,128	\$ -	\$ 295,667	\$ 282,364

The accompanying notes are an integral part of these statements

**Colorado Housing and Finance Authority**  
**Statement of Cash Flows**

For the year ended December 31, 2008

(with summarized financial information for the year ended December 31, 2007)

(in thousands of dollars)

	General Fund	Single Family	Multi-Family/ Business	Eliminations	2008	2007
<b>Cash flows from operating activities:</b>						
Principal payments received on loans receivable & receipts from dispositions of other real estate owned	\$ 14,257	\$ 163,900	\$ 42,328	\$ (2,458)	\$ 218,027	\$ 212,637
Interest payments received on loans receivable	15,471	104,142	51,816	(1,515)	169,914	145,874
Payments for fundings of loans receivable	(504,872)	(3,449)	(37,450)	-	(545,771)	(607,000)
Receipt (payment) for loan transfers between funds	421,469	(371,567)	(49,902)	-	-	-
Receipts from rental operations	8,431	-	-	-	8,431	10,953
Receipts from other revenues	18,324	3,820	-	-	22,144	15,632
Payments for salaries and related benefits	(15,444)	-	-	-	(15,444)	(14,048)
Payments for goods and services	(17,240)	(1,008)	(408)	-	(18,656)	(20,038)
All other, net	701	-	-	-	701	4,255
Net cash used by operating activities	(58,903)	(104,162)	6,384	(3,973)	(160,654)	(251,735)
<b>Cash flows from noncapital financing activities:</b>						
Proceeds from issuance of short-term debt	5,911,850	-	-	-	5,911,850	3,362,860
Proceeds from issuance of bonds	-	348,327	238,947	-	587,274	554,843
Proceeds from replacement of interest rate swaps	2,691	44,022	76,290	-	123,003	-
Receipts from federal grant programs	101,851	-	-	-	101,851	98,135
Payments for federal grant programs	(101,882)	-	-	-	(101,882)	(98,327)
Principal paid on short-term debt	(5,811,410)	-	-	-	(5,811,410)	(3,306,515)
Principal paid on bonds	(9,919)	(64,021)	(225,180)	-	(299,120)	(342,032)
Payments on termination of interest rate swaps	(2,234)	(16,014)	(61,202)	-	(79,450)	-
Principal paid on notes payable	(3,957)	-	-	-	(3,957)	(72)
Interest paid on short-term debt	(2,702)	-	-	-	(2,702)	(3,318)
Interest paid on bonds	(5,848)	(104,656)	(56,816)	1,187	(166,133)	(144,199)
Interest paid on notes payable	(257)	-	-	-	(257)	(12)
Transfers (to) from other funds	17,005	(17,835)	830	-	-	-
Net cash provided by noncapital financing activities	95,188	189,823	(27,131)	1,187	259,067	121,363
<b>Cash flows from capital and related financing activities:</b>						
Purchase of capital assets	(5,411)	-	-	-	(5,411)	(3,640)
Proceeds from the disposal of capital assets	11,934	-	-	-	11,934	16,002
Principal paid on capital-related debt	(2,458)	-	-	2,458	-	(849)
Interest paid on capital-related debt	(1,515)	-	-	328	(1,187)	(1,590)
Net cash provided by capital and related financing activities	2,550	-	-	2,786	5,336	9,923
<b>Cash flows from investing activities:</b>						
Proceeds from maturities and sales of investments	1,695,886	1,237,947	789,436	-	3,723,269	4,043,101
Purchase of investments	(1,738,583)	(1,338,078)	(777,688)	-	(3,854,349)	(3,945,309)
Income received from investments	1,779	14,470	9,482	-	25,731	27,247
Net cash provided (used) by investing activities	(40,918)	(85,661)	21,230	-	(105,349)	125,039
<b>Net increase (decrease) in cash</b>	(2,083)	-	483	-	(1,600)	4,590
Cash at beginning of year	30,955	-	-	-	30,955	26,365
Cash at end of year	\$ 28,872	\$ -	\$ 483	\$ -	\$ 29,355	\$ 30,955

The accompanying notes are an integral part of these statements

Continued on the next page.

## Colorado Housing and Finance Authority

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

For the year ended December 31, 2008

*(with summarized financial information for the year ended December 31, 2007)*

*(in thousands of dollars)*

	General Fund	Single Family	Multi-Family/ Business	Eliminations	2008	2007
<b>Reconciliation of operating income to net cash used by operating activities:</b>						
Operating income	\$ (1,394)	\$ 6,925	\$ 1,680	\$ -	\$ 7,211	\$ 14,660
Adjustments to reconcile operating income to net cash used by operating activities:						
Depreciation expense	2,684	-	-	-	2,684	2,722
Amortization of service release premiums	1,988	-	-	-	1,988	1,931
Amortization of deferred loan fees/costs, net	(399)	1,051	(367)	-	285	783
Provision for losses	2,985	5,372	(3,840)	-	4,517	500
Equity in income of joint venture	-	-	-	-	-	(159)
Amortization/accretion of premiums and discounts on investments, net	-	-	-	-	-	-
(Gain) loss on sale of investment	-	-	-	-	-	-
Amortization of premiums on bonds	-	-	-	-	-	-
Amortization of bond issuance costs	-	-	-	-	-	-
(Increase) decrease in fair value of investments	(41)	(5,317)	(3,352)	-	(8,710)	(2,245)
Investment income	(1,807)	(15,937)	(8,737)	-	(26,481)	(27,727)
Interest on debt	10,175	118,312	65,786	(1,500)	192,773	156,994
Changes in assets and liabilities:					-	-
Loans receivable and other real estate owned	(70,734)	(212,170)	(44,657)	(2,458)	(330,019)	(393,456)
Accrued interest receivable on loans	(164)	(1,863)	3	(15)	(2,039)	(3,629)
Other assets	(1,907)	(535)	(132)	-	(2,574)	(5,634)
Due to/from other funds	-	-	-	-	-	-
Accounts payable and other liabilities	(289)	-	-	-	(289)	3,525
<b>Net cash used by operating activities</b>	<b>\$ (58,903)</b>	<b>\$ (104,162)</b>	<b>\$ 6,384</b>	<b>\$ (3,973)</b>	<b>\$ (160,654)</b>	<b>\$ (251,735)</b>

The Authority defines cash and cash equivalents as cash deposits.

The accompanying notes are an integral part of these statements

## **(1) Organization and Summary of Significant Accounting Policies**

### **(a) Authorizing Legislation and Reporting Entity**

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

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

In 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.

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.

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

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

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

**Financial Statement Presentation** – The Authority's financial statements include a classified Statement of Net Assets, a Statement of Revenues, Expenses and Changes in Net Assets formatted to report operating and nonoperating revenues and expenses, a Statement of Cash Flows presented using the direct method and notes to the financial statements. The Authority's financial statements present its funds in separate columns. Summarized financial information for 2007 has been presented in the accompanying financial statements in order to provide an understanding of changes in the Authority's financial position, results of operations and cash flows on an entity-wide basis. However, the summarized financial information is not intended to present the financial position, results of operations or cash flows in accordance with accounting principles generally accepted in the United States of America.

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

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

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

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

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

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

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

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

**Allowance for Loan Losses** - The allowance for loan losses is provided through charges against current operations based on management's periodic review of the loan portfolio. This review considers such factors as the payment history of the loans, the projected cash flows of the borrowers, estimated value of the collateral, subsidies, guarantees, mortgage insurance, historical loss experience for each loan type, additional guarantees provided by the borrowers and economic conditions. When this review determines that an exposure to loss is probable and can be reasonably estimated, a provision against current operations is made.

**Capital Assets** – The Authority’s capital assets consist of two components. Corporate capital assets include those capital assets other than those used in its Rental Acquisition Program (RAP) activities. The Authority commenced its RAP operations in 1988 when the Board authorized the acquisition, rehabilitation and operation of multi-family properties to provide affordable housing to lower and moderate income families. The Authority has acquired and rehabilitated these properties with a combination of funds, including (1) general obligation and multi-family bond proceeds, (2) seller-carry notes, and (3) contributions from the General Fund. As a policy matter, the Authority sells these properties from time to time to qualified non-profit sponsors. As of December 31, 2008, the Authority owned a total of four RAP projects, including its three component units, containing 917 units.

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

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

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

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

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

**Debt Refundings** - For current and advance refundings resulting in defeasance of debt reported by the Authority, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense over the remaining life of the old or new debt, whichever is shorter, using the effective interest method. The deferred refunding amounts are classified as a component of bonds payable in the financial statements.

**Interest Rate Swap Agreements** - The Authority enters into interest rate swap agreements with rated swap counterparties in order to (1) provide lower cost fixed rate financing for its loan production needs through synthetic fixed rate structures; and (2) utilize synthetic fixed rate structures with refunding bonds in order to generate cash flow savings. The interest differentials to be paid or received under such swaps are recognized as an increase or decrease in interest expense of the related bond liability. Additional information about the swap agreements is provided in Note 7.

**Compensated Absences** - Employees accrue paid time off at a rate based on length of service. Employees may accrue and carry over 150% of their annual paid time off benefit. The liability for compensated absences is based on current salary rates and is reflected in the financial statements.

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

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

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

**New Accounting Principles** - The Authority has adopted all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable. No new statements needed to be adopted for the fiscal year ending December 31, 2008.

The GASB issued Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, which provides guidance on internally generated computer software, and Statement No. 53, *Accounting and Reporting for Derivative Instruments* which provides guidance on swap agreements. The Authority is currently studying the statements and plans on adoption when required, which will be in the fiscal year ending December 31, 2010.

**Estimates** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results could differ from those estimates.

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

**(2) Cash and Investments**

For General Fund investments, the Authority is authorized by means of a Board-approved investment policy to invest in notes, bonds and other obligations issued or guaranteed by the U.S. government and certain governmental agencies. Additionally, the Authority is permitted to invest, with certain restrictions as to concentration of risk, collateralization levels, maximum periods to maturity, and/or underlying rating levels applied, in revenue or general obligations of states and their agencies, certificates of deposits, U.S. dollar denominated corporate or bank debt, commercial paper, repurchase agreements backed by U.S. government or agency securities, money market mutual funds and investment agreements. The Authority is also subject to permissible investments as authorized by Title 24, Article 75, Part 6 of the Colorado Revised Statutes (CRS). Permissible investments pursuant to the CRS are either identical to or less restrictive than the Authority's investment policy. In addition, each of the trust indentures established under the Authority's bond programs contain requirements as to permitted investments of bond fund proceeds, which may be more or less restrictive than the Authority's investment policy for General Fund monies. Pursuant to temporary IRS regulations, the Authority has acquired and is holding \$147,280,000 of its own bonds as investments. These investments are included in the disclosures below under State & political subdivision obligations.

As of December 31, 2008, the Authority had the following investments:

Investment Type	Investment Maturities (In Years)				Total	2007
	Less Than 1	1-5	6-10	More Than 10		
Money market mutual fund	\$ 153,140	\$ -	\$ -	\$ -	\$ 153,140	\$ 2,011
External investment pool	87,109	-	-	-	87,109	42,999
Repurchase agreement	4,469	-	-	-	4,469	327
U.S. Treasury	-	-	-	632	632	3,177
U.S. Government agencies	12,177	9,441	19,373	57,366	98,357	159,806
State & political subdivision obligations	-	-	-	157,263	157,263	10,541
Investment agreements - uncollateralized	202,217	-	-	-	202,217	356,903
Investment agreements - collateralized	20,211	-	-	-	20,211	6,612
<b>Total</b>	<b>\$ 479,323</b>	<b>\$ 9,441</b>	<b>\$ 19,373</b>	<b>\$ 215,261</b>	<b>\$ 723,398</b>	<b>\$ 582,376</b>

**Interest Rate Risk** – The Authority manages interest rate risk in the General Fund by generally limiting the maximum maturity date of an investment to seven years. Of the General Fund's \$108,292,000 in investments, 96% have maturities of less than one year.

In the Single Family and Multi-Family/Business Funds, the Authority matches maturities to anticipated cash flows. Of the \$214,629,000 in investments with a maturity of more than ten years held by these funds, 57% are debt service reserves.



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

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

The rating for the repurchase agreements in the above table is the rating of the underlying securities. 89% of the investments in securities issued by state and political subdivisions are rated AAA. Investment agreements meet the requirements of the rating agency providing the rating on the related debt issue, and of the Board's investment policy.

As of December 31, 2008, the Authority had invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST), an investment vehicle established for local governmental entities in Colorado to pool funds available for investment. COLOTRUST is reflected in the above tables as an external investment pool. The State Securities Commissioner administers and enforces all State statutes governing COLOTRUST. COLOTRUST operates similar to a money market fund and each share's fair value is \$1.00.

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

Issuer	Total	General Fund	Single Family	Multi-Family/ Business
Federal National Mortgage Association	7.21%		5.16%	14.85%
Colorado Housing and Finance Authority	20.36%		31.36%	8.39%
Colotruster	12.04%	80.34%		
Dreyfus Cash Management Fund	12.19%	6.50%	19.49%	
Federal Home Loan Bank		11.07%		
Financial Guaranty Insurance Company				6.57%
Wells Fargo Heritage Money Market Fund	8.97%			31.83%
Natixis Funding Corporation	8.96%		8.44%	14.94%
Transamerica Occidental Life Insurance Company	5.81%		10.09%	
Trinity Funding Company	8.93%		15.51%	
West LB AG				7.45%

**Custodial Credit Risk – Investments** – For an investment, custodial credit risk is the risk that, in the event of the failure of the issuer, the Authority will not be able to recover the value of its investment or collateral securities that are in the

possession of an outside party. 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. At December 31, 2008, the Authority’s cash deposits had a carrying amount of \$29,355,000. All deposit accounts were either covered by the Federal Deposit Insurance Corporation or collateralized in accordance with the Public Deposit Protection Act.

Included in cash deposits are escrow deposits in the amount of \$20,139,000 held in a fiduciary capacity. These escrow deposits are primarily held for the payment of property taxes and insurance on behalf of the Authority’s mortgagors.

**(3) Loans Receivable, Other Real Estate Owned and Related Allowances**

Loans receivable at December 31, 2008, and 2007, consist of the following:

	2008	2007
General Fund	\$ 341,252	\$ 275,003
Single Family Fund:		
Program Senior and Subordinate Mortgage	89,623	103,310
	1,926,597	1,703,903
Total Single Family Fund loans	2,016,220	1,807,213
Multi-Family/Business Fund:		
Insured Mortgage Revenue	86,298	99,527
Multi-Family/Project	801,728	743,750
Total Multi-Family/Business Fund loans	888,026	843,277
Less intercompany loans, included in Multi-Family/Project above	(19,050)	(21,508)
Total loans receivable	3,226,448	2,903,985
Payments in process	(3,554)	(5,639)
Deferred cash assistance expense	7,797	7,833
Deferred fee income	(10,639)	(10,767)
Allowance for loan losses	(12,000)	(10,401)
Total loans receivable, net	\$ 3,208,052	\$ 2,885,011

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

General Fund loans are made up of single family, multi-family and business finance loans acquired under various programs of the General Fund, warehoused loans to be acquired by the Single Family and Multi-Family/Business Funds, loans held as investments, and loans backed by bonds within the General Fund. These loans are typically collateralized by mortgages on real property and improvements. Certain of these loans are also guaranteed by agencies of the United States government.

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

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

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

<b>Beginning Balance</b>	<b>Provision</b>	<b>Net Charge-offs</b>	<b>Ending Balance</b>
\$ (10,401)	\$ (4,733)	\$ 3,134	\$ (12,000)

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

Capital assets activity for the year ended December 31, 2008, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
<b>Non-depreciable capital assets:</b>				
Land	\$ 5,653	\$ -	\$ (868)	\$ 4,785
Construction in progress	1,363	4,601	(4,114)	1,850
<b>Total non-depreciable capital assets</b>	<b>7,016</b>	<b>4,601</b>	<b>(4,982)</b>	<b>6,635</b>
<b>Depreciable capital assets:</b>				
Cost:				
Computer equipment/software	5,924	2,823	-	8,747
Furniture and equipment	613	441	-	1,054
Rental property - non-building related	1,861	399	(802)	1,458
Buildings and related improvements	35,041	1,261	(8,914)	27,388
<b>Total depreciable capital assets</b>	<b>43,439</b>	<b>4,924</b>	<b>(9,716)</b>	<b>38,647</b>
Less accumulated depreciation:				
Computer equipment/software	(2,504)	(1,182)	-	(3,686)
Furniture and equipment	(185)	(102)	-	(287)
Rental property - non-building related	(855)	(228)	541	(542)
Buildings and related improvements	(14,188)	(1,172)	4,199	(11,161)
<b>Total accumulated depreciation</b>	<b>(17,732)</b>	<b>(2,684)</b>	<b>4,740</b>	<b>(15,676)</b>
<b>Total depreciable capital assets, net</b>	<b>25,707</b>	<b>2,240</b>	<b>(4,976)</b>	<b>22,971</b>
<b>Total capital assets, net</b>	<b>\$ 32,723</b>	<b>\$ 6,841</b>	<b>\$ (9,958)</b>	<b>\$ 29,606</b>

As discussed in Note 1(c), the Authority's capital assets consist of two components, corporate capital assets and RAP capital assets. Summary capital assets activity for these two components for the year ended December 31, 2008, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
<b>Corporate activities:</b>				
Cost	\$ 16,296	\$ 4,704	\$ -	\$ 21,000
Accumulated depreciation	(4,831)	(1,656)	-	(6,487)
Net	11,465	3,048	-	14,513
<b>RAP activities:</b>				
Cost	34,159	707	(10,584)	24,282
Accumulated depreciation	(12,901)	(1,028)	4,740	(9,189)
Net	21,258	(321)	(5,844)	15,093
Total capital assets, net	\$ 32,723	\$ 2,727	\$ (5,844)	\$ 29,606

Summary financial information for the Authority's RAP activities as of December 31, 2008, and for the year then ended is provided below:

<b>As of December 31, 2008</b>	
Property, net of accumulated depreciation	\$ 15,093
Total assets	\$ 18,672
Total liabilities	\$ 15,370
Net assets	\$ 3,302
<b>For the year ended December 31, 2008</b>	
Rental income	\$ 8,407
Gains on sales of properties	6,092
Other revenues	49
General operating expenses	(4,764)
Depreciation expense	(1,029)
Interest expense	(1,187)
Operating income	\$ 7,568

**(5) Short-term Debt**

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

The Authority also has a revolving, unsecured, commercial bank line of credit agreement for borrowings of up to \$30,000,000. Amounts drawn under the agreement bear interest fixed at 0.65% per annum above the London Interbank Offered Rate. This line of credit agreement terminates on July 24, 2009. The Authority pays an unused line fee at the rate of 0.25% per annum, payable in arrears on the last day of each calendar. The fee is based upon the amount by which the daily average of the aggregate principal amount of the borrowings outstanding is less than the line of credit.

Through August 2008, the Authority additionally had an agreement with a commercial bank for a secured line of credit authorizing borrowings of up to \$10,000,000. The Authority borrowed an amount based on the prior month’s average daily balance of custodial funds held in a non-interest bearing account at the bank. Amounts drawn under this agreement bear interest fixed at .75% per annum, and are invested with the bank in money market instruments. There are no commitment fees associated with this agreement.

Short-term debt activity for the year ended December 31, 2008, was as follows:

Description	Beginning Balance	Additions	Reductions	Ending Balance
Lines of credit	\$ 64,545	\$ 5,911,850	\$ (5,811,410)	\$ 164,985

**(6) Long-term Liabilities**

The Authority issues bonds and notes payable to finance its lending programs. Proceeds from long-term debt of the Single Family and Multi-Family/Business Funds are used for funding of single family, multi-family and business loans. Long-term debt of the General Fund (including notes payable) is used to finance single family and business loans related to various private placements, the Authority’s RAP activities and for general corporate purposes. The aggregate principal amounts of bonds and notes payable outstanding as of December 31, 2008, and 2007, are shown in the table on the following pages. Interest is payable semi-annually unless otherwise noted. Interest rates on variable debt are reset on a weekly basis by the remarketing agents.

Colorado Housing and Finance Authority – Notes to Financial Statements (tabular amounts are in thousands)

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Description and due date	Interest rate (%)	2008	2007
<b>Bonds payable:</b>			
<b>General Fund</b> (all General Fund bonds carry the Authority's general obligation pledge):			
General Obligation Bonds:			
1992 Series A	2009-2030	9.125	\$ 3,090
1998 Series A	2009-2017	4.70 to 5.25	\$ 980
<b>Total General Obligation Bonds</b>		<b>4,070</b>	<b>4,190</b>
Single Family:			
Taxable Mortgage Revenue Bonds: (* principal and interest payable monthly)			
2000 Series A*	2009-2020	6.914	1,144
2000 Series B*	2009-2020	6.675	165
2001 Series AP*	2009-2021	6.135	1,665
2001 Series AV*	2009-2021	6.625	67
2002 Series AP*	2009-2022	5.662	207
2004 Series A*	2009-2034	4.95	1,318
2004 Series B*	2009-2035	4.98	2,962
2004 Series CV*	2009-2035	5.14	1,966
2005 Series A *	2009-2035	5.17	8,003
2005 Series B*	2009-2036	5.32	7,258
2006 Series A*	2009-2036	5.92	8,979
2007 Series A*	2009-2037	5.50	7,622
<b>Total Single Family</b>		<b>41,356</b>	<b>45,936</b>
Multi-Family/Business Finance:			
ACCESS Program Bonds:			
1995 Series A	2009-2015	7.67	76
Guaranteed Loan Participation Purchase Bonds: (* principal and interest payable monthly)			
1999 Series A	2009-2024	5.71	619
2000 Series A	2009-2025	6.755	184
2003 Series A*	2009-2023	5.004	2,277
2004 Series A*	2009-2024	4.62	2,813
2004 Series B*	2009-2024	4.88	6,860
2005 Series A*	2009-2025	4.81	2,840
2006 Series A*	2009-2026	5.98	4,314
2007 Series A*	2009-2027	5.89	3,954
<b>Total Guaranteed Loan Participation Purchase Bonds</b>		<b>23,861</b>	<b>27,939</b>
Project Loan Participation Purchase Bonds: (* principal and interest payable monthly)			
2004 Series AP*	2009-2024	4.90	5,784
Taxable Rental Project Revenue Bonds: (* principal and interest payable monthly)			
2000 Series A	2009-2020	6.152	4,379
2002 Series AV*	2009-2022	5.55	6,086
2003 Series AV*	2009-2024	5.19	3,739
2004 Series A*	2009-2024	4.90	12,664
<b>Total Taxable Rental Project Revenue Bonds</b>		<b>26,868</b>	<b>27,355</b>
<b>Total Multi-Family/Business Finance</b>		<b>56,589</b>	<b>61,809</b>
<b>Total General Fund</b>		<b>102,015</b>	<b>111,935</b>

Colorado Housing and Finance Authority – Notes to Financial Statements (tabular amounts are in thousands)

Description and due date			Interest rate (%)	2008	2007
<b>Single Family Fund:</b>					
Single Family Program Senior and Subordinate Bonds:					
1995 Series D	2009-2026	5.625 to 7.375		105	415
1996 Series A	2009-2027	5.60 to 7.40		-	335
1996 Series B	2009-2027	7.45 to 7.65		-	300
1996 Series C	2009-2027	7.10 to 7.55		30	350
1997 Series A	2009-2027	7.00 to 7.25		500	985
1997 Series B	2009-2028	6.75 to 7.00		310	680
1997 Series C	2009-2028	6.75 to 6.875		760	985
1998 Series A	2009-2029	6.50 to 6.60		3,690	4,460
1998 Series B	2009-2029	5.50 to 6.55		3,826	4,443
1998 Series C	2009-2029	5.15 to 5.625		4,794	5,396
1998 Series D	2009-2029	6.125 to 6.35		4,880	5,540
1999 Series A	2009-2030	6.05 to 6.45		5,575	6,570
1999 Series B	2009-2030	6.50 to 6.80		3,090	4,220
1999 Series C	2009-2031	6.75 to 7.20		5,755	6,795
2000 Series A	2009-2031	7.25 to 7.50		2,470	3,020
2000 Series B	2009-2031	6.70 to 7.25		2,805	3,705
2000 Series C	2009-2031	5.70 to 8.40		2,400	3,185
2000 Series D	2009-2032	5.40 to 6.90		3,955	4,800
2000 Series E	2009-2032	5.375 to 7.00		3,030	3,735
2001 Series A	2009-2032	5.00 to 6.50		6,385	6,985
2001 Series B	2009-2033	5.00 to 6.80		8,080	9,100
2001 Series C	2009-2033	4.875 to 6.60		10,760	12,250
Total Single Family Program Senior and Subordinate Bonds				73,200	88,254
Single Family Mortgage Bonds:					
2001 Series AA	2009-2041	Variable & 5.25		131,840	131,840
2002 Series A	2009-2032	Variable & 4.55 to 5.65		60,820	61,650
2002 Series B	2009-2032	Variable & 4.80 to 5.40		87,355	89,805
2002 Series C	2009-2036	Variable & 4.40 to 4.95		111,255	117,155
2003 Series A	2009-2032	Variable & 4.75 to 5.15		49,305	49,970
2003 Series B	2009-2033	Variable & 5.00		148,085	150,930
2003 Series C	2009-2032	Variable & 5.00		85,170	87,070
2004 Series A	2009-2034	Variable & 5.25		96,720	98,470
2004 Series B	2009-2034	Variable & 5.25		80,415	82,245
2005 Series A	2009-2035	Variable & 5.25		85,690	87,355
2005 Series B	2009-2036	Variable & 4.60 to 5.22		158,220	168,810
2006 Series A	2009-2036	Variable & 5.00		106,985	106,985
2006 Series B	2009-2036	Variable & 5.10		183,800	190,950
2006 Series C	2009-2036	Variable & 4.625		158,680	158,680
2007 Series A	2009-2037	Variable & 4.80		164,000	175,000
2007 Series B	2009-2038	Variable		220,000	220,000
2008 Series A	2010-2038	Variable & 5.00 to 5.75		348,955	-
Total Single Family Mortgage Bonds				2,277,295	1,976,915
<b>Total Single Family Fund</b>				<b>2,350,495</b>	<b>2,065,169</b>



Colorado Housing and Finance Authority – Notes to Financial Statements (tabular amounts are in thousands)

Description and due date	Interest rate (%)	2008	2007	
<b>Multi-Family/Business Fund:</b>				
Multi-Family Housing Insured - Mortgage Revenue Bonds:				
1996 Series A	2009-2037	6.00 to 6.40	-	1,785
1997 Series A	2009-2038	5.75 to 7.125	4,880	4,970
1997 Series B	2009-2038	5.70 to 7.25	10,570	10,720
1997 Series C	2009-2039	5.00 to 5.75	21,025	22,765
1998 Series A	2009-2039	5.35 to 6.70	15,420	15,585
1998 Series B	2009-2040	5.45 to 7.00	7,080	7,110
1999 Series A	2009-2041	4.45 to 6.65	29,530	29,830
1999 Series B	2009-2041	5.25 to 5.85	5,245	5,295
1999 Series C	2009-2041	5.35 to 6.20	5,690	5,730
2002 Series AA	2009-2030	Variable	29,380	40,545
Total Multi-Family Housing Insured - Mortgage Revenue Bonds			128,820	144,335
Multi-Family/Project Bonds: (* principal and interest payable quarterly on some of the bonds)				
2000 Series A	2009-2032	Variable & 6.15	30,500	46,915
2000 Series B*	2009-2042	Variable & 5.90 to 6.10	29,875	30,180
2001 Series A	2009-2043	4.25 to 5.65	25,440	25,855
2002 Series A	2009-2042	Variable & 4.45 to 5.70	23,435	23,845
2002 Series C	2009-2042	Variable & 3.60 to 5.30	131,470	134,190
2003 Series A	2009-2033	Variable	39,390	41,355
2004 Series A	2009-2045	Variable & 2.60 to 4.80	78,920	82,255
2005 Series A	2009-2040	Variable	68,025	70,640
2005 Series B	2009-2040	Variable	26,310	26,785
2006 Series A	2009-2041	Variable	103,140	105,670
2006 Series B	2009-2044	Variable	-	118,600
2007 Series A	2009-2052	Variable	-	47,015
2007 Series B	2009-2038	Variable	91,055	103,745
2008 Series A	2009-2043	Variable	32,610	-
2008 Series B	2052	Variable	165,515	-
2008 Series C	2009-2038	Variable	41,560	-
Total Multi-Family/Project Bonds			887,245	857,050
<b>Total Multi-Family/Business Fund</b>			<b>1,016,065</b>	<b>1,001,385</b>
<b>Total bonds payable</b>			<b>3,468,575</b>	<b>3,178,489</b>
Deferred premiums			5,642	6,679
Deferred losses on refunding amounts			(5,515)	(7,630)
Net premium on swaps			47,527	-
<b>Bonds payable, net</b>			<b>\$ 3,516,229</b>	<b>\$ 3,177,538</b>
<b>Notes payable</b>			<b>\$ 1,085</b>	<b>\$ 5,042</b>

A breakdown of bonds payable as of December 31, 2008, and 2007 by fixed and variable interest rates follows in the table below. Certain of the Authority's variable rate debt has been converted to fixed rate debt by entering into pay fixed/receive variable rate interest rate swap agreements as further described in Note 7. Such debt is referred to in the table as synthetic fixed rate debt.

Description	2008	2007
Fixed rate debt	\$ 654,060	\$ 696,509
Synthetic fixed rate debt	2,257,690	2,194,640
Unhedged variable rate debt	556,825	287,340
<b>Total</b>	<b>\$ 3,468,575</b>	<b>\$ 3,178,489</b>

Included in certain of the bond issues shown in the previous table are capital appreciation term bonds. The principal amounts of these bonds appreciate based on semiannual compounding of the original principal balances at the interest rates specified. The appreciated balances of these bonds at maturity, and as reflected in the accompanying Statement of Net Assets at December 31, 2008, and 2007, are as follows:

Description and due date	Interest Rate (%)	Appreciated Balances		
		Maturity	2008	2007
Single Family Program Senior and Subordinate Bonds:				
1998 Series B - 2025-2029	5.50	\$ 6,053	\$ 2,241	\$ 2,123
1998 Series C - 2020-2029	5.625	11,448	4,794	4,851
			<u>\$ 7,035</u>	<u>\$ 6,974</u>

Also included in the table of bonds and notes payable outstanding are certain Single Family and Multi-Family/Project bonds which carry the Authority's general obligation pledge. These bonds are presented in the following table as of December 31, 2008, and 2007:

Description	2008	2007
Single Family Program Subordinate Bonds	\$ 1,095	\$ 1,435
Single Family Mortgage Bonds, Class III	89,170	95,220
Multi-Family/Project Bonds, Class I	285,305	252,595
Multi-Family/Project Bonds, Class II	23,000	-
Multi-Family/Project Bonds, Class III	16,915	57,820
<b>Total</b>	<b>\$ 415,485</b>	<b>\$ 407,070</b>

Long-term liability activity for the year ended December 31, 2008, was as follows:

Description	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable	\$ 3,178,489	\$ 589,207	\$ (299,121)	\$ 3,468,575	\$ 13,640
Unamortized premium/discount	6,679	365	(1,402)	5,642	22
Deferred losses on refunding	(7,630)	(1,914)	4,029	(5,515)	(21)
Net premium on swaps	-	47,527	-	47,527	4,753
Net bonds payable	3,177,538	635,185	(296,494)	3,516,229	18,394
Notes payable	5,042	-	(3,957)	1,085	73
Arbitrage rebate payable	2,630	385	(1)	3,014	-
Compensated absences	670	866	(765)	771	771
Deferred income	3,254	344	(335)	3,263	218
Other long-term liabilities	6,235	50	(37)	6,248	-
Total long-term liabilities	\$ 3,195,369	\$ 636,830	\$ (301,589)	\$ 3,530,610	\$ 19,456

Bonds and notes payable sinking fund installments and maturities subsequent to December 31, 2008, using rates in effect as of that date are as follows:

Year Ending December 31,	General Fund		Single Family		Multi-Family		Notes Payable	
	Principal	Interest	Principal *	Interest	Principal	Interest	Principal	Interest
2009	\$ 125	\$ 5,569	\$ 4,005	\$ 97,485	\$ 9,510	\$ 39,032	\$ 73	\$ 11
2010	130	5,561	5,570	90,133	10,130	36,410	74	10
2011	145	5,553	10,175	89,882	10,635	36,089	75	9
2012	295	5,542	23,675	89,560	11,195	35,742	76	9
2013	410	5,521	57,585	88,880	11,780	35,389	76	8
2014-2018	1,811	27,234	345,360	418,770	71,700	172,248	394	28
2019-2023	15,978	25,043	243,679	378,234	110,330	162,585	248	10
2024-2028	44,137	13,303	235,386	343,376	100,595	150,248	69	1
2029-2033	875	10,447	462,916	287,684	177,160	130,934	-	-
2034-2038	38,109	4,922	922,610	156,017	286,810	89,225	-	-
2039-2043	-	-	50,000	7,488	49,450	41,623	-	-
2044-2048	-	-	-	-	1,255	37,257	-	-
2049-2052	-	-	-	-	165,515	26,069	-	-
Total	\$ 102,015	\$ 108,695	\$ 2,360,961	\$ 2,047,509	\$ 1,016,065	\$ 992,851	\$ 1,085	\$ 86

\* Includes \$10.5 million of future accretion of principal value on capital appreciation bonds.

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. As of December 31, 2008, the amount outstanding on these bonds was \$445,705,000. The bonds are payable solely from amounts received by the trustees from the revenue earned by the developers and corporations. Loan and corresponding debt service payments are generally guaranteed by irrevocable direct-pay letters of credit, or other credit enhancement arrangements. The faith and credit of the Authority is not pledged for the payment of the principal or interest on the bonds. Accordingly, these obligations are excluded from the Authority's financial statements.

The Authority enters into Standby Bond Purchase agreements with various banks in connection with its variable rate bonds. Pursuant to these agreements, the banks are required to purchase any variable rate bonds which are not remarketed when

the rates are reset each week. The bonds held by the banks bear an interest rate specified in the agreements and must be removed from the banks at specified dates. At December 31, 2008, the banks held \$513,605,000 of the Authority's outstanding bonds. The bonds held by the bank bear interest at rates from 3.25% to 4.45% and must be removed by the Authority over the period from March 2009 to September 2018.

## (7) Interest Rate Swap Agreements

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

**Summary of Swap Transactions** - The key terms, including the fair values and counterparty credit ratings of the outstanding swaps as of December 31, 2008, are shown in the table on the following pages. The notional amounts of the swaps match 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.

### Risk Disclosure

**Credit Risk:** All of the Authority's swaps rely upon the performance of the third parties who serve as swap counterparties, and as a result the Authority is exposed to credit risk - i.e., the risk that a swap counterparty fails to perform according to its contractual obligations. The appropriate measurement of this risk at the reporting date is the fair value of the swaps, as shown in the column labeled "Fair Value" in the table on the following page. The Authority is exposed to credit risk in the amount of any positive net fair value exposure to each counterparty. As of December 31, 2008, the Authority was exposed to no credit risk to any of its counterparties. To mitigate credit risk, the Authority maintains strict credit standards for swap counterparties. All swap counterparties must be rated in the Aa/AA or higher category by either Moody's Investors Service (Moody's) or Standard & Poor's (S&P) respectively at the time the contract is entered into.

The Authority has executed 78 swap transactions with 9 counterparties with concentrations and ratings (Standard and Poor's/ Moody's Investors Service) as shown:

Swap Count	Concentration	Counterparty Rating
14	17.8%	A-/A3
14	17.1%	AA-/Aa3
35	32.0%	AA-/Aa1
2	2.0%	AAA/Aaa
1	5.5%	A+/Aa3
6	14.8%	AA-/Aa1
1	0.3%	AAAt/Aaa
3	8.7%	AA-/Aaa
2	1.8%	A+/Aa2
<u>78</u>	<u>100.00%</u>	

Additionally, the Authority has entered into 2 forward starting swap agreements with 2 counterparties for a notional amount of \$40,000,000. The fair value of these swaps as of December 31, 2008, was a negative \$3,667,000. As of December 31, 2008, the bonds relating to these swap agreements had not been issued.

In the fourth quarter of 2008, due to a credit event affecting 2 of the Authority's counterparties, the Authority terminated 63 swaps with a notional amount of \$1,095,810,000. The Authority entered into 39 replacement swap agreements with other counterparties for a notional amount of \$926,935,000. Terminated swap agreements with a notional amount of

\$168,875,000 were not replaced. In connection with the swap terminations and replacements, a termination payment of \$4.7 million was expensed in 2008 and a net premium of \$47.5 million was received. This premium is included in bonds payable, current and non-current, and is being amortized over the life of the new swap agreements.

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

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

The Authority's taxable variable-rate bond interest payments are substantially equivalent to LIBOR (plus a trading spread). The Authority is receiving LIBOR (plus a trading spread) 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, 2008, the Authority is not exposed to rollover risk.

*(text continues on page 31)*

Colorado Housing and Finance Authority – Notes to Financial Statements (tabular amounts are in thousands)

Associated Bond Issue	Current Notional Amount	Effective Date	Termination Date	Fixed Rate Paid	Variable Rate Received *	Embedded Options	Optional Termination Date, at Par	Optional Termination Amount	Counterparty Rating Moody's/S&P	Fair Value **
<b>Single Family:</b>										
Single-Family 2001-AA	\$ 15,340	12/02/08	05/01/18	5.5260%	Trigger, SIFMA + .05% or 68% LIBOR				AA-/Aa1	\$ (3,549)
Single-Family 2001-AA2	46,840	12/04/08	05/01/31	4.6000%	Trigger, SIFMA + .05% or 68% LIBOR				AA-/Aa1	(10,460)
Single-Family 2002-A3	19,090	12/04/08	11/01/21	4.7490%	Trigger, SIFMA + .05% or 68% LIBOR				AA-/Aa1	(3,247)
Single-Family 2002-B3	40,000	12/04/08	11/01/21	4.5060%	Trigger, SIFMA + .05% or 68% LIBOR				AA-/Aa1	(6,431)
Single-Family 2002-C3	40,000	12/04/08	05/01/22	4.4220%	Trigger, SIFMA + .15% or 68% LIBOR				AA-/Aa1	(6,336)
Single-Family 2003-A2	20,000	12/02/08	11/01/21	4.1600%	Trigger, SIFMA + .05% or 68% LIBOR				AA-/Aa1	(2,805)
Single-Family 2003-B1	36,670	12/02/08	11/01/26	4.8510%	LIBOR + .05%	Par optional termination right	05/01/15	27,305	AA-/Aa1	(4,492)
Single-Family 2003-B-2	30,000	10/29/08	05/01/28	4.9380%	LIBOR + .05%	Par optional termination right	11/1/2018	all remaining	AA-/Aa1	(3,908)
Single-Family 2003-B3	60,000	12/02/08	11/01/26	4.3840%	Trigger, SIFMA + .15% or 68% LIBOR	Par optional termination right	05/01/15	43,170	AA-/Aa1	(6,188)
Single-Family 2003-C1	25,275	12/03/03	05/01/12	4.0330%	LIBOR + .05%				AAA/Aaa	(1,168)
Single-Family 2003-C2	40,000	12/02/08	11/01/26	4.5950%	Trigger, SIFMA + .15% or 68% LIBOR	Par optional termination right	05/01/15	28,780	AA-/Aa1	(4,669)
Single-Family 2004-A1	20,365	09/01/04	05/01/12	4.4596%	LIBOR + .05%				AAA/Aaa	(1,077)
Single-Family 2004-A2	50,000	07/28/04	11/01/26	4.3685%	Trigger, SIFMA + .15% or 68% LIBOR	Par optional termination right	05/01/15	35,970	A-/A3	(5,108)
Single-Family 2004-B1	17,200	12/01/04	05/01/12	4.0520%	LIBOR + .05%				A-/Aa2	(775)
Single-Family 2004-B2	40,000	11/01/04	11/01/26	4.1220%	Trigger, SIFMA + .15% or 68% LIBOR	Par optional termination right	05/01/15	28,780	A-/A3	(3,438)
Single-Family 2005-A1	23,670	05/01/05	05/01/13	4.3555%	LIBOR + .05%				A-/Aa2	(1,371)
Single-Family 2005-A2	40,000	03/16/05	11/01/27	4.0710%	Trigger, SIFMA + .15% or 68% LIBOR	Par optional termination right	05/01/15	32,290	A-/A3	(3,221)
Single-Family 2005-B2	80,000	07/20/05	05/01/34	4.1693%	Trigger, SIFMA + .15% or 68% LIBOR	Par optional termination right	05/01/15	48,650	A-/A3	(6,826)
Single-Family 2006-A1	13,610	03/01/06	11/01/13	5.1610%	LIBOR + .05%				AA-/Aa1	(1,084)
Single-Family 2006-A3	40,000	01/18/06	11/01/36	4.3129%	Trigger, SIFMA + .15% or 68% LIBOR	Par optional termination right	05/01/19	37,810	AA-/Aa3	(4,377)
Single-Family 2006-B1	50,950	11/01/06	11/01/14	5.6685%	LIBOR + .05%				AA-/Aa1	(5,325)
Single-Family 2006-B2	49,325	07/26/06	11/01/34	4.1951%	Trigger, SIFMA + .05% or 68% of LIBOR	Par optional termination right	05/01/19	16,700	AA-/Aa3	(5,827)
Single-Family 2006-B3	62,945	07/26/06	11/01/36	4.5445%	Trigger, SIFMA + .15% or 68% LIBOR	Par optional termination right	05/01/19	59,190	AA-/Aa3	(8,582)
Single-Family 2006-C1	50,945	01/02/07	11/01/14	5.3143%	LIBOR + .05%				AA-/Aa1	(4,836)
Single-Family 2006-C2	14,140	12/20/06	05/01/16	4.2884%	Trigger, SIFMA + .05% or 68% of LIBOR	Par optional termination right	05/01/12	7,050	AA-/Aa3	(1,494)
Single-Family 2006-C2	10,605	12/20/06	11/01/16	4.2884%	Trigger, SIFMA + .05% or 68% of LIBOR	Par optional termination right	11/01/12	5,300	AA-/Aa3	(1,185)
Single-Family 2006-C2	10,605	12/20/06	11/01/17	4.2884%	Trigger, SIFMA + .05% or 68% of LIBOR	Par optional termination right	11/01/13	5,300	AA-/Aa3	(1,297)
Single-Family 2006-C2	35,350	12/20/06	11/01/34	4.2884%	Trigger, SIFMA + .05% or 68% of LIBOR	Par optional termination right	11/01/19	21,210	AA-/Aa3	(4,145)
Single-Family 2007A-1	64,505	6/1/2007	05/01/15	5.1911%	LIBOR + .05%				AA-/Aa1	(6,331)
Single-Family 2007A-2	70,000	5/9/2007	11/01/37	4.1530%	Trigger, SIFMA + .15% or 68% LIBOR	Par optional termination right	5/1/2019	62,910	AA-/Aa3	(6,289)
Single-Family 2007B-1	93,690	11/1/2007	11/01/26	5.5800%	Libor plus 0.05%	Par optional termination right	11/1/2017	24,610	AA-/Aa1	(13,720)
Single-Family 2007B-2	50,000	10/18/2007	05/01/38	4.5075%	Trigger, SIFMA + .15% or 68% LIBOR	Par optional termination right	5/1/2019	46,545	AA-/Aa3	(6,183)
								Up to:		
							1) 11/1/2013	1) 12,500		
							2) 11/1/2015	2) 25,000		
Single-Family 2007B-3	50,000	12/02/08	05/01/38	4.4050%	Trigger, SIFMA + .15% or 68% LIBOR	Par optional termination right	3) 11/1/2017	3) 50,000	AA-/Aa1	(3,019)
								Up to:		
							1) 5/1/2014	1) 20,000		
							2) 5/1/2016	2) 40,000		
Single-Family 2008A-3	80,000	6/4/2008	5/1/2038	4.4140%	Trigger, SIFMA + .05% or 68% of LIBOR	Par optional termination right	3) 5/1/2018	3) 80,000	A-/A3	(6,179)
								Up to:		
							1) 11/1/2011	2) 27,440		
							2) 11/1/2013	3) 38,340		
							3) 11/1/2016	4) all		
Single-Family 2008A-1	60,000	6/4/2008	05/01/38	5.4450%	LIBOR + .05%	Par optional termination right	4) 11/1/2018	remaining	AA-/Aa1	(8,780)
Single-Family 2008A-2	124,865	6/4/2008	11/1/2027	4.5960%	LIBOR + .05%	Par optional termination right	5/1/2018	all remaining	A-/Aa3	(12,887)
T total Single Family	1,575,985									(176,609)
<b>Multi-Family/Business:</b>										
Multi-Family/Project 2000-A1	12,750	11/21/08	10/01/20	5.2350%	SIFMA + .05				AA-/Aa1	(2,794)
Multi-Family/Project 2000-A2	11,050	11/21/08	04/01/15	5.8000%	SIFMA + .05				AA-/Aa1	(1,496)
Multi-Family/Project 2000-B1	6,150	10/19/00	07/01/20	7.3900%	LIBOR + .25%				AAA/Aaa	(1,797)
Multi-Family/Project 2002-A1	9,410	11/21/08	10/01/22	5.1000%	SIFMA + .15				AA-/Aa1	(1,894)
Multi-Family/Hsg Ins 2002AA	29,380	11/21/08	10/01/23	6.0680%	SIFMA + .05				AA-/Aa1	(7,811)
Multi-Family/Project 2002-C2	70,715	11/21/08	10/01/32	5.1240%	Trigger, SIFMA + .15% or 68% LIBOR	Par optional termination right	04/01/18	59,340	AA-/Aa1	(13,055)
Multi-Family/Project 2002-C4	31,960	11/21/08	10/01/32	5.0440%	Trigger, SIFMA + .05% or 68% LIBOR	Par optional termination right	04/01/18	26,785	AA-/Aa1	(5,664)
Multi-Family/Project 2003-A1	21,800	12/03/08	04/01/26	4.5550%	LIBOR + .05%	Par optional termination right	10/01/09	16,576	AA-/Aa1	(864)
Multi-Family/Project 2004-A1	45,825	11/01/04	10/01/25	5.5281%	LIBOR + .05%	Par optional termination right	10/01/14	all remaining	A-/A3	(6,998)
Multi-Family/Project 2004-A2	10,785	09/22/04	04/01/45	4.8840%	SIFMA + .15%	Par optional termination right	10/01/19	all remaining	A-/A3	(1,516)
Multi-Family/Project 2005-A1 (A)	5,005	08/01/05	10/01/35	5.8200%	LIBOR + .05%	Par optional termination right	04/01/15	all remaining	A-/A3	(880)
Multi-Family/Project 2005-A1 (B)	3,190	08/01/05	10/01/20	5.2050%	LIBOR + .05%				A-/A3	(727)

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 Moody's/S&P	Fair Value **
Multi-Family/Project 2005-A1 (C)	10,480	08/01/05	10/01/25	5.7120% LIBOR +.05%		Par optional termination right	04/01/15	all remaining	A-/A3	(1,812)
Multi-Family/Project 2005-A1 (D)	4,215	08/01/05	10/01/25	5.5730% LIBOR +.05%		Par optional termination right	10/01/11	all remaining	A-/A3	(380)
Multi-Family/Project 2005-A2	20,170	07/01/05	04/01/36	4.2850% SIFMA +.05%		Par optional termination right	04/01/15	all remaining	A-/A3	(1,585)
Multi-Family/Project 2005-A3 (A)	6,610	04/13/05	04/01/40	4.6560% SIFMA +.15%		Par optional termination right	10/01/20	all remaining	A-/A3	(940)
Multi-Family/Project 2005-A3 (B)	6,565	10/01/05	04/01/32	4.4800% SIFMA +.15%		Par optional termination right	04/01/15	all remaining	A-/A3	(525)
Multi-Family/Project 2005-B1	14,410	03/01/06	04/01/36	5.2350% LIBOR +.05%		Par optional termination right	10/01/15	11,125	AA-/Aa3	(2,169)
Multi-Family/Project 2005-B2 (A)	3,615	01/02/06	10/01/40	4.7350% SIFMA +.15%		Par optional termination right	10/01/15	3,305	AA-/Aa3	(292)
Multi-Family/Project 2005-B2 (B)	6,110	09/01/06	10/01/38	4.5270% SIFMA +.15%		Par optional termination right	10/01/21	4,520	AA-/Aa3	(821)
Multi-Family/Project 2006A-1	11,835	12/01/06	10/01/36	5.3420% LIBOR +.05%		Par optional termination right	04/01/21	8,040	AA-/Aa3	(2,767)
								Up to:		
							1) 10/1/2011	1) 2,840		
Multi-Family/Project 2006A-1	36,745	12/03/08	04/01/27	5.7100% LIBOR +.05%		Par optional termination right	2) 10/1/2016	2) 12,305	AA-/Aa1	(9,489)
Multi-Family/Project 2006A-2	4,950	12/03/08	04/01/28	4.3410% SIFMA +.15%		Par optional termination right	10/01/16	3,540	AA-/Aa1	(459)
Multi-Family/Project 2006A-2	9,575	12/03/08	10/01/41	4.9990% SIFMA +.15%		Par optional termination right	04/01/24	7,670	AA-/Aa1	(1,830)
Multi-Family/Project 2006A-2	12,470	12/03/08	04/01/39	4.6260% SIFMA +.15%		Par optional termination right	10/01/16	10,880	AA-/Aa1	(1,141)
Multi-Family/Project 2006A-2	3,100	12/03/08	04/01/26	4.7400% SIFMA +.15%		Par optional termination right	04/01/24	2,670	AA-/Aa1	(629)
Multi-Family/Project 2006A-3	2,490	12/03/08	10/01/36	4.5040% SIFMA +.05%		Par optional termination right	10/01/16	2,150	AA-/Aa1	(233)
Multi-Family/Project 2006A-3	875	12/03/08	04/01/27	3.9950% SIFMA +.05%				6,190	AA-/Aa1	(103)
Multi-Family/Project 2007B-1	7,745	10/1/2007	04/01/28	5.2200% LIBOR +.05%		Par optional termination right	4/1/2028	6,190	AA-/Aa3	(1,934)
								Up to:		
							1) 10/1/2012	1) 6,920		
							2) 10/1/2017	2) 19,460		
Multi-Family/Project 2007B-1	38,845	12/03/08	04/01/28	5.6400% LIBOR +.05%		Par optional termination right	3) 4/01/2022	3) 16,925	AA-/Aa1	(11,725)
Multi-Family/Project 2007B-2	2,885	12/03/08	10/01/36	4.2870% SIFMA +.15%		Par optional termination right	10/1/2017	2,040	AA-/Aa1	(270)
Multi-Family/Project 2007B-2	2,140	12/03/08	04/01/38	4.5350% SIFMA +.15%		Par optional termination right	10/2/2017	1,780	AA-/Aa1	(206)
Multi-Family/Project 2007B-2	4,910	12/03/08	04/01/38	4.4695% SIFMA +.15%		Par optional termination right	10/2/2017	4,395	AA-/Aa1	(506)
Multi-Family/Project 2007B-2	4,900	12/03/08	04/01/28	4.6510% SIFMA +.15%		Par optional termination right	4/1/2023	3,835	AA-/Aa1	(842)
Multi-Family/Project 2007B-3	2,635	12/03/08	10/01/37	4.2970% SIFMA +.15%		Par optional termination right	10/1/2017	2,065	AA-/Aa1	(221)
Multi-Family/Project 2007B-3	4,920	12/03/08	10/01/19	4.0967% SIFMA +.05%		Par optional termination right	10/1/2014	4,430	AA-/Aa1	(385)
Multi-Family/Project 2007B-3	2,315	12/03/08	04/01/38	4.8805% SIFMA +.05%		Par optional termination right	10/1/2017	2,205	AA-/Aa1	(300)
Multi-Family/Project 2008A	8,030	12/03/08	04/01/43	4.5400% SIFMA +.15%		Par optional termination right	4/1/2019	6,340	AA-/Aa1	(797)
								Up to:		
								1) 3,070		
							1) 4/1/2018	2) all		
Multi-Family/Project 2008A	16,585	12/03/08	04/01/29	5.1300% LIBOR +.05%		Par optional termination right	2) 4/1/2019	remaining	AA-/Aa1	(3,814)
Multi-Family/Project 2008B	118,600	12/03/08	10/01/44	5.17215% LIBOR					AA-/Aaa	(48,151)
Multi-Family/Project 2008B	46,915	12/03/08	03/01/47	5.2071% LIBOR					AA-/Aaa	(21,759)
Multi-Family/Project 2008C	8,045	12/03/08	10/01/38	4.3400% SIFMA +.05%		Par optional termination right	4/1/2019	6,500	AA-/Aa1	(832)
Total Multi-Family/Business	681,705									(162,313)
Total	\$ 2,257,690									\$ (338,922)

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

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

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

**Swap Payments and Associated Debt** - Using interest rates as of December 31, 2008, debt service requirements of the Authority's outstanding variable-rate debt and net swap payments are as follows. As rates vary, variable rate interest rate payments on the bonds and net swap payments will change.

Year Ending December 31,	Principal	Interest	Swaps, Net	Total
2009	\$ 100,955	\$ 77,484	\$ 92,740	\$ 271,179
2010	107,695	67,384	84,013	259,092
2011	106,795	62,426	79,426	248,647
2012	104,695	57,744	75,002	237,441
2013	104,065	53,750	70,663	228,478
2014-2018	526,110	219,728	288,965	1,034,803
2019-2023	370,950	158,229	200,781	729,960
2024-2028	307,920	104,801	132,426	545,147
2029-2033	260,520	64,910	80,165	405,595
2034-2038	194,170	29,110	34,041	257,321
2039-2043	50,590	10,720	11,838	73,148
2044-2047	23,225	2,051	2,191	27,467
Total	\$2,257,690	\$ 908,337	\$ 1,152,251	\$ 4,318,278

**(8) Debt Refundings**

On June 25, 2008, the Authority issued its Multi-Family/Project Bonds 2008 Series B, in the aggregate principal amount of \$165,565,000. Proceeds of the bonds were used to refund its outstanding Multi-Family/Project Bonds 2006 Series B, and 2007 Series A, in the amount of \$165,565,000. The refunding resulted in a decrease in the aggregate debt service requirement of approximately \$12,400,000, based on the change in variable interest rates at the time of refunding, and an approximate economic gain to the Authority of \$6,100,000. In accordance with GASB Statement No. 23, Accounting and Financial Reporting for Refundings of Debt Reported by Proprietary Activities, \$1,914,000 was deferred and is being amortized over the estimated life of the old debt.

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

In prior years, the Authority defeased certain bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Authority's financial statements. On December 31, 2008, \$58.9 million of bonds outstanding are considered defeased.



**(9) Restricted Net Assets**

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

Assets of the Single Family and Multi-Family/Business Funds are pledged for payment of principal and interest on the applicable bonds. In addition, certain assets are further restricted by bond resolutions for payment of interest on and/or principal of bonds in the event that the related debt service funds and other available monies are insufficient. Such assets are segregated within the Single Family and Multi-Family/Business Funds and are held in cash or investments. At December 31, 2008, these assets were at least equal to the amounts required to be restricted.

The Authority's Board of Directors (the "Board") has designated certain amounts of the unrestricted net assets of the General Fund as of December 31, 2008, for various purposes, as indicated in the following table. These designations of net assets are not binding, and can be changed by the Board.

Appropriations for loan programs:	
Housing Opportunity loans	\$ 41,833
Housing loans	389
Business finance loans	14,577
<b>Total appropriations</b>	<b>56,799</b>
Designations:	
General obligation bonds	18,832
General operating and working capital	540
Unrealized appreciation of investments	45,342
Single and multi-family bonds	19,382
<b>Total designations</b>	<b>84,096</b>
<b>Total General Fund unrestricted net assets</b>	<b>\$ 140,895</b>

**(10) Interfund Receivables, Payables and Transfers**

The composition of interfund balances as of December 31, 2008, is as follows:

Due From Fund	Due to Fund			Total
	General	Single Family	Multi-Family/ Business	
General	\$ -	\$ 31,051	\$ 20,778	\$ 51,829
Single Family	-	-	-	-
Multi-Family/Business	361	-	-	361
<b>Total</b>	<b>\$ 361</b>	<b>\$ 31,051</b>	<b>\$ 20,778</b>	<b>\$ 52,190</b>

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

The following table summarizes the Authority's transfers for the year ended December 31, 2008:

Transfers Out	Transfers In			Total
	General	Single Family	Multi-Family/ Business	
General	\$ -	\$ 42,450	\$ 100,605	\$ 143,055
Single Family	46,958	-	-	46,958
Multi-Family/Business	85,434	-	-	85,434
<b>Total</b>	<b>\$ 132,392</b>	<b>\$ 42,450</b>	<b>\$ 100,605</b>	<b>\$ 275,447</b>

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

**(11) Retirement Plans**

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

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

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

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

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:

	<b>2008</b>	<b>2007</b>	<b>2006</b>
<b>Contribution rate of covered salary:</b>			
Members	8.00%	8.00%	8.00%
Authority:			
Trust	10.88%	9.98%	9.48%
Health Fund	1.02%	1.02%	1.02%
<b>Total contribution rate</b>	<b>11.90%</b>	<b>11.00%</b>	<b>10.50%</b>
<b>Contributions by the Authority:</b>			
Trust	\$ 1,178	\$ 1,010	\$ 890
Health Fund	110	103	96
<b>Total contributions</b>	<b>\$ 1,288</b>	<b>\$ 1,113</b>	<b>\$ 986</b>

An additional benefit offered to eligible Authority employees through PERA is a Voluntary Investment Program, established under Section 401(k) of the Internal Revenue Code. Participants invest a percentage of their annual gross salaries up to the annual IRS limit of their gross salaries. The Authority contributes 1% of each participating employee’s salary as part of the 401(k) match and, in addition to the 1% contribution, the Authority matches half of the employee’s 401(k) contribution up to 5% of the participating employee’s gross salary. The Authority’s maximum match of gross salary is 3.5%, which includes the 1% contribution. All Participating employees vest immediately in the plan. Contributions by the Authority for the years ended December 31, 2008, and 2007 were \$325,000 and \$302,000, respectively. Contributions by participating employees for the year ended December 31, 2008 and 2007 were \$829,000 and \$797,000, respectively.

Included in bonds and notes payable are bonds payable to PERA of \$33,747,000 at December 31, 2008, that carry the Authority's general obligation pledge.

### **(12) Risk Management**

The Authority has a risk management program under which the various risks of loss associated with its business operations are identified and managed. The risk management techniques utilized include a combination of standard policies and procedures and purchased insurance. Commercial general liability, property losses, business automobile liability, worker's compensation and public officials' liability are all managed through purchased insurance. There were no significant reductions or changes in insurance coverage from the prior year. Settled claims did not exceed insurance coverage in any of the past three fiscal years.

### **(13) Commitments and Contingencies updated**

The Authority had outstanding commitments to make or acquire single family and multi-family/business loans of \$15,040,000 and \$37,002,000, respectively, as of December 31, 2008.

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

### **(14) Subsequent Events**

On April 7, 2009, the Authority issued its Single Family Mortgage Class I Bonds in the amount of \$90,000,000. The bonds carry interest rates of 2.4% to 5.5% and mature in varying amounts through 2029.

## APPENDIX B

### Outstanding General Resolution Obligations

#### The Outstanding Bonds

The Authority has issued under the General Resolution its twenty-four (24) series of the Multi-Family Housing Insured Mortgage Revenue Bonds for the purpose of financing or refinancing Mortgage Loans. Nine (9) of such Series of Bonds as shown below are currently outstanding.

#### Multi-Family Housing Insured Mortgage Revenue Bonds Issued and Outstanding as of October 1, 2009

<u>Bond Issue</u>	<u>Issued</u>	<u>Outstanding</u>
1977A	\$ 21,050,000	\$ --
1977B	43,830,000	--
1979A	42,750,000	--
1982A	104,735,000	--
1982B	28,780,000	--
1984A	23,765,000	--
1991A	2,570,000	--
1992A	86,940,000	--
1993A	17,515,000	--
1995A	13,130,000	--
1995B	14,455,000	--
1995C	13,085,000	--
1996A	39,720,000	--
1996B	9,055,000	--
1996C	24,465,000	--
1997A	20,150,000	1,580,000
1997B	29,860,000	10,400,000
1997C (1)(2)	56,130,000	21,000,000
1998A	20,730,000	15,240,000
1998B	7,300,000	6,780,000
1999A	34,925,000	18,320,000
1999B	5,580,000	5,190,000
1999C	18,140,000	5,650,000
2002AA (3)	<u>75,720,000</u>	<u>28,140,000</u>
Total	<u>\$754,380,000</u>	<u>\$112,300,000</u>

- (1) Proceeds of the 1997 Series C Bonds were used to refund a portion of the 1995 Series A Bonds.  
(2) Proceeds of the Taxable 1997 Series C Bonds were used to refund all of the 1979 Series A Bonds.  
(3) These are the 2002AA Remarketed Bonds.

The Authority is permitted by the General Resolution to issue additional Series of Bonds, subject to certain conditions, which additional Bonds will be secured equally with the outstanding Bonds by the revenues, assets and moneys pledged under the General Resolution as described in the Official Statement. See "Part II - SECURITY FOR THE OBLIGATIONS – Issuance of Additional Bonds" in the Official Statement.

## **Outstanding General Resolution Derivative Product**

The 2002AA Derivative Product entered on July 3, 2002 in connection with the 2002 Series AA Bonds is the only Derivative Product delivered and outstanding at this time under the General Resolution. See "CERTAIN PROGRAM ASSUMPTIONS – 2002AA Derivative Product" in this Supplement. In addition, the General Resolution permits the Authority to enter Derivative Products in the future in connection with Adjustable Rate Bonds issued thereunder. Any payments or receipts received by the Authority under any Derivative Product are pledged under the Resolutions as Revenues, as described in "Part II – SECURITY FOR THE OBLIGATIONS – Revenues" and "– Derivative Products" in the Official Statement. The Authority's obligation to make regular interest payments to the counterparties under any Derivative Product constitutes an Obligation under the General Resolution, secured on parity with the lien on the Trust Estate of the other Obligations. The Authority's obligation to make termination payments under any Derivative Product in the event of early termination is a general obligation of the Authority and not secured by the Trust Estate under the General Resolution. See "CERTAIN CONSIDERATIONS FOR BONDOWNERS – Risks Related to Derivative Products" and "COLORADO HOUSING AND FINANCE AUTHORITY – Obligations of the Authority" in this Supplement. See also footnote (7) to the audited 2008 financial statements of the Authority.

## **Prior Liquidity Facility; Delivery of the Facility**

The Authority had previously entered into a Standby Bond Purchase Agreement (constituting a Liquidity Facility under the General Resolution) among the Authority, the Paying Agent and Westdeutsche Landesbank Girozentrale, acting through its New York Branch, as Liquidity Facility Provider (the "**WestLB Liquidity Facility**"). On June 11, 2009, the 2002AA Remarketed Bonds were subject to mandatory tender as a result of the expiration the WestLB Liquidity Facility.

In connection with the remarketing of the 2002AA Remarketed Bonds on December 16, 2009, Fannie Mae and Freddie Mac, as the Facility Provider, are delivering the Facility as described in **Appendix H** to this Supplement. The Authority's obligation to repay the GSEs prior to stated maturity or any mandatory sinking fund redemption date for any principal amounts due on any Bank Bonds outstanding under the Facility constitutes an Obligation under the General Resolution. See "CERTAIN CONSIDERATIONS FOR BONDOWNERS – Risks Related to the Facility Provider and the Facility" in this Supplement.

## APPENDIX E

### Certain Information About the Outstanding Mortgage Loans and Projects

The chart below has been prepared by the Authority to provide, as of its date, certain information about the Outstanding Mortgage Loans and Projects.

**Loan Portfolio Report**  
**As of November 30, 2009**  
**Multi-Family Housing Insured Mortgage Revenue Bonds**  
**1997A, 1997B, 1997C, 1998A, 1998B, 1999A, 1999B, 1999C, 2002AA**

<u>Bond Issue</u>	<u>Company Name</u>	<u>Original Loan Amount</u>	<u>Maturity Date</u>	<u>PI Amount</u>	<u>Loan Program Type</u>	<u>Current Principal Balance</u>
M97A	Gold Camp	\$1,308,700.00	06/01/2037	\$8,323.47	542 (C)	\$1,194,911.70
M97B	Dominium Management Services	158,338.20	12/01/2039	55,492.97	221 (D) 4	146,478.98
M97B	Fountain Ridge Associates	24,245.52	04/01/2039	12,300.29	221 (D) 4	22,324.97
M97B	Englewood Senior Living LLC	85,200.00	08/01/2039	43,864.00	542 (C)	79,423.86
M97B	Lakewood Homestead Ltd	180,635.00	03/01/2040	27,497.33	542 (C)	169,025.99
M97B	Village Crest Apts	3,960,593.00	07/01/2041	35,235.48	542 (C)	3,729,226.25
M97B	New Vision Housing Partn	6,470,648.60	05/01/2040	71,914.41	221 (D) 4	6,038,330.05
M97C	DNE	453,600.00	02/01/2020	3,153.93	221 (D) 4	266,675.82
M97C	Dominium Management Services	7,710,973.20	12/01/2039	55,492.97	221 (D) 4	7,133,434.45
M97C	Fountain Ridge Associates	1,695,484.96	04/01/2039	12,300.29	221 (D) 4	1,561,176.37
M97C	Englewood Senior Living LLC	5,670,060.00	08/01/2039	43,864.00	542 (C)	5,285,657.01
M97C	Lakewood Homestead Ltd	3,534,440.00	03/01/2040	27,497.33	542 (C)	3,307,288.87
M98A	Madison Ave	2,377,000.00	02/01/2029	15,102.50	542 (C)	1,987,933.37
M98A	Riverwalk	8,083,000.00	09/01/2039	34,545.53	221 (D) 4	5,763,042.83
M98A	Montview	1,483,000.00	01/01/2039	8,682.32	542 (C)	1,363,513.89
M98A	Grand Valley Apartments	2,332,000.00	04/01/2039	13,321.97	542 (C)	2,142,051.08
M98A	Heatherwood Apartment	2,236,500.00	11/01/2039	12,934.74	542 (C)	2,071,666.82
M98B	Mercy Housing Colorado	1,155,880.00	12/01/2028	10,290.07	542 (C)	959,764.75
M98B	New Vision Housing Partn	5,664,851.40	05/01/2040	71,914.41	221 (D) 4	5,286,369.95
M98B	National Grand Lowry Lofts	470,736.00	06/01/2041	42,587.23	221 (D) 4	174,037.96
M99A	Mercy Housing Colorado	472,120.00	12/01/2028	10,290.07	542 (C)	392,016.60
M99A	Highland	6,388,000.00	12/01/2040	37,171.67	542 (C)	5,989,251.36
M99A	Village Crest Apts	2,169,407.00	07/01/2041	35,235.48	542 (C)	2,042,676.27
M99A	National Grand Lowry Lofts	19,143,264.00	06/01/2041	42,587.23	221 (D) 4	7,077,543.62
M99B	Broomfield Senior Housing	5,578,100.00	09/01/2041	32,458.88	542 (C)	5,268,007.77
M99C	Allison Campus I LP	4,555,000.00	09/01/2041	27,975.95	542 (C)	4,330,116.21
M02AA	Valley Sun	1,484,400.00	07/01/2023	9,176.33	221 (D) 4	1,097,861.54
M02AA	Highland	4,425,500.00	11/01/2023	28,907.00	221 (D) 3	3,305,104.47
M02AA	Allied South	3,891,400.00	04/01/2024	26,202.81	221 (D) 3	2,651,333.42
M02AA	Niblock	145,061.60	10/01/2026	2,575.54	221 (D) 4	111,809.98

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## **APPENDIX H**

### **Summary of Certain Provisions of the Credit and Liquidity Facility and the Reimbursement Agreement**

Attached are substantially final copies of the Facility and the Reimbursement Agreement. Investors are urged to review these copies of the Facility and the Reimbursement Agreement in order to understand all of their terms.

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**STANDBY  
IRREVOCABLE TEMPORARY  
CREDIT AND LIQUIDITY FACILITY  
(TEMPORARY CREDIT AND LIQUIDITY PROGRAM)**

by

**FANNIE MAE**

and

**FEDERAL HOME LOAN MORTGAGE CORPORATION**

in favor of

**WELLS FARGO BANK NATIONAL ASSOCIATION**, as Trustee and Tender Agent,

Dated as of [December 16], 2009

Relating to:

**COLORADO HOUSING AND FINANCE AUTHORITY  
ADJUSTABLE RATE MULTI-FAMILY HOUSING INSURED  
MORTGAGE REVENUE BONDS, 2002 SERIES AA**

Concerning credit and liquidity support for the Series of Bonds identified in Schedule 1 attached hereto.

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**STANDBY  
IRREVOCABLE TEMPORARY  
CREDIT AND LIQUIDITY FACILITY**

Concerning that Series of Bonds identified in Schedule 1 hereto being the  
ADJUSTABLE RATE MULTI-FAMILY HOUSING INSURED  
MORTGAGE REVENUE BONDS, 2002 SERIES AA  
issued pursuant to  
a General Bond Resolution, adopted on March 16, 1977 by the Colorado Housing and Finance Authority

December 16, 2009  
U.S. \$ \_\_\_\_\_

Wells Fargo Bank National Association, as Trustee  
1700 Lincoln Street, 10<sup>th</sup> floor  
MAC C7300-107  
Denver, CO 80203  
Attention: Corporate, Municipal & Escrow Solutions

At the request of the Colorado Housing and Finance Authority (the "Issuer"), Fannie Mae ("Fannie Mae") and Federal Home Loan Mortgage Corporation ("Freddie Mac") (Fannie Mae and Freddie Mac are referred to herein as the "GSEs" and each, a "GSE") issue this standby irrevocable, temporary Credit and Liquidity Facility (the "Credit and Liquidity Facility") to Wells Fargo Bank National Association (the "Trustee"), not in its individual or corporate capacity but solely as Trustee for the owners of the Bonds issued in the series set forth on Schedule 1 attached hereto (the "Bonds") pursuant to the 2002 Series AA Resolution adopted by the Issuer on June 27, 2002, as supplemented by the Supplement to 2002 Series AA Resolution dated as of December 1, 2009 each as adopted under and pursuant to the Multi-Family Housing Insured Mortgage Revenue Bonds General Bond Resolution, adopted on March 16, 1977 (as amended and supplemented in accordance with its terms, the "Resolution").

1. **Definitions.** Capitalized terms used in this Credit and Liquidity Facility have the meanings given to those terms in this Section 1 or elsewhere in this Credit and Liquidity Facility.

"*Administrator*" means the entity designated by the GSEs to act as their administrative agent relative to this Credit and Liquidity Facility, initially U.S. Bank, National Association.

"*Advance*" means a Debt Service Advance, a Liquidity Advance or a Mandatory Tender Advance.

"*Affiliate*" as applied to any person, means any other person directly or indirectly controlling, controlled by, or under common control with, that person. For the purposes of this definition, "control" (including with correlative meanings, the terms "controlling," "controlled by" and "under common control with"), as applied to any person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of that person, whether through the ownership of voting securities, partnership interests or by contract or otherwise.

“*Amount Available*” has the meaning given that term in Section 2.

“*Bank Bond*” means any Bond during the period from and including the date of its purchase with the proceeds of a Liquidity Advance or a Mandatory Tender Advance to, but excluding, the date on which the Principal Portion and the Interest Portion related to such Liquidity Advance made by the GSEs on account of such Bank Bond is reinstated under this Credit and Liquidity Facility.

“*Business Day*” means any day other than:

- (a) a Saturday or a Sunday;
- (b) any day on which banking institutions located in the City of New York, New York are required or authorized by law or executive order to close;
- (c) any day on which banking institutions located in the city or cities in which the principal or other designated corporate trust office of the Trustee or the Administrator is located are required or authorized by law or executive order to close;
- (d) prior to the date upon which the interest rate on the Bonds adjusts to a fixed rate mode, a day on which the New York Stock Exchange or the Federal Reserve Bank of New York is closed or on which banking institutions located in the city in which the Remarketing Agent is located are required or authorized by law or executive order to close; or
- (e) any day on which either of the GSEs is closed.

“*Certificate*” means any certificate in the form attached to this Credit and Liquidity Facility as an Exhibit or such other form as provided in Section 3. If the certificate is submitted to the GSEs by personal delivery or by telecopy, the certificate must be signed by one who purports to be an authorized signatory of the Trustee. If the certificate is submitted to the GSEs in any other medium (such as e-mail or a web based medium), the certificate must be authenticated as provided in the related Presentation Protocol.

“*Credit Enhancement Advance*” means a Debt Service Advance.

“*Credit and Liquidity Facility*” means this Credit and Liquidity Facility as the same may be amended, supplemented or restated from time to time.

“*Debt Service Advance*” has the meaning given that term in Section 3.

“*Effective Date*” means, with respect to the Bonds, the date on which the obligation of the GSEs to make Advances with respect to the Bonds commences as set forth in Section 7(b). The GSEs shall not be required to make Advances with respect to the Bonds unless and until any mandatory tender required to occur on the Effective Date has actually occurred.

“*Excluded Bond*” means any Bond which is not Outstanding (as that term is defined in the Resolution), any Bond registered in the name of or otherwise owned, directly or indirectly, by the Issuer or any Affiliate of the Issuer or any Bank Bond.

“*Expiration Date*” means, subject to Section 7(c), the date the obligation of the GSEs to make Advances with respect to the Bonds expires as provided in Section 7(a), if not earlier terminated.

“*Interest Portion*” has the meaning given that term in Section 2.

“*Liquidity Advance*” has the meaning given that term in Section 3.

“*Mandatory Tender*” means any mandatory tender of Bonds required by the Resolution.

“*Mandatory Tender Advance*” has the meaning given that term in Section 3.

“*Maturity Date*” means, with respect to the Bonds, the Maturity Date set forth in Schedule 1.

“*Maximum Rate*” has the meaning set forth in the Resolution.

“*Optional Tender*” means any optional tender of any Bond pursuant to the Resolution.

“*Presentation Protocol*” means an agreement between either of the GSEs and the Trustee regarding one or more media through which the Trustee may present Certificates to that GSE under this Credit and Liquidity Facility, as such agreement may be amended, supplemented or restated from time to time.

“*Principal Portion*” has the meaning given that term in Section 2.

“*Reimbursement Agreement*” means the Reimbursement Agreement, dated as of the date hereof, between the GSEs, the Trustee and the Issuer, as such agreement may be amended, supplemented or restated from time to time.

“*Remarketing Agent*” means the remarketing agent under the Resolution.

“*Tender Agent*” means the Trustee.

“*Termination Date*” means, with respect to the Bonds and subject to Section 7(c), the date on which the obligation of the GSEs to make Advances with respect to the Bonds terminates as provided in Section 7(b).

“*Treasury’s Agent*” means the entity identified to the Trustee by the GSEs as designated by the U.S. Department of the Treasury to act as its agent with respect to this Credit and Liquidity Facility, initially JPMorgan Chase Bank, National Association.

“*Trustee*” means Wells Fargo Bank National Association, a national banking association, not in its individual or corporate capacity, but solely as trustee under the Resolution, or any permitted successor trustee under the Resolution.

“*Weekly Variable Rate*” means the variable rate of interest per annum for the Bonds defined as the “*Weekly Rate*” under the Resolution, as determined from time to time for each Interest Period (as that term is defined in the Resolution) during which the Bonds are in the Weekly Mode (as that term is defined in the Resolution) in accordance with the Resolution.

2. **Amount Available.** With respect to the Bonds and subject to the terms and conditions of this Credit and Liquidity Facility, each GSE irrevocably authorizes the Trustee to draw in an amount on each of the GSEs, from time to time, an amount which is (i) equal as to each GSE and (ii) the aggregate of which does not exceed the Amount Available set forth for the Bonds on Schedule 1 (as such amount may be reduced or reinstated from time to time in accordance with Section 8, the “Amount Available”), of which:

(a) up to the Principal Portion set forth for the Bonds on Schedule 1 (the “Principal Portion”) may be drawn with respect to the unpaid principal of the Bonds or, as the case may be, the principal portion of the purchase price of the Bonds; and

(b) up to the Interest Portion set forth for the Bonds on Schedule 1 (the “Interest Portion”), or the number of days interest on the Bonds set forth on Schedule 1 (calculated at an assumed rate per annum on the Bonds as set forth on Schedule 1, using the day count basis set forth in Schedule 1), may be drawn with respect to interest due and owing on the next payment date with respect to the Bonds or, as the case may be, the interest portion of the purchase price of the Bonds.

3. **Advances.** Each demand for an Advance shall be made if the Trustee does not have sufficient available funds under the Resolution or otherwise to make the payment for which the Advance is required by the Trustee’s presentation to the GSEs of a Certificate. Each Certificate shall relate to a single Series of Bonds.

(a) **Credit Enhancement Advances.** Credit Enhancement Advances shall be in the form of Exhibit A to pay (A) principal of any Bond (other than Excluded Bonds) due as a result of acceleration, defeasance, redemption, stated maturity and/or (B) interest on any Bond (other than Excluded Bonds) on or prior to their stated maturity date (the “Debt Service Advance”).

(b) **Mandatory Tender Advance.** Mandatory Tender Advances shall be in the form of Exhibit B to pay the purchase price of, including principal of, plus accrued interest on, any Bond (other than Excluded Bonds) due as a result of a Mandatory Tender which Bond is not remarketed by the Remarketing Agent (the “Mandatory Tender Advance”).

(c) **Liquidity Advances.** Liquidity Advances shall be in the form of Exhibit C to pay the purchase price of, including principal of, plus accrued interest on, any Bond (other than Excluded Bonds) subject to an Optional Tender which Bond is not remarketed by the Remarketing Agent (the “Liquidity Advance”).

(d) **All Advances.** Any Certificate submitted by the Trustee shall have all blanks appropriately completed, all applicable boxes checked and shall be signed by one who states therein that he or she is an authorized signatory of the Trustee.

Neither demands for, nor Advances, may be made under this Credit and Liquidity Facility to pay (i) principal of, interest on or the purchase price of, any Excluded Bond, (ii) premium that may be payable upon the redemption of any of the Bonds or (iii) interest that may accrue on any of the Bonds on or after the maturity of such Bond.

The GSEs may amend the form of any Certificate or delete any of the information, statements and certifications set out in the form of any Certificate to accommodate the sending of such Certificate by a medium pursuant to a Presentation Protocol. No such amendment may (i) require any additional information, statement or certification than that required by such form of certificate attached to this Credit and Liquidity Facility on the date of issuance, (ii) modify the timing for the presentation of such Certificate, and the payment thereof or (iii) require personal delivery with respect to the presentation of any Certificate with respect to which payment is to be made on the same Business Day.

4. **Presentation of Certificates.** Each Certificate must be presented to the GSEs by contemporaneous presentation to both Fannie Mae and Freddie Mac as follows:



(a) **Presentation to Fannie Mae:**

(i) email to [hfa\\_credit&liquidity\\_notices@fanniemae.com](mailto:hfa_credit&liquidity_notices@fanniemae.com), immediately followed by copy of the Certificate to telephone number 202-752-6853 (which fax transmission notice shall not be a condition to a Certificate conforming to the terms and conditions of this Credit and Liquidity Facility for purposes of Section 5); or

(ii) such other medium as Fannie Mae and the Trustee may agree in a Presentation Protocol from time to time.

(b) **Presentation to Freddie Mac:**

(i) email to [hfa\\_credit&liquidity\\_notices@freddiemac.com](mailto:hfa_credit&liquidity_notices@freddiemac.com) immediately followed by telephonic notice to telephone number (703) 903-2000 (which telephonic notice shall not be a condition to a Certificate conforming to the terms and conditions of this Credit and Liquidity Facility for purposes of Section 5); or

(ii) such other medium as Freddie Mac and the Trustee may agree in a Presentation Protocol from time to time.

(c) **Generally.** A Presentation Protocol may provide that the Trustee may not submit a Certificate by telecopy after a stated date or may only submit Certificates by telecopy after a certain date with the prior written permission of the GSEs, in which case subsections (a) and/or (b) shall be automatically deemed amended to that effect. Each Certificate shall also be presented to Treasury's Agent and the Administrator by personal delivery at the addresses specified on the Certificate or by telecopy to the phone numbers specified thereon. Such addresses or phone numbers may be modified by notice from the GSEs to the Trustee. Failure by the Trustee to properly deliver a Certificate to Treasury's Agent and/or the Administrator will not invalidate a Certificate for purposes hereof or excuse performance hereunder by a GSE.

The GSEs will notify the Trustee in writing of any change in address or telecopy number to which all Certificates must be delivered or of any change relating to the person to be called for telephonic notices confirming telecopy communications. Any such written notice shall be effective upon receipt by the Trustee. The GSEs shall also notify the Trustee in writing of any change in the identity or notice address information of Treasury's Agent or the Administrator.

5. **The GSEs' Engagement.** Upon due receipt by a GSE of a Certificate completed with respect to the Bonds conforming to the terms and conditions of this Credit and Liquidity Facility, such GSE will honor payment of the amounts specified in such Certificate if presented as specified below on or before the earlier of the Expiration Date or Termination Date:

(a) If a presentation in respect of a Debt Service Advance is made:

(i) at or prior to 12:00 noon Eastern time on a Business Day, payment shall be made to the Trustee in the amount specified no later than 2:00 p.m. Eastern time on the second following Business Day.

(ii) after 12:00 noon Eastern time on a Business Day, payment shall be made to the Trustee in the amount specified no later than 2:00 p.m. Eastern time on the third following Business Day.

- (b) If a presentation in respect of a Mandatory Tender Advance is made:
  - (i) at or prior to 10:30 a.m. Eastern time on a Business Day, payment shall be made to the Trustee in the amount specified no later than 2:00 p.m. Eastern time on the next following Business Day.
  - (ii) after 10:30 a.m. Eastern time on a Business Day, payment shall be made to the Trustee in the amount specified no later than 2:00 p.m. Eastern time on the second following Business Day.
- (c) If a presentation in respect of a Liquidity Advance is made:
  - (i) at or prior to 10:30 a.m. Eastern time on a Business Day, payment shall be made to the Trustee in the amount specified no later than 2:00 p.m. Eastern time on the same Business Day.
  - (ii) after 10:30 a.m. Eastern time on a Business Day, payment shall be made to the Trustee in the amount specified no later than 2:00 p.m. Eastern time on the next following Business Day.

All Advances made under this Credit and Liquidity Facility will be made with the GSEs' own funds in immediately available funds.

6. **Nonconforming Draw.** If a demand for payment under this Credit and Liquidity Facility made by the Trustee does not conform to the terms and conditions of this Credit and Liquidity Facility, the GSEs will notify the Trustee of such lack of conformity promptly after delivery of such demand for payment, such notice to be promptly confirmed in writing to the Trustee, and the GSEs shall hold all documents at the Trustee's disposal or, at the Trustee's option, return the same to the Trustee. The Trustee may attempt to correct the nonconformity and resubmit the demand for payment in accordance with this Credit and Liquidity Facility.

7. **Expiration and Termination:**

(a) **Effective Date and Expiration Date.** Subject to subparagraph (c), the obligation of the GSEs to make Advances with respect to the Bonds under this Credit and Liquidity Facility shall (i) commence at 9:00 a.m. Eastern time on the Effective Date applicable to the Bonds as set forth in Schedule I (the "Effective Date") and (ii) expire at 4:00 p.m. Eastern time on the Expiration Date applicable to the Bonds as set forth on Schedule 1 (the "Expiration Date").

(b) **Termination Before Expiration Date.** Subject to subparagraph (c), the obligation of the GSEs to make Advances with respect to the Bonds under this Credit and Liquidity Facility shall automatically terminate prior to the Expiration Date related to the Bonds on the first to occur of: (i) the honoring by the GSEs of a Debt Service Advance (in the form of Exhibit A) which automatically and permanently reduces the Principal Portion applicable to the Bonds to zero; (ii) the honoring by the GSEs of a Mandatory Tender Advance made in connection with a Mandatory Tender which the GSEs have required pursuant to Section 8.13(b) of the Reimbursement Agreement; (iii) the GSEs' receipt of a Certificate in the form of Exhibit D (which shall be conclusive evidence of the matters set forth therein); or (iv) the close of business on the date which is one Business Day after the conversion by the Issuer of the interest rate mode on all of the Bonds to an interest rate mode other than seven day variable rate. The date determined in the preceding sentence is the "Termination Date" applicable to the Bonds.

(c) ***Business Day Convention.*** In the event that any date on which the Expiration Date or the Termination Date would otherwise occur is not a Business Day, such date shall be 4:00 p.m. Eastern time on the next following Business Day.

(d) ***Delivery.*** The Trustee shall deliver this Credit and Liquidity Facility to the GSEs for cancellation immediately upon the date upon which the GSEs' obligations under this Credit and Liquidity Facility cease pursuant to the terms of Section 7(b).

8. **Reduction and Reinstatement of Amount Available.** The Amount Available with respect to the Bonds shall be reduced or reinstated from time to time in accordance with this Section.

(a) ***Automatic Reduction on Making any Advance.*** The Amount Available for the Bonds shall be reduced automatically by the amount of each related Advance paid by a GSE, notwithstanding any act or omission, whether authorized or unauthorized, of the Trustee or any officer, director, employee or agent of the Trustee in connection with any Advance or the proceeds of such Advance or otherwise in connection with this Credit and Liquidity Facility. Each reduction shall be permanent or subject to reinstatement as provided in this Section. Such reduction shall be applied to the related Principal Portion for the Advance to which the reduction relates by the amount of such Advance and to the related Interest Portion by an amount equal to a proportionate amount of the permanent reduction of the Principal Portion.

In the event one GSE makes an Advance but the other GSE fails to make its related equal Advance, the automatic reduction of the Amount Available shall apply solely to the Amount Available which is obligated to be paid by the GSE which made the required Advance. In the event one GSE makes an Advance in full and the other GSE fails to make a part of its related equal Advance, the automatic reduction of the Amount Available shall apply in full to the Amount Available which is obligated to be paid by the GSE which made the required Advance in full and in part to the Amount Available which is obligated to be paid by the GSE which made the Required Advance in part to the extent of such partial payment.

(b) ***Permanent Reduction on Account of Issuer Payment.*** The Principal Portion, and Interest Portion related to the Bonds shall be reduced automatically and permanently upon payment by the Issuer of any principal with respect to the Bonds as follows:

(i) the Principal Portion will be reduced by the amount of such payment or, if applicable, the principal component of any redemption or other payment; and

(ii) the Interest Portion will be proportionately reduced based on the amount of the related permanent reduction of the Principal Portion.

(c) ***Reduction on Notice from the Trustee.*** The Amount Available for the Bonds shall be reduced automatically by the amounts specified in any Certificate in the form of Exhibit E which is delivered to the GSEs. The Trustee shall furnish to the GSEs an appropriately completed Exhibit E in connection with each such reduction. Such reduction shall be applied to the related Principal Portion and the Interest Portion as set out in the Certificate.

(d) ***Reinstatement of Interest Portion for Debt Service Advance.*** Except for a permanent reduction of the Interest Portion under subsection (b)(ii) or (c), the amount of the Interest Portion reduced by the interest component of a related Debt Service Advance shall be reinstated immediately and automatically upon the making of such Debt Service Advance.

(e) **Reinstatement of Liquidity Advance and Mandatory Tender Advance.** The Principal Portion for the Bonds and the Interest Portion for the Bonds shall be reinstated after each related Liquidity Advance and each related Mandatory Tender Advance upon receipt by the GSEs of money equal to the amount by which the Trustee requests the GSEs to increase that Principal Portion and that Interest Portion in a Certificate of Reinstatement in the form of Exhibit F.

Upon any permanent reduction of the Amount Available for the Bonds, the GSEs may deliver to the Trustee a substitute Schedule 1 in exchange for the Schedule 1 attached to this Credit and Liquidity Facility, reflecting an amount available equal to the then current Amount Available, but otherwise having terms identical to the Schedule 1 attached to this Credit and Liquidity Facility.

9. **Discharge of Obligations.** Only the Trustee may demand an Advance under this Credit and Liquidity Facility. Upon payment by a GSE to the Trustee of the amount specified in any Certificate presented under this Credit and Liquidity Facility, such GSE shall be fully discharged of its obligations under this Credit and Liquidity Facility with respect to such Certificate and such GSE shall not thereafter be obligated to make any further payment to the Trustee or any other person in respect of such Certificate for payment of principal of, purchase price of, or interest on any Bond.

10. **Nature of the GSEs' Obligations.** The GSEs' obligation to make Advances to the Trustee upon the proper presentation of documents which conform to the terms and conditions of this Credit and Liquidity Facility is absolute, unconditional and irrevocable, shall be fulfilled strictly in accordance with this Credit and Liquidity Facility, and shall not be affected by any right of set-off, recoupment or counterclaim the GSEs might otherwise have against the Issuer, the Trustee, the Tender Agent, the Remarketing Agent or any other person.

The obligations of each GSE under this Credit and Liquidity Facility are primary, several and not joint obligations and shall not be affected by the performance or non-performance by the Issuer under the Resolution or the Bonds or by the Issuer under the Reimbursement Agreement or by the performance or non-performance of any party under any other agreement between or among any of the Issuer, the Trustee or the GSEs. If one GSE fails to perform its obligations under this Credit and Liquidity Facility, the other GSE will not be liable or responsible for performing the obligations of such nonperforming GSE.

11. **Transfer.** This Credit and Liquidity Facility may be successively transferred in whole only to each successor Trustee under the Resolution. Any such transfer shall be effective upon receipt by the GSEs of a signed copy of the instrument effecting such transfer signed by the transferor and by the transferee in the form attached as Exhibit G (which shall be conclusive evidence of such transfer). In each such case, the transferee instead of the transferor shall, without the necessity of further action, be entitled to all the benefits of and rights under this Credit and Liquidity Facility in the transferor's place.

12. **Notices and Deliveries.** All documents, notices and other communications, other than Certificates, shall be in writing and personally delivered to the GSEs at the addresses (and to the attention of the parties) set out in Section 4(a) or may be sent to the GSEs by telecopies, immediately followed by telephonic notices as set out in Section 4(b), as such addresses, telephone and telecopy numbers and parties to whom such notices are sent are changed by the GSEs pursuant to Section 4. A copy of all notices and other communications delivered to the GSEs hereunder shall also be delivered to the Treasury's Agent and the Administrator at the following addresses:

JPMorgan Chase Bank, N.A.  
1 Chase Manhattan Plaza, Floor 19  
New York, New York  
Attention: Lillian G. White  
Telephone: (212) 552-2392  
Telecopy: (212) 552-0551  
E-Mail: [Lillian.G.White@jpmorgan.com](mailto:Lillian.G.White@jpmorgan.com)

U.S. Bank National Association (the "Administrator")  
EP-MN-WS3T  
60 Livingston Avenue  
St. Paul, MN 55107  
Attention: TFM/HFA Initiative

13. **Governing Law.** This Credit and Liquidity Facility shall be governed by the laws of the District of Columbia as to enforceability of its provisions against Fannie Mae and the Commonwealth of Virginia as to its enforceability against Freddie Mac, including the Uniform Commercial Code as in effect in those respective jurisdictions.

14. **Entire Credit and Liquidity Facility.** This Credit and Liquidity Facility sets forth in full the terms of the GSEs' undertaking and shall not in any way be amended, amplified or limited by reference to any document, instrument or agreement referred to in this Credit and Liquidity Facility (including, without limitation, the Bonds) or in which this Credit and Liquidity Facility is referred to or to which this Credit and Liquidity Facility relates, except for (i) the Exhibits referred to in this Credit and Liquidity Facility and (ii) any Presentation Protocol, all of which shall be deemed fully incorporated into this Credit and Liquidity Facility as if fully set forth herein.

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FANNIE MAE

By: \_\_\_\_\_

Name: Carl W. Riedy, Jr.

Title: Vice President

FEDERAL HOME LOAN MORTGAGE  
CORPORATION

By: \_\_\_\_\_  
Name: Clayton A. Davis  
Title: Director

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**REIMBURSEMENT AGREEMENT**  
**(Temporary Credit and Liquidity Program)**

among

**COLORADO HOUSING AND FINANCE AUTHORITY**

**WELLS FARGO BANK, NATIONAL ASSOCIATION**, as Trustee and Tender Agent,

**FANNIE MAE**

and

**FEDERAL HOME LOAN MORTGAGE CORPORATION**

Dated as of December 16, 2009

**COLORADO HOUSING AND FINANCE AUTHORITY**  
**ADJUSTABLE RATE MULTI-FAMILY HOUSING INSURED**  
**MORTGAGE REVENUE BONDS, 2002 SERIES AA**  
Concerning credit and liquidity support for the Series of Bonds identified in Schedule 1 attached hereto.

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## REIMBURSEMENT AGREEMENT

THIS **REIMBURSEMENT AGREEMENT**, dated as of [CLOSING DATE], 2009 (as the same may be amended and supplemented from time to time, this “Agreement”), by and among the **COLORADO HOUSING AND FINANCE AUTHORITY** (the “Issuer”), **WELLS FARGO BANK, NATIONAL ASSOCIATION**, acting hereunder not in its individual capacity but solely as Tender Agent and Trustee (both said roles being defined herein as the “Trustee”), **FANNIE MAE**, a federally-chartered and stockholder-owned corporation organized and existing under the Federal National Mortgage Association Charter Act, 12 U.S.C. § 1716, *et seq.* (“Fannie Mae”) and **FEDERAL HOME LOAN MORTGAGE CORPORATION**, a shareholder-owned government sponsored enterprise organized under the laws of the United States (“Freddie Mac”) (Fannie Mae and Freddie Mac are herein referred to as the “GSEs” and, each, a “GSE”).

### WITNESSETH:

WHEREAS, the Issuer has issued its Adjustable Rate Multi-Family Housing Insured Mortgage Revenue Bonds, 2002 Series AA, a portion of which is currently outstanding in the aggregate principal amount identified in Schedule 1 hereto (the “Bonds”), pursuant to the 2002 Series AA Resolution adopted by the Issuer on June 27, 2002, (the “Original 2002 Series Resolution”) as supplemented by the Supplement to 2002 Series AA Resolution dated as of December 1, 2009 (the “2002 Series AA Supplement”), each as adopted under and pursuant to the Multi-Family Housing Insured Mortgage Revenue Bonds General Bond Resolution, adopted on March 16, 1977 as heretofore amended and supplemented, including by the Original 2002 Series Resolution and the 2002 Series AA Supplement (as the same may be amended and supplemented from time to time hereafter, the “Resolution”);

WHEREAS, the Issuer wishes to enhance the liquidity of the Bonds by providing (i) credit support for the Bonds and (ii) liquidity support for the Bonds which are not remarketed upon certain tenders by the Bondholders or Beneficial Owners thereof on or prior to the last day of the Commitment Period (as hereinafter defined) as provided herein through purchases of Bonds by the GSEs, both from the proceeds of advances made pursuant to a Standby Irrevocable Temporary Credit and Liquidity Facility, dated as of December 16, 2009 and issued by the GSEs (the “Credit and Liquidity Facility”);

WHEREAS, each of the GSEs is willing, upon the occurrence of certain events, to fund one-half of any required credit advance and to purchase one half of any of the outstanding Bonds tendered by the Bondholders or Beneficial Owners thereof and not successfully remarketed, upon the terms and conditions set forth in this Agreement and the Credit and Liquidity Facility; and

WHEREAS, in reliance upon the provisions hereof, the GSEs are willing to enter into this Agreement and to deliver the Credit and Liquidity Facility.

NOW, THEREFORE, the parties hereto agree as follows:

### ARTICLE I

#### DEFINITIONS

**Section 1.1. Specific Terms.** As used herein, the following terms have the meanings indicated below or in the referenced Section of this Agreement, unless the context clearly indicates otherwise:

“Act” means the governing law of the State pursuant to which the Issuer was created and exists and the Bonds were issued and are outstanding, as more particularly described in the Resolution.

“*Administrator*” means U.S. Bank National Association, acting as custodian, collection agent, paying agent and administrator pursuant to an Administration Agreement by and among the GSEs, the U.S. Department of the Treasury and the Administrator and relating to the Bonds which are held as Bank Bonds, or such successor or replacement as specified in writing by the GSEs to the Trustee and Issuer.

“*Advance*” shall have the meaning set forth in the Credit and Liquidity Facility.

“*Affiliate*” means, with respect to a Person, any Person (whether for-profit or not-for-profit), which “controls,” or is “controlled” by, or is under common “control” with such Person. For purposes of this definition, a Person “controls” another Person when the first Person possesses or exercises directly, or indirectly through one or more other affiliates or related entities, the power to direct the management and policies of the other Person, whether through the ownership of voting rights, membership, the power to appoint members, trustees or directors, by contract, or otherwise.

“*Agreement*” means this Reimbursement Agreement, as amended or supplemented.

“*Alternate Liquidity Facility*” for the Bonds means a liquidity facility, self liquidity or other liquidity arrangement being substituted for the Credit and Liquidity Facility with respect to the Bonds and which meets the requirements for such a facility or arrangement as set forth in the Resolution.

“*Amount Available*” shall have the meaning set forth in the Credit and Liquidity Facility.

“*Annual Filing*” means the annual financial information required to be provided by the Issuer pursuant to a continuing disclosure undertaking of the Issuer pursuant to Rule 15c2-12, which information shall be provided to the GSEs pursuant to Section 7.3 hereof as and when required by Rule 15c2-12, whether or not Rule 15c2-12 applies to the Bonds.

“*Bank Bondholder*” means the Administrator and any other Person to whom the Administrator has sold or otherwise transferred Bank Bonds pursuant to Section 3.5(a) hereof.

“*Bank Bonds*” means each Bond purchased with the proceeds of a Liquidity Advance or a Mandatory Tender Advance, until remarketed or deemed to be remarketed in accordance with Section 3.5(c) hereof.

“*Bank Rate*” means, for each day of determination with respect to any Bank Bond, except as otherwise provided in Section 3.2(a) hereof, from and including the Purchase Date of such Bank Bond, the Base Rate; *provided* that from and after the occurrence of an Event of Default, the Bank Rate shall equal the Default Rate, *provided further* that at no time shall the interest on Bank Bonds or the Default Rate be less than the interest rate on the Bonds that are not Bank Bonds.

“*Base Rate*” means, for any day, a fluctuating rate of interest per annum equal to the base or prime rate of JPMorgan Chase Bank, National Association, until such time as another “Money Center” bank is designated by the GSEs in their discretion by notice to the Issuer, plus 1.0%.

“*Bond Counsel*” means nationally recognized bond counsel selected by the Issuer.

“*Bondholders*” means the owners of the Bonds as further described in the Resolution.

“*Bond Register*” means a register recording the ownership of the Bonds maintained by the Trustee in accordance with the Resolution.

“*Bonds*” has the meaning set forth in the recitals hereof.

“*Book Entry Bonds*” means the Bonds, so long as the book entry system with DTC and its participants is used for determining ownership of the Bonds.

“*Business Day*” has the meaning set forth in the Credit and Liquidity Facility.

“*CLF Effective Date for Series*” shall mean with respect to the Bonds, the date specified as such in Schedule 1.

“*Code*” means the Internal Revenue Code of 1986, as amended.

“*Commitment Period*” means the period from the Effective Date hereof to and including the Termination Date.

“*Credit and Liquidity Facility*” means the Standby Irrevocable Temporary Credit and Liquidity Facility dated as of December 16, 2009, issued by the GSEs and providing liquidity and credit support with respect to the Bonds, as the same may be amended from time to time.

“*Credit Enhancement Advance*” shall have the meaning set forth in the Credit and Liquidity Facility.

“*Custodian*” means the Administrator, or such successor or replacement custodian as specified in writing by the GSEs to the Trustee and Issuer.

“*Debt*” of any Person means at any date, without duplication, (a) all obligations of such Person for borrowed money, (b) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments, (c) all obligations of such Person to pay the deferred purchase price of property or services, except trade accounts payable arising in the ordinary course of business, (d) all obligations of such Person as lessee under capital leases, (e) all Debt of others secured by a lien on any asset of such Person, whether or not such Debt is assumed by such Person, and (f) all Guarantees by such Person of Debt of other Persons.

“*Default*” means any occurrence, circumstance or event, or any combination thereof, which, with the lapse of time and/or giving of notice, would constitute an Event of Default.

“*Default Rate*” means the Base Rate from time to time in effect plus 2.0% per annum, commencing 14 days following the occurrence of an Event of Default, if not cured, provided that at no time shall the Default Rate be less than the interest rate on the Bonds that are not Bank Bonds.

“*Differential Interest Amount*” means, with respect to any Bank Bond, the excess of (a) interest which has accrued and could actually be paid on such Bank Bonds at the Bank Rate, as determined in accordance with Sections 3.2(a) and 4.1 hereof, up to but excluding the Business Day on which such Bank Bonds are purchased from the Bank Bondholder pursuant to Section 3.5(c) hereof, over (b) the interest accrued on such Bonds received by the Bank Bondholder as part of the Sale Price or otherwise paid to the Bank Bondholders.

“*Dollars*,” “*US\$*,” and “*U.S. Dollars*” means the lawful currency of the United States of America.

“*Draw Request*” means a demand for payment delivered by the Trustee to the GSEs under the Credit and Liquidity Facility.

“DTC” means The Depository Trust Company, and its successors.

“Effective Date” shall mean the date on which this Agreement is executed and delivered by the GSEs.

“Eligible Bonds” means Bonds that bear interest at the seven day variable rate interest rate mode provided in the Resolution and which are not Bank Bonds or Bonds owned by or held on behalf of, for the benefit of or for the account of the Issuer or any Affiliate of the Issuer.

“Event of Default” has the meaning set forth in Article VIII hereof.

“Excess Bank Bond Interest” has the meaning set forth in Section 3.2(a) hereof.

“Expiration Date” shall have the meaning set forth in the Credit and Liquidity Facility.

“Fannie Mae” has the meaning set forth in the introductory paragraph hereof.

“Fiscal Year” has the meaning given such term in the Resolution.

“Fitch” means Fitch Ratings, or any successor thereto.

“Freddie Mac” has the meaning set forth in the introductory paragraph hereof.

“Funds” and “Accounts” means all funds and accounts held by the Issuer and/or the Trustee under the Resolution as security for the Bonds.

“Governmental Agency” means any national, state or local government (whether domestic or foreign), any political subdivision thereof or any other governmental, quasi-governmental, judicial, public or statutory instrumentality, authority, body, agency, bureau or entity (including any zoning authority, the Federal Deposit Insurance Corporation or the Federal Reserve Board, any central bank or any comparable authority), or any arbitrator with authority to bind a party at law.

“GSEs” has the meaning set forth in the introductory paragraph hereof.

“Guarantee” by any Person means any obligation, contingent or otherwise, of such Person directly or indirectly guaranteeing any Debt or other obligation of any other Person and, without limiting the generality of the foregoing, any obligation, direct or indirect, contingent or otherwise, of such Person (a) to purchase or pay (or advance or supply funds for the purchase or payment of) such Debt or other obligation (whether arising by virtue of partnership arrangements, by agreement to keep-well, to purchase assets, goods, securities or services, to take-or-pay, or to maintain financial statement condition or otherwise) or (b) entered into for the purpose of assuring in any other manner the obligee of such Debt or other obligation of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part).

“Hedge” means any interest rate swap, interest rate cap, interest rate collar or other arrangement, contractual or otherwise, which has the effect of an interest rate swap, interest rate collar or interest rate cap or which otherwise (directly or indirectly, derivatively or synthetically) hedges interest rate risk associated with being a debtor of variable rate debt, or any agreement or other arrangement to enter into any of the above on a future date or after the occurrence of one or more events in the future, including but not limited to those listed on Schedule 2 to this Agreement.



“*HFA Initiative Program*” means that program announced October 19, 2009, by the Treasury pursuant to which the GSEs are delivering the Credit and Liquidity Facility and pursuant to which single family and multifamily bonds may be purchased by the GSEs.

“*Interest Component*” has the meaning set forth in Section 3.1 hereof.

“*Interest Portion*” shall have the meaning set forth in the Credit and Liquidity Facility.

“*Interest Payment Date*” means, with respect to interest on the Bonds, the dates set forth in Schedule 1 and with respect to interest payable on Bank Bonds, the first Business Day of each calendar month and each other interest payment date described in Section 3.1 hereof, unless otherwise required by the Resolution and, also, each date set forth in the Resolution for the payment of interest.

“*Issuer*” means the Colorado Housing and Finance Authority, and its successors.

“*Issuer Bond Rating*” means the long-term rating (without regard for any bond insurance or any other form of credit enhancement other than GNMA, Freddie Mac and Fannie Mae Mortgage-Backed Securities) assigned to the Bonds or Parity Debt by each Rating Agency then providing a long-term rating with respect to the Issuer.

“*Lien*” on any asset means any mortgage, deed of trust, lien, pledge, charge, security interest, hypothecation, assignment, deposit arrangement or encumbrance of any kind in respect of such asset, whether or not filed, recorded or otherwise perfected or effective under applicable law, as well as the interest of a vendor or lessor under any conditional sale agreement, capital or finance lease or other title retention agreement relating to such asset.

“*Liquidity Advance*” shall have the meaning set forth in the Credit and Liquidity Facility.

“*Mandatory Tender*” shall have the meaning set forth in the Credit and Liquidity Facility.

“*Mandatory Tender Advance*” shall have the meaning set forth in the Credit and Liquidity Facility.

“*Material Event Notices*” means material event notices required to be provided by the Issuer pursuant to a continuing disclosure undertaking of the Issuer pursuant to Rule 15c2-12, which material event notices shall be provided to the GSEs pursuant to Section 7.3 hereof as and when required by Rule 15c2-12, whether or not Rule 15c2-12 applies to the Bonds.

“*Maximum Rate*” means, with respect to Bank Bonds, the lesser of (i) 15.00% per annum; or (ii) the maximum lawful rate of interest permitted by applicable law or the Resolution.

“*Moody’s*” means Moody’s Investors Service, Inc., or any successor thereto.

“*Official Statement*” means the most recent Official Statement or Remarketing Statement of the Issuer pertaining to the Bonds as the same may be supplemented from time to time.

“*Optional Tender*” shall have the meaning set forth in the Credit and Liquidity Facility.

“*Original 2002 Series Resolution*” has the meaning given such term in the recitals hereof.

“*Other Taxes*” has the meaning set forth in Section 3.8(a) hereof.

“*Outstanding*” means Bonds treated as then outstanding and unpaid for purposes of the Resolution.

“*Parity Debt*” means other Debt, including bonds (excluding the Bonds), that is now or hereafter Outstanding under the terms of the Resolution; *provided, that* such Debt is secured on a parity with the Bonds pursuant to the Resolution.

“*Participant(s)*” means any bank(s), governmental entities or other financial institutions that may purchase from a GSE a participation interest in this Agreement pursuant to a participation agreement between such GSE and the Participant(s), through purchase of an interest in a grantor trust or otherwise.

“*Payment Due Date*” has the meaning set forth in Section 4.1(a) hereof.

“*Person*” means an individual, a corporation, a partnership, a limited liability company, an association, a trust or any other entity or organization, including a governmental or political subdivision or an agency or instrumentality thereof.

“*Principal Portion*” shall have the meaning set forth in the Credit and Liquidity Facility.

“*Program Expenses*” means costs and expenses of administering the Resolution and the security pledged thereunder and payable from Revenues at a priority which is on a parity with debt service on the Bonds.

“*Proposed Determination*” means a determination by the IRS or successor Governmental Agency which triggers administrative appeals rights.

“*Purchase Date*” means the date on which tendered Bonds are required to be purchased under the terms of the Resolution.

“*Purchase Notice*” has the meaning set forth in Section 3.5(b) hereof.

“*Purchase Price*” means, with respect to any Eligible Bond on any Purchase Date therefor, the unpaid principal amount thereof plus accrued interest thereon from and including the Interest Payment Date next preceding such Purchase Date to but excluding the Purchase Date thereof, in each case without premium; *provided that* accrued interest will not be included in the Purchase Price if the applicable Purchase Date is an Interest Payment Date; *provided further* the aggregate amount of Purchase Price constituting the Interest Component shall not exceed the Interest Portion specified in the Credit and Liquidity Facility.

“*Purchaser*” has the meaning set forth in Section 3.5(b) hereof.

“*Rating Agencies*” means S&P, Fitch and Moody’s.

“*Rating Agency*” means S&P, Fitch or Moody’s.

“*Related Documents*” means this Agreement, the Credit and Liquidity Facility, the Bonds, the Resolution (including the Original 2002 Series Resolution and the 2002 Series AA Supplement), any investment agreement or repurchase agreement relating to security for the Bonds, any surety bond or other credit or liquidity support relative to the Bonds, any Hedge entered into with respect to the Bonds and payable on a parity therewith and the Remarketing Agreement, as the same may be amended or modified from time to time in accordance with their respective terms and the terms hereof.

“*Remarketing Agent*” for the Bonds shall be as specified in Schedule 1 attached hereto, together with its successors and assigns.

“*Remarketing Agreement*” for the Bonds means the remarketing agreement pursuant to which the Remarketing Agent is obligated to remarket the Bonds, as such remarketing agreement is amended from time to time.

“*Resolution*” has the meaning given such term in the recitals hereof.

“*Revenue Fund*” means the trust account or accounts held by the Trustee under the Resolution and into which Revenues are deposited.

“*Revenues*” means all amounts received and receivable by the Trustee under the Resolution which amounts are pledged to payment of the Bonds.

“*Rule 15c2-12*” means Rule 15c2-12 promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended.

“*S&P*” means Standard & Poor’s Rating Services, a division of The McGraw-Hill Companies, Inc., or any successor thereto.

“*Sale Date*” has the meaning set forth in Section 3.5(b) hereof.

“*Sale Price*” has the meaning set forth in Section 3.5(b) hereof.

“*Security*” means, subject to the provisions of the Resolution, all of the Revenues with respect to the Bonds, all of the proceeds of the Bonds and any other amounts held in any Fund or Account established pursuant to the Resolution and all of the right, title and interest of the Issuer in each mortgage loan or mortgage-backed security (including all agreements entered into under each such agreement) relating to the Bonds. To the extent that there is any conflict between this definition of “Security” and the provisions of the Resolution, the provisions of the Resolution shall be deemed controlling.

“*Series Resolution*” has the meaning given such term in the Resolution.

“*State*” means the State of Colorado.

“*Supplemental Resolution*” has the meaning given such term in the Resolution and includes a Series Resolution.

“*Taxes*” has the meaning set forth in Section 3.8(a) hereof.

“*Tender Agent*” means Wells Fargo Bank National Association in its capacity as Trustee under the Resolution and any successor trustee appointed for the Bonds.

“*Termination Date*” shall have the meaning set forth in the Credit and Liquidity Facility.

“*Term Out*” means the mandatory repayment of a Bank Bond as described in Section 4.1 hereof.

“*Term Out Period*” means the period commencing on the final day of the Commitment Period, and ending on the earlier of: (i) the tenth (10th) anniversary of the date on which the related Bank Bond becomes subject to a Term Out Period and (ii) the maturity date of such Bank Bond.

“*Term Out Rate*” means the Base Rate.

“*Treasury*” means the United States Department of the Treasury.

“*Treasury’s Agent*” means the agent designated by the U.S. Department of the Treasury to act on its behalf relative to this Agreement, initially, JPMorgan Chase Bank, National Association.

“*Trustee*” means Wells Fargo Bank National Association, acting hereunder not in its individual capacity but solely as Trustee under the Resolution and any successor trustee appointed for the Bonds.

“*2002 Series AA Supplement*” has the meaning given such term in the recitals hereof.

“*Written*” or “*in writing*” means any form of written communication or a communication by means of telex, telecopier device or telegraph.

**Section 1.2. Incorporation of Certain Definitions by Reference.** Each capitalized term used herein and not defined herein shall have the meaning provided therefor in the Resolution, unless the context otherwise requires.

**Section 1.3. Accounting Matters.** All accounting terms used herein without definition shall be interpreted in accordance with generally accepted accounting principles, and except as otherwise expressly provided herein all accounting determinations required to be made pursuant to this Agreement shall be made in accordance with generally accepted accounting principles.

**Section 1.4. Interpretation.** All words used herein shall be construed to be of such gender or number as the circumstances require. Reference to any document means such document as amended or supplemented from time to time as permitted pursuant to its terms and the terms hereof. Reference herein to any Article or Section shall be deemed to be a reference to the corresponding Article or Section of this Agreement unless otherwise specified.

## ARTICLE II

### AGREEMENT TO DELIVER CREDIT AND LIQUIDITY FACILITY; REIMBURSEMENT

**Section 2.1. Agreement to Execute and Deliver Credit and Liquidity Facility.** Subject to the terms and conditions of this Agreement, the GSEs agree to issue and deliver the Credit and Liquidity Facility for the account of the Issuer in favor of the Trustee in the Amount Available. The Credit and Liquidity Facility will provide credit support and liquidity support for the Bonds, as follows:

(a) ***Credit Support.*** The Credit and Liquidity Facility will provide standby credit enhancement for the Bonds in the form of Credit Enhancement Advances.

(b) ***Liquidity Support.*** The Credit and Liquidity Facility will provide standby liquidity for the Bonds in the form of Liquidity Advances and Mandatory Tender Advances.

(c) ***Expiration Date; Termination Date.*** The Credit and Liquidity Facility shall expire or terminate, with respect to the Bonds, in accordance with its terms.

**Section 2.2. Reimbursement Obligations: Credit Enhancement Advances.** The Issuer unconditionally agrees, without notice or demand, to pay to each GSE by no later than 2:00 p.m. Eastern

time the amount of each Credit Enhancement Advance made by such GSE on the date of such Credit Enhancement Advance.

**Section 2.3. Repayment of Liquidity Advances and Mandatory Tender Advances.** Proceeds of Liquidity Advances and Mandatory Tender Advances shall be applied to the purchase of Bank Bonds as set forth below. The Issuer unconditionally agrees, without notice or demand, to make all payments with respect to the Bank Bonds as set forth in this Agreement.

**Section 2.4. Payment Notices to GSEs.** For each payment with respect to an Advance, the Issuer shall provide or cause to be provided a Certificate for Issuer Reimbursement, appropriately completed and to the addressees listed thereon in the form of Exhibit A. For each payment required by this Agreement, other than with respect to Advances, the Issuer shall provide or cause to be provided, a Certificate of Issuer Payment, appropriately completed and to the addressees listed thereon, in the form of Exhibit B.

**Section 2.5. Repayment of Excess Advances.** All proceeds of Advances which are not applied by the Trustee as required by this Agreement and the Credit and Liquidity Facility shall be immediately repaid to the GSEs, with if repaid on a Business Day after the day the related Advance was made, interest at the federal funds rate announced by the Federal Reserve Bank of New York for the applicable day.

## ARTICLE III

### PURCHASE OF BONDS; FEES

**Section 3.1. Purchase of Bonds.** Subject to the terms and conditions of the Credit and Liquidity Facility and this Agreement, the GSEs hereby agree from time to time to make Liquidity Advances and Mandatory Tender Advances in accordance with the Credit and Liquidity Facility up to the amount of the Amount Available and apply the same to the purchase, at the Purchase Price, of Eligible Bonds which are tendered pursuant to Optional Tenders or Mandatory Tenders and which, in either case, the Remarketing Agent has been unable to remarket or for which remarketing proceeds have not been received by the Remarketing Agent or the Tender Agent by the specified time set forth in the Resolution. Each GSE will pay said Purchase Price with its own funds and not with funds of the Issuer. The aggregate principal amount of all Bonds purchased on any Purchase Date shall not exceed either (x) the Principal Portion or (y) the principal amount of Bonds so tendered (in either case calculated without giving effect to any purchase of Bonds by the GSEs on such date) on such date. The aggregate amount of the Purchase Price comprising interest on Bonds (the "Interest Component") purchased on any Purchase Date shall not exceed the lesser of (i) the Interest Portion on such date and (ii) the actual aggregate amount of interest accrued on each such Bond to such Purchase Date; *provided* that if the applicable Purchase Date is an Interest Payment Date, the amount described in this clause (ii) shall be reduced by the amount of interest payable on each such Eligible Bond on such Interest Payment Date.

**Section 3.2. Bank Bonds.** Any Bonds purchased by the GSEs pursuant to Section 3.1 hereof shall thereupon constitute Bank Bonds and have all of the characteristics of Bank Bonds as set forth herein and in the Resolution. All Bank Bonds shall bear interest at the Bank Rate as described below:

(a) Subject to the provisions of Section 3.2(c) hereof, all Bank Bonds shall bear interest at the Bank Rate; *provided, however*, at no time shall Bank Bonds bear interest in excess of the Maximum Rate. In the event that Bank Bonds would bear interest at a rate in excess of the Maximum Rate for any period, the GSEs shall receive interest on account of such Bank Bonds only at the Maximum Rate for such period (the difference between the interest payable to the GSEs if such Bank Bonds had continuously borne interest at the Bank Rate, and the interest

actually paid to the GSEs at the Maximum Rate is hereinafter referred to as the “Excess Bank Bond Interest”). Notwithstanding any subsequent reduction in the Bank Rate, such Bank Bonds shall bear interest, from and after the date on which any Excess Bank Bond Interest is accrued, at the Maximum Rate until the earlier of (i) the date on which the interest paid to the GSEs on such Bank Bonds in excess of the Bank Rate, equals such Excess Bank Bond Interest and (ii) the date such Bank Bonds are redeemed or remarketed pursuant to the Resolution. The Issuer shall pay to the GSEs or the Bank Bondholder, as applicable, accrued interest, including any accrued but unpaid Excess Bank Bond Interest, on such Bank Bonds on each Interest Payment Date. On the first Business Day of each week, and otherwise upon the request of the Issuer, while any Excess Bank Bond Interest is outstanding the GSEs shall notify the Issuer of the amount of such accrued but unpaid Excess Bank Bond Interest; *provided, however*, the failure to so notify the Issuer shall not effect the accrual of or the obligation of the Issuer to pay the Excess Bank Bond Interest.

(b) Notwithstanding anything herein or in the Resolution to the contrary, all amounts owed to the GSEs with respect to Bank Bonds shall become immediately due and payable on the Payment Due Date if not repaid or otherwise declared due and payable prior to such date in accordance with the terms of the Resolution or of this Agreement.

(c) The Issuer agrees to pay to the GSEs, on demand, interest at the Default Rate on any and all amounts owed by the Issuer under this Agreement or under the Bank Bonds from and after the occurrence of an Event of Default.

(d) Interest on Bank Bonds shall be calculated on the basis of the actual number of days elapsed and a 365- or 366-day year, as the case may be.

### **Section 3.3. Method of Purchasing.**

(a) The GSEs shall not have any responsibility for, or incur any liability in respect of, any act, or any failure to act, by the Trustee which results in the failure of the Trustee to effect the purchase of Bonds for the account of the GSEs with such funds provided pursuant to the Credit and Liquidity Facility. Unless the Bonds are Book Entry Bonds, Bonds purchased pursuant to this Section 3.3(a) shall be registered in the name of the Custodian or, if directed in writing by GSEs, a nominee or designee on the Bond Register and shall be promptly delivered by the Tender Agent to the Custodian to be held as Bank Bonds or as the GSEs may otherwise direct in writing and, prior to such delivery, shall be held by the Tender Agent as agent on behalf of the GSEs. If the Bonds purchased pursuant to this Section 3.3(a) are Book Entry Bonds, the beneficial ownership of such Bonds shall be credited to the account of the Custodian or, if directed in writing by the GSEs, another nominee or designee of the GSEs, maintained at DTC, and prior to the sale of any Bank Bond as provided in Section 3.5(a) hereof. The Interest Component of the Purchase Price paid for such Bonds shall accrue interest at the Bank Rate and shall be paid to the GSEs (or the applicable Bank Bondholder) on the next Interest Payment Date.

(b) In the event that any funds paid by the GSEs to the Trustee pursuant to the Credit and Liquidity Facility for the purposes set forth in Section 3.3(a) hereof shall not be required to be applied to the purchase of Bonds as provided herein, such funds shall be held and be returned to the GSEs as soon as practicable by the Trustee and until so returned shall be held in trust by the Trustee for the account of the GSEs. In the event that such funds are not returned to the GSEs in immediately available funds as provided in Section 3.10(a) hereof by 4:30 p.m. (Washington, D.C. time) on the same day on which such funds were advanced, the Issuer shall pay or cause to be paid to the GSEs interest on such funds, payable on demand and in any event on the date on which such funds are returned, at the rate specified in Section 2.5.

**Section 3.4. Reduction, Reinstatement or Termination of Amount Available.** The Amount Available shall be reduced and reinstated and shall automatically terminate in accordance with the provisions of the Credit and Liquidity Facility.

**Section 3.5. Sale of Bank Bonds Limited.**

(a) ***Right to Sell Bank Bonds.*** The GSEs shall have no right to sell any Bank Bonds, except (i) directly or indirectly to the United States Department of the Treasury or (ii) pursuant to a remarketing of Bank Bonds in accordance with Section 3.5(c) hereof.

(b) ***Purchase Notices.*** Prior to 12:00 noon (Washington, D.C. time) on any Business Day on which a Bank Bondholder holds Bank Bonds, unless the Termination Date has occurred, the Remarketing Agent may deliver a notice (a “Purchase Notice”) to a Bank Bondholder as registered on the Bond Register and to the GSEs, the Trustee, the Tender Agent and the Issuer, stating that it has located a purchaser (the “Purchaser”) for some or all of the Bank Bonds and that such Purchaser desires to purchase on the Business Day following the Business Day on which a Bank Bondholder receives, prior to 12:00 noon (Washington, D.C. time), a Purchase Notice (a “Sale Date”) an authorized denomination of such Bonds at a price equal to the principal amount thereof, plus any interest thereon that has accrued to the Sale Date at a rate or rates of interest applicable to Bonds that are not Bank Bonds (the “Sale Price”). The Issuer shall pay to the Bank Bondholder any Differential Interest Amount that has accrued with respect to the sale of any Bank Bonds as provided in Section 4.1 hereof. After the termination of the Credit and Liquidity Facility with respect to any Bank Bond, such Bank Bond may no longer be remarketed by the Issuer or the Remarketing Agent and shall remain a Bank Bond until paid in full or purchased from the Bank Bondholder.

(c) ***Sale by Remarketing of Bank Bonds.*** Upon receipt of a Purchase Notice prior to the Termination Date the Bank Bondholder shall deliver the Bank Bonds specified in the Purchase Notice to the Tender Agent (or, in the case of Bank Bonds which are Book Entry Bonds, shall cause the beneficial ownership thereof to be credited to the account of the Remarketing Agent at DTC) by 10:00 a.m. (Washington, D.C. time) on the Sale Date against receipt of the Sale Price therefor in immediately available funds or at the Bank Bondholder’s address listed in the Bond Register, and such Bonds shall thereupon no longer be considered Bank Bonds. A Bank Bondholder delivering Bank Bonds pursuant to the preceding sentence shall use commercially reasonable efforts to expedite the delivery of such Bank Bonds to the Tender Agent or Remarketing Agent, as applicable. When Bank Bonds are purchased in accordance with this Section 3.5(c), the Tender Agent shall, upon receipt of such Bank Bonds and upon receipt by the Bank Bondholder of the Sale Price, notify the Issuer that such Bonds are no longer Bank Bonds. On the Sale Date, the Differential Interest Amount of such Bonds shall be paid to the Bank Bondholder as provided in Section 4.1 hereof. Any sale of a Bank Bond pursuant to this Section 3.5 shall be without recourse to the seller and without representation or warranty of any kind.

**Section 3.6. Rights of Bank Bondholders.** Upon purchasing Bank Bonds, Bank Bondholders shall be entitled to and, where necessary, shall be deemed assigned all rights and privileges accorded Bondholders, and any additional rights and privileges as to payment of interest and redemption that are provided by this Agreement with respect to Bank Bonds. Upon purchasing Bank Bonds, Bank Bondholders shall be recognized by the Issuer and the Tender Agent as the true and lawful owners (or, in the case of Book Entry Bonds, beneficial owners) of such Bank Bonds, free from any claims, liens, security interests, equitable interests and other interests of the Issuer, except as such interests might exist

under the terms of the Bank Bonds with respect to all owners (or, in the case of Book Entry Bonds, beneficial owners) of the Bonds.

### **Section 3.7. Facility Fee and Other Fees.**

(a) The Issuer hereby agrees to pay to the order of each GSE a nonrefundable commitment fee (the “Facility Fee”) with respect to the Amount Available obligated to be paid by such GSE from time to time at the rate per annum set forth in Schedule 1 hereto (the “Facility Fee Rate”) for the duration of the Commitment Period on the average daily amount of the Amount Available during each period in respect of which payment is made. The Facility Fee, once established, shall not change as a consequence of subsequent rating changes on the Bonds. Such Facility Fee shall be payable in immediately available funds in arrears on the dates set forth on Schedule 1 hereto (each such payment to be computed on the basis of actual days elapsed and a 365/366 day year, as applicable, including date of issuance and expiration) in respect of the Amount Available from time to time in effect, payable during the Commitment Period and on the last day of the Commitment Period. If the Amount Available is terminated in its entirety, all accrued Facility Fees shall be payable on the effective date of such termination.

(b) The Issuer also hereby agrees to pay to each GSE, on or prior to the Effective Date, all legal fees and disbursements incurred or made by the GSE in connection with the completion of this Agreement and any other Related Documents.

(c) In connection with the written request by the Issuer or the Tender Agent of (i) any amendment, supplement, waiver, consent or other modification of this Agreement, the Resolution, the Credit and Liquidity Facility or any other Related Document requiring any action on the part of the GSEs, or (ii) any transfer of the rights and obligations under this Agreement or the Credit and Liquidity Facility by the Issuer or the Tender Agent, the Issuer shall pay or cause to be paid to each of the GSEs \$2,500 plus, in each case, the reasonable fees and expenses of counsel to the GSEs.

(d) All amounts payable pursuant to this Section 3.7 shall be non-refundable.

### **Section 3.8. Net of Taxes, Etc.**

(a) **Taxes.** Any and all payments to each GSE by the Issuer hereunder shall be made free and clear of and without deduction for any and all taxes, levies, imposts, deductions, charges, withholdings or liabilities imposed thereon, excluding, however, taxes imposed on or measured by the net income or capital of each GSE by any jurisdiction or any political subdivision or taxing authority thereof or therein solely as a result of a connection between the GSE and such jurisdiction or political subdivision (all such non-excluded taxes, levies, imposts, deductions, charges, withholdings and liabilities being hereinafter referred to as “Taxes”). If the Issuer shall be required by law to withhold or deduct any Taxes imposed by the United States or any political subdivision thereof from or in respect of any sum payable hereunder to a GSE, (i) the sum payable shall be increased as may be necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section 3.8), each of the GSEs receive an amount equal to the sum it would have received had no such deductions been made, (ii) the Issuer shall make such deductions and (iii) the Issuer shall pay the full amount deducted to the relevant taxation authority or other authority in accordance with applicable law. If the Issuer shall make any payment under this Section 3.8 to or for the benefit of a GSE with respect to Taxes and if either of the GSEs shall claim any credit or deduction for such Taxes against any other taxes payable by that GSE to any taxing jurisdiction in the United States then



that GSE shall pay to the Issuer an amount equal to the amount by which such other taxes are actually reduced; *provided* that the aggregate amount payable by a GSE pursuant to this sentence shall not exceed the aggregate amount previously paid by the Issuer with respect to such Taxes. In addition, the Issuer agrees to pay any present or future stamp, recording or documentary taxes and any other excise or property taxes, charges or similar levies that arise under the laws of the United States of America or the State of Colorado, the District of Columbia and Commonwealth of Virginia from any payment made hereunder or from the execution or delivery or otherwise with respect to this Agreement (hereinafter referred to as “Other Taxes”). Each GSE shall provide to the Issuer within a reasonable time a copy of any written notification it receives with respect to Other Taxes owing by the Issuer to such GSE hereunder provided that a GSE’s failure to send such notice shall not relieve the Issuer of its obligation to pay such amounts hereunder.

(b) **Indemnity.** The Issuer shall, to the fullest extent permitted by law, indemnify and reimburse each GSE for the full amount of Taxes and Other Taxes including any Taxes or Other Taxes imposed by any jurisdiction on amounts payable under this Section 3.8 paid by such GSE or any liability (including penalties, interest and expenses) arising therefrom or with respect thereto, whether or not such Taxes or Other Taxes were correctly or legally asserted. Each GSE agrees to give notice to the Issuer of the assertion of any claim against such GSE relating to such Taxes or Other Taxes as promptly as is practicable after being notified of such assertion; *provided* that the GSE’s failure to notify the Issuer promptly of such assertion shall not relieve the Issuer of its obligation under this Section 3.8. Payments by the Issuer pursuant to this Section 3.8 shall be made within thirty (30) days from the date a GSE makes written demand therefor, which demand shall be accompanied by a certificate describing in reasonable detail the basis thereof. Each GSE agrees to repay to the Issuer any refund (including that portion of any interest that was included as part of such refund) with respect to Taxes or Other Taxes paid by the Issuer pursuant to this Section 3.8 received by such GSE for Taxes or Other Taxes that were paid by the Issuer pursuant to this Section 3.8 and to contest, with the cooperation and at the expense of the Issuer, any such Taxes or Other Taxes which the GSEs or the Issuer reasonably believes not to have been properly assessed.

(c) **Notice.** Within thirty (30) days after the date of any payment of Taxes by the Issuer, the Issuer shall furnish to both GSEs or the applicable GSE, the original or a certified copy of a receipt evidencing payment thereof. To the extent permitted by law, the Issuer shall compensate each GSE for all reasonable losses and expenses sustained by a GSE as a result of any failure by the Issuer to so furnish such copy of such receipt.

### **Section 3.9. Increased Costs.**

(a) If a GSE shall have determined that the adoption or implementation of, or any change in, any law, rule, treaty or regulation, or any policy, guideline or directive of, or any change in the interpretation or administration thereof by any court, central bank or other Governmental Agency (in each case, whether or not having the force of law), or compliance by such GSE with any request or directive of any such court, central bank or other Governmental Agency (whether or not having the force of law), shall (A) change the basis of taxation of payments to such GSE of any amounts payable hereunder (except for taxes on the overall net income or capital of such GSE), (B) impose, modify or deem applicable any reserve, special deposit or similar requirement against making or maintaining its obligations under this Agreement or assets held by, or deposit with or for the account of, such GSE or (C) impose on such GSE any other condition regarding this Agreement, and the result of any event referred to in clause (A), (B) or (C) above shall be to increase the cost to such GSE of making or maintaining its obligations hereunder, or to reduce the amount of any sum received or receivable by such GSE

hereunder, then, upon request in writing by a GSE, the Issuer shall pay to such GSE, at such time and in such amount as is set forth in paragraph (c) of this Section 3.9, such additional amount or amounts as will compensate such GSE for such increased costs or reductions in amount.

(b) If a GSE shall have determined that the adoption or implementation of, or any change in, any law, rule or regulation, or any policy, guideline or directive of, or any change in the interpretation or administration thereof by, any court, central bank or other Governmental Agency, or compliance by such GSE with any directive of or guidance from any central bank or other authority (in each case, whether or not having the force of law), shall impose, modify or deem applicable any capital adequacy or similar requirement (including, without limitation, a request or requirement that affects the manner in which such GSE allocates capital resources to its commitments, including its obligations under lines of credit) that either (A) affects or would affect the amount of capital to be maintained by such GSE or (B) reduces or would reduce the rate of return on the capital of such GSE to a level below that which that such GSE could have achieved but for such circumstances (taking into consideration such GSE's policies with respect to capital adequacy) then, upon request in writing by such GSE, the Issuer shall pay to such GSE, at such time and in such amount as is set forth in paragraph (c) of this Section, such additional amount or amounts as will compensate such GSE for such cost of maintaining such increased capital or such reduction the rate of return on such GSE's capital.

(c) All payments of amounts referred to in paragraphs (a) and (b) of this Section shall be due thirty (30) days following the Issuer's receipt of notice thereof in writing from a GSE and shall be payable, in full, on the next succeeding monthly payment date that the Facility Fee described in Section 3.7(a) hereof is due and payable. Interest on the sums due as described in paragraphs (a) and (b) of this Section, and in the preceding sentence, shall begin to accrue from the date when the payments were first due and shall otherwise be payable on the next Interest Payment Date; *provided*, that from and after the required date of payment, interest shall begin to accrue on such obligations at a rate per annum equal to the Default Rate until such delinquent payments have been paid in full. A certificate as to such increased cost, increased capital or reduction in return incurred by a GSE as a result of any event mentioned in paragraphs (a) or (b) of this Section setting forth, in reasonable detail, the basis for calculation and the amount of such calculation shall be submitted by the GSE to the Issuer and shall be conclusive (absent manifest error) as to the amount thereof. In making the determinations contemplated by the above referenced certificate, a GSE may make such reasonable estimates, assumptions, allocations and the like that the GSEs in good faith determine to be appropriate.

### **Section 3.10. Computations: Payments.**

(a) Fees, interest and other amounts payable to or to the order of a GSE hereunder shall be computed on the basis of a year of 365 or 366 days, as applicable, for actual days elapsed, and interest on Bonds and Bank Bonds shall be computed on the same basis. Any payments received by, or as directed by, a GSE later than 2:00 p.m. (Washington, D.C. time) on any day shall be deemed to have been paid on the next succeeding Business Day and interest shall accrue thereon until such next Business Day at the rate applicable thereto. All payments to a GSE hereunder shall be made in Dollars and in immediately available funds. Unless a GSE shall otherwise direct, all such payments shall be made by means of wire transfer of funds through the Federal Reserve Wire System to the Custodian or such other account as either Freddie Mac or Fannie Mae may specify in writing from time to time.

(b) The Issuer agrees to pay to each GSE on each Purchase Date or Sale Date, as applicable, an amount equal to any charge imposed on such GSE pursuant to the Resolution in

connection with the transfer or exchange of Bonds. The Issuer agrees to cause the Bond Registrar to give each GSE timely notice of each such charge, including the amount thereof.

(c) Payments made to a GSE under this Agreement shall first be applied to any fees, costs, charges or expenses payable to such GSE hereunder, next to the interest component of any Credit Enhancement Advance, next to the principal component of any Credit Enhancement Advance, next to any past due interest, next to any current interest due, and then to outstanding principal of Bank Bonds.

(d) Any amounts due and payable and remaining unpaid under this Agreement shall accrue interest at the Default Rate until paid, anything to the contrary herein notwithstanding.

**Section 3.11. Voluntary Termination.** Upon (a) providing the GSEs (with a copy to the Trustee) with at least thirty (30) days' prior written notice (except that no prior notice shall be required in connection with a termination following the default by either of the GSEs in honoring its payment obligations hereunder), and (b) paying to the GSEs all amounts then owed to the GSEs hereunder, including all principal and accrued interest owing on any Bank Bonds (but not any termination fee or penalty) and payment of the GSEs' attorneys fees and expenses, the Issuer may with notice to the Trustee terminate the Credit and Liquidity Facility and this Agreement.

### **Section 3.12. Nature of Obligations.**

Pursuant to the Resolution, the Issuer has granted to the Bondholders of the Bonds, including any Bank Bonds, a first priority security interest, on a parity with the security interest granted to the other Bondholders of all Parity Debt pursuant to the Resolution, in the Security. The obligation of the Issuer under this Agreement to reimburse the GSEs for Credit Enhancement Advances, Liquidity Advances and Mandatory Tender Advances is secured by the Security on a parity with the Bonds, and is payable on a parity with the Bonds.

The Issuer hereby agrees that fees and all other amounts payable to each GSE (other than principal and interest on Bank Bonds and the obligation to reimburse the GSEs for Credit Enhancement Advances, Liquidity Advances and Mandatory Tender Advances) shall (a) constitute Program Expenses pursuant to, and as defined in, the Resolution and, pursuant to the Resolution, will be paid from the Revenue Fund when due or (b) will be payable on the same priority as debt service on the Bonds, whichever is the more senior priority. The Issuer further agrees that to the extent sufficient funds are not available in the Revenue Fund to pay such fees and other amounts when due for any reason, the Issuer will immediately pay or cause to be paid such fees and other amounts from available funds of the Issuer.

**Section 3.13. Tax Ownership.** Nothing in this Agreement requires, and nothing in this Agreement is intended by the parties to require, that either GSE be or be deemed the owner of any of the Bank Bonds for federal income tax purposes.

## **ARTICLE IV**

### **BANK BONDS**

#### **Section 4.1. Maturity; Interest.**

(a) The interest on the unpaid amount of each Bank Bond from and including the applicable Purchase Date shall be computed at a rate per annum equal to the Bank Rate. Interest on Bank Bonds shall be paid on each Interest Payment Date. The outstanding principal amount

of each Bank Bond, and the unpaid interest accrued thereon, shall be repaid by or on behalf of the Issuer not later than the earliest to occur of (i) the date on which such Bank Bonds are redeemed, defeased, accelerated or otherwise paid in accordance with their terms, (ii) the date of the remarketing of such Bank Bonds, (iii) the date on which any such Bank Bonds mature in accordance with their terms, (iv) the effective date of an Alternate Liquidity Facility, (v) the date on which the Issuer elects to convert or change the interest rate on all or a portion of the Bonds to an interest rate other than the mode effective on the Effective Date and (vi) the end of the Term Out Period, if applicable (any one of the foregoing constituting a "Payment Due Date"). In addition to repayment of the interest due on each Bank Bond on each Interest Payment Date and each Payment Due Date as set forth in the immediately preceding sentence, any amount representing Differential Interest Amount unpaid by the Issuer on a Sale Date may be paid on each Payment Due Date set forth in clauses (i)-(v) above, inclusive, and, in any event, shall be paid no later than the final day of the Term Out Period, and such Differential Interest Amount shall, subject to State laws relevant thereto, bear interest at the Bank Rate, payable on each Payment Due Date set forth in clauses (i)-(v) above, inclusive, and, in any event, shall be paid no later than the final day of the Term Out Period.

(b) Subject to the payment of any Bank Bond as provided in Section 4.1(a) hereof, each Bank Bond will automatically become subject to a Term Out beginning the last day of the Commitment Period; *provided*, that on the commencement date for such Term Out, (i) the representations and warranties contained in Article V of this Agreement, the Resolution and in each other Related Document and certificate or other writing delivered to the GSEs pursuant hereto in connection with the transactions contemplated by this Agreement shall be true and correct as though made on and as of such date, except to the extent a representation or warranty relates specifically to an earlier date (in which case such representation and warranty shall be true and correct as of such date); and (ii) no Event of Default shall have occurred and be continuing. On the commencement date of each Term Out Period, the Issuer shall be deemed to have represented and warranted to the GSEs that the conditions set forth in (i) and (ii) of the immediately preceding sentence have been satisfied. If either (i) or (ii) cannot be satisfied as of such date, the Bank Bonds shall be immediately due and payable. The principal and interest on each Bank Bond subject to a Term Out Period shall be paid by or on behalf of the Issuer (i) in accordance with the amortization required under the Resolution for the Bonds (as if there were no Bank Bonds) and (ii) upon the occurrence of any of the events set forth in Section 4.1(a)(i) through and including Section 4.1(a)(v) above and shall, in addition thereto but subject to the sources set forth in the Resolution, be repaid by or on behalf of the Issuer no later than the final day of the Term Out Period.

(c) Any Bank Bond may be prepaid by the Issuer, without premium or penalty, upon one (1) Business Day's prior written or electronic notice to the GSEs (with written or electronic copies to Treasury's Agent and the Custodian), the Trustee and, if other than GSEs, any Bank Bondholder (which notice, if electronic or telephonic, shall be promptly confirmed in writing), in whole or in part but, if in part, in a minimum aggregate principal amount of \$500,000 and integral multiples of \$100,000 in excess thereof (or, in any event, in whole). Any prepayment of principal by the Issuer of a Bank Bond (including any prepayment pursuant to the sinking fund requirements associated with the related Bank Bond) shall be credited against the next succeeding payment due on the Bank Bond. Any such redemption or payment shall be applied equally to Bank Bonds purchased hereunder by each of the GSEs.

## ARTICLE V

### CONDITIONS PRECEDENT TO EFFECTIVENESS

This Agreement shall become effective as of the Effective Date; *provided* that each of the following conditions have been fulfilled to the satisfaction of the GSEs. The execution and delivery of this Agreement and the Credit and Liquidity Facility by the GSEs shall constitute the GSEs' acknowledgment that such conditions have been satisfied or waived.

**Section 5.1. Conditions.** On the Effective Date (and after giving effect to the terms hereof), (a) there shall exist no Event of Default or Default (b) all representations and warranties made by the Issuer herein or in any of the Related Documents to which it is a party shall be true and correct with the same effect as though such representations and warranties had been made at and as of such time, (c) except as described in the Official Statement or any other documents provided by the Issuer to the GSEs and approved by the GSEs prior to the Effective Date, no material adverse change shall have occurred in the condition (financial or otherwise) or operations of the Issuer between the date of the Issuer's most recent audited financial statements and the Effective Date, and no transactions or obligations having a material adverse effect on the condition (financial or otherwise) or operations of the Issuer, whether or not arising from transactions in the ordinary course of the Issuer's business, shall have been entered into by the Issuer subsequent to the date of the Issuer's most recent audited financial statements, (d) and such Official Statement (including any amendments or supplements prepared subsequent to its date) shall have been furnished to the GSEs prior to the distribution thereof which does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which made, not misleading, (e) except as described in the Official Statement no transaction or event shall have occurred and no change shall have occurred in the condition (financial or otherwise) or operations of the Issuer between the date of the Issuer's most recent audited financial statements and the Effective Date which materially adversely affects the issuance of any of the Bonds, the security for any of the Bonds, or the Issuer's ability to repay when due its obligations under this Agreement, any of the Bonds and the Related Documents, and (f) except as otherwise expressly agreed by the GSEs, evidence reasonably satisfactory to the GSEs that all existing liquidity and credit facilities relating to the Bonds have been terminated.

#### **Section 5.2. Other Documents.**

(a) On the Effective Date, the GSEs shall have received executed originals or certified copies of each of the following documents, which documents shall be in full force and effect on the Effective Date and in form and substance reasonably satisfactory to each GSE and its counsel:

- (i) a certified copy of the Resolution, including each Supplemental Resolution (with amendments);
- (ii) the Official Statement, as amended or supplemented;
- (iii) a certified copy of the Remarketing Agreement (with amendments);
- (iv) this Agreement;
- (v) the resolutions of the Issuer authorizing the Related Documents (which certification shall state that such resolutions are in full force and effect as of the Effective Date);

- (vi) Issuer's Closing and Incumbency Certificate (authorizing resolution attached);
  - (vii) Trustee's Certificate (as trustee and tender agent) regarding the enforceability of this Agreement and the Related Documents against the Trustee;
  - (viii) Issuer's Liquidity Facility Substitution Notice to Notice Parties;
  - (ix) Trustee Notice of Mandatory Tender (if required); and
  - (x) Rating Letters (Enhanced Bonds and underlying ratings).
- (b) [RESERVED].

**Section 5.3. Legal Opinions.** The GSEs shall have received legal opinions or reliance letters authorizing the GSEs to rely on legal opinions, in form and substance satisfactory to the GSEs and their respective counsel, addressed to the GSEs and dated the Effective Date, of:

- (a) Bond Counsel, including a reliance letter if not addressed to GSEs;
- (b) General Counsel of the Issuer as required by GSEs;
- (c) Counsel to the Remarketing Agent, providing comfort on the Official Statement and as to such other matters as the GSEs may reasonably request; and
- (d) Any other counsel rendering an opinion in connection with the execution and/or delivery of this Agreement, the Resolution and the other Related Documents.

**Section 5.4. Supporting Documents of the Issuer.** There shall have been delivered to the GSEs such information and copies of documents, approvals (if any) and records certified, where appropriate, of corporate and legal proceedings as the GSEs may have requested relating to the Issuer's entering into and performing this Agreement and the other Related Documents to which it is a party, and the transactions contemplated hereby and thereby. Such documents shall, in any event, include:

- (a) A certificate of the Issuer, in form and substance satisfactory to the GSEs and their counsel, executed by an executive officer of the Issuer, dated the Effective Date, confirming that the representations set forth in Section 5.1 and Article VI hereof are true and correct as of such date and that all actions required to be taken, all consents required to be obtained, and all resolutions required to be adopted by (which resolutions shall be attached to such certificate), the Issuer under applicable law, in order for this Agreement to be in full force and effect, have been done, obtained and adopted; and
- (b) An incumbency certificate with respect to the officers or agents of the Issuer who are authorized to execute this Agreement and the other Related Documents to which the Issuer is a party and any documents or instruments under this Agreement and the other Related Documents to which the Issuer is a party.

**Section 5.5. Supporting Documents of the Trustee.** There shall have been delivered to the GSEs incumbency certificates with respect to the officers or agents of the Trustee who are authorized to (a) execute the respective Related Documents to which the Trustee is a party and (b) execute and deliver to the GSEs the written notices and demands attached to the Credit and Liquidity Facility.

**Section 5.6. Other Supporting Documents.** There shall have been delivered to the GSEs such information and copies of documents, approvals (if any) and records (certified, where appropriate) of corporate and legal proceedings as the GSEs may have requested relating to the entering into and performance by each of the parties (other than the GSEs) thereto, of each of the Related Documents or the transactions contemplated thereby or the tax exempt status of interest on the Bonds, if applicable.

**Section 5.7. Payment of Fees and Expenses.** The fees and expenses and all other amounts (including attorneys' fees and expenses) payable on the Effective Date pursuant to Section 3.7 or Section 10.2 hereof shall have been received.

**Section 5.8. Rating.** The GSEs shall have received satisfactory evidence that the Bonds shall have been assigned long-term ratings of at least "Aaa" by Moody's, and short-term ratings of at least "VMIG1" by Moody's and long-term ratings of at least "AAA" by S&P, and short-term ratings of at least "A-1+" by S&P.

**Section 5.9. Issuer Bond Rating.** The GSEs shall have received satisfactory evidence that the Issuer Bond Rating on the Effective Date is at least (i) "A3" by Moody's, with a "stable" outlook by Moody's, and (ii) "A-" by S&P, with a "stable" outlook by S&P.

**Section 5.10. Other Documents.** The GSEs shall have received such other documents, instruments, approvals (and, if requested by Freddie Mac, certified duplicates or executed copies thereof) or opinions as the GSEs may reasonably request.

In addition to the foregoing, the GSEs shall have determined, as of the Effective Date, that no law, regulation, ruling or other action of the United States, the Commonwealth of Virginia, the District of Columbia or the State of Colorado or any political subdivision or authority therein or thereof shall be in effect or shall have occurred, the effect of which would be to prevent the Issuer or the GSEs from fulfilling its obligations under this Agreement.

## ARTICLE VI

### REPRESENTATIONS AND WARRANTIES

To induce the GSEs to enter into this Agreement, to deliver the Credit and Liquidity Facility and to advance funds as provided herein and therein, the Issuer makes the following representations and warranties to, and agreements with the GSEs (which representations, warranties and agreements shall survive the execution and delivery of this Agreement and any purchases of Bonds by the GSEs):

**Section 6.1. Status.** The Issuer is a body corporate and political subdivision of the State, organized and existing under the laws of the State, with all requisite power and authority to execute and deliver, and to perform its obligations under this Agreement and the Related Documents to which it is a party and to issue, execute and deliver the Bonds.

**Section 6.2. Power and Authority.** The Issuer has the requisite power and authority to execute and deliver, and to perform its obligations under, this Agreement and the other Related Documents to which it is or will be a party and has taken all necessary action to authorize the execution, delivery and performance of this Agreement and the other Related Documents to which it is or will be a party. The Issuer has the requisite power and authority to irrevocably direct the Tender Agent and Trustee to enter into and perform its obligations under this Agreement and has made said irrevocable direction to the Tender Agent and Trustee.

**Section 6.3. Enforceability.** Assuming due authorization, execution and delivery by each of the other parties thereto, each of this Agreement and the Related Documents (other than the Official Statement) to which the Issuer is a party constitutes the legal, valid and binding obligation of the Issuer enforceable in accordance with its terms, subject, as to enforceability, to applicable bankruptcy, moratorium, insolvency or similar laws affecting the rights of creditors generally or the rights of creditors of governmental entities and to certain principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law). Each of the Related Documents (other than the Official Statement) is or will be on the Effective Date in full force and effect.

**Section 6.4. No Conflict.** The execution and delivery of this Agreement and the Related Documents to which the Issuer is a party and the performance by the Issuer of its obligations thereunder do not and will not violate any constitutional provision or any law or any regulation, order, writ, injunction or decree of any court or governmental body, agency or other instrumentality applicable to the Issuer, or result in a breach of any of the terms, conditions or provisions of, or constitute a default under, or result in the creation or imposition of any lien (other than the lien of the Resolution) upon any of the assets of the Issuer pursuant to the terms of, any ordinance, resolution, mortgage, indenture, agreement or instrument to which the Issuer is a party or by which it or any of its properties is bound.

**Section 6.5. Consents.** All consents, licenses, approvals, validations and authorizations of, and registrations, validations or declarations by or with, any court or any Governmental Agency required to be obtained in connection with the execution, delivery, performance, validity or enforceability of this Agreement and the other Related Documents (including the Bonds) have been obtained and are in full force and effect.

**Section 6.6. Litigation.** Except as disclosed in the Official Statement, there is no litigation, action, suit, arbitration, proceeding or administrative proceeding, or, to its knowledge, any inquiry or investigation at law or in equity or before or by any court, public board or body pending or, to its knowledge, threatened against or affecting it (a) wherein an unfavorable decision, ruling or finding would materially adversely affect (i) the transactions contemplated by or the validity of this Agreement, any of the Related Documents or any agreement or instrument to which it is a party and which is contemplated by this Agreement or the Related Documents, or (ii) its property, assets, operations or condition, financial or otherwise, or its ability to perform its obligations hereunder or under the Related Documents to which it is a party; or (b) which in any way contests its existence, organization or powers or the titles of its officers to their respective offices.

**Section 6.7. Default.** No Event of Default or Default has occurred and is continuing. In addition, the Issuer is not in material default under (a) any order, writ, injunction or decree of any Governmental Agency having jurisdiction over the affairs of the Issuer, or (b) any law or regulation applicable to the Issuer, or (c) any contract, agreement or instrument to which the Issuer is a party or by which it or its property is bound, default under which could reasonably be expected to have a material adverse effect on the transactions contemplated by this Agreement, the Resolution or the other Related Documents, or which reasonably be expected to have a material adverse effect on the validity or enforceability of, or the authority or ability of the Issuer to perform its obligations under, this Agreement, the Resolution and the other Related Documents to which it is a party.

**Section 6.8. Official Statement.** The Official Statement, along with all amendments and supplements thereto, prepared with respect to the Bonds and the transactions herein contemplated, true copies of which have heretofore been delivered to the GSEs, does not contain any untrue statement of a material fact and such Official Statement does not omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which made, not misleading, except no representation is made as to information furnished in writing by the GSEs expressly for inclusion therein.



**Section 6.9. Bonds.** Each Bond is duly issued under the Resolution and each such Bond is entitled to the benefits thereof. The proceeds of the Bonds have been used to finance residential mortgages, and principal and interest on the Bonds will be paid primarily from the cash flow from said residential mortgages.

**Section 6.10. Assignment of Bonds.** The Bank Bonds purchased pursuant to Article III hereof will be transferred to the GSEs free and clear of all liens, security interests or claims of any Person other than the GSEs, except for consensual liens or other security interests as may be created by the GSEs. The Bonds (including the Bank Bonds) are secured by a first priority perfected lien on, and pledge of, the Security as and to the extent provided in the Resolution and described in Section 3.12 hereof and, except as contemplated by the Resolution, the Issuer has not pledged or granted a lien, security interest or other encumbrance of any kind on the Security.

**Section 6.11. Incorporation of Representations and Warranties.** The Issuer hereby makes to the GSEs the same representations and warranties as were made by it in the Resolution and the other Related Documents to which the Issuer is a party, which representations and warranties, together with the related definitions of terms contained therein, are hereby incorporated by reference with the same effect as if each and every such representation and warranty and definition were set forth herein in its entirety and were made as of the date hereof.

**Section 6.12. Financial Statements.** The statement of net assets of the Issuer as of its last audited financial statements, and the related statement of revenues, expenses and changes in net assets for the year then ended and the auditors' reports with respect thereto, copies of which have heretofore been furnished to the GSEs, are complete and correct in all material respects and fairly present the financial condition, changes in fund equity and results of operations of the Issuer, as the case may be, at such dates and for such periods, and were prepared in accordance with generally accepted accounting principles, consistently applied. Since the date of the last audited financial statements, there has been no material adverse change in the condition (financial or otherwise) or operations of the Issuer, except as disclosed in such Official Statement, and other documents provided by the Issuer to the GSEs. Since the date of such Official Statement no transaction or event shall have occurred and no change shall have occurred in the condition (financial or otherwise) or operations of the Issuer which materially adversely affects the issuance of any of the Bonds, the security for any of the Bonds, or the Issuer's ability to repay when due its obligations under this Agreement, any of the Bonds and the Related Documents.

**Section 6.13. Complete and Correct Information.** All information, reports and other papers and data with respect to the Issuer furnished to the GSEs were, at the time the same were so furnished, complete and correct in all material respects. Any financial, budget and other projections furnished to the GSEs were prepared in good faith on the basis of the assumptions stated therein, which assumptions were fair and reasonable in light of conditions existing at the time of delivery of such financial, budget or other projections, and represented, and as of the date of this representation, represent, the Issuer's best estimate of the Issuer's future financial performance. No fact is known to the Issuer that materially and adversely affects or in the future may (so far as it can reasonably foresee) materially and adversely affect the security for any of the Bonds, or the Issuer's ability to repay when due its obligations under this Agreement, any of the Bonds and the Related Documents that has not been set forth in the Official Statement referenced in Section 6.8 hereof or in the financial statements and other documents referred to in this Section 6.13 or in such information, reports, papers and data or otherwise disclosed in writing to the GSEs. The Issuer has delivered to Fannie Mae and Freddie Mac true and correct copies of: (i) the Resolution with all amendments thereto; (ii) the other Related Documents to which the Issuer is a party; and (iii) all other documents executed by the Issuer in connection with the issuance of the Bonds with all amendments thereto. Taken as a whole, the documents furnished and statements made by the Issuer in connection with the negotiation, preparation or execution of this Agreement and the Related Documents

do not contain untrue statements of material facts or omit to state material facts necessary to make the statements contained therein in light of the circumstances under which they were made, not misleading.

**Section 6.14. No Proposed Legal Changes.** There is no amendment, or to the knowledge of the Issuer, proposed amendment certified for placement on a statewide ballot, to the Constitution of the State or any published administrative interpretation of the Constitution of the State or any State law, or any legislation that has passed either house of the State legislature, or any published judicial decision interpreting any of the foregoing, the effect of which is to materially adversely affect the issuance of any of the Bonds, the security for any of the Bonds, or the Issuer's ability to repay when due its obligations under this Agreement, any of the Bonds, and the other Related Documents.

**Section 6.15. The Tender Agent and the Remarketing Agent.** The financial institution identified as Trustee (or a successor or assign approved in writing by the GSEs) is the duly appointed and acting Tender Agent, and the financial institution identified as the Remarketing Agent (or a successor or assign) approved in writing by the GSEs) is the duly appointed and acting Remarketing Agent for the Bonds.

**Section 6.16. [Reserved.]**

**Section 6.17. No Sovereign Immunity.** To the extent permitted by laws of the State, the Issuer hereby waives the defense of sovereign immunity in any proceeding by the GSEs to enforce a breach of the contractual obligations of the Issuer under this Agreement.

**Section 6.18. Interest.** None of the Resolution, the other Related Documents or the Bonds provide for any payments that would violate any applicable law relating to permissible maximum rates of interest.

**Section 6.19. Investment Obligations.** As of the Effective Date, the Issuer has no knowledge that it has made any material investment, or entered into any agreement for the purpose of effecting any such investment, which is not permitted to be made pursuant to the Act and the Resolution.

**Section 6.20. Tax-Exempt Status.** The Issuer has not taken any action or omitted to take any action, and knows of no action taken or omitted to be taken by any other person or entity, which action, if taken or omitted, would cause interest on the Bonds to be subject to personal income taxes levied by the Federal Government.

**Section 6.21. Security.** The Bonds (including any Bank Bonds and interest thereon and any mandatory prepayments thereof) and the Issuer's obligations under this Agreement, including without limitation the obligation to reimburse the GSEs for Credit Enhancement Advances and Liquidity Advances and Mandatory Tender Advances, are secured under the Resolution by the Security payable out of the revenues, moneys and assets pledged therefor. The Issuer has pledged to the Trustee its entire right, title and interest in each mortgage loan pledged as a part of the Security and such pledge conveys a first lien on such mortgage loans. The Issuer has not pledged or otherwise granted a lien upon the Security or other moneys and assets pledged to secure the Bonds (including Bank Bonds) for any obligation other than the Obligations (as defined in the Resolution). The security for the Issuer's obligations under the Resolution with respect to the payment of principal and interest of Bonds, including any Bank Bonds, includes a debt service reserve fund which is funded in the amount required under the Resolution and which has not, as of the date hereof, been drawn upon.

**Section 6.22. Hedges.** Attached hereto as Schedule 2 is a description of each Hedge related to the Bonds, the counterparty to such Hedge, the current ratings of such counterparty, termination events

for each Hedge, including any termination upon downgrade of the counterparty and any collateralization requirements. The Issuer has not cross-defaulted any obligation under a Hedge with its obligations under any other instrument.

**Section 6.23. Investment Guidelines.** Attached as Schedule 3 are the Issuer's investment guidelines for the investment of funds held under the Resolution.

## ARTICLE VII

### COVENANTS

The Issuer covenants and agrees that, so long as any of the Bonds shall be Outstanding or any amounts remain unpaid hereunder:

**Section 7.1. Payment Obligations.** The Issuer shall promptly pay or cause to be paid all amounts payable by it hereunder and under the Related Documents according to the terms hereof or thereof and shall duly perform each of its obligations under this Agreement and the other Related Documents to which it is a party. All payments of principal, interest and any other sums due hereunder shall be made in the amounts required hereunder without any reduction or setoff, notwithstanding the assertion of any right of recoupment or setoff or of any counterclaim by the Issuer. The Issuer's annual budget shall include the payment of all amounts payable by the Issuer hereunder, and, if applicable, the Issuer shall use its best efforts to cause the making of appropriations for payment of such amounts.

#### **Section 7.2. Related Documents.**

(a) The Issuer agrees that it will perform and comply in all material respects with each and every covenant and agreement required to be performed or observed by it in each Related Document to which it is a party and in each case such provisions, together with the related definitions of terms contained therein, are hereby incorporated by reference herein with the same effect as if each and every such provision were set forth herein in its entirety.

(b) The Issuer shall not enter into any new or replacement Related Document and shall not amend, supplement or otherwise modify in any material respect (or permit any of the foregoing), or request or agree to any consent or waiver under, or effect or permit the cancellation, acceleration or termination of, or (except as otherwise permitted under the Related Documents) release or permit the release of any collateral held under, any of the Related Documents without the prior written consent of each of the GSEs; *provided, however*, that the consent of the GSEs shall not be required with respect to supplements entered into solely for the purpose of providing for the issuance of a series of bonds pursuant to the Resolution, except as provided in Section 7.25(a) below. With respect to Resolution amendments, the determination of the GSEs as to the materiality of an amendment shall be controlling.

(c) The Issuer shall at all times cause to be in place a Remarketing Agent acceptable to the GSEs. The Issuer covenants to cause the Remarketing Agent to use its best efforts at all times to remarket Bonds (including, without limitation, Bank Bonds held prior to the termination of the Credit and Liquidity Facility) at interest rates up to the Maximum Rate. If the Remarketing Agent fails to remarket any Bank Bonds for 30 consecutive calendar days, or otherwise fails to perform its duties under the Remarketing Agreement, then the Issuer agrees, at the written request of a GSE, to cause the Remarketing Agent to be replaced with a Remarketing Agent reasonably acceptable to the GSEs. The Remarketing Agreement shall obligate the Remarketing Agent to use its best efforts to remarket Bonds (including, without limitation, Bank Bonds) up to the

Maximum Rate. The Remarketing Agreement shall provide that the Remarketing Agent may not resign until a new remarketing agent is in place unless otherwise consented to by the GSEs. The GSEs shall be third party beneficiaries to the Remarketing Agreement.

**Section 7.3. Reporting Requirements.** (a) *Books and Records; GAAP.* The Issuer shall keep proper books of record and account in which full, true and correct entries will be made of all dealings and transactions of or in relation to affairs, operations, transactions and activities of the Issuer in accordance with generally accepted accounting principles applicable to governmental entities, consistently applied.

(b) **Non-Public Information.** As used in this section, “Information” means any information described in subsection (c) and “Non-Public Information” means any of the Information that, as of the date that such Information is due to be provided to the GSEs pursuant to subsection (c), the Issuer has not released to the general public or otherwise is not in the public domain. To the extent that any of the Information described in subsection (c) is Non-Public Information, each of the following shall apply:

(i) The Issuer may provide such Non-Public Information to the GSEs but, subject to clause (ii) below, is not obligated to do so. If the Issuer elects not to provide Non-Public Information, it shall identify the categories of Information that are then Non-Public Information and so inform the GSEs of that fact at the time such information is otherwise due to be provided under subsection (c);

(ii) If the Issuer elects not to provide Non-Public Information as stated in clause (i) above, but a GSE determines that the absence of any such information is a material impairment to its obligation to conduct its business in a safe and sound manner or is inconsistent with the requirements of applicable law or regulation, then the Issuer will provide such Information to that GSE at the times and as otherwise required by subsection (c); and

(iii) To the extent that the Issuer actually provides Non-Public Information pursuant to subsection (c), the Issuer will label such information as Non-Public Information and will segregate all Non-Public Information so that a GSE which elects not to look at the Non-Public Information can do so.

(c) **Information.** The Issuer agrees to furnish to each GSE a copy of each of the following:

(i) On the date that is the earlier of (i) ninety (90) days after the end of each quarter of each Fiscal Year of the Issuer and (ii) the day such information is first made available to the general public, the Issuer shall provide to each GSE the financial statements of the Issuer consisting of a balance sheet of the Issuer as at the end of such period, a statement of operations and a statement of cash flows of the Issuer for such period and, with respect to the report provided after the end of each Fiscal Year, there shall also be included a statement of the changes in net assets of the Issuer for such period. The financial statements referred to above shall be set forth in reasonable detail and shall be accompanied by, in the case of the annual statements, an audit report of the Issuer’s auditor or nationally recognized independent certified public accountants stating that they have (except as noted therein) been prepared in accordance with generally accepted accounting principles consistently applied (provided that such audit report need not be submitted until one hundred eighty (180) days after the end of the relevant Fiscal Year);

(ii) On the date that is the earlier of (i) ninety (90) days after the end of each quarter of each Fiscal Year of the Issuer and (ii) the day such information is first made available to the general public, the Issuer shall provide to each GSE financial statements of the Issuer specific to the Resolution pursuant to which Bonds are outstanding consisting of a statement of operations and a statement of cash flows under each such Resolution for such period and, with respect to the report provided after the end of each Fiscal Year, there shall also be included a statement of the changes in net assets under each such Resolution for such period. The financial statements referred to above shall be set forth in reasonable detail and shall be accompanied by, in the case of the annual statements, an audit report of the Issuer's auditor or nationally recognized independent certified public accountants stating that they have (except as noted therein) been prepared in accordance with generally accepted accounting principles consistently applied (provided that such audit report need not be submitted until one hundred eighty (180) days after the end of the relevant Fiscal Year);

(iii) Immediately after any officer of the Issuer obtains knowledge thereof, a certificate of the Issuer setting forth the occurrence of any Default or Event of Default, the details thereof and the action which the Issuer is taking or proposes to take with respect thereto;

(iv) Quarterly, at the time each of the financial statements referenced in 7.3(a) above is provided, and otherwise at the request of a GSE, a certificate of the Issuer (i) stating whether there exists on the date of such certificate any Default or Event of Default and, if so, the details thereof and the action which the Issuer is taking or proposes to take with respect thereto and (ii) setting forth a description in reasonable detail of the amounts held in the Revenue Fund and other accounts under the Resolution;

(v) Simultaneously with their release to the general public, disclosure statements of any kind prepared by the Issuer which disclose such matters as quarterly or other interim financial statements relating to the Resolution, portfolio composition information regarding the Resolution such as the percentage of loans insured under FHA, HUD, RDA, or VA programs or any pooled mortgage insurance program or securitization by GNMA or a GSE or portfolio performance information detailing such matters as delinquencies, foreclosures and real estate owned properties;

(vi) Promptly upon receipt of notice by such Issuer of any such Default, the occurrence of any material event of default by any counterparty to a Related Document;

(vii) At the request of a GSE, copies of any information or request for information concerning this Agreement or any of the Related Documents as and when provided to the Trustee;

(viii) Promptly after the receipt or giving thereof, copies of all notices of resignation by or removal of the Trustee, the Remarketing Agent or the Tender Agent which are received or given by the Issuer;

(ix) Promptly after the adoption thereof, copies of any amendments to the Resolution, any of the other Related Documents (including replacement of or any new Related Document) and the Official Statement;

(x) Within 30 days of the issuance of any public issuance of indebtedness of the Issuer payable from the Revenues under the Resolution, copies of any disclosure documents distributed in connection therewith;

(xi) Any Annual Filing or Material Event Notice shall be delivered to the GSEs on the day it becomes available to the general public or the Bondholders or would be required to become available if Rule 15c2-12 were applicable to the Bonds;

(xii) Simultaneously with the delivery of each set of the financial statements and the annual filing referred to in clauses (i) and (xi) and otherwise at the request of the GSEs, or with respect to (iii) whenever prepared and available, (i) a copy of the most recent rating letter received relating to the Issuer Bond Rating and/or the Resolution rating, (ii) a certificate of the Issuer stating that the Issuer is in compliance with all financial covenants set forth in the Resolution; and (iii) a copy of the most recent cash flow certificates, financial reports and statements and annual budget (including portfolio performance reports detailing delinquencies and foreclosure rates and percentage of loans insured under the FHA, RDA, and VA programs and any pooled mortgage insurance program, and the percentage of uninsured loans as set forth in Schedule 4 hereto);

(xiii) Immediately upon receipt by the Issuer, any rating report or other rating action relative to the Issuer, the Bonds or any other bonds issued under the Resolution;

(xiv) Immediately upon any such transfer, notice of any extraordinary payment or transfer of funds from the Resolution;

(xv) In a timely manner at the request of a GSE, any data or information required by a GSE for use by a GSE in calculating performance under the Federal Housing Finance Agency's housing goal regulations or for use in complying with any other regulatory or legal requirement; and

(xvi) Such other information, whether such information is published or unpublished, respecting the affairs, condition and/or operations, financial or otherwise, of the Issuer as a GSE may from time to time reasonably request (including, without limitation, data, including loan level data, required by the GSEs with respect to any asset management surveillance and/or disclosure requirement).

(xvii) All reports required by this Section 7.3 shall be sent to each GSE at its email address specified in Section 10.3.

**Section 7.4. Compliance With Law.** The Issuer shall comply with all laws, ordinances, orders, rules and regulations that may be applicable to it if the failure to comply could have a material adverse effect on the security for any of the Bonds, or the Issuer's ability to repay when due its obligations under this Agreement, any of the Bonds, and the Related Documents.

**Section 7.5. Notices.** The Issuer will promptly furnish, or cause to be furnished, to each of the GSEs (with a copy to the Administrator and the Treasury's Agent) and to the Trustee (i) notice of the occurrence of any Event of Default or Default as defined herein or in the Resolution, (ii) notice of the failure by the Remarketing Agent, the Tender Agent or the Trustee to perform any of its obligations under the Remarketing Agreement or the Resolution, (iii) notice of any proposed substitution of the Credit and Liquidity Facility, (iv) each notice required to be given to any liquidity facility provider pursuant to the Resolution, (v) notice of any litigation, administrative proceeding, proposed or enacted legislation or

business development known to the Issuer which may materially adversely affect its business, properties or affairs or the ability of the Issuer to perform its obligations as set forth hereunder or under any of the Related Documents to which it is a party, and (vi) notice of any downgrade, withdrawal, or suspension of the Issuer Bond Rating or the placement of the Bonds or any Parity Debt on credit watch by a Rating Agency, or if a Rating Agency then under contract with the Issuer to maintain an Issuer Bond Rating expresses in writing a negative outlook as to such Issuer Bond Rating.

The Trustee will notify the GSEs, the Administrator and the Treasury's Agent by e-mail followed by telecopier and the Treasury by telecopier, at the addresses set forth in Section 10.3 of: (i) each notice of Optional Tender upon receipt; (ii) each notice of Mandatory Tender upon receipt; and (iii) not later than 4:00 p.m. on the Business Day before any Optional Tender or Mandatory Tender of Bonds, a statement as to principal amount of Bonds for which the Trustee or Tender Agent has received remarketing proceeds or notice from the Remarketing Agent that such principal amount of Bonds has been remarketed. The Trustee shall also provide to the Custodian and the Treasury's Agent as required by the Credit and Liquidity Facility at the addresses set forth in Section 10.3, all demands for an Advance (as defined in the Credit and Liquidity Facility) as and when delivered to the GSEs.

**Section 7.6. Certain Information.** The Issuer shall not include in an offering or remarketing document for the Bonds any information concerning a GSE that is not supplied in writing, or otherwise consented to, by such GSE expressly for inclusion therein, nor shall the Issuer make any changes in any reference to a GSE in any amendment or supplement to an offering or remarketing document for the Bonds without obtaining the prior written consent of such GSE thereto.

**Section 7.7. Liquidity.**

(a) The Issuer agrees that, with respect to any Alternate Liquidity Facility, the Issuer will require, as a condition to its effectiveness, that the issuer of the Alternate Liquidity Facility provide funds to the extent necessary, in addition to other funds available, on the date the Alternate Liquidity Facility becomes effective, for the purchase of all Bank Bonds at par plus accrued interest (at the Bank Rate) through the Purchase Date. On such date any and all amounts due hereunder and under the Resolution or the Bonds due to the GSEs shall be payable in full to the GSEs.

(b) The Issuer shall not permit an Alternate Liquidity Facility to become effective with respect to fewer than all of the Outstanding Bonds without the prior written consent of the GSEs.

**Section 7.8. Appointment of Successors and Replacements.** So long as this Agreement is in effect and the GSEs are not in default hereunder, the Issuer will not permit the appointment of a successor Trustee or Tender Agent or Remarketing Agent unless the Issuer has obtained the prior written consent of the GSEs, which consent will not be unreasonably withheld. The Issuer will cause a Remarketing Agent to be in place at all times while this Agreement is in effect or any Bank Bonds are outstanding.

**Section 7.9. Maintenance of Approvals: Filings, Etc.** The Issuer shall at all times maintain in effect, renew and comply with all the terms and conditions of all consents, filings, licenses, approvals and authorizations as may be necessary or appropriate under any applicable law or regulation for its execution, delivery and performance of this Agreement and the other Related Documents to which it is a party.

**Section 7.10. Inspection Rights.** To the extent permitted by law, the Issuer shall, at any reasonable time and from time to time, upon reasonable notice, permit the GSEs or any agents or

representatives thereof, at the Issuer's expense, to examine and make copies of the records and books of account related to the transactions contemplated by this Agreement, to visit its properties and to discuss its affairs, finances and accounts with any of its officers and independent accountants *provided, however*, that prior to the occurrence of an Event of Default, the Issuer shall not be required to pay for more than one inspection per Fiscal Year. The Issuer will not unreasonably withhold its authorization for its independent accountants to discuss its affairs, finances and accounts with the GSEs.

**Section 7.11. Additional Obligations.** The Issuer shall not issue any bonds, notes or similar obligations or evidence of indebtedness payable from the Revenues or any other amounts, accounts or other property held under the Resolution except as permitted by the Resolution. So long as this Agreement remains in effect or any Bank Bonds remain Outstanding, the Issuer shall not issue any additional variable rate obligations except as permitted in Section 7.25(a).

**Section 7.12. Permitted Liens.** The Issuer shall not create or incur or suffer to be incurred or to exist any Lien on the Revenues or any other funds, accounts or other property held under the Resolution except as permitted by the Resolution. The Issuer will take no action, nor fail to take any action, necessary to ensure that the Eligible Bonds purchased pursuant to this Agreement are free and clear of all liens, security interests or claims of any Person other than the GSEs, except for consensual liens or security interests as the GSEs may create.

**Section 7.13. Issuer Bond Rating.** The Issuer shall use its best efforts to maintain the minimum Issuer Bond Ratings specified in Section 5.9 hereof.

**Section 7.14. Litigation, Etc.** The Issuer shall give prompt notice in writing to the GSEs of any litigation, administrative proceeding or business development which may materially adversely affect its business, properties or affairs or the ability of the Issuer to perform its obligations as set forth hereunder or under any of the Related Documents to which it is a party, and shall in all events give prompt notice of any such litigation or proceeding involving a claim in excess of \$5,000,000 payable from the Revenues held under the Resolution.

**Section 7.15. Resolution; Redemption of Bank Bonds; Payment of Fees.**

(a) While any Bank Bonds are outstanding and in accordance with the Resolution, the Issuer will, to the extent obligated under Section 4.1 hereof, (i) redeem Bank Bonds from available funds under the Resolution, and (ii) redeem Bank Bonds prior to the optional redemption of any other Bonds under the Resolution.

(b) The Issuer hereby agrees that fees and other amounts payable to each GSE (other than principal and interest on Bank Bonds and the obligation to reimburse the GSEs for Credit Enhancement Advances, Liquidity Advances and Mandatory Tender Advances) shall either (a) constitute Program Expenses pursuant to, and as defined in, the Resolution and, pursuant to the Resolution, will be paid from the Revenue Fund when due or (b) will be payable on the same priority as debt service on the Bonds, whichever is the more senior priority. The Issuer further agrees that to the extent sufficient funds are not available in the Revenue Fund to pay such fees and other amounts when due for any reason, the Issuer will immediately pay or cause to be paid such fees and other amounts from available funds of the Issuer.

**Section 7.16. Maintenance of Existence.** The Issuer shall preserve and maintain its existence as a body corporate and political subdivision of the State organized and existing under the laws of the State, and to perform its obligations under this Agreement and the Related Documents and will not, without the prior written consent of the GSEs, (i) merge or consolidate with any other organization nor (ii) sell, lease



or transfer all or substantially all of its property to any Person, or turn over the management or operation of any substantial part of its business, property or assets, to any other Person, except as otherwise provided in the Resolution and the Act; provided, however, that the Issuer may consolidate with or merge into another governmental entity that assumes in writing all the obligations of Issuer in form and substance satisfactory to the GSEs and such consolidations or merger will not impair or adversely affect the security supporting its obligations to the GSEs or otherwise have a material adverse effect upon the Bonds, this Reimbursement Agreement or the Related Documents.

**Section 7.17. Swap Termination Fees.** So long as this Agreement remains in effect, the Issuer shall not permit any swap termination fees to be payable on a basis senior to or on a parity with the Bonds or any of the Issuer's obligations under this Agreement.

**Section 7.18. Further Assurances.** The Issuer will at any and all times, insofar as it may be authorized so to do by law, authorize, make, do, execute, acknowledge and deliver every and all such further resolutions, acts, deeds, conveyances, assignments, recordings, filings, transfers and assurances as may be reasonably necessary for the better assuring, conveying, granting, assigning and confirming all and singular the rights of the GSEs hereunder or payment of the obligations of the Issuer arising under or pursuant to this Agreement, or intended so to be, or which the Issuer may hereafter become bound to pledge or assign thereto, including the maintenance of the security interests in the Revenues created pursuant to the Resolution.

**Section 7.19. Disclosure to Participants.** The Issuer shall permit each GSE to disclose any information received by such GSE in connection herewith, including without limitation the financial information described in Section 7.3 hereof, to any Participants; provided, that the GSE shall require, as a condition to providing any such information to any Participant, an agreement on the part of said Participant to maintain the confidentiality of said information unless said Participant is required to release such information pursuant to any statute, rule, regulation or judicial process or upon the lawful demand of any court or agency having jurisdiction over such Participant.

**Section 7.20. Conversions; Defeasance.** The Issuer shall promptly furnish, or cause to be furnished, to each GSE, not later than its furnishing the same to the Remarketing Agent, a copy of any written notice furnished by the Issuer to the Remarketing Agent pursuant to the Resolution indicating a proposed conversion or change of the interest rate on the Bonds to a rate other than a variable rate. The Issuer shall not consummate any such conversion without the prior written consent of each of the GSEs. In addition, the Issuer will not defease, nor allow the defeasance of, the Bonds without having contemporaneously satisfied all of its obligations hereunder, including the Bank Bonds. The Issuer and Trustee hereby recognize that any such conversion of the interest rate mode shall result in a termination of the Credit and Liquidity Facility if all of the Bonds are so converted.

**Section 7.21. Investment Securities.** The Issuer shall not permit any funds invested under the Resolution to be invested in obligations, securities or other investments of a type not included within the categories permitted for such purpose in the Resolution, will comply with the investment guidelines attached hereto as Schedule 3 and will not modify such investment guidelines without the prior written consent of the GSEs.

**Section 7.22. [Reserved.]**

**Section 7.23. Maintenance of Tax-Exempt Status of the Bonds.** The Issuer will not take any action or omit to take any action which, if taken or omitted, would adversely affect the exclusion from gross income of such interest on the Bonds for purposes of the exemption of such interest from Federal income taxes.

**Section 7.24. No Leverage; No Derivatives.** The Issuer shall not acquire any investments with funds pledged to payment of Bonds or amounts due hereunder on margin, nor shall the Issuer enter into any Hedge without the prior written consent of the GSEs.

**Section 7.25. Special GSE Program Covenants.** The Issuer covenants that it will:

(a) Not issue new bonds under the Resolution in a variable rate demand, adjustable rate or auction rate mode other than variable rate bonds issued and acquired by the GSEs under the GSEs' HFA Initiative Program;

(b) Transition, as the market stabilizes, to private liquidity providers or other funding mechanisms that will result in a reduction in the principal amount of Bonds supported by the Credit and Liquidity Facility;

(c) Continuously monitor the market with the objective of converting the Bonds to a fixed rate financing without credit enhancement from the GSEs and effect such a conversion if it can be accomplished at a break even cost to the Issuer, including the cost of terminating any interest rate swap related to the Bonds;

(d) Certify annually on the anniversary date of the Effective Date that a conversion to fixed rate was uneconomical during the prior year;

(e) Prepare documents within six (6) months of the Effective Date that will allow the Issuer to expeditiously convert the Bonds to fixed rate securities if economic conditions permit;

(f) Except as limited by tax law requirements and except for scheduled or other required redemptions, redeem Bank Bonds ahead of any other outstanding bonds issued pursuant to the Resolution;

(g) Apply available excess funds under the Resolution to redeem all Bank Bonds upon expiration of the Credit and Liquidity Facility;

(h) To the extent the Issuer does not have sufficient funds to redeem all Bank Bonds on or before the termination of the Credit and Liquidity Facility, pay the outstanding Bank Bonds over a 10-year period in accordance with the requirements of Section 4.1(b) hereof;

(i) The Issuer shall take all steps necessary to assure that all assets and revenues of any description pledged to the payment of the Bonds and all other bonds issued under the Resolution shall be applied strictly in accordance with, and solely for the purposes and in the amounts specified and permitted by, the terms of the Resolution.

(j) The Issuer shall not exercise any rights it may have to make voluntary withdrawals of cash or other assets from the lien of the Resolution except under the following circumstances and within the following limits:

(i) No withdrawals whatsoever shall be made during any period that either (A) any of the unenhanced long term credit ratings on the Bonds are below "A3" by Moody's, with a "stable" outlook by Moody's, or "A-" by S&P, with a "stable" outlook by S&P or (B) Bank Bonds are outstanding (except withdrawals to redeem Bank Bonds).

(ii) No withdrawals whatsoever shall be made to the extent that such withdrawal would adversely affect any of the unenhanced long term credit ratings on the Bonds that are effective immediately prior to such withdrawal.

(iii) Withdrawals shall be made only to (A) fund programs sponsored by, or other administrative expenses of, the Issuer which have been historically funded with the proceeds of withdrawals from the Resolution, and the annual amount of such withdrawals shall be consistent with the annual amount of past withdrawals for such purposes or (B) to redeem Bank Bonds or Bonds.

(iv) Prior to and as a condition to each withdrawal, the Issuer shall (i) obtain and furnish to the GSEs and to the Treasury a confirmation from each of the rating agencies maintaining a long term rating on the Bonds that the proposed withdrawal will not adversely affect such rating and (ii) provide a written certification to the GSEs and to the Treasury specifying the amount and purpose of the withdrawal and that the requirements of this Section 7.25(j) have been met with respect to such withdrawal.

(k) No later than 90 days prior to the stated expiration date of the Credit and Liquidity Facility either: (i) refinance or defease the Bonds; (ii) provide a substitute liquidity facility; or (iii) convert the Bonds to a fixed interest rate. The Issuer agrees and acknowledges that failure to effect either (i), (ii) or (iii) above will result in a mandatory tender in whole of the Bonds on or prior to the stated expiration date of the Credit and Liquidity Facility.

(l) With respect to the purchase, origination, enforcement and servicing of mortgage loans and mortgage –backed securities (“MBS”) the Issuer shall:

(i) originate or cause to be originated, mortgage loans and purchase, or cause to be purchased, MBS in a manner consistent with applicable state law, the Resolution and any supplements thereto, and such other related documents by which the Issuer is bound;

(ii) cause all mortgage loans to be serviced pursuant to the servicing requirements of the Issuer, GNMA, FHA, Fannie Mae and Freddie Mac, as applicable, or any other party providing credit support in respect of any mortgage loans held under the Resolution;

(iii) diligently take all steps necessary or desirable to enforce all terms of the mortgage loans, MBS, loan program documents and all such other documents evidencing obligations to the Issuer; and

(iv) diligently take all actions consistent with sound mortgage loan origination, purchase and servicing practices and principles as may be necessary to receive and collect sufficient revenues to pay debt service when due on the Bonds.

## ARTICLE VIII

### EVENTS OF DEFAULT

The occurrence of any of the following events shall constitute an “Event of Default”:

**Section 8.1. Payments.** Any principal of, or interest on, any Bond (including any Bank Bond) shall not be paid when due (disregarding for such purposes payments made from Credit Enhancement Advances); or

**Section 8.2. Fee Payments; Reimbursement.** The Issuer shall fail to pay any amount owing under Section 2.2, 3.7 or 4.1 hereof when and as the same shall become due; or

**Section 8.3. Representations.** Any representation or warranty made or deemed to be made to the GSEs by or on behalf of the Issuer in this Agreement or in any Related Document or in any certificate or statement delivered hereunder or thereunder shall be incorrect or untrue in any material respect when made or deemed to have been made; or

**Section 8.4. Certain Covenants.** The Issuer shall fail to observe or perform any covenant or agreement of the Issuer set forth in Sections 7.1 to the extent it relates to the payment of obligations, 7.2(b) and (c), 7.5, 7.6, 7.7, 7.8, 7.11, 7.12, 7.14, 7.15, 7.17, 7.20, 7.21, 7.24, and 7.25(a), (f), (g) and (j) hereof; or

**Section 8.5. Other Covenants.** The Issuer shall default in the due performance or observance of any other term, covenant or agreement contained (or incorporated by reference) or there is any Default in this Agreement (other than those referred to in Sections 8.1, 8.2, 8.3, and 8.4 hereof) and such Event of Default or Default shall remain unremedied for a period of thirty (30) days after the GSEs shall have given written notice thereof to the Issuer; or

**Section 8.6. Insolvency.** (a) The Issuer shall commence any case, proceeding or other action (i) under any existing or future law of any jurisdiction, domestic or foreign, relating to bankruptcy, insolvency, reorganization or relief of debtors, seeking to have an order for relief entered with respect to it, or seeking to adjudicate it a bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, composition or other relief with respect to it or its Debts, or (ii) seeking appointment of a receiver, trustee, custodian or other similar official for it or for all or any substantial part of its assets, or the Issuer shall make a general assignment for the benefit of its creditors; or (b) there shall be commenced against the Issuer any case, proceeding or other action of a nature referred to in clause (a) above which (i) results in an order for such relief or in the appointment of a receiver or similar official or (ii) remains undismissed, undischarged or unbonded for a period of sixty (60) days; or (c) there shall be commenced against the Issuer, any case, proceeding or other action seeking issuance of a warrant of attachment, execution, rehabilitation, distraint or similar process against all or any substantial part of its assets (including the Security), which results in the entry of an order for any such relief which shall not have been vacated, discharged, or stayed or bonded pending appeal within sixty (60) days from the entry thereof; or (d) the Issuer shall take any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the acts set forth in clause (a), (b) or (c) above; or (e) the Issuer shall generally not, or shall be unable to, and so admit in writing its inability to, pay its Debts; or (f) a moratorium, restructuring, adjustment or comparable extraordinary restriction shall have been declared (whether or not in writing) with respect to the Bonds or Parity Debt of the Issuer by the Issuer or the State (including, without limitation, any of the executive, legislative or judicial branches of government thereof) or any federal government agency or authority having jurisdiction over the Issuer; or

**Section 8.7. Invalidity.** (a) Any provision of the Act, this Agreement, the Resolution, the Bonds or any Parity Debt relating to the payment of the principal of or interest on the Bonds (including any Bank Bonds) or any Parity Debt or the Security therefor shall at any time and for any reason cease to be valid and binding on the Issuer as a result of (i) finding or ruling, (ii) enactment or adoption of legislation, (iii) issuance of an executive order or (iv) entry of a judgment or decree, in each instance, by a Governmental Agency having appropriate jurisdiction over the Issuer that such a provision is null and void, invalid or unenforceable; or (b) the Issuer shall have taken or permitted to be taken any official action which would adversely affect the enforceability of this Agreement, the Bonds, the Act, the Resolution or any Parity Debt relating to the payment of the principal or interest on the Bonds (including any Bank Bonds) or any Parity Debt or the Security therefor or results in a repudiation of its obligation to pay the Bonds (including any Bank Bonds); or (c) the Issuer (i) challenges the validity or enforceability of any provision of this Agreement, the Bonds, the Act, the Resolution or any Parity Debt relating to or otherwise affecting (A) the obligation to pay the principal of or interest on the Bonds, the Bank Bonds or any Parity Debt or (B) the Security available for repayment of the principal of or interest on the Bonds, the Bank Bonds or any Parity Debt or (ii) seeks an adjudication that any provision of this Agreement, the Act, the Resolution, the Bonds or any Parity Debt relating to or otherwise affecting (A) the Issuer's obligation to pay the principal of or interest on the Bonds, the Bank Bonds or any Parity Debt or (B) the Security available for repayment of the principal of or interest on the Bonds, the Bank Bonds or any Parity Debt is not valid and binding on the Issuer; or

**Section 8.8. Ratings Withdrawal or Suspension.** Each of Moody's, Fitch and S&P shall have (a) withdrawn their long-term ratings of the Bonds or any unenhanced Parity Debt for any credit related reasons; or (b) suspended their long-term ratings of the Bonds or any unenhanced Parity Debt for any credit related reasons; or

**Section 8.9. Default on Other Obligations.** The Issuer shall fail to pay when due and payable (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise) any Parity Debt, or any interest or premium thereon, and such failure shall continue beyond any applicable period of grace specified in any underlying resolution, indenture, contract or instrument providing for the creation of or concerning such Parity Debt, or pursuant to the provisions of any such resolution, indenture, contract or instrument, the maturity of any Parity Debt shall have been or, as a result of a payment default of any nature, may be accelerated or shall have been, or, as a result of a payment default of any nature, may be required to be prepaid prior to the stated maturity thereof; or

**Section 8.10. Judgment.** A final non-appealable judgment or order for the payment of money that exceeds \$5,000,000 in aggregate shall have been rendered against the Issuer and shall be payable from or attach to the Revenues or other monies pledged to the payment of the Bonds under the Resolution, and such judgment or order shall not have been satisfied within a period of 30 days from the date on which such judgment was rendered; or

**Section 8.11. Maintenance of Tax-Exempt Status of the Bonds.** The issuance of a Proposed Determination by the Internal Revenue Service which, if not terminated, revoked or omitted, would adversely affect the exclusion from gross income of such interest on the Bonds for purposes of the exemption of such interest from Federal income taxes; or

**Section 8.12. Event of Default Under Related Documents.** An event of default shall occur and be continuing under any Related Documents.

### **Section 8.13. Remedies.**

(a) Upon the occurrence of any Event of Default, the GSEs may, in a written notice executed by both GSEs, declare all accrued and unpaid amounts payable to them hereunder to be immediately due and payable (other than payments of principal of and interest on Bank Bonds, acceleration rights with respect to which are governed by the Resolution), and the GSEs shall have all remedies provided at law or in equity, including, without limitation, specific performance; *provided, however*, the GSEs agree to fund Advances under the Credit and Liquidity Facility notwithstanding the occurrence of an Event of Default.

(b) Upon the occurrence of any Event of Default, the GSEs may, in a written notice executed by both GSEs, give notice to the Tender Agent and Trustee of their election to require the Tender Agent/Trustee to cause a Mandatory Tender of all Bonds .

(c) The remedies provided in (a) and (b) above are not exclusive, and the GSEs hereby reserve the right and shall have the right to pursue any other available remedies, whether provided by law, equity, in any Related Document or this Agreement.

## **ARTICLE IX**

### **OBLIGATIONS ABSOLUTE**

**Section 9.1. Obligations Absolute.** The obligations of the Issuer under this Agreement shall be absolute, unconditional and irrevocable and shall be paid or performed strictly in accordance with the terms of this Agreement, under all circumstances whatsoever, including, without limitation, the following circumstances:

(a) to the extent permitted by applicable law, any lack of validity or enforceability of this Agreement or any Related Document or any other agreement or instrument delivered in connection herewith or therewith;

(b) any amendment or waiver of or any consent to departure from, the terms of any of the Related Documents;

(c) the existence of any claim, set-off, defense or other right which the Issuer may have at any time against the Tender Agent, the Trustee, the Remarketing Agent, the GSEs or any other Person, whether in connection with this Agreement, the Related Documents or any unrelated transaction; provided, however, that nothing herein contained shall prevent the assertion of such claim by separate suit;

(d) any statement or any other document presented other than by the GSEs under this Agreement or any of the Related Documents proving to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect whatsoever; or

(e) any other circumstances or happening whatsoever, whether or not similar to any of the foregoing.

## ARTICLE X

### MISCELLANEOUS

#### **Section 10.1. Amendments; Liability of the GSEs.**

(a) No amendment or waiver of any provision of this Agreement, nor consent to any departure by the Issuer therefrom, shall in any event be effective unless the same shall be in writing and signed by each of the GSEs, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

(b) With respect to each GSE, to the extent permitted by law, the Issuer assumes all risks of the acts or omissions of the Tender Agent, the Trustee, the Remarketing Agent and any of their agents in respect of their use of this Agreement or the Credit and Liquidity Facility or any amounts made available by a GSE under the Credit and Liquidity Facility. Neither of the GSEs nor any of its officers or directors shall be liable or responsible for: (i) the use which may be made of this Agreement or any amounts made available by the GSEs under the Credit and Liquidity Facility or for any acts or omissions of the Trustee, the Tender Agent or the Remarketing Agent or their agents in connection therewith; (ii) the validity, sufficiency or genuineness of documents, or of any endorsement(s) thereon, even if such documents should in fact prove to be in any or all respects invalid, insufficient, fraudulent or forged; or (iii) any other circumstances whatsoever in making or failing to make payment under the Credit and Liquidity Facility, except only that the Issuer shall have a claim against a GSE, and such GSE shall be liable to the Issuer to the extent, but only to the extent, of any direct, as opposed to consequential, damages suffered by the Issuer which the Issuer proves (as evidenced by a final decision by a court of competent jurisdiction) were caused by such GSE's gross negligence or willful failure to make payment under the Credit and Liquidity Facility strictly in accordance with the terms thereof. In furtherance and not in limitation of the foregoing, each GSE may accept documents that appear on their face to be in order, without responsibility for further investigation, regardless of any notice or information to the contrary.

(c) The Issuer assumes all risks associated with the acceptance by each GSE of documents received by telecommunication, it being agreed that the use of telecommunication devices is for the benefit of the Issuer and that each GSE assume no liabilities or risks with respect thereto.

#### **Section 10.2. Costs and Expenses.**

(a) To the extent permitted by law, the Issuer agrees to reimburse each of the GSEs in respect of all reasonable out-of-pocket costs, charges and expenses (including reasonable attorneys' fees) arising in connection with the preparation, execution, delivery, administration and enforcement of, preservation of rights in connection with a workout, restructuring or default under an amendment or waiver with respect to, this Agreement, the Bonds, the Credit and Liquidity Facility and the other Related Documents.

(b) To the extent permitted by law, the Issuer agrees to indemnify and hold harmless each GSE, its officers, directors, employees and agents (each an "Indemnified Party") from and against any and all claims, damages, losses, liabilities, reasonable costs or expenses whatsoever which an Indemnified Party may incur (or which may be claimed against an Indemnified Party by any Person) by reason of or in connection with the execution and delivery of and consummation of the transactions contemplated under this Agreement and the Related Document, including,

without limitation, (i) the offering, sale, remarketing or resale of Bonds (including, without limitation, by reason of any untrue statement or alleged untrue statement contained or incorporated by reference in any preliminary official statement or official statement, or in any supplement or amendment thereof, prepared with respect to the Bonds, or the omission or alleged omission to state therein a material fact necessary to make such statements, in the light of the circumstances under which they are or were made, not misleading or the failure to deliver a preliminary official statement or an official statement to any offeree or purchaser of Bonds) and (ii) the execution and delivery of, or payment or failure to pay by any Person (other than a GSE as and when required by the terms and provisions hereof) under, this Agreement; *provided, however*, that the Issuer shall not be required to indemnify a GSE for any claims, damages, losses, liabilities, costs or expenses to the extent, but only to the extent, caused by (a) the willful misconduct or gross negligence of such GSE (including without limitation, failure of a GSE to honor its obligations to advance funds upon the satisfaction of the applicable conditions precedent set forth in the Credit and Liquidity Facility and in accordance with the terms of the Credit and Liquidity Facility ) or (b) the material inaccuracy of any information included or incorporated by reference in any official statement referred to in Section 6.8 hereof concerning a GSE which was furnished in writing by a GSE expressly for inclusion or incorporated by reference therein. Nothing in this Section 10.2 is intended to limit the obligations of the Issuer under the Bonds or of the Issuer to pay its obligations hereunder and under the Related Documents.

(c) The provisions of this Section 10.2 and Sections 3.8 and 3.9 hereof shall survive the termination of this Agreement and the payment in full of the Bonds and the obligations of the Issuer hereunder. Each GSE shall notify the Issuer of any amounts which are owed to such party pursuant to this Section 10.2.

**Section 10.3. Notices.** Unless otherwise specified herein, all notices, requests, demands or other communications to or upon the respective parties hereto or referred to herein shall be deemed to have been given (i) in the case of notice by letter, when delivered by hand or four (4) days after the same is deposited in the mails, first class postage prepaid, and (ii) in the case of notice by telecopier or e-mail, when sent, receipt confirmed, addressed to them as follows or at such other address as any of the parties hereto may designate by written notice to the other parties hereto and the Remarketing Agent:

Issuer:	Colorado Housing and Finance Authority Attention: Chief Financial Officer 1981 Blake Street Denver, Colorado 80202 Telephone: (303) 297-7399 Telecopy: : (303) 294-9773
Freddie Mac, with a copy to U.S. Department of the Treasury, Treasury's Agent and the Custodian at the below addresses:	Federal Home Loan Mortgage Corporation Attention: Mark Spates 8100 Jones Branch Drive Mail Stop D4F McLean, VA 22101 Telephone: Telecopy: E-Mail: <a href="mailto:hfa_credit_reporting@freddiemac.com">hfa_credit_reporting@freddiemac.com</a>
Fannie Mae, with a copy to U.S. Department of the Treasury, Treasury's Agent and the Custodian at the below	Fannie Mae Attention: Peter Coccaro 3900 Wisconsin Avenue, NW



addresses: Mailstop: 8H-611  
Washington, D.C. 20016  
Telephone: 202-752-5542  
Telecopy:  
E-Mail:

Trustee and Tender Agent: Wells Fargo Bank, National Association  
700 Lincoln Street, 10th Floor  
MAC C7300-107  
Denver, CO 80203  
Attention: Corporate, Municipal & Escrow Solutions  
Telephone: (303) 863-6168  
Telecopy: (303) 863-5645

Remarketing Agent: Barclays Capital  
745 7th Avenue, 4th Floor  
New York, New York 10019  
Attention: Frank Murphy  
Telephone: (212) 528-1011  
Telecopy: (646) 758-1905

Treasury: U.S. Department of the Treasury  
1500 Pennsylvania Avenue, N.W.  
Washington, D.C. 20220  
Attention: Fiscal Assistant Secretary  
re: Housing Finance Agencies Initiative  
  
and  
  
Attention: Assistant General Counsel  
(Banking and Finance)  
re: Housing Finance Agencies Initiative  
Telephone:  
Telecopy:

Treasury's Agent: Attention: Lillian G. White  
JPMorgan Chase Bank, N.A.  
1 Chase Manhattan Plaza, Floor 19  
New York, New York  
Telephone: (212) 552-2392  
Telecopy: (212) 552-0551  
E-Mail: [Lillian.G.White@jpmorgan.com](mailto:Lillian.G.White@jpmorgan.com)

Administrator/Custodian: U.S. Bank National Association  
EP-MN-WS3T  
60 Livingston Avenue  
St. Paul, MN 55107  
Attention: TFM/HFA Initiative  
E-mail: [usbhfa@usbank.com](mailto:usbhfa@usbank.com)

**Section 10.4. Successors and Assigns.** This Agreement shall be binding upon and inure to the benefit of the Issuer, the Trustee, the Tender Agent and each GSE, and their respective successors, endorsees and assigns, except that, as long as this Agreement is in effect and each GSE is not in default

hereunder, the Issuer may not assign or transfer its rights or obligations hereunder without the prior written consent of the GSEs. Each GSE may grant a participation to any financial institution or governmental entity in all or any part of, or any interest (undivided or divided) in, such GSE's rights and benefits under this Agreement, any Bonds owned by it and the other Related Documents, and to the extent of that participation such Participant shall, except as set forth in the following clause (ii), have the same rights and benefits against the Issuer hereunder as it would have had if such Participant were a direct party hereto; *provided* that (i) no such participation shall affect the obligations of a GSE to make Advances as required by the Credit and Liquidity Facility; (ii) the Issuer shall be required to deal only with each GSE with respect to any matters under this Agreement and no such Participant shall be entitled to enforce directly against the Issuer any provision hereunder; (iii) no Participant shall be entitled to recover amounts hereunder in excess of any amounts to which a GSE is entitled to recover hereunder; and (iv) such Participant shall not be any Person registered as an investment company under the Investment Company Act of 1940, as amended, substantially all of the assets of which are invested in obligations exempt from federal income taxation under Section 103 of the Code or any similar or successor provision.

The obligations of a GSE under the Credit and Liquidity Facility or any part thereof may be assigned by a GSE to any financial institution only with the prior written consent of the Issuer and the prior written confirmation of the existing ratings by each Rating Agency then rating the Bonds.

#### **Section 10.5. Governing Law; Waiver of Jury Trial; Venue.**

(a) THIS AGREEMENT SHALL BE GOVERNED BY, AND INTERPRETED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK WITHOUT REGARD TO THE RULES OF CONFLICTS OF LAWS; PROVIDED, HOWEVER, THAT THE DUTIES AND OBLIGATIONS OF THE ISSUER UNDER THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF COLORADO, WITHOUT GIVING EFFECT TO CONFLICT OF LAW PRINCIPLES.

(b) TO THE FULLEST EXTENT PERMITTED BY LAW, THE ISSUER, THE TRUSTEE, THE TENDER AGENT, FREDDIE MAC AND FANNIE MAE WAIVE THEIR RESPECTIVE RIGHTS TO A TRIAL BY JURY OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF OR RELATED TO THIS AGREEMENT, ANY OTHER DOCUMENT DELIVERED IN CONNECTION HERewith, OR THE TRANSACTIONS CONTEMPLATED HEREBY OR IN ANY ACTION, PROCEEDING OR OTHER LITIGATION OF ANY TYPE BROUGHT BY ANY OF THE PARTIES AGAINST ANY OTHER PARTY OR ANY GSE-RELATED PERSON, PARTICIPANT OR ASSIGNEE, WHETHER WITH RESPECT TO CONTRACT CLAIMS, TORT CLAIMS, OR OTHERWISE. THE ISSUER, THE TRUSTEE, THE TENDER AGENT, AND THE GSEs AGREE THAT ANY SUCH CLAIM OR CAUSE OF ACTION SHALL BE TRIED BY A COURT TRIAL WITHOUT JURY. WITHOUT LIMITING THE FOREGOING, THE PARTIES FURTHER AGREE THAT THEIR RESPECTIVE RIGHT TO A TRIAL BY JURY IS WAIVED BY OPERATION OF THIS SECTION AS TO ANY ACTION, COUNTERCLAIM OR OTHER PROCEEDING WHICH SEEKS, IN WHOLE OR IN PART, TO CHALLENGE THE VALIDITY OR ENFORCEABILITY OF THIS AGREEMENT OR ANY OTHER DOCUMENT DELIVERED IN CONNECTION HERewith OR ANY PROVISION HEREOF OR THEREOF. THIS WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS TO THIS AGREEMENT AND ANY OTHER DOCUMENTS DELIVERED IN CONNECTION THEREWITH. TO THE FULL EXTENT PERMITTED BY LAW, EACH OF THE ISSUER, THE TRUSTEE, THE TENDER AGENT, AND THE GSEs HEREBY WAIVE TRIAL BY JURY IN ANY ACTION OR

PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OF THE RELATED DOCUMENTS.

(c) THE ISSUER, THE TRUSTEE, THE TENDER AGENT, FREDDIE MAC AND FANNIE MAE HEREBY AGREE THAT ANY LITIGATION INVOLVING ENFORCEMENT OF THE PROVISIONS HEREOF SHALL BE BROUGHT IN THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK AND EACH PARTY, TO THE FULLEST EXTENT PERMITTED BY LAW, CONSENTS TO THE JURISDICTION OF SUCH COURT.

**Section 10.6. No Waivers, Amendments, Etc.** No provision of this Agreement shall be waived, amended or supplemented except by a written instrument executed by the parties hereto.

**Section 10.7. Counterparts.** This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

**Section 10.8. Source of Funds.** The GSEs agree that all funds provided by either under the Credit and Liquidity Facility will be paid from funds of the GSEs and not directly or indirectly from funds or collateral on deposit with or for the account of, or pledged with or for the account of, the GSEs by the Issuer.

**Section 10.9. Term of the Agreement.**

(a) **Term.** The term of this Agreement shall be until the later of (x) the termination or expiration of the Credit and Liquidity Facility and (y) the payment in full of the principal of and interest on all Bank Bonds and all other amounts due hereunder.

(b) **No Extension.** No extension of the term of the Credit and Liquidity Facility will be offered by the GSEs.

**Section 10.10. Headings.** Section headings in this Agreement (the texts of which are set forth in the Table of Contents hereof) are included herein for convenience of reference only and shall not have any effect for purposes of interpretation or construction of the terms of this Agreement.

**Section 10.11. Complete and Controlling Agreement.** This Agreement and the other Related Documents completely set forth the agreements between the GSEs and the Issuer and completely supersede all prior agreements, both written and oral, between GSEs and the Issuer relating to the matters set forth herein and in the Related Documents.

**Section 10.12. Losses Relating to Telephonic Notices.** The Issuer hereby agrees to compensate the GSEs for the loss of use of funds in the event the GSEs disburse funds under the Credit and Liquidity Facility (a) in any attempt to make purchases of Bonds based upon telephonic requests made by any Person or Persons which the GSEs in good faith believes to be the Tender Agent or its designees (but the foregoing shall not imply any standard of care against the GSEs with respect to requests made in any other manner, except as otherwise expressly agreed herein), and (b) in any amount in excess of that actually required to purchase Bonds due to the Tender Agent incorrectly stating such amount in its Purchase Notice (to the extent such loss of use of funds is not covered by Section 3.3(b) hereof). A certificate of the GSEs as to the amount of any such loss shall be conclusive, absent manifest error. The Issuer shall be entitled to payment and reimbursement by the Tender Agent for the amount of such loss that resulted from the negligence or misconduct of the Tender Agent.

**Section 10.13. Severability.** If any provision of this Agreement shall be held or deemed to be or shall in fact be illegal, inoperative or unenforceable, the same shall not affect any other provision or provisions herein contained or render the same invalid, inoperative or unenforceable to any extent whatever.

**Section 10.14. Notices to, and Independent Rights of, the GSEs.** Each GSE is entitled to each notice required to be given hereunder and notice to one GSE shall not constitute notice to the other GSE nor shall it satisfy a requirement that the GSEs be provided notice of an event. Each GSE shall be entitled to exercise its rights hereunder independently and no consent, approval or waiver which is required of the GSEs hereunder shall be effective unless provided by each GSE separately.

[signature pages immediately follow]

IN WITNESS WHEREOF, the parties hereto have caused this Reimbursement Agreement to be duly executed and delivered by their authorized representatives as of the Effective Date.

**COLORADO HOUSING AND FINANCE  
AUTHORITY**

By: \_\_\_\_\_  
Name: Thomas E. Hemmings  
Title: Chief Financial Officer

**WELLS FARGO BANK, NATIONAL  
ASSOCIATION**, acting hereunder not in its  
individual capacity but solely as Trustee and  
Tender Agent

By: \_\_\_\_\_

Name:

Title: Vice President

**FEDERAL HOME LOAN MORTGAGE  
CORPORATION**

By: \_\_\_\_\_

Name:

Title:

**FANNIE MAE**

By: \_\_\_\_\_

Name:

Title:



**EXHIBIT A**

**CERTIFICATE FOR ISSUER REIMBURSEMENT OF ADVANCE(S) AND/OR  
PAYMENT OF INTEREST ON BANK BONDS**

Fannie Mae ("Fannie Mae")  
3900 Wisconsin Avenue  
Washington, D.C. 20016  
Attention:

JPMorgan Chase Bank, N.A. (the  
"Treasury's Agent")  
1 Chase Manhattan Plaza, Floor 19  
New York, New York 10005  
Attention: Lillian G. White

Federal Home Loan Mortgage Corporation  
("Freddie Mac")  
8100 Jones Branch Drive  
McLean, VA 22101  
Attention:

U.S. Bank National Association (the  
"Administrator")  
EP-MN-WS3T  
60 Livingston Avenue  
St. Paul, MN 55107  
Attention: TFM/HFA Initiative

Wells Fargo Bank, National Association (the  
"Trustee")  
1700 Lincoln Street, 10<sup>th</sup> floor  
MAC C7300-107  
Denver, CO 80203  
Attention: Corporate, Municipal & Escrow  
Solutions

Re: Standby Irrevocable Temporary Credit and Liquidity Facility (the "Credit and Liquidity Facility") and Reimbursement Agreement (the "Reimbursement Agreement", together with the Credit and Liquidity Facility, the "TCLF Documents") relating to the Series of Bonds identified below ("Series of Bonds" or "Bond Series") [LIMIT OF ONE BOND SERIES PER CERTIFICATE]

Date of Certificate:

Issuer: Colorado Housing and Finance Authority

Bond Series: Adjustable Rate Multi-Family Housing Insured Mortgage Revenue Bonds, 2002 Series AA

Fannie Mae Loan No.:

Freddie Mac Loan No.:

Bond Series CUSIP No.: 19647PAY9

Bond Series Bank Bond CUSIP No.: 19647PAZ6

The undersigned, a duly authorized signatory of the Colorado Housing and Finance Authority (the "Issuer") hereby certifies to Fannie Mae and Freddie Mac (together, the "GSEs"), to Wells Fargo Bank, National Association (the "Trustee") and to U.S. Bank National Association, as Administrator under that Administrative Agreement dated as of December 9, 2009 among the GSEs and the Administrator (the "Administrator"), with reference to the TCLF Documents, as follows:

On the date set forth above, the undersigned [is making] [hereby directs the Trustee to make] the following reimbursement or payment to the Administrator pursuant to the TCLF Documents:

(1). **Total Amount of Reimbursement of Advance(s) and/or Payment of Interest on Bank Bonds.** The undersigned [is transferring] [hereby directs the Trustee to transfer] the amount of \$\_\_\_\_\_ to the Administrator pursuant to the TCLF Documents.

(2). **Breakdown of Reimbursement of Advance(s) and/or Payment of Interest on Bank Bonds.** Of the total amount set forth in Paragraph 1:

(a) \$\_\_\_\_\_ is for payment of interest on Bank Bonds. [ISSUER: IF THE TOTAL AMOUNT LISTED IN PARAGRAPH 1 IS FOR PAYMENT OF INTEREST ON BANK BONDS, THEN YOU SHOULD SKIP PARAGRAPH 3 BELOW AND MOVE TO PARAGRAPH 4]

[AND/OR]

(b) \$\_\_\_\_\_ is for reimbursement of one or more Advance(s). [ISSUER: IF THE AMOUNT LISTED IN THIS PARAGRAPH 2(B) IS FOR REIMBURSEMENT OF A LIQUIDITY ADVANCE, THIS AMOUNT SHOULD INCLUDE ONLY THE PURCHASE PRICE OF BANK BONDS PURCHASED PURSUANT TO A LIQUIDITY ADVANCE AND SHOULD NOT INCLUDE INTEREST THAT HAS ACCRUED ON BANK BONDS FROM THE DATE OF SUCH LIQUIDITY ADVANCE, WHICH AMOUNT SHOULD BE LISTED UNDER PARAGRAPH 2(A) ABOVE). [ISSUER: IF ANY AMOUNT IS LISTED UNDER THIS PARAGRAPH 2(B), THEN YOU SHOULD FILL OUT PARAGRAPH 3 BELOW]

(3). [THIS PARAGRAPH 3 TO BE COMPLETED ONLY IF THE ISSUER HAS LISTED AN AMOUNT UNDER PARAGRAPH 2(B) ABOVE]:

**Type of Advance(s) Reimbursed.** The amount transferred pursuant to Paragraph 1 is for reimbursement of the following type(s) of Advances pursuant to the TCLF Documents:

(Issuer: check applicable box or boxes and fill in allocations)

**Debt Service Advance.** (If checked, check appropriate box below)

The total amount set forth in Paragraph 1 is for reimbursement of a Debt Service Advance. **OR**

\$\_\_\_\_\_ out of the total amount set forth in Paragraph 1 is for reimbursement of a Debt Service Advance.

**Liquidity Advance.** (If checked, check appropriate box below)

The total amount set forth in Paragraph 1 is for reimbursement of a Liquidity Advance. **OR**

\$\_\_\_\_\_ out of the total amount set forth in Paragraph 1 is for reimbursement of a Liquidity Advance.

**Mandatory Tender Advance.** (If checked, check appropriate box below)

The total amount set forth in Paragraph 1 is for reimbursement of a Mandatory Tender Advance. **OR**

\$\_\_\_\_\_ out of the total amount set forth in Paragraph 1 is for reimbursement of a Mandatory Tender Advance.

(4). **Administrator Wiring Instructions.** On the date hereof, the undersigned [is transferring][hereby directs the Trustee to transfer] in immediately available funds the amounts described in Paragraphs 1, 2 and 3 above to the account of the Administrator set forth below:

ADMINISTRATOR WIRING INSTRUCTIONS:

FINANCIAL INSTITUTION: [TO BE PROVIDED BY ADMINISTRATOR]  
ACCOUNT HOLDER: [TO BE PROVIDED BY ADMINISTRATOR]  
ABA ROUTING NUMBER: [TO BE PROVIDED BY ADMINISTRATOR]  
ACCOUNT NUMBER: [TO BE PROVIDED BY ADMINISTRATOR]

Any capitalized, but undefined, term used in this Certificate is used as defined in the TCLF Documents.

The Issuer hereby certifies that it is simultaneously providing a copy of this Certificate to the Treasury's Agent and the Trustee.

IN WITNESS WHEREOF, the COLORADO HOUSING AND FINANCE AUTHORITY has executed and delivered this Certificate as of the \_\_\_ day of \_\_\_\_\_, \_\_\_\_.

**COLORADO HOUSING AND FINANCE  
AUTHORITY**

By:\_\_\_\_\_

Authorized Signatory

**EXHIBIT B**

**CERTIFICATE FOR ISSUER PAYMENT OF FACILITY FEE AND OTHER FEES**

Fannie Mae ("Fannie Mae")  
3900 Wisconsin Avenue  
Washington, D.C. 20016  
Attention:

JPMorgan Chase Bank, N.A. (the  
"Treasury's Agent")  
1 Chase Manhattan Plaza, Floor 19  
New York, New York 10005  
Attention: Lillian G. White

Federal Home Loan Mortgage Corporation  
("Freddie Mac")  
8100 Jones Branch Drive  
McLean, VA 22101  
Attention:

U.S. Bank National Association (the  
"Administrator")  
EP-MN-WS3T  
60 Livingston Avenue  
St. Paul, MN 55107  
Attention: TFM/HFA Initiative

[BOND TRUSTEE] (the "Trustee")  
[ADDRESS]  
[ADDRESS]  
Attention:

Re: Standby Irrevocable Temporary Credit and Liquidity Facility (the "Credit and Liquidity Facility") and Reimbursement Agreement (the "Reimbursement Agreement", together with the Credit and Liquidity Facility, the "TCLF Documents") relating to the Series of Bonds identified on the attached Schedule 1 (each, a "Series of Bonds" or "Bond Series")

[ISSUER: ATTACH THE CURRENT VERSION OF SCHEDULE 1 TO THE REIMBURSEMENT AGREEMENT]

Date of Certificate:  
Issuer: Colorado Housing and Finance Authority

The undersigned, a duly authorized signatory of the Colorado Housing and Finance Authority (the "Issuer") hereby certifies to Fannie Mae and Freddie Mac (together, the "GSEs"), to Wells Fargo Bank, National Association (the "Trustee") and to U.S. Bank National Association, as Administrator under that Administrative Agreement dated as of December 9, 2009 among the GSEs and the Administrator (the "Administrator"), with reference to the TCLF Documents, as follows:

On the date set forth above, the undersigned [is making] [hereby directs the Trustee to make] the following payment to the Administrator pursuant to the TCLF Documents:

(1). **Total Amount of Payment.** The undersigned [is transferring] [hereby directs the Trustee to transfer] the amount of \$ \_\_\_\_\_ to the Administrator pursuant to the TCLF Documents.

(2). (a) **Payment of Facility Fee.** The amount transferred pursuant to Paragraph 1 is for payment of the Facility Fee under the Reimbursement Agreement. [OR]

(b) **Payment of Other Fees.** The amount transferred pursuant to Paragraph 1 is for payment of the fee(s) due pursuant to Section [ ] of the Reimbursement Agreement.

(3). **Administrator Wiring Instructions.** On the date hereof, the undersigned [is transferring][hereby directs the Trustee to transfer] in immediately available funds the amounts described in Paragraphs 1 and 2 above to the account of the Administrator set forth below:

ADMINISTRATOR WIRING INSTRUCTIONS:

FINANCIAL INSTITUTION: [TO BE PROVIDED BY ADMINISTRATOR]  
ACCOUNT HOLDER: [TO BE PROVIDED BY ADMINISTRATOR]  
ABA ROUTING NUMBER: [TO BE PROVIDED BY ADMINISTRATOR]  
ACCOUNT NUMBER: [TO BE PROVIDED BY ADMINISTRATOR]

(4). **Schedule 1.** The Issuer hereby certifies that the "Schedule 1" attached hereto is the Schedule 1 to the Reimbursement Agreement, as such schedule has been amended or modified pursuant to the terms of the Reimbursement Agreement.

Any capitalized, but undefined, term used in this Certificate is used as defined in the TCLF Documents.

The Issuer hereby certifies that it is simultaneously providing a copy of this Certificate to the Treasury's Agent and the Trustee.

IN WITNESS WHEREOF, the COLORADO HOUSING AND FINANCE AUTHORITY has executed and delivered this Certificate as of the \_\_\_ day of \_\_\_\_\_, \_\_\_\_.

**COLORADO HOUSING AND FINANCE  
AUTHORITY**

By: \_\_\_\_\_

Authorized Signatory

**[ISSUER: ATTACH THE CURRENT VERSION OF SCHEDULE 1 TO THE REIMBURSEMENT  
AGREEMENT]**

**SCHEDULE 1**

**To Reimbursement Agreement dated as of December 16, 2009 among Colorado Housing and Finance Authority, Wells Fargo Bank, National Association, Fannie Mae and Freddie Mac, concerning the Adjustable Rate Multi-Family Housing Insured Mortgage Revenue Bonds and the specified Series of Bonds identified below.**

**[Each column corresponds to a Series of Bonds.]**

<b>BOND SERIES DESIGNATION:</b>	2002 AA
<b>RATING AGENCY/ ISSUER BOND RATING ON BOND SERIES:</b>	Moody's Aa2 S&P AA+
<b>CUSIP:</b>	19647PAY9
<b>BANK BOND CUSIP:</b>	19647PAZ6
<b>FANNIE MAE LOAN NO.:</b>	
<b>FREDDIE MAC LOAN NO.:</b>	
<b>OUTSTANDING PRINCIPAL AMOUNT:</b>	\$28,140,000
<b>REMARKETING AGENT:</b>	Barclays Capital Inc.
<b>MAXIMUM INTEREST RATE:</b>	10% (BB's 20%)
<b>BOND INTEREST PAYMENT DATES:</b>	April 1 and October 1
<b>SERIES MATURITY DATE:</b>	Oct. 1, 2030
<b>CLF EFFECTIVE DATE FOR SERIES:</b>	December 16, 2009
<b>CLF EXPIRATION DATE FOR SERIES:</b>	December 16, 2012
<b>PRINCIPAL PORTION OF CLF:</b>	\$28,140,000
<b>FANNIE MAE:</b>	\$14,070,000
<b>FREDDIE MAC:</b>	\$14,070,000
<b>INTEREST PORTION OF CLF:</b>	\$1,457,114
<b>FANNIE MAE:</b>	\$728,557
<b>FREDDIE MAC:</b>	\$728,557
<b>AMOUNT AVAILABLE OF CLF:</b>	\$29,597,114
<b>FANNIE MAE:</b>	\$14,798,557
<b>FREDDIE MAC:</b>	\$14,798,557
<b>DAYS OF REQUIRED INTEREST COVERAGE:</b>	189 Days
<b>IDENTIFY ANY EXISTING CREDIT ENHANCEMENT FOR SERIES:</b>	N/A
<b>DAY COUNT BASIS FOR SERIES:</b>	365/366

**Applicable to all Series of Bonds covered by the Credit and Liquidity Facility (“CLF”):**

1. Bond Interest Calculation Convention (i.e., 30/360): 365/366
2. Type of Loan Collateral (i.e., single-family, multifamily, mixed): multifamily
3. If single-family, is it whole loan, MBS or mixed?: \_\_\_\_\_
4. Facility Fee Rate per annum:
  - First Year: .50%
  - Second Year: .75%
  - Third Year: 1.00%
5. Facility Fee Payment Due Dates: Monthly in arrears, first Business Day
6. Aggregate Amounts for all Bond Series:
  - Available Amount: \$ \$29,597,114
  - Principal Portion: \$ 28,140,000
  - Interest Portion: \$ \$1,457,114

**SCHEDULE 2**

**HEDGES, COUNTERPARTIES, COUNTERPARTY RATINGS, TERMINATION EVENTS,  
COLLATERALIZATION REQUIREMENTS**

Bond Series	Hedge	Outstanding Swap Notional	Counterparty	Counterparty Ratings (Moody's/S&P/Fitch)	Termination Events	Collateral Requirements
	See (1) below				See (2) Below	See (3) Below

(1) [All Hedges relating to a Series of Bonds are floating rate to fixed rate interest swaps. The Issuer pays a fixed rate and receives a percentage of [one month LIBOR].]

(2) [Termination events are governed by the Master ISDA Agreements between the Issuer and the Counterparties.]

[Generally, termination events are caused by [Illegality, Credit Event upon Merger] or [ADDITIONAL TERMINATION EVENTS] [the long term rating of either party from S&P or Moody's is withdrawn, suspended or falls to or below BBB+/Baa1, respectively]

(3) Collateral Thresholds – The Issuer is required to post if Mark to Market exceeds :

Counterparty	Threshold
_____	\$ _____
_____	\$ _____



**SCHEDULE 3**

**ISSUER INVESTMENT GUIDELINES**

**EXHIBIT A**

**CERTIFICATE FOR “DEBT SERVICE ADVANCE”**

**STANDBY**

Fannie Mae (“Fannie Mae”)  
3900 Wisconsin Avenue  
Washington, D.C. 20016  
Attention:

JPMorgan Chase Bank, N.A.  
1 Chase Manhattan Plaza, Floor 19  
New York, New York  
Attention: Lillian G. White

Federal Home Loan Mortgage Corporation  
 (“Freddie Mac”)  
8100 Jones Branch Drive  
McLean, VA 22101  
Attention:

U.S. Bank National Association (the  
 "Administrator")  
EP-MN-WS3T  
60 Livingston Avenue  
St. Paul, MN 55107  
Attention: TFM/HFA Initiative

Re: Credit and Liquidity Facility (the “Credit and Liquidity Facility”) relating to the Series of Bonds identified below (“Series of Bonds” or “Bond Series”) **[[LIMIT OF ONE BOND SERIES PER CERTIFICATE]]**

Date of Certificate:

Issuer: Colorado Housing and Finance Authority

Bond Series: Adjustable Rate Multi-Family Housing Insured Mortgage Revenue Bonds, 2002 Series AA

Fannie Mae Loan No.:

Freddie Mac Loan No.:

Bond Series CUSIP No.:

Bond Series Bank Bond CUSIP No.:

The undersigned, a duly authorized signatory of the Trustee named below (the “Trustee”), certifies to Fannie Mae and Freddie Mac (together, the “GSEs”), with reference to the Credit and Liquidity Facility, that:

(1) **Demand for Advance.** The Trustee demands a total Advance, with respect to the Series of Bonds identified above, in the amount of \$\_\_\_\_\_, of which:

(a) Fannie Mae: one-half or \$\_\_\_\_\_ is demanded from Fannie Mae; and

(b) Freddie Mac: one half or \$\_\_\_\_\_ is demanded from Freddie Mac.

(2) **Breakout of Demand.** For your information, the amount demanded pursuant to Paragraph 1 is composed of:

(Trustee: check applicable box or boxes)

**Interest:\*** \$\_\_\_\_\_ total under the Interest Portion of the Amount Available to be used to pay interest on the Series of Bonds (other than Excluded Bonds) on or prior to

their stated maturity date. The amount of interest demanded in Paragraph 1 is allocated as follows:

(a) Fannie Mae: one-half or \$\_\_\_\_\_ from Fannie Mae; and

(b) Freddie Mac: one half or \$\_\_\_\_\_ from Freddie Mac.

**Principal:** \$\_\_\_\_\_ total under the Principal Portion of the Amount Available to be used to pay principal of the Series of Bonds due as a result of the acceleration, defeasance, redemption or stated maturity. The amount of principal demanded in Paragraph 1 is allocated as follows:

(a) Fannie Mae: one-half or \$\_\_\_\_\_ from Fannie Mae; and

(b) Freddie Mac: one half or \$\_\_\_\_\_ from Freddie Mac.

(3) **When the Advance Must be Made.** If this demand for Advance is made:

(a) at or prior to 12:00 noon Eastern time on a Business Day, you must pay the Advance no later than 2:00 p.m. Eastern time on the second following Business Day.

(b) after 12:00 noon Eastern time on a Business Day, you must pay the Advance no later than 2:00 p.m. Eastern time on the third following Business Day.

(4) **Where the Advance Must be Made.** Please pay the Advance demanded by this Certificate to the Trustee at \_\_\_\_\_ **[SPECIFY ACCOUNT]**.

(5) **Certification as to Insufficient Funds.** Trustee certifies that there are insufficient funds available to the Trustee under the Resolution pursuant to which the Bonds are issued to meet required debt service on the payment date for which this demand is made and that the amount of such demand does not exceed the amount necessary, along with funds available under the Resolution, to pay such required debt service on the Series of Bonds for which demand is made.

(6) **Other Matters.**

(a) The Trustee is the Trustee under the Resolution for the holders of the Bonds.

(b) Upon receipt by the Trustee of the Advance, (i) the Trustee will apply the same directly for the purpose specified in Paragraph 2 and solely with respect to this Series of Bonds, and (ii) no portion of said amount shall be applied by the Trustee for any purpose other than as set forth in Paragraph 2.

(c) The proceeds of the Advance demanded by this Certificate will not be applied to defease, redeem or pay (whether at stated maturity or by acceleration) any Excluded Bond.

(d) The aggregate principal amount of all outstanding Excluded Bonds of this Series of Bonds is \$\_\_\_\_\_.

(e) The amount of interest (computed in accordance with the day count basis set forth on Schedule 1 and at the Maximum Rate (as that term is defined in the Resolution), which

currently is \_\_\_\_\* percent per annum), accruing on the Bonds referred to in subparagraph 6(d) above in any period of \_\_\_\_\* days is \$\_\_\_\_\_.

(f) The Trustee is simultaneously providing a copy of this Certificate to the Treasury's Agent and the Administrator.

(7) **Amount Available Upon Full Payment by Each GSE.** [TRUSTEE: COMPLETE THIS PARAGRAPH 7 ONLY IF THIS CERTIFICATE REQUESTS AN ADVANCE UNDER THE PRINCIPAL PORTION OF THE AMOUNT AVAILABLE.] Upon the payment of the Advance by each GSE:

(a) The Amount Available with respect to this Series of Bonds as to each GSE shall be reduced automatically and permanently by \$[INSERT AMOUNT OF REDUCTION] of which:

(i) \$\_\_\_\_\_ is attributable to the Principal Portion; and

(ii) \$\_\_\_\_\_ is attributable to the Interest Portion.

(b) The Amount Available with respect to this Series of Bonds will be \$\_\_\_\_\_, of which:

(i) \$\_\_\_\_\_ will be the Principal Portion; and

(ii) \$\_\_\_\_\_ will be the Interest Portion.

(c) The amount of the Advance (1) does not exceed the Principal Portion of the Amount Available for this Series of Bonds on the date of this Certificate and (2) was computed in accordance with the Bonds and the Resolution.

(d) Upon the payment referred to in Paragraph (1), the aggregate principal amount of all outstanding Bonds in this Series of Bonds will be \$\_\_\_\_\_.

(8) **Outstanding Principal Amount.** The principal of this Series of Bonds (other than Excluded Bonds) that is due on [TRUSTEE: COMPLETE THIS BLANK USING THE NEXT BUSINESS DAY ON WHICH A PAYMENT OF PRINCIPAL IS DUE] is \$\_\_\_\_\_. The amount of the Advance demanded in Paragraph 1 does not exceed such amount of principal.

Any capitalized, but undefined, term used in this Certificate is used as defined in the Credit and Liquidity Facility.

---

\*Trustee: Fill in number of days of interest coverage required to be supplied by the Interest Portion pursuant to Schedule I. If an [interest rate reset date] occurs on or after the date of this Certificate and prior to the date payment is to be made, interest for days including and after the [interest rate reset date] should be computed at the Maximum Rate.

IN WITNESS WHEREOF, the Trustee has executed and delivered this Certificate as of the \_\_\_\_  
day of \_\_\_\_\_, \_\_\_\_.

[[NAME OF TRUSTEE]], as Trustee

By: \_\_\_\_\_  
Authorized Signatory

**EXHIBIT B**

**CERTIFICATE FOR “MANDATORY TENDER ADVANCE”**

**STANDBY**

Fannie Mae (“Fannie Mae”)  
3900 Wisconsin Avenue  
Washington, D.C. 20016  
Attention:

JPMorgan Chase Bank, N.A.  
1 Chase Manhattan Plaza, Floor 19  
New York, New York  
Attention: Lillian G. White

Federal Home Loan Mortgage Corporation  
 (“Freddie Mac”)  
8100 Jones Branch Drive  
McLean, VA 22101  
Attention:

U.S. Bank National Association (the  
 “Administrator”)  
EP-MN-WS3T  
60 Livingston Avenue  
St. Paul, MN 55107  
Attention: TFM/HFA Initiative

Re: Credit and Liquidity Facility (the “Credit and Liquidity Facility”) relating to the Series of Bonds identified below (“Series of Bonds” or “Bond Series”) **[LIMIT OF ONE BOND SERIES PER CERTIFICATE]**

Date of Certificate:

Issuer: Colorado Housing and Finance Authority

Bond Series: Adjustable Rate Multi-Family Housing Insured Mortgage Revenue Bonds, 2002 Series AA

Fannie Mae Loan No.:

Freddie Mac Loan No.:

Bond Series CUSIP No.:

Bond Series Bank Bond CUSIP No.:

The undersigned, a duly authorized signatory of the Trustee named below (the “Trustee”), certifies to Fannie Mae and Freddie Mac (together, the “GSEs”), with reference to the Credit and Liquidity Facility, that:

(1) **Demand for Advance.** The Trustee demands a total Advance, with respect to this Series of Bonds, in the amount of \$\_\_\_\_\_, of which:

(a) Fannie Mae: one-half or \$\_\_\_\_\_ is demanded from Fannie Mae; and

(b) Freddie Mac: one half or \$\_\_\_\_\_ is demanded from Freddie Mac.

(2) **Breakout of Demand.** For your information, the amount demanded pursuant to Paragraph 1 is composed of:

(Trustee: check applicable box or boxes)

**Interest:\*** \$\_\_\_\_\_ total under the Interest Portion of the Amount Available to be used to pay interest on this Series of Bonds (other than Excluded Bonds) on or prior to

their stated maturity date. The amount of interest demanded in Paragraph 1 is allocated as follows:

- (a) Fannie Mae: one-half or \$\_\_\_\_\_ from Fannie Mae; and
- (b) Freddie Mac: one half or \$\_\_\_\_\_ from Freddie Mac.

**Principal:** \$\_\_\_\_\_ total under the Principal Portion of the Amount Available to be used to pay the principal portion of the purchase price of this Series of Bonds due as a result of a Mandatory Tender. The amount of principal demanded in Paragraph 1 is allocated as follows:

- (a) Fannie Mae: one-half or \$\_\_\_\_\_ from Fannie Mae; and
- (b) Freddie Mac: one half or \$\_\_\_\_\_ from Freddie Mac.

(3) When the Advance Must be Made.

The Advance relates to a Mandatory Tender pursuant to the Resolution. If this demand for Advance is made:

(a) at or prior to 10:30 a.m. Eastern time on a Business Day, you must pay the Advance no later than 2:00 p.m. Eastern time on the next following Business Day.

(b) after 10:30 a.m. Eastern time on a Business Day, you must pay the Advance no later than 2:00 p.m. Eastern time on the second following Business Day.

(4) **Where the Advance Must be Made.** Please pay the Advance demanded by this Certificate to the Trustee at \_\_\_\_\_ **[SPECIFY ACCOUNT AND WIRING INSTRUCTIONS]**.

(5) **Other Matters.**

(a) The Trustee is the Trustee under the Resolution for the holders of the Bonds.

(b) Upon receipt by the Trustee of the Advance, (i) the Trustee will apply the same directly for the purpose specified in Paragraph 2 and solely with respect to this Series of Bonds, and (ii) no portion of said amount shall be applied by the Trustee for any purpose other than as set forth in Paragraph 2.

(c) The proceeds of the Advance demanded by this Certificate will not be applied to any payment on any Excluded Bonds.

(d) The aggregate principal amount of all outstanding Excluded Bonds of this Series of Bonds is \$\_\_\_\_\_.

(e) The amount of interest (computed in accordance with the day count basis set forth on schedule I and at the Maximum Rate (as that term is defined in the Resolution), which

currently is \_\_\_\_\_ percent per annum)), accruing on the Bonds referred to in subparagraph 5(d) above in any period of \_\_\_\_\* days is \$\_\_\_\_\_.

(f) Bonds in a principal amount equal to the Principal Portion of the Advance made under this Certificate will be delivered to U.S. Bank National Association as custodian for the GSEs (the "Custodian") or if, and only if, delivery of the Bonds is not possible, a written entitlement order will be delivered to the applicable financial intermediaries on whose records ownership of the Bank Bonds is reflected directing the intermediaries to credit the security entitlement to the Bank Bonds to the account of the Custodian and a written confirmation of such credit will be delivered to the Custodian and the GSEs.

(g) The Trustee is simultaneously providing a copy of this Certificate to the Treasury's Agent and the Administrator.

(6) **Amount Available Upon Payment by Each GSE.** Upon the payment of the Advance by each GSE:

(a) The Amount Available shall be reduced automatically and permanently by \$**[[INSERT AMOUNT OF REDUCTION]]** of which:

- (1) \$\_\_\_\_\_ is attributable to the Principal Portion; and
- (2) \$\_\_\_\_\_ is attributable to the Interest Portion.

(b) **New Amount Available.** The Amount Available will be \$\_\_\_\_\_, of which:

- (1) \$\_\_\_\_\_ will be the Principal Portion; and
- (2) \$\_\_\_\_\_ will be the Interest Portion.

(c) The amount of the Advance (1) does not exceed the Principal Portion of the Amount Available for this Series of Bonds on the date of this Certificate and (2) was computed in accordance with the Bonds and the Resolution.

(d) Upon the payment referred to in Paragraph (c), the aggregate principal amount of all outstanding Bonds of this Series of Bonds will be \$\_\_\_\_\_.

IN WITNESS WHEREOF, the Trustee has executed and delivered this Certificate as of the \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_.

**[[NAME OF TRUSTEE]]**, as Trustee

By: \_\_\_\_\_  
Authorized Signatory

\*Trustee: Fill in number of days of interest coverage required to be supplied by the Interest Portion pursuant to Schedule I. If an [interest rate reset date] occurs on or after the date of this Certificate and prior to the date payment is to be made, interest for days including and after the [interest rate reset date] should be computed at the Maximum Rate.



**EXHIBIT C**

**CERTIFICATE FOR “LIQUIDITY ADVANCE”**

**STANDBY**

Fannie Mae (“Fannie Mae”)  
3900 Wisconsin Avenue  
Washington, D.C. 20016  
Attention:

JPMorgan Chase Bank, N.A.  
1 Chase Manhattan Plaza, Floor 19  
New York, New York  
Attention: Lillian G. White

Federal Home Loan Mortgage Corporation  
 (“Freddie Mac”)  
8100 Jones Branch Drive  
McLean, VA 22101  
Attention:

U.S. Bank National Association (the  
 “Administrator”)  
EP-MN-WS3T  
60 Livingston Avenue  
St. Paul, MN 55107  
Attention: TFM/HFA Initiative

Re: Credit and Liquidity Facility (the “Credit and Liquidity Facility”) relating to the Series of Bonds identified below (“Series of Bonds” or “Bond Series”) **LIMIT OF ONE BOND SERIES PER CERTIFICATE**

Date of Certificate:

Issuer: Colorado Housing and Finance Authority

Bond Series: Adjustable Rate Multi-Family Housing Insured Mortgage Revenue Bonds, 2002 Series AA

Fannie Mae Loan No.:

Freddie Mac Loan No.:

Bond Series CUSIP No.:

Bond Series Bank Bond CUSIP No.:

The undersigned, a duly authorized signatory of the Trustee named below (the “Trustee”), certifies to Fannie Mae and Freddie Mac (together, the “GSEs”), with reference to the Credit and Liquidity Facility, that:

(1) **Demand for Advance.** The Trustee demands a total Advance, with respect to this Series of Bonds, in the amount of \$\_\_\_\_\_, of which:

(a) Fannie Mae: one-half or \$\_\_\_\_\_ is demanded from Fannie Mae; and

(b) Freddie Mac: one half or \$\_\_\_\_\_ is demanded from Freddie Mac.

(2) **Breakout of Demand.** For your information, the amount demanded pursuant to Paragraph 1 is composed of:

(a) **Principal:** \$\_\_\_\_\_ total under the Principal Portion of the Amount Available to be used to pay the principal portion of the purchase price of Bonds purchased pursuant to the Resolution (the “Tendered Bonds”). The amount of principal demanded in Paragraph 1 is allocated as follows:

- (1) Fannie Mae: one-half or \$\_\_\_\_\_ from Fannie Mae; and
- (2) Freddie Mac: one half or \$\_\_\_\_\_ from Freddie Mac; and

(b) **Interest:** \$\_\_\_\_\_ total under the Interest Portion of the Amount Available to be used to pay the interest portion of the purchase price of Bonds. The amount of interest demanded in Paragraph 1 is allocated as follows:

- (1) Fannie Mae: one-half or \$\_\_\_\_\_ from Fannie Mae; and
- (2) Freddie Mac: one half or \$\_\_\_\_\_ from Freddie Mac.

(3) **When the Advance Must be Made.** If this demand is made:

(a) at or prior to 10:30 a.m. Eastern time on a Business Day, you must pay the Advance no later than 2:00 p.m. Eastern time on the same Business Day.

(b) after 10:30 a.m. Eastern time on a Business Day, you must pay the Advance no later than 2:00 p.m. Eastern time on the next following Business Day.

(4) **Where the Advance Must be Made.** Please pay the Advance demanded by this Certificate to the Trustee at \_\_\_\_\_ **[SPECIFY ACCOUNT AND WIRING INSTRUCTIONS]**.

(5) **Other Matters.**

(a) The Trustee is the Trustee under the Resolution for the holders of the Bonds and the Tendered Bonds are Bonds of the Series of Bonds with respect to which this demand is made.

(b) The amount demanded pursuant to Paragraph 1 does not exceed the amount necessary, at the time of the presentation of this Certificate to the GSEs, to pay the purchase price of the Tendered Bonds which the Remarketing Agent has not remarketed or for which the Remarketing Agent has not received sufficient remarketing proceeds to pay the purchase price of the Tendered Bonds.

(c) The principal component of the aggregate purchase price of the Tendered Bonds that is due on the date of this Certificate is \$\_\_\_\_\_, and the amount of the Advance relating to the Principal Portion referred to in Paragraph 2 does not exceed such amount of principal. The aggregate accrued interest component of the purchase price of the Tendered Bonds that is due on the date of this Certificate is \$\_\_\_\_\_ and the amount of the Advance relating to the Interest Portion referred to in Paragraph 1 does not exceed such amount.

(d) On the date of this Certificate, (i) the principal portion of the Advance does not exceed the Principal Portion of the Amount Available with respect to this Series of Bonds and (ii) the interest portion of the Advance does not exceed the Interest Portion of the Amount Available with respect to this Series of Bonds. The amount of the Advance was computed in accordance with the Bonds and the Resolution.

(e) Upon receipt by the Trustee of the Advance demanded by this Certificate, (i) the Trustee will apply the same directly for the purpose specified in Paragraph 2 and solely to Bonds of this Series of Bonds and (ii) no portion of said amount shall be applied by the Trustee for any purpose other than as set forth in Paragraph 2.

(f) The proceeds of the Advance demanded by this Certificate will not be applied to defease, redeem or pay (whether at stated maturity or by acceleration) any Excluded Bond.

(g) Bonds in a principal amount equal to the Principal Portion of the Advance made under this Certificate will be delivered to U.S. Bank National Association as custodian for the GSEs (the "Custodian") or if, and only if, delivery of the Bonds is not possible, a written entitlement order will be delivered to the applicable financial intermediaries on whose records ownership of the Bank Bonds is reflected directing the intermediaries to credit the security entitlement to the Bank Bonds to the account of the Custodian and a written confirmation of such credit will be delivered to the Custodian and the GSEs.

(h) The Trustee is simultaneously providing a copy of this Certificate to the Treasury's Agent and the Administrator.

Any capitalized, but undefined, term used in this Certificate is used as defined in the Credit and Liquidity Facility.

IN WITNESS WHEREOF, the Trustee has executed and delivered this Certificate as of the \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_.

█[NAME OF TRUSTEE]█, as Trustee

By: \_\_\_\_\_  
Authorized Signatory

**EXHIBIT D**

**CERTIFICATE OF TERMINATION**

Fannie Mae (“Fannie Mae”)  
3900 Wisconsin Avenue  
Washington, D.C. 20016  
Attention:

JPMorgan Chase Bank, N.A.  
1 Chase Manhattan Plaza, Floor 19  
New York, New York  
Attention: Lillian G. White

Federal Home Loan Mortgage Corporation  
 (“Freddie Mac”)  
8100 Jones Branch Drive  
McLean, VA 22101  
Attention:

U.S. Bank National Association (the  
 "Administrator")  
EP-MN-WS3T  
60 Livingston Avenue  
St. Paul, MN 55107  
Attention: TFM/HFA Initiative

Re: Credit and Liquidity Facility (the “Credit and Liquidity Facility”) relating to the Series of Bonds identified below (“Series of Bonds” or “Bond Series”) **[[LIMIT OF ONE BOND SERIES PER CERTIFICATE]]**

Date of Certificate:

Issuer: Colorado Housing and Finance Authority

Bond Series: Adjustable Rate Multi-Family Housing Insured Mortgage Revenue Bonds, 2002 Series AA

Fannie Mae Loan No.:

Freddie Mac Loan No.:

Bond Series CUSIP No.:

Bond Series Bank Bond CUSIP No.:

The undersigned, a duly authorized signatory of the undersigned Trustee (the “Trustee”), certifies to Fannie Mae and Freddie Mac (together, the “GSEs”), with respect to the Credit and Liquidity Facility, that the Trustee is authorized to file this notice pursuant to the Resolution. Any capitalized, but undefined, term used in this Certificate is used as defined in the Credit and Liquidity Facility.

The undersigned certifies to the GSEs both: (Trustee: Check applicable box)

- (a) None of the Bonds of the above-described Series of Bonds are Outstanding under the Resolution; or
- (b) The Trustee has received a liquidity facility with respect to the above-described Series of Bonds as permitted by the Resolution and the Reimbursement Agreement, and such liquidity facility has been accepted in substitution for the Credit and Liquidity Facility with respect to such Series of Bonds.

The Trustee hereby certifies that it is simultaneously providing a copy of this Certificate to the Treasury’s Agent and the Administrator.

**[[Pursuant to the Resolution we enclose the Credit and Liquidity Facility for cancellation.]]**  
**[[INCLUDE THIS STATEMENT IF THERE ARE NO REMAINING BONDS SECURED BY THE CREDIT AND LIQUIDITY FACILITY]]**

Dated: \_\_\_\_\_

Very truly yours,

[[NAME OF TRUSTEE]], as Trustee

By: \_\_\_\_\_  
Authorized Signatory

By its execution hereof, Colorado Housing and Finance Authority (the “Issuer”) hereby certifies to the GSEs that all conditions precedent to the termination of the Credit and Liquidity Facility with respect to the Series of Bonds described above and substitution of a liquidity facility set forth in the Resolution and the Reimbursement Agreement have been satisfied and hereby joins in the Trustee’s instructions to the GSEs to cancel the same.

**COLORADO HOUSING AND FINANCE  
AUTHORITY**

By: \_\_\_\_\_  
Authorized Signatory

**EXHIBIT E**

**CERTIFICATE OF REDUCTION**

Fannie Mae ("Fannie Mae")  
3900 Wisconsin Avenue  
Washington, D.C. 20016  
Attention:

JPMorgan Chase Bank, N.A.  
1 Chase Manhattan Plaza, Floor 19  
New York, New York  
Attention: Lillian G. White

Federal Home Loan Mortgage Corporation  
("Freddie Mac")  
8100 Jones Branch Drive  
McLean, VA 22101  
Attention:

U.S. Bank National Association (the  
"Administrator")  
EP-MN-WS3T  
60 Livingston Avenue  
St. Paul, MN 55107  
Attention: TFM/HFA Initiative

Re: Credit and Liquidity Facility (the "Credit and Liquidity Facility") relating to the Series of Bonds identified below ("Series of Bonds" or "Bond Series") **LIMIT OF ONE BOND SERIES PER CERTIFICATE**

Date of Certificate:

Issuer: Colorado Housing and Finance Authority

Bond Series: Adjustable Rate Multi-Family Housing Insured Mortgage Revenue Bonds, 2002 Series AA

Fannie Mae Loan No.:

Freddie Mac Loan No.:

Bond Series CUSIP No.:

Bond Series Bank Bond CUSIP No.:

The undersigned, a duly authorized signatory of the Trustee named below (the "Trustee"), certifies to Fannie Mae and Freddie Mac (together, the "GSEs"), with reference to the Credit and Liquidity Facility, as follows:

(1) The Trustee is the Trustee under the Resolution for the holders of the Bonds.

(2) The aggregate outstanding principal amount of the Series of Bonds has been reduced to \$\_\_\_\_\_, **OR** The Bonds have been partially converted to an interest rate mode other than the seven day variable rate mode, and the outstanding principal amount of the Series of Bonds in the seven day variable rate mode is \$\_\_\_\_\_.

(3) Effective on **INSERT DATE**:

(a) the Amount Available with respect to this Series of Bonds shall be reduced by \$\_\_\_\_\_ ("Reduction Amount"), of which (i) \$\_\_\_\_\_ is a reduction of the Principal Portion and (ii) \$\_\_\_\_\_ is a reduction of the Interest Portion. The Reduction Amount is allocated as follows:

(1) one-half to Fannie Mae:

<b>Amount Available</b>	<b>Principal Portion</b>	<b>Interest Portion</b>
\$	\$	\$

(2) one-half to Freddie Mac:

<b>Amount Available</b>	<b>Principal Portion</b>	<b>Interest Portion</b>
\$	\$	\$

(b) after such reduction, the Amount Available with respect to this Series of Bonds will be \$\_\_\_\_\_, of which (i) \$\_\_\_\_\_ will be the Principal Portion and (ii) \$\_\_\_\_\_ will be the Interest Portion. The new Available Amount is allocated as follows:

(1) one-half to Fannie Mae:

<b>Amount Available</b>	<b>Principal Portion</b>	<b>Interest Portion</b>
\$	\$	\$

(2) one-half to Freddie Mac:

<b>Amount Available</b>	<b>Principal Portion</b>	<b>Interest Portion</b>
\$	\$	\$

(c) after such reduction, the Amount Available with respect to this Series of Bonds will be not less than the aggregate unpaid Outstanding (as that term is defined in the Resolution) principal amount of the Series of Bonds.

By its execution hereof, Colorado Housing and Finance Authority (the "Issuer") certifies to the GSEs that the Trustee is authorized to deliver this Certificate to the GSEs. The Issuer and the Trustee further certify that the amounts specified in Paragraph 3 have been determined in accordance with the terms and conditions of the Resolution and the Reimbursement Agreement.

The Trustee hereby certifies that it is simultaneously providing a copy of this Certificate to the Treasury's Agent and the Administrator.

Any capitalized, but undefined, term used in this Certificate is used as defined in the Credit and Liquidity Facility.

IN WITNESS WHEREOF, the Trustee and the Issuer have executed and delivered this Certificate as of the \_\_\_ day of \_\_\_\_\_, \_\_\_\_.

█[NAME OF TRUSTEE]█, as Trustee

By: \_\_\_\_\_  
Authorized Signatory

**COLORADO HOUSING AND FINANCE  
AUTHORITY**

By: \_\_\_\_\_  
Authorized Signatory



**EXHIBIT F**

**CERTIFICATE OF REINSTATEMENT**

Fannie Mae ("Fannie Mae")  
3900 Wisconsin Avenue  
Washington, D.C. 20016  
Attention:

JPMorgan Chase Bank, N.A.  
1 Chase Manhattan Plaza, Floor 19  
New York, New York  
Attention: Lillian G. White

Federal Home Loan Mortgage Corporation  
("Freddie Mac")  
8100 Jones Branch Drive  
McLean, VA 22101  
Attention:

U.S. Bank National Association (the  
"Administrator")  
EP-MN-WS3T  
60 Livingston Avenue  
St. Paul, MN 55107  
Attention: TFM/HFA Initiative

Re: Credit and Liquidity Facility (the "Credit and Liquidity Facility") relating to the Series of Bonds identified below ("Series of Bonds" or "Bond Series") **[LIMIT OF ONE BOND SERIES PER CERTIFICATE]**

Date of Certificate:

Issuer: Colorado Housing and Finance Authority

Bond Series: Adjustable Rate Multi-Family Housing Insured Mortgage Revenue Bonds, 2002 Series AA

Fannie Mae Loan No.:

Freddie Mac Loan No.:

Bond Series CUSIP No.:

Bond Series Bank Bond CUSIP No.:

The undersigned, a duly authorized signatory of the Trustee named below (the "Trustee"), certifies to Fannie Mae and Freddie Mac (together, the "GSEs"), with reference to the Credit and Liquidity Facility, as follows:

- (1) The Trustee is the Trustee under the Resolution for the holders of the Bonds.
- (2) The Trustee has received notification from the Tender Agent that Bank Bonds of this Bond Series held by the GSEs which were acquired with the proceeds of a Mandatory Tender Advance or a Liquidity Advance under the Credit and Liquidity Facility have been remarketed or sold. The Trustee has received and is transferring to the GSEs the amount set forth in Paragraph 3.
- (3) Upon receipt by each of the GSEs of this certificate and \$\_\_\_\_\_ by Fannie Mae and \$\_\_\_\_\_ by Freddie Mac, the Amount Available will be increased as follows:
  - (a) the Principal Portion of the Amount Available with respect to the Series of Bonds will be increased by \$\_\_\_\_\_, but such increase shall not cause the Principal Portion to exceed the original Principal Portion less the sum of (i) the principal component of all Debt Service Advances paid by the GSEs in accordance with the Credit and Liquidity Facility with respect to this Series of Bonds and (ii) the aggregate of all reductions of the Principal Portion of this Series of Bonds pursuant to any Certificate of the Trustee in the form of Exhibit E; and

(b) the Interest Portion of the Amount Available with respect to this Series of Bonds will be increased by \$\_\_\_\_\_, but such increase shall not cause the Interest Portion to exceed the original Interest Portion less the aggregate of (i) all reductions of the Interest Portion due to any permanent reduction of the Principal Portion of the Amount Available and (ii) to the extent not addressed in (i), all reductions of the Interest Portion pursuant to any Certificate of the Trustee in the form of Exhibit E.

(c) The increase in the Principal Portion and the Interest Portion will be allocated as follows:

(1) one-half to Fannie Mae:

<b>Amount Available</b>	<b>Principal Portion</b>	<b>Interest Portion</b>
\$	\$	\$

(2) one-half to Freddie Mac:

<b>Amount Available</b>	<b>Principal Portion</b>	<b>Interest Portion</b>
\$	\$	\$

(4) Each GSE shall promptly release or cause the release of the Bank Bonds to the Tender Agent in a principal amount corresponding to the Principal Portion identified in Paragraph 3 or, if such release is not possible, each GSE shall be deemed to consent to the delivery of a written entitlement order to the applicable financial intermediary on whose records ownership of such Bank Bonds is reflected to credit the ownership entitlement to such Bonds to the account as directed by the Trustee. Such release or deemed consent shall be conclusive evidence of the reinstatement of the Principal Portion and Interest Portion as described in Paragraph 3.

Any capitalized, but undefined, term used in this Certificate is used as defined in the Credit and Liquidity Facility.

The Trustee hereby certifies that it is simultaneously providing a copy of this Certificate to the Treasury's Agent and the Administrator.

IN WITNESS WHEREOF, the Trustee has executed and delivered this Certificate as of the \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_.

█[NAME OF TRUSTEE]█, as Trustee

By: \_\_\_\_\_  
Authorized Signatory

**EXHIBIT G**

**CERTIFICATE FOR SUCCESSOR TRUSTEE**

Fannie Mae ("Fannie Mae")  
3900 Wisconsin Avenue  
Washington, D.C. 20016  
Attention:

JPMorgan Chase Bank, N.A.  
1 Chase Manhattan Plaza, Floor 19  
New York, New York  
Attention: Lillian G. White

Federal Home Loan Mortgage Corporation  
("Freddie Mac")  
8100 Jones Branch Drive  
McLean, VA 22101  
Attention:

U.S. Bank National Association (the  
"Administrator")  
EP-MN-WS3T  
60 Livingston Avenue  
St. Paul, MN 55107  
Attention: TFM/HFA Initiative

Re: Credit and Liquidity Facility (the "Credit and Liquidity Facility") relating to the Series of Bonds identified below ("Series of Bonds" or "Bond Series") **[LIMIT OF ONE BOND SERIES PER CERTIFICATE]**

Date of Certificate:

Issuer: Colorado Housing and Finance Authority

Bond Series: Adjustable Rate Multi-Family Housing Insured Mortgage Revenue Bonds, 2002 Series AA

Fannie Mae Loan No.:

Freddie Mac Loan No.:

Bond Series CUSIP No.:

Bond Series Bank Bond CUSIP No.:

The undersigned is a duly authorized signatory of the Trustee under the Resolution for the holders of the Bonds.

The Trustee transfers all rights in the Credit and Liquidity Facility to \_\_\_\_\_, subject to the terms and conditions of the Credit and Liquidity Facility. The Trustee certifies that the transferee is the successor Trustee under the Resolution referred to in the Credit and Liquidity Facility. The transferee acknowledges below that it is the successor Trustee. Such successor Trustee has entered into a written agreement to be bound by the Reimbursement Agreement dated \_\_\_\_\_, 2009 by and among Fannie Mae, Freddie Mac, the Trustee and the Issuer.

By this transfer, all rights of the undersigned Trustee in the Credit and Liquidity Facility are transferred to the transferee and the transferee shall have the sole rights as the beneficiary, including sole rights relating to any amendments, whether increases or extensions or other amendments and whether now existing or hereafter made. All amendments are to be advised direct to the transferee without necessity of any consent of or notice to the undersigned.

The Trustee hereby certifies that it is simultaneously providing a copy of this Certificate to the Treasury's Agent and the Administrator.

Dated:

[[NAME OF TRUSTEE]], as Trustee

By: \_\_\_\_\_  
Authorized Signatory

The above signature of an officer or other authorized representative conforms to that on file with us. Said officer or representative is authorized to sign for said party.

By: \_\_\_\_\_  
Authorized Signatory

\_\_\_\_\_ acknowledges that it is the successor to \_\_\_\_\_ as Trustee under the Resolution.

By: \_\_\_\_\_  
Authorized Signatory

**SCHEDULE 1**

**BONDS SUPPORTED BY CREDIT AND LIQUIDITY FACILITY**  
**For Bonds issued under General Bond Resolution, adopted on March 16, 1977,**  
**by the Colorado Housing and Finance Authority**

[Each column corresponds to a Series of Bonds.]

<b>BOND SERIES DESIGNATION:</b>	2002 AA
<b>RATING AGENCY/ ISSUER BOND RATING ON BOND SERIES:</b>	Moody's Aa2 S&P AA+
<b>CUSIP:</b>	19647PAY9
<b>BANK BOND CUSIP:</b>	19647PAZ6
<b>FANNIE MAE LOAN NO.:</b>	
<b>FREDDIE MAC LOAN NO.:</b>	
<b>OUTSTANDING PRINCIPAL AMOUNT:</b>	\$28,140,000
<b>REMARKETING AGENT:</b>	Barclays Capital Inc.
<b>MAXIMUM INTEREST RATE:</b>	10% (BB's 20%)
<b>BOND INTEREST PAYMENT DATES:</b>	April 1 and October 1
<b>SERIES MATURITY DATE:</b>	Oct. 1, 2030
<b>CLF EFFECTIVE DATE FOR SERIES:</b>	December 16, 2009
<b>CLF EXPIRATION DATE FOR SERIES:</b>	December 16, 2012
<b>PRINCIPAL PORTION OF CLF:</b>	\$28,140,000
<b>FANNIE MAE:</b>	\$14,070,000
<b>FREDDIE MAC:</b>	\$14,070,000
<b>INTEREST PORTION OF CLF:</b>	\$1,457,114
<b>FANNIE MAE:</b>	\$728,557
<b>FREDDIE MAC:</b>	\$728,557
<b>AMOUNT AVAILABLE OF CLF:</b>	\$29,597,114
<b>FANNIE MAE:</b>	\$14,798,557
<b>FREDDIE MAC:</b>	\$14,798,557
<b>DAYS OF REQUIRED INTEREST COVERAGE:</b>	189 Days
<b>IDENTIFY ANY EXISTING CREDIT ENHANCEMENT FOR SERIES:</b>	N/A
<b>DAY COUNT BASIS FOR SERIES:</b>	365/366

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## APPENDIX I

### Certain Information Concerning Fannie Mae and Freddie Mac

#### Fannie Mae

*The information presented under this caption "Fannie Mae " has been supplied by Fannie Mae. None of the Authority, the Trustee, or the 2002AA Remarketing Agent has independently verified such information, and none assumes responsibility for the accuracy of such information. The information is qualified in its entirety by reference to the documents incorporated by reference, as defined below.*

Fannie Mae is a government-sponsored enterprise that was chartered by the U.S. Congress in 1938, organized and existing under the Federal National Mortgage Association Charter Act, 12 U.S.C. 1716 et seq. (the "**Charter**"). Fannie Mae has a public mission to support liquidity and stability in the secondary mortgage market, where existing mortgage loans are purchased and sold. Fannie Mae securitizes mortgage loans originated by lenders in the primary mortgage market into mortgage-backed securities ("**Fannie Mae MBS**"), which can then be bought and sold in the secondary mortgage market. Fannie Mae also participates in the secondary mortgage market by purchasing mortgage loans (often referred to as "**whole loans**") and mortgage-related securities, including Fannie Mae MBS, for Fannie Mae's mortgage portfolio. In addition, Fannie Mae makes other investments to increase the supply of affordable housing, however, pursuant to the Charter, Fannie Mae may not lend money directly to consumers in the primary mortgage market. *Although Fannie Mae is a corporation chartered by the U.S. Congress, the conservator of Fannie Mae is a U.S. Government agency, and the United States Department of Treasury ("**Treasury**") owns senior preferred stock and a warrant to purchase common stock of Fannie Mae, the U.S. Government (including Treasury) does not guarantee, directly or indirectly, the securities or other obligations of Fannie Mae.*

On September 6, 2008, the Director of the Federal Housing Finance Agency ("**FHFA**"), the safety, soundness and mission regulator of Fannie Mae, placed Fannie Mae into conservatorship and appointed FHFA as the conservator. As the conservator, FHFA succeeded to all rights, titles, powers and privileges of Fannie Mae, and of any stockholder, officer or director of Fannie Mae with respect to Fannie Mae and the assets of Fannie Mae. As such, FHFA has the authority to conduct all business of Fannie Mae. Pursuant to the Housing and Economic Recovery Act of 2008, FHFA, as conservator, may take "such action as may be necessary to put the regulated entity in a sound and solvent condition." Fannie Mae has no control over FHFA's actions or the actions it may direct Fannie Mae to take. The conservatorship has no specified termination date; Fannie Mae does not know when or how the conservatorship will be terminated. In addition, the Board of Directors of Fannie Mae does not have any fiduciary duties to any person or entity except to FHFA, as conservator. Accordingly, the Board of Directors is not obligated to consider the interests of Fannie Mae or the stockholders of Fannie Mae unless specifically directed to do so by FHFA, as conservator. The United States Department of Housing and Urban Development, however, remains Fannie Mae's regulator with respect to fair lending matters.

On September 7, 2008, Fannie Mae, through its conservator, entered into two agreements with Treasury – a Senior Preferred Stock Purchase Agreement ("**Stock Purchase Agreement**") and a Common Stock Warrant ("**Warrant**"). Pursuant to the Stock Purchase Agreement, Fannie Mae issued to Treasury 1,000,000 shares of senior preferred stock ("**Senior Preferred Stock**") with an initial liquidation preference of \$1,000 per share and the Warrant, which allows Treasury to purchase, for a nominal price, shares of common stock equal to 79.9% of the outstanding common stock of Fannie Mae. The Senior Preferred Stock and the Warrant were issued to Treasury as an initial commitment fee for Treasury's commitment (the "**Commitment**"), set forth in the Stock Purchase Agreement, to provide up to \$100 billion in funds to Fannie Mae under specified conditions. The Stock Purchase Agreement was

amended and restated on September 26, 2008 and was further amended on May 6, 2009 to, among other things, increase the size of the Commitment to \$200 billion. Fannie Mae generally may draw funds under the Commitment on a quarterly basis when Fannie Mae's total liabilities exceed its total assets on its consolidated balance sheet prepared in accordance with generally accepted accounting principles as of the end of the preceding quarter. Additional information about the conservatorship, the Stock Purchase Agreement, the Warrant and the Commitment is included in Fannie Mae's Annual Report on Form 10-K for the year ended December 31, 2008 (the "**2008 Form 10-K**") and Fannie Mae's quarterly reports on Form 10-Q for the quarters ended March 31, 2009, June 30, 2009 and September 30, 2009, respectively, which are incorporated by reference into this section of the Supplement.

Through September 30, 2009, Fannie Mae had received a total of \$44.9 billion from Treasury under the Commitment. At September 30, 2009, Fannie Mae's total liabilities exceeded its total assets on its consolidated balance sheet by \$15.0 billion. On November 4, 2009, the Acting Director of FHFA submitted a request on Fannie Mae's behalf to Treasury to draw additional funds under the Commitment by December 31, 2009 to eliminate Fannie Mae's net worth deficit as of September 30, 2009. Amounts drawn on the Commitment are added to the liquidation preference of the Senior Preferred Stock, which currently has a 10% annual dividend rate. Upon the receipt of the requested funds from Treasury, (i) Fannie Mae will have drawn a total of \$59.9 billion in funds under the Commitment, (ii) the aggregate liquidation preference of the Senior Preferred Stock will equal \$60.9 billion and (iii) the annualized dividend obligation on the Senior Preferred Stock, based upon the 10% annual dividend rate, will be \$6.1 billion. If dividends are not paid quarterly and in cash, the annual dividend rate would increase to 12%, and the unpaid dividend would accrue and be added to the liquidation preference of the Senior Preferred Stock.

On September 19, 2008, Fannie Mae entered into a lending agreement with Treasury (the "**Treasury Credit Facility**") under which Fannie Mae may request loans from Treasury until December 31, 2009, although Treasury is not obligated to make any such requested loan. To borrow from Treasury under the Treasury Credit Facility, Fannie Mae must post collateral in the form of agency mortgage-backed securities to secure all such borrowings under the Treasury Credit Facility. As of the date of the Supplement, Fannie Mae has not borrowed any funds under the Treasury Credit Facility.

The Stock Purchase Agreement, the Warrant and the Treasury Credit Facility contain covenants that significantly restrict Fannie Mae's business activities. These covenants include prohibitions on the following activities unless prior written consent of Treasury is obtained (i) the issuance of equity securities (except in limited instances), (ii) the payment of dividends or other distributions on Fannie Mae's equity securities (other than the Senior Preferred Stock or the Warrant) and (iii) the issuance of subordinated debt securities. The covenants also limit the amount of debt securities Fannie Mae may have outstanding. These covenants are summarized in the 2008 Form 10-K and Fannie Mae's quarterly report on Form 10-Q for the quarter ended March 31, 2009.

**The securities of Fannie Mae are not guaranteed by the United States Government (including Treasury) and do not constitute a debt or obligation of the United States or any agency or instrumentality thereof, including Treasury and FHFA, other than Fannie Mae.**

Information on Fannie Mae and its financial condition is contained in periodic reports that are filed with the Securities and Exchange Commission (the "**SEC**"). The SEC filings are available at the SEC's website at [www.sec.gov](http://www.sec.gov). The periodic reports filed by Fannie Mae with the SEC are also available on Fannie Mae's web site at <http://www.fanniemae.com/ir/sec> or from Fannie Mae at the Office of Investor Relations at 202-752-7115.



Fannie Mae is incorporating by reference in this section of the Supplement the documents described herein that Fannie Mae publishes from time to time. This means that Fannie Mae is disclosing information to Bondholders and other recipients of the Supplement by referring such recipients to those documents. Those documents are considered part of this section of the Supplement, so Bondholders and other recipients of the Supplement should read the Supplement and any applicable supplements or amendments, together with those documents, before making an investment decision.

Fannie Mae incorporates by reference the following documents Fannie Mae has filed, or may file, with the SEC:

- (i) Fannie Mae's 2008 Form 10-K, filed with the SEC on February 26, 2009;
- (ii) Fannie Mae's Form 10-Qs for the quarterly periods ended March 31, 2009, June 30, 2009 and September 30, 2009, filed with the SEC on May 8, 2009, August 6, 2009, and November 5, 2009, respectively; and
- (iii) all other proxy statements that Fannie Mae files with the SEC, and all documents Fannie Mae files with the SEC pursuant to Section 13(a), 13(c) or 14 of the Securities Exchange Act of 1934, as amended, after the date of the Supplement and prior to the termination of the offering of securities under the Supplement, excluding any information "furnished" to the SEC on Form 8-K.

*The information contained in this section of the Supplement was prepared as of the date of the Supplement. Bondholders and other recipients of the Supplement should rely on the most currently available information, however, Fannie Mae has no secondary market obligation to update the information contained in this section of the Supplement.*

*In addition, Fannie Mae makes no representation as to the contents of the Supplement (other than the information contained in this section), the suitability of the 2002AA Remarketed Bonds for any investor, the feasibility or performance of any project or loan, or compliance with any securities, tax, or other laws or regulations. Fannie Mae's role with respect to the 2002AA Remarketed Bonds is limited to issuing and discharging its obligations under the Credit and Liquidity Facility on the 2002AA Remarketed Bonds and exercising the rights reserved to it in the Resolution and the Reimbursement Agreement.*

## Freddie Mac

*The information presented under this caption "Freddie Mac" has been supplied by Freddie Mac. None of the Authority, the Trustee or the 2002AA Remarketing Agent has independently verified such information, and none assumes responsibility for the accuracy of such information. The information is qualified in its entirety by reference to the Incorporated Documents, as defined below.*

Freddie Mac is a shareholder-owned government-sponsored enterprise created on July 24, 1970 pursuant to the Federal Home Loan Mortgage Corporation Act, Title III of the Emergency Home Finance Act of 1970, as amended, 12 U.S.C. §§ 1451-1459 (the "**Freddie Mac Act**"). Freddie Mac's statutory mission is (i) to provide stability in the secondary market for residential mortgages; (ii) to respond appropriately to the private capital market; (iii) to provide ongoing assistance to the secondary market for residential mortgages (including activities relating to mortgages on housing for low- and moderate-income families involving a reasonable economic return that may be less than the return earned on other activities); and (iv) to promote access to mortgage credit throughout the United States (including central cities, rural areas and underserved areas) by increasing the liquidity of mortgage financing. Neither the United States nor any agency or instrumentality of the United States is obligated, either directly or indirectly, to fund the mortgage purchase or financing activities of Freddie Mac or to guarantee Freddie Mac's securities or obligations.

Freddie Mac's principal business consists of the purchase of (i) first-lien, conventional residential mortgages subject to certain maximum loan limits and other underwriting requirements under the Freddie Mac Act and (ii) securities backed by such mortgages. Freddie Mac finances its mortgage purchases and mortgage-backed securities purchases through the issuance of a variety of securities, primarily pass-through mortgage participation certificates and unsecured debt, as well as with cash and equity capital.

On September 7, 2008, the Director of the Federal Housing Finance Agency ("**FHFA**") appointed FHFA as conservator of Freddie Mac in accordance with the Federal Housing Finance Reform Act of 2008 (the "**Reform Act**") and the Federal Housing Enterprises Financial Safety and Soundness Act of 1992. On September 7, 2008, in connection with the appointment of FHFA as conservator, Freddie Mac and the U.S. Department of the Treasury ("**Treasury**") entered into a Senior Preferred Stock Purchase Agreement. Also, pursuant to its authority under the Reform Act, Treasury announced that it has established the Government Sponsored Enterprise Credit Facility (a lending facility to ensure credit availability to Freddie Mac, Fannie Mae, and the Federal Home Loan Banks that will provide secured funding on an as needed basis under terms and conditions established by the Treasury Secretary to protect taxpayers) and a program under which Treasury will purchase Government Sponsored Enterprise (including Freddie Mac) mortgage-backed securities (MBS) in the open market. The announcements by FHFA and Treasury and descriptions of these programs are available at their respective websites: <http://www.OFHFO.gov> and <http://www.Treasury.gov>.

Freddie Mac registered its common stock with the U.S. Securities and Exchange Commission (the "**SEC**") under the Securities Exchange Act of 1934 (the "**Exchange Act**"), effective July 18, 2008. As a result, Freddie Mac files annual, quarterly and current reports, proxy statements and other information with the SEC. Prior to July 18, 2008, Freddie Mac prepared an annual Information Statement (containing annual financial disclosures and audited consolidated financial statements) and Information Statement Supplements (containing periodic updates to the annual Information Statement).

As described below, Freddie Mac incorporates certain documents by reference in this Supplement, which means that Freddie Mac is disclosing information to you by referring you to those documents rather than by providing you with separate copies. Freddie Mac incorporates by reference in this Supplement its proxy statement, and all documents that Freddie Mac files with the SEC pursuant to

Section 13(a), 13(c) or 14 of the Exchange Act, after July 18, 2008 and prior to the completion of the remarketing of the 2002AA Remarketed Bonds, excluding any information that Freddie Mac may "furnish" to the SEC but that is not deemed to be "filed." Freddie Mac also incorporates by reference its Registration Statement on Form 10, in the form declared effective by the SEC on July 18, 2008 (the "**Registration Statement**"). These documents are collectively referred to as the "**Incorporated Documents**" and are considered part of this Supplement. You should read this Supplement, in conjunction with the Incorporated Documents. Information that Freddie Mac incorporates by reference will automatically update information in this Supplement. Therefore, you should rely only on the most current information provided or incorporated by reference in this Supplement.

You may read and copy any document Freddie Mac files with the SEC at the SEC's public reference room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. These SEC filings are also available to the public from the SEC's web site at <http://www.sec.gov>.

Freddie Mac makes no representations as to the contents of this Supplement, the suitability of the 2002AA Remarketed Bonds for any investor, or compliance with any securities, tax or other laws or regulations. Freddie Mac's role is limited to discharging its obligations under the Temporary Credit and Liquidity Facility.

FREDDIE MAC'S OBLIGATIONS WITH RESPECT TO THE 2002AA REMARKETED BONDS ARE SOLELY AS PROVIDED IN THE FACILITY. THE OBLIGATIONS OF FREDDIE MAC UNDER THE FACILITY WILL BE OBLIGATIONS SOLELY OF FREDDIE MAC, A SHAREHOLDER-OWNED, GOVERNMENT-SPONSORED ENTERPRISE ORGANIZED UNDER THE LAWS OF THE UNITED STATES OF AMERICA. SEE **APPENDIX H** – "COPIES OF THE CREDIT AND LIQUIDITY FACILITY AND THE REIMBURSEMENT AGREEMENT" TO THIS SUPPLEMENT. FREDDIE MAC HAS NO OBLIGATION TO PURCHASE, DIRECTLY OR INDIRECTLY, ANY OF THE 2002AA REMARKETED BONDS, BUT WILL BE OBLIGATED, PURSUANT TO THE FACILITY, TO PROVIDE FUNDS TO THE TRUSTEE TO PAY THE PRINCIPAL OF AND INTEREST ON, AND THE PURCHASE PRICE OF, THE 2002AA REMARKETED BONDS UNDER THE CIRCUMSTANCES DESCRIBED HEREIN. THE 2002AA REMARKETED BONDS ARE NOT A DEBT OF THE UNITED STATES OF AMERICA, ANY AGENCY THEREOF, OR OF FREDDIE MAC, AND ARE NOT GUARANTEED BY THE FULL FAITH AND CREDIT OF THE UNITED STATES OF AMERICA OR BY FREDDIE MAC.

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## APPENDIX M

### Outstanding Investment Agreements

In connection with the issuance of certain Multi-Family Housing Insured Mortgage Revenue Bonds outstanding under the General Resolution, the Authority has invested certain amounts in Series subaccounts of Funds related to such Bonds in the investment agreements outstanding with the investment providers and at the rates as set forth in the following table:

### Outstanding Investment Agreements as of October 1, 2009

<u>Series</u>	<u>Funds Invested (in related Series subaccounts)</u>	<u>Investment Providers(s)*</u>	<u>Rate(s)</u>
1997A	Revenue Fund	Westdeutsche Landesbank Girozentrale	6.310%
1997A	Debt Service Reserve Fund	Westdeutsche Landesbank Girozentrale	6.310
1997B	Revenue Fund	Westdeutsche Landesbank Girozentrale	5.970
1997B	Debt Service Reserve Fund	Westdeutsche Landesbank Girozentrale	6.260
1997C	Revenue Fund	Westdeutsche Landesbank Girozentrale	5.820
1997C	Debt Service Reserve Fund	Westdeutsche Landesbank Girozentrale	5.920
1998A	Revenue Fund	HSBC	5.420
1998B	Revenue Fund	HSBC	5.150
1999A	Revenue Fund	Westdeutsche Landesbank Girozentrale	5.420
1999A	Debt Service Reserve Fund	Westdeutsche Landesbank Girozentrale	5.670
1999B	Revenue Fund	Westdeutsche Landesbank Girozentrale	5.500
1999B	Debt Service Reserve Fund	Bayerische Landesbank Girozentrale	6.030
1999C	Revenue Fund	Bayerische Landesbank Girozentrale	5.610
1999C	Debt Service Reserve Fund	Bayerische Landesbank Girozentrale	6.030

\* Neither the Authority nor the 2002AA Remarketing Agent makes any representation about the financial condition or creditworthiness of the Investment Providers. Prospective investors are urged to make their own investigation into the financial condition and creditworthiness of the Investment Providers.