

## NEW ISSUE - Book-Entry Only

INTEREST ON THE TAXABLE 2008 SERIES C-1 BONDS IS NOT EXCLUDED FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES. In the opinion of Sherman & Howard L.L.C., Bond Counsel, assuming continuous compliance with certain covenants and representations described herein, interest on the 2008 Series C-2 Bonds, the 2008 Series C-3 Bonds and the 2008 Series C-4 Bonds (except for interest on any 2008 Series C-2 Bond for any period during which it is held by a "substantial user" of any facilities financed with the 2008 Series C-2 Bonds or a "related person" as such terms are used in Section 147(a) of the Internal Revenue Code of 1986, as amended to the date of delivery of the 2008 Series C Bonds (the "Tax Code"), and except for interest on any 2008 Series C-4 Bond for any period during which it is held by such a "substantial user" of any facilities financed with the 2008 Series C-4 Bonds or such a "related person") is excluded from gross income under federal income tax laws pursuant to Section 103 of the Tax Code; further, interest on the 2008 Series C-3 Bonds and the 2008 Series C-4 Bonds is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code (except that interest on the 2008 Series C-3 Bonds is required to be included in calculating the "adjusted current earnings" adjustment applicable to corporations for purposes of computing the alternative minimum taxable income of corporations), however, interest on the 2008 Series C-2 Bonds is an item of tax preference for purposes of calculating alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code. In addition, in the opinion of Bond Counsel, the 2008C Adjustable Rate Bonds, their transfer and the income therefrom shall at all times be free from taxation by the State of Colorado under Colorado law in effect on the date of delivery of the 2008C Adjustable Rate Bonds. See "Part I – TAX MATTERS."



# \$41,560,000 COLORADO HOUSING AND FINANCE AUTHORITY Multi-Family/Project Bonds

**\$13,000,000**  
**Taxable Class I**  
**Adjustable Rate Bonds**  
**2008 Series C-1**

**\$5,725,000**  
**Class I**  
**Adjustable Rate Bonds**  
**2008 Series C-2**  
**(AMT)**

**\$12,055,000**  
**Class I**  
**Adjustable Rate Bonds**  
**2008 Series C-3**  
**(non-AMT)**

**\$10,780,000**  
**Class I**  
**Adjustable Rate Bonds**  
**2008 Series C-4**  
**(non-AMT)<sup>†</sup>**

**Dated: Date of Delivery**

**Due: As shown on the inside front cover**

The 2008 Series C Bonds in the series shown above (referred to as the "2008C Adjustable Rate Bonds") are being issued by the Colorado Housing and Finance Authority as fully registered bonds pursuant to a Master Indenture of Trust dated as of March 1, 2000, as amended, and a 2008 Series C Indenture of Trust dated as of December 1, 2008, each between the Authority and Wells Fargo Bank, National Association, as Trustee.

Proceeds of the 2008C Adjustable Rate Bonds are expected to be used to acquire and originate certain rental and business loans previously made or to be made to borrowers to assist them in financing or refinancing projects in Colorado. In addition, proceeds of the 2008C Adjustable Rate Bonds, together with certain available funds of the Authority, will be used to make deposits to certain funds and accounts and to pay certain costs of issuance in accordance with the 2008 Series C Indenture.

The 2008C Adjustable Rate Bonds initially will bear interest at Weekly Rates determined prior to the date of delivery of the 2008C Adjustable Rate Bonds to be effective to and including the following Tuesday, and thereafter determined on each Tuesday by Barclays Capital in its capacity as the 2008C Remarketing Agent, to be effective from and including each Wednesday to and including the following Tuesday. Following the initial Interest Period, the interest rates on the 2008C Adjustable Rate Bonds or any series or portion thereof may be adjusted at the election of the Authority to a Commercial Paper Rate, Daily Rate, Term Rate, or Fixed Rate as described herein. Interest on the 2008C Adjustable Rate Bonds will be payable on each April 1 and October 1, commencing on April 1, 2009, on any redemption date, on any mandatory tender date and at maturity.

While any of the 2008C Adjustable Rate Bonds are in a Weekly Mode Period, owners of any such 2008C Adjustable Rate 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 Indenture. Payment of the purchase price for 2008C Adjustable Rate Bonds tendered for purchase and not remarketed or for which remarketing proceeds are not available will be supported by a Standby Bond Purchase Agreement (referred to herein as the "Initial 2008C Liquidity Facility") among the Authority, Federal Home Loan Bank of Topeka (the "2008C Liquidity Facility Provider") and Wells Fargo Bank, National Association, as Trustee and Paying Agent. Coverage under the Initial 2008C Liquidity Facility, unless extended or earlier terminated, is stated to expire on December 16, 2013. **Under certain circumstances described herein, the obligation of the 2008C Liquidity Facility Provider to purchase the 2008C Adjustable Rate Bonds tendered for purchase under the Initial 2008C Liquidity Facility or subject to mandatory purchase may be terminated or suspended and, in some of such circumstances, the termination or suspension of such obligation will be immediate and without notice to such owners. In such event, sufficient funds may not be available to purchase such 2008C Adjustable Rate Bonds.** Neither the Authority nor the Remarketing Agent is obligated to purchase 2008C Adjustable Rate Bonds tendered by the owners of such 2008C Adjustable Rate Bonds or subject to mandatory purchase if remarketing proceeds and payments under the Initial 2008C Liquidity Facility are insufficient to pay the purchase price of the 2008C Adjustable Rate Bonds.

The 2008C Adjustable Rate Bonds, when issued, will be registered in the name of Cede & Co., as holder of the 2008C Adjustable Rate Bonds and nominee of The Depository Trust Company, New York, New York. One fully registered bond equal to the principal amount of each maturity of the 2008C Adjustable Rate Bonds will be registered in the name of Cede & Co. Individual purchases of 2008C Adjustable Rate Bonds will be made in book-entry form only, and beneficial owners of the 2008C Adjustable Rate Bonds will not receive physical delivery of bond certificates representing their interest in the 2008C Adjustable Rate Bonds, except as described herein. Upon receipt of payments of principal and interest, DTC is to remit such payments to the DTC participants for subsequent disbursement to the beneficial owners of the 2008C Adjustable Rate Bonds. Payments of principal of and interest on the 2008C Adjustable Rate Bonds will be made directly to DTC or its nominee, Cede & Co., by the Paying Agent, so long as DTC or Cede & Co. is the sole registered owner. Disbursement of such payments to DTC participants is the responsibility of DTC, and disbursement of such payments to the beneficial owners of the 2008C Adjustable Rate Bonds is the responsibility of the DTC participants and the indirect participants, as more fully described herein.

### Maturity Schedule on Inside Front Cover

*Certain of the 2008C Adjustable Rate Bonds are subject to special redemption, optional redemption and sinking fund redemption prior to maturity at par as described herein.*

The Master Indenture provides for four classes of Obligations (which may be Bonds or Derivative Products) thereunder – Class I, Class II, Class III and Class IV Obligations. The 2008C Adjustable Rate Bonds are obligations of the Authority, payable from the revenues, assets and moneys pledged under the Indenture as described herein on an equal and ratable basis with all other Class I Obligations now or hereafter outstanding under the Master Indenture. The 2008C Adjustable Rate Bonds will also be payable as general obligations of the Authority. Additional Obligations may be issued by the Authority under the Master Indenture in each of the four Classes and as general obligations of the Authority upon delivery of a Cash Flow Statement and satisfaction of certain other conditions as set forth in the Master Indenture. **In no event shall the 2008C Adjustable Rate Bonds constitute an obligation or liability of the State of Colorado or any political subdivision thereof other than the Authority. The Authority has no taxing power nor does it have the power to pledge the general credit or taxing power of the State of Colorado or any other political subdivision thereof (other than the general credit of the Authority, which general credit is being pledged for the payment of the 2008C Adjustable Rate Bonds).**

*This cover page contains only a brief description of the Authority, the 2008C Adjustable Rate Bonds and the security therefor. It is not intended to be a summary of material information with respect to the 2008C Adjustable Rate Bonds. Potential investors should read this entire Official Statement to obtain information necessary to make an informed investment decision. Potential investors should pay particular attention to the discussion in "Part II – CERTAIN BONDOWNERS' RISKS."*

The 2008C Adjustable Rate Bonds are offered when, as and if issued and delivered to the Underwriters, subject to the approval of legality by Sherman & Howard L.L.C., Denver, Colorado, Bond Counsel, and certain other conditions. Certain legal matters will be passed on for the Authority by Charles L. Borgman, Esq., its General Counsel, and by Hogan & Hartson LLP, Denver, Colorado, Disclosure Counsel to the Authority. Certain legal matters will be passed upon for the 2008C Liquidity Facility Provider by its assistant general counsel, Tad M. Kramar, Esq. The Underwriters are being represented in connection with their purchase of the 2008C Adjustable Rate Bonds by their counsel, Bookhardt & O'Toole, Denver, Colorado. It is expected that the 2008C Adjustable Rate Bonds will be delivered (through DTC) in New York, New York on or about December 17, 2008.

**BARCLAYS CAPITAL<sup>††</sup>**

**Stifel, Nicolaus & Company, Incorporated**  
**Harvestons Securities, Inc.**  
**George K. Baum & Company**

**Piper Jaffray & Co.**  
**Citi**  
**RBC Capital Markets**

This Official Statement is dated December 11, 2008.

<sup>†</sup> Interest not included in adjusted current earnings of corporations for purposes of the alternative minimum tax under the Code. See "Part I – TAX MATTERS."

<sup>††</sup> 2008C Remarketing Agent

## MATURITY SCHEDULE

\$13,000,000 Class I Taxable Adjustable Rate Bonds, 2008 Series C-1 due October 1, 2038- Price: 100% (CUSIP: 196479 PP8\*)

\$5,725,000 Class I Adjustable Rate Bonds, 2008 Series C-2 due October 1, 2021 - Price: 100% (CUSIP: 196479 PQ6\*)

\$12,055,000 Class I Adjustable Rate Bonds, 2008 Series C-3 due October 1, 2038 - Price: 100% (CUSIP: 196479 PR4\*)

\$10,780,000 Class I Adjustable Rate Bonds, 2008 Series C-4 due April 1, 2029 - Price: 100% (CUSIP: 196479 PS2\*)

\* The Authority takes no responsibility for the accuracy of the CUSIP numbers, which are being provided solely for the convenience of the owners of the 2008C Adjustable Rate Bonds.

No dealer, broker, salesman or other person has been authorized by the Colorado Housing and Finance Authority or by the Underwriters to give any information or to make any representations, other than those contained in this Official Statement, 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 Official Statement is subject to change without notice, and neither the delivery of this Official Statement nor any sale hereunder, under any circumstance, creates any implication that there has been no change in the affairs of the Authority or otherwise since the date hereof. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the 2008C Adjustable Rate 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 in this Official Statement has been furnished by the Authority and obtained from other sources believed to be reliable. This Official Statement contains, in part, estimates and matters of opinion which are not intended as statements of fact, and no representation or warranty is made as to the correctness of such estimates and opinions, or that they will be realized. All information regarding the Authority and the 2008C Adjustable Rate Bonds is contained in this Official Statement. While the Authority maintains an Internet website for various purposes, none of the information on this website is intended to assist investors in making any investment decision or to provide any continuing information (except in the case of the limited information provided in the section entitled "Bond Disclosures") with respect to the Bonds (including the 2008C Adjustable Rate Bonds), the Borrowers, the Authority Projects, the Loans, the Initial 2008C Liquidity Facility, the 2008C Liquidity Facility Provider, or any other bonds or obligations of the Authority.

**THE PRICES AT WHICH THE 2008C ADJUSTABLE RATE BONDS ARE OFFERED TO THE PUBLIC BY THE UNDERWRITERS (AND THE YIELDS RESULTING THEREFROM) MAY VARY FROM THE INITIAL PUBLIC OFFERING PRICES APPEARING ON THE INSIDE FRONT COVER PAGE HEREOF. IN ADDITION, THE UNDERWRITERS MAY ALLOW CONCESSIONS OR DISCOUNTS FROM SUCH INITIAL PUBLIC OFFERING PRICES TO DEALERS AND OTHERS. IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE 2008C ADJUSTABLE RATE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.**

The 2008C Adjustable Rate Bonds have not been approved or disapproved by the Securities and Exchange Commission or any state securities commission nor has the Commission or any state securities commission passed upon the accuracy or adequacy of this Official Statement. Any representation to the contrary is a criminal offense.

**This Official Statement is comprised of the front cover page, inside front cover,  
Parts I and II and the Appendices.**

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**This Official Statement is comprised of the front cover page, inside front cover  
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## OFFICIAL STATEMENT

**\$41,560,000**

### **COLORADO HOUSING AND FINANCE AUTHORITY Multi-Family/Project Bonds**

<b>\$13,000,000</b> Taxable Class I Adjustable Rate Bonds 2008 Series C-1	<b>\$5,725,000</b> Class I Adjustable Rate Bonds 2008 Series C-2 (AMT)	<b>\$12,055,000</b> Class I Adjustable Rate Bonds 2008 Series C-3 (non-AMT)	<b>\$10,780,000</b> Class I Adjustable Rate Bonds 2008 Series C-4 (non-AMT) <sup>†</sup>
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## PART I

### INTRODUCTION

This Official Statement, which includes the front cover page, inside front cover, this Part I, Part II and the Appendices hereto, provides certain information concerning the Colorado Housing and Finance Authority (the "**Authority**") and otherwise in connection with the offer and sale of the above-captioned Bonds (being collectively referred to herein as the "**2008C Adjustable Rate Bonds**"). The 2008C Adjustable Rate Bonds are being issued pursuant to the Master Indenture of Trust dated as of March 1, 2000, as amended (the "**Master Indenture**"), and the 2008 Series C Indenture dated as of December 1, 2008 (the "**2008 Series C Indenture**," and together with the Master Indenture, the "**Indenture**"), each between the Authority and Wells Fargo Bank, National Association, as Trustee (the "**Trustee**"). Capitalized terms used herein and not defined have the meanings specified in the Indenture. See "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE" in **Appendix C** to this Official Statement.

*This introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by the information contained in, the entire Official Statement, including the front cover page, inside front cover, this Part I, Part II hereof and the Appendices hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement. The offering of 2008C Adjustable Rate Bonds to potential investors is made only by means of the entire Official Statement. This Official Statement does not constitute a contract between the Authority or the Underwriters, and any one or more owners of the 2008C Adjustable Rate Bonds.*

#### **Colorado Housing and Finance Authority**

The Authority is a body corporate and political subdivision of the State of Colorado (the "**State**") established by the Colorado General Assembly for the purposes, among others, of increasing the supply of decent, safe and sanitary housing for low and moderate income families and promoting economic growth and development in the State. In order to achieve its authorized purposes, the Authority currently

<sup>†</sup> Interest not included in adjusted current earnings of corporations for purposes of the alternative minimum tax under the Code. See "Part I – TAX MATTERS."

operates numerous housing, rental and business finance programs. See "Part II – COLORADO HOUSING AND FINANCE AUTHORITY – Programs to Date." The Authority is governed by a Board of Directors and is authorized to issue its bonds, notes and other obligations in order to provide sufficient funds to achieve its purposes. *For financial information concerning the Authority, see "Part II – COLORADO HOUSING AND FINANCE AUTHORITY – Selected Financial Information" and certain financial statements of the Authority attached hereto as **Appendix A**.*

### **Authority for Issuance**

The 2008C Adjustable Rate Bonds are authorized to be issued pursuant to the Colorado Housing and Finance Authority Act, being Part 7 of Article 4 of Title 29 of the Colorado Revised Statutes, as amended (the "**Act**") and the Supplemental Public Securities Act, being Part 2 of Article 57 of Title 11 of the Colorado Revised Statutes. The 2008C Adjustable Rate Bonds are being issued and secured under the Indenture.

### **Purposes of the 2008C Adjustable Rate Bonds**

Proceeds of the 2008C Adjustable Rate Bonds will be deposited to the credit of the 2008 Series C subaccounts of the Acquisition Account and are expected to be used to acquire and originate uninsured rental and business loans as described in **Appendix G-1** hereto made to Borrowers to assist them in financing or refinancing projects in Colorado. See "Part I – PLAN OF FINANCE – Use of Amounts in Acquisition Account." Proceeds of the 2008C Adjustable Rate Bonds, together with legally available funds of the Authority, will also be used to make deposits to certain funds and accounts in accordance with the 2008 Series C Indenture, including the payment of costs of issuance, as described in "Part I – PLAN OF FINANCE – Sources and Use of Funds."

The Loans to be so acquired and originated are collectively referred to herein as the "**2008C Loans**." See "Part I – CERTAIN PROGRAM ASSUMPTIONS – The 2008C Loans."

### **Description of the 2008C Adjustable Rate Bonds**

#### *Interest Rates and Payments*

The Authority's Multi-Family/Project Class I Taxable Adjustable Rate Bonds, 2008 Series C-1 (the "**Taxable 2008 Series C-1 Bonds**"), the Authority's Multi-Family/Project Class I Adjustable Rate Bonds, 2008 Series C-2 (the "**2008 Series C-2 Bonds**"), the Authority's Multi-Family/Project Class I Adjustable Rate Bonds, 2008 Series C-3 (the "**2008 Series C-3 Bonds**") and the Authority's Multi-Family/Project Class I Adjustable Rate Bonds, 2008 Series C-4 (the "**2008 Series C-4 Bonds**"), initially will bear interest at Weekly Rates. While in a Weekly Rate Mode, interest on each series of the 2008C Adjustable Rate Bonds will be determined and adjusted weekly, payable semiannually on April 1 and October 1 of each year, commencing April 1, 2009, as described in "Part I – TERMS OF THE 2008C ADJUSTABLE RATE BONDS," and will be computed on the basis of a 365-day year or a 366-day year, as applicable, for the number of days actually elapsed.

The 2008C Adjustable Rate Bonds are to be issued in denominations of \$100,000 or integral multiples of \$5,000 in excess of \$100,000. Principal of the 2008C Adjustable Rate Bonds is payable in the amounts and on the dates shown on the inside front cover hereof, subject to prior redemption or purchase.



### *Redemption and Tender*

Certain of the 2008C Adjustable Rate Bonds are subject to special, optional and sinking fund redemption prior to maturity, as described under "Part I – TERMS OF THE 2008C ADJUSTABLE RATE BONDS – Prior Redemption." The 2008C Adjustable Rate Bonds are also subject to mandatory tender for purchase and, while in a Weekly Rate Mode, are subject to optional tender for purchase, as described under "Part I – TERMS OF THE 2008C ADJUSTABLE RATE BONDS – Optional Tender and Purchase" and "– Mandatory Purchase." See also "Part II – CERTAIN BONDOWNERS' RISKS – Considerations Regarding Redemption."

**For a more complete description of the 2008C Adjustable Rate Bonds and the Indenture pursuant to which such 2008C Adjustable Rate Bonds are being issued, see "Part I – TERMS OF THE 2008C ADJUSTABLE RATE BONDS" and Appendix C – "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE."**

### **Security and Sources of Payment**

All Obligations under the Master Indenture (which may be Bonds or Derivative Products and may be outstanding as Class I, Class II, Class III or Class IV Obligations) will be secured by and payable from all of the Authority's rights and interests in and to the revenues, assets and moneys pledged under the Master Indenture, in particular the Revenues and the Loans (collectively, the "**Trust Estate**"). See "Part II – SECURITY FOR THE OBLIGATIONS" and **Appendix G-2** – "CERTAIN INFORMATION ABOUT THE MASTER INDENTURE LOAN PORTFOLIO, AUTHORITY PROJECTS AND FUND BALANCES." In accordance with the Indenture, Obligations may also be designated as General Obligations of the Authority. As of November 1, 2008, Bonds issued under the Master Indenture were outstanding in an aggregate principal amount of \$847,710,000, with \$570,970,000 outstanding as Class I Bonds, \$259,825,000 outstanding as Class II Bonds, and \$16,915,000 outstanding as Class III Bonds. The Outstanding Class III Bonds and certain Outstanding Class I Bonds have been designated as General Obligations of the Authority. There are no Class IV Obligations outstanding under the Master Indenture. See "Part II – COLORADO HOUSING AND FINANCE AUTHORITY – Obligations of the Authority – Summary of Certain Authority Obligations" and **Appendix B** – "OUTSTANDING MASTER INDENTURE OBLIGATIONS."

The 2008C Adjustable Rate Bonds as described on the inside front cover hereof are being issued as Class I Obligations pursuant to the Indenture and will be secured by and payable from the Trust Estate as described herein. The Trust Estate is pledged under the Indenture to secure the Class I Obligations first, as described in "Part II – SECURITY FOR THE OBLIGATIONS – Pledge of Trust Estate." None of the 2008C Adjustable Rate Bonds are being issued as Class II Obligations, Class III Obligations or Class IV Obligations. The 2008C Adjustable Rate Bonds are also being designated as General Obligations of the Authority. See "Part I – CERTAIN PROGRAM ASSUMPTIONS – General Obligation Pledge for 2008C Adjustable Rate Bonds."

In addition, the 2008C Adjustable Rate Bonds are secured by the Debt Service Reserve Fund established under the Master Indenture. The Debt Service Reserve Fund Requirement for the 2008C Adjustable Rate Bonds will be funded as described in "Part I – CERTAIN PROGRAM ASSUMPTIONS – Debt Service Reserve Fund" and "Part II – SECURITY FOR THE OBLIGATIONS." **In no event shall the 2008C Adjustable Rate Bonds constitute an obligation or liability of the State or any political subdivision thereof. The Authority has no taxing power nor does it have the power to pledge the general credit or the taxing power of the State or any political subdivision thereof (other than the general credit of the Authority, which general credit is being pledged for payment of the 2008C Adjustable Rate Bonds).**

Upon delivery of the 2008C Adjustable Rate Bonds, the Authority will enter into a Standby Bond Purchase Agreement to establish an initial liquidity facility for the 2008C Adjustable Rate Bonds (the "**Initial 2008C Liquidity Facility**") with Federal Home Loan Bank of Topeka, as the initial standby bond purchaser (referred to herein as the "**2008C Liquidity Facility Provider**"). See **Appendix H** – "CERTAIN TERMS OF THE INITIAL 2008C LIQUIDITY FACILITY" and **Appendix I** – "2008C LIQUIDITY FACILITY PROVIDER." The Authority may replace the Initial 2008C Liquidity Facility with a new Liquidity Facility (an "**Alternate Liquidity Facility**") in accordance with the procedures set forth in the Indenture. See "Part II – SECURITY FOR THE OBLIGATIONS – Liquidity Facilities." UNDER CERTAIN CIRCUMSTANCES, THE OBLIGATION OF THE 2008C LIQUIDITY FACILITY PROVIDER TO PURCHASE THE 2008C ADJUSTABLE RATE BONDS TENDERED BY THE OWNERS THEREOF OR SUBJECT TO MANDATORY PURCHASE MAY BE TERMINATED OR SUSPENDED AND, IN SOME OF SUCH CIRCUMSTANCES, THE SUSPENSION OF SUCH OBLIGATION WILL BE IMMEDIATE AND WITHOUT NOTICE TO SUCH OWNERS. IN SUCH EVENT, SUFFICIENT FUNDS MAY NOT BE AVAILABLE TO PURCHASE SUCH 2008C ADJUSTABLE RATE BONDS TENDERED BY THE OWNERS OF SUCH 2008C ADJUSTABLE RATE BONDS OR SUBJECT TO MANDATORY PURCHASE. IN ADDITION, THE INITIAL 2008C LIQUIDITY FACILITY DOES NOT PROVIDE SECURITY FOR THE PAYMENT OF PRINCIPAL OF OR INTEREST ON THE 2008C ADJUSTABLE RATE BONDS. **Neither the Authority nor the 2008C Remarketing Agent is obligated to purchase 2008C Adjustable Rate Bonds so tendered or subject to mandatory purchase if remarketing proceeds or payments under the Initial 2008C Liquidity Facility are insufficient to pay the purchase price of such 2008C Adjustable Rate Bonds.**

#### **Professionals Involved in the Offering**

In connection with the issuance and sale of the 2008C Adjustable Rate Bonds, Sherman & Howard L.L.C., as Bond Counsel, will deliver the opinion included as **Appendix E** hereto. Certain legal matters relating to the 2008C Adjustable Rate Bonds will be passed upon for the Authority by its General Counsel, Charles L. Borgman, Esq., and by its Disclosure Counsel, Hogan & Hartson LLP. Certain legal matters will be passed upon for the 2008C Liquidity Facility Provider by its assistant general counsel, Tad M. Kramar, Esq. The Underwriters are being represented in connection with their purchase of the 2008C Adjustable Rate Bonds by their counsel, Bookhardt & O'Toole. See "Part I – LEGAL MATTERS."

#### **No Continuing Disclosure Undertaking**

In connection with the conversion of any 2008C Adjustable Rate Bonds to a Mode which makes such 2008C Adjustable Rate Bonds subject to the requirements of Rule 15c2-12 of the Securities Exchange Act of 1934 ("**Rule 15c2-12**"), the Authority has agreed to deliver a Continuing Disclosure Undertaking by which the Authority will agree to provide to the National Repositories (which may be accomplished by a single filing with DisclosureUSA, the central post office filing system approved by the Securities and Exchange Commission as in compliance with Rule 15c2-12) certain annual financial information and audited financial statements commencing with the fiscal year ending December 31, 2008, and notice of certain material events. **The Authority has not agreed to provide continuing financial or other information for the benefit of the owners of the 2008C Adjustable Rate Bonds while in any Mode not subject to Rule 15c2-12.** However, the Authority is obligated, in connection with certain other outstanding Bonds under the Master Indenture, to file certain financial information and operating data relating to the Trust Estate and the Authority with the national repositories on an annual basis.

## Investment Considerations

*The purchase and ownership of the 2008C Adjustable Rate Bonds involve investment risks. Prospective purchasers of the 2008C Adjustable Rate Bonds being offered by this Official Statement are urged to read this Official Statement in its entirety. For a discussion of certain such risks relating to the 2008C Adjustable Rate Bonds, see "Part II – CERTAIN BONDOWNERS' RISKS."*

## TERMS OF THE 2008C ADJUSTABLE RATE BONDS

### General Terms

#### *Payment*

The principal or redemption price of the 2008C Adjustable Rate Bonds is payable to Cede & Co. Interest on the 2008C Adjustable Rate Bonds will be payable on the Interest Payment Dates to Cede & Co.

#### *Book-Entry System*

DTC will act as securities depository for the 2008C Adjustable Rate Bonds. The ownership of one fully registered Bond for each maturity as set forth on the inside front cover, each in the aggregate principal amount of such maturity, will be registered in the name of Cede & Co., as nominee for DTC. Information concerning the book-entry system provided by DTC is set forth in **Appendix F – "BOOK-ENTRY SYSTEM."** **So long as the 2008C Adjustable Rate Bonds are registered in the DTC book-entry form described in Appendix F, each Beneficial Owner of a 2008 Series C Bond should make arrangements with a Participant in DTC to receive notices or communications with respect to matters concerning the 2008C Adjustable Rate Bonds.**

#### *Defeasance and Discharge*

The Indenture provides the Authority with the right to discharge the pledge and lien created by the Indenture with respect to any 2008C Adjustable Rate Bonds by depositing with the Trustee or the Paying Agent sufficient moneys or Defeasance Securities to pay when due the principal or Redemption Price of, if applicable, and interest due or to become due on such 2008C Adjustable Rate Bonds at the maturity or redemption thereof. See **Appendix C – "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Defeasance."**

### Interest on the 2008C Adjustable Rate Bonds

#### *Generally*

The 2008C Adjustable Rate Bonds will be dated the date of delivery and will mature, subject to prior redemption or purchase as described below, in the amounts and on the dates set forth on the inside front cover of this Official Statement. Each series of the 2008C Adjustable Rate Bonds initially will bear interest at a respective Weekly Rate determined prior to the date of delivery by Barclays Capital. Thereafter, the interest rate on any series or portion thereof of the 2008C Adjustable Rate Bonds may be adjusted at the election of the Authority to a Commercial Paper Rate, Daily Rate, Term Rate, or Fixed Rate, as described herein. While the 2008C Adjustable Rate Bonds are in an Interest Period for a Weekly Mode, interest will be payable on each April 1 and October 1, commencing April 1, 2009, on any

redemption date or Mode Change Date and on the Maturity Date. The 2008C Adjustable Rate Bonds are subject to redemption as described in "Prior Redemption" under this caption.

While in an Interest Period for a Term Rate Mode shorter than one year, a Commercial Paper Mode, a Daily Mode or a Weekly Mode, interest on any 2008C Adjustable Rate Bonds is to be calculated on the basis of a 365/366 year for the actual number of days elapsed. Interest on any 2008C Adjustable Rate Bonds in a Fixed Rate Mode or a Term Rate Mode of one year or longer is to be computed on the basis of a 360-day year comprised of twelve 30-day months. Any 2008C Adjustable Rate Bonds in a Daily Mode, Weekly Mode, or Commercial Paper Mode may be purchased in denominations of \$100,000, or any integral multiples of \$5,000 in excess of \$100,000. 2008C Adjustable Rate Bonds in a Term Rate Mode or Fixed Rate Mode are issuable in denominations of \$5,000 or any integral multiple thereof.

#### *Determination of Interest Rate*

General. Any 2008C Adjustable Rate Bond may bear interest at a Daily Rate, a Weekly Rate, a Commercial Paper Rate, a Term Rate, or a Fixed Rate until its respective maturity or prior redemption. The Mode of the 2008C Adjustable Rate Bonds from the delivery date until further designation by the Authority will be the Weekly Mode. Thereafter, the Authority may change any of the 2008C Adjustable Rate Bonds from one Mode to another Mode as described in "Adjustment Between Modes" under this caption. The interest rate on the 2008C Adjustable Rate Bonds is to be determined by the 2008C Remarketing Agent (initially, Barclays Capital) in accordance with the Indenture as described below.

*Adjustment of the interest rate on the 2008C Adjustable Rate Bonds such that all of the 2008C Adjustable Rate Bonds covered by the Initial 2008C Liquidity Facility bear interest at a Fixed Rate or a Commercial Paper Rate would result in a termination of the Initial 2008C Liquidity Facility. See Appendix H – "CERTAIN TERMS OF THE INITIAL 2008C LIQUIDITY FACILITY."*

Weekly Rate. During any Interest Period in which any 2008C Adjustable Rate Bonds are in a Weekly Mode, the 2008C Remarketing Agent is to determine the Weekly Rate by 4:00 p.m., Eastern time, on Tuesday of each week or, if such Tuesday is not a Business Day, the next succeeding day or, if such day is not a Business Day, then the Business Day next preceding such Tuesday. The Weekly Rate determined by the 2008C Remarketing Agent is to be the minimum interest rate which, in the opinion of the 2008C Remarketing Agent under then-existing market conditions, would result in the sale of such 2008C Adjustable Rate Bonds on such date at a price equal to the principal amount thereof plus accrued and unpaid interest, if any. If the 2008C Remarketing Agent fails to establish a Weekly Rate for any week (or if the method for determining the Weekly Rate shall be held to be unenforceable by a court of law of competent jurisdiction), then such 2008C Adjustable Rate Bonds are to bear interest from the last date on which the Weekly Rate was determined by the 2008C Remarketing Agent (or the last date on which interest was legally paid) until such time as the 2008C Remarketing Agent determines the Weekly Rate (or until there is delivered an opinion of counsel to the effect that the method of determining such interest was enforceable) at (i) in the case of the Taxable 2008 Series C-1 Bonds, (A) if the Taxable 2008 Series C-1 Bonds are secured by a Liquidity Facility and the Liquidity Facility Provider has not failed to honor its obligation to purchase Taxable 2008 Series C-1 Bonds thereunder, the One Month LIBOR Rate plus 0.20%, or (B) if the Taxable 2008 Series C-1 Bonds are not secured by a Liquidity Facility or if the Liquidity Facility Provider has failed to honor its obligation to purchase Taxable 2008 Series C-1 Bonds thereunder, the Prime Rate plus 1.00%, or (ii) in the case of the 2008 Series C-2 Bonds, the 2008 Series C-3 Bonds and the 2008 Series C-4 Bonds, (A) if such 2008 Series C-2 Bonds, 2008 Series C-3 Bonds or 2008 Series C-4 Bonds are secured by a Liquidity Facility and the Liquidity Facility Provider has not failed to honor its obligation to purchase such Bonds, the SIFMA Index plus 0.20% (or, in the event the Indexing Agent no longer publishes an index satisfying the requirements of the definition of SIFMA Index, the J.J. Kenny Index plus 0.20%; provided, however, that if the J.J. Kenny

Index also ceases to be published, an alternative index shall be calculated by an entity selected in good faith by the Authority, and shall be determined using the criteria for the SIFMA Index), or (B) if such 2008 Series C-2 Bonds, 2008 Series C-3 Bonds or 2008 Series C-4 Bonds are not secured by a Liquidity Facility or if the Liquidity Facility Provider has failed to honor its obligation to purchase such Bonds, the Prime Rate plus 1.00%. Such rates shall be as reported on the day such Weekly Rate would otherwise have been determined by the 2008C Remarketing Agent. The 2008C Remarketing Agent is to make the Weekly Rate available: (i) after 4:00 p.m., Eastern time, on the date of determination of such rate by telephone to any Owner, the Authority, the Trustee, the Paying Agent and the Liquidity Facility Provider; and (ii) by telecopy, telegraph, telex, facsimile transmission, e-mail transmission or other similar electronic means of communication, including a telephonic communication confirmed by writing or other transmission, to the Paying Agent, not later than 4:00 p.m., Eastern time, on the second Business Day after the date of such rate determination.

Daily Rate. During any Interest Period in which any 2008C Adjustable Rate Bonds are in a Daily Mode, the 2008C Remarketing Agent is to determine the Daily Rate by 10:00 a.m., Eastern time, on each Business Day. The Daily Rate for any day during the Daily Rate Mode which is not a Business Day will be the Daily Rate established as of the immediately preceding Business Day. The Daily Rate determined by the 2008C Remarketing Agent is to be the minimum interest rate which, in the opinion of the 2008C Remarketing Agent under then-existing market conditions, would result in the sale of such 2008C Adjustable Rate Bonds on the date of rate determination at a price equal to the principal amount thereof plus accrued and unpaid interest, if any. If the 2008C Remarketing Agent fails to establish a Daily Rate for any day (or if the method for determining the Daily Rate shall be held to be unenforceable by a court of law of competent jurisdiction), then such 2008C Adjustable Rate Bonds are to bear interest from the last date on which the Daily Rate was determined by the 2008C Remarketing Agent (or the last date on which interest was legally paid) until such time as the 2008C Remarketing Agent determines the Daily Rate (or until there is delivered an opinion of counsel to the effect that the method of determining such interest was enforceable) at the last lawful interest rate set by the 2008C Remarketing Agent.

Term Rates. During any Interest Period in which any 2008C Adjustable Rate Bonds are in a Term Rate Mode, the 2008C Remarketing Agent is to determine the Term Rate by 4:00 p.m., Eastern time, on a Business Day no earlier than 30 Business Days and no later than the Business Day next preceding the first day of an Interest Period. The Term Rate determined by the 2008C Remarketing Agent is to be the minimum interest rate which, in the sole judgment of the 2008C Remarketing Agent, will result in the sale of such 2008C Adjustable Rate Bonds at a price equal to the principal amount thereof. If, for any reason, a new Term Rate for a 2008C Adjustable Rate Bond that has been in the Term Rate Mode and is to continue in the Term Rate Mode is not or cannot be established, then (i) if such 2008C Adjustable Rate Bond is secured by the Liquidity Facility and the Liquidity Facility Provider has not failed to honor its obligation to purchase 2008C Adjustable Rate Bonds thereunder, it will be changed automatically to the Commercial Paper Mode with an Interest Period and Commercial Paper Rate to be determined by the 2008C Remarketing Agent in accordance with the Indenture or (ii) if such 2008C Adjustable Rate Bond is not secured by the Liquidity Facility or if the Liquidity Facility Provider has failed to honor its obligation to purchase 2008C Adjustable Rate Bonds thereunder, then such Bond shall stay in the Term Rate Mode for an Interest Period ending on the next April 1 or October 1 and shall bear interest at the Prime Rate plus 1.00%. The Trustee is to promptly notify the Owners, with a copy to each National Repository, of any failed change in mode. The bonds upon which the index is based shall include not less than five "high grade" component issuers selected by Kenny Information Systems which shall include, without limitation, issuers of general obligation bonds. The specific issuers included among the component issuers may be changed from time to time by Kenny Information Systems in its discretion. The yield evaluation period for the index shall be a one year evaluation. The 2008C Remarketing Agent is to give written notice of the Term Rate to the Authority and the Paying Agent upon request. If a new Interest Period is not selected by the Authority prior to the Business Day next preceding the Purchase Date for the Interest Period then in effect, the new Interest Period will be the same length as the current Interest Period, or such lesser period necessary to prevent the Interest Period from extending beyond

the date which is five Business Days prior to the stated term, expiration date or termination date of the Liquidity Facility, or such date as it may be extended, or any earlier date on which the applicable Liquidity Facility is to terminate, expire or be cancelled. No Interest Period in the Term Rate Mode may extend beyond the applicable Maturity Date.

Fixed Rate. During each Fixed Rate Mode for any 2008C Adjustable Rate Bonds, the 2008C Remarketing Agent is to determine the Fixed Rate by 4:00 p.m., Eastern time, no later than the Business Day prior to the first day of the Fixed Rate Mode. The Fixed Rate determined by the 2008C Remarketing Agent is to be the minimum interest rate which, in the sole judgment of the 2008C Remarketing Agent would result in the sale of such 2008C Adjustable Rate Bonds on the date of rate determination at a price equal to the principal amount thereof. Upon request of any Owner, the Authority, the Trustee, the Paying Agent or the Liquidity Facility Provider, the 2008C Remarketing Agent is to make the Fixed Rate available by telephone and by telecopy, telegraph, telex, facsimile transmission, e-mail transmission or other similar electronic means of communication, including a telephonic communication confirmed by writing or other transmission.

Commercial Paper Rates. On the first day of each Interest Period for a 2008C Adjustable Rate Bond in a Commercial Paper Mode, the 2008C Remarketing Agent is to select for such 2008C Adjustable Rate Bond the Interest Period which would result in the 2008C Remarketing Agent being able to remarket such 2008C Adjustable Rate Bond at par in the secondary market at the lowest interest rate then available and for the longest Interest Period available at such rate, provided that if on the first day of any Interest Period the 2008C Remarketing Agent determines that current or anticipated future market conditions or anticipated future events are such that a different Interest Period would result in a lower average interest cost on such 2008C Adjustable Rate Bond, then the 2008C Remarketing Agent is to select the Interest Period which in the judgment of the 2008C Remarketing Agent would permit such 2008C Adjustable Rate Bond to achieve such lower average interest cost; provided, however, that if the 2008C Remarketing Agent has received notice from the Authority that any 2008C Adjustable Rate Bond is to be changed from the Commercial Paper Mode to any other Mode or is to be purchased in accordance with a mandatory purchase pursuant to the Indenture, the 2008C Remarketing Agent shall, with respect to such 2008C Adjustable Rate Bond, select Interest Periods which do not extend beyond the Mandatory Purchase Date. On or after 4:00 p.m., Eastern time, on the Business Day next preceding the first day of each Interest Period for a 2008C Adjustable Rate Bond in the Commercial Paper Mode, any Owner of such 2008C Adjustable Rate Bond may telephone the 2008C Remarketing Agent and receive notice of the anticipated next Interest Period and the anticipated Commercial Paper Rate for such Interest Period for such 2008C Adjustable Rate Bond. To receive payment of the Purchase Price, the Owner of any 2008C Adjustable Rate Bond in the Commercial Paper Mode must present such Bond to the Paying Agent by 12:00 noon, Eastern time, on the first day of the Interest Period for a Commercial Paper Mode, in which case the Paying Agent shall pay the Purchase Price to such Owner by the close of business on the same day. By 12:30 p.m., Eastern time, on the first day of each Interest Period for a Commercial Paper Mode, the 2008C Remarketing Agent is to determine the Commercial Paper Rate for the Interest Period then selected for such 2008C Adjustable Rate Bond and is to give notice to the Paying Agent by telecopy, telegraph, telex, facsimile transmission, e-mail transmission or other similar electronic means of communication, including a telephonic communication confirmed by writing or written transmission, of the new Owner, the Interest Period, the Purchase Date and the Commercial Paper Rate. By 1:00 p.m., Eastern time, on the first day of each Interest Period for a Commercial Paper Mode, the 2008C Remarketing Agent is to assign CUSIP numbers for each Commercial Paper Bond for which a Commercial Paper Rate and Interest Period have been determined on such date and notify the Paying Agent of such assignment by telecopy, telegraph, telex, facsimile transmission, e-mail transmission or other similar electronic means of communication, including a telephonic communication confirmed by writing or written transmission. If, for any reason, a new Commercial Paper Rate for a 2008C Adjustable Rate Bond that has been in the Commercial Paper Rate Mode and is to continue in the Commercial Paper Rate Mode is not or cannot be established, then such Bond shall stay in the Commercial Paper Rate Mode and (i) in the case of the Taxable 2008 Series C-1 Bonds, shall bear interest at the Three-Month LIBOR Rate in effect on such Rate

Determination Date plus 0.20%, or (ii) in the case of the 2008 Series C-2 Bonds, 2008 Series C-3 Bonds or 2008 Series C-4 Bonds, shall bear interest at the Barclays Capital Tax Exempt Commercial Paper Index plus 0.20% in effect on such Rate Determination Date.

#### *Adjustment Between Modes*

Any change to a different Mode requires delivery to the Trustee, the Paying Agent and the 2008C Remarketing Agent of: (i) a notice from each Rating Agency confirming that the rating on the 2008C Adjustable Rate Bonds will not be withdrawn (other than a withdrawal of a short term rating upon a change to the Term Rate Mode or Fixed Rate Mode) as a result of such change in Mode; (ii) if the change is from a Short-Term Mode to a Term Rate Mode, or Fixed Rate Mode, or from a Term Rate Mode to a Short-Term Mode, a favorable opinion of bond counsel; and (iii) the Liquidity Facility (except if the change is to the Fixed Rate Mode or, in the case of a change to a Term Rate, the Authority elects not to have the Liquidity Facility with respect to such Bonds in a Term Rate Mode). The Authority may change a 2008C Adjustable Rate Bond (other than a 2008C Adjustable Rate Bond in the Fixed Rate Mode) from one Mode to another Mode by giving written notice no later than the 45th day (or such shorter time as may be agreed upon by the Authority, the Trustee, the Paying Agent and the 2008C Remarketing Agent) preceding the proposed date of Mode change to the Trustee, the Paying Agent and the applicable Liquidity Facility Provider. Such notice is to include: (i) the new Mode; (ii) the length of the initial Interest Period if the change is to a Term Rate Mode; and (iii) whether or not the 2008C Adjustable Rate Bonds to be converted to a new Mode will be covered by the Liquidity Facility. The Trustee is to give notice to Owners of 2008C Adjustable Rate Bonds, with a copy to each National Repository, by mail no less than 30 days prior to the proposed date of the Mode change stating that such Bonds are subject to mandatory purchase on such date. The 2008C Adjustable Rate Bonds are subject to mandatory purchase on any day on which a different Mode for such Bonds begins. See "Mandatory Purchase - Mandatory Purchase on Mode Change Date" under this caption. **So long as the 2008C Adjustable Rate Bonds are registered in the DTC book-entry system described in Appendix F, such notices will be sent only to DTC's nominee.**

#### **Optional Tender and Purchase**

##### *Optional Tenders during the Weekly Mode or Daily Mode*

During any Interest Period for a Weekly Mode or Daily Mode, any 2008C Adjustable Rate Bond (other than a Bank Bond) is to be purchased in an Authorized Denomination from its Owner at the option of the Owner on any Business Day at a purchase price equal to the principal amount thereof tendered for purchase plus accrued interest to the Purchase Date defined below (the "**Purchase Price**" for such 2008C Adjustable Rate Bonds in the Weekly Mode or Daily Mode), payable by wire transfer in immediately available funds, upon delivery to the 2008C Remarketing Agent of an irrevocable telephonic notice in the case of 2008C Adjustable Rate Bonds in the Daily Mode and an irrevocable written notice or an irrevocable telephonic notice, promptly confirmed in writing to the Paying Agent, in the case of 2008C Adjustable Rate Bonds in the Weekly Mode, which notice states the CUSIP number, the Bond number, the principal amount of such 2008C Adjustable Rate Bond, the principal amount thereof to be purchased and the date on which the same is to be purchased (the "**Purchase Date**" for such 2008C Adjustable Rate Bonds in the Weekly Mode), which date is to be a Business Day specified by the Owner. In the case of 2008C Adjustable Rate Bonds tendered for purchase during the Daily Mode, such notice is to be delivered by the Owner by no later than 10:30 a.m., New York City time on such Business Day. In the case of 2008C Adjustable Rate Bonds tendered for purchase during the Weekly Mode, such notice is to be delivered by the Owner by no later than 4:00 p.m., New York City time on a Business Day not less than seven days before the Purchase Date specified by the Owner in such notice. For payment of such Purchase Price, such 2008C Adjustable Rate Bonds are to be delivered (with all necessary endorsements) at or before 12:00 noon, New York City time, on the Purchase Date at the office of the Paying Agent in



Denver, Colorado. Payment of the Purchase Price is to be made by wire transfer in immediately available funds by the Paying Agent by the close of business on the Purchase Date. An Owner who gives the notice described above may repurchase the 2008C Adjustable Rate Bonds so tendered, if the 2008C Remarketing Agent agrees to sell the tendered Bonds to such Owner, in which case the delivery requirements set forth above will be waived. See "Payment of Tender Price Upon Purchase" under this caption for the sources of payment of such Purchase Price.

*Optional Tender at End of Term Rate Period*

Unless such 2008C Adjustable Rate Bonds are being changed to a Mode other than another Term Rate Mode, the owner of 2008C Adjustable Rate Bonds in a Term Rate Mode may act to have its Bond (or portions thereof in Authorized Denominations) purchased on the last day of any Interest Period for a Term Rate Mode (or the next Business Day if such last day is not a Business Day) (the "**Purchase Date**" for such 2008C Adjustable Rate Bonds in the Term Rate Mode) at a purchase price equal to the principal amount thereof tendered for purchase (the "**Purchase Price**" for such 2008C Adjustable Rate Bonds in the Term Rate Mode) upon delivery to the 2008C Remarketing Agent of an irrevocable written notice of tender or an irrevocable telephonic notice of tender, confirmed in writing to the Paying Agent, which notice states the CUSIP number, the Bond number and the principal amount of such 2008C Adjustable Rate Bond to be purchased. Such notice is to be given not later than 10:00 a.m. on a Business Day not less than seven days before such last day of the Interest Period. For payment of such Purchase Price, such 2008C Adjustable Rate Bonds are to be delivered (with all necessary endorsements) at or before 12:00 noon, Eastern time, on the Purchase Date at the office of the Paying Agent in Denver, Colorado. Payment of the Purchase Price is to be made by wire transfer in immediately available funds by the Paying Agent by the close of business on the Purchase Date. See "Payment of Tender Price Upon Purchase" under this caption for the sources of payment of such Purchase Price.

**Mandatory Purchase**

*Mandatory Purchase at End of Commercial Paper Rate Period*

On the last day of any Interest Period for the Commercial Paper Mode, the 2008C Adjustable Rate Bonds in such mode are subject to mandatory purchase without notice at the Purchase Price. Owners are to deliver such 2008C Adjustable Rate Bonds to the office of the Paying Agent in Denver, Colorado, at or before 12:00 noon, New York City time, on such date. Payment of the Purchase Price is to be made by wire transfer of immediately available funds by the close of business on such date.

*Mandatory Purchase on Mode Change Date*

2008C Adjustable Rate Bonds to be changed from one Mode to another Mode will be subject to mandatory purchase on each day on which a new Mode for such Bonds begins (the "**Mode Change Date**") (or on the day which would have been a Mode Change Date had all of the conditions in "Adjustment Between Modes" under this caption been satisfied by the proposed Mode Change Date) at a purchase price equal to the Purchase Price. 2008C Adjustable Rate Bonds subject to mandatory purchase on the Mandatory Purchase Date are to be delivered (with all necessary endorsements) to the office of the Paying Agent in Denver, Colorado at or before 12:00 noon, New York City time, on the Mode Change Date. Payment of the Purchase Price is to be made by wire transfer in immediately available funds by the close of business on the Mandatory Purchase Date. The Trustee is to give notice by first-class mail, or transmitted in such other matter (such as by electronic means) as may be customary for the industry as directed in writing by the Authority, to the Owners of such 2008C Adjustable Rate Bonds, with a copy to each National Repository, no less than 30 days prior to the Mandatory Purchase Date. Such notice is to state the Mandatory Purchase Date, the Purchase Price, the numbers of the 2008C Adjustable Rate Bonds



to be purchased if less than all of the 2008C Adjustable Rate Bonds owned by such Owners are to be purchased and that interest on such 2008C Adjustable Rate Bonds subject to mandatory purchase will cease to accrue from and after the Mandatory Purchase Date. The failure to transmit such notice with respect to any 2008C Adjustable Rate Bond shall not affect the validity of the mandatory purchase of any other 2008C Adjustable Rate Bond with respect to which such notice was transmitted. Any notice transmitted will be conclusively presumed to have been given, whether or not actually received by the Owner. **So long as the 2008C Adjustable Rate Bonds are registered in the DTC book-entry system described in Appendix F, such notices will be sent only to DTC's nominee.** See "Payment of Tender Price Upon Purchase" under this caption for the sources of payment of such Purchase Price.

*Mandatory Purchase For Failure to Replace Liquidity Facility or Upon Certain Substitution of Alternate Liquidity Facility*

In the event that the Authority does not replace the Liquidity Facility with another Liquidity Facility prior to its expiration date in accordance with the Indenture, the 2008C Adjustable Rate Bonds having the benefit of such Liquidity Facility will be subject to mandatory purchase on the fifth Business Day before the then current Liquidity Facility so expires (whether at the stated expiration date thereof or any earlier termination date). In addition, in the event that on or prior to the 45th day next preceding the date on which an Alternate Liquidity Facility is to be substituted for the current Liquidity Facility (the "**Substitution Date**") the Authority has failed to deliver to the Paying Agent a Rating Confirmation Notice in connection with such substitution, the 2008C Adjustable Rate Bonds having the benefit of the Liquidity Facility will be subject to mandatory tender for purchase five Business Days prior to the Substitution Date. The Trustee is to give notice by first-class mail (or transmitted in such other manner, such as electronic means, as may be customary for the industry as directed in writing by the Authority) to the Owners of the 2008C Adjustable Rate Bonds subject to mandatory purchase, with a copy to each National Repository, no less than 30 days prior to the Mandatory Purchase Date. Such notice is to state the Mandatory Purchase Date, the Purchase Price, and that interest on such Bonds subject to mandatory purchase will cease to accrue from and after the Mandatory Purchase Date. The failure to transmit such notice with respect to any 2008C Adjustable Rate Bond shall not affect the validity of the mandatory purchase of any other Bond with respect to which such notice was transmitted. Any notice transmitted as aforesaid will be conclusively presumed to have been given, whether or not actually received by the Owner. For payment of such Purchase Price, such 2008C Adjustable Rate Bonds are to be delivered (with all necessary endorsements) at or before 12:00 noon, Eastern time, on the Mandatory Purchase Date at the office of the Paying Agent in Denver, Colorado. Payment of the Purchase Price is to be made by wire transfer in immediately available funds by the Paying Agent by the close of business on the Mandatory Purchase Date. See "Payment of Tender Price Upon Purchase" under this caption for the sources of payment of such Purchase Price.

*Mandatory Purchase Upon Termination of Initial 2008C Liquidity Facility*

If the Trustee receives notice from the 2008C Liquidity Facility Provider that the Initial 2008C Liquidity Facility will be terminated in accordance with the provisions thereof because of the occurrence and continuance of certain specified events while any of the 2008C Adjustable Rate Bonds having the benefit of such Initial 2008C Liquidity Facility are outstanding, such 2008C Adjustable Rate Bonds will be subject to mandatory purchase. See **Appendix H** – "CERTAIN TERMS OF THE INITIAL 2008C LIQUIDITY FACILITY – Events of Default under the Initial 2008C Liquidity Facility" for a description of the circumstances under which the Initial 2008C Liquidity Facility may be terminated. Such 2008C Adjustable Rate Bonds will be subject to mandatory tender for purchase on a Business Day which is at least ten days subsequent to such notice from the 2008C Liquidity Facility Provider and at least five Business Days prior to the termination of the Initial 2008C Liquidity Facility. The Trustee is to give notice by first-class mail (or transmittal in such other manner, such as by electronic means, as may be customary for the industry as

directed in writing by the Authority) to the Owners of the 2008C Adjustable Rate Bonds, with a copy to each National Repository, subject to such mandatory purchase within two Business Days after receipt of notice from the 2008C Liquidity Facility Provider. Such notice is to state the Mandatory Purchase Date, the Purchase Price, and that interest on such Bonds subject to mandatory purchase will cease to accrue from and after the Mandatory Purchase Date. The failure to transmit such notice with respect to any Bond shall not affect the validity of the mandatory purchase of any other 2008C Adjustable Rate Bond with respect to which such notice was so transmitted. Any notice transmitted as aforesaid will be conclusively presumed to have been given, whether or not actually received by the Owner. For payment of such Purchase Price, such 2008C Adjustable Rate Bonds are to be delivered (with all necessary endorsements) at or before 12:00 noon, Eastern time, on the Purchase Date at the office of the Paying Agent in Denver, Colorado. Payment of the Purchase Price is to be made by wire transfer in immediately available funds by the Paying Agent by the close of business on the Purchase Date. See "Payment of Tender Price Upon Purchase" under this caption for the sources of payment of such Purchase Price.

### **Payment of Tender Price Upon Purchase**

Any 2008C Adjustable Rate Bonds required to be purchased in accordance with the Indenture as described in "Optional Tender and Purchase" and "Mandatory Purchase" under this caption are to be purchased from the Owners thereof on the Purchase Date at the Purchase Price. The Indenture creates a separate fund (the "**Purchase Fund**") to be maintained by the Paying Agent, with separate accounts designated as the Remarketing Proceeds Account and the Standby Purchase Account. Funds for the payment of the Purchase Price are to be made solely from the following sources in the order of priority indicated:

(1) proceeds of the sale of remarketed 2008C Adjustable Rate Bonds (except proceeds of remarketed Bank Bonds to the extent applied to any amount owing to the 2008C Liquidity Facility Provider) pursuant to the Indenture and the Remarketing Agreement and furnished to the Paying Agent by the 2008C Remarketing Agent for deposit into the Remarketing Proceeds Account; and

(2) money furnished by the 2008C Liquidity Facility Provider to the Trustee for deposit with the Paying Agent from requests under the Initial 2008C Liquidity Facility, if any, as described in **Appendix H** – "CERTAIN TERMS OF THE INITIAL 2008C LIQUIDITY FACILITY."

Moneys held in the Standby Purchase Account and the Remarketing Proceeds Account will be held by the Trustee uninvested and separate and apart from all other funds and accounts. **So long as the 2008C Adjustable Rate Bonds are registered in the DTC book-entry system described in Appendix F, any notices will be sent only to DTC's nominee.**

If sufficient funds are not available for the purchase of all 2008C Adjustable Rate Bonds tendered or deemed tendered and required to be purchased on any Purchase Date or Mandatory Purchase Date, all such 2008C Adjustable Rate Bonds shall bear interest at the applicable Alternate Rate under the Indenture from the date of such failed purchase until all such 2008C Adjustable Rate Bonds are purchased as required in accordance with the Indenture, and all tendered 2008C Adjustable Rate Bonds are to be returned to their respective Owners. Such failed purchase and return will not constitute an Event of Default under the Indenture.

**The obligation of the 2008C Liquidity Facility Provider to purchase the 2008C Adjustable Rate Bonds tendered for purchase under the Initial 2008C Liquidity Facility may be terminated immediately without notice to the owners of such 2008C Adjustable Rate Bonds if the long-term**

ratings by S&P and Moody's of such 2008C Adjustable Rate Bonds shall have been withdrawn, suspended, or reduced below "BBB-" by S&P and "Baa3" by Moody's. See Appendix H – "CERTAIN TERMS OF THE INITIAL 2008C LIQUIDITY FACILITY – Events of Default under the Initial 2008C Liquidity Facility." NEITHER THE AUTHORITY NOR THE REMARKETING AGENT IS OBLIGATED TO PURCHASE 2008C ADJUSTABLE RATE BONDS TENDERED BY THE OWNERS OF SUCH 2008C ADJUSTABLE RATE BONDS OR SUBJECT TO MANDATORY PURCHASE IF REMARKETING PROCEEDS AND PAYMENTS UNDER THE INITIAL 2008C LIQUIDITY FACILITY ARE INSUFFICIENT TO PAY THE PURCHASE PRICE OF SUCH 2008C ADJUSTABLE RATE BONDS.

## Prior Redemption

### *Special Redemption*

Unexpended Amounts in Acquisition Account. The 2008C Adjustable Rate Bonds are subject to special redemption prior to maturity, in whole or in part at any time and from time to time on or before November 1, 2009 (or such later date as may be selected by the Authority by the filing with the Trustee of an Authority Request accompanied by a Cash Flow Statement and a favorable opinion of Bond Counsel), upon notice as provided in the Master Indenture and described in "Notice of Redemption" under this caption, at a Redemption Price equal to 100% of the Aggregate Principal Amount of the 2008C Adjustable Rate Bonds or portions thereof to be so redeemed together with accrued interest to the date of redemption, to the extent that there are any unexpended proceeds of the 2008C Adjustable Rate Bonds transferred from the 2008 Series C subaccounts of the Acquisition Account to the 2008 Series C subaccount of the Redemption Fund. The Indenture requires that the Trustee transfer such unexpended proceeds to the Redemption Fund pursuant to an Authority Request filed with the Trustee stating that the Authority no longer reasonably expects to apply the amount to be transferred to finance or refinance Loans. Such amounts are to be transferred not later than November 1, 2009; provided that the Indenture permits the Authority to extend such date to a later date if the Authority has filed with the Trustee an Authority Request specifying a later date or dates for such transfer accompanied by a Cash Flow Statement and a favorable opinion of Bond Counsel. See "Notice of Redemption" under this caption. See also "Part I – PLAN OF FINANCE – Sources and Uses of Funds" and "– Use of Amounts in Acquisition Account." For information concerning the 2008C Loans expected to be acquired or originated by the Authority with proceeds of the 2008C Adjustable Rate Bonds deposited to the 2008 Series C subaccounts of the Acquisition Account, see "Part I – CERTAIN PROGRAM ASSUMPTIONS – The 2008C Loans." See also "Part II – CERTAIN BONDOWNERS' RISKS." Moneys deposited in or transferred to the 2008 Series C subaccount of the Redemption Fund as described above shall be applied to redeem the 2008C Adjustable Rate Bonds. If less than all of the 2008C Adjustable Rate Bonds are to be redeemed in accordance with the provision described in this paragraph, the 2008C Adjustable Rate Bonds are to be redeemed on any other basis determined by the Authority after giving effect to expected Cash Flows in the Trust Estate.

Prepayments, Excess Revenues and Debt Service Reserve Fund Reductions. Except as described in the following sentence and subject to the limitations described in the following paragraph, the 2008C Adjustable Rate Bonds are subject to special redemption prior to maturity, in whole or in part at any time, upon notice as provided in the Master Indenture, at a Redemption Price equal to 100% of the Aggregate Principal Amount of the 2008C Adjustable Rate Bonds or portions thereof to be so redeemed, together with accrued interest to the date of redemption, from and to the extent there are moneys and/or Investment Securities in the 2008 Series C Subaccount of the Class I Special Redemption Account of the Redemption Fund, on the 45th day prior to the redemption date. Amounts on deposit in the Revenue Fund, including Loan Repayments and Prepayments and amounts in excess of applicable Debt Service Reserve Fund Requirements transferred to the Revenue Fund from the applicable account of the Debt Service Reserve

Fund, are to be transferred to the applicable Special Redemption Accounts of the Redemption Fund at the election of the Authority and as otherwise required in accordance with the provisions of the Master Indenture described in **Appendix C – "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Revenue Fund."**

Loan Repayments and Prepayments of Loans, if any, financed or refinanced with proceeds of any of the 2008C Adjustable Rate Bonds may only be used to redeem the 2008C Adjustable Rate Bonds or other General Obligation Bonds, and not to redeem any other Bonds. Furthermore, except as shall be provided in a Favorable Opinion of Bond Counsel and subject to the restriction described in the preceding sentence, Loan Repayments and Prepayments of Loans, if any, financed or refinanced with proceeds of the 2008 Series C-3 Bonds may only be used to redeem the 2008 Series C-3 Bonds or other Bonds the interest on which is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code, and not to redeem any other Bonds. See "Part I – PLAN OF FINANCE – Use of Amounts in Acquisition Account."

**It is anticipated that moneys will be available to redeem a substantial portion of the 2008C Adjustable Rate Bonds without premium in accordance with the provisions described in the preceding paragraph. Such moneys may be directed to the Class I Special Redemption Account (with respect to the Class I Bonds) of the Redemption Fund and available for this redemption as a result of excess revenues resulting from 2008C Loan payments and prepayments, and other sources.**

Cross-Calls and Recycling. Pursuant to the Master Indenture, the Authority may, by delivery of an Authority Request to the Trustee, instruct the Trustee to transfer moneys on deposit in any Series subaccount of a Class Account of the Redemption Fund to any other Series subaccount of the same Class Account to be applied to the redemption of the same Class of Bonds of a different Series. Any such Authority Request is to (i) certify that it is consistent with the most recently filed Related Cash Flow Statement and not prohibited by the Related Series Indenture, and (ii) be accompanied by evidence of satisfaction of all Asset Requirements for the 2008C Adjustable Rate Bonds. The 2008 Series C Indenture does not prohibit cross calls, but does restrict the use of certain Loan Repayments and Prepayments as discussed above under "Prepayments, Excess Revenues and Debt Service Reserve Fund Reductions." However, the 2003 Series A Indenture, the 2001 Series A Indenture and the 2000 Series B Indenture prohibit cross calls, and other Series Indentures may in the future prohibit such cross calls, with respect to Related Series of Bonds. In addition, the Master Indenture permits the Authority, by delivery of an Authority Request to the Trustee at any time prior to the giving of notice of redemption, to instruct the Trustee to transfer moneys on deposit in a subaccount of an Account in the Revenue Fund to a Related subaccount of the Loan Recycling Account to be used to finance or refinance Loans as permitted by the Master Indenture. See **Appendix C – "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Revenue Fund."** *The Authority may transfer Prepayments or Loan Repayments to the Loan Recycling Account of the Program Fund to finance Loans or transfer such Prepayments or Loan Repayments to the Special Redemption Accounts of the Redemption Fund at any time in accordance with the Master Indenture. See "Part II – CERTAIN BONDOWNERS' RISKS – Considerations Regarding Redemption."*

#### *Optional Redemption*

Weekly Mode, Daily Mode and Commercial Paper Mode. The 2008C Adjustable Rate Bonds may be redeemed prior to maturity at the option of the Authority from any source, in whole or in part, in Authorized Denominations on any date during Interest Periods for a Weekly Mode or Daily Mode and on the last day of the Interest Period for such 2008C Adjustable Rate Bonds during Interest Periods for a

Commercial Paper Mode, at a redemption price equal to 100% of the principal amount of 2008C Adjustable Rate Bonds to be so redeemed.

Term Rate Mode and Fixed Rate Mode. During any Interest Period for a Term Rate Mode or Fixed Rate Mode, the 2008C Adjustable Rate Bonds may be redeemed prior to maturity at the option of the Authority from any source, in whole or in part on any date in Authorized Denominations at a redemption price equal to 100% of the principal amount of 2008C Adjustable Rate Bonds to be so redeemed, plus accrued interest, if any, to the redemption date; provided that if on the day on which the Term Rate Mode or Fixed Rate Mode begins, the length of the Interest Period or the remaining term: (i) is greater than 15 years, then such 2008C Adjustable Rate Bonds will be subject to such optional redemption on any date on or after the first April 1 or October 1 following the tenth anniversary of the beginning of such Mode; and (ii) is equal to or less than 15 years, but greater than 10 years, then such 2008C Adjustable Rate Bonds will be subject to such optional redemption on any date on or after the first April 1 or October 1 following the seventh anniversary of the beginning of such Mode. The 2008C Adjustable Rate Bonds will not be subject to optional redemption during a particular Term Rate Mode or Fixed Rate Mode if, on the day on which the Term Rate Mode or Fixed Rate Mode begins, the remaining term or length of the Interest Period is equal to or less than ten years. The Authority, in connection with a change to a Term Rate Mode or Fixed Rate Mode, may waive or otherwise alter its rights to direct the redemption of any such 2008C Adjustable Rate Bonds so changed to a Term Rate Mode or Fixed Rate Mode at any time without premium; provided that notice describing the waiver or alteration must be submitted to the Paying Agent, the Trustee and the 2008C Remarketing Agent, together with a favorable opinion of bond counsel addressed to them.

#### *Sinking Fund Redemption*

2008 Series C-2 Bonds. The 2008 Series C-2 Bonds shall be redeemed prior to their maturity, in part, by lot by payment of 2008 Series C Class I Sinking Fund Installments, upon notice as provided in the Indenture and described in "Notice of Redemption" under this caption, on each of the dates set forth below and in the respective principal amounts set forth opposite each such date, in each case at a Redemption Price of 100% of the principal amount of such 2008 Series C-2 Bonds or portions thereof to be so redeemed, plus accrued interest to the date of redemption as follows:

## 2008 Series C-2 Bonds

Date (April 1)	Class I Sinking Fund Installments	Date (October 1)	Class I Sinking Fund Installments
2009	\$15,000	2009	\$20,000
2010	20,000	2010	20,000
2011	20,000	2011	20,000
2012	25,000	2012	25,000
2013	25,000	2013	25,000
2014	25,000	2014	25,000
2015	25,000	2015	30,000
2016	30,000	2016	30,000
2017	30,000	2017	30,000
2018	30,000	2018	35,000
2019	35,000	2019	35,000
2020	35,000	2020	35,000
2021	40,000	2021 (1)	5,040,000

(1) Final maturity

Upon any purchase pursuant to the Indenture or redemption (other than sinking fund redemption) of the 2008 Series C-2 Bonds for which 2008 Series C Class I Sinking Fund Installments have been established, there shall be credited toward each 2008 Series C Class I Sinking Fund Installment thereafter to become for such 2008 Series C-2 Bonds due an amount bearing the same ratio to such 2008 Series C Class I Sinking Fund Installment as (i) the total principal amount of such 2008 Series C-2 Bonds so purchased or redeemed bears to (ii) the total amount of all such Class I Sinking Fund Installments to be credited. If, however, there shall be filed with the Trustee an Authority Request specifying a different method for crediting 2008 Series C Class I Sinking Fund Installments upon any such purchase or redemption of 2008 Series C-2 Bonds and certifying that such request is consistent with the most recently filed Cash Flow Statement Related to the 2008C Adjustable Rate Bonds, then such 2008 Series C Class I Sinking Fund Installments shall be so credited as shall be provided in such Authority Request.

2008 Series C-3 Bonds. The 2008 Series C-3 Bonds shall be redeemed prior to their maturity, in part, by lot by payment of 2008 Series C Class I Sinking Fund Installments, upon notice as provided in the Indenture and described in "Notice of Redemption" under this caption, on each of the dates set forth below and in the respective principal amounts set forth opposite each such date, in each case at a Redemption Price of 100% of the principal amount of such 2008 Series C-3 Bonds or portions thereof to be so redeemed, plus accrued interest to the date of redemption as follows:

## 2008 Series C-3 Bonds

<u>Date</u> <u>(April 1)</u>	Class I <u>Sinking Fund</u> <u>Installments</u>	<u>Date</u> <u>(October 1)</u>	Class I <u>Sinking Fund</u> <u>Installments</u>
2009	\$ 55,000	2009	\$ 55,000
2010	55,000	2010	60,000
2011	60,000	2011	60,000
2012	60,000	2012	70,000
2013	70,000	2013	70,000
2014	75,000	2014	75,000
2015	75,000	2015	80,000
2016	80,000	2016	85,000
2017	90,000	2017	90,000
2018	90,000	2018	95,000
2019	95,000	2019	100,000
2020	100,000	2020	100,000
2021	110,000	2021	110,000
2022	115,000	2022	115,000
2023	120,000	2023	120,000
2024	130,000	2024	135,000
2025	140,000	2025	145,000
2026	145,000	2026	150,000
2027	180,000	2027	185,000
2028	4,115,000	2028	165,000
2029	170,000	2029	175,000
2030	185,000	2030	185,000
2031	190,000	2031	195,000
2032	205,000	2032	205,000
2033	215,000	2033	225,000
2034	185,000	2034	190,000
2035	195,000	2035	200,000
2036	205,000	2036	210,000
2037	215,000	2037	220,000
2038	225,000	2038 (1)	235,000

(1) Final maturity

Upon any purchase pursuant to the Indenture or redemption (other than sinking fund redemption) of the 2008 Series C-3 Bonds for which 2008 Series C Class I Sinking Fund Installments have been established, there shall be credited toward each 2008 Series C Class I Sinking Fund Installment thereafter to become for such 2008 Series C-3 Bonds due an amount bearing the same ratio to such 2008 Series C Class I Sinking Fund Installment as (i) the total principal amount of such 2008 Series C-3 Bonds so purchased or redeemed bears to (ii) the total amount of all such Class I Sinking Fund Installments to be credited. If, however, there shall be filed with the Trustee an Authority Request specifying a different method for crediting 2008 Series C Class I Sinking Fund Installments upon any such purchase or redemption of 2008 Series C-3 Bonds and certifying that such request is consistent with the most recently filed Cash Flow Statement Related to the 2008C Adjustable Rate Bonds, then such 2008 Series C Class I Sinking Fund Installments shall be so credited as shall be provided in such Authority Request.

2008 Series C-4 Bonds. The 2008 Series C-4 Bonds shall be redeemed prior to their maturity, in part, by lot by payment of 2008 Series C Class I Sinking Fund Installments, upon notice as provided in the Indenture and described in "Notice of Redemption" under this caption, on each of the dates set forth below and in the respective principal amounts set forth opposite each such date, in each case at a Redemption Price of 100% of the principal amount of such 2008 Series C-4 Bonds or portions thereof to be so redeemed, plus accrued interest to the date of redemption as follows:

**2008 Series C-4 Bonds**

<u>Date</u> <u>(April 1)</u>	Class I <u>Sinking Fund</u> <u>Installments</u>	<u>Date</u> <u>(October 1)</u>	Class I <u>Sinking Fund</u> <u>Installments</u>
2009	\$ 70,000	2009	\$130,000
2010	135,000	2010	140,000
2011	145,000	2011	150,000
2012	160,000	2012	165,000
2013	170,000	2013	175,000
2014	180,000	2014	185,000
2015	195,000	2015	200,000
2016	205,000	2016	215,000
2017	220,000	2017	230,000
2018	235,000	2018	245,000
2019	250,000	2019	260,000
2020	270,000	2020	280,000
2021	290,000	2021	300,000
2022	310,000	2022	320,000
2023	330,000	2023	340,000
2024	355,000	2024	365,000
2025	375,000	2025	390,000
2026	405,000	2026	420,000
2027	430,000	2027	445,000
2028	460,000	2028	480,000
2029 (1)	155,000	2029	--

(1) Final maturity

Upon any purchase pursuant to the Indenture or redemption (other than sinking fund redemption) of the 2008 Series C-4 Bonds for which 2008 Series C Class I Sinking Fund Installments have been established, there shall be credited toward each 2008 Series C Class I Sinking Fund Installment thereafter to become for such 2008 Series C-4 Bonds due an amount bearing the same ratio to such 2008 Series C Class I Sinking Fund Installment as (i) the total principal amount of such 2008 Series C-4 Bonds so purchased or redeemed bears to (ii) the total amount of all such Class I Sinking Fund Installments to be credited. If, however, there shall be filed with the Trustee an Authority Request specifying a different method for crediting 2008 Series C Class I Sinking Fund Installments upon any such purchase or redemption of 2008 Series C-4 Bonds and certifying that such request is consistent with the most recently filed Cash Flow Statement Related to the 2008C Adjustable Rate Bonds, then such 2008 Series C Class I Sinking Fund Installments shall be so credited as shall be provided in such Authority Request.



### *Mandatory Redemption of Bank Bonds*

Bank Bonds are required to be redeemed in accordance with the terms of the Initial 2008C Liquidity Facility.

### *Selection of 2008C Adjustable Rate Bonds for Partial Redemption*

In the event of a partial redemption of 2008C Adjustable Rate Bonds (other than by sinking fund redemption), the Authority is to direct (subject to the following sentences) the Class, Series, maturity or maturities, and the amounts thereof, so to be redeemed. However, if less than all of the 2008C Adjustable Rate Bonds of like Class, Series and maturity are to be redeemed on any one date, the particular 2008C Adjustable Rate Bonds or the respective portions thereof to be redeemed (subject to the following sentences) are to be selected by lot by the Bond Registrar in such manner as the Bond Registrar in its discretion deems fair and appropriate. Notwithstanding the provisions described in the preceding two sentences, 2008C Adjustable Rate Bonds bearing interest at the Weekly Rate, the Daily Rate or the Commercial Paper Rate are to be selected for redemption so as to assure that after such redemption no Owner shall retain 2008C Adjustable Rate Bonds in an aggregate amount less than \$100,000. Whenever less than all of the 2008C Adjustable Rate Bonds are to be redeemed, Bank Bonds are required to be redeemed before any other 2008C Adjustable Rate Bonds are redeemed.

### *Notice of Redemption*

When any 2008C Adjustable Rate Bonds are to be redeemed, the Bond Registrar is to cause notice of such redemption to be mailed by first class mail, or transmitted in such other manner (such as by readily available electronic means) as may be customary for the industry as directed in writing by the Authority, not more than 30 days nor less than 15 days prior to the redemption date with respect to 2008C Adjustable Rate Bonds in the Commercial Paper Mode, the Daily Mode, the Weekly Mode or a Term Mode having an Interest Period of less than one year and not more than 60 days nor less than 25 days prior to the redemption date with respect to other 2008C Adjustable Rate Bonds, to the registered owner of each 2008C Adjustable Rate Bond to be redeemed at such Owner's address as it appears in the registration records of the Bond Registrar or at such other address as is furnished in writing by such Owner to the Bond Registrar and to each National Repository. However, failure to give any such notice to any Owner, or any defect therein, shall not affect the validity of the redemption proceedings for any 2008C Adjustable Rate Bond with respect to which no such failure or defect has occurred.

**If DTC or its nominee is the registered owner of any 2008C Adjustable Rate Bonds to be redeemed, notice of redemption will only be given to DTC or its nominee as the registered owner of such 2008C Adjustable Rate Bond. Any failure on the part of DTC or failure on the part of a nominee of a Beneficial Owner (having received notice from a DTC Participant or otherwise) to notify the Beneficial Owner of any 2008C Adjustable Rate Bond to be redeemed shall not affect the validity of the redemption of such 2008C Adjustable Rate Bond. See Appendix F –"BOOK-ENTRY SYSTEM."**

**PLAN OF FINANCE**

**Sources and Uses of Funds**

The following are the estimated sources and uses of funds relating to the 2008C Adjustable Rate Bonds.

	<u>Estimated Amounts</u>
<b>SOURCES OF FUNDS:</b>	
Bond Proceeds:	
Taxable 2008 Series C-1 Class I Bonds .....	\$13,000,000
2008 Series C-2 Class I Bonds .....	5,725,000
2008 Series C-3 Class I Bonds .....	12,055,000
2008 Series C-4 Class I Bonds .....	10,780,000
Funds of the Authority (1) .....	<u>1,643,333</u>
<b>TOTAL SOURCES OF FUNDS .....</b>	<b><u>\$43,203,333</u></b>
<b>USES OF FUNDS:</b>	
For Acquisition and Origination of 2008C Loans (2).....	\$39,526,096
For Deposit to Debt Service Reserve Fund (3).....	3,221,075
For Costs of Issuance and Underwriters' compensation (4).....	<u>456,162</u>
<b>TOTAL USES OF FUNDS.....</b>	<b><u>\$43,203,333</u></b>

- (1) Such amounts are being contributed by the Authority to fund a portion of the Debt Service Reserve Fund Requirement relating to the 2008C Adjustable Rate Bonds and to pay certain costs of issuance.
- (2) Proceeds of the 2008C Adjustable Rate Bonds will be deposited to the 2008 Series C subaccounts of the Acquisition Account and used to acquire and originate certain rental and business loans of the Authority, as described in "Use of Amounts in Acquisition Account" under this caption. Such amounts while on deposit will be invested in certain permitted Investment Securities, as described in "Part I – CERTAIN PROGRAM ASSUMPTIONS – 2008C Investments."
- (3) Proceeds of the 2008C Adjustable Rate Bonds and certain legally available funds of the Authority will be deposited to the Debt Service Reserve Fund to fund the Debt Service Reserve Fund Requirement relating to the 2008C Adjustable Rate Bonds in this amount on the date of delivery of the 2008C Adjustable Rate Bonds. See "Part I – CERTAIN PROGRAM ASSUMPTIONS – Debt Service Reserve Fund" and "Part II – SECURITY FOR THE OBLIGATIONS – Debt Service Reserve Fund." Such amounts will be invested in certain permitted Investment Securities, as described in "Part I – CERTAIN PROGRAM ASSUMPTIONS – 2008C Investments." Under the Indenture, the Authority may at any time replace such cash with a Qualified Surety Bond to satisfy the Debt Service Reserve Fund Requirement.
- (4) Proceeds of the 2008C Adjustable Rate Bonds and certain legally available funds of the Authority will be deposited to the Costs of Issuance Account in the Program Fund and used to pay costs of issuance and Underwriters' compensation relating to the 2008C Adjustable Rate Bonds. For information concerning the Underwriters' compensation, see "Part I – UNDERWRITING."

**Use of Amounts in Acquisition Account**

Certain proceeds of the 2008C Adjustable Rate Bonds will be deposited to the following subaccounts of the Restricted Loan Subaccount of the 2008 Series C Subaccount of the Acquisition Account of the Program Fund: the 2008C-1 Taxable Loan Subaccount, the 2008C-2 Loan Subaccount, the 2008C-3 Loan Subaccount and the 2008 C-4 Loan Subaccount. It is expected that all deposits to such 2008 Series C subaccounts will be applied to finance or refinance 2008C Loans to the Borrowers as

described in **Appendix G-1** – "CERTAIN INFORMATION ABOUT THE 2008C LOANS" within three years from the date of issuance of the 2008C Adjustable Rate Bonds. Amounts on deposit in the 2008C-1 Taxable Loan Subaccount (representing certain proceeds of the Taxable 2008 Series C-1 Bonds) are expected to be used to fund the uninsured rental and business loans identified in **Appendix G-1** as loans to be funded with proceeds of the Taxable 2008 Series C-1 Bonds. Amounts on deposit in the 2008C-2 Loan Subaccount (representing certain proceeds of the 2008 Series C-2 Bonds) are expected to be used to fund the uninsured rental loan identified in **Appendix G-1** as a loan to be funded with proceeds of the 2008 Series C-2 Bonds. Amounts on deposit in the 2008C-3 Loan Subaccount (representing certain proceeds of the 2008 Series C-3 Bonds) are expected to be used to fund the rental and business loans identified in **Appendix G-1** as loans to be funded with proceeds of the 2008 Series C-3 Bonds. Amounts on deposit in the 2008C-4 Loan Subaccount (representing certain proceeds of the 2008 Series C-4 Bonds) are expected to be used to fund the rental loans identified in **Appendix G-1** as loans to be funded with proceeds of the 2008 Series C-4 Bonds.

For information regarding the loans expected to be acquired or originated as 2008C Loans, see **Appendix G-1** hereto. Each of the Borrowers is required to use the amounts so loaned to it as a 2008C Loan to finance or refinance, in part, the acquisition, construction and/or rehabilitation of, and certain costs associated with, the respective 2008C Project. See also "Part I – CERTAIN PROGRAM ASSUMPTIONS – The 2008C Loans," "Part II – COLORADO HOUSING AND FINANCE AUTHORITY – Programs to Date," and **Appendix C** – "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE." See "Part I – TERMS OF THE 2008C ADJUSTABLE RATE BONDS – Prior Redemption – Special Redemption – Prepayments, Excess Revenues and Debt Service Reserve Fund Reductions" for a discussion of the required use of certain loan repayments and prepayments for special redemption of certain 2008C Adjustable Rate Bonds.

At the option of the Authority, additional moneys may be paid into the Restricted Loan Subaccount from various sources identified in the 2008 Series C Indenture. Amounts deposited in the Restricted Loan Subaccount are to be applied to make 2008C Loans and for other purposes authorized in the 2008 Series C Indenture. The Trustee is authorized to withdraw moneys from the Restricted Loan Subaccount to finance 2008C Loans upon delivery to the Trustee of an Authority Certificate to the effect that the requirements of the Indenture have been satisfied with respect to the 2008C Loans to be financed and an Authority Request to finance such 2008C Loans. Any moneys credited to the Restricted Loan Subaccount that are not used to finance 2008C Loans or for the other purposes authorized by the 2008 Series C Indenture must be transferred by the Trustee to the Redemption Fund pursuant to an Authority Request filed with the Trustee stating that the Authority no longer reasonably expects to apply the amount to be transferred for any such purpose. Such amounts must be transferred not later than November 1, 2009, unless the Authority files with the Trustee an Authority Request specifying a later date or dates for such transfer, accompanied by a Cash Flow Statement with respect to the 2008C Adjustable Rate Bonds and an opinion of Bond Counsel to the effect that such action will not adversely affect the exclusion from gross income of interest on the Tax-Exempt Bonds (as defined herein) for federal income tax purposes, in which case such transfer will occur on the later specified date or dates.

## CERTAIN PROGRAM ASSUMPTIONS

### The 2008C Loans

#### *Generally*

Proceeds of the 2008C Adjustable Rate Bonds are expected to be used as follows:

(i) Existing General Fund Loans. To acquire as 2008C Loans an existing uninsured rental loan made under the Authority's Smart Program and certain uninsured business loans made under the Authority's CHFA Direct Loan Program, Non-Profit Real Estate ("NPRE") Loan Program, and CHFA Rural Loan Program.

(ii) New Loans. To originate as 2008C Loans certain uninsured rental loans made under the Authority's SMART Program and an uninsured business loan made under the Authority's CHFA Direct Loan Program.

See "Part II – COLORADO HOUSING AND FINANCE AUTHORITY – Programs to Date" and **Appendix G-1** hereto. The loans expected to be so acquired and originated are referred to herein as the "2008C Loans." See "Part I – PLAN OF FINANCE."

The Master Indenture permits the Authority to recycle payments and repayments made on any Loans, including the 2008C Loans, to make new Loans, which may include insured, uninsured, first lien or subordinate lien Loans so long as the requirements of the Master Indenture are satisfied. See **Appendix C** – "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Program Fund; Loan Recycling Account." Certain restrictions on the rental and occupancy of the multi-family projects to be funded with certain 2008C Loans (the "2008C Multifamily Projects") will be imposed on the respective Borrowers, as described in "The Regulatory Agreements" under this caption.

*In the event the Authority determines that it is not feasible for it to, or it is unable to, use all Series 2008C Bond proceeds deposited to the Acquisition Account to finance all or any portion of the costs of 2008C Loans, the Authority may, at its option, any time within three years of the date of issuance of the 2008C Adjustable Rate Bonds, direct the Trustee to transfer amounts in the Program Fund to the Redemption Fund to be used to redeem 2008C Adjustable Rate Bonds at par plus accrued interest. Furthermore, to the extent such amounts are not used by the Authority to finance or refinance 2008C Loans or other permissible projects during the three year period following issuance of the 2008C Adjustable Rate Bonds in accordance with the Indenture, amounts remaining in the Program Fund at the end of such period are required to be used to redeem 2008C Adjustable Rate Bonds. See "Part I – TERMS OF THE 2008C ADJUSTABLE RATE BONDS – Prior Redemption" and "Part II – CERTAIN BONDOWNERS' RISKS – Considerations Regarding Redemption."*

#### *Interest Rates*

The existing loans to be acquired with proceeds of the 2008C Adjustable Rate Bonds and deposited to the 2008 Series C subaccounts of the Acquisition Account currently bear interest at the rates shown in **Appendix G-1** – "CERTAIN INFORMATION ABOUT THE 2008C LOANS – Existing Loans To Be Acquired." The loans expected to be originated with proceeds of the 2008C Adjustable Rate Bonds are expected to bear interest at the estimated rates shown in **Appendix G-1** – "CERTAIN

INFORMATION ABOUT THE 2008C LOANS – Loans Expected to be Originated" or as otherwise determined by the Authority. See "Modification of Loan Terms" under this caption.

#### *The 2008C Borrowers*

The loans expected to be acquired or originated by the Authority as 2008C Loans have been or will be made to particular for-profit and non-profit private organizations, referred to as the "**Borrowers**" and described in **Appendix G-1** hereto. In the case of rental loans, repayment of amounts due is a nonrecourse obligation of the respective Borrower, payable solely from revenues generated by the respective project. See "Part II – CERTAIN BONDHOLDERS' RISKS – Limited Security."

#### *The Regulatory Agreements*

Simultaneously with the closing of each 2008C Loan which is an uninsured or insured rental loan, each Borrower has entered or will enter into a regulatory agreement with the Authority (collectively, the "**CHFA Regulatory Agreements**") relating to the respective project. Pursuant to the provisions of the CHFA Regulatory Agreements, the Borrower agrees, among other things, to rent the units in the respective projects so as to comply with applicable provisions of the Tax Code, State law and CHFA regulatory requirements. In particular, each Borrower will agree that each individual rental unit in the respective project will be rented or held for rental on a first-come, first-served basis, to the general public on a continuous basis. In addition, the Borrowers will agree to certain occupancy requirements based on state law income limits specific to each project and certain federal limitations, where applicable, and to certain rental restrictions.

The CHFA Regulatory Agreements also contain provisions for verifying compliance with the terms thereof. The provisions of the CHFA Regulatory Agreements discussed herein are intended, among other things, to insure compliance with the requirements of the Tax Code with respect to the excludability of the interest on the 2008 Series C-2 Bonds, the 2008 Series C-3 Bonds and the 2008 Series C-4 Bonds from gross income. Upon any breach by a Borrower of any provisions of its CHFA Regulatory Agreement, the Authority may, subject to HUD consent in certain circumstances, take such actions at law or in equity as deemed appropriate under the circumstances for the protection of the Bondowners, including an action for specific performance of the respective CHFA Regulatory Agreement. *Such a breach by a Borrower may result in interest on the 2008 Series C-2 Bonds, 2008 Series C-3 Bonds and 2008 Series C-4 Bonds being included in gross income of the Owners of such Tax-Exempt 2008C Adjustable Rate Bonds for purposes of federal income taxation and will not result in a mandatory redemption of such 2008 Series C-2 Bonds, 2008 Series C-3 Bonds or 2008 Series C-4 Bonds under the Indenture as described in "Part II – CERTAIN BONDOWNERS' RISKS – Enforcement of Regulatory Agreements."*

#### *Servicing by the Authority*

The Authority will service a substantial portion of the 2008C Loans, handling the receipt and disbursement of funds related to the 2008C Loans which the Authority is servicing. This includes receiving payments, monitoring and disbursing escrowed funds for taxes and insurance and managing delinquencies and claims. The Asset Management Division of the Authority will oversee compliance by the Borrowers with requirements of the 2008C Loans, including occupancy and rental restrictions with respect to Loans for 2008C Multifamily Projects, and will review the financial status of the 2008C Multifamily Projects. The Authority similarly oversees compliance for certain other Loans outstanding under the Indenture. The other Loans outstanding under the Indenture are similarly serviced by the Authority or third-party contractors. The Authority believes that, through its in-house servicing operations, the Authority is servicing the Loans in accordance with servicing practices or standards as

required to maintain any applicable insurance with respect to such Loans. For more information concerning the Authority, see "Part II – COLORADO HOUSING AND FINANCE AUTHORITY."

#### *Modification of Loan Terms*

From time to time, the Authority may agree with the Borrower of an outstanding 2008C Loan to modify the terms of such 2008C Loan, so long as such modification is consistent with the restrictions of the Indenture. See **Appendix C** – "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Covenants Relating to Loans."

#### **Debt Service Reserve Fund**

The Debt Service Reserve Fund Requirement for the 2008C Adjustable Rate Bonds will be, as of any date of calculation, an amount equal to (a) the sum of (i) two-thirds of the maximum principal and interest payment due for any period of twelve consecutive calendar months on Loans Related to the 2008C Adjustable Rate Bonds that are insured or guaranteed by the United States of America and any agency or instrumentality thereof and (ii) the maximum principal and interest payment due for any period of twelve consecutive calendar months on Loans Related to the 2008C Adjustable Rate Bonds that are not insured or guaranteed by the United States of America and any agency or instrumentality thereof, less (b) the aggregate amount in the subaccounts of the Debt Service Reserve Fund for all other Series of Bonds in excess of the aggregate Debt Service Reserve Fund Requirements for all such other Series of Bonds. A portion of the proceeds of the 2008C Adjustable Rate Bonds and a portion of the legally available moneys contributed by the Authority will initially be deposited to the Debt Service Reserve Fund to fund the Debt Service Reserve Fund Requirement for the 2008C Adjustable Rate Bonds. See "Part I – PLAN OF FINANCE – Sources and Uses of Funds."

#### **General Obligation Pledge for 2008C Adjustable Rate Bonds**

In addition to a lien on the Trust Estate under the Indenture as described in "Part II – SECURITY FOR THE OBLIGATIONS – Pledge of Trust Estate," the 2008 Series C Indenture provides that the 2008C Adjustable Rate Bonds are payable as general obligations of the Authority from unencumbered assets and available income of the Authority and any other available revenues or moneys of the Authority, subject to any agreements with the owners of particular notes or bonds pledging any particular revenues or assets for the benefit of such owners. See "Part II – COLORADO HOUSING AND FINANCE AUTHORITY" and the Authority's audited 2007 financial statements attached hereto as **Appendix A**. **Potential investors should evaluate the likelihood that moneys will be available in the General Fund or otherwise held by the Authority and available to pay debt service when due on the 2008C Adjustable Rate Bonds. However, neither the General Fund nor any revenues, income or assets of the Authority other than the Trust Estate is pledged to repay the 2008C Adjustable Rate Bonds. See "Part II – CERTAIN BONDOWNERS' RISKS."** The Authority has outstanding other general obligations and may hereafter incur or issue (without restriction as to amount) additional general obligations, all of which are payable on an equal basis from the assets, income and revenues of the Authority. See "Part II – COLORADO HOUSING AND FINANCE AUTHORITY - Obligations of the Authority."

#### **2008C Investments**

Amounts in the 2008 Series C subaccounts of the Acquisition Account, the Debt Service Fund, the Debt Service Reserve Fund, the Revenue Fund, the Costs of Issuance Account, and prepayments deposited in the Loan Recycling Account will be invested by the Trustee at the direction of the Authority in certain permitted Investment Securities (the "**2008C Investments**") pursuant to the terms of the Master

Indenture. See **Appendix C** – "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Certain Definitions – Investment Securities" for a description of the permitted Investment Securities in which such amounts may be invested.

In connection with the prior issuance of certain Multi-Family/Project Bonds outstanding under the Master Indenture, the Authority has invested certain amounts in Series subaccounts of Funds related to such Obligations in investment agreements with the investment providers and at the rates set forth in the following table:

## Outstanding Investment Agreements

<u>Series</u>	<u>Funds Invested (in related Series subaccounts)</u>	<u>Investment Provider (1)</u>	<u>Rate</u>	<u>Termination Date</u>
2000A	Revenue Fund; Redemption Fund	FGIC Capital Market Services, Inc.	6.00%	10/1/2032
2000B	Revenue Fund; Redemption Fund	CDC Funding Corp.	6.26%	4/1/2042
2001A	Revenue Fund; Redemption Fund	CDC Funding Corp.	5.26%	4/1/2043
2002A	Revenue Fund; Redemption Fund; Debt Service Reserve Fund	CDC Funding Corp.	5.50%	10/1/2042
2002C	Debt Service Reserve Fund	CDC Funding Corp.	4.89%	10/1/2042
2002C	Revenue Fund; Redemption Fund	CDC Funding Corp.	4.26%	10/1/2042
2004A	Revenue Fund; Redemption Fund	Transamerica Occidental Life Insurance Company	4.05%	10/1/2045
2004A	Debt Service Reserve Fund	Transamerica Occidental Life Insurance Company	4.50%	4/1/2045
2005B	Revenue Fund; Redemption Fund	Transamerica Occidental Life Insurance Company	4.00%	10/1/2040
2007B	Revenue Fund; Redemption Fund	Natixis Funding Corp. (2)	4.71%/ one month LIBOR minus 10 bps	10/1/2038
2007B	Debt Service Reserve Fund	Natixis Funding Corp. (2)	5.52%	10/1/2038
2008A	Acquisition Account	Transamerica Life Insurance Company	2.60%	12/31/2008
2008A	Revenue Fund; Redemption Fund	Natixis Funding Corp. (3)	3.61%/ one month LIBOR minus 10 bps	4/1/2043
2008A	Debt Service Reserve Fund	Natixis Funding Corp. (3)	4.33%	4/1/2043
2008B	Revenue Fund; Redemption Fund	Natixis Funding Corp. (3)	4.712%	5/1/2052

- (1) Neither the Authority nor the Underwriters make any representation about the financial condition or creditworthiness of the investment providers listed in this chart. Prospective investors are urged to make their own investigation into the financial condition and creditworthiness of the Investment Providers. See "Part II – SECURITY FOR THE OBLIGATIONS."
- (2) Following the downgrade of Natixis Funding Corp. by S&P from "AA-/A-1+" to "A+/A-1" on October 28, 2008, Natixis Funding Corp. opted, pursuant to its rights under the applicable investment agreement, to post collateral to secure the applicable investment agreement until December 1, 2009, at which time Natixis Funding Corp. may either post collateral for another period, assign the investment agreement to another qualified investment agreement provider, or obtain a replacement guarantor to enhance its capital position. If Natixis does not take any of such actions on December 1, 2009, and their ratings as issued by Moody's and S&P are at that time below "Aa3/P1" by Moody's or "AA-/A-1+" by S&P, the Trustee may request the return of the moneys invested under the applicable investment agreement.
- (3) The downgrade of Natixis Funding Corp. on October 28, 2008 described in footnote 2 above did not cause a "ratings event" under these investment agreements which provide for such a "ratings event" upon a downgrade by S&P below "A+/A1" or by Moody's below "A1/P1." Consequently, these investment agreements are not secured by collateral at this time.



In accordance with the terms of the Master Indenture, the Authority has also from time to time instructed the Trustee to invest certain moneys held by the Trustee in Funds and Accounts relating to prior Obligations in permitted Investment Securities. Information about such investments is available in filings with national repositories that the Authority is contractually obligated to make annually in connection with certain outstanding Bonds under the Master Indenture.

The assumptions made by the Authority as to projected cashflows include the assumption that the investment rates provided by the 2008C Investments and by the investment agreements on the preceding table will be available as described. However, in the event that the 2008C Investments or any investment agreement shown on the preceding table is terminated as a result of default by the respective investment provider or for any other reason, it may not be possible to reinvest such proceeds and deposits at these assumed rates and the cashflows may be adversely affected. *Neither the Authority nor the Underwriters make any representation about the financial condition or creditworthiness of any of the investment providers shown on the preceding table. Prospective investors are urged to make their own investigation into the financial condition and creditworthiness of the investment providers shown in the preceding table.*

### **2008C Derivative Product**

In connection with the issuance of the 2008 Series C-3 Bonds, the Authority is entering into an interest rate swap agreement (the "**2008C Derivative Product**") with Barclays Bank PLC (the "**2008C Counterparty**"). See "Part I – CERTAIN RELATIONSHIPS OF PARTIES."

Pursuant to the 2008C Derivative Product, the Authority will pay interest to the 2008C Counterparty at a fixed rate and will receive interest from the 2008C Counterparty at a variable rate which will be based on a SIFMA Index. The Authority will assume the risk of a difference in the amount of its actual interest payments on the 2008C Adjustable Rate Bonds and the amount of such interest payments to be made by the 2008C Counterparty under the 2008C Derivative Product.

The Authority's obligation to make interest payments to the 2008C Counterparty under the 2008C Derivative Product will constitute a Class I Obligation under the Master Indenture, secured on parity with the lien on the Trust Estate of the other Class I Obligations. The Authority's obligation to make termination payments under the 2008C Derivative Product in the event of early termination is expected to be a general obligation of the Authority and not an Obligation under the Master Indenture. See "Part II – COLORADO HOUSING AND FINANCE AUTHORITY – Obligations of the Authority – General Obligations – Derivative Products; Interest Rate Contracts." For information concerning the Derivative Products currently Outstanding under the Master Indenture, see **Appendix B** – "OUTSTANDING MASTER INDENTURE OBLIGATIONS – Outstanding Derivative Products." See also "Part II – SECURITY FOR THE OBLIGATIONS – Derivative Products" and **Appendix C** – "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Derivative Products."

## **TAX MATTERS**

### **Federal Tax Treatment of Interest on Tax-Exempt 2008 Series C Bonds**

In the opinion of Sherman & Howard L.L.C., Bond Counsel, assuming continuous compliance with certain covenants described below, interest on the 2008 Series C-2 Bonds, the 2008 Series C-3 Bonds and the 2008 Series C-4 Bonds (collectively, the "**Tax-Exempt 2008 Series C Bonds**") (except for interest on any 2008 Series C-2 Bond for any period during which it is held by a "substantial user" of any

facilities financed with the 2008 Series C-2 Bonds or a "related person" as such terms are used in Section 147(a) of the Internal Revenue Code of 1986, as amended to the date of delivery of the 2008 Series C-2 Bonds (the "**Tax Code**") and except for interest on any 2008 Series C-4 Bond for any period during which it is held by such a "substantial user" of any facilities financed with the 2008 Series C-4 Bonds or such a "related person") is excluded from gross income under federal income tax laws pursuant to Section 103 of the Tax Code; further, interest on the 2008 Series C-3 Bonds and the 2008 Series C-4 Bonds is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code (except that interest on the 2008 Series C-3 Bonds is required to be included in calculating the "adjusted current earnings" adjustment applicable to corporations for purposes of computing the alternative minimum taxable income of corporations), however, interest on the 2008 Series C-2 Bonds is an item of tax preference for purposes of calculating alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code.

The Tax Code imposes several requirements which must be met with respect to the Tax-Exempt 2008 Series C Bonds in order for the interest thereon to be excluded from gross income and alternative minimum taxable income to the extent described above. Certain of these requirements must be met on a continuous basis throughout the term of the Tax-Exempt 2008 Series C Bonds. These requirements include: (a) limitations as to the use of proceeds of the Tax-Exempt 2008 Series C Bonds; (b) limitations on the extent to which proceeds of the Tax-Exempt 2008 Series C Bonds may be invested in higher yielding investments; and (c) a provision, subject to certain limited exceptions, that requires all investment earnings on the proceeds of the Tax-Exempt 2008 Series C Bonds above the yield on the Tax-Exempt 2008 Series C Bonds to be paid to the United States Treasury.

The Authority will covenant and represent in the Indenture that it will not take any action or omit to take any action with respect to the Tax-Exempt 2008 Series C Bonds, the proceeds thereof, any other funds of the Authority or any facilities financed or refinanced with the proceeds of the Tax-Exempt 2008 Series C Bonds if such action or omission would cause the interest on the Tax-Exempt 2008 Series C Bonds to lose its exclusion from gross income for federal income tax purposes under Section 103 of the Code or would cause interest on the 2008 Series C-3 Bonds and the 2008 Series C-4 Bonds to lose its exclusion from alternative minimum taxable income under the Code, except to the extent interest on the 2008 Series C-3 Bonds is required to be included in the adjusted current earnings adjustment applicable to corporations under Section 56 of the Code in calculating corporate alternative minimum taxable income. Bond Counsel's opinion as to the exclusion of interest on the Tax-Exempt 2008 Series C Bonds from gross income, and in the case of the 2008 Series C-3 Bonds and the 2008 Series C-4 Bonds alternative minimum taxable income to the extent described above, is rendered in reliance on these covenants, and assumes continuous compliance therewith. The failure or inability of the Authority to comply with these requirements could cause the interest on the Tax-Exempt 2008 Series C Bonds to be included in gross income, alternative minimum taxable income, or both from the date of issuance. Bond Counsel's opinion also is rendered in reliance upon certifications of the Authority and other certifications and representations furnished to Bond Counsel. Bond Counsel has not undertaken to verify such certifications or representations by independent investigation.

Under Section 56 of the Tax Code, certain tax preference items are required to be included for purposes of the alternative minimum tax applicable to both individuals and corporations. For purposes of computing the amount of alternative minimum taxable income for any year to which this tax is applicable, the interest on the 2008 Series C-2 Bonds is included as a tax preference item.

Under the Tax Code, an "adjusted current earnings" adjustment is required to be made for purposes of the alternative minimum tax provision applicable to corporations. Under this adjustment, 75 percent of the excess of a corporation's "adjusted current earnings" over the corporation's alternative minimum taxable income (computed without regard to this adjustment and the alternative tax net

operating loss deduction) is included in calculating the corporation's alternative minimum taxable income for purposes of the alternative minimum tax applicable to the corporation. "Adjusted current earnings" include interest on the 2008 Series C-3 Bonds.

The Tax Code contains numerous provisions which may affect an investor's decision to purchase the Tax-Exempt 2008 Series C Bonds. Owners of the Tax-Exempt 2008 Series C Bonds should be aware that the ownership of tax-exempt obligations by particular persons and entities, including, without limitation, financial institutions, insurance companies, recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, foreign corporations doing business in the United States and certain "subchapter S" corporations may result in adverse federal tax consequences. Under Section 3406 of the Tax Code, backup withholding may be imposed on payments on the Tax-Exempt Bonds made to any Owner who fails to provide certain required information, including an accurate taxpayer identification number, to certain persons required to collect such information pursuant to the Tax Code. Backup withholding may also be applied if the Owner underreports "reportable payments" (including interest and dividends) as defined in Section 3406, or fails to provide a certificate that the Owner is not subject to backup withholding in circumstances where such a certificate is required by the Tax Code.

### **IRS Audit Program**

The Internal Revenue Service (the "**Service**") has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the Service, interest on such tax-exempt obligations is includable in the gross income of the owners thereof for federal income tax purposes. No assurances can be given as to whether or not the Service will commence an audit of the Tax-Exempt 2008 Series C Bonds. If an audit is commenced, the market value of the Tax-Exempt 2008 Series C Bonds may be adversely affected. Under current audit procedures, the Service will treat the Authority as the taxpayer and the Bondowners may have no right to participate in such procedures. The Authority has covenanted in the Indenture not to take any action or omit to take any action that would cause the interest on the Tax-Exempt 2008 Series C Bonds to lose its exclusion from gross income or from alternative minimum taxable income under the Tax Code. None of the Authority, the Underwriters or Bond Counsel is responsible for paying or reimbursing any Registered Owner or Beneficial Owner for any audit or litigation costs relating to the Tax-Exempt 2008 Series C Bonds.

### **Federal Tax Treatment of Interest on Taxable 2008 Series C-1 Bonds**

IN THE OPINION OF BOND COUNSEL, THE INTEREST ON THE TAXABLE 2008 SERIES C-1 BONDS (THE "**TAXABLE 2008 SERIES C-1 BONDS**") IS NOT EXCLUDED FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES PURSUANT TO THE TAX CODE.

Bond Counsel will express no other opinion as to any federal tax consequences regarding the Taxable 2008 Series C-1 Bonds. Owners of the Taxable 2008 Series C-1 Bonds should consult with their own tax advisors as to the tax consequences pertaining to the Taxable 2008 Series C-1 Bonds, such as the consequences of a sale, transfer, redemption or other disposition of the Taxable 2008 Series C-1 Bonds prior to stated maturity, and as to other applications of federal, state, local or foreign tax laws.

Any tax advice concerning the Taxable 2008 Series C-1 Bonds, interest on the Taxable 2008 Series C-1 Bonds or any other federal income tax issues associated with the Taxable 2008 Series C-1 Bonds, express or implicit in the provisions of this Official Statement, is not intended or written to be used, and cannot be used, by any taxpayer for the purpose of avoiding penalties that may be imposed on any taxpayer by the Internal Revenue Service. This document supports the promotion or marketing of the

transactions or matters addressed herein. Each taxpayer should seek advice based on the taxpayer's particular circumstances from an independent tax advisor.

### **Colorado Tax Treatment of 2008 Series C Bonds**

In the opinion of Bond Counsel, the 2008 Series C Bonds, their transfer and the income therefrom is free from taxation by the State of Colorado under Colorado law in effect as of the date of delivery of the 2008C Adjustable Rate Bonds.

### **Other**

Bond Counsel's opinion relates only to the exclusion of interest on the Tax-Exempt 2008 Series C Bonds to the extent described above from gross income and from alternative minimum taxable income under federal income tax laws, and the exclusion of the 2008C Adjustable Rate Bonds from certain State of Colorado taxation as described above, and will state that no opinion is expressed regarding other federal or state tax consequences arising from the receipt or accrual of interest on or ownership or disposition of 2008C Adjustable Rate Bonds. Owners of the 2008C Adjustable Rate Bonds should consult their own tax advisors as to the applicability of these consequences.

The opinions expressed by Bond Counsel are based on existing law as of the delivery date of the 2008C Adjustable Rate Bonds. No opinion is expressed as of any subsequent date nor is any opinion expressed with respect to pending or proposed legislation. Amendments to the federal and state tax laws may be pending now or could be proposed in the future which, if enacted into law, could adversely affect the value of the 2008C Adjustable Rate Bonds, the exclusion of interest on the Tax-Exempt 2008 Series C Bonds from gross income or from alternative minimum taxable income under federal income tax laws and the exclusion of the 2008C Adjustable Rate Bonds from certain Colorado taxation as described above, or any combination thereof from the date of issuance of the 2008C Adjustable Rate Bonds or any other date, or which could result in other adverse tax consequences. In addition, future court actions or regulatory decisions could affect the market value of the 2008C Adjustable Rate Bonds. Bond Owners are advised to consult with their own advisors with respect to such matters.

## **UNDERWRITING**

The 2008C Adjustable Rate Bonds are to be purchased from the Authority by the underwriters listed on the front cover page of this Official Statement (collectively, the "**Underwriters**"). The Underwriters have agreed, subject to certain conditions, to purchase all but not less than all of the 2008C Adjustable Rate Bonds at a price equal to \$41,560,000 (being the par amount of the 2008C Adjustable Rate Bonds). The Underwriters will be paid a fee of \$190,196 plus reimbursement of certain expenses) in connection with the underwriting of the 2008C Adjustable Rate Bonds. The initial public offering price may be changed from time to time by the Underwriters.

## **2008C REMARKETING AGENT**

### **General**

Barclays Capital has initially been appointed to serve as 2008C Remarketing Agent for the 2008C Adjustable Rate Bonds (the "**2008C Remarketing Agent**") pursuant to the Indenture and a Remarketing Agreement dated as of December 1, 2008 between the Authority and Barclays Capital. If 2008C Adjustable Rate Bonds are tendered or deemed tendered for purchase as described herein under the caption "Part I – TERMS OF THE 2008C ADJUSTABLE RATE BONDS – Optional Tender and

Purchase" and "- Mandatory Purchase," the 2008C Remarketing Agent is required to use its best efforts to remarket such 2008C Adjustable Rate Bonds in accordance with the terms of the Indenture and the Remarketing Agreement. The 2008C Remarketing Agent will also be responsible for determining the rates of interest for the 2008C Adjustable Rate Bonds in accordance with the Indenture. The 2008C Remarketing Agent is to transfer any proceeds of remarketing of the 2008C Adjustable Rate Bonds it receives to the Paying Agent for deposit to the Remarketing Proceeds Subaccount of the Purchase Fund in accordance with the 2008 Series C Indenture.

The 2008C 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 Liquidity Facility Provider with thirty (30) days' prior written notice, except that such resignation shall not take effect until the appointment of a successor remarketing agent. The 2008C Remarketing Agent may be removed at any time, at the direction of the Authority, by an instrument filed with the 2008C Remarketing Agent, the Trustee, the Paying Agent and the Liquidity Facility Provider, except that the Authority shall not remove the 2008C Remarketing Agent until the appointment of a successor remarketing agent. Any successor remarketing agent shall be selected by the Authority and, together with any successor remarketing agreement, approved by the applicable Liquidity Facility Provider. The 2008C Remarketing Agent shall pay over, deliver and assign any monies and 2008C Adjustable Rate Bonds held by it in such capacity to its successor.

Any approvals required from the 2008C Liquidity Facility Provider with respect to any successor remarketing agent and successor remarketing agreement shall be given or denied within ten Business Days of the request therefor (which request must be accompanied, in the case of a successor remarketing agreement, by a draft of such proposed successor remarketing agreement in final form), and the failure of the 2008C Liquidity Facility Provider to respond to such request by the close of business on the tenth Business Day shall be deemed, on the next day, to constitute consent by the 2008C Liquidity Facility Provider thereto.

#### **The 2008C Remarketing Agent is Paid by the Authority**

The 2008C Remarketing Agent's responsibilities include determining the interest rate from time to time and remarketing the 2008C Adjustable Rate Bonds that are optionally tendered by the owners thereof, all as further described in this Official Statement. The 2008C Remarketing Agent is appointed by the Authority and is paid by the Authority for its services. As a result, the interests of the 2008C Remarketing Agent may differ from those of existing holders and potential purchasers of 2008C Adjustable Rate Bonds.

#### **The 2008C Remarketing Agent Routinely Purchases Bonds for its Own Account**

The 2008C Remarketing Agent is permitted, but not obligated, to purchase tendered 2008C Adjustable Rate Bonds for its own account. The 2008C Remarketing Agent, in its sole discretion, routinely acquires tendered 2008C Adjustable Rate Bonds for its own inventory in order to achieve a successful remarketing of the 2008C Adjustable Rate Bonds (i.e., because there otherwise are not enough buyers to purchase the 2008C Adjustable Rate Bonds) or for other reasons. However, the 2008C Remarketing Agent is not obligated to purchase 2008C Adjustable Rate Bonds, and may cease doing so at any time without notice. The 2008C Remarketing Agent may also make a market in the 2008C Adjustable Rate Bonds by routinely purchasing and selling 2008C Adjustable Rate Bonds other than in connection with an optional tender and remarketing. Such purchases and sales may be at or below par. However, the 2008C Remarketing Agent is not required to make a market in the 2008C Adjustable Rate Bonds. If the 2008C Remarketing Agent purchases 2008C Adjustable Rate Bonds for its own account, it may offer those 2008C Adjustable Rate Bonds at a discount to par to some investors. The 2008C

Remarketing Agent may also sell any 2008C Adjustable Rate 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 2008C Adjustable Rate Bonds. The purchase of 2008C Adjustable Rate Bonds by the 2008C Remarketing Agent may create the appearance that there is greater third party demand for the 2008C Adjustable Rate Bonds in the market than is actually the case. The practices described above also may reduce the supply of 2008C Adjustable Rate Bonds that may be tendered in a remarketing.

### **2008C Adjustable Rate Bonds may be Offered at Different Prices on any Date**

The 2008C 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 2008C Adjustable Rate 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 2008C Adjustable Rate Bonds (including whether the 2008C Remarketing Agent is willing to purchase 2008C Adjustable Rate Bonds for its own account). The Remarketing Agreement requires that the 2008C Remarketing Agent use its best efforts to sell tendered 2008C Adjustable Rate Bonds at par, plus accrued interest. There may or may not be 2008C Adjustable Rate Bonds tendered and remarketed on a rate determination date or an Effective Date, the 2008C Remarketing Agent may or may not be able to remarket any 2008C Adjustable Rate Bonds tendered for purchase on such date at par and the 2008C Remarketing Agent may sell 2008C Adjustable Rate Bonds at varying prices to different investors on such date or any other date. The 2008C Remarketing Agent is not obligated to advise purchasers in a remarketing if it does not have third party buyers for all of the 2008C Adjustable Rate Bonds at the remarketing price.

### **The Ability to Sell the 2008C Adjustable Rate Bonds other than through Tender Process may be Limited**

While the 2008C Remarketing Agent may buy and sell 2008C Adjustable Rate Bonds, it is not obligated to do so and may cease doing so at any time without notice. Thus, investors who purchase the 2008C Adjustable Rate Bonds, whether in a remarketing or otherwise, should not assume that they will be able to sell their 2008C Adjustable Rate Bonds other than by tendering the 2008C Adjustable Rate Bonds in accordance with the tender process.

## **FORWARD-LOOKING STATEMENTS**

**This Official Statement 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 Official Statement, 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.



## LITIGATION

At the time of the delivery of and payment for the 2008C Adjustable Rate Bonds, the Authority will deliver an opinion of its General Counsel, Charles L. Borgman, Esq., 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 issuance, sale or delivery of the 2008C Adjustable Rate 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 2008C Adjustable Rate Bonds, the Indenture or the contract for the purchase of the 2008C Adjustable Rate Bonds.

## 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 2008C Adjustable Rate Bonds ratings of "Aaa/VMIG 1" and "AAA/A-1+," respectively, based (in the case of the short-term ratings) on the delivery of the Initial 2008C Liquidity Facility by the 2008C Liquidity Facility Provider. 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 2008C Adjustable Rate 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 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 circumstances so warrant. Neither the Authority nor the 2008C Remarketing Agent has undertaken to provide notice of any change in these ratings of the 2008C Adjustable Rate Bonds or to oppose any such proposed change. Any such downward revision or withdrawal of any such rating may have an adverse effect on the marketability or price of the 2008C Adjustable Rate Bonds.

## LEGAL MATTERS

In connection with the issuance and sale of the 2008C Adjustable Rate Bonds, Sherman & Howard L.L.C., as Bond Counsel, will deliver the opinion included as **Appendix E** hereto. Hogan & Hartson LLP will pass upon certain legal matters relating to the 2008C Adjustable Rate Bonds as Disclosure Counsel to the Authority. Certain legal matters relating to the 2008C Adjustable Rate Bonds will be passed upon for the Authority by Charles L. Borgman, Esq., its General Counsel. Bookhardt & O'Toole will pass upon certain matters for the Underwriters. Certain legal matters will be passed upon for the 2008C Liquidity Facility Provider by its assistant general counsel, Tad M. Kramar, Esq.

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

## CERTAIN RELATIONSHIPS OF PARTIES

Barclays Capital is acting as an Underwriter and the initial 2008C Remarketing Agent of the 2008C Adjustable Rate Bonds. Barclays Bank PLC is acting as a counterparty to the Authority under the

2008C Derivative Product as described in See "Part I – CERTAIN PROGRAM ASSUMPTIONS – 2008C Derivative Product" and is also acting as a counterparty to the Authority under certain Derivative Products currently outstanding under the Master Indenture. See **Appendix B** – "OUTSTANDING MASTER INDENTURE OBLIGATIONS – Outstanding Derivative Products."

**(End of Part I)**



## **PART II**

### **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 Bonds, except as described in "Part II – SECURITY FOR THE OBLIGATIONS."

#### **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:

### 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, 2009
Eric C. Moore, Chair, <u>pro tem</u> (1)	Chief Information Officer, Arapahoe Douglas Mental Health Network; Denver, Colorado	July 1, 2009
Roxanne M. Huber, Secretary/Treasurer (2)	Executive Director, Colorado Department of Revenue; Denver, Colorado	At the pleasure of the Governor
Sam Betters	Executive Director; Housing Authority of the City of Loveland; Loveland, Colorado	July 1, 2011
John Blumberg	Co-Founder and Principal, Black Creek Capital LLC; Denver, Colorado	July 1, 2009
Michele Dressel	President, Mortgage Division, Alpine Banks of Colorado; Glenwood Springs, Colorado	July 1, 2009
Joseph A. Garcia	President, Colorado State University – Pueblo; Pueblo, Colorado	July 1, 2009
Kevin Marchman	Executive Director, National Organization of African Americans in Housing; Denver, Colorado	July 1, 2011
Rosemary Marshall	State Representative; Denver, Colorado	End of legislative biennium 2007-2008
Mark O'Connor	Senior Vice President, First Bank Holding Company, Lakewood, Colorado	July 1, 2011
Sally W. Symanski	Colorado State Auditor; Denver, Colorado	Standing

(1) These Board members were elected to their respective offices effective March 27, 2008.

(2) This Board member was selected to the office of Secretary/Treasurer effective October 23, 2008.

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.

*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 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 this position in 2003, 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.

*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 2003 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.

*Karen Harkin* 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 fifteen years experience in various capacities in public, private and non-profit real estate lending and development.

*D. Brian Miller* was appointed as **Director of Asset Management** in October 2003. 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 2003, 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 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. 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, 2007, the Authority had approximately 175 full-time employees, all of whom are members of the Public Employees' Retirement Association of Colorado ("**PERA**"). State statutes required the Authority to contribute eleven percent (11%) of each participating employee's gross salary to PERA in 2006. In 2007, the Authority's PERA contribution totaled approximately \$1,113,000, compared to an Authority contribution in 2006 of \$986,000. See footnote (11) of the audited 2007 financial statements attached as **Appendix A** hereto 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 2007 financial statements of the Authority included in **Appendix A** to this Official Statement 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 result in the Loans securing Bonds and Derivative Products under the Master Indenture and also services such Loans. 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 those Bonds and Derivative Products designated as general obligations of the Authority. See "Obligations of the Authority – General Obligations" 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, 2007

(with summarized financial information for December 31, 2006)

(in thousands of dollars)

	General Fund	Single Family	Multi-Family/ Business	Eliminations	2007	2006
<b>Assets</b>						
Current assets:						
Cash	\$ 30,955	\$ -	\$ -	\$ -	\$ 30,955	\$ 26,365
Investments	61,020	270,673	169,370	-	501,063	490,846
Loans receivable	8,719	60,406	27,759	(717)	96,167	83,091
Accrued interest receivable	3,612	12,898	7,753	(211)	24,052	20,211
Deferred debt financing costs, net	18	642	271	-	931	882
Other assets	4,454	-	-	-	4,454	3,885
Due to (from) other funds	(23,800)	17,724	6,076	-	-	-
<b>Total current assets</b>	<b>84,978</b>	<b>362,343</b>	<b>211,229</b>	<b>(928)</b>	<b>657,622</b>	<b>625,280</b>
Noncurrent assets:						
Investments	4,426	39,567	37,320	-	81,313	185,265
Loans receivable, net	252,847	1,751,765	805,023	(20,791)	2,788,844	2,409,656
Capital assets - non-depreciable	7,016	-	-	-	7,016	8,545
Capital assets - depreciable, net	25,707	-	-	-	25,707	32,638
Other real estate owned, net	20	1,626	451	-	2,097	1,923
Deferred debt financing costs, net	331	11,553	4,883	-	16,767	15,882
Other assets	17,619	-	-	-	17,619	14,486
<b>Total noncurrent assets</b>	<b>307,966</b>	<b>1,804,511</b>	<b>847,677</b>	<b>(20,791)</b>	<b>2,939,363</b>	<b>2,668,395</b>
<b>Total assets</b>	<b>\$ 392,944</b>	<b>\$ 2,166,854</b>	<b>\$ 1,058,906</b>	<b>\$ (21,719)</b>	<b>\$ 3,596,985</b>	<b>\$ 3,293,675</b>
<b>Liabilities</b>						
Current liabilities:						
Short-term debt	\$ 64,545	\$ -	\$ -	\$ -	\$ 64,545	\$ 8,200
Bonds payable, current portion	120	4,627	8,768	-	13,515	167,782
Notes payable, current portion	3,956	-	-	-	3,956	108
Accrued interest payable	1,220	17,704	13,373	(211)	32,086	26,360
Federally assisted program advances	708	-	-	-	708	899
Accounts payable and other liabilities	21,114	596	531	-	22,241	18,893
<b>Total current liabilities</b>	<b>91,663</b>	<b>22,927</b>	<b>22,672</b>	<b>(211)</b>	<b>137,051</b>	<b>222,242</b>
Noncurrent liabilities:						
Bonds payable, net	111,815	2,067,027	985,181	-	3,164,023	2,794,178
Notes payable	22,594	-	-	(21,508)	1,086	5,855
Other liabilities	9,456	2,229	776	-	12,461	10,355
<b>Total noncurrent liabilities</b>	<b>143,865</b>	<b>2,069,256</b>	<b>985,957</b>	<b>(21,508)</b>	<b>3,177,570</b>	<b>2,810,388</b>
<b>Total liabilities</b>	<b>235,528</b>	<b>2,092,183</b>	<b>1,008,629</b>	<b>(21,719)</b>	<b>3,314,621</b>	<b>3,032,630</b>
<b>Net assets</b>						
Invested in capital assets, net of related debt	11,215	-	-	-	11,215	9,134
Restricted by bond indentures	-	74,671	50,277	-	124,948	114,920
Unrestricted	146,201	-	-	-	146,201	136,991
<b>Total net assets</b>	<b>157,416</b>	<b>74,671</b>	<b>50,277</b>	<b>-</b>	<b>282,364</b>	<b>261,045</b>
<b>Total liabilities and net assets</b>	<b>\$ 392,944</b>	<b>\$ 2,166,854</b>	<b>\$ 1,058,906</b>	<b>\$ (21,719)</b>	<b>\$ 3,596,985</b>	<b>\$ 3,293,675</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, 2007

(with summarized financial information for the year ended December 31, 2006)

(in thousands of dollars)

	General Fund	Single Family	Multi-Family/ Business	Eliminations	2007	2006
<b>Operating revenues:</b>						
Interest on loans receivable	\$ 12,900	\$ 88,926	\$ 47,647	\$ (1,900)	\$ 147,573	\$ 121,839
Investment income	3,420	14,602	9,705	-	27,727	34,384
Net increase (decrease) in the fair value of investments	(66)	1,371	940	-	2,245	(2,468)
Rental income	10,882	-	-	-	10,882	11,638
Loan servicing income	9,547	-	-	-	9,547	8,543
Section 8 administration fees	4,561	-	-	-	4,561	4,622
Other revenues	3,448	69	-	-	3,517	2,284
<b>Total operating revenues</b>	<b>44,692</b>	<b>104,968</b>	<b>58,292</b>	<b>(1,900)</b>	<b>206,052</b>	<b>180,842</b>
<b>Operating expenses:</b>						
Interest on debt	9,719	95,872	51,715	(1,900)	155,406	134,364
Salaries and related benefits	14,341	-	-	-	14,341	12,721
General operating	15,635	652	548	-	16,835	15,426
Other interest expense	1,588	-	-	-	1,588	1,845
Depreciation	2,722	-	-	-	2,722	2,651
Provision for losses	(300)	1,500	(700)	-	500	(4,357)
<b>Total operating expenses</b>	<b>43,705</b>	<b>98,024</b>	<b>51,563</b>	<b>(1,900)</b>	<b>191,392</b>	<b>162,650</b>
<b>Total operating income</b>	<b>987</b>	<b>6,944</b>	<b>6,729</b>	<b>-</b>	<b>14,660</b>	<b>18,192</b>
<b>Nonoperating revenues and expenses:</b>						
Federal grant receipts	97,100	-	-	-	97,100	95,061
Federal grant payments	(97,100)	-	-	-	(97,100)	(95,061)
Gains on sales of capital assets	6,659	-	-	-	6,659	-
<b>Total nonoperating revenues, net</b>	<b>6,659</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,659</b>	<b>-</b>
<b>Income before transfers</b>	<b>7,646</b>	<b>6,944</b>	<b>6,729</b>	<b>-</b>	<b>21,319</b>	<b>18,192</b>
<b>Transfers from (to) other funds</b>	<b>3,645</b>	<b>245</b>	<b>(3,890)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Change in net assets</b>	<b>11,291</b>	<b>7,189</b>	<b>2,839</b>	<b>-</b>	<b>21,319</b>	<b>18,192</b>
<b>Net assets:</b>						
Beginning of year	146,125	67,482	47,438	-	261,045	242,853
End of year	\$ 157,416	\$ 74,671	\$ 50,277	\$ -	\$ 282,364	\$ 261,045

The accompanying notes are an integral part of these statements

## The General Fund

### *Generally*

CERTAIN OBLIGATIONS UNDER THE MASTER INDENTURE HAVE BEEN OR MAY IN THE FUTURE BE DESIGNATED AS GENERAL OBLIGATIONS OF THE AUTHORITY. SEE "PART II – SECURITY FOR THE OBLIGATIONS" AND **APPENDIX B** – "OUTSTANDING MASTER INDENTURE OBLIGATIONS." 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 Master Indenture.

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 Derivative Products 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, 2007 as provided by the Authority.

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**Colorado Housing and Finance Authority**  
**General Fund**  
**Selected Financial Information**  
**Years Ended December 31**  
**(000s)**

	<u>FY</u> <u>2007</u>	<u>FY</u> <u>2006</u>	<u>FY</u> <u>2005</u>	<u>FY</u> <u>2004</u>	<u>FY</u> <u>2003</u>
Interest and investment revenue:					
Loans receivable	\$12,900	\$12,449	\$11,241	\$10,454	\$10,094
Investments	3,420	3,061	2,016	1,744	1,955
Net increase (decrease) fair value of long-term investments	<u>(66)</u>	<u>(137)</u>	<u>441</u>	<u>(392)</u>	<u>(570)</u>
Total interest and investment revenue	16,254	15,373	13,698	11,806	11,479
Interest expense - bonds and notes payable	<u>9,719</u>	<u>9,663</u>	<u>7,681</u>	<u>5,799</u>	<u>5,345</u>
Net interest and investment revenue	6,535	5,710	6,017	6,007	6,134
Other revenue (expense):					
Rental operations	10,882	11,638	10,902	10,279	9,549
Fees and miscellaneous income	17,556	15,449	14,097	12,771	14,350
Gain on sales of capital assets	6,659	--	--	--	--
Program fees	--	--	--	--	4,665
Total other revenue	<u>35,097</u>	<u>27,087</u>	<u>24,999</u>	<u>23,050</u>	<u>28,564</u>
Net revenue	41,632	32,797	34,952	29,057	34,698
Other expenses:					
Salaries and related benefits	14,341	12,721	11,322	10,668	11,545
General operating <sup>(1)</sup>	15,635	14,732	14,724	13,462	13,651
Provision for losses	(300)	(1,050)	870	(816)	133
Other interest expense	1,588	1,845	1,848	1,326	1,260
Transfers	(3,645)	(6,179)	(13,192)	(3,432)	(2,865)
Depreciation	<u>2,722</u>	<u>2,651</u>	<u>2,679</u>	<u>2,574</u>	<u>2,745</u>
Total other expense	<u>30,341</u>	<u>24,720</u>	<u>18,251</u>	<u>23,782</u>	<u>26,469</u>
Change in net assets	<u>\$ 11,291</u>	<u>\$ 8,077</u>	<u>\$ 12,765</u>	<u>\$ 5,275</u>	<u>\$ 8,229</u>
Net Assets, end of year	<u>\$157,416</u>	<u>\$146,125</u> <sup>(2)</sup>	<u>\$149,244</u>	<u>\$136,479</u>	<u>\$131,204</u>
Bonds and Notes Payable	<u>\$203,030</u>	<u>\$152,455</u>	<u>\$253,738</u>	<u>\$212,798</u>	<u>\$162,623</u>
Total Assets	<u>\$392,944</u>	<u>\$327,534</u>	<u>\$428,627</u>	<u>\$359,139</u>	<u>\$305,912</u>

(1) The Authority's general operating expenses increased between 2002 and 2003 as a result of a rise in loan payoffs (prepayments) which increased the amortization of certain deferred expenses included in general operating expenses, such as service release premiums. Further information is available in the Authority's audited 2007 financial statements included in this Official Statement as **Appendix A**.

(2) 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, 2003-2007.

### **Authority Policy Regarding Swaps**

The Master Indenture permits the Authority to enter into "Derivative Products," which include interest rate exchange or swap contracts, cash flow exchange contracts, forward swaps, interest rate

floors, caps or collars and other derivative products. See **Appendix B** and "Part II – SECURITY FOR THE OBLIGATIONS – Derivative Products." Under the master indenture relating to its single family revenue bonds, the Authority is also permitted to enter, and has entered into, certain derivative obligations which are described in footnote (7) of the audited 2007 financial statements of the Authority attached in **Appendix A**. 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 which may be authorized from time to time by resolution of the Board in connection with the issuance of bonds by the Authority (including Bonds under the Master Indenture). 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 Bond Issuance Policy to permit derivative products other than swap agreements. Any changes to the Bond Issuance Policy may impact future swap agreements or other Derivative Products authorized in connection with Bonds under the Master Indenture. The Authority routinely engages a consultant to evaluate the terms of any proposed swap agreement and determine whether the base price for such swap agreement with these 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."** See also "Obligations of the Authority" under this caption.

#### *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 2007 financial statements of the Authority included in this Official Statement as **Appendix A**.

The Authority also makes uninsured rental loans to §501(c)(3) nonprofit corporations and public housing authorities as well as to for-profit developers. 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 developer 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 due 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. The Authority has historically acquired the HOF loans from the General Fund into the Trust Estate under the Indenture.

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 2007 financial statements of the Authority included in this Official Statement as **Appendix A**. 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.

#### *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 purchases and originates 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. 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. For certain information regarding the outstanding mortgage loans acquired under the Single Family Mortgage Programs, see footnote (3) to the audited 2007 financial statements of the Authority included in this Official Statement as **Appendix A**.

#### **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 2007 financial statements of the Authority included in this Official Statement as **Appendix A**.

#### *Commercial Loan Programs*

The Authority has financed rental loans with proceeds of its Multifamily Housing Insured Mortgage Revenue Bonds (outstanding as of November 1, 2008 in an aggregate principal amount of \$128,820,000) and, since 2000, has financed rental and business loans and certain guaranteed participation interests with proceeds of its Multi-Family/Project Bonds (referred to as "**Bonds**" in this Official Statement), which were outstanding as of November 1, 2008 in an aggregate principal amount of \$847,710,000. This outstanding amount does not include the 2008C Adjustable Rate Bonds described in this Official Statement. See **Appendix B** for further detail about the Bonds. 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 2007 financial statements of the Authority attached in **Appendix A** for more information regarding these outstanding bonds and notes. The Authority has also acted as a conduit issuer of bonds supported by letters of credit or other credit facilities. These conduit bonds are payable only with amounts received from the conduit borrower, and are therefore not reported as obligations of the Authority on its financial statements.

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

#### *Single Family Mortgage Programs*

In connection with its Single Family Mortgage Programs, the Authority has previously issued numerous series of its Single-Family Program Bonds as senior and subordinate bonds, payable from the revenues of pledged mortgage loans and outstanding as of November 1, 2008 in the aggregate principal amount of \$73,136,846. The Authority has also issued its Single Family Mortgage Bonds under a master indenture, payable from the revenues of mortgage loans held thereunder, outstanding as of November 1, 2008 in the aggregate principal amount of \$2,292,560,000. Subordinate bonds issued as part of the Single-Family Program Bonds and Class III Single Family Mortgage Bonds outstanding under the master indenture are also general obligations of the Authority, as described in "General Obligations – Single-Family Bonds – Subordinate Bonds and Class III Bonds" under this caption. 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 2007 financial statements of the Authority attached in **Appendix A**. 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.

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

### *General Obligations*

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

Multi-Family/Project Bonds. The Authority has issued Class I Bonds (outstanding as of November 1, 2008 in an aggregate principal amount of \$243,745,000) in order to finance business loans which are payable not only from a senior lien on loan revenues but also as general obligations of the Authority. The Authority has also issued Class II Bonds (outstanding as of November 1, 2008 in the aggregate principal amount of \$23,000,000) and Class III Bonds (outstanding as of November 1, 2008 in an aggregate principal amount of \$16,915,000) in order to finance certain rental and business loans. These Class II Bonds and Class III Bonds are payable from loan revenues on a subordinate lien basis to the Class I Bonds and also as general obligations of the Authority. See **Appendix B** for more information about these Bonds.

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 November 1, 2008 was \$1,095,000. 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 \$104,435,000 as of November 1, 2008, are payable from mortgage loan revenues under the Authority's 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 as of November 1, 2008, such bonds, secured by a general obligation pledge of the Authority and loan revenues, were outstanding in an aggregate principal amount of \$3,090,000. 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 November 1, 2008, such bonds were outstanding in the aggregate principal amount of \$1,060,000.

Privately Placed Bonds. The Authority has issued general obligation bonds through private placement in order to finance rental loans. As of November 1, 2008, such privately placed bonds were outstanding in an aggregate principal amount of \$26,923,000. The Authority has also funded participation interests and business loans using proceeds of its privately placed bonds, outstanding as of November 1, 2008 in the aggregate principal amount of \$30,295,000. In addition, the Authority has issued general obligation bonds through private placement in order to finance single family mortgage loans. As of November 1, 2008, such privately placed bonds were outstanding in an aggregate principal amount of \$42,358,201.

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, the Bonds, outstanding as of November 1, 2008 in the aggregate principal amount of \$332,735,756. See **Appendix G-2**. 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 originated 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 November 1, 2008, such 542(c) mortgage loans were outstanding in the amount of approximately \$275,000,000 (\$49,000,000 held under the

General Resolution and securing the Multifamily Housing Insured Mortgage Revenue Bonds and \$226,000,000 held under the Master Indenture and securing the 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.

Derivative Products; Interest Rate Contracts. The Authority has pledged its full faith and credit to secure its obligation to make termination payments under the Derivative Products relating to the Bonds under the Master Indenture and under the interest rate contracts relating to the Single Family Mortgage Bonds under the related master indenture. See **Appendix B** – "OUTSTANDING MASTER INDENTURE OBLIGATIONS – Outstanding Derivative Products." See also "Authority Policy Regarding Swaps" under this caption and footnote (7) to the audited 2007 financial statements of the Authority included in this Official Statement as **Appendix A**.

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 November 1, 2008, \$109,685,000 in borrowings were outstanding under those agreements. See footnote (5) to the audited 2007 financial statements of the Authority included in this Official Statement as **Appendix A**. The Authority has also borrowed amounts evidenced by Rural Business Cooperative Service Notes (outstanding as of November 1, 2008 in the aggregate principal amount of \$1,085,748), 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 circumstances so warrant.

#### *Summary of Certain Authority Obligations*

The following is a table which summarizes certain obligations of the Authority and sets forth the respective outstanding amounts for such obligations as of November 1, 2008. Further detail regarding these items is provided under the other subcaptions of "Obligations of the Authority."

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**Summary of Certain Authority Obligations as of November 1, 2008**

<u>Certain Authority Obligations</u>	<u>Outstanding Amount (November 1, 2008)</u>
Multifamily Housing Insured Mortgage Revenue Bonds	\$ 128,820,000
Multi-Family/Project Bonds (1)	847,710,000
Single Family Program Senior/Subordinate Bonds	73,136,846
Single Family Mortgage Bonds	2,292,560,000
General Obligation Bonds:	
Rental Finance (Denver Dry Project)	3,090,000
Business Finance (Colorado Municipal League Project)	1,060,000
Privately Placed Bonds:	
Rental Finance	26,923,000
Business Finance	30,295,000
Single Family	42,358,201

(1) These are the Bonds issued and outstanding under Master Indenture. See **Appendix B** for more information about the Bonds. This outstanding amount does not include the 2008C Adjustable Rate Bonds described in this Official Statement.

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 November 1, 2008. Further detail regarding these items is provided under the other subcaptions of "Obligations of the Authority."

**General Obligations of the Authority as of November 1, 2008**

<u>General Obligations</u>	<u>Outstanding Amount (November 1, 2008)</u>
Multi-Family/Project Bonds:	
Class I (1)	\$243,745,000
Class II	23,000,000
Class III	16,915,000
Single-Family Program Subordinate Bonds	1,095,000
Single Family Mortgage Bonds, Class III	104,435,000
General Obligation Bonds:	
Rental Finance (Denver Dry Project)	3,090,000
Business Finance (Colorado Municipal League Project)	1,060,000
Privately Placed Bonds:	
Rental Finance	26,923,000
Business Finance	30,295,000
Single Family	42,358,201
Other Borrowings:	
Line of Credit	109,685,000
Rural Business Cooperative Service Notes	1,085,748

(1) This outstanding amount does not include the 2008C Adjustable Rate Bonds described in this Official Statement, which will be general obligations of the Authority as described herein.

**SECURITY FOR THE OBLIGATIONS**

**Pledge of Trust Estate**

All Obligations (which may be Bonds or Derivative Products) outstanding under the Master Indenture are secured by and payable from revenues, assets and moneys pledged for the payment thereof under the Master Indenture (the "**Trust Estate**"). The pledge and lien of the Master Indenture on the Trust Estate is created and established in the following order of priority: first, to secure the payment of the principal of and interest on the Class I Obligations; second, to secure the payment of the principal of and interest on the Class II Obligations; third, to secure the payment of the principal and interest on the Class III Obligations; and fourth, to secure the payment of principal of and interest on the Class IV Obligations. For a description of the Obligations presently outstanding under the Master Indenture, see **Appendix B** – "OUTSTANDING MASTER INDENTURE OBLIGATIONS." *Notes and bonds heretofore or hereafter issued to provide funds for programs of the Authority (other than the Obligations under the Master Indenture) are and will be authorized and secured by resolutions and indentures of the Authority other than the Master Indenture, are not and will not be secured by the pledge of the Master Indenture and do not and will not rank on a parity with the Bonds. See "Part II – COLORADO HOUSING AND FINANCE AUTHORITY – Programs to Date."*

Under the Master Indenture, the Trust Estate pledged to secure the Obligations includes:

- (i) the proceeds of Bonds issued under the Master Indenture;
- (ii) the Revenues (as described in "Revenues" under this caption) and all moneys and securities in the Funds and Accounts from time to time held by the Trustee under the terms of the Master Indenture (except moneys and securities in the Rebate Fund, the Excess Earnings Fund and a Bond Purchase Fund) and investments, if any, thereof (other than the Rebate Requirement which is to be deposited in the Rebate Fund and any Excess Earnings which are to be deposited in the Excess Earnings Fund);
- (iii) the rights and interests of the Authority in the Loans and the Financing Documents (except for certain rights and interest expressly retained by the Authority therein) described in "The Loans and Authority Projects" under this caption;
- (iv) the proceeds of mortgage insurance, guaranty benefits and other security related to Loans received by the Authority; and
- (v) all right, title and interest of the Authority in any Credit Enhancement Facility, Liquidity Facility, Derivative Product and Reciprocal Payments.

**In no event shall the 2008C Adjustable Rate Bonds constitute an obligation or liability of the State or any political subdivision thereof (except the Authority). The Authority has no taxing power nor does it have the power to pledge the general credit or the taxing power of the State or any political subdivision thereof (other than the general credit of the Authority, which general credit is not pledged for the payment of the Bonds except in the case of Bonds specifically designated as general obligations of the Authority).**

## **Revenues**

Under the Master Indenture, "**Revenues**" means (a) all Loan Repayments, Prepayments and, except insofar as such payments may constitute Servicing Fees, any penalty payments on account of overdue Loan Repayments, (b) payments to be made by the Authority for deposit to the Revenue Fund with respect to Authority Projects in accordance with the most recently filed Cash Flow Statement, (c) Investment Revenues, and (d) all other payments and receipts received by the Authority with respect to Loans. "Revenues" does not include (i) Servicing Fees, unless such fees are specifically pledged to the Trustee, or (ii) any commitment, reservation, extension, or application fees charged by the Authority in connection with a Loan, or (iii) accrued interest received in connection with the purchase of any Investment Securities, or (iv) amounts collected with respect to Loans representing housing assistance payments under any applicable agreement with the U.S. Department of Housing and Urban Development.

Pursuant to the Master Indenture, all Revenues related to each Series of Bonds, in addition to other amounts, are to be deposited into the subaccount of the Revenue Fund related to such Series of Bonds. On the last business day prior to each Bond Payment Date, the Trustee is required to make certain transfers of amounts from each Series subaccount of the Revenue Fund, to the extent moneys are available, to various Funds and Accounts in a certain priority, as provided in the Master Indenture. See **Appendix C** – "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Allocation of Moneys in the Revenue Fund." Among these transfers, the Trustee is to deposit into: (i) the related Series Subaccount of the related Class Special Redemption Account, the Loan Recycling Account (at the election of the Authority), or any combination of the two, the amount needed, if any, to ensure that the Class Asset Requirement for the related Series of Bonds will be met on such Bond Payment Date; and

(ii) each Series subaccount of the Related Class Special Redemption Account not related to such Series of Bonds, on a proportionate basis with all such unrelated subaccounts, the amount of any deficiency resulting from the lack of moneys sufficient to make the deposit described in (i).

The Class Asset Requirements applicable to each Series of Bonds are set forth in each Related Series Indenture. See **Appendix D** – "CLASS ASSET REQUIREMENTS."

## **The Loans and Authority Projects**

### *Master Indenture Requirements*

The Trust Estate pledged under the Master Indenture to secure Obligations issued thereunder includes the rights and interests of the Authority in the Loans and the Financing Documents (except for certain rights and interests expressly retained by the Authority therein), and in the Authority Projects. Under the Master Indenture, "**Loan**" means a loan of money, including advances, in the form of a construction loan, a permanent loan or a combined construction and permanent loan made by the Authority to a Borrower with the proceeds of Bonds or obligations refunded by Bonds or with Prepayments for the financing of a portion of the costs of a Housing Facility or Project, which Loan is evidenced by a Note pursuant to a Loan Agreement. "**Housing Facility**" means a facility designed and financed for the primary purpose of providing dwelling accommodations in accordance with the Act. "**Project**" means a work or improvement located in the State designed to provide facilities for manufacturing, warehousing, commercial, recreational, hotel, office, research and development or other business purpose (not including a Housing Facility). "**Financing Documents**" include, with respect to any Loan, the Loan Agreement, the Note, the Mortgage and any insurance guaranties and other security for the repayment of the Loan. The Authority is permitted by the Master Indenture to apply the proceeds of Obligations issued under the Master Indenture to make or purchase (as Loans) mortgage loans which are insured or guaranteed by an agency or instrumentality of the United States under an insurance program such as the programs described in **Appendix J** – "FEDERAL INSURANCE PROGRAMS." The Authority is also permitted by the Master Indenture to apply the proceeds of Obligations issued under the Master Indenture to make or purchase (as Loans) uninsured mortgage loans made for housing facilities which are secured only by a mortgage on the related housing facilities or made for certain commercial Projects (as defined above). The Authority is also permitted by the Master Indenture to apply proceeds to Bonds for the financing of a portion of the costs of an Authority Project. An "**Authority Project**" means a housing facility or other asset intended to be owned and operated by the Authority, or the financing and refinancing of designated expenditures and/or obligations of the Authority, or any combination thereof.

### *Outstanding Loans, Authority Projects and Fund Balances*

For information concerning the Outstanding Loans, Authority Projects and Fund balances securing the Obligations issued now and hereafter under the Master Indenture, see **Appendix G-2**.

## **Debt Service Reserve Fund**

Each Series Indenture establishes a subaccount of the Debt Service Reserve Fund for the related Series of Bonds. The Debt Service Reserve Fund Requirement for each Series of Bonds is established by the Related Series Indenture. See "Part I – CERTAIN PROGRAM ASSUMPTIONS – Debt Service Reserve Fund." The Debt Service Reserve Fund Requirement for any Series of Bonds is based on the maximum principal and interest due for a particular period on Loans related to a Series of Bonds and does not directly relate to the aggregate principal amount of such Bonds outstanding.

Amounts in the Debt Service Reserve Fund are to be transferred to the Debt Service Fund and applied by the Trustee to the payment of principal and interest on the Bonds issued under the Master Indenture, in order of Class, in the event that amounts on deposit in the Debt Service Fund for the Related Class are insufficient to make such payments on any Bond Payment Date. When making such payments, the Trustee is to transfer amounts first from the Series subaccount of the Debt Service Reserve Fund related to the Bonds for which the payment will be made and, second, from any unrelated Series subaccounts.

For further information with respect to the Debt Service Reserve Fund, see **Appendix C** – "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Debt Service Reserve Fund."

### **Liquidity Facilities**

The Authority has entered into, and may in the future enter into, Liquidity Facilities in connection with Adjustable Rate Bonds issued under the Master Indenture. The Authority may elect to replace any Liquidity Facility (including but not limited to the Initial 2008C Liquidity Facility) with an Alternate Liquidity Facility. The Authority shall promptly notify the Trustee, the 2008C Remarketing Agent and the Paying Agent of the Authority's intention to deliver an Alternate Liquidity Facility at least 45 days prior to such delivery. Upon receipt of such notice, if the Alternate Liquidity Facility is to be provided by an entity other than the provider of the then current Liquidity Facility, the Trustee will promptly mail a notice of the anticipated delivery of an Alternate Liquidity Facility, including the name of the provider of such Alternate Liquidity Facility, by first-class mail (or transmitted in such other manner as may be customary for the industry as directed in writing by the Authority) to the 2008C Remarketing Agent, and to each Owner of the Adjustable Rate Bonds at such Owner's registered address, at least 30 days prior to delivery of the Alternate Liquidity Facility.

Pursuant to the Indenture, unless extended in accordance with the Initial 2008C Liquidity Facility, the Initial 2008C Liquidity Facility will expire at the end of the "Commitment Period," as defined in such Initial 2008C Liquidity Facility. The Authority may, at its option, submit to the 2008C Liquidity Facility Provider not earlier than 180 days before, and not later than 90 days before, the Expiration Date (as defined in the Initial 2008C Liquidity Facility) as from time to time in effect, a request that the 2008C Liquidity Facility Provider renew the Initial 2008C Liquidity Facility and extend the Expiration Date thereof for an additional period (not to exceed five years from the Expiration Date then in effect) after the then-effective Expiration Date thereof in accordance with the Initial 2008C Liquidity Facility. If the Authority makes any such request, the 2008C Liquidity Facility Provider will, not less than 45 days after such request, notify the Authority in writing whether or not the 2008C Liquidity Facility Provider consents to such request, and, if the 2008C Liquidity Facility Provider in its sole discretion consents to such request, the terms under which the 2008C Liquidity Facility Provider will consent to such request. If the 2008C Liquidity Facility Provider does not so notify the Authority within such period of time, the 2008C Liquidity Facility Provider shall be deemed not to have consented to such request. Under certain circumstances, the obligation of the 2008C Liquidity Facility Provider to purchase the 2008C Adjustable Rate Bonds tendered by the owners thereof or subject to mandatory purchase may be terminated or suspended. See **Appendix H** – "CERTAIN TERMS OF THE INITIAL 2008C LIQUIDITY FACILITY – Events of Default under the Initial 2008C Liquidity Facility." In such event, sufficient funds may not be available to purchase such 2008C Adjustable Rate Bonds tendered by the owners of such 2008C Adjustable Rate Bonds or subject to mandatory purchase.

Any Alternate Liquidity Facility must be an irrevocable letter of credit and related reimbursement agreement, line of credit, standby bond purchase agreement or similar agreement, providing for direct payments to or upon the order of the Paying Agent of amounts up to the principal of the Adjustable Rate Bonds when due upon purchase pursuant to a tender and the interest portion of the purchase price of the

Adjustable Rate Bonds consisting of accrued interest for the number of days required by each Rating Agency then rating the Adjustable Rate Bonds in order to ensure that the rating of the Adjustable Rate Bonds will not be adversely affected, as evidenced in writing from each such Rating Agency to the Trustee, at the Maximum Rate as defined in each Series Indenture.

An Alternate Liquidity Facility (along with the requisite favorable opinions of counsel) must be delivered to the Trustee at least five business days prior to the time notice of mandatory tender must be sent to Owners of the Adjustable Rate Bonds.

### **Derivative Products**

In connection with the issuance of certain Adjustable Rate Bonds, the Authority has entered, and expects in the future to enter, into interest rate swap agreements (the "**Derivative Products**") with a counterparty with respect to such Adjustable Rate Bonds. See "Part I – CERTAIN PROGRAM ASSUMPTIONS – 2008C Derivative Products." Any payments or receipts received by the Authority under the Derivative Products will be pledged as Revenues, as described in **Appendix C** – "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Derivative Products." The Authority's obligation to make regular interest payments to the Counterparty under each of the Derivative Products has constituted, and is expected in the future to constitute, a Class I Obligation under the Master Indenture, secured on parity with the lien on the Trust Estate of the other Class I Obligations, other than as indicated in **Appendix B**. The Authority's obligation to make termination payments under each of the Derivative Products in the event of early termination, and in the future is expected to be, a general obligation of the Authority and not an Obligation under the Master Indenture. See "Part II – COLORADO HOUSING AND FINANCE AUTHORITY – Obligations of the Authority."

### **Issuance of Additional Bonds**

The Master Indenture permits the Authority to issue additional Bonds thereunder from time to time, without limitation as to amount, secured on an equal lien with the outstanding Bonds of the respective class, upon delivery of a Cash Flow Statement and satisfaction of certain other conditions. The Authority may not issue additional Bonds if such issuance would result in a lowering, suspension or withdrawal of the ratings then applicable to any Bonds issued under the Master Indenture. See **Appendix C** – "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Issuance of Additional Bonds" and "– Issuance of Refunding Bonds." The Authority expects to issue additional Bonds in the future under the Master Indenture. See "Pledge of Trust Estate" under this caption.

## **CERTAIN BONDOWNERS' RISKS**

### **Limited Security**

The Bonds are special limited obligations of the Authority payable by Class priority and solely from the Trust Estate (except in the case of Bonds which have been specifically designated as general obligations of the Authority). See "Part II – SECURITY FOR THE OBLIGATIONS – Pledge of Trust Estate." There is no assurance that the Loans in or expected to be in the Trust Estate will perform in accordance with the assumptions made and that Revenues will be sufficient to pay debt service on the Bonds when due. See **Appendix C** – "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Revenue Fund." Additional Obligations may be issued by the Authority under the Master Indenture on a parity with each Class of Bonds outstanding, upon satisfaction of certain conditions set forth in the Master Indenture.

## Origination of New Loans

There are numerous reasons why the entire amount deposited to the subaccount of the Acquisition Account of the Program Fund for a particular Series of Bonds might not be used to originate new Loans as expected and within the required timeframes. Proceeds of a Series of Bonds and exchanged amounts relating thereto in the related subaccount of the Acquisition Account which have not been used to make new Loans or finance new Authority Projects must be used to redeem Bonds of such Series at par as set forth in Part I.

## Considerations Regarding Redemption

A significant portion of the outstanding Loans are now subject to voluntary prepayment by the respective Borrowers at any time and, additionally, numerous loans will become subject to voluntary prepayment by the Borrowers prior to the optional redemption date. Voluntary prepayments may result from a refinancing provided by any source, including the Authority. Involuntary prepayments may also be made on the Loans as a result of damage or destruction of the housing facilities, or acceleration or sale of a Loan in the event of a Borrower default. Any Loan or Authority Project is also subject without restriction to voluntary sale, assignment or other disposition.

Current adverse economic conditions in the State and high vacancy rates in most rental housing markets have contributed to shortfalls in projected cashflows for a number of rental projects financed by the Authority. The Authority is actively monitoring its portfolio and undertaking workouts with borrowers as appropriate.

PURSUANT TO THE SPECIAL REDEMPTION PROVISIONS OF THE INDENTURE, THE BONDS MAY BE REDEEMED PRIOR TO THEIR STATED MATURITY FROM ANY MONEYS AND/OR INVESTMENT SECURITIES ON DEPOSIT IN THE RESPECTIVE ACCOUNTS OF THE REDEMPTION FUND, INCLUDING UNEXPENDED BOND PROCEEDS, EXCESS REVENUES FROM REGULAR LOAN PAYMENTS, VOLUNTARY OR INVOLUNTARY PREPAYMENTS AND AMOUNTS DEPOSITED AS A RESULT OF ANY OTHER EVENT AS DESCRIBED HEREIN. SEE "PART I – TERMS OF THE 2008C ADJUSTABLE RATE BONDS – PRIOR REDEMPTION." THE TIME OR RATE OF SUCH PREPAYMENTS OR DEPOSITS CANNOT BE PREDICTED. **However, it is assumed that a substantial portion of each Series of Bonds subject to such special redemption under the Indenture will be redeemed prior to their respective stated maturities at a redemption price equal to the principal amount of such Series of Bonds to be redeemed, without premium (except in limited circumstances).**

## Tax Exempt Status of Tax-Exempt Bonds

The opinion to be delivered by Bond Counsel concurrently with delivery of any tax-exempt Bonds as described in "Part I – TAX MATTERS" will assume compliance by the Authority with certain requirements of the Tax Code that must be met subsequent to the issuance of such Bonds. The Authority will certify, represent and covenant to comply with such requirements. Failure to comply with such requirements could cause the interest on the tax-exempt Bonds to be included in gross income, or could otherwise adversely affect such opinions, retroactive to the date of issuance of such Bonds. Furthermore, the opinion of Bond Counsel is rendered as of the date of delivery of the particular Series of Bonds and speaks only to laws in effect as of such date. Amendments to federal and state tax laws are proposed from time to time and could be enacted in the future. There can be no assurance that any such future amendments will not adversely affect the value of such Series of Bonds, the exclusion of interest on the tax-exempt Bonds from gross income, alternative minimum taxable income, state taxable income, or any



combination from the date of issuance of the particular Series of Bonds or any other date, or that such changes will not result in other adverse federal or state tax consequences.

### **Conditions to Payment of FHA Insurance**

The failure to maintain adequate casualty insurance on any Housing Facility insured under an FHA program may result in the loss of FHA mortgage insurance benefits in the event of damage to or destruction of such Project. FHA mortgage insurance benefits may also be impaired as a result of the failure to pay required mortgage insurance premiums to the FHA and failure of the mortgagee to provide the FHA on a timely basis with required notice. As described in **Appendix J – "FEDERAL INSURANCE PROGRAMS,"** the mortgagee is responsible for servicing the Loans and the maintenance of the FHA mortgage insurance in connection with insured Loans under the Multi-Family Housing Facility Loan Program. See "Part II – COLORADO HOUSING AND FINANCE AUTHORITY – Programs to Date."

### **Derivative Products**

Pursuant to each of the Derivative Products, the Authority will pay interest to the Counterparty at a fixed rate and will receive interest from the Counterparty at a variable rate which either will be based on a LIBOR or SIFMA Index or will be an amount equal to the actual interest payments by the Authority on the respective Adjustable Rate Bonds. 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. See "Part I – CERTAIN PROGRAM ASSUMPTIONS" and "Part II – SECURITY FOR THE OBLIGATIONS – Derivative Products." See also **Appendix B – "OUTSTANDING MASTER INDENTURE OBLIGATIONS – Outstanding Derivative Products."**

### **Risks Related to the Liquidity Providers and the Liquidity Facilities**

#### *Creditworthiness of the Liquidity Providers*

The short-term credit ratings of the Adjustable Rate Bonds under the Master Indenture are based on the issuance of the respective Liquidity Facilities relating to such Adjustable Rate Bonds. Such ratings are based solely on the general credit of the respective Liquidity Provider. Any downgrade in the ratings of the related Liquidity Provider may impact the interest rate of the related Adjustable Rate Bonds.

Each Liquidity Facility provides the Trustee with the liquidity support necessary to purchase the applicable Adjustable Rate Bonds deemed tendered for purchase as described in the related Series Indenture. If remarketing proceeds are not sufficient to provide funds sufficient to pay the purchase price of tendered Adjustable Rate Bonds, the Trustee is required to draw funds under the applicable Liquidity Facility. The ability of the respective Liquidity 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 any Liquidity Provider or the financial condition of any entity with which any Liquidity Provider may merge or by which it may be acquired. For more information about the Liquidity Providers and Outstanding Liquidity Facilities, see **Appendix B – "OUTSTANDING MASTER INDENTURE OBLIGATIONS – Outstanding Liquidity Facilities."** If a Liquidity Provider becomes insolvent or otherwise becomes a debtor in bankruptcy, timely payment of the purchase price of related Adjustable Rate Bonds subject to tender for purchase might depend entirely on the sufficiency of the Trust Estate to pay such amounts.



### *Inability to Obtain Substitute Liquidity Facility*

Each Liquidity Facility expires on a particular date which is much earlier than the maturity dates of the related Adjustable Rate Bonds. See **Appendix B**. No assurances can be given that the Authority will be able to extend any of the Liquidity Facilities or obtain a Substitute Liquidity Facility with respect to any series of Adjustable Rate Bonds upon the terms required by the respective Series Indenture until and including the final maturity dates of such Adjustable Rate Bonds or until the interest rate on such Adjustable Rate Bonds is converted to a Fixed Rate. Failure to extend a Liquidity Facility or obtain a Substitute Liquidity Facility will result in a mandatory purchase of the related Adjustable Rate Bonds prior to maturity at a price of par. The mandatory purchase of such Adjustable Rate Bonds on such a mandatory bond purchase date may not be waived.

### *Increased Costs Associated with Bank Bonds*

Pursuant to the Liquidity Facilities, certain unpaid fees will bear interest at the "Default Rate" and Bank Bonds will bear interest at a rate as set forth in the related Liquidity Facilities. Those interest rates could be substantially higher than the variable rate that otherwise would apply to the calculation of interest on the Adjustable Rate Bonds; any increases in those interest rates will increase the amount of interest payable by the Trust Estate under the Master Indenture and may affect its sufficiency to pay the Bonds. Payment of such interest on Bank Bonds will be on parity with the lien of the related Adjustable Rate Bonds which have been purchased except that payments due on the Bank Bonds following any acceleration by the Liquidity Facility Provider will be Class III Obligations and a general obligation of the Authority.

### **Expiration of HAP Contracts**

A portion of the insured and uninsured rental loans pledged to secure Obligations under the Master Indenture are secured in part by housing assistance payments ("**HAP**") contracts with terms expiring prior to expiration of the related insured and uninsured rental loan. Generally, these HAP contracts are renewals of previous HAP contracts, in some cases after "mark-to-market" mortgage restructurings, pursuant to the Multifamily Assisted Housing Reform and Affordability Act of 1997, as amended. The insured and uninsured rental loans typically require borrowers to renew the respective HAP contract for the longer of the minimum period that the related project is subject to low-income occupancy and rent restrictions under the CHFA Regulatory Agreement (15 or 20 years) or the period the insured or uninsured rental loan is outstanding. There is no assurance that such renewals will be provided by HUD, as they are subject, among other things, to the availability of Congressional appropriations. The failure or inability to renew the HAP contracts could adversely affect the sufficiency of Revenues and assets pledged under the Master Indenture for payment of the Bonds outstanding thereunder or increase the level of prepayments. See "Considerations Regarding Redemption" under this caption. For more information regarding the Section 8 Subsidy Program, see **Appendix K** hereto.

### **Enforcement of Regulatory Agreements**

The CHFA Regulatory Agreements allow for enforcement by declaration of default under the Loans and an acceleration of the Loans at the discretion of the Authority. Such acceleration may, under certain circumstances, require HUD consent. Among other things, it may not be possible to accelerate the debt evidenced by the Loans for a covenant default relating to the Projects, including a tax-related covenant default. See "Part I – CERTAIN PROGRAM ASSUMPTIONS."

*There is no provision in the Bonds or the Indenture for an acceleration of the indebtedness evidenced by the Bonds or payment of additional interest in the event interest on the Bonds were declared*

*taxable, and the Authority will not be liable under the Bonds or the Indenture for any such payment on the Bonds whatsoever. See "Part I – CERTAIN PROGRAM ASSUMPTIONS – The 2008C Loans."*

### **NO IMPAIRMENT OF CONTRACT BY THE STATE**

Pursuant to the provisions of Section 29-4-731 of the Act, the Authority has included in the Indenture the pledge and agreement of the State of Colorado that the State of Colorado will not limit or alter the rights vested by the Act in the Authority to fulfill the terms of any agreements made with Bond Owners, or in any way impair the rights and remedies of such Owners until the Bonds, together with the interest thereon and all costs and expenses in connection with any action or proceedings by or on behalf of such Owners, are fully met and discharged.

### **LEGALITY FOR INVESTMENT AND SECURITY FOR DEPOSITS**

The Act provides that the Bonds are eligible for investment in the State by all public officers, public bodies and political subdivisions of the State, banking associations, savings and loan associations, trust companies, investment companies and insurance companies, and all executors, administrators, trustees and other fiduciaries of funds in their control or belonging to them; provided that, at the time of purchase by a public entity, such Bonds are rated in one of the two highest rating categories by one or more nationally recognized organizations which regularly rate such obligations. The Act makes the Bonds securities which may properly and legally be deposited with and received by any municipal officer or any agency or political subdivision of the State for any purpose for which the deposit of bonds, notes or obligations of the State is authorized by law.

### **INDEPENDENT AUDITORS**

The financial statements of the Authority as of and for the years ended December 31, 2007 and 2006, included in this Official Statement as **Appendix A**, have been audited by Clifton Gunderson LLP, independent auditors, as stated in their report appearing therein. Such financial statements represent the most current audited financial information available for the Authority.

### **MISCELLANEOUS**

This Official Statement speaks only as of its date, and the information contained herein is subject to change. All quotations from, and summaries and explanations of the statutes, regulations and documents contained herein do not purport to be complete and reference is made to said laws, regulations and documents for full and complete statements of their provisions. Copies, in reasonable quantity, of such laws, regulations and documents, including the Indenture and the Initial 2008C Liquidity Facility, may be obtained, during the offering period, upon request to the Authority and upon payment to the Authority of a charge for copying, mailing and handling, at 1981 Blake Street, Denver, Colorado 80202, Attention: Executive Director.

The distribution of this Official Statement has been duly authorized by the Authority. Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as an agreement or contract between the Authority and the purchasers or owners of any Bonds.

**COLORADO HOUSING AND FINANCE  
AUTHORITY**

By: /s/ Milroy A. Alexander  
Executive Director

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**APPENDIX A**

**Financial Statements for the Years ended December 31, 2007 and 2006  
and Independent Auditor's Reports**

## 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, 2007, 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 an opinion 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, 2006 basic financial statements and, in our report dated March 29, 2007, 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, 2007, and the respective changes in financial position and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2008 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  
March 27, 2008



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, 2007. This analysis should be read in conjunction with the Authority’s financial statements and accompanying notes.

## Financial Highlights

- Net assets as of December 31, 2007, were \$282.4 million, an increase of \$21.3 million, or 8.2%, compared to net assets of \$261.0 million as of December 31, 2006, increasing the Authority’s capital position. Net assets as a percent of total assets decreased slightly from 7.93% as of December 31, 2006, to 7.85% as of December 31, 2007.
- As reflected in the Statement of Revenues, Expenses and Changes in Net Assets, the increase in net assets of \$21.3 million for 2007 represents a \$3.1 million, or 17.2%, increase compared to the increase in net assets for 2006 of \$18.2 million. This \$3.1 million increase was primarily due to \$6.7 million in gains on the sales of various apartment complexes owned by the Authority, discussed in more detail below, and a \$2.2 million net increase in the fair value of investments for 2007 compared to a \$2.5 million net decrease in 2006. Partially offsetting these items was a \$0.5 million provision for loan and other real estate losses in 2007 compared to a \$4.4 million negative provision for such losses in 2006, discussed in more detail below. Profitability, as measured by return on average net assets, was 7.85% in 2007 compared to 7.22% in 2006.
- Total net loans receivable as of December 31, 2007, were \$2.9 billion, an increase of \$392.3 million, or 15.7%, compared to the amount outstanding as of December 31, 2006.
- The increase in loans receivable was funded primarily by an increase in debt. As of December 31, 2007, total debt outstanding was \$3.2 billion, an increase of \$271.0 million, or 9.1%, compared to the balance at December 31, 2006.

## 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, 2007, and 2006, and changes in the balances of selected items during the fiscal year ended December 31, 2007.

As of December 31, (in thousands)	2007	2006	\$ Change	% Change
<b>Assets</b>				
<b>Current assets</b>	\$ 657,622	\$ 625,280	\$ 32,342	5.2%
<b>Noncurrent assets:</b>				
Investments	81,313	185,265	(103,952)	-56.1%
Loans receivable, net	2,788,844	2,409,656	379,188	15.7%
Capital assets, net	32,723	41,183	(8,460)	-20.5%
Other assets	36,483	32,291	4,192	13.0%
Total noncurrent assets	2,939,363	2,668,395	270,968	10.2%
<b>Total assets</b>	\$ 3,596,985	\$ 3,293,675	\$ 303,310	9.2%
<b>Liabilities</b>				
<b>Current liabilities</b>	\$ 137,051	\$ 222,242	\$ (85,191)	-38.3%
<b>Noncurrent liabilities:</b>				
Bonds and notes payable, net	3,165,109	2,800,033	365,076	13.0%
Other liabilities	12,461	10,355	2,106	20.3%
Total noncurrent liabilities	3,177,570	2,810,388	367,182	13.1%
<b>Total liabilities</b>	3,314,621	3,032,630	281,991	9.3%
<b>Net assets:</b>				
Invested in capital assets, net of related debt	11,215	9,134	2,081	22.8%
Restricted by bond indentures	124,948	114,920	10,028	8.7%
Unrestricted	146,201	136,991	9,210	6.7%
Total net assets	282,364	261,045	21,319	8.2%
<b>Total liabilities and net assets</b>	\$ 3,596,985	\$ 3,293,675	\$ 303,310	9.2%

Total loans receivable increased \$392.3 million, or 15.7%, during the current year, of which the noncurrent portion of the increase was \$379.2 million. This increase is largely due to new loan purchases and originations of approximately \$607.0

million, offset by loan repayments and prepayments that resulted in total principal reductions of \$212.6 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 decreased \$85.2 million, or 38.3%, compared to 2006. This decrease was due to the maturity of \$157.7 million of short-term bonds related to the Authority’s private activity bond volume cap preservation program, partially offset by an increase of \$56.3 million in the amount borrowed under the Authority’s line of credit with the Federal Home Loan Bank. Noncurrent bonds and notes payable increased \$365.1 million, or 13.0%, compared to December 31, 2006, 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, 2007, and 2006, and the change from the prior year.

For the years ended December 31, (in thousands)	2007	2006	\$ Change	% Change
<b>Operating revenues:</b>				
Interest on loans receivable	\$ 147,573	\$ 121,839	\$ 25,734	21.1%
Investment income	27,727	34,384	(6,657)	-19.4%
Net increase (decrease) in the fair value of investments	2,245	(2,468)	4,713	-191.0%
Rental income	10,882	11,638	(756)	-6.5%
Other revenues	17,625	15,449	2,176	14.1%
<b>Total operating revenues</b>	<b>206,052</b>	<b>180,842</b>	<b>25,210</b>	<b>13.9%</b>
<b>Operating expenses:</b>				
Interest on debt	155,406	134,364	21,042	15.7%
Salaries and related benefits	14,341	12,721	1,620	12.7%
General operating	16,835	15,426	1,409	9.1%
Other interest expense	1,588	1,845	(257)	-13.9%
Depreciation	2,722	2,651	71	2.7%
Provision for losses	500	(4,357)	4,857	-111.5%
<b>Total operating expenses</b>	<b>191,392</b>	<b>162,650</b>	<b>28,742</b>	<b>17.7%</b>
<b>Total operating income</b>	<b>14,660</b>	<b>18,192</b>	<b>(3,532)</b>	<b>-19.4%</b>
<b>Nonoperating revenues and expenses, net</b>	<b>6,659</b>	<b>-</b>	<b>6,659</b>	<b>0.0%</b>
<b>Change in net assets</b>	<b>21,319</b>	<b>18,192</b>	<b>3,127</b>	<b>17.2%</b>
<b>Net assets:</b>				
Beginning of year	261,045	242,853	18,192	7.5%
End of year	\$ 282,364	\$ 261,045	\$ 21,319	8.2%

Interest earned on loans of \$147.6 million, interest income on investments of \$27.7 million and interest expense on debt of \$155.4 million are the primary components of total revenues and expenses of the Authority.

Total operating revenues were \$206.1 million in 2007, an increase of \$25.2 million, or 13.9%, compared to 2006. Interest on loans receivable climbed \$25.7 million, or 21.1%, over the 2006 amount. This increase is primarily the result of a 19.5% increase in average loans outstanding.

Also contributing to the increase in operating revenues was a net increase in the fair value of investments of \$2.2 million in 2007 compared to a decrease in fair value of \$2.5 million in 2006. This increase was due to a decline in market rates in 2007 as opposed to increases in market rates for similar securities in 2006. In addition, loan servicing income, reflected in other revenues, increased \$1.0 million, or 11.8%, compared to 2006. The Authority services in excess of 99% of its loans receivable, for which it receives a monthly fee.

Total operating expenses of \$191.4 million for 2007 increased \$28.7 million, or 17.7%, compared to 2006. The rise was largely attributable to a \$21.0 million, or 15.7%, increase in interest expense on debt. This increase was due primarily to an increase in average debt volumes from 2006 to 2007.

Operating expenses also increased as a result of a provision for loan and other real estate losses of \$0.5 million in 2007 compared to a negative provision of \$4.4 million in 2006. During 2006 the Authority updated its methodology for determining the adequacy of its allowance for loan losses, taking into consideration historic losses, specific reviews of certain loans, and current economic conditions, among other factors. As a result of this analysis, the Authority determined that it could reduce its allowance for loan losses, resulting in the negative provision in 2006.

Reflected in nonoperating revenues and expenses are \$6.7 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, 2007, totaled \$32.7 million, a decrease of \$8.5 million, or 20.5%, compared to the amount as of December 31, 2006. The majority of this investment in capital assets is related to the Authority’s ownership of 10 apartment complexes that provide housing to lower and moderate income families. In late 2006 the Authority began negotiations to sell as many as 13 of its then 16 apartment properties. During 2007 the Authority sold 6 of these complexes for a total gain of \$6.7 million. Of the remaining properties to be sold, one closed in the first quarter of 2008 and three other properties are under contract.

The only significant additions during 2007 were the implementation of a new servicing application for the Authority’s multi-family and business finance loans, enhancements to a software application related to single family loan origination and renovations to the Authority’s main office.

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

## **Debt Administration**

As of December 31, 2007, the Authority had \$3.2 billion in bonds and notes payable outstanding and \$64.5 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 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 ratings on the general obligation debt of the Authority are A1/A+ by Moody’s and S&P, respectively. There were no changes in ratings during 2007.

In 2007 the Authority issued \$558.8 million in debt related to its lending programs. Of this amount, \$395.0 million was issued pursuant to the Authority’s single family lending program and is reflected in the Single Family Fund, \$150.8 million was for the multi-family/business lending program and is reflected in the Multi-Family/Business Fund and \$13.0 million was issued in the form of private placements of debt to finance single family and business loans – reflected in the General 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, 2007

(with summarized financial information for December 31, 2006)

(in thousands of dollars)

	General Fund	Single Family	Multi-Family/ Business	Eliminations	2007	2006
<b>Assets</b>						
Current assets:						
Cash	\$ 30,955	\$ -	\$ -	\$ -	\$ 30,955	\$ 26,365
Investments	61,020	270,673	169,370	-	501,063	490,846
Loans receivable	8,719	60,406	27,759	(717)	96,167	83,091
Accrued interest receivable	3,612	12,898	7,753	(211)	24,052	20,211
Deferred debt financing costs, net	18	642	271	-	931	882
Other assets	4,454	-	-	-	4,454	3,885
Due to (from) other funds	(23,800)	17,724	6,076	-	-	-
<b>Total current assets</b>	<b>84,978</b>	<b>362,343</b>	<b>211,229</b>	<b>(928)</b>	<b>657,622</b>	<b>625,280</b>
Noncurrent assets:						
Investments	4,426	39,567	37,320	-	81,313	185,265
Loans receivable, net	252,847	1,751,765	805,023	(20,791)	2,788,844	2,409,656
Capital assets - non-depreciable	7,016	-	-	-	7,016	8,545
Capital assets - depreciable, net	25,707	-	-	-	25,707	32,638
Other real estate owned, net	20	1,626	451	-	2,097	1,923
Deferred debt financing costs, net	331	11,553	4,883	-	16,767	15,882
Other assets	17,619	-	-	-	17,619	14,486
<b>Total noncurrent assets</b>	<b>307,966</b>	<b>1,804,511</b>	<b>847,677</b>	<b>(20,791)</b>	<b>2,939,363</b>	<b>2,668,395</b>
<b>Total assets</b>	<b>\$ 392,944</b>	<b>\$ 2,166,854</b>	<b>\$ 1,058,906</b>	<b>\$ (21,719)</b>	<b>\$ 3,596,985</b>	<b>\$ 3,293,675</b>
<b>Liabilities</b>						
Current liabilities:						
Short-term debt	\$ 64,545	\$ -	\$ -	\$ -	\$ 64,545	\$ 8,200
Bonds payable, current portion	120	4,627	8,768	-	13,515	167,782
Notes payable, current portion	3,956	-	-	-	3,956	108
Accrued interest payable	1,220	17,704	13,373	(211)	32,086	26,360
Federally assisted program advances	708	-	-	-	708	899
Accounts payable and other liabilities	21,114	596	531	-	22,241	18,893
<b>Total current liabilities</b>	<b>91,663</b>	<b>22,927</b>	<b>22,672</b>	<b>(211)</b>	<b>137,051</b>	<b>222,242</b>
Noncurrent liabilities:						
Bonds payable, net	111,815	2,067,027	985,181	-	3,164,023	2,794,178
Notes payable	22,594	-	-	(21,508)	1,086	5,855
Other liabilities	9,456	2,229	776	-	12,461	10,355
<b>Total noncurrent liabilities</b>	<b>143,865</b>	<b>2,069,256</b>	<b>985,957</b>	<b>(21,508)</b>	<b>3,177,570</b>	<b>2,810,388</b>
<b>Total liabilities</b>	<b>235,528</b>	<b>2,092,183</b>	<b>1,008,629</b>	<b>(21,719)</b>	<b>3,314,621</b>	<b>3,032,630</b>
<b>Net assets</b>						
Invested in capital assets, net of related debt	11,215	-	-	-	11,215	9,134
Restricted by bond indentures	-	74,671	50,277	-	124,948	114,920
Unrestricted	146,201	-	-	-	146,201	136,991
<b>Total net assets</b>	<b>157,416</b>	<b>74,671</b>	<b>50,277</b>	<b>-</b>	<b>282,364</b>	<b>261,045</b>
<b>Total liabilities and net assets</b>	<b>\$ 392,944</b>	<b>\$ 2,166,854</b>	<b>\$ 1,058,906</b>	<b>\$ (21,719)</b>	<b>\$ 3,596,985</b>	<b>\$ 3,293,675</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, 2007

(with summarized financial information for the year ended December 31, 2006)

(in thousands of dollars)

	General Fund	Single Family	Multi-Family/ Business	Eliminations	2007	2006
<b>Operating revenues:</b>						
Interest on loans receivable	\$ 12,900	\$ 88,926	\$ 47,647	\$ (1,900)	\$ 147,573	\$ 121,839
Investment income	3,420	14,602	9,705	-	27,727	34,384
Net increase (decrease) in the fair value of investments	(66)	1,371	940	-	2,245	(2,468)
Rental income	10,882	-	-	-	10,882	11,638
Loan servicing income	9,547	-	-	-	9,547	8,543
Section 8 administration fees	4,561	-	-	-	4,561	4,622
Other revenues	3,448	69	-	-	3,517	2,284
<b>Total operating revenues</b>	<b>44,692</b>	<b>104,968</b>	<b>58,292</b>	<b>(1,900)</b>	<b>206,052</b>	<b>180,842</b>
<b>Operating expenses:</b>						
Interest on debt	9,719	95,872	51,715	(1,900)	155,406	134,364
Salaries and related benefits	14,341	-	-	-	14,341	12,721
General operating	15,635	652	548	-	16,835	15,426
Other interest expense	1,588	-	-	-	1,588	1,845
Depreciation	2,722	-	-	-	2,722	2,651
Provision for losses	(300)	1,500	(700)	-	500	(4,357)
<b>Total operating expenses</b>	<b>43,705</b>	<b>98,024</b>	<b>51,563</b>	<b>(1,900)</b>	<b>191,392</b>	<b>162,650</b>
<b>Total operating income</b>	<b>987</b>	<b>6,944</b>	<b>6,729</b>	<b>-</b>	<b>14,660</b>	<b>18,192</b>
<b>Nonoperating revenues and expenses:</b>						
Federal grant receipts	97,100	-	-	-	97,100	95,061
Federal grant payments	(97,100)	-	-	-	(97,100)	(95,061)
Gains on sales of capital assets	6,659	-	-	-	6,659	-
<b>Total nonoperating revenues, net</b>	<b>6,659</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,659</b>	<b>-</b>
<b>Income before transfers</b>	<b>7,646</b>	<b>6,944</b>	<b>6,729</b>	<b>-</b>	<b>21,319</b>	<b>18,192</b>
<b>Transfers from (to) other funds</b>	<b>3,645</b>	<b>245</b>	<b>(3,890)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Change in net assets</b>	<b>11,291</b>	<b>7,189</b>	<b>2,839</b>	<b>-</b>	<b>21,319</b>	<b>18,192</b>
<b>Net assets:</b>						
Beginning of year	146,125	67,482	47,438	-	261,045	242,853
End of year	\$ 157,416	\$ 74,671	\$ 50,277	\$ -	\$ 282,364	\$ 261,045

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, 2007

(with summarized financial information for the year ended December 31, 2006)

(in thousands of dollars)

	General Fund	Single Family	Multi-Family/ Business	Eliminations	2007	2006
<b>Cash flows from operating activities:</b>						
Principal payments received on loans receivable & receipts from dispositions of other real estate owned	\$ 22,859	\$ 158,219	\$ 41,251	\$ (9,692)	\$ 212,637	\$ 219,406
Interest payments received on loans receivable	11,970	88,721	47,139	(1,956)	145,874	123,224
Payments for fundings of loans receivable	(522,266)	-	(84,734)	-	(607,000)	(601,317)
Receipt (payment) for loan transfers between funds	447,236	(413,856)	(33,380)	-	-	-
Receipts from rental operations	10,953	-	-	-	10,953	11,609
Receipts from other revenues	15,632	-	-	-	15,632	15,191
Payments for salaries and related benefits	(14,048)	-	-	-	(14,048)	(12,510)
Payments for goods and services	(18,876)	(652)	(510)	-	(20,038)	(17,778)
All other, net	4,251	-	4	-	4,255	2,217
Net cash used by operating activities	(42,289)	(167,568)	(30,230)	(11,648)	(251,735)	(259,958)
<b>Cash flows from noncapital financing activities:</b>						
Proceeds from issuance of short-term debt	3,362,860	-	-	-	3,362,860	3,767,804
Proceeds from issuance of bonds	13,173	392,151	149,519	-	554,843	861,731
Proceeds from issuance of notes payable	-	-	-	-	-	3,884
Receipts from federal grant programs	98,135	-	-	-	98,135	97,311
Payments for federal grant programs	(98,327)	-	-	-	(98,327)	(96,412)
Principal paid on short-term debt	(3,306,515)	-	-	-	(3,306,515)	(3,880,009)
Principal paid on bonds	(8,461)	(279,265)	(54,306)	-	(342,032)	(448,668)
Principal paid on notes payable	(72)	-	-	-	(72)	(104)
Interest paid on short-term debt	(3,318)	-	-	-	(3,318)	(3,708)
Interest paid on bonds	(5,768)	(91,954)	(48,044)	1,567	(144,199)	(127,638)
Interest paid on notes payable	(12)	-	-	-	(12)	(13)
Transfers (to) from other funds	75	-	(75)	-	-	-
Net cash provided by noncapital financing activities	51,770	20,932	47,094	1,567	121,363	174,178
<b>Cash flows from capital and related financing activities:</b>						
Purchase of capital assets	(3,640)	-	-	-	(3,640)	(3,167)
Proceeds from the disposal of capital assets	16,002	-	-	-	16,002	-
Principal paid on capital-related debt	(10,541)	-	-	9,692	(849)	(786)
Interest paid on capital-related debt	(1,979)	-	-	389	(1,590)	(1,845)
Net cash provided (used) by capital and related financing activities	(158)	-	-	10,081	9,923	(5,798)
<b>Cash flows from investing activities:</b>						
Proceeds from maturities and sales of investments	1,689,586	1,385,495	968,020	-	4,043,101	4,835,021
Purchase of investments	(1,697,331)	(1,255,450)	(992,528)	-	(3,945,309)	(4,772,223)
Income received from investments	3,012	16,591	7,644	-	27,247	31,121
Net cash provided (used) by investing activities	(4,733)	146,636	(16,864)	-	125,039	93,919
<b>Net increase in cash</b>	4,590	-	-	-	4,590	2,341
Cash at beginning of year	26,365	-	-	-	26,365	24,024
Cash at end of year	\$ 30,955	\$ -	\$ -	\$ -	\$ 30,955	\$ 26,365

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, 2007

(with summarized financial information for the year ended December 31, 2006)

(in thousands of dollars)

	General Fund	Single Family	Multi-Family/ Business	Eliminations	2007	2006
<b>Reconciliation of operating income to net cash used by operating activities:</b>						
Operating income	\$ 987	\$ 6,944	\$ 6,729	\$ -	\$ 14,660	\$ 18,192
Adjustments to reconcile operating income to net cash used by operating activities:						
Depreciation expense	2,722	-	-	-	2,722	2,651
Amortization of service release premiums	1,931	-	-	-	1,931	1,802
Amortization of deferred loan fees/costs, net	(434)	1,283	(66)	-	783	1,243
Provision for losses	(300)	1,500	(700)	-	500	(4,357)
Equity in income of joint venture	(159)	-	-	-	(159)	-
(Increase) decrease in fair value of investments	66	(1,371)	(940)	-	(2,245)	2,468
Investment income	(3,420)	(14,602)	(9,705)	-	(27,727)	(34,384)
Interest on debt	11,307	95,872	51,715	(1,900)	156,994	136,209
Changes in assets and liabilities:						
Loans receivable and other real estate owned	(54,372)	(255,702)	(73,690)	(9,692)	(393,456)	(381,807)
Accrued interest receivable on loans	(959)	(1,437)	(1,177)	(56)	(3,629)	(807)
Other assets	(5,634)	-	-	-	(5,634)	(4,721)
Due to/from other funds	2,451	(55)	(2,396)	-	-	-
Accounts payable and other liabilities	3,525	-	-	-	3,525	3,553
<b>Net cash used by operating activities</b>	<b>\$ (42,289)</b>	<b>\$ (167,568)</b>	<b>\$ (30,230)</b>	<b>\$ (11,648)</b>	<b>\$ (251,735)</b>	<b>\$ (259,958)</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 2006 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, 2007, the Authority owned a total of 10 RAP projects, including its three component units, containing 1,232 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.

**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.

As of December 31, 2007, the Authority had the following investments:

Investment Type	Investment Maturities (In Years)				Total	2006
	Less Than 1	1-5	6-10	More Than 10		
Money market mutual fund	\$ 2,011	\$ -	\$ -	\$ -	\$ 2,011	\$ 6,258
External investment pool	42,999	-	-	-	42,999	35,314
Repurchase agreement	327	-	-	-	327	1,042
U.S. Treasury	-	-	2,612	565	3,177	3,304
U.S. Government agencies	92,211	136	18,456	49,003	159,806	139,442
State & political subdivision obligations	-	-	-	10,541	10,541	10,623
Investment agreements - uncollateralized	356,903	-	-	-	356,903	456,828
Investment agreements - collateralized	6,612	-	-	-	6,612	23,300
<b>Total</b>	<b>\$ 501,063</b>	<b>\$ 136</b>	<b>\$ 21,068</b>	<b>\$ 60,109</b>	<b>\$ 582,376</b>	<b>\$ 676,111</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 \$65,446,000 in investments, 93% 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 \$59,543,000 in investments with a maturity of more than ten years held by these funds, 94% 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	AAAm
External investment pool	AAAm
Repurchase agreement	AAA
U.S. Government agencies	AAA
State & political subdivision obligations	AA-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. 96% 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. Investment agreements generally provide for collateralization of balances in the event of a rating agency downgrade of the institution below certain rating requirements.

As of December 31, 2007, 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
Freddie Mac	9.5%	9.4%	10.5%	8.2%
Fannie Mae	15.5%	19.3%	8.4%	24.9%

**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, 2007, the Authority's cash deposits had a carrying amount of \$30,955,000 and a bank balance of \$31,695,000. 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 \$23,228,000 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, 2007, and 2006, consist of the following:

	<b>2007</b>	<b>2006</b>
General Fund	\$ 275,003	\$ 211,075
Single Family Fund:		
Program Senior and Subordinate Mortgage	103,310	119,523
	1,703,903	1,432,852
<b>Total Single Family Fund loans</b>	<b>1,807,213</b>	<b>1,552,375</b>
Multi-Family/Business Fund:		
Insured Mortgage Revenue	99,527	126,497
Multi-Family/Project	743,750	646,868
<b>Total Multi-Family/Business Fund loans</b>	<b>843,277</b>	<b>773,365</b>
Less intercompany loans, included in Multi-Family/Project above	(21,508)	(31,200)
<b>Total loans receivable</b>	<b>2,903,985</b>	<b>2,505,615</b>
Payments in process	(5,639)	(228)
Deferred cash assistance expense	7,833	8,705
Deferred fee income	(10,767)	(9,968)
Allowance for loan losses	(10,401)	(11,377)
<b>Total loans receivable, net</b>	<b>\$ 2,885,011</b>	<b>\$ 2,492,747</b>

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, 2007, was as follows:

<b>Beginning Balance</b>	<b>Provision</b>	<b>Net Charge-offs</b>	<b>Ending Balance</b>
\$ (11,377)	\$ (100)	\$ 1,076	\$ (10,401)

Other real estate owned net of the related allowance of \$2,097,000 as of December 31, 2007, consisted entirely of foreclosures of single-family residences. Activity in the allowance for losses on other real estate for the year ended December 31, 2007, was as follows:

Beginning Balance	Provision	Net Writedowns	Ending Balance
\$ -	\$ (400)	\$ 183	\$ (217)

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

Capital assets activity for the year ended December 31, 2007, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
<b>Non-depreciable capital assets:</b>				
Land	\$ 7,597	\$ -	\$ (1,944)	\$ 5,653
Construction in progress	948	3,194	(2,779)	1,363
Total non-depreciable capital assets	8,545	3,194	(4,723)	7,016
<b>Depreciable capital assets:</b>				
Cost:				
Computer equipment/software	4,526	2,467	(1,069)	5,924
Furniture and equipment	701	319	(407)	613
Rental property - non-building related	3,811	266	(2,216)	1,861
Buildings and related improvements	45,367	174	(10,500)	35,041
Total depreciable capital assets	54,405	3,226	(14,192)	43,439
Less accumulated depreciation:				
Computer equipment/software	(2,739)	(834)	1,069	(2,504)
Furniture and equipment	(510)	(56)	381	(185)
Rental property - non-building related	(2,339)	(346)	1,830	(855)
Buildings and related improvements	(16,179)	(1,486)	3,477	(14,188)
Total accumulated depreciation	(21,767)	(2,722)	6,757	(17,732)
Total depreciable capital assets, net	32,638	504	(7,435)	25,707
Total capital assets, net	\$ 41,183	\$ 3,698	\$ (12,158)	\$ 32,723



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, 2007, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
<b>Corporate activities:</b>				
Cost	\$ 14,450	\$ 3,322	\$ (1,476)	\$ 16,296
Accumulated depreciation	(5,074)	(1,207)	1,450	(4,831)
Net	9,376	2,115	(26)	11,465
<b>RAP activities:</b>				
Cost	48,500	318	(14,659)	34,159
Accumulated depreciation	(16,693)	(1,515)	5,307	(12,901)
Net	31,807	(1,197)	(9,352)	21,258
Total capital assets, net	\$ 41,183	\$ 918	\$ (9,378)	\$ 32,723

Summary financial information for the Authority's RAP activities as of December 31, 2007, and for the year then ended is provided below:

**As of December 31, 2007**

Property, net of accumulated depreciation of \$12,901	\$ 21,258
Total assets	\$ 26,692
Total liabilities	\$ 17,628
Net assets	\$ 9,064

**For the year ended December 31, 2007**

Rental income	\$ 10,882
Gains on sales of properties	6,659
Other revenues	135
General operating expenses	(6,268)
Depreciation expense	(1,515)
Interest expense	(1,588)
Operating income	\$ 8,305



**(5) Short-term Debt**

The Authority has agreements with the Federal Home Loan Bank of Topeka (FHLB) for borrowings in an amount not to exceed the lending limit internally established by the FHLB. Historically, this limit has been well in excess of actual or projected borrowings of the Authority. 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 0.55% per annum above the London Interbank Offered Rate. This line of credit agreement terminates on July 25, 2008. The Authority pays an unused line fee at the rate of 0.15% 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.

The Authority additionally has an agreement with a commercial bank for a secured line of credit authorizing borrowings of up to \$10,000,000. The Authority borrows 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. The line of credit agreement terminates on August 1, 2008. There are no commitment fees associated with this agreement.

Short-term debt activity for the year ended December 31, 2007, was as follows:

Beginning Balance	Additions	Reductions	Ending Balance
\$ 8,200	\$ 3,362,860	\$ (3,306,515)	\$ 64,545

**(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, 2007, and 2006, 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.

Description and due date	Interest rate (%)	2007	2006	
<b>Bonds payable:</b>				
<b>General Fund:</b>				
General Obligation Bonds:				
1992 Series A	2008-2030	9.125	\$ 3,130	\$ 3,160
1998 Series A	2008-2017	4.70 to 5.25	1,060	1,135
Total General Obligation Bonds			4,190	4,295
Single Family:				
Taxable Mortgage Revenue Bonds: (* principal and interest payable monthly)				
2000 Series A*	2008-2020	6.914	1,144	1,496
2000 Series B*	2008-2020	6.675	165	166
2001 Series AP*	2008-2021	6.135	1,679	1,893
2001 Series AV*	2008-2021	6.625	220	388
2002 Series AP*	2008-2022	5.662	524	604
2004 Series A*	2008-2034	4.95	1,463	1,690
2004 Series B*	2008-2035	4.98	3,311	3,824
2004 Series CV*	2008-2035	5.14	2,134	2,488
2005 Series A *	2008-2035	5.17	8,951	9,881
2005 Series B*	2008-2036	5.32	8,158	9,522
2006 Series A*	2008-2036	5.92	10,193	10,670
2007 Series A*	2008-2037	5.50	7,994	-
Total Single Family			45,936	42,622
Multi-Family/Business Finance:				
ACCESS Program Bonds:				
1995 Series A	2008-2015	7.67	210	288
Guaranteed Loan Participation Purchase Bonds: (* principal and interest payable monthly)				
1999 Series A	2008-2024	5.71	687	745
2000 Series A	2008-2025	6.755	214	244
2003 Series A*	2008-2023	5.004	2,911	3,217
2004 Series A*	2008-2024	4.62	3,148	4,121
2004 Series B*	2008-2024	4.88	7,853	8,178
2005 Series A*	2008-2025	4.81	3,417	3,544
2006 Series A*	2008-2026	5.98	4,750	4,969
2007 Series A*	2008-2027	5.89	4,959	-
Total Guaranteed Loan Participation Purchase Bonds			27,939	25,018
Project Loan Participation Purchase Bonds: (* principal and interest payable monthly)				
2004 Series AP*	2008-2024	4.90	6,305	6,840
Taxable Rental Project Revenue Bonds: (* principal and interest payable monthly)				
2000 Series A	2008-2020	6.152	4,519	4,655
2002 Series AV*	2008-2022	5.55	6,187	6,484
2003 Series AV*	2008-2024	5.19	3,794	3,844
2004 Series A*	2008-2024	4.90	12,855	13,046
Total Taxable Rental Project Revenue Bonds			27,355	28,029
Total Multi-Family/Business Finance			61,809	60,175
<b>Total General Fund</b>			<b>111,935</b>	<b>107,092</b>

Description and due date		Interest rate (%)	2007	2006
<b>Single Family Fund:</b>				
Single Family Program Senior and Subordinate Bonds:				
1995 Series D	2008-2026	5.625 to 7.375	415	795
1996 Series A	2008-2027	5.60 to 7.40	335	860
1996 Series B	2008-2027	7.45 to 7.65	300	695
1996 Series C	2008-2027	7.10 to 7.55	350	635
1997 Series A	2008-2027	7.00 to 7.25	985	1,585
1997 Series B	2008-2028	6.75 to 7.00	680	1,365
1997 Series C	2008-2028	6.75 to 6.875	985	1,830
1998 Series A	2008-2029	6.50 to 6.60	4,460	5,270
1998 Series B	2008-2029	5.50 to 6.55	4,443	5,416
1998 Series C	2008-2029	5.15 to 5.625	5,396	6,084
1998 Series D	2008-2029	6.125 to 6.35	5,540	6,950
1999 Series A	2008-2030	6.05 to 6.45	6,570	8,045
1999 Series B	2008-2030	6.50 to 6.80	4,220	6,470
1999 Series C	2008-2031	6.75 to 7.20	6,795	8,665
2000 Series A	2008-2031	7.25 to 7.50	3,020	3,810
2000 Series B	2008-2031	6.70 to 7.25	3,705	4,390
2000 Series C	2008-2031	5.70 to 8.40	3,185	4,375
2000 Series D	2008-2032	5.40 to 6.90	4,800	5,910
2000 Series E	2008-2032	5.375 to 7.00	3,735	4,525
2001 Series A	2008-2032	5.00 to 6.50	6,985	8,215
2001 Series B	2008-2033	5.00 to 6.80	9,100	10,750
2001 Series C	2008-2033	4.875 to 6.60	12,250	14,735
Total Single Family Program Senior and Subordinate Bonds			88,254	111,375
Single Family Mortgage Bonds:				
2001 Series AA	2008-2041	Variable & 5.25	131,840	131,840
2002 Series A	2008-2032	Variable & 4.55 to 5.65	61,650	67,500
2002 Series B	2008-2032	Variable & 4.80 to 5.40	89,805	100,035
2002 Series C	2008-2036	Variable & 4.40 to 4.95	117,155	129,180
2003 Series A	2008-2032	Variable & 4.75 to 5.15	49,970	55,860
2003 Series B	2008-2033	Variable & 5.00	150,930	165,050
2003 Series C	2008-2032	Variable & 5.00	87,070	98,405
2004 Series A	2008-2034	Variable & 5.25	98,470	107,600
2004 Series B	2008-2034	Variable & 5.25	82,245	91,315
2005 Series A	2008-2035	Variable & 5.25	87,355	95,430
2005 Series B	2008-2036	Variable & 4.60 to 5.22	168,810	175,940
2006 Series A	2008-2036	Variable & 5.00	106,985	180,260
2006 Series B	2008-2036	Variable & 5.10	190,950	279,270
2006 Series C	2008-2036	Variable & 4.625	158,680	160,000
2007 Series A	2008-2037	Variable & 4.80	175,000	-
2007 Series B	2008-2038	Variable	220,000	-
Total Single Family Mortgage Bonds			1,976,915	1,837,685
<b>Total Single Family Fund</b>			<b>2,065,169</b>	<b>1,949,060</b>

Description and due date	Interest rate (%)	2007	2006	
<b>Multi-Family/Business Fund:</b>				
Multi-Family Housing Insured - Mortgage Revenue Bonds:				
1996 Series A	2008-2037	6.00 to 6.40	1,785	2,485
1996 Series C		6.10 to 6.40	-	7,900
1997 Series A	2008-2038	5.75 to 7.125	4,970	6,190
1997 Series B	2008-2038	5.70 to 7.25	10,720	16,195
1997 Series C	2008-2039	5.00 to 5.75	22,765	23,785
1998 Series A	2008-2039	5.35 to 6.70	15,585	15,735
1998 Series B	2008-2040	5.45 to 7.00	7,110	7,140
1999 Series A	2008-2041	4.45 to 6.65	29,830	30,105
1999 Series B	2008-2041	5.25 to 5.85	5,295	5,345
1999 Series C	2008-2041	5.35 to 6.20	5,730	15,915
2002 Series AA	2008-2030	Variable	40,545	41,640
Total Multi-Family Housing Insured - Mortgage Revenue Bonds			144,335	172,435
Multi-Family/Project Bonds: (* principal and interest payable quarterly on some of the bonds)				
2000 Series A	2008-2032	Variable & 6.15	46,915	48,025
2000 Series B*	2008-2042	Variable & 5.90 to 6.10	30,180	30,455
2001 Series A	2008-2043	4.25 to 5.65	25,855	26,215
2002 Series A	2008-2042	Variable & 4.45 to 5.70	23,845	26,245
2002 Series C	2008-2042	Variable & 3.60 to 5.30	134,190	136,840
2003 Series A	2008-2033	Variable	41,355	42,370
2004 Series A	2008-2045	Variable & 2.60 to 4.80	82,255	85,080
2005 Series A	2008-2040	Variable	70,640	72,010
2005 Series B	2008-2040	Variable	26,785	33,160
2006 Series A	2008-2041	Variable	105,670	113,700
2006 Series B	2008-2044	Variable	118,600	118,600
2007 Series A	2008-2052	Variable	47,015	-
2007 Series B	2008-2038	Variable	103,745	-
Total Multi-Family/Project Bonds			857,050	732,700
<b>Total Multi-Family/Business Fund</b>			<b>1,001,385</b>	<b>905,135</b>
<b>Total bonds payable</b>			<b>3,178,489</b>	<b>2,961,287</b>
<b>Notes payable:</b>				
Annual payments, 2008		6.125	3,884	3,884
Annual payments, 2008-2020		1.00	585	628
Annual payments, 2008-2025		1.00	573	602
Monthly payments		4.50	-	627
No payments, principal forgiven annually		0.00	-	222
<b>Total notes payable</b>			<b>5,042</b>	<b>5,963</b>
<b>Total bonds and notes payable</b>			<b>3,183,531</b>	<b>2,967,250</b>
Deferred premiums			6,679	8,706
Deferred losses on refunding amounts			(7,630)	(8,033)
<b>Total bonds and notes payable, net</b>			<b>\$ 3,182,580</b>	<b>\$ 2,967,923</b>

A breakdown of bonds payable as of December 31, 2007, and 2006 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	2007	2006
Fixed rate debt	\$ 696,509	\$ 890,902
Synthetic fixed rate debt	2,194,640	1,823,650
Variable rate debt	287,340	246,735
Total	\$ 3,178,489	\$ 2,961,287

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, 2007, and 2006, are as follows:

Description and due date	Interest Rate (%)	Appreciated Balances		
		Maturity	2007	2006
Single Family Program Senior and Subordinate Bonds:				
1998 Series B - 2025-2029	5.50	\$ 6,053	\$ 2,123	\$ 2,011
1998 Series C - 2020-2029	5.625	12,265	4,851	4,589

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, 2007, and 2006:

Description	2007	2006
Single Family Program Subordinate Bonds	\$ 1,435	\$ 2,020
Single Family Mortgage Bonds, Class III	95,220	75,875
Multi-Family/Project Bonds, Class I	252,595	202,265
Multi-Family/Project Bonds, Class III	57,820	52,405
Total	\$ 407,070	\$ 332,565

Long-term liability activity for the year ended December 31, 2007, was as follows:

Description	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable	\$ 2,961,287	\$ 559,134	\$ (341,932)	\$ 3,178,489	\$ 13,520
Notes payable	5,963	-	(921)	5,042	3,956
Unamortized premium	8,706	-	(2,027)	6,679	28
Deferred losses on refunding	(8,033)	(109)	512	(7,630)	(33)
Total bonds and notes payable	2,967,923	559,025	(344,368)	3,182,580	17,471
Arbitrage rebate payable	1,401	2,337	(1,108)	2,630	-
Compensated absences	588	867	(785)	670	111
Deferred income	2,913	641	(300)	3,254	217
Other long-term liabilities	5,762	1,186	(713)	6,235	-
Total long-term liabilities	\$ 2,978,587	\$ 564,056	\$ (347,274)	\$ 3,195,369	\$ 17,799

Bonds and notes payable sinking fund installments and maturities subsequent to December 31, 2007, using rates in effect as of that date are as follows:

Year Ending December 31,	General Fund		Single Family		Multi-Family/Business		Notes Payable	
	Principal	Interest	Principal *	Interest	Principal	Interest	Principal	Interest
2008	\$ 120	\$ 6,105	\$ 4,600	\$ 94,244	\$ 8,800	\$ 47,097	\$ 3,956	\$ 398
2009	125	6,097	4,595	89,961	9,300	45,336	73	11
2010	130	6,090	6,175	89,686	9,820	44,941	74	10
2011	272	6,080	10,545	89,352	10,305	44,519	75	9
2012	308	6,062	24,105	88,849	10,420	44,067	76	9
2013-2017	2,078	29,911	339,370	415,167	72,440	212,217	390	32
2018-2022	14,067	28,413	259,322	354,078	92,870	196,586	295	13
2023-2027	51,520	17,406	221,479	306,706	102,995	175,476	103	2
2028-2032	1,110	11,655	367,566	249,654	130,410	152,055	-	-
2033-2037	42,205	7,702	666,121	133,805	263,475	107,279	-	-
2038-2042	-	-	172,635	11,732	113,785	53,788	-	-
2043-2047	-	-	-	-	129,750	24,814	-	-
2048-2052	-	-	-	-	47,015	11,871	-	-
Total	\$ 111,935	\$ 125,521	\$ 2,076,513	\$ 1,923,234	\$ 1,001,385	\$ 1,160,046	\$ 5,042	\$ 484

\* Includes \$11.3 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, 2007, the amount outstanding on these bonds was \$455,812,000. 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.

## (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, 2007, 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, 2007, the Authority was exposed to no credit risk with 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 or higher category by either Moody's Investors Service (Moody's) or Standard & Poor's (S&P) at the time the contract is entered into.

The Authority has executed 94 swap transactions with 8 counterparties of which 57 swaps, representing approximately 48% of the notional amount of swaps outstanding, are held with 2 separate Aaa/AAA rated (Moody's and S&P respectively) special purpose vehicles, which are bankruptcy remote, both of which are affiliates of the same parent company (22% of the notional amount outstanding are held with the special purpose vehicle with a continuation structure and 26% are held with the special purpose vehicle with a terminating structure). The bankruptcy-remote nature of these special purpose vehicles makes them bankruptcy remote from each other, as well as from their parent company. Thus they should be viewed as discrete credits. Of the remaining 37 swaps, the Authority holds 14 swaps, approximately 18% of the notional amount outstanding, with a single counterparty rated Aaa/AA+. An additional 13 swaps, approximately 15% of the notional amount outstanding, are with another single counterparty rated Aa2/AA. The remaining 10 swaps, approximately 19% of the notional amount outstanding, are held with 4 counterparties, 2 of which are rated Aaa/AAA (one of which operates as a special purpose vehicle with a terminating structure), and 2 of which are rated in the Aaa/AA category by both Moody's and S&P, respectively.

Additionally, the Authority has entered into 8 forward starting swap agreements with 3 counterparties for a notional amount of \$135,815,000. The fair value of these swaps as of December 31, 2007, was a negative \$4,819,000. As of December 31, 2007, the bonds relating to these swap agreements had not been issued.

**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 Bond Market Association Municipal Swap Index (BMA, now known as SIFMA) rate (plus a trading spread). For the swaps in which the Authority is receiving its actual VRDO rate from the counterparty, the Authority is not exposed to basis risk. For the swaps in which the Authority can only receive a rate indexed on BMA, it is only exposed to basis risk to the extent that the Authority's bonds diverge from their historic trading relationship with BMA. Certain tax-exempt swaps, as indicated in the table on the following pages, contain tax risk language where in the occurrence of a tax event as described in the underlying contracts, the Authority would receive an alternative variable rate pegged at a percentage of the London Interbank Offered Rate (LIBOR). For those tax-exempt  
(text continued on page 29)



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>										
2001 Series AA1	\$ 22,520	10/04/01	11/01/13	5.290%	VRDO's Rate				Aaa/AAA	\$ (795)
2001 Series AA2	46,840	10/04/01	05/01/31	4.600%	VRDO's Rate, with tax event language				Aaa/AAA	(4,624)
2002 Series A1	19,455	04/25/02	11/01/13	5.499%	VRDO's Rate				Aaa/AAA	(731)
2002 Series A3	19,090	04/25/02	11/01/21	4.749%	VRDO's Rate				Aaa/AAA	(1,862)
2002 Series B1	12,195	10/24/02	05/01/22	5.529%	VRDO's Rate				Aaa/AAA	(741)
2002 Series B2	22,930	07/18/02	11/01/13	5.285%	VRDO's Rate				Aaa/AAA	(676)
2002 Series B3	40,000	07/18/02	11/01/21	4.506%	VRDO's Rate, with tax event language				Aaa/AAA	(3,272)
2002 Series C1	28,785	10/24/02	11/01/32	5.350%	VRDO's Rate	Par optional termination right	11/01/17	21,765	Aaa/AAA	(674)
2002 Series C2	29,460	10/24/02	11/01/11	4.362%	VRDO's Rate				Aaa/AAA	(289)
2002 Series C3	40,000	10/24/02	05/01/22	4.422%	VRDO's Rate, with tax event language				Aaa/AAA	(2,763)
2003 Series A1	5,850	08/01/03	05/01/11	3.390%	LIBOR plus .05%				Aaa/AAAt	38
2003 Series A1	9,470	02/26/03	11/01/11	4.008%	LIBOR plus .05%				Aaa/AAAt	(24)
2003 Series A2	20,000	02/26/03	11/01/21	4.160%	BMA plus .05%, with tax event language				Aaa/AAAt	(1,111)
2003 Series B1	37,840	08/01/03	11/01/26	4.851%	LIBOR plus .05%	Par optional termination right	05/01/15	27,305	Aaa/AAAt	228
2003 Series B2	33,465	08/01/03	05/01/12	3.665%	LIBOR plus .05%				Aaa/AAAt	127
2003 Series B3	60,000	07/09/03	11/01/26	4.384%	BMA plus .15%	Par optional termination right	05/01/15	43,170	Aaa/AAAt	(2,816)
2003 Series C1	33,900	12/03/03	05/01/12	4.033%	LIBOR plus .05%				Aaa/AAA	(108)
2003 Series C2	40,000	11/13/03	11/01/26	4.595%	BMA plus .15%	Par optional termination right	05/01/15	28,780	Aaa/AAAt	(2,472)
2004 Series A1	27,575	09/01/04	05/01/12	4.460%	LIBOR plus .05%				Aaa/AAA	(297)
2004 Series A2	50,000	07/28/04	11/01/26	4.369%	Trigger, BMA plus .15% or 68% LIBOR	Par optional termination right	05/01/15	35,970	Aa2/AA	(3,346)
2004 Series B1	23,670	12/01/04	05/01/12	4.052%	LIBOR plus .05%				Aaa/AA	(69)
2004 Series B2	40,000	11/01/04	11/01/26	4.122%	Trigger, BMA plus .15% or 68% LIBOR	Par optional termination right	05/01/15	28,780	Aa2/AA	(1,881)
2005 Series A1	30,670	05/01/05	05/01/13	4.356%	LIBOR plus .05%				Aaa/AA	(271)
2005 Series A2	40,000	03/16/05	11/01/27	4.071%	Trigger, BMA plus .15% or 68% LIBOR	Par optional termination right	05/01/15	32,290	Aa2/AA	(1,757)
2005 Series B2	80,000	07/20/05	05/01/34	4.169%	Trigger, BMA plus .15% or 68% LIBOR	Par optional termination right	05/01/15	48,650	Aa2/AA	(4,136)
2006 Series A1	16,985	03/01/06	11/01/13	5.161%	LIBOR plus .05%				Aaa/AA	(500)
2006 Series A3	40,000	01/18/06	11/01/36	4.313%	Trigger, BMA plus .15% or 68% of LIBOR	Par optional termination right	05/01/19	37,810	Aaa/AA+	(2,503)
2006 Series B1	58,680	11/01/06	11/01/14	5.669%	LIBOR plus .05%				Aaa/AA	(2,852)
2006 Series B2	49,325	07/26/06	11/01/34	4.195%	Trigger, BMA plus .05% or 68% of LIBOR	Par optional termination right	05/01/19	16,700	Aaa/AA+	(3,188)
2006 Series B3	62,945	07/26/06	11/01/36	4.545%	Trigger, BMA plus .15% or 68% of LIBOR	Par optional termination right	05/01/19	59,190	Aaa/AA+	(5,473)
2006 Series C1	58,680	01/02/07	11/01/14	5.314%	LIBOR plus .05%				Aaa/AA	(2,214)
2006 Series C2	14,140	12/20/06	05/01/16	4.288%	Trigger, BMA plus .05% or 68% of LIBOR	Par optional termination right	05/01/12	7,050	Aaa/AA+	(937)
2006 Series C2	10,605	12/20/06	11/01/16	4.288%	Trigger, BMA plus .05% or 68% of LIBOR	Par optional termination right	11/01/12	5,300	Aaa/AA+	(729)
2006 Series C2	10,605	12/20/06	11/01/17	4.288%	Trigger, BMA plus .05% or 68% of LIBOR	Par optional termination right	11/01/13	5,300	Aaa/AA+	(759)
2006 Series C2	35,350	12/20/06	11/01/34	4.288%	Trigger, BMA plus .05% or 68% of LIBOR	Par optional termination right	11/01/19	21,210	Aaa/AA+	(2,349)
2007 Series A1	70,000	06/01/07	05/01/15	5.191%	LIBOR plus .05%				Aaa/AA	(2,571)
2007 Series A2	70,000	05/09/07	11/01/37	4.153%	Trigger, BMA plus .05% or 68% of LIBOR	Par optional termination right	05/01/19	62,910	Aaa/AA+	(3,167)
2007 Series B1	99,215	11/01/07	11/01/26	5.580%	LIBOR plus .05%	Par optional termination right	11/01/17	24,610	Aaa/AA	(5,010)
2007 Series B2	50,000	10/18/07	05/01/38	4.508%	Trigger, BMA plus .05% or 68% of LIBOR	Par optional termination right	05/01/19	46,545	Aaa/AA+	(3,968)
2007 Series B3	50,000	10/18/07	05/01/38	4.405%	Trigger, BMA plus .05% or 68% of LIBOR	Par optional termination right	As of: 1) 11/1/13 2) 11/1/15 3) 11/1/17	Up to: 1) 12,500 2) 25,000 3) 50,000	Aaa/AAAt	(2,290)
Total Single Family	1,510,245									(72,832)
<b>Multi-Family/Business:</b>										
2000 Series A1	12,750	03/21/00	10/01/20	5.235%	VRDO's Rate, with tax event language				Aaa/AAA	(1,860)
2000 Series A1	15,920	03/21/00	04/01/25	5.225%	VRDO's Rate, with tax event language				Aaa/AAA	(1,951)
2000 Series A2	11,545	02/01/00	04/01/15	5.800%	VRDO's Rate				Aaa/AAA	(1,301)
2000 Series B1	6,455	10/19/00	07/01/20	7.390%	LIBOR plus .25%				Aaa/AAAt	(1,029)
2002 Series A1	9,410	01/29/03	10/01/22	5.100%	VRDO's Rate				Aaa/AAA	(1,273)
2002 Series AA	30,545	07/03/02	10/01/23	6.068%	VRDO's Rate				Aaa/AAA	(5,844)
2002 Series AA	10,000	10/01/05	04/28/08	3.345%	BMA plus .05%				Aaa/AAA	-
2002 Series C1	10,350	04/01/03	10/01/32	6.129%	VRDO's Rate	Par optional termination right	As of: 1) 10/1/12 2) 4/1/15 3) 4/1/18	Up to: 1) 4,375 2) 6,575 3) all remaining	Aaa/AAA	(686)
2002 Series C2	70,715	10/01/03	10/01/32	5.124%	VRDO's Rate, with tax event language	Par optional termination right	04/01/18	59,340	Aaa/AAA	(8,541)
2002 Series C4	31,960	10/01/03	10/01/32	5.044%	VRDO's Rate, with tax event language	Par optional termination right	04/01/18	26,785	Aaa/AAA	(3,627)
2003 Series A1	22,795	10/01/03	04/01/26	4.555%	LIBOR plus .05%	Par optional termination right	10/01/09	16,576	Aaa/AAA	1,205
2004 Series A1	47,310	11/01/04	10/01/25	5.528%	LIBOR plus .05%	Par optional termination right	10/01/14	all remaining	Aa2/AA	(1,658)
2004 Series A2	10,785	09/22/04	04/01/45	4.884%	BMA plus .15%	Par optional termination right	10/01/19	all remaining	Aa2/AA	(750)
2005 Series A1 (A)	5,075	08/01/05	10/01/35	5.820%	LIBOR plus .05%	Par optional termination right	04/01/15	all remaining	Aa2/AA	(193)
2005 Series A1 (B)	3,250	08/01/05	10/01/20	5.205%	LIBOR plus .05%				Aa2/AA	(128)
2005 Series A1 (C)	10,645	08/01/05	10/01/25	5.712%	LIBOR plus .05%	Par optional termination right	04/01/15	all remaining	Aa2/AA	(409)
2005 Series A1 (D)	4,405	08/01/05	10/01/25	5.573%	LIBOR plus .05%	Par optional termination right	10/01/11	all remaining	Aa2/AA	(94)
2005 Series A2	20,880	07/01/05	04/01/36	4.285%	BMA plus .05%	Par optional termination right	04/01/15	all remaining	Aa2/AA	(747)

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 **
2005 Series A3 (A)	6,710	04/13/05	04/01/40	4.656%	BMA plus .15%	Par optional termination right	10/01/20	all remaining	Aa2/AA	(450)
2005 Series A3 (B)	6,685	10/01/05	04/01/32	4.480%	BMA plus .15%	Par optional termination right	04/01/15	all remaining	Aa2/AA	(249)
2005 Series B1	14,775	03/01/06	04/01/36	5.235%	LIBOR plus .05%	Par optional termination right	10/01/15	11,125	Aaa/AA+	(205)
2005 Series B2 (A)	3,645	01/02/06	10/01/40	4.735%	BMA plus .15%	Par optional termination right	10/01/15	3,305	Aaa/AAA-	(162)
2005 Series B2 (B)	6,175	09/01/06	10/01/38	4.527%	BMA plus .15%	Par optional termination right	10/01/21	4,520	Aaa/AA+	(336)
2006 Series A1	5,275	12/01/06	04/01/27	5.715%	LIBOR plus .05%	Par optional termination right	04/01/17	3,380	Aaa/AAA	(306)
2006 Series A1	1,985	02/01/07	04/01/23	5.400%	LIBOR plus .05%				Aaa/AAA	(111)
2006 Series A1	8,205	01/01/07	04/01/27	6.002%	LIBOR plus .05%	Par optional termination right	As of: 1) 10/1/11 2) 10/1/16	Up to: 1) 1,795 2) 1,355	Aaa/AAA	(709)
2006 Series A1	4,875	01/01/07	04/01/27	5.728%	LIBOR plus .05%	Par optional termination right	As of: 1) 10/1/11 2) 10/1/16	Up to: 1) 1,045 2) 1,565	Aaa/AAA	(321)
2006 Series A1	7,460	12/01/06	04/01/27	6.020%	LIBOR plus .05%	Par optional termination right	04/01/22	2,795	Aaa/AAA	(643)
2006 Series A1	12,020	12/01/06	10/01/36	5.342%	LIBOR plus .05%	Par optional termination right	04/01/21	8,040	Aaa/AA+	(359)
2006 Series A2	5,085	11/01/06	04/01/28	4.341%	BMA plus .15%	Par optional termination right	10/01/16	3,540	Aaa/AAA	(191)
2006 Series A2	9,685	12/01/06	10/01/41	4.999%	BMA plus .15%	Par optional termination right	04/01/24	7,670	Aaa/AAA	(981)
2006 Series A2	12,620	11/01/06	04/01/39	4.626%	BMA plus .15%	Par optional termination right	10/01/16	10,880	Aaa/AAA	(548)
2006 Series A2	3,100	12/01/06	04/01/26	4.740%	BMA plus .15%	Par optional termination right	04/01/24	2,670	Aaa/AAA	(300)
2006 Series A3	2,520	11/01/06	10/01/36	4.504%	BMA plus .05%	Par optional termination right	10/01/16	2,150	Aaa/AAA	(110)
2006 Series A3	905	11/01/06	04/01/27	3.995%	BMA plus .05%				Aaa/AAA	(32)
2006 Series B1	107,500	11/29/06	10/01/44	5.172%	LIBOR				Aaa/AAA	(4,795)
2006 Series B2	11,100	11/29/06	10/01/44	5.172%	LIBOR				Aaa/AAA	(494)
2007 Series A1	33,995	05/01/07	10/01/52	5.207%	LIBOR plus .05%				Aaa/AAA	(1,676)
2007 Series A2	13,020	05/01/07	10/01/52	5.207%	LIBOR plus .05%				Aaa/AAA	(642)
2007 Series B1	8,305	08/29/07	04/01/37	5.093%	LIBOR plus .05%				Aaa/AAA	(265)
2007 Series B1	11,095	08/29/07	04/01/28	5.488%	LIBOR plus .05%	Par optional termination right	10/01/17	8,220	Aaa/AAA	(465)
2007 Series B1	8,080	08/29/07	04/01/28	5.763%	LIBOR plus .05%	Par optional termination right	10/01/12	6,920	Aaa/AAA	(306)
2007 Series B1	2,590	10/01/07	04/01/28	6.133%	LIBOR plus .05%	Par optional termination right	10/01/17	1,815	Aaa/AAA	(251)
2007 Series B1	1,230	10/01/07	04/01/38	6.360%	LIBOR plus .05%	Par optional termination right	04/01/18	1,080	Aaa/AAA	(136)
2007 Series B1	7,780	10/01/07	10/01/22	5.220%	LIBOR plus .05%	Par optional termination right	04/01/28	6,190	Aaa/AA+	(140)
2007 Series B1	4,190	11/01/07	10/01/17	5.887%	LIBOR plus .05%	Par optional termination right	04/01/18	3,510	Aaa/AAA	(339)
2007 Series B1	4,020	12/01/07	10/01/27	6.035%	LIBOR plus .05%	Par optional termination right	04/01/22	2,795	Aaa/AAA	(440)
2007 Series B2	2,955	08/29/07	10/01/36	4.292%	BMA plus .15%	Par optional termination right	10/01/17	2,040	Aaa/AAA	(100)
2007 Series B2	2,150	08/29/07	04/01/38	4.544%	BMA plus .15%	Par optional termination right	10/02/17	1,780	Aaa/AAA	(90)
2007 Series B2	4,960	08/29/07	04/01/38	4.470%	BMA plus .15%	Par optional termination right	10/02/17	4,395	Aaa/AAA	(205)
2007 Series B2	4,925	12/01/07	04/01/28	4.651%	BMA plus .15%	Par optional termination right	04/01/23	3,835	Aaa/AAA	(382)
2007 Series B3	2,675	08/29/07	10/01/37	4.304%	BMA plus .15%	Par optional termination right	10/01/17	2,065	Aaa/AAA	(94)
2007 Series B3	4,985	08/29/07	10/01/19	4.096%	BMA plus .15%	Par optional termination right	10/01/14	4,430	Aaa/AAA	(147)
2007 Series B3	2,320	12/01/07	04/01/38	4.881%	BMA plus .15%	Par optional termination right	10/01/17	2,205	Aaa/AAA	(176)
T Total Multi-Family/Business	684,395									(46,042)
T Total	\$ 2,194,640									\$ (118,874)

\* VRDO indicates a Variable Rate Demand Obligation and is the actual rate paid to bondholders. BMA is the Bond Market 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. Additionally, eight of the tax-exempt swap agreements contain language which transfer the risk of a tax event to the Authority. The fair value of these swaps would decrease an additional \$8,830,000 if a tax event had occurred on the valuation date.

swaps containing tax event language for which the Authority could receive a variable-rate payment other than actual or BMA, the Authority would then be negatively exposed to basis risk should the relationship between LIBOR and BMA converge. Certain tax-exempt swaps, as indicated in the table above, contain a trigger feature in which the Authority receives a rate indexed on BMA 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 BMA 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. The Authority views the likelihood of such events to be remote at this time. 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, 2007, the Authority is not exposed to rollover risk.

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

**Swap Payments and Associated Debt** - Using interest rates as of December 31, 2007, 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
2008	\$ 118,925	\$ 93,570	\$ 19,192	\$ 231,687
2009	119,625	84,938	19,409	223,972
2010	118,975	79,045	18,876	216,896
2011	112,925	73,297	18,234	204,456
2012	99,285	68,060	17,550	184,895
2013-2017	500,725	278,802	71,712	851,239
2018-2022	363,440	191,831	47,083	602,354
2023-2027	285,045	125,477	28,696	439,218
2028-2032	219,600	76,462	15,990	312,052
2033-2037	173,075	36,528	5,782	215,385
2038-2042	50,540	14,562	1,252	66,354
2043-2047	32,480	3,872	261	36,613
Total	\$ 2,194,640	\$ 1,126,444	\$ 264,037	\$ 3,585,121

**(8) Debt Refundings**

On August 29, 2007, the Authority issued its Multi-Family/Project Bonds 2007 Series B, in the aggregate principal amount of \$103,745,000. Proceeds of the bonds were used in part to refund portions of its outstanding Multi-Family Housing Insured Mortgage Revenue Bonds 1997 Series A, and 1997 Series B, in the amount of \$6,260,000. The refunding resulted in a decrease in the aggregate debt service requirement of \$2,125,000 and an approximate economic gain to the Authority of \$961,000. In accordance with GASB Statement No. 23, *Accounting and Financial Reporting for Refundings of Debt Reported by Proprietary Activities*, \$109,000 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.

**(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, 2007, 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, 2007, 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	\$ 46,983
Housing loans	421
Business finance loans	10,695
<b>Total appropriations</b>	<b>58,099</b>
Designations:	
General obligation bonds	16,479
General operating and working capital	510
Unrealized appreciation of investments	53,478
Single and multi-family bonds	17,635
<b>Total designations</b>	<b>88,102</b>
<b>Total General Fund unrestricted net assets</b>	<b>\$ 146,201</b>

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

The composition of interfund balances as of December 31, 2007, is as follows:

Due From Fund	Due to Fund			Total
	General	Single Family	Multi-Family/ Business	
General	\$ -	\$ 17,985	\$ 6,466	\$ 24,451
Single Family	261	-	-	261
Multi-Family/Business	390	-	-	390
<b>Total</b>	<b>\$ 651</b>	<b>\$ 17,985</b>	<b>\$ 6,466</b>	<b>\$ 25,102</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, 2007:

Transfers Out	Transfers In			Total
	General	Single Family	Multi-Family/ Business	
General	\$ -	\$ 248	\$ 125	\$ 373
Single Family	3	-	-	3
Multi-Family/Business	4,015	-	-	4,015
<b>Total</b>	<b>\$ 4,018</b>	<b>\$ 248</b>	<b>\$ 125</b>	<b>\$ 4,391</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:

	2007	2006	2005
<b>Contribution rate of covered salary:</b>			
Members	8.00%	8.00%	8.00%
Authority:			
Trust	9.98%	9.48%	8.98%
Health Fund	1.02%	1.02%	1.02%
<b>Total contribution rate</b>	<b>11.00%</b>	<b>10.50%</b>	<b>10.00%</b>

**Contributions by the Authority:**

Trust	\$ 1,010	\$ 890	\$ 743
Health Fund	103	96	84
<b>Total contributions</b>	<b>\$ 1,113</b>	<b>\$ 986</b>	<b>\$ 827</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 match is a maximum of 3.5%, which includes the 1% contribution. Contributions by the Authority for the years ended December 31, 2007, and 2006 were \$302,000 and \$262,000, respectively. Contributions by participating employees for the year ended December 31, 2007, was \$797,000.

Included in bonds and notes payable are bonds payable to PERA of \$36,155,000 at December 31, 2007, 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**

The Authority had outstanding commitments to make or acquire single family and multi-family/business loans of \$113,524,000 and \$68,585,000, respectively, as of December 31, 2007.

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.

## APPENDIX B

### Outstanding Master Indenture Obligations

#### Outstanding Bonds

As of November 1, 2008, the Authority will have issued and have Outstanding the following Series of Bonds under the Master Indenture in the Classes as indicated:

<u>Title of Bonds</u>	<u>Principal Amount Issued</u>	<u>Outstanding Principal Amount (November 1, 2008)</u>
<b>2000 Series A Bonds:</b>		
Adjustable 2000 Series A-1 (Class I)	\$56,195,000	\$12,750,000
Adjustable 2000 Series A-1 (Class III)	18,500,000(1)	0
Adjustable 2000 Series A-2 (Class I)	11,545,000	11,050,000
2000 Series A-3 (Class II)	6,700,000	6,700,000
Taxable 2000 Series A-4 (Class I)	3,640,000	0
<b>2000 Series B Bonds:</b>		
Taxable Floating 2000 Series B-1 (Class I)	\$ 7,780,000	\$ 6,150,000
2000 Series B-2 (Class I)	13,880,000	13,880,000
Adjustable 2000 Series B-2 (Class I)	5,000,000	5,000,000
2000 Series B-4 (Class I)	4,845,000	4,845,000
2000 Series B-4 (Class III)	370,000	0
<b>2001 Series A Bonds:</b>		
2001 Series A-1 (Class I)	\$24,350,000	\$15,465,000
2001 Series A-2 (Class II)	10,810,000	7,840,000
2001 Series A-2 (Class III)	2,890,000(1)	2,135,000
<b>2002 Series A Bonds:</b>		
Adjustable 2002 Series A-1 (Class I)	\$ 9,410,000	\$9,400,000
2002 Series A-2 (Class I)	3,590,000	1,285,000
2002 Series A-3 (Class II)	5,735,000	5,725,000
Adjustable 2002 Series A-4 (Class I)	19,450,000	7,025,000
2002 Series A-5 (Class I)	9,820,000	0
<b>2002 Series B Bonds:</b>		
Adjustable 2002 Series B-1 (Class I)	\$49,975,000	0
Adjustable 2002 Series B-2 (Class III)	14,625,000	0
<b>2002 Series C Bonds:</b>		
Taxable Adjustable 2002 Series C-1 (Class I)	\$10,920,000	\$10,165,000
Adjustable 2002 Series C-2 (Class I)	70,715,000	70,715,000
2002 Series C-3 (Class I)	16,550,000	9,910,000
Adjustable 2002 Series C-4 (Class I)	31,960,000	31,960,000
2002 Series C-5 (Class I)	7,575,000	4,225,000
2002 Series C-6 (Class II)	5,000,000	4,495,000
<b>2003 Series A Bonds:</b>		
Taxable Adjustable 2003 Series A-1 (Class I)	\$37,415,000(1)	\$29,590,000
Taxable Adjustable 2003 Series A-2 (Class II)	11,365,000	9,800,000
<b>2004 Series A Bonds:</b>		
Taxable Adjustable 2004 Series A-1 (Class I)	\$66,280,000(1)	\$57,605,000
Adjustable 2004 Series A-2 (Class I)	10,785,000	10,785,000
2004 Series A-3 (Class II)	12,050,000	10,530,000
<b>2005 Series A Bonds:</b>		
Taxable Adjustable 2005 Series A-1 (Class I)	\$33,740,000(1)	\$31,245,000
Adjustable 2005 Series A-2 (Class I)	22,235,000	20,170,000
Adjustable 2005 Series A-3 (Class II)	40,275,000	16,610,000
<b>2005 Series B Bonds:</b>		
Taxable Adjustable 2005 Series B-1 (Class I)	\$16,550,000(1)	\$15,685,000
Adjustable 2005 Series B-2 (Class I)	10,820,000	10,625,000
Adjustable 2005 Series B-3 (Class I)	6,000,000	0
<b>2006 Series A Bonds:</b>		
Taxable Adjustable 2006 Series A-1 (Class I)	\$57,130,000(1)	\$54,610,000
Adjustable 2006 Series A-2 (Class I)	34,515,000	33,750,000
Adjustable 2006 Series A-3 (Class III)	22,055,000(1)	14,780,000
<b>2007 Series B Bonds:</b>		
Taxable Adjustable 2007 Series B-1 (Class I)	\$55,710,000	55,010,000
Adjustable Rate 2007 Series B-2 (Class I)	31,170,000	25,080,000
Adjustable Rate 2007 Series B-3 (Class I)	18,865,000	11,990,000

<b>2008 Series A Bonds:</b>		
Taxable Adjustable 2008 Series A-1 (Class II)	\$ 23,090,000(1)	\$23,000,000
Adjustable Rate 2008 Series A-2 (Class II)	9,645,000	9,610,000
<b>2008 Series B Bonds:</b>		
Taxable Adjustable 2008 Series B (Class II)	<u>\$165,565,000</u>	<u>165,515,000</u>
<b>Total Class I Bonds</b>	\$756,415,000	\$570,970,000
<b>Total Class II Bonds</b>	\$290,235,000	\$259,825,000
<b>Total Class III Bonds</b>	\$58,440,000	\$16,915,000
<b>Total Class IV Bonds</b>	--	--

(1) Designated as general obligations of the Authority.



## Outstanding Derivative Products

In connection with the issuance of certain Bonds under the Master Indenture, the Authority has previously entered into the following interest rate swap agreements ("**Derivative Products**") which are now outstanding:

<u>Outstanding Derivative Products</u>	<u>Amount (1)</u>	<u>Counterparty (2)</u>
<b>2000 Series A Derivative Products:</b>		
Adjustable 2000 Series A-1 (Class I)	\$12,750,000	Barclays Bank PLC (2)
Adjustable 2000 Series A-2 (Class I)	11,545,000	Barclays Bank PLC (2)
<b>2000 Series B Derivative Products:</b>		
Taxable Floating 2000 Series B-1 (Class I)	6,150,000	Morgan Stanley Derivative Products Inc.
<b>2002 Series A Derivative Products:</b>		
Adjustable 2002 Series A-1 (Class I)	9,410,000	Barclays Bank PLC (2)
<b>2002 Series C Derivative Products:</b>		
Adjustable 2002 Series C-2 (Class I)	70,715,000	Barclays Bank PLC (2)
Adjustable 2002 Series C-4 (Class I)	31,960,000	Barclays Bank PLC (2)
<b>2003 Series A Derivative Products</b>		
Taxable Adjustable 2003 Series A-1 (Class I)	21,800,000	Barclays Bank PLC (2)
<b>2004 Series A Derivative Products:</b>		
Taxable Adjustable 2004 Series A-1 (Class I)	45,825,000	AIG Financial Products Corp.
Adjustable 2004 Series A-2 (Class I)	10,785,000	AIG Financial Products Corp.
<b>2005 Series A Derivative Products:</b>		
Taxable Adjustable 2005 Series A-1 (Class I)	22,890,000	AIG Financial Products Corp.
Adjustable 2005 Series A-2 (Class I)	20,170,000	AIG Financial Products Corp.
Adjustable 2005 Series A-3 (Class II)	13,175,000	AIG Financial Products Corp.
<b>2005 Series B Derivative Products:</b>		
Taxable Adjustable 2005 Series B-1 (Class I)	14,410,000	Bank of America, N.A.
Adjustable 2005 Series B-2 (Class I)	3,615,000	Bank of America, N.A.
Adjustable 2005 Series B-2 (Class I)	6,110,000	Bank of America, N.A.
<b>2006 Series A Derivative Products:</b>		
Taxable Adjustable 2006 Series A-1 (Class I)	36,745,000	Barclays Bank PLC (2)
Taxable Adjustable 2006 Series A-1 (Class I)	11,835,000	Bank of America, N.A.
Adjustable 2006 Series A-2 (Class I)	30,095,000	Barclays Bank PLC (2)
Adjustable 2006 Series A-3 (Class III)	3,365,000	Barclays Bank PLC (2)
<b>2007 Series B Derivative Products:</b>		
Taxable Adjustable 2007 Series B-1 (Class I)	38,845,000	Barclays Bank PLC (2)
Taxable Adjustable 2007 Series B-1 (Class I)	7,745,000	Bank of America, N.A.
Taxable Adjustable 2007 Series B-2 (Class I)	14,835,000	Barclays Bank PLC (2)
Taxable Adjustable 2007 Series B-2 (Class I)	9,870,000	Barclays Bank PLC (2)
<b>2008 Series A Derivative Products:</b>		
Taxable Adjustable 2008 Series A-1 (Class II)	16,585,000	Barclays Bank PLC (2)
Adjustable 2008 Series A-2 (Class II)	8,030,000	Barclays Bank PLC (2)
<b>2008 Series B Derivative Products:</b>		
Taxable Adjustable 2008 Series B (Class II)	118,600,000	Royal Bank of Canada
Taxable Adjustable 2008 Series B (Class II)	<u>46,915,000</u>	Royal Bank of Canada
<b>Total Outstanding Class I Derivative Products</b>	<u>\$429,865,000</u>	
<b>Total Outstanding Class II Derivative Products</b>	<u>\$203,305,000</u>	
<b>Total Outstanding Class III Derivative Products</b>	<u>\$3,365,000</u>	

(1) As of December 8, 2008.

(2) These Derivative Products have been entered in place of interest rate swap agreements previously existing between the Authority and certain affiliates of Lehman Brothers Inc. which have been recently terminated by the Authority.

Except as noted in the table above, the Authority's obligation to make interest payments to the respective Counterparty under each of these Derivative Products constitutes a Class I Obligation under the Master Indenture, secured on parity with the lien on the Trust Estate of the other Class I Obligations. The Authority's obligation to make termination payments under each of these Derivative Products in the event of early termination is a general obligation of the Authority and not an Obligation under the Master Indenture. See "Part II – COLORADO HOUSING AND FINANCE AUTHORITY – Obligations of the Authority – General Obligations." See also footnote (5) to the audited 2007 financial statements of the Authority included in this Official Statement as **Appendix A**.

For a discussion of the 2008C Derivative Product expected to be entered in connection with the 2008 Series C Bonds, see "Part I – CERTAIN PROGRAM ASSUMPTIONS – 2008C Derivative Product."

### **Outstanding Liquidity Facilities**

The Authority has previously entered into Standby Bond Purchase Agreements (constituting Liquidity Facilities under the Master Indenture) with the liquidity providers listed below with respect to the Adjustable Rate Bonds and having the expiration dates (unless extended or earlier terminated) as set forth below.

#### **Outstanding Liquidity Facilities and Providers**

<b><u>Series of Adjustable Rate Bonds</u></b>	<b><u>Related Liquidity Facility Provider</u></b>	<b><u>Expiration Date of Liquidity Facility</u></b>
2000 Series A-1 and A-2	FHLBank of Topeka	March 21, 2011
2000 Series B-3	FHLBank of Topeka	October 19, 2010
2002 Series A-1 and A-4	FHLBank of Topeka	May 14, 2010
2002 Series C-1, C-2 and C-4	FHLBank of Topeka	November 14, 2010
2003 Series A-1 and A-2	FHLBank of Topeka	September 23, 2011
2004 Series A-1 and A-2	FHLBank of Topeka	September 21, 2009
2005 Series A-1 and A-3	FHLBank of Topeka	April 12, 2010
2005 Series A-2	Dexia Credit Local	April 13, 2012
2005 Series B-1, B-2 and B-3	FHLBank of Topeka	December 13, 2010
2006 Series A-1, A-2 and A-3	DEPFA BANK plc	October 4, 2014
2007 Series B-1, B-2 and B-3	Calyon, New York Branch	August 29, 2012
2008 Series A-1 and A-2	FHLBank of Topeka	April 22, 2013
2008 Series B	FHLBank of Topeka	June 25, 2013

The Authority's obligations to repay the Liquidity Facility Provider prior to stated maturity for any principal amounts due on any Bank Bonds outstanding under a Liquidity Facility constitute Class III Obligations under the Master Indenture and also constitute general obligations of the Authority.

In connection with the issuance of the 2008 Series C Bonds, the Authority will enter into a Standby Bond Purchase Agreement with Federal Home Loan Bank of Topeka, as described in **Appendix H** – "CERTAIN TERMS OF THE INITIAL 2008C LIQUIDITY FACILITY." See also **Appendix I** – "2008C LIQUIDITY FACILITY PROVIDER."

## Existing Bond Insurance

The payment of principal and interest on certain Bonds under the Master Indenture, when due, has been insured by a financial guaranty insurance policy issued by MBIA Insurance Corporation ("MBIA") as described below:

<u>Series of Adjustable Rate Bonds</u>	<u>Outstanding Principal Amount (November 1, 2008)</u>
2006 Series A-3 (Class III)	\$14,780,000

There can be no assurance that any change in the ratings or financial status of MBIA will not affect the ratings on such Bonds, or the availability of the Outstanding Liquidity Facility in effect for such Bonds.

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## APPENDIX C

### SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

The Master Indenture and the 2008 Series C Indenture (collectively, the "**Indenture**") contain various provisions and covenants, some of which are summarized below. Reference is made to the Indenture for a full and complete statement of its provisions. Copies of the Indenture are available as provided in "Part II - MISCELLANEOUS."

#### **Certain Definitions**

"Account" or "Accounts" means one or more of the special trust accounts created and established pursuant to the Master Indenture or a Series Indenture.

"Acquisition Account" mean the Account so designated, which is created and established in the Program Fund by the Master Indenture.

"Administrative Expenses" means all the Authority's expenses of administering its activities under the Indenture and the Act. Such expenses may include, without limiting the generality of the foregoing, (i) Fiduciary Expenses, (ii) the fees and expenses of any auction agent, market agent and any broker-dealer then acting under a Series Indenture with respect to auction rate Bonds, (iii) the fees and expenses of any calculation agent then acting under a Series Indenture with respect to index-based Bonds, (iv) the costs of any remarketing of any Bonds, including the fees and expenses of any remarketing agent then acting under a Series Indenture with respect to such Bonds, (v) the fees and expenses due to any Credit Facility Provider or any Liquidity Facility Provider with respect to any Bonds for which any Credit Enhancement Facility or a Liquidity Facility is in place, (vi) the fees and expenses of the Authority incurred in connection with the preparation of legal opinions and other authorized reports or statements attributable to the Bonds, (vii) fees and expenses associated with the delivery of a substitute Credit Enhancement Facility or Liquidity Facility under a Series Indenture, (viii) fees and expenses associated with the monitoring of the Bonds, the Loans, the Housing Facilities, the Projects and the Authority Projects by the Rating Agencies, (ix) fees and expenses associated with (but not payments under) Derivative Products, (x) Costs of Issuance not paid from proceeds of Bonds, and (xi) salaries, supplies, utilities, labor, materials, office rent, maintenance, furnishings, equipment, machinery and apparatus, including information processing equipment, telephone, software, insurance premiums, legal, accounting, management, consulting and banking services and expenses, travel and other operating costs of the Authority, and payments to pension, retirement, dental, health and hospitalization and life and disability insurance benefits, and any other employee benefits; and any other expenses required or permitted to be paid by the Authority, all to the extent properly allocable to a financing under the Indenture.

"Aggregate Principal Amount" means, as of any date of calculation, the principal amount or Compound Accreted Value of the Bond referred to.

"Alternate Rate" means, on any Rate Determination Date for any 2008C Adjustable Rate Bond in a particular Mode, the following:

- (a) For a Taxable 2008 Series C-1 Bond in the Commercial Paper Mode, the Three-Month LIBOR Rate in effect on such Rate Determination Date plus 0.20%.

(b) For a 2008 Series C-2 Bond, 2008 Series C-3 Bond, or 2008 Series C-4 Bond in the Commercial Paper Mode, the Barclays Capital Tax Exempt Commercial Paper Index in effect on such Rate Determination Date plus 0.20%.

(c) For any 2008C Adjustable Rate Bond in the Daily Mode, the last lawful interest rate for any such 2008C Adjustable Rate Bond set by the Remarketing Agent pursuant to the Indenture.

(d) For a Taxable 2008 Series C-1 Bond in the Weekly Mode, (i) if such Adjustable Rate Bond is secured by a Liquidity Facility and the Liquidity Facility Provider has not failed to honor its obligation to purchase Adjustable Rate Bonds thereunder, One-Month LIBOR Rate in effect on such Rate Determination Date plus 0.20%, or (ii) if such Adjustable Rate Bond is not secured by a Liquidity Facility or if the Liquidity Facility Provider has failed to honor its obligation to purchase Adjustable Rate Bonds thereunder, the Prime Rate plus 1.00%.

(e) For a 2008 Series C-2 Bond, 2008 Series C-3 Bond or 2008 Series C-4 Bond in the Weekly Mode, (i) if such Bond is secured by a Liquidity Facility and the Liquidity Facility Provider has not failed to honor its obligation to purchase such Bonds thereunder, the SIFMA Index in effect on such Rate Determination Date plus 0.20% (or, in the event the Indexing Agent no longer publishes an index satisfying the requirements of the definition of SIFMA Index, the J.J. Kenny Index in effect on such Rate Determination Date plus 0.20%; provided, however, that if the J.J. Kenny Index also ceases to be published, an alternative index shall be calculated by an entity selected in good faith by the Authority, and shall be determined using the criteria for the SIFMA Index), or (ii) if such Bond is not secured by a Liquidity Facility or if the Liquidity Facility Provider has failed to honor its obligation to purchase such Bonds thereunder, the Prime Rate plus 1.00%.

(f) For a 2008C Adjustable Rate Bond in the Term Rate Mode, the interest rates determined under the 2008 Series C Indenture as described in "Part I – TERMS OF THE 2008C ADJUSTABLE RATE BONDS – Interest on the 2008C Adjustable Rate Bonds – Determination of Interest Rate – Term Rates."

"Amortized Value" means, when used with respect to Investment Securities purchased at a premium above or at a discount below par, the value as of any given date obtained by dividing the total amount of the premium or the discount at which such Investment Securities were purchased by the number of days remaining to the first call date (if callable) or the maturity date (if not callable) of such Investment Securities at the time of such purchase and by multiplying the amount so calculated by the number of days having passed from the date of such purchase; and (i) in the case of Investment Securities purchased at a premium, by deducting the product thus obtained from the purchase price and (ii) in the case of Investment Securities purchased at a discount, by adding the product thus obtained to the purchase price.

"Authority Certificate" means a document signed by an Authorized Officer either (i) attesting or acknowledging the circumstances, representations or other matters therein stated or set forth or (ii) setting forth matters to be determined by such Authorized Officer pursuant to the Master Indenture.

"Authority Derivative Payment" means a payment required to be made by or on behalf of the Authority due to a Reciprocal Payor pursuant to a Derivative Product.

"Authority Payment Account" means the Account so designated which is created and established in the Debt Service Fund with respect to General Obligation Bonds by the Master Indenture.

"Authority Project" means a housing facility or other asset intended to be owned and operated by the Authority, or the financing and refinancing of designated expenditures and/or obligations of the Authority, or any combination thereof.

"Authority Project Subaccount" means the subaccount so designated which is created and established in the Series subaccount of the Acquisition Account by the Series Indenture.

"Authority Request" means a written request or direction of the Authority signed by an Authorized Officer.

"Authorized Officer" means the Chairman, Chairman pro tem or Executive Director of the Authority and any other officer designated from time to time as an Authorized Officer by resolution of the Authority and, when used with reference to any act or document, also means any other person authorized by resolution of the Authority to perform such act or sign such document.

"Barclays Capital Tax Exempt Commercial Paper Index" means the index representing the average rate of Barclays Capital's portfolio of all tax-exempt commercial paper with maturities between 25 and 36 days underwritten during the seven days prior to and including each Tuesday, the day upon which the index is calculated.

"Bond" or "Bonds" means any of the bonds, notes or other financial obligations (however denominated) of the Authority authorized and issued under the Indenture.

"Bond Counsel" means any attorney or firm of attorneys of nationally recognized standing in the field of municipal law whose opinions are generally accepted by purchasers of municipal bonds, appointed from time to time by the Authority.

"Bond Payment Date" means each date on which interest or a Principal Installment or both are payable on such Bond, and unless limited, means all such dates.

"Borrower" means the maker of, and any other party obligated on, a promissory note in connection with a Housing Facility or Project.

"Business Day" means a day on which the Trustee, any Paying Agent, the Remarketing Agent, the Bank or banks or trust companies in New York, New York, are not authorized or required to remain closed and on which The New York Stock Exchange is not closed.

"Capital Appreciation Bonds" means any Bond of a Series, Class, tenor and maturity so designated in the Related Series Indenture for which certain determinations hereunder are made on the basis of Compound Accreted Value rather than principal amount.

"Cash Flow Statement" means, with respect to any particular Bonds, a certificate prepared by or on behalf of the Authority with respect to Cash Flows setting forth, for the period extending from the date of such certificate to the latest maturity of the Bonds then outstanding, (i) all Revenues expected to be received during such period; (ii) the application of all such Revenues in accordance with the Indenture; (iii) the resulting balances on each Bond Payment Date and Derivative Payment Date, if any; and establishing under all scenarios included in the Cash Flows, that anticipated Revenues will be at least sufficient to pay the principal of and interest on the Obligations when due and all Administrative Expenses payable under the Indenture when due. Each Cash Flow Statement shall be accompanied by all supporting Cash Flows. Reference to a Cash Flow Statement with respect to a Series shall be taken to

mean a Cash Flow Statement with respect to such Series and any other Series to which it has been linked for Cash Flow Statement purposes.

"Cash Flows" means cash flow schedules prepared by or on behalf of the Authority, presented in sufficient detail acceptable to the Rating Agencies and including a listing of all assumptions and scenarios used in the preparation of such cash flow schedules. The assumptions used and scenarios included shall be acceptable to the Rating Agencies.

"Class I Bonds" means the Colorado Housing and Finance Authority Multi-Family/Project Class I Bonds authorized by, and at any time Outstanding pursuant to, the Indenture.

"Class I Debt Service Fund" means the Fund so designated, which is created and established by the Master Indenture.

"Class I Obligations" means Class I Bonds and any Derivative Product the priority of payment of which is equal with that of Class I Bonds.

"Class I Sinking Fund Installment" means the amount designated for any particular due date in the Related Series Indenture for the retirement of Class I Bonds on an unconditional basis, less any amount credited pursuant to the Master Indenture.

"Class II Bonds" means the Colorado Housing and Finance Authority Multi-Family/Project Class II Bonds authorized by, and at any time Outstanding pursuant to, the Indenture.

"Class II Debt Service Fund" means the Fund so designated, which is created and established by the Master Indenture.

"Class II Obligations" means Class II Bonds and any Derivative Product the priority of payment of which is equal with that of Class II Bonds.

"Class II Sinking Fund Installment" means the amount designated for any particular due date for the retirement of Class II Bonds, as set forth in the Related Series Indenture, which amount may be conditioned upon the transfer of sufficient moneys to the Class II Debt Service Fund, plus all such amounts specified for any prior date or dates, to the extent such amounts have not been paid or discharged, less any amounts credited pursuant to the Master Indenture.

"Class III Bonds" means the Colorado Housing and Finance Authority Multi-Family/Project Class III Bonds authorized by, and at any time Outstanding pursuant to, the Indenture.

"Class III Debt Service Fund" means the Fund so designated, which is created and established by the Master Indenture.

"Class III Obligations" means Class III Bonds and any Derivative Product the priority of payment of which is equal with that of Class III Bonds.

"Class III Sinking Fund Installment" means the amount designated for any particular due date for the retirement of Class III Bonds, as set forth in the Related Series Indenture, which amount may be conditioned upon the transfer of sufficient moneys to the Class III Debt Service Fund, plus all such amounts specified for any prior date or dates, to the extent such amounts have not been paid or discharged, less any amounts credited pursuant to the Master Indenture.



"Class IV Bonds" means the Colorado Housing and Finance Authority Multi-Family/Project Class IV Bonds authorized by, and at any time Outstanding pursuant to, the Indenture.

"Class IV Debt Service Fund" means the Fund so designated, which is created and established by the Master Indenture.

"Class IV Obligations" means Class IV Bonds and any Derivative Product the priority of payment of which is equal with that of Class IV Bonds.

"Class IV Sinking Fund Installment" means the amount designated for any particular due date for the retirement of Class IV Bonds, as set forth in the Related Series Indenture, which amount may be conditioned upon the transfer of sufficient moneys to the Class IV Debt Service Fund, plus all such amounts specified for any prior date or dates, to the extent such amounts have not been paid or discharged, less any amounts credited pursuant to the Master Indenture.

"Commercial Paper Mode" means, with respect to a particular 2008C Adjustable Rate Bond, the Mode during which such Bond bears interest at a Commercial Paper Rate.

"Commercial Paper Rate" means the interest rate (per annum) on any 2008C Adjustable Rate Bond in the Commercial Paper Mode determined pursuant to the Indenture.

"Costs of Issuance" means the items of expense payable or reimbursable directly or indirectly by the Authority and other costs incurred by the Authority, all related to the authorization, sale and issuance of Bonds and Derivative Products or otherwise pursuant to the Indenture, which costs and items of expense shall include, but not be limited to, underwriters' compensation, initial fees and expenses due to any Credit Facility Provider or Liquidity Facility Provider, printing costs, costs of developing, reproducing, storing and safekeeping documents and other information processing or storage of materials, equipment and software related to the Bonds, filing and recording fees, travel expenses incurred by the Authority in relation to such issuance of Bonds or otherwise pursuant to the Indenture, initial fees or charges of the Trustee, the Bond Registrar and the Paying Agent, initial premiums with respect to insurance required by the Indenture to be paid by the Authority or by the Trustee, legal fees and charges, consultants' fees, accountants' fees, costs of bond ratings, and fees and charges for execution, transportation and safekeeping of the Bonds.

"Cost of Issuance Account" means the Account so designated, which is created and established within the Program Fund by the Master Indenture.

"Credit Enhancement Facility" means an insurance policy insuring, or a letter of credit or surety bond or other financial instrument providing a direct or indirect source of funds for, the timely payment of principal of and interest on the Bonds of a Series or portion thereof (but not necessarily principal due upon acceleration thereof under the Master Indenture), as shall be designated pursuant to a Series Indenture with respect to such Series.

"Credit Facility Provider" means a commercial bank or other Person providing a Credit Enhancement Facility pursuant to any Series Indenture with respect to a Series.

"Daily Mode" means the Mode during which all or any part of a Series of 2008C Adjustable Rate Bonds bear interest at the Daily Rate.

"Daily Rate" means the per annum interest rate on any 2008C Adjustable Rate Bond in the Daily Mode determined pursuant to the Indenture.

"Debt Service Payment" means, when used with respect to any Bond Payment Date, the sum of the (i) interest, if any, and (ii) Principal Installments, if any, due and payable on such Bond Payment Date with respect to the Bonds referred to.

"Debt Service Reserve Fund" means the Fund so designated, which is created and established by the Master Indenture.

"Debt Service Reserve Fund Requirement," with respect to each Series of Bonds, shall have the meaning set forth in the Related Series Indenture. See Part I.

"Defeasance Securities" means any Investment Securities used to effect defeasance of Bonds in accordance with the Master Indenture if upon such defeasance the Bonds so defeased are rated in the highest rating category by each Rating Agency rating such Bond, and which are not subject to redemption by the issuer prior to their maturity.

"Depository" means any bank, trust company, or savings and loan association (including any Fiduciary) selected by the Authority and approved by the Trustee as a depository of moneys, Loans, Investment Securities or Financing Documents held under the provisions of the Indenture, and its successor or successors.

"Derivative Product" means a written contract or agreement between the Authority and a Reciprocal Payor, which provides that the Authority's obligations thereunder will be conditioned on the absence of (i) a failure by the Reciprocal Payor to make any payment required thereunder when due and payable, or (ii) a default thereunder with respect to the financial status of the Reciprocal Payor; and:

(i) under which the Authority is obligated to pay (whether on a net payment basis or otherwise) on one or more scheduled and specified Derivative Payment Dates, the Authority Derivative Payments in exchange for the Reciprocal Payor's obligations to pay (whether on a net payment basis or otherwise), or to cause to be paid, to the Authority, Reciprocal Payments on one or more scheduled and specified Derivative Payment Dates in the amounts set forth in the Derivative Product;

(ii) for which the Authority's obligations to make Authority Derivative Payments may be secured by a pledge of and lien on the Trust Estate on an equal and ratable basis with the Outstanding Class I Bonds, Class II Bonds, Class III Bonds or Class IV Bonds, as the case may be; and

(iii) under which the Reciprocal Payments are to be made directly to the Trustee for deposit into the Revenue Fund.

"Excess Earnings" means, with respect to Loans held in any subaccount of the Acquisition Account or the Loan Recycling Account established in connection with a Series of Tax-exempt Bonds, the "excess earnings," as defined in Treasury Regulations §1.148-10T, with respect thereto.

"Excess Earnings Fund" means the Fund so designated, which is created and established by the Master Indenture.

"Fiduciary" means the Trustee, the Bond Registrar, the Paying Agent, or a Depository or any or all of them, as may be appropriate.

"Fiduciary Expenses" means the fees and expenses of the Fiduciaries, except Servicing Fees payable to such persons.

"Financing Documents" means, with respect to any Loan, the Loan Agreement between the Authority and the Borrower with respect to the Loan, the Note duly executed by the Borrower evidencing its obligation to repay the Loan, the Mortgage on the real property or leasehold constituting part of the Housing Facility or Project, financing statements duly prepared and registered pursuant to the Uniform Commercial Code, and such insurance, guaranties and other security for the repayment of the Loan as required by the Authority.

"Fiscal Year" means a period beginning on January 1 in any year and ending December 31 of the same year or such other twelve month period as may be adopted by the Authority in accordance with law.

"Fund" or "Funds" means one or more of the special trust funds created and established pursuant to the Master Indenture or a Series Indenture.

"General Obligation Bonds" means Bonds for the payment of which the Authority pledges its full faith and credit, subject only to the provisions of any agreements with the owners of particular notes or bonds pledging any particular revenues or assets to the payment thereof.

"Housing Facility" means a facility which is designed and financed for the primary purpose of providing decent, safe and sanitary dwelling accommodations pursuant to the Act, including any buildings, land, equipment or facilities or other real or personal property, which may be financed under the Act and (if applicable) the Code and which the Authority has found to be necessary to insure required occupancy or balanced community development or necessary or desirable for sound economic or commercial development of a community.

"Indenture" means the Master Indenture authorized, executed and issued by an Authorized Officer and any amendments or supplements made in accordance with its terms, including all Series Indentures.

"Indexing Agent" means, with respect to the 2008C Adjustable Rate Bonds, Municipal Market Data, Boston Massachusetts, a Thompson Financial Services Company, or its successor.

"Interest Payment Date" means, for each Bond, any date upon which interest on such Bond is due and payable in accordance with the Related Series Indenture.

"Investment Agreement" means any investment agreement provided by an Investment Provider, which agreement, as of the date of execution thereof, shall have no adverse impact on the rating assigned to any Bonds by any Rating Agency.

"Investment Provider" means any commercial bank or trust company, bank holding company, investment company or other entity (which may include the Trustee, the Bond Registrar or the Paying Agent), which Investment Provider shall be approved by the Authority for the purpose of providing investment agreements.

"Investment Revenues" means amounts earned on investments (other than Loans) credited to any Fund or Account pursuant to the Indenture (including gains upon the sale or disposition of such investments), except the Rebate Requirement and any Excess Earnings.

"Investment Securities" means and includes any of the following securities, if and to the extent the same are at the time legal for investment of the Authority's Funds:

(a) Direct, general obligations, or obligations the timely payment of principal and interest of which are unconditionally guaranteed by, the United States of America;

(b) Obligations, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following: Federal Farm Credit Banks; Federal Home Loan Bank System; Export-Import Bank of the United States; Federal Land Banks; Federal National Mortgage Association (excluding "interest only" mortgage strip securities, and excluding other mortgage strip securities which are valued greater than par); Farmers Home Administration; Federal Home Loan Mortgage Corporation (including participation certificates only if they guarantee timely payment of principal and interest); Government National Mortgage Association (excluding "interest only" mortgage strip securities, and excluding other mortgage strip securities which are valued greater than par); Federal Financing Bank; or Federal Housing Administration; or any other agency or instrumentality of the United States of America (created by an act of Congress) substantially similar to the foregoing in its legal relationship to the United States of America;

(c) Repurchase agreements, collateralized by Investment Securities described in clause (a) or clause (b) of this definition, with any institution, any registered broker/dealer subject to the Securities Investors' Protection Corporation jurisdiction or any commercial bank rated by each Rating Agency rating the Bonds sufficiently high to maintain the then current rating on such Bonds by such Rating Agency, and collateralized in such manner to meet all requirements for collateralized repurchase agreements of each Rating Agency rating the Bonds in order to maintain the then current rating on such Bonds by such Rating Agency;

(d) General obligations or revenue obligations (including bonds, notes or participation certificates) of, or "private activity bonds" (within the meaning of the Code), issued by any state of the United States of America or any political subdivision thereof, or any agency or instrumentality of any state of the United States of America or any political subdivision thereof, which obligations are rated by each Rating Agency then rating the Bonds sufficiently high to maintain the then current rating on such Bonds by such Rating Agency, or any money market or short term investment fund investing substantially in or consisting substantially of and secured by obligations described in this paragraph (d), which fund is rated by each Rating Agency then rating the Bonds sufficiently high to maintain the then current rating on such Bonds by such Rating Agency and which fund, if the income from such investment is intended to be excluded from gross income for federal income tax purposes, is included in the definition of "tax-exempt bond" set forth in Treasury Regulation §1.150-1(b);

(e) Any Investment Agreement;

(f) Certificates of deposit, interest-bearing time deposits, or other similar banking arrangements, with a bank or banks (i) rated by each Rating Agency rating the Bonds sufficiently high to maintain the then current rating on such Bonds by such Rating Agency or (ii) collateralized in such manner to meet all requirements for collateralized agreements of each Rating Agency rating the Bonds in order to maintain the then current rating on such Bonds by such Rating Agency; and

(g) Commercial paper rated by each Rating Agency rating the Bonds sufficiently high to maintain the then current rating on such Bonds by such Rating Agency;

(h) Shares in the statutory law trust known as the Colorado Local Government Liquid Asset Trust (COLOTRUST), created pursuant to part 7 of article 75 of title 24, Colorado Revised Statutes; and

(i) Units of a money market fund or a money market mutual fund which has a rating from each Rating Agency then rating the Bonds sufficiently high to maintain the then current rating on such Bonds by such Rating Agency.

provided, that it is expressly understood that the definition of Investment Securities shall be, and be deemed to be, expanded, or new definitions and related provisions shall be added to the Indenture, thus permitting investments with different characteristics from those listed above which the Authority deems from time to time to be in the interest of the Authority to include as Investment Securities if at the time of inclusion the Trustee shall have received written confirmation from the Rating Agencies that such inclusion will not, in and of itself, impair, or cause any of the Bonds to fail to retain, the then existing rating assigned to them by the Rating Agencies.

"J.J. Kenny Index" means, with respect to a 2008 Series C-2 Bond, 2008 Series C-3 Bond, or 2008 Series C-4 Bond in the Weekly Mode for which a rate is not, or cannot be, set pursuant to the Indenture, the index generally made available on the applicable Rate Determination Date by Kenny Information Systems or any successor thereto. The J. J. Kenny Index shall be based upon 30-day yield evaluations at par of bonds, the interest on which is exempt from Federal income taxation under the Internal Revenue Code of 1986, as amended, of not less than five "high grade" component issuers selected by the Kenny Information Systems which shall include, without limitation, issuers of general obligation bonds. The specific issuers included among the component issuers may be changed from time to time by the Kenny Information Systems in its discretion. The bonds on which the J.J. Kenny Index is based shall not include any bonds the interest on which is subject to a "minimum tax" or similar tax under the Internal Revenue Code, unless all tax-exempt bonds are subject to such tax.

"Liquidity Facility" means a Liquidity Facility, letter of credit or other agreement providing liquidity with respect to any Series or portion thereof for the Authority's obligation to repurchase Bonds subject to remarketing which have not been remarketed, as shall be designated pursuant to a Series Indenture with respect to such Series.

"Liquidity Facility Provider" means a commercial bank or other Person providing a Liquidity Facility pursuant to any Series Indenture with respect to a Series.

"Loan" means a loan of money, including advances, in the form of a loan (including a construction loan, a permanent loan or a combined construction and permanent loan) made by the Authority to a Borrower with the proceeds of the Bonds or the Refunded Bonds or with Prepayments for the financing of a portion of the costs of a Housing Facility or Project, which loan is evidenced by a Note pursuant to a Loan Agreement. The Authority may use money deposited in the Acquisition Account or the Loan Recycling Account to acquire mortgage-backed securities, pass-through certificates or other instruments backed by Loans, so long as each such Loan satisfies the requirements of the Master Indenture, in which case references in the Indenture to "Loans" shall be deemed to be references to such mortgage-backed securities, pass-through certificates or other instruments.

"Loan Agreement" means, collectively, the loan agreement, any regulatory agreement, and any other agreement between the Authority and the Borrower relating to the making of the Loan and the operation of the Housing Facility or Project.

"Loan Recycling Account" means the Account so designated, which is created and established in the Program Fund by the Master Indenture.

"Loan Repayments" means, with respect to any Loan, the amounts received by the Authority in respect of scheduled payments of the principal of and/or interest on the Note by or for the account of the Authority but does not include Prepayments or Servicing Fees.

"Mode Change Date" means with respect to any 2008C Adjustable Rate Bond in a particular Mode, the day on which another Mode for such Bond begins.

"Mortgage" means the deed of trust, mortgage or other instrument creating a lien on real property within the State and improvements constructed or to be constructed thereon or on a leasehold under a lease of such real property having a remaining term, at the time such instrument is acquired by the Authority, of not less than the term for repayment of the applicable Loan, and which secures the repayment of the Loan.

"National Repository" shall mean, at the Authority's option, either (i) each Nationally Recognized Municipal Securities Information Repository (collectively, the "**NRMSIRs**") recognized by the Securities and Exchange Commission from time to time for purposes of Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time, or (ii) any other filing system approved by the Securities and Exchange Commission for transmission of continuing disclosure filings under said Rule 15c2-12(b)(5) for submission to the NRMSIRs (without also separately submitting such filings to the NRMSIRs and any applicable State Information Depositories by some other means), including without limitation the central post office known as DisclosureUSA, managed by the Municipal Advisory Council of Texas and located at the website [www.DisclosureUSA.org](http://www.DisclosureUSA.org).

"Note" means the note or notes executed by the Borrower evidencing the Borrower's payment obligations under the Loan.

"One-Month LIBOR Rate" "Three-Month LIBOR Rate" or "One-Year LIBOR Rate" means the rate per annum relating to quotations for London Interbank Offered Rates on U.S. dollar deposits for a one month period, a three month period or a one-year period, respectively, fixed by the British Bankers' Association at 11:00 a.m., London time, on the applicable Rate Determination Date, as displayed at the Internet site, <http://www.bba.org.uk>. If such Rate Determination Date is not a business day in London, the most recently fixed London Interbank Offered Rates on U.S. dollar deposits for a one month period, a three month period or a one-year period, respectively, shall be used. If the rate is no longer available at <http://www.bba.org.uk>, the Trustee will ascertain the rate in good faith from such sources as it shall determine to be comparable to such source.

"Outstanding" means, when used with respect to a Derivative Product, a Derivative Product which has not expired, been terminated or been deemed paid in accordance with the Master Indenture, and when used with reference to any Bonds as of any date, all Bonds theretofore authenticated and delivered under the Indenture except:

- (a) any Bond cancelled or delivered to the Bond Registrar for cancellation on or before such date;
- (b) any Bond (or any portion thereof) (i) for the payment or redemption of which there shall be held in trust under the Indenture and set aside for such payment or redemption, moneys and/or Defeasance Securities maturing or redeemable at the option of the holder thereof

not later than such maturity or redemption date which, together with income to be earned on such Defeasance Securities prior to such maturity or redemption date, will be sufficient to pay the principal or Redemption Price thereof, as the case may be, together with interest thereon to the date of maturity or redemption, and (ii) in the case of any such Bond (or any portion thereof) to be redeemed prior to maturity, notice of the redemption of which shall have been given in accordance with the Indenture or provided for in a manner satisfactory to the Bond Registrar;

(c) any Bond in lieu of or in exchange for which another Bond shall have been authenticated and delivered pursuant to the Indenture; and

(d) any Bond deemed to have been paid as provided in the Master Indenture.

"Owner" means (i) when used with respect to a Bond, the registered owner of such Bond, and (ii) when used with respect to a Derivative Product, any Reciprocal Payor, unless the context otherwise requires.

"Paying Agent" means the bank, trust company or national banking association, appointed as Paying Agent under the Master Indenture and having the duties, responsibilities and rights provided for in the Indenture and its successors or successors and any other corporation or association which at any time may be substituted in its place pursuant to the Indenture.

"Prepayment" means, with respect to any Loan, any moneys received or recovered by the Authority from any payment of or with respect to the principal (including any applicable penalty, fee, premium or other additional charge for prepayment of principal, but excluding any Servicing Fees with respect to the collection of such moneys) under any Note prior to the scheduled payment of such principal as called for by such Note, whether (a) by voluntary prepayment made by the Borrower, (b) as a consequence of the damage, destruction or condemnation of the mortgaged premises or any part thereof, (c) by the sale, assignment, endorsement or other disposition of such Loan or any part thereof by the Authority or (d) in the event of a default thereon by the Borrower, by the acceleration, sale, assignment, endorsement or other disposition of such Loan by the Authority or by any other proceedings taken by the Authority.

"Prime Rate" means the fluctuating rate per annum equal to the "prime rate" listed daily in the "Money Rate" section of *The Wall Street Journal*, or if *The Wall Street Journal* is not published on a particular Business Day, then, the "prime rate" published in any other national financial journal or newspaper selected by the Remarketing Agent.

"Principal Installment" means, as of any date of calculation, and for any Bond Payment Date, (a) the principal amount or Compound Accreted Value of all Bonds due and payable on such date, plus (b) any Class I, Class II, Class III or Class IV Sinking Fund Installments due and payable on such date.

"Program Fund" means the Fund so designated, which is created and established by the Master Indenture.

"Project" means a work or improvement which is located or is to be located in the State, including but not limited to real property, buildings, equipment, furnishings and any other real or personal property or any interest therein, financed, refinanced, acquired, owned, constructed, reconstructed, extended, rehabilitated, improved or equipped, directly or indirectly, in whole or in part, by the Authority and which is designed and intended for the purpose of providing facilities for manufacturing, warehousing, commercial, recreational, hotel, office, research and development, or other business purposes, including but not limited to machinery and equipment deemed necessary for the operation thereof, excluding raw

material, work in process, or stock in trade. "Project" includes more than one project or any portion of a project, but shall not include (a) a housing facility or any portion thereof unless the Authority elects to treat such housing facility or portion thereof as a Project or (b) the financing by the Authority of any county or municipal public facilities beyond the boundaries of the Project.

"Qualified Surety Bond" means any surety bond, letter of credit, insurance policy or other instrument which has liquidity features equivalent to a letter of credit, deposited in the Debt Service Reserve Fund in lieu of or in partial substitution for moneys on deposit therein, which shall have no adverse impact on the rating assigned to any Bonds by any Rating Agency.

"Rate Determination Date" means the date on which the interest rate on any 2008C Adjustable Rate Bond shall be determined, which, (i) in the case of the Commercial Paper Mode, shall be the first day of an Interest Period; (ii) in the case of the Daily Mode, shall be each Business Day commencing with the first day a Series of 2008C Adjustable Rate Bonds becomes subject to the Daily Mode; (iii) in the case of the initial conversion to the Weekly Mode, shall be no later than the Business Day prior to the Mode Change Date, and thereafter, shall be each Tuesday or, if Tuesday is not a Business Day, the next succeeding day or, if such day is not a Business Day, then the Business Day next preceding such Tuesday; (iv) in the case of the Term Rate Mode, shall be a Business Day no earlier than 30 Business Days and no later than the Business Day next preceding the first day of an Interest Period, as determined by the Remarketing Agent; and (v) in the case of the Fixed Rate Mode, shall be a date determined by the Remarketing Agent which shall be at least one Business Day prior to the Mode Change Date.

"Rating Agency" means, at any particular time, any nationally recognized credit rating service designated by the Authority, if and to the extent such service has at the time one or more outstanding ratings of Bonds. The Authority shall at all times have designated at least one such service as a Rating Agency hereunder.

"Rebate Fund" means the Fund so designated, which is created and established by the Master Indenture.

"Reciprocal Payments" means any payment to be made to, or for the benefit of, the Authority under a Derivative Product.

"Reciprocal Payor" means a third party which, at the time of entering into a Derivative Product, shall have no adverse impact on the rating assigned by any Rating Agency, and which is obligated to make Reciprocal Payments under a Derivative Product.

"Record Date" means (i) with respect to 2008 Series C Bonds in a Commercial Paper Mode or a Weekly Mode, the day (whether or not a Business Day) next preceding each Interest Payment Date, (ii) with respect to 2008 Series C Bonds in the Daily Rate Mode, the last day of each month (whether or not a Business Day) and (iii) with respect to 2008 Series C Bonds in a Term Rate Mode or a Fixed Rate Mode, the fifteenth day (whether or not a Business Day) of the month next preceding each Interest Payment Date.

"Redemption Fund" means the Fund so designated, which is created and established by the Master Indenture.

"Related" (whether capitalized or not) means, with respect to any particular Bond, Class, Series, Series Indenture, Supplemental Indenture, Cash Flow Statement, Fund, Account, moneys, investments, Loan (or portion thereof), Loan Repayment or Prepayment, having been created in connection with the



issuance of, or having been derived from the proceeds of, or having been reallocated to, or concerning, the same Series, as the case may be.

"Revenue Fund" means the Fund so designated, which is created and established by the Master Indenture.

"Revenues" means (i) all Loan Repayments, Prepayments and, except insofar as such payments may constitute Servicing Fees, any penalty payments on account of overdue Loan Repayments, (ii) payments made by the Authority for deposit to the Revenue Fund with respect to Authority Projects in accordance with the most recently filed Cash Flow Statement, (iii) Investment Revenues, and (iv) all other payments and receipts received by the Authority with respect to Loans, other than: (a) Servicing Fees, unless such fees are specifically pledged to the Trustee, or (b) any commitment, reservation or application fees charged by the Authority in connection with a Loan, or (c) accrued interest received in connection with the purchase of any Investment Securities, or (d) amounts collected with respect to Loans representing housing assistance payments under any applicable agreement with the U.S. Department of Housing and Urban Development.

"Series" means and refers to all of the Bonds designated as such in the Related Series Indenture and authenticated and delivered on original issuance in a simultaneous transaction, regardless of variations in Class, dated date, maturity, interest rate or other provisions, and any Bond thereafter delivered in lieu of or substitution for any of such Bonds pursuant to the Master Indenture and the Related Series Indenture.

"Series Indenture" means a Supplemental Indenture authorizing a Series of Bonds and delivered pursuant to the Master Indenture.

"Servicer" means a state-chartered bank or national banking association, state or federal savings and loan association or mortgage banking or other financial institution which has been approved by the Authority as experienced and qualified to service Loans, and any successor thereto.

"Servicing Agreement" means an agreement between the Authority and a Servicer for the servicing of Loans.

"Servicing Fees" means (a) any fees paid to or retained by a Servicer in connection with the servicing obligations undertaken by the Servicer in accordance with the Related Servicing Agreement and (b) any fees retained by or expenses reimbursed to the Authority with respect to Loans serviced by the Authority, in each case not in excess of the amount assumed in the most recently filed Cash Flow Statement.

"SIFMA Index" means with respect to any 2008 Series C Bond in the Weekly Mode for which a rate is not set pursuant to the 2008 Series C Indenture, the rate per annum determined on the basis of an index based upon the weekly interest rates of tax-exempt variable rate issues included in a database maintained by the Indexing Agent which meet specific criteria established by the Securities Industry and Financial Markets Association (formerly known as The Bond Market Association and the Public Securities Association).

"State" means the State of Colorado.

"Supplemental Indenture" means any supplemental indenture (including a Series Indenture) approved by the Authority in accordance with the Master Indenture amending or supplementing the Indenture.

"Term Rate" means the per annum interest rate for any 2008C Adjustable Rate Bond in the Term Rate Mode determined pursuant to the Indenture.

"Term Rate Mode" means the Mode during which all or any part of a Series of 2008C Adjustable Rate Bonds bear interest at the Term Rate.

"Trustee" means the bank, trust company or national banking association appointed as trustee by the Master Indenture and having the duties, responsibilities and rights provided for in the Master Indenture and its successor or successors, and any other corporation or association which at any time may be substituted in its place as Trustee pursuant to the Master Indenture.

"Unrelated" (whether capitalized or not) means not "Related," within the meaning of that term as defined herein.

"Weekly Mode" means the Mode during which all or any part of a Series of 2008C Adjustable Rate Bonds bear interest at the Weekly Rate.

"Weekly Rate" means the per annum interest rate on any 2008C Adjustable Rate Bond in the Weekly Mode determined pursuant to the Indenture.

### **Indenture Constitutes a Contract**

In consideration of the purchase and acceptance of any and all of the Bonds and any Derivative Products authorized to be issued under the Indenture, the Indenture will be deemed to be and will constitute a contract between the Authority, the Trustee, the Bond Registrar, the Paying Agent, and the Owners from time to time of the Obligations.

### **Issuance of Additional Bonds**

A Series of Bonds is to be authenticated by the Trustee and delivered to the Authority upon its order only upon receipt by the Trustee of:

- (a) an original executed copy of the Series Indenture authorizing such Bonds and specifying certain information as set forth in the Master Indenture;
- (b) a written order as to the delivery of such Bonds, signed by an Authorized Officer;
- (c) a certificate of an Authorized Officer stating that the Authority is not in default in the performance of any of the covenants, conditions, agreements or provisions contained in the Indenture;
- (d) a Cash Flow Statement with respect to such Series of Bonds (and any other Series to which it may be limited for Cash Flow Statement purposes) taking into account the proposed issuance of such Bonds and the application of the proceeds thereof; and
- (e) such further documents and moneys, including Investment Agreements, as are required by the provisions of the Related Series Indenture.

The Authority may not issue Additional Bonds under the Indenture if such issuance would result in the lowering, suspension or withdrawal of the ratings then applicable to any Bonds (without regard to any Credit Enhancement Facility).

## **Issuance of Refunding Bonds**

Bonds of one or more Series may be issued to refund Outstanding Bonds of one or more Series only upon the receipt by the Trustee of: (i) items referred to in clauses (a), (b), (c), (d) and (e) of the preceding paragraph, and (ii) certain other instructions to the Trustee. In addition, if the bonds to be refunded are Bonds, there must be deposited with the Trustee (or paying agent or escrow agent, if any) either (A) moneys (which may include all or a portion of the proceeds of the Refunding Bonds to be issued) in an amount sufficient to effect payment or redemption at the applicable redemption price of the Bonds to be refunded, together with accrued interest on such Bonds to the due date or redemption date, or (B) Defeasance Securities, the principal of and interest on which when due, together with any moneys deposited with the Trustee (or paying agent or escrow agent), will be sufficient to pay when due the applicable principal or Redemption Price of and interest due or to become due on the Bonds to be refunded. Defeasance Securities include any Investment Securities (including direct obligations of or obligations guaranteed by the United States of America) used to effect defeasance of Bonds in accordance with the Master Indenture if upon such defeasance the Bonds so defeased are rated in the highest rating category by each Rating Agency rating such Bonds, and which are not subject to redemption by the issuer thereof prior to maturity.

## **Derivative Products**

Pursuant to the Master Indenture, the Trustee is to acknowledge any Derivative Product entered into between the Authority and a Reciprocal Payor under which (i) the Authority may be required to make, from time to time, Authority Derivative Payments and (ii) the Trustee may receive, from time to time, Reciprocal Payments for the account of the Authority; provided that no Derivative Product may be entered into unless the Trustee receives a letter from each Rating Agency then rating a Series confirming that the action proposed to be taken by the Authority will not, in and of itself, result in a lowering, suspension or withdrawal of the ratings then applicable to any Bonds.

No later than the fourth Business Day immediately preceding each Bond Payment Date or Derivative Product Date on which a Reciprocal Payment or Authority Derivative Payment is due, the Authority is to give written notice to the Trustee stating the amount of any Reciprocal Payment due to be received by the Trustee or any Authority Derivative Payment to be paid to a Reciprocal Payor.

The Trustee is to deposit all moneys received representing Reciprocal Payments in the Revenue Fund to be applied in accordance with the Indenture. However, Reciprocal Payments may not be used to make an Authority Derivative Payment or to pay any other amounts owned to a Reciprocal Payor under a Derivative Product. The Trustee is to pay to the Reciprocal Payor from moneys in the Revenue Fund, in accordance with the Indenture, the amount of the Authority Derivative Payment due on such Bond Payment Date (as specified in the Authority's written notice) by the deposit or wire transfer of immediately available funds to the credit of the account of the Reciprocal Payor specified in such written notice, but only to the extent such payment will not result in a deficiency in the amount due on the next succeeding Bond Payment Date to the Owners of any Obligations having a priority higher than such Reciprocal Payor under such Derivative Product.

## **Funds Established by the Master Indenture**

The Master Indenture establishes the following funds, all of which are to be held by the Trustee:

- (a) Program Fund (consisting of the Acquisition Account, the Cost of Issuance Account, the Negative Arbitrage Account and the Loan Recycling Account),

- (b) Revenue Fund,
- (c) Debt Service Reserve Fund,
- (d) Class I Debt Service Fund,
- (e) Class II Debt Service Fund,
- (f) Class III Debt Service Fund,
- (g) Class IV Debt Service Fund,
- (h) Redemption Fund (consisting of the Class I Special Redemption Account, the Class II Special Redemption Account, the Class III Special Redemption Account, and the Class IV Special Redemption Account),
- (i) Rebate Fund, and
- (j) Excess Earnings Fund.

A Bond Purchase Fund may be created and established by a Series Indenture to be held by a fiduciary to provide for the payment of the tender price or purchase price of Bonds as provided herein.

#### **Allocation of Moneys, Investments and Loans Among Series**

Except as otherwise provided in the Indenture, bond proceeds and other moneys relating to a Series of Bonds are to be deposited in the related subaccounts created with respect to such Series of Bonds. Loans made or purchased in connection with a Series of Bonds are to be allocated to such Series and held in the subaccount of the Acquisition Account created in connection with such Series of Bonds. The Authority may reallocate moneys, investments and Loans (or portions thereof) among Series by delivering an Authority Request to the Trustee specifying such reallocation under any of the following circumstances:

- (a) if and to the extent required by the Master Indenture (including meeting certain requirements with respect to the Revenue Fund and the Debt Service Reserve Fund and in the case of an Event of Default);
- (b) if and to the extent necessary to enable the Authority to deliver a Cash Flow Statement with respect to one or more Series;
- (c) in connection with an Authority Request, pursuant to the Indenture, directing the Trustee to transfer moneys to the Redemption Fund to redeem certain Bonds;
- (d) if and to the extent that the aggregate amount of moneys, investments and Loans allocated to any particular Series exceeds the aggregate amount of Outstanding Bonds of such Series.

Loans (or portions thereof) reallocated among Series are not required to meet the requirements of the Series Indenture Related to the Series to which such Loans (or portions thereof) are being reallocated if such Loans at the time of their original acquisition by the Authority met the requirements of the Master Indenture and the Series Indenture Related to such Loans at the time of their purchase.

### **Program Fund; Acquisition Account**

There is to be deposited into the Related subaccount of the Acquisition Account established within the Program Fund the amount of Bond proceeds specified in each Series Indenture, other moneys specified in each Series Indenture, and any moneys transferred from the Related Cost of Issuance Account, as provided in the Master Indenture. Moneys deposited in the Acquisition Account of the Program Funds are to be applied, upon Authority Request, to finance (i) Loans that satisfy certain conditions of the Indenture, and (ii) Authority Projects.

Moneys may be withdrawn from the Acquisition Account for the financing of a Loan at the direction of the Authority upon receipt by the Trustee of an Authority Request stating the name of the person to be paid and the amount to be paid. Any moneys deposited in the Acquisition Account that the Authority certifies from time to time will not be used to purchase Loans or to finance Authority Projects are to be transferred to the Redemption Fund on the date specified in the Related Series Indenture (or such later date as may be specified by the Authority and certified by the Authority as consistent with the most recently filed Cash Flow Statement and the Related Series Indenture) and applied as provided in the Related Series Indenture. In the event that no Bonds of a particular Series remain Outstanding, moneys, investments and/or Loans are to be transferred in accordance with the Authority's Request, provided that such request is accompanied by a certification that the requested transfer is consistent with the most recently filed Cash Flow Statement for all Bonds and for any Series to which such retired Series has been linked. In the event that a Loan is financed or refinanced with proceeds of more than one Series of Bonds, provisions of the Indenture relating to a Loan, Loan Repayments, Prepayments, and moneys will be interpreted and applied to relate to such Loan, Loan Repayments, Prepayments and moneys to each Series furnishing proceeds for such Loan in proportion to the respective principal amounts of Bonds of each such Series the proceeds of which were or will be used to finance or refinance such Loan.

Loans made by the Authority must meet the following requirements: (i) such Loan complies with, and is in fulfillment of the purposes of, the Act; and (ii) at the time the Authority makes the Loan, (A) the Authority reasonably believes that such Loan meets applicable requirements under the Code as in effect or as otherwise applicable with respect to such Loan; (B) the Authority has determined that the facility being financed or refinanced as completed constitutes a Housing Facility or a Project, as the case may be, for purposes of the Act; and (C) except to the extent, if any, that a variance is required as a condition to any insurance on, guaranty of or other security for such Loan, such Loan shall bear interest at the rate or rates and shall be payable as to both principal and interest at the time or times which shall be reasonably estimated to be sufficient to assure the timely payment of (1) the allocable portion of scheduled Fiduciary Expenses (as reasonably estimated by the Authority and not otherwise provided for), and (2) all Debt Service Payments on the portion of the Outstanding Bonds used or to be used to make Loans (assuming the receipt of scheduled Loan Repayments on other Loans and scheduled Revenues on moneys not yet used to finance or refinance Loans or held in any Fund or Account held by the Trustee other than the Rebate Fund or the Excess Earnings Fund).

### **Program Fund; Cost of Issuance Account**

The Master Indenture establishes within the Program Fund a Cost of Issuance Account and provides that each Series Indenture is to create a subaccount in the Cost of Issuance Account. Moneys in a Series Cost of Issuance subaccount are to be used to pay Costs of Issuance of the Related Series of Bonds, and any excess moneys remaining therein after payment of all Costs of Issuance shall be transferred to the Related subaccount in the Acquisition Account.

### **Program Fund; Negative Arbitrage Account**

Under the Master Indenture, a Series Indenture may establish for the Related Series of Bonds a Series Subaccount of the Negative Arbitrage Account. The Authority may create a separate subaccount of the Negative Arbitrage Account for any Housing Facility or Project financed or refinance in whole or in part with the proceeds of a Series of Bonds or with moneys in the Loan Recycling Account. Moneys in each such subaccount will be subject to the lien and pledge of the Indenture until the withdrawal and application thereof in accordance with the Indenture. The amount to be credited to each subaccount of the Negative Arbitrage Account shall be specified by the Authority in the Related Series Indenture or in an Authority Certificate. Any moneys collected by the Authority from a Borrower to reimburse the Authority for any Authority moneys deposited to the Related subaccount of the Negative Arbitrage Account shall be and remain the property of the Authority, and shall not be subject to the lien and pledge of the Indenture.

Moneys in each subaccount of the Negative Arbitrage Account are to be transferred to the Revenue Fund on any Bond Payment Date and/or upon completion of the related Housing Facility or Project and/or the date that amounts in the Related subaccount of the Acquisition Account or the Loan Recycling Account, as the case may be, allocable to the related Housing Facility or Project are transferred to the Redemption Fund or the Revenue Fund, pursuant to the Indenture, in an amount specified in an Authority Request.

The amount in any subaccount of the Negative Arbitrage Account with respect to a defaulted Loan is to be transferred to the related subaccount of the Redemption Fund at the time that the Authority receives or recovers any Prepayment of such Mortgage Loan, upon Authority Request. If a Loan is not closed on account of any failure to meet the conditions of the Authority's written commitment to provide the Loan or for any other reason (e.g., failure to meet the conditions of the firm commitment of a governmental insurer or guarantor to insure or guarantee such Loan), provided that the Authority has issued such written commitment with respect to such Loan and is ready and willing to close, and the Authority does not finance or refinance a substitute Housing Facility or Project, the amount in the related subaccount of the Negative Arbitrage Account is to be transferred, upon Authority Request, to the Revenue Fund. Upon the completion of a Housing Facility or Project, the date that another Housing Facility or Project is substituted for such Housing Facility Project or the date that amounts in the related subaccount of the Acquisition Account or the Loan Recycling Account, as the case may be, allocable to such Housing Facility or Project are transferred to the Redemption Fund or the Revenue Fund pursuant to the Indenture, any amounts in the related subaccount of the Negative Arbitrage Account that have not been transferred to the Revenue Fund or to the Redemption Fund pursuant to the Indenture are to be paid by the Authority to the related Borrower to the extent and under the circumstances provided in any Agreement with such Borrower. Each subaccount of the Negative Arbitrage Account is to be terminated upon the earliest of the completion of the related Housing Facility or Project, the date that another Housing Facility or Project is substituted for the related Housing Facility or Project, the date that amounts in the related subaccount or the Loan Recycling Account, as the case may be, allocable to the related Housing Facility or Project are transferred to the Redemption Fund or the Revenue Fund pursuant to the Indenture or the date on which there is no remaining balance in such subaccount of the Negative Arbitrage Account.

### **Program Fund; Loan Recycling Account**

There is to be transferred into the Loan Recycling Accounts amounts from the Revenue Fund as described in "Allocation of Moneys in the Revenue Fund" under this caption. Loans (or portions thereof) allocated to a Series of Bonds and financed or refinanced with moneys in the related subaccount of the Loan Recycling Account are to be held in such subaccount of the Loan Recycling Account. Before any

moneys are transferred to the Loan Recycling Account from the Revenue Fund pursuant to the Indenture, the Authority is to file with the Trustee: (i) a Cash Flow Statement; (ii) an Authority Certificate demonstrating that the Class Asset Requirements will be met; (iii) a rating agency Confirmation, except to the extent a previous Cash Flow Statement, Authority Certificate and Confirmations shall apply to such transfer and the Loans to be made with such amounts. Amounts on deposit in the Loan Recycling Account are to be applied, upon Authority Request, (i) to finance or refinance Loans that satisfy the requirements of the Indenture, and (ii) to finance or refinance Authority Projects. The Trustee is to withdraw moneys from the related subaccount of the Loan Recycling Account for the financing of a Loan upon receipt of an Authority Request stating (i) the name of the person to be paid and (ii) the amount to be paid. Moneys remaining in the related subaccount of the Loan Recycling Account on the date set forth in the Cash Flow Statement in connection with which such moneys were deposited in such subaccount are to be withdrawn by the Trustee on such date (or such earlier date or dates as may be specified by the Authority), and are to be transferred to the Revenue Fund.

## **Revenue Fund**

The Master Indenture provides that each Series Indenture shall create a subaccount for the related Series of Bonds in the Revenue Fund. All Revenues related to each Series of Bonds, in addition to certain amounts transferred from the Negative Arbitrage Account, Loan Recycling Account, Debt Service Fund for each Class, Special Redemption Account for each Class, Rebate Fund and Excess Earnings Fund in accordance with the Indenture, are to be deposited in the related Subaccount of the Revenue Fund.

The Trustee is to pay from the related subaccount of the Revenue Fund (i) all Fiduciary Expenses when payable, and (ii) reasonable and necessary Administrative Expenses as provided in the following paragraph.

## **Allocation of Moneys in the Revenue Fund**

On the last Business Day Prior to each Bond Payment Date or Derivative Payment Date, or more frequently if required by a Series Indenture, or on the other dates specifically provided below, moneys in each subaccount of the Revenue Fund are to be transferred by the Trustee to the Related (or Unrelated, as provided below) subaccounts of the following Funds and Accounts in the following order of priority:

(a) Related Subaccounts of Rebate Fund. On each December 31, an amount to be calculated by the Authority which, together with the amount therein, will equal the Rebate Requirement related to the Tax-Exempt Bonds of each respective Series, as determined by the Authority;

(b) Related Subaccounts of the Excess Earnings Fund. On each December 31, an amount to be calculated by the Authority which, together with the amount therein, will equal the amount determined by the Authority to be required to be on deposit therein;

(c) Related Subaccounts of Class I Debt Service Fund. An amount which, together with the amount therein, will equal (x) the interest due and payable on the next Bond Payment Date on all Class I Bonds of the Related Series then Outstanding and any Authorized Derivative Payment secured on a parity with the Class I Bonds accrued and unpaid as of such date; plus (y) the aggregate amount of Principal Installments becoming due and payable on the Outstanding Class I Bonds of the Related Series on such Bond Payment Date or, if such date is not a date for payment of such Principal Installments, an amount that, if made in substantially equal installments on each subsequent Bond Payment Date to an including the next Bond Payment Date that is a date for the payment of Principal Installments on related Class I Bonds, will equal the

amount of the Principal Installments becoming due and payable on Outstanding Related Class I Bonds on such next Bond Payment Date;

(d) Unrelated Subaccounts of Class I Debt Service Fund. Any deficiency in such subaccount(s) of the Class I Debt Service Fund, after making any requisite transfers from the Related Debt Service Reserve Fund, resulting from the lack of moneys sufficient to make the deposit described in (c) above as of such date, on a proportionate basis with all other Unrelated such subaccounts or as otherwise directed by Authority Request;

(e) Related Subaccounts of Loan Recycling Account (Upon Authority Elections) or Class I Special Redemption Account or any combination thereof. The amount, if any, needed to ensure that the Class I Asset Requirement of the Related Series of Bonds will be met on such Bond Payment Date following such transfer, provided that any election by the Authority to make deposits into the Loan Recycling Account must be evidenced by an Authority Certificate filed with the Trustee;

(f) Unrelated Subaccounts of Class I Special Redemption Account. Any deficiency in such subaccount(s) resulting from the lack of moneys sufficient to make the deposit described in (e) above as of such date, on a proportionate basis with all other Unrelated such subaccounts or as otherwise directed by Authority Request;

(g) Related Subaccount of Class II Debt Service Fund. An amount which, together with the amount therein, will equal (x) the interest due and payable on the next Bond Payment Date on all Class II Bonds of the Related Series then Outstanding and any Authorized Derivative Payment secured on a parity with the Class II Bonds accrued and unpaid as of such date; plus (y) the aggregate amount of Principal Installments becoming due and payable on the Outstanding Class II Bonds of the Related Series on such Bond Payment Date or, if such date is not a date for payment of such Principal Installments, an amount that, if made in substantially equal installments on each subsequent Bond Payment Date to and including the next Bond Payment Date that is a date for the payment of Principal Installments on related Class II Bonds, will equal the amount of the Principal Installments becoming due and payable on Outstanding Related Class II Bonds on such next Bond Payment Date;

(h) Unrelated Subaccounts of Class II Debt Service Fund. Any deficiency in such subaccount(s) of the Class II Debt Service Fund, after making any requisite transfers from the Related Debt Service Reserve Fund, resulting from the lack of moneys sufficient to make the deposit described in (g) above as of such date, on a proportionate basis with all other Unrelated such subaccounts or as otherwise directed by Authority Request;

(i) Related Subaccount of Debt Service Reserve Fund. An amount, if any, which, together with the available amount of any Qualified Surety Bond therein, will equal the Debt Service Reserve Fund Requirement of the Related Series of Bonds;

(j) Unrelated Subaccounts of Debt Service Reserve Fund. Any deficiency in such subaccount(s) resulting from the lack of Related Revenues sufficient to make the deposit described in (i) above as such date on a proportionate basis with all other Unrelated such subaccounts or as otherwise directed by Authority Request;

(k) Related Subaccount of Loan Recycling Account (Upon Authority Election) or Class II Special Redemption Account or any combination thereof. An amount, if any, needed to ensure that the Class II Asset Requirement of the Related Series Bonds will be met on such Bond



Payment Date following such transfer, provided that any election by the Authority to make deposits into the Loan Recycling Account must be evidenced by an Authority Certificate filed with the Trustee;

(l) Unrelated Subaccounts of the Class II Special Redemption Account. Any deficiency in such subaccount resulting from the lack of moneys sufficient to make the deposit described in (k) above as of such date, on a proportionate basis with all other Unrelated such subaccounts or as otherwise directed by Authority Request;

(m) To the Authority. An amount of any reasonable and necessary Fiduciary Expenses with respect to the Related Series of Bonds previously incurred but not reimbursed to the Authority or reasonably anticipated to be payable in the following six months; provided, however, that in no event shall the aggregate of all Fiduciary Expenses with respect to the Related Series of Bonds paid directly to Fiduciaries or to the Authority under this paragraph (m) exceed any limitation set forth in the Related Series Indenture for any period;

(n) To the Authority. An amount equal to any deficiency in moneys to pay reasonable and necessary Fiduciary Expenses with respect to Unrelated Series of Bonds resulting from the lack of moneys sufficient to make the deposit described in (m) above as of such date on a proportionate basis with all other Unrelated Series of Bonds or as otherwise directed by Authority Request;

(o) Related Subaccount of Class III Debt Service Fund. An amount which, together with the amount therein, will equal (x) the aggregate amount of interest becoming due and payable on such Bond Payment Date or Derivative Payment Date upon all Class III Bonds of the Related Series then Outstanding and any Authority Derivative Payment secured on a parity with the Class III Bonds accrued and unpaid as of such date; plus (y) the aggregate amount of Principal Installments required to be paid for the Outstanding Class III Bonds of the Related Series on such Bond Payment Date or, if such Bond Payment Date is not a date for the payment of such Principal Installments on Related Class III Bonds, an amount that, if made in substantially equal installments on each subsequent Bond Payment Date to an including the next Bond Payment Date that is a date for the payment of Principal Installments on related Class III Bonds, will equal the amount of the Principal Installments becoming due and payable on Outstanding Related Class III Bonds on such next Bond Payment Date;

(p) Unrelated Subaccounts of Class III Debt Service Fund. Any deficiency in such subaccounts (after making any requisite transfers from the Related subaccount of the Debt Service Reserve Fund) resulting from the lack of moneys sufficient to make the deposit described in (o) above as of such date, on a proportionate basis with all other Unrelated such subaccounts or as otherwise directed by Authority Request.

(q) To the Authority. An amount of any reasonable and necessary Administrative Expenses with respect to the Related Series of Bonds previously incurred but not reimbursed to the Authority or reasonably anticipated to be payable in the following six months; provided, however, that in no event shall the aggregate of such amounts paid to the Authority, plus amounts paid to the Authority with respect to such Series of Bonds pursuant to paragraphs (m) and (n) above and plus all Fiduciary Expenses with respect to the Related Series of Bonds paid directly to Fiduciaries exceed any limitations set forth in the Related Series Indenture;

(r) To the Authority. An amount equal to any deficiency in moneys to pay the reasonable and necessary Administrative Expenses with respect to Unrelated Series of Bonds

resulting from the lack of moneys sufficient to make the deposit described in (q) above, on a proportionate basis with all other Unrelated Series of Bonds or as otherwise directed by Authority Request;

(s) Related Subaccount of Loan Recycling Account (Upon Authority Election) or Redemption Fund or any combination thereof. An amount, if any, necessary to satisfy the Class III Asset Requirement of the Related Series of Bonds, calculated as of such next succeeding Bond Payment Date and giving effect to such transfer, which amount shall be allocated to the Related subaccounts of the Class I Special Redemption Account, the Class II Special Redemption Account and the Class III Special Redemption Account on the basis of the relative ratios represented by the Aggregate Principal Amounts Outstanding of the Related Class I Bonds, Class II Bonds and Class III Bonds, respectively, to the Aggregate Principal Amount of all Related Class I, Class II and Class III Bonds Outstanding, provided that any election by the Authority to make deposits into the Loan Recycling Account must be evidenced by an Authority Certificate filed with the Trustee;

(t) Unrelated Subaccounts of Redemption Fund. On a proportionate basis with all other Unrelated such subaccounts or as otherwise directed by Authority Request, the additional amount, if any, necessary (after the deposits required by paragraph (s) above for the Related Series of Bonds) to satisfy the Class III Asset Requirement of such Unrelated Series of Bonds, calculated as of such next succeeding Bond Payment Date and giving effect to such transfer, which amount shall be allocated to the applicable subaccount of the Class I Special Redemption Account, the Class II Special Redemption Account and the Class III Special Redemption Account on the basis of the relative ratios represented by the Aggregate Principal Amount Outstanding of the applicable Class I Bonds, Class II Bonds and Class III Bonds, respectively, to the Aggregate Principal Amount of all applicable Class I, Class II, and Class III Bonds Outstanding (for purposes of this paragraph (t), "applicable" means Related to such Unrelated Series);

(u) Related Subaccount of Class IV Debt Service Fund. An amount which, together with the amount herein, will equal (x) the aggregate amount of interest becoming due and payable on such Bond Payment Date or Derivative Payment Date upon all Class IV Bonds of the Related Series then Outstanding and any Authority Derivative Payment secured on a parity with the Class IV Bonds accrued and unpaid as of such date; plus (y) the aggregate amount of Principal Installments required to be paid for the Outstanding Class IV Bonds of the Related Series on such Bond Payment Date;

(v) Unrelated Subaccounts of Class IV Debt Service Fund. Any deficiency (after making any requisite transfers from the Related Subaccount of the Debt Service Reserve Fund) in such subaccounts resulting from the lack of moneys sufficient to make the deposit described in (u) above as of such date, on a proportionate basis with all other Unrelated such subaccounts or as otherwise directed by Authority Request; and

(w) Upon Authority Request, Related Subaccount of the Loan Recycling Account. In order to finance or refinance Loans or Authority Projects, to the extent permitted by the applicable Series Indenture.

The balance, if any, in each subaccount of the Revenue Fund (or such lesser amount as requested by the Authority) is to be paid to the Authority for the payment of Administrative Expenses or for any other purpose free and clear of any lien and pledge of the Indenture upon receipt of an Authority Request made within 30 days of such Bond Payment Date. Any balance remaining after such payment to the Authority is to be transferred to the Related subaccounts of the Redemption Fund and allocated as

provided in (s) above or as set forth in an Authority Request, subject to any limitation or requirements specified in the Related Series Indenture.

In the event Bonds are to be redeemed on a date other than a Bond Payment Date, and to the extent moneys are not available in the Related subaccounts of the Class I Debt Service Fund, the Class II Debt Service Fund, the Class III Debt Service Fund or the Class IV Debt Service Fund to pay accrued interest on such redemption date for such Class I Bonds, Class II Bonds, Class III Bonds and Class IV Bonds, respectively, the Trustee is to apply or cause the Paying Agent to apply available moneys in the Related subaccount of the Revenue Fund for the payment of such interest.

### **Debt Service Funds**

There is created a Class I Debt Service Fund, Class II Debt Service Fund, Class III Debt Service Fund and Class IV Debt Service Fund, and pursuant to each Series Indenture, subaccounts in each such Fund for each Series of Bonds. Amounts in each series subaccount of each Debt Service Fund are to be used and withdrawn by the Trustee solely for transfer to the Paying Agent (i) on each Bond Payment Date and Derivative Payment Date for the purpose of paying first the interest then the Principal Installments on the Related Class and Series of Bonds and any Authority Derivative Payment secured on a parity with the Related Class and Series of Bonds as the same shall become due and payable (including accrued interest on any Bonds of the Related Class purchased or redeemed prior to maturity pursuant to the Indenture) or (ii) on each purchase date for the purpose of paying the purchase price of the Related Class and Series of Bonds purchased in lieu of redemption by the Sinking Fund Installments for the Related Class of Bonds.

Amounts remaining in each subaccount of the Debt Service Funds after all Bonds of the Related Class has been paid or funds have been set aside and held in trust for such payment are to be transferred to the Related subaccount of the Revenue Fund.

### **Debt Service Reserve Fund**

Upon the issuance, sale and delivery of a Series of Bonds pursuant to the Indenture, the Trustee is to deposit in the Related subaccount of the Debt Service Reserve Fund such amounts, if any, as are required by the provisions of the Related Series Indenture, which aggregate amount, together with the available amount of any Qualified Surety Bond or Bonds in the Debt Service Reserve Fund, is to be at least sufficient to equal the Debt Service Reserve Fund Requirement relating to such Series of Bonds, calculated after giving effect to the issuance of such Bonds. Additional moneys may be deposited in the Related subaccount of the Debt Service Reserve Fund in accordance with the Master Indenture.

On the last Business Day prior to each Bond Payment Date or more frequently if required by a Series Indenture, and in each case in conjunction with the transfers, deposits and payments to be made from the Revenue Fund as provided in the Master Indenture, the Trustee is to transfer from each subaccount of the Debt Service Reserve Fund to the specified subaccounts of other Funds or Accounts the following amounts (from any cash, Investment Securities or Qualified Surety Bonds therein), in the following order of priority:

- (a) Related Subaccount of Class I Debt Service Fund. In the event that the amount transferred to any subaccount of the Class I Debt Service Fund from the Related subaccount of the Revenue Fund is insufficient to pay the interest and Principal Installments, if any, due on the Class I Bonds of the Related Series on the next succeeding Bond Payment Date, the amount of such insufficiency is to be transferred from the Related subaccount of the Class I Debt Service Reserve Fund;

(b) Unrelated Subaccounts of Class I Debt Service Fund. In the event that the amount transferred to a subaccount of the Class I Debt Service Fund from Unrelated subaccounts of the Revenue Fund is insufficient to pay the interest and Principal Installments, if any, due on Class I Bonds of the Related Series on the next succeeding Bond Payment Date, the amount of such insufficiency is to be transferred from Unrelated subaccounts in the Debt Service Reserve Fund, on a proportionate basis or as otherwise directed by Authority Request.

(c) Related Subaccount of Class II Debt Service Fund. In the event that the amount transferred to any subaccount of the Class II Debt Service Fund from the Related subaccount of the Revenue Fund is insufficient to pay the interest and Principal Installments, if any, due on the Class II Bonds of the Related Series on the next succeeding Bond Payment Date, the amount of such insufficiency is to be transferred from the Related subaccount of the Debt Service Reserve Fund.

(d) Unrelated Subaccounts of Class II Debt Service Fund. In the event that the amount transferred to any subaccount of the Class II Debt Service Fund from the Unrelated subaccount of the Revenue Fund is insufficient to pay the interest and Principal Installments, if any, due on the Class II Bonds of the Related Series on the next succeeding Bond Payment Date, the amount of such insufficiency is to be transferred from Unrelated subaccounts in the Debt Service Reserve Fund, on a proportionate basis or as otherwise directed by Authority Request.

(e) Related Subaccount of Class III Debt Service Fund. In the event that the amount transferred to any subaccount of the Class III Debt Service Fund from the Related subaccount of the Revenue Fund is insufficient to pay the interest and Principal Installments, if any, due on the Class III Bonds of the Related Series on the next succeeding Bond Payment Date, the amount of such insufficiency is to be transferred from the Related subaccount of the Debt Service Reserve Fund; provided, however, that no such transfer may result in (A) the amount on deposit in the Related subaccount of the Debt Service Reserve Fund being reduced to an amount less than any minimum deposit specified in the Related Series Indenture or (B) a failure to meet the Related Class II Asset Requirement.

(f) Unrelated Subaccounts of Class III Debt Service Fund. In the event that the amount transferred to any subaccount of the Class III Debt Service Fund from the Unrelated subaccounts of the Revenue Fund is insufficient to pay the interest and Principal Installments, if any, due on the Class III Bonds of the Related Series on the next succeeding Bond Payment Date, the amount of such insufficiency is to be transferred from the Unrelated subaccounts of the Debt Service Reserve Fund on a proportionate basis or as otherwise directed by Authority Request; provided, however, that no such transfer may result in (A) the amount on deposit in a subaccount of the Debt Service Reserve Fund being reduced to an amount less than any minimum deposit specified in the Related Series Indenture or (B) a failure to meet the Related Class II Asset Requirement.

(g) Related Subaccount of Class IV Debt Service Fund. In the event that the amount transferred to any subaccount of the Class IV Debt Service Fund from the Related subaccounts of the Revenue Fund is insufficient to pay the interest and Principal Installments on the Class IV Bonds of the Related Series on the next succeeding Bond Payment Date, the amount of such insufficiency is to be transferred from the Related subaccount of the Debt Service Reserve Fund; provided, however, that no such transfer may result in (A) the amount on deposit in the Related subaccount of the Debt Service Reserve Fund being reduced to an amount less than any minimum deposit specified in the Related Series Indenture or (B) a failure to meet the Related Class III Asset Requirement.

(h) Unrelated Subaccounts of Class IV Debt Service Fund. In the event that the amount transferred to any subaccount of the Class IV Debt Service Fund from the Unrelated subaccounts of the Revenue Fund is insufficient to pay the interest, and Principal Installments, if any, due on the Class IV Bonds of the Related Series on the next succeeding Bond Payment Date, the amount of such insufficiency is to be transferred from Unrelated subaccounts of the Debt Service Reserve Fund on a proportionate basis or as otherwise directed by Authority Request; provided, however, that no such transfer may result in (A) the amount on deposit in a subaccount of the Debt Service Reserve Fund being reduced to an amount less than any minimum deposit specified in the Related Series Indenture or (B) a failure to meet the Related Class III Asset Requirement.

On or prior to each Bond Payment Date, the Trustee is to determine the Debt Service Fund Requirement for each Series of Bonds as of the next succeeding Bond Payment Date. Any amount which will then be in the Related subaccount of the Debt Service Reserve Fund (other than amounts attributable to accrued, but unrealized, interest purchased on Investment Securities) in excess of such Requirement is to be transferred by the Trustee to the Related Subaccount of the Revenue Account, upon notification of the Authority and unless otherwise instructed by an Authority Request.

### **Redemption Fund**

There is created a Redemption Fund and within such Fund, a Class I Special Redemption Account, a Class II Special Redemption Account, a Class III Special Redemption Account and a Class IV Special Redemption Account. Within each such Class Special Redemption Account there will be created a subaccount for each Series of Bonds. Moneys transferred to any Class Special Redemption Account of the Redemption Fund from the Revenue Fund are to be used to purchase or redeem Bonds of the Class in respect of which the subaccount was established. However, at any time prior to the transmission of the notices of redemption, the Authority may by delivery of an Authority Request instruct the Trustee to transfer moneys on deposit in a Series subaccount of a Class Special Redemption Account in the Redemption Fund to another Series subaccount of the same Class Special Redemption Account in the Redemption Fund to be applied as provided in the Indenture to the redemption of the same Class of Bonds but a different Series. Such Authority Request (i) shall certify that it is consistent with the most recently filed Related Cash Flow Statement and not prohibited by the Related Series Indenture and (ii) shall be accompanied by evidence of satisfaction of all Asset Requirements for the Related Series. See Part I.

Any amounts remaining in any subaccount after all Bonds of the Related Class and Related Series have been paid are to be transferred to the Related subaccount of the Revenue Fund.

### **Credit Against Sinking Fund Installments**

Upon any redemption (other than by Class I Sinking Fund Installment, Class II Sinking Fund Installment, Class III Sinking Fund Installment or Class IV Sinking Fund Installment) of Bonds for which Class I Sinking Fund Installments, Class II Sinking Fund Installments, Class III Sinking Fund Installments or Class IV Sinking Fund Installments have been established, or any purchase in lieu thereof, there is to be credited by the Trustee and the Bond Registrar toward the Class I Sinking Fund Installments, Class II Sinking Fund Installment, Class III Sinking Fund Installments or Class IV Sinking Fund Installments thereafter to become due with respect thereto, on a proportionate basis and in increments of the applicable minimum denomination, an amount bearing the same ratio to each such Class I Sinking Fund Installment, Class II Sinking Fund Installment, Class III Sinking Fund Installment or Class IV Sinking Fund Installment as the total principal amount of such Class and maturity of Bonds so purchased or redeemed bears to the total amount of all such Class I Sinking Fund Installments, Class II

Sinking Fund Installments, Class III Sinking Fund Installments or Class IV Sinking Fund Installments to be credited; provided, however, that, if there shall be filed with the Trustee and the Bond Registrar an Authority Request specifying a different method for crediting Class I Sinking Fund Installments, Class II Sinking Fund Installments, Class III Sinking Fund Installments or Class IV Sinking Fund Installments upon any such purchase or redemption of Bonds and certifying that such Authority Request is consistent with the most recently filed Related Cash Flow Statement and the Related Series Indenture, then such Sinking Fund Installments shall be so credited as shall be provided in such Authority Request. The portion of any such Class I Sinking Fund Installment, Class II Sinking Fund Installment, Class III Sinking Fund Installment or Class IV Sinking Fund Installment remaining after the deduction of any such amounts credited towards the same (or the original amount of any such Class I Sinking Fund Installment, Class II Sinking Fund Installment, Class III Sinking Fund Installment or Class IV Sinking Fund Installment if no such amounts shall have been credited toward the same) shall constitute the unsatisfied balance of such Class I Sinking Fund Installment, Class II Sinking Fund Installment, Class III Sinking Fund Installment or Class IV Sinking Fund Installment for the purpose of calculation of Class I Sinking Fund Installments, Class II Sinking Fund Installments, Class III Sinking Fund Installments and Class IV Sinking Fund Installments due on or scheduled for a future date.

### **Authority Payment Accounts**

There may be created an Authority Payment Account within each Debt Service Fund and, within each such Authority Payment Account, a Series Indenture may create a subaccount for each Series of Bonds. If, following transfers made from the Revenue Account and the Debt Service Reserve Fund, there are not sufficient moneys to pay all interest due and payable on any General Obligation Bond or to pay any Principal Installment on any General Obligation Bond, the Authority is to pay to the Trustee for deposit in the Related subaccounts of the Authority Payment Accounts (upon notification of such insufficiency) the amount of such insufficiency from the Authority's other general revenues or moneys legally available therefor, subject only to agreements made or to be made with holders of notes or bonds pledging particular revenues or moneys for the payment thereof. If the amount provided by the Authority is less than the amount of such insufficiency, any shortfall is to be allocated pro rata among the holders of the Related General Obligation Bonds in proportion to the amounts then due and payable on such Bonds.

Amounts deposited in the Related subaccounts of the Authority Payment Accounts are only to be used to pay interest or Principal Installments due and payable on the Related General Obligation Bonds and may not be transferred to any Debt Service Fund for Bonds which are not General Obligation Bonds or to any other Fund or Account for any reason.

### **Investment of Funds**

Moneys in all Funds and Accounts held by the Trustee shall be invested to the fullest extent possible in Investment Securities which mature or may be redeemed at the option of the holder not later than the times when such moneys shall be needed for payments to be made from such Funds or Accounts. Investments are to be made by the Trustee in accordance with instructions received from the Authority and may be made by the Trustee through its own bond department, commercial banking department or commercial paper department or with investment companies for which the Trustee or its affiliates may provide advisory, administrative, custodial or other services for compensation.

The interest or income earned by, or gain to, all Funds and Accounts due to the investment thereof shall be transferred to the related subaccount of the Revenue Fund, except that such income, interest or gain shall be retained in the Debt Service Reserve Fund unless, after giving effect to the transfer, the amount therein at least equals the aggregate Debt Service Reserve Fund Requirement.

Notwithstanding anything in the Indenture to the contrary, proceeds from any Credit Enhancement Facility or Liquidity Facility are to be held uninvested.

### **Creation of Liens**

The Authority shall not issue any bonds or other evidences of indebtedness, other than the Bonds, secured by a pledge of the Revenues or of the moneys, securities, rights or interests pledged or held or set aside by the Authority or by any Fiduciary under the Indenture, except that the Authority may issue (i) evidences of indebtedness secured by a pledge of the Revenues to be derived after the pledge of the Revenues provided in the Indenture has been discharged and satisfied; or (ii) notes or bonds of the Authority not secured under the Indenture; or (iii) notes or bonds which are general obligations of the Authority under the Act.

### **Covenants Relating to Loans**

The Authority has covenanted to use the proceeds of Bonds and other moneys deposited in the Funds and Accounts only in accordance with the provisions of the Indenture.

The Authority shall at all times charge and collect Loan Repayments and other amounts with respect to the Loans which, together with any other moneys estimated to be available therefor (including Prepayments, but excluding the Rebate Requirement and any Excess Earnings), are estimated to be at least sufficient for the payment of the sum of:

- (a) the aggregate Debt Service Payments; and
- (b) Administrative Expenses, as projected by the Authority.

The Authority has covenanted not to sell any Loan or any Authority Project, except in the event of a default on such Loan, unless the Authority determines that such sale would not have a material adverse effect on the ability of the Authority to pay the principal of and interest on the Outstanding Bonds.

The Authority has covenanted not to modify the financial terms of any Loan or any security therefor which will in any manner materially adversely affect the interests of the Owners of the Bonds, as determined in good faith by the Authority.

The Authority has covenanted to diligently enforce, and take all reasonable steps, actions and proceedings necessary for the enforcement of, all terms, covenants and conditions of all Loans and the preservation and protection of the rights and privileges of the Authority, the Trustee and the Bondholders thereunder.

### **Certain Other Covenants**

#### *Creation and Use of Rebate Account*

There is created pursuant to each Series Indenture relating to any tax-exempt Bonds a special and a separate subaccount within the Rebate Fund to be held by the Authority for such Series of Bonds (the "**Series Rebate Account**"). There shall be transferred in accordance with the Indenture into the Series Rebate Account such amounts as shall be required to be deposited therein in accordance with Authority Certificates to meet the Authority's obligations under the covenant described below under "Tax

Covenant." Amounts in the Series Rebate Account shall be used for the purpose of making the payments to the United States required by such covenant and Section 148(f) of the Tax Code. Any amounts in the Series Rebate Account in excess of those required to be on deposit therein as described below under "Tax Covenant" and Section 148(f) of the Tax Code may be withdrawn therefrom and deposited into the Revenue Fund.

#### *Creation and Use of Excess Earnings Fund*

All amounts in a subaccount of the Excess Earnings Fund relating to any tax-exempt Bonds, including all investment earnings thereon, shall remain therein until transferred or paid by the Trustee to such other Fund or the United States Department of the Treasury or for such other purpose, as the Authority shall specify, upon receipt by the Trustee of (a) an Authority Request directing the Trustee to so transfer or pay a specified amount, and (b) a written opinion of Bond Counsel to the effect that any such transfer or payment, upon satisfaction of any conditions set forth in such opinion (e.g., forgiveness of indebtedness on all or a portion of the Loans), would not cause interest on such Bonds to be includable in the gross income of the Owners thereof for federal income tax purposes. Upon receipt of an opinion of Bond Counsel that the balance in a subaccount of the Excess Earnings Fund is in excess of the amount required to be included therein, such excess shall be transferred to the Revenue Fund. Moneys in a subaccount of the Excess Earnings Fund may be used to purchase Loans in the Related subaccount of the Acquisition Account or the Loan Recycling Account, at a purchase price equal to the unpaid balances of the principal amounts of such Loans plus accrued interest, if any, thereon, and any unamortized premium, and any such Loans so purchased shall be credited to such subaccount of the Excess Earnings Fund. Loans in a subaccount of the Excess Earnings Fund may be exchanged for Loans in the Related subaccount of the Acquisition Account or the Loan Recycling Account having an aggregate principal balance not less than the aggregate principal balance of such Loans in such subaccount for the Excess Earnings Fund, upon receipt by the Trustee of an Authority Request specifying the Loans to be so exchanged. If, on the final maturity of all of a Series, there is a balance in a subaccount of the Excess Earnings Fund which is allocated to payments related to such Series, and the Trustee has not received directions meeting the requirements of the preceding sentence for the disposition of such balance, the Trustee shall obtain an opinion of Bond Counsel as to the purposes, if any, to which such balance may be applied without adversely affecting the federal income tax status of interest on such Bonds, and shall thereafter dispose of such balance in accordance with such opinion. Records of the calculation of Excess Earnings and the Excess Earnings Fund shall be retained by the Authority until six years after the retirement of all of the Bonds of the Related Series.

#### **Tax Covenant**

The Authority will covenant for the benefit of the owners of the each Series of tax-exempt Bonds that it will not take any action or omit to take any action with respect to such Series of Bonds, the proceeds thereof, or any other funds of the Authority or any facilities financed with the proceeds of such Series of Bonds, if such action or omission would cause the interest on such Series of Bonds, to lose its exclusion from gross income for federal income tax purposes under Section 103 of the Tax Code, would subject the Authority to any penalties under Section 148 of the Tax Code, or would cause such Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Tax Code. The foregoing covenants shall remain in full force and effect notwithstanding the payment in full or defeasance of such Series of Bonds until the date on which all obligations of the Authority in fulfilling the above covenant under the Tax Code have been met.

#### **Events of Default under the Indenture and Remedies**

Each of the following events constitutes an "Event of Default":



(a) default shall be made in the payment of any Principal Installment of any Class I Bond when and as the same shall become due and payable, whether at maturity or by call for redemption or otherwise;

(b) default shall be made in the payment of any installment of interest on any Class I Bond when and as the same shall become due and payable, or any other payment due under any other Class I Obligations when due and payable;

(c) default shall be made in the payment of any Principal Installment or interest on any Class II Bond or any other payment due under any other Class II Obligations when due and payable, provided that sufficient moneys for such payment are available in the Class II Debt Service Fund;

(d) default shall be made in the payment of any Principal Installment or interest on any Class III Bond or any other payment due under any other Class III Obligations when due and payable, provided that sufficient moneys for such payment are available in the Class III Debt Service Fund;

(e) default shall be made in the payment of any Principal Installment or interest on any Class IV Bond or any other payment due under any other Class IV Obligations when due and payable, provided that sufficient moneys for such payment are available in the Class IV Debt Service Fund;

(f) default shall be made by the Authority in the performance or observance of any other covenant, agreement or condition on its part contained in the Indenture (except the requirement that the Authority pay amounts to the Trustee from its other revenues, moneys or assets in connection with General Obligation Bonds) or in the Bonds, and such default shall continue for a period of 60 days after written notice thereof to the Authority by the Trustee or to the Authority and to the Trustee by the Holders of not less than 10% in principal amount of the Bonds Outstanding; or

(g) the Authority shall file a petition seeking a composition of indebtedness under the federal bankruptcy laws or under any other applicable law or statute of the United States or of the State.

Upon the occurrence of an Event of Default the Trustee may, and upon the written request of the Owners of not less than 25% in principal amount of the Bonds Outstanding following an Event of Default described in paragraphs (a), (b), (c), (d), (e), and (g) above, and 50% in principal amount of the Bonds Outstanding following an Event of Default described in paragraph (f) above, shall give 30 days' notice in writing to the Authority of its intention to declare all Outstanding Obligations due and payable immediately. After such 30-day period the Trustee may, and upon written request of Owners of not less than 25% (except with respect to an Event of Default described in paragraph (f) or (g) above, to the extent provided in the following sentence) in principal amount of the Bonds Outstanding shall, declare all Bonds Outstanding, plus all interest accrued therein and which will accrue to the date of payment, immediately due and payable by notice to the Authority. Notwithstanding the foregoing, following an Event of Default described in paragraphs (f) or (g) above (except for a default which could adversely affect the exclusion from gross income for federal income tax purposes of interest on any Tax-Exempt Bonds), the Trustee shall not declare all Obligations Outstanding immediately due and payable unless so directed by written request of Owners of 100% in principal amount of Bonds Outstanding. The Trustee may (and at the direction of the Owners of a majority in aggregate principal amount of Outstanding Bonds, shall) annul such declaration and its consequences if (i) money shall have been deposited in the Revenue Fund

sufficient to pay all matured installments of interest and principal or Redemption Price (other than principal then due only because of such declaration) of all Outstanding Obligations; (ii) moneys shall have been deposited with the Trustee sufficient to pay the charges, compensation, expenses, disbursements, advances and liabilities of the Trustee; (iii) all other amounts then payable by the Authority under the Indenture shall have been paid or a sum sufficient to pay the same shall have been deposited with the Trustee; and (iv) every event of Default known to the Trustee (other than a default in the payment of the principal of such Bonds then due only because of such declaration) shall have been remedied to the satisfaction of the Trustee.

Upon the occurrence of an Event of Default, the Trustee may, and upon the written request of the Owners of not less than 25% in principal amount of Outstanding Bonds, together with indemnification of the Trustee to its satisfaction, shall, proceed with such suits, actions or proceedings as the Trustee, being advised by counsel, shall deem expedient, including but not limited to:

- (i) enforcement of the right of Bondholders to collect and enforce the payment of principal and interest due or becoming due on Loans and collect and enforce any rights in respect to the Loans or other security or mortgages securing such Loans and to require the Authority to carry out its duties under the terms of the Indenture and the Act;
- (ii) suit upon all or any part of the Obligations;
- (iii) civil action to require the Authority to account as if it were the trustee of an express trust for the Owners;
- (iv) civil action to enjoin any acts or things which may be unlawful or in violation of the rights of the Owners; and
- (v) enforcement of any other rights of the Owners conferred by law or the Indenture.

The Trustee may waive any Event of Default which in its opinion shall have been remedied before the entry of final judgment or decree in any proceeding instituted by it under the Indenture or before the completion of the enforcement of any other remedy under the Indenture. Any waiver by the Trustee of an Event of Default shall not extend to any subsequent or other Event of Default or impair any right consequent thereon.

Regardless of the happening of an Event of Default, the Trustee, if requested in writing by the Holders of not less than 25% in principal amount of the Bonds then Outstanding, shall, upon being indemnified to its satisfaction therefor, institute and maintain such suits and proceedings as it may be advised shall be necessary or expedient (i) to prevent any impairment of the security under the Indenture by any acts which may be unlawful or in violation of the Indenture or (ii) to preserve or protect the interests of the Owners, provided that such request is in accordance with law and the provisions of the Indenture and, in the sole judgment of the Trustee, is not unduly prejudicial to the interests of the Owners of the Bonds not making such request.

It is further provided that no Bondholder shall have any right to institute any action unless such Holder shall have given to the Trustee written notice of an Event of Default described under paragraphs (a), (b) or (c) above and unless the holders of not less than 25% in principal amount of the Bonds then Outstanding shall have made written request of the Trustee and shall have afforded the Trustee a reasonable opportunity to proceed to institute action and unless, also, there shall have been offered to the Trustee reasonable security and indemnity, and the Trustee shall have refused or neglected to comply with such request within 60 days after receipt.

## **General Obligation Bonds Events of Default and Remedies**

Any failure by the Authority to pay interest on any General Obligation Bond when due or to pay any Principal Installment on any General Obligation Bond at maturity, provided such failure does not constitute an Event of Default as described above, constitutes a "General Obligation Bond Default" under the Indenture. A General Obligation Bond Default does not constitute an Event of Default under the Indenture and does not affect the priority of the lien and pledge granted Owners of Bonds under the Indenture.

Upon the occurrence of a General Obligation Bond Default, the Trustee may and, upon the written request of the Owners of note less than 25% in Aggregate Principal Amount of Outstanding General Obligation Bond shall, give 30 days notice in writing to the Authority of its intention to declare the Aggregate Principal Amount of all General Obligation Bonds Outstanding immediately due and payable. At the end of such 30-day period the Trustee may, and upon such written request of Owners of not less than 25% in Aggregate Principal Amount of Outstanding General Obligation Bonds shall, by notice in writing to the Authority, declare the Aggregate Principal Amount of all General Obligation Bonds Outstanding immediately due and payable; and the Aggregate Principal Amount of such General Obligation Bonds shall become and be immediately due and payable. In such event, there shall be due and payable on the General Obligation Bonds an amount equal to the total principal amount of all such Bonds, plus all interest which will accrue thereon to the date of payment.

The Trustee may annul such declaration and its consequences if (i) moneys shall have been deposited in the Related Authority Payment Account sufficient to pay all matured installments of interest and principal or Redemption Price (other than principal then due only because of such declaration) of all Outstanding General Obligation Bonds; and (ii) money shall have been deposited with the Trustee sufficient to pay the charges, compensation, expenses, disbursements, advances and liabilities of the Trustee.

Upon the occurrence and continuance of a General Obligation Bond Default, the Trustee may, and upon the written request of the Owners of not less than 25% in Aggregate Principal Amount of the General Obligation Bonds Outstanding, together with indemnification of the Trustee to its satisfaction therefor, shall, proceed forthwith to protect and enforce the rights of the Owners of General Obligation Bonds under the Act, the General Obligation Bonds and the Indenture by such suits, actions or proceedings as the Trustee, being advised by counsel, shall deem expedient and consistent with the limitations specified in the Indenture, including but not limited to:

- (a) Suit upon all or any part of the General Obligation Bonds;
- (b) Civil action to enjoin any acts or things which may be unlawful or in violation of the rights of the Owners of General Obligation Bonds; and
- (c) Enforcement of any other right of the Owners of General Obligation Bonds conferred by law or by the Indenture.

Regardless of the happening of a General Obligation Bond Default, the Trustee, if requested in writing by the Owners of not less than 25% in Aggregate Principal Amount of the General Obligation Bonds then Outstanding, shall, upon being indemnified to its satisfaction therefor, institute and maintain such suits and proceedings as it may be advised shall be necessary or expedient (i) to prevent any impairment of the security under the Indenture by any acts which may be unlawful or in violation of the Indenture; or (ii) to preserve or protect the interests of the Owners of the General Obligation Bonds, provided that such request is in accordance with law and the provisions of the Indenture and, in the sole

judgment of the Trustee, is not unduly prejudicial to the interests of the Owners of General Obligation Bonds not making such request.

The rights and remedies of Owners of General Obligation Bonds upon the occurrence of a General Obligation Bond Default shall be limited to the enforcement of the Authority's general obligation covenant with respect to the Related Bonds and to the disbursement of amounts available to Owners of General Obligation Bonds from time to time in the Related Debt Service Fund, the Related Special Redemption Account and the Related Debt Service Reserve Fund after provision is made for, and after taking into account the rights of, Owners of Bonds other than General Obligation Bonds as provided in the Indenture. The exercise of remedies upon the occurrence of a General Obligation Bond Default shall not in any manner affect, disturb or prejudice the security and rights of Owners of Bonds under the Indenture.

The Trustee may waive any General Obligation Bond Default which in its opinion shall have been remedied before the entry of final judgment or decree in any suit, action or proceeding instituted by it under the provisions of the Indenture, or before the completion of the enforcement of any other remedy under the Indenture.

No Owner of any General Obligation Bond shall have any right to institute any suit, action or proceeding in equity or at law for any remedy under the Indenture unless:

- (i) a General Obligation Bond Default has occurred as to which the Trustee has actual notice, or as to which the Trustee has been notified in writing; and
- (ii) the Owners of at least 25% in Aggregate Principal Amount of General Obligation Bonds Outstanding shall have made written request to the Trustee to proceed to exercise the powers granted in the Master Indenture or to institute such action, suit or proceeding in its own name; and
- (iii) such Owners of the Bonds shall have offered the Trustee indemnity as provided in the Master Indenture; and
- (iv) the Trustee shall have failed or refused to exercise the powers in the Indenture granted or to institute such action, suit or proceedings in its own name for a period of 60 days after receipt by it of such request and offer of indemnity.

### **Successors to Trustee**

Wells Fargo Bank, National Association, has been appointed as Trustee under the Master Indenture and will act as Trustee until any successor thereto becomes successor trustee, provided that such successor company must be a bank or trust company organized under the laws of any state of the United States or a national banking association, and must be authorized by law to perform all the duties imposed upon it by the Master Indenture.

### **Modifications of Indenture and Outstanding Bonds**

There are provided procedures whereby the Authority may amend the Master Indenture or a Series Indenture by execution and delivery of a Supplemental Indenture. Amendments that may be made without consent of Bondholders must be for such purposes as providing for the issuance of a Series of Bonds, further securing the Bonds, imposing further limitations on or surrendering rights of the Authority or curing ambiguities.

Amendments of the respective rights and obligations of the Authority and the Bondholders may be made with the written consent of the Holders of at least a majority in principal amount of the Bonds Outstanding to which the amendment applies, but no such amendment shall permit a change in the terms of redemption or maturity of the principal of any Bond Outstanding (other than the terms of a Sinking Fund Installment) or of any installment of interest thereon or a reduction in the principal amount of Redemption Price therefor or the rate of interest thereon or reduce the percentages of Bonds, the consent of the Holders of which is required to effect such amendment, or the ability to declare the Aggregate Principal Amount of Bonds due and payable without the consent of the Owners of all Bonds then Outstanding or shall materially adversely affect the rights of the Owners of Class II Bonds, Class III Bonds or Class IV Bonds without the consent of the Owners of a majority in aggregate principal amount of Class II, Class III or Class IV Bonds Outstanding, respectively.

Amendments may be made in any respect with the written consent of the Owners of all the Bonds then Outstanding.

### **Defeasance**

All outstanding Bonds will prior to the maturity or redemption date thereof be deemed to have been paid and will cease to be entitled to the pledge of the Trust Estate under the Indenture and all covenants, agreements and other obligations of the Authority to the Bondowners will cease if the following conditions are met: (i) in case any Bonds are to be redeemed on any date prior to their maturity, the Authority has given to the Bond Registrar irrevocable instructions to transmit notice of redemption therefor, (ii) there have been deposited with the Trustee either moneys in an amount which are sufficient, or Defeasance Securities the principal of and interest on which when due will provide moneys, which, together with the moneys, if any, deposited with the Trustee at the same time, will be sufficient to pay when due the principal or redemption price, if applicable, of and interest due and to become due on said Bonds on or prior to the redemption date or maturity date thereof, as the case may be, (iii) in the event said Bonds are not subject to redemption within the next succeeding 60 days, the Authority has given the Bond Registrar irrevocable instructions to transmit, as soon as practicable, a notice to the owners of such Bonds that the above deposit has been made with the Trustee and that said Bonds are deemed to have been paid and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal or redemption price, if applicable, of and interest on such Bonds, and (iv) except in the event of a full cash defeasance or a current refunding of less than ninety days to maturity or redemption date, the sufficiency of such moneys or Defeasance Securities shall have been confirmed to the Authority in an opinion signed by a certified public accountant or firm of such accountants duly licensed to practice and practicing as such under the laws of the State, selected by the Authority.

Neither Defeasance Securities nor moneys deposited with the Trustee for the purpose of defeasing the Bonds nor principal or interest payments on any such Defeasance Securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal or Redemption Price, if applicable, of and interest on said Bonds and any bonds or other obligations issued by the Authority the proceeds of which were used to acquire such Defeasance Securities, in whole or in part; provided that no such principal of or interest on such Defeasance Securities shall be applied to the payment of the principal or redemption price of or interest on such bonds or other obligations unless (x) the Trustee shall have received a schedule showing, for each year from the date of deposit of such Defeasance Securities until the redemption date or maturity date of said Bonds, as the case may be, the amount of principal of and interest on such Defeasance Securities and moneys, if any, deposited with the Trustee at the same time that will be available to pay the principal or Redemption Price of and interest due on said Bonds in each such year, plus the amount of any excess in each such year, and (y) the amount of such principal of or interest on such Defeasance Securities to be so applied to the payment of such bonds or other obligations does not exceed in any year the amount of such excess for, or accumulated and

unexpended to, such year. Any cash received from such principal or interest payments on such Defeasance Securities deposited with the Trustee, if not then needed for such purpose, to the extent practicable and, in accordance with an opinion of Bond Counsel filed with the Trustee, permitted by Section 103 of the Code, shall be reinvested in Defeasance Securities maturing in times and in amounts sufficient to pay when due the principal or Redemption Price, if applicable, of and interest due and to become due on said Bonds on and prior to such redemption date or maturity date thereof, as the case may be.

Any Authority Derivative Payments are deemed to have been paid and the applicable Derivative Product terminated when payment of all Authority Derivative Payments due and payable to each Reciprocal Payor under its respective Derivative Product have been made or duly provided for to the satisfaction of each Reciprocal Payor and the respective Derivative Product has been terminated.

## APPENDIX D

### Class Asset Requirements

The Class Asset Requirements applicable to each Series of Bonds are set forth in each Related Series Indenture. Set forth below are the Class Asset Requirements applicable to each Series of Bonds to be Outstanding under the Master Indenture upon issuance of the 2008 Series C Bonds. The Loans and Authority Projects are currently in compliance with all applicable Class Asset Requirements.

#### Class Asset Requirements

Pursuant to the Related Series Indenture, the Class Asset Requirements for each Series of Bonds to be Outstanding under the Master Indenture upon issuance of the 2008 Series C Bonds (except as noted) require that, as of any date of calculation:

(a) with respect to the **Class I Asset Requirement**,<sup>(1) (2)</sup> the sum of (i) amounts held in the related subaccount of the Acquisition Account, the related subaccount of the Loan Recycling Account, the related subaccount of the Class I Debt Service Fund (to the extent such amounts are required to be used to pay principal of the Class I Bonds of such Series), the related subaccounts of the Redemption Fund (to the extent such amounts are required to be used to redeem the Class I Bonds of such Series) and the related subaccount of the Debt Service Reserve Fund, and (ii) the sum of the quotients of the aggregate unpaid principal balances of Loans (by Loan type) and Authority Projects related to the Bonds divided by the related Class I Asset Coverage Divisors set forth on the schedule under "Asset Coverage Divisors" below (or such smaller divisors as may be permitted by each Rating Agency, as evidenced by a Confirmation from each Rating Agency), be at least equal to the Aggregate Principal Amount of Class I Bonds of such Series then Outstanding; and

(b) with respect to the **Class II Asset Requirement**,<sup>(2) (3)</sup> the sum of (i) amounts held in the related subaccount of the Acquisition Account, the related subaccount of the Loan Recycling Account, the related subaccount of the Class I Debt Service Fund (to the extent such amounts are required to be used to pay principal of the Class I Bonds of such Series), the related subaccount of the Class II Debt Service Fund (to the extent such amounts are required to be used to pay principal of Class II Bonds of such Series), the related subaccounts of the Redemption Fund (to the extent such amounts are required to be used to redeem Class I Bonds or Class II Bonds of such Series) and the related subaccount of the Debt Service Reserve Fund, and (ii) the sum of the quotients of the aggregate unpaid principal balance of Loans (by Loan type) and Authority Projects related to the Bonds of such Series divided by the related Asset Coverage Divisors for Class II Obligations, respectively set forth on the schedule under "Asset Coverage Divisors" below (or such smaller divisors as may be permitted by each Rating Agency, as evidenced by a Confirmation from each Rating Agency), be at least equal to the Aggregate

<sup>(1)</sup> Not applicable to the 2008 Series A Bonds, the 2008 Series B Bonds or the 2008C Adjustable Rate Bonds.

<sup>(2)</sup> The definitions of Class I Asset Requirement, Class II Asset Requirement and Class III Asset Requirement in the series indentures for certain outstanding and future series of Bonds provides and will provide that amounts held in applicable subaccounts and the unpaid principal balances of Loans and Authority Projects for Unrelated Bonds in excess of the applicable Asset Requirements for such Unrelated Bonds (and not already taken into account in satisfying the Asset Requirements for any other Unrelated Bonds) will be taken into account in the calculation of such Asset Requirements for such other outstanding and future series of Bonds.

<sup>(3)</sup> Not applicable to 2000 Series B Bonds, 2002 Series B Bonds, 2005 Series B Bonds, 2006 Series A Bonds, 2007 Series B Bonds or the 2008C Adjustable Rate Bonds.

Principal Amount of Class I Bonds of such Series and Class II Bonds of such Series, respectively, then Outstanding.

(c) with respect to the **Class III Asset Requirement**,<sup>(2)(4)</sup> the sum of (i) amounts held in the related subaccount of the Acquisition Account, the related subaccount of the Loan Recycling Account, the related subaccount of the Class I Debt Service Fund (to the extent such amounts are required to be used to pay principal of the Class I Bonds of such Series), the related subaccount of the Class II Debt Service Fund (to the extent such amounts are required to be used to pay principal of Class II Bonds of such Series),<sup>(5)</sup> the related subaccount of the Class III Debt Service Fund (to the extent such amounts are required to be used to pay principal of Class III Bonds of such Series), the related subaccounts of the Redemption Fund and the related subaccount of the Debt Service Reserve Fund, and (ii) the sum of the unpaid principal balance of Loans and Authority Projects related to the Bonds for such Series, be at least equal to 102% of the Aggregate Principal Amount of the Bonds then Outstanding, or such lesser percentage as may be permitted by each Rating Agency, as evidenced by a Confirmation from each Rating Agency.

<sup>(4)</sup> Not applicable to 2002 Series A Bonds, 2002 Series C Bonds, 2003 Series A Bonds, 2004 Series A Bonds, 2005 Series A Bonds, 2005 Series B Bonds, 2007 Series B Bonds, 2008 Series A Bonds, 2008 Series B Bonds or the 2008C Adjustable Rate Bonds.

<sup>(5)</sup> Not included in Class III Asset Requirement for 2000 Series B Bonds.

### Asset Coverage Divisors

The following table sets forth the Asset Coverage Divisors for all Series of Bonds to be outstanding under the Master Indenture upon issuance of the 2008 Series C Bonds (except as noted):

#### Asset Coverage Divisors

<u>Loan Type</u>	<u>Asset Coverage Divisor</u>	
	<u>Class I</u>	<u>Class II</u>
Uninsured Loan other than military housing privatization loans	1.72	1.45
FHA-Insured Section 542(c) Loan (1)	1.00	1.00
QIC, QAL or B&I II Loan	1.00	1.00
Other FHA-Insured Loan (1)	1.12	1.015
Authority Project (2)	1.30	1.18
2008B Loan (Fort Carson)	--	1.103
2008B Loan (Air Force Academy)	--	1.383
Other Loans	(3)	(3)

(1) The Series Indenture related to the 2000 Series A Bonds does not distinguish between Section 542(c) Loans and other FHA-Insured Loans. The Asset Coverage Divisor for all FHA-Insured Loans related to the 2000 Series A Bonds is 1.12 for the Class I Asset Requirement and 1.015 for the Class II Asset Requirement.

(2) Certain outstanding uninsured loans described in **Appendix G-2** have been funded with Bonds backed by a general obligation of the Authority and will also be included within this category. See "Part II – COLORADO HOUSING AND FINANCE AUTHORITY – Obligations of the Authority – General Obligations – Multi-Family/Project Bonds – Class I and Class III."

(3) As may be specified by the Rating Agencies from time to time at the request of the Authority.



## APPENDIX E

### Form of Bond Counsel Opinion

December 17, 2008

Colorado Housing and Finance Authority  
1981 Blake Street  
Denver, Colorado 80202

Colorado Housing and Finance Authority  
Taxable Multi-Family/Project Class I Adjustable Rate Bonds, 2008 Series C-1  
Multi-Family/Project Class I Adjustable Rate Bonds, 2008 Series C-2  
Multi-Family/Project Class I Adjustable Rate Bonds, 2008 Series C-3  
Multi-Family/Project Class I Adjustable Rate Bonds, 2008 Series C-4

Ladies and Gentlemen:

We have acted as bond counsel to the Colorado Housing and Finance Authority (the "Authority"), in connection with the issuance of its Taxable Multi-Family/Project Class I Adjustable Rate Bonds, 2008 Series C-1 (the "Taxable 2008 Series C-1 Bonds"), Multi-Family/Project Class I Adjustable Rate Bonds, 2008 Series C-2 (the "2008 Series C-2 Bonds"), Multi-Family/Project Class I Adjustable Rate Bonds, 2008 Series C-3 (the "2008 Series C-3 Bonds"), and Multi-Family/Project Class I Adjustable Rate Bonds, 2008 Series C-4 (the "2008 Series C-4 Bonds" and, together with the Taxable 2008 Series C-1 Bonds, the 2008 Series C-2 Bonds and the 2008 Series C-3 Bonds, the "2008 Series C Bonds") in the aggregate principal amount of \$41,560,000. In such capacity, we have examined the Authority's certified proceedings and such other documents and such law of the State of Colorado and of the United States of America as we have deemed necessary to render this opinion letter. The 2008 Series C Bonds are authorized and issued pursuant to the Master Indenture of Trust, dated as of March 1, 2000, as amended, and as supplemented by the 2008 Series C Indenture of Trust dated as of December 1, 2008 (together, the "Indenture") between the Authority and Wells Fargo Bank, National Association (formerly, Norwest Bank Colorado, National Association), as trustee (the "Trustee"). Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Indenture.

Regarding questions of fact material to our opinions, we have relied upon the Authority's certified proceedings and other representations and certifications of public officials and others furnished to us, without undertaking to verify the same by independent investigation.

Based upon such examination, it is our opinion as bond counsel that:

1. The 2008 Series C Bonds constitute valid and binding obligations of the Authority, payable from the Revenues and other assets pledged thereto under the Indenture and also constitute general obligations of the Authority for the payment of which the Authority has pledged its full faith and credit, subject only to the provisions of any agreements with the owners of particular notes, bonds or other obligations pledging any particular revenues or assets to the payment thereof.

2. The Indenture has been duly authorized by the Authority, duly executed and delivered by authorized officials of the Authority, and, assuming due authorization, execution and delivery by the Trustee, constitutes a valid and binding obligation of the Authority enforceable in accordance with its terms.

3. Interest on the 2008 Series C-2 Bonds, the 2008 Series C-3 Bonds and the 2008 Series C-4 Bonds (except for interest on any 2008 Series C-2 Bond for any period during which it is held by a "substantial user" of facilities financed with 2008 Series C-2 Bonds or a "related person" as such terms are used in Section 147(a) of the Internal Revenue Code of 1986, as amended to the date hereof (the "Tax Code") and except for interest on any 2008 Series C-4 Bond for any period during which it is held by such a "substantial user" of facilities financed with 2008 Series C-4 Bonds or such a "related person") is excluded from gross income under federal income tax laws pursuant to Section 103 of the Tax Code; further, interest on the 2008 Series C-3 Bonds and the 2008 Series C-4 Bonds is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code (except that interest on the 2008 Series C-3 Bonds is required to be included in calculating the "adjusted current earnings" adjustment applicable to corporations for purposes of computing the alternative minimum taxable income of corporations), however interest on the 2008 Series C-2 Bonds is an item of tax preference for purposes of calculating alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code. The opinions expressed in this paragraph assume continuous compliance with the covenants and representations contained in the Authority's certified proceedings and in certain other documents and certifications furnished to us.

4. Interest on the Taxable 2008 Series C-1 Bonds is not excluded from gross income for federal income tax purposes

5. The 2008 Series C Bonds, their transfer and the income therefrom shall at all times be free from taxation by the State of Colorado under Colorado laws in effect as of the date hereof.

The opinions expressed in this opinion letter above are subject to the following:

The obligations of the Authority pursuant to the 2008 Series C Bonds and the Indenture are subject to the application of equitable principles, to the reasonable exercise in the future by the State of Colorado and its governmental bodies of the police power inherent in the sovereignty of the State of Colorado and to the exercise by the United States of America of the powers delegated to it by the Federal Constitution, including, without limitation, bankruptcy powers.

We understand that the Federal Home Loan Bank of Topeka has delivered a Standby Bond Purchase Agreement with respect to the 2008 Series C Bonds. We express no opinion as to the validity or enforceability of the Standby Bond Purchase Agreement or the security afforded thereby.

The provisions of this opinion letter concerning federal tax issues were not written and cannot be used by any taxpayer for the purpose of avoiding penalties that may be imposed on any taxpayer by the Internal Revenue Service. This writing supports the promotion or marketing of the transactions or matters addressed herein. Each taxpayer should seek advice based on the taxpayer's particular circumstances from an independent tax advisor.

In this opinion letter issued in our capacity as bond counsel, we are opining only upon those matters set forth herein, and we are not opining upon the accuracy, adequacy or completeness of the Official Statement or any other statements made in connection with any offer or sale of the 2008 Series C Bonds or upon any federal or state tax consequences arising from the receipt or accrual of interest on or the ownership or disposition of the 2008 Series C Bonds, except those specifically addressed herein.

This opinion letter is issued as of the date hereof and we assume no obligation to revise or supplement this opinion letter to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Respectfully submitted,

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## APPENDIX F

### Book-Entry System

*The following information in this section regarding DTC and the book entry system is based solely on information provided by DTC. No representation is made by the Authority or the Underwriters as to the completeness or the accuracy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof. The Beneficial Owners of the 2008C Adjustable Rate Bonds should confirm the following information with DTC or the DTC Participants.*

The Depository Trust Company ("**DTC**"), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities, registered in the name of Cede & Co., DTC's partnership nominee ("**Cede**") or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, in the aggregate principal amount of each such maturity of the Bonds, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants (the "**Direct Participants**") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("**DTCC**"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("**Indirect Participants**"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com) and [www.dtc.org](http://www.dtc.org). *The Authority, the Trustee, and the Underwriters undertake no responsibility for and make no representation as to the accuracy or the completeness of the content of such material contained on DTC's website as described in the preceding sentence including, but not limited to, updates of such information or links to other Internet sites accessed through the aforementioned website.*

Purchases of 2008C Adjustable Rate Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each 2008C Adjustable Rate Bond ("**Beneficial Owner**") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2008C Adjustable Rate Bonds are to be accomplished by entries made on the books of Direct or Indirect Participants acting on behalf of Beneficial Owners. Beneficial

Owners will not receive certificates representing their ownership interests in 2008C Adjustable Rate Bonds, except in the event that use of the book-entry system for the 2008C Adjustable Rate Bonds is discontinued.

To facilitate subsequent transfers, all 2008C Adjustable Rate Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of 2008C Adjustable Rate Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2008C Adjustable Rate Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2008C Adjustable Rate Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of 2008C Adjustable Rate Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2008C Adjustable Rate Bonds, such as redemptions, tenders, defaults, and proposed amendments to the 2008C Adjustable Rate Bond documents. For example, Beneficial Owners of 2008C Adjustable Rate Bonds may wish to ascertain that the nominee holding the 2008C Adjustable Rate Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Bond Registrar and request that copies of notices be provided directly to them.

While the 2008C Adjustable Rate Bonds are in the book-entry system, redemption notices will be sent to DTC. If less than all of the 2008C Adjustable Rate Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to 2008C Adjustable Rate Bonds, unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the 2008C Adjustable Rate Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the 2008C Adjustable Rate Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the Authority or the Trustee, on a payment date in accordance with their respective holdings shown on DTC's records. Payments by Direct and Indirect Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Direct and Indirect Participant and not of DTC, the Trustee, the Paying Agent, the Remarketing Agent, the Liquidity Facility Provider or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC), is the responsibility of the Trustee or the Authority, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

THE AUTHORITY, THE TRUSTEE, THE PAYING AGENT, THE LIQUIDITY FACILITY PROVIDER, AND THE 2008C REMARKETING AGENT SHALL HAVE NO RESPONSIBILITY OR OBLIGATION WITH RESPECT TO THE ACCURACY OF THE RECORDS OF DTC, CEDE & CO. OR ANY DTC PARTICIPANT WITH RESPECT TO ANY OWNERSHIP INTEREST IN THE 2008C ADJUSTABLE RATE BONDS, THE DELIVERY TO ANY DTC PARTICIPANT OR ANY INDIRECT PARTICIPANT OR ANY OTHER PERSON, OTHER THAN CEDE & CO., AS NOMINEE OF DTC, AS SHOWN ON THE BOND REGISTER, OF ANY NOTICE WITH RESPECT TO THE 2008C ADJUSTABLE RATE BONDS, INCLUDING ANY NOTICE OF REDEMPTION, THE PAYMENT TO ANY DTC PARTICIPANT OR INDIRECT PARTICIPANT OR ANY OTHER PERSON, OTHER THAN CEDE & CO., AS NOMINEE OF DTC, AS SHOWN ON THE BOND REGISTER, OF ANY AMOUNT WITH RESPECT TO PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON, THE 2008C ADJUSTABLE RATE BONDS OR ANY CONSENT GIVEN BY CEDE & CO., AS NOMINEE OF DTC. SO LONG AS CERTIFICATES FOR THE 2008C ADJUSTABLE RATE BONDS ARE NOT ISSUED PURSUANT TO THE INDENTURE AND THE 2008C ADJUSTABLE RATE BONDS ARE REGISTERED TO DTC, THE AUTHORITY, THE LIQUIDITY FACILITY PROVIDER, THE PAYING AGENT, THE REMARKETING AGENT AND THE TRUSTEE SHALL TREAT DTC OR ANY SUCCESSOR SECURITIES DEPOSITORY AS, AND DEEM DTC OR ANY SUCCESSOR SECURITIES DEPOSITORY TO BE, THE ABSOLUTE OWNER OF THE 2008C ADJUSTABLE RATE BONDS FOR ALL PURPOSES WHATSOEVER, INCLUDING WITHOUT LIMITATION (1) THE PAYMENT OF PRINCIPAL AND INTEREST ON THE 2008C ADJUSTABLE RATE BONDS, (2) GIVING NOTICE OF REDEMPTION AND OTHER MATTERS WITH RESPECT TO THE 2008C ADJUSTABLE RATE BONDS, (3) REGISTERING TRANSFERS WITH RESPECT TO THE 2008C ADJUSTABLE RATE BONDS AND (4) THE SELECTION OF 2008C ADJUSTABLE RATE BONDS FOR REDEMPTION.

A Beneficial Owner shall give notice to elect to have its 2008C Adjustable Rate Bonds purchased or tendered, through its Participant, to the Remarketing Agent, and shall effect delivery of such 2008C Adjustable Rate Bonds by causing the Direct Participant to transfer the Participant's interest in the 2008C Adjustable Rate Bonds, on DTC's records, to the Remarketing Agent. The requirement for physical delivery of 2008C Adjustable Rate Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the 2008C Adjustable Rate Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered 2008C Adjustable Rate Bonds to the Remarketing Agent's DTC account.

DTC may discontinue providing its services as depository with respect to the 2008C Adjustable Rate Bonds at any time by giving reasonable notice to the Authority, the Trustee and the applicable Liquidity Facility Provider. Under such circumstances, in the event that a successor depository is not obtained, 2008C Adjustable Rate Bond certificates are required to be printed and delivered. The Authority may decide to discontinue use of the system of book-entry transfer through DTC (or a successor securities depository). In that event, 2008C Adjustable Rate Bond certificates will be printed and delivered to DTC.

According to DTC, the foregoing information with respect to DTC and DTC's book-entry system has been provided to the Industry for informational purposes only and is not intended to serve as a representation, warranty or contract modification of any kind.

*The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Authority believes to be reliable, but neither the Authority nor the Underwriters take any responsibility for the accuracy thereof.*

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**APPENDIX G-1**

**Certain Information about the 2008C Loans**

**Existing Loans to be Acquired**

The Authority expects to acquire certain existing uninsured rental and business loans (which are presently held in the Authority's General Fund) using proceeds of the 2008C Adjustable Rate Bonds as described in "Part I – PLAN OF FINANCE – Uses of Amounts in Acquisition Account." The Indenture, however, permits the Authority at its option to purchase or originate Loans or finance Authority Projects other than those described below.

*Existing Rental Loan*

The Authority has originated an uninsured rental loan as part of its multi-family SMART Program. For a brief description of the SMART Program, see "Part II – COLORADO HOUSING AND FINANCE AUTHORITY – Programs to Date – Commercial Loan Programs – Rental Finance Programs." The Authority expects to use proceeds of the 2008C Adjustable Rate Bonds to acquire as a 2008C Loan such existing uninsured rental loan currently held by the Authority in its General Fund.

The existing uninsured rental loan originated under the SMART Program expected to be acquired as a 2008C Loan, which is presently current in repayment and has generally been current in repayment since being originated, is listed on the following table:

**Existing Uninsured Rental Loan (SMART Program) to be Acquired**

<u>Borrower/Project</u>	<u>Location</u>	<u>Units</u>	<u>Original Loan Amount</u>	<u>Outstanding Principal Amount of Loan(1)</u>	<u>Mortgage Rate</u>	<u>Loan Date</u>	<u>Loan Term (Years)</u>	<u>Series for Funding</u>
Hughes Station (2)	Brighton	120	\$5,725,000	\$5,725,000	5.60%	10/27/08	13	2008C-2

(1) As of December 1, 2008.

(2) The Hughes Station borrower will use loan proceeds to pay off bonds originally issued by Adams County to finance the Hughes Station project.

*Existing Business Loans*

The Authority has originated uninsured business loans as part of certain of its business programs, including the CHFA Direct Loan Program, the Non-Profit Real Estate ("NPRE") Loan Program and the CHFA Rural Loan Program. For a brief description of these Programs, see "Part II – COLORADO HOUSING AND FINANCE AUTHORITY – Programs to Date – Commercial Loan Programs – Business Finance Programs." The Authority expects to use proceeds of the 2008C Adjustable Rate Bonds to acquire as 2008C Loans such existing uninsured business loans currently held by the Authority in its General Fund.

The existing uninsured business loans expected to be acquired as 2008C Loans, which are presently current in repayment and have generally been current since being originated, are listed on the following table:

### Existing Uninsured Business Loans to be Acquired

<u>Borrower/Project</u>	<u>Program</u>	<u>Location</u>	<u>Original Loan Amount</u>	<u>Outstanding Principal Amount of Loan*</u>	<u>Loan Interest Rate</u>	<u>Loan Date</u>	<u>Loan Term (Years)</u>	<u>Series for Funding</u>
Arapahoe Mental Health Colorado Coalition for the Homeless	NPRE	Englewood	\$6,046,000	\$6,001,592	5.80%	2/12/08	20	2008C-3
Curious Theater	NPRE	Denver	1,230,000	1,224,778	6.16%	5/22/08	25	2008C-3
Epic Broadband	NPRE	Denver	500,000	497,124	6.15%	4/3/08	30	2008C-3
Garage Dekor LLC	Direct	Castle Rock	497,250	493,326	6.85%	5/21/08	20	2008C-1
Green Level Realty	Rural	Eagle	315,000	309,833	6.70%	2/28/08	20	2008C-1
Midwest Electric Systems	Direct	Commerce City	3,004,750	2,987,657	7.15%	6/19/08	20	2008C-1
1965 Properties	Rural	Steamboat Springs	350,000	347,240	6.85%	5/29/08	20	2008C-1
Ranta Shop Commercial LLC	Rural	Grand Junction	342,000	341,355	7.15%	8/28/08	20	2008C-1
Roman Lozyniak (Aspen Leaf Lodge)	Rural	Telluride	498,800	498,800	6.95%	9/11/08	20	2008C-1
Roundup Inc	Rural	Salida	470,991	470,991	7.20%	9/25/08	20	2008C-1
Roundup Inc.	NPRE	Colorado Springs	1,053,000	1,053,000	6.50%	10/28/08	30	2008C-3
Sleeping Giant Financial	Direct	Colorado Springs	97,000	97,000	6.50%	10/28/08	30	2008C-1
Vertical Arts	Rural	Steamboat Springs	612,000	612,000	7.00%	10/8/08	20	2008C-1
			<u>750,000</u>	<u>750,000</u>	6.70%	11/24/08	20	2008C-1
<b>Total</b>			<b><u>\$15,766,791</u></b>	<b><u>\$15,684,696</u></b>				

\*As of December 1, 2008.

### Loans Expected to be Originated

#### *Rental Loans*

General. The uninsured rental loans expected to be originated by the Authority under the SMART program using proceeds of the 2008C Adjustable Rate Bonds are listed on the following table:

#### Uninsured Rental Loans (SMART Program) Expected to be Originated(1)

<u>Borrower/Project</u>	<u>Location</u>	<u>Units</u>	<u>Projected Loan Amount(1)</u>	<u>Mortgage Rate(1)</u>	<u>Projected Loan Date(1)</u>	<u>Projected Loan Term (Years)</u>	<u>Series for Funding</u>
Archdiocesan Housing	Denver	125	\$3,770,000	5.25%	12/31/08	TBD	2008C-4
Denver Gardens	Denver	100	6,000,000	6.20%	12/31/08	TBD	2008C-4
Grace Apartments	Denver	53	500,000	7.25%	12/31/08	20	2008C-1
Paloma Villa III	Morrison	50	1,417,000	6.85%	1/15/09	20	2008C-1
Park Ave East Village (Block 4B)	Denver	83	3,700,000	6.50%	12/31/08	25	2008C-1
Payne Chapel	Colorado Springs	200	<u>2,325,000</u>	6.20%	12/31/08	40	2008C-3
<b>Total</b>			<b><u>\$17,712,000</u></b>				

(1) Subject to change. Projected as of December 1, 2008.

*Uninsured Business Loan*

The uninsured business loan expected to be originated by the Authority under the CHFA Direct Loan Program described above using proceeds of the 2008C Adjustable Rate Bonds is listed on the following table:

**Uninsured Business Loans Expected to be Originated<sup>(1)</sup>**

<u>Type of Borrower</u>	<u>Program</u>	<u>Location</u>	<u>Projected Loan Amount<sup>(1)</sup></u>	<u>Loan Interest Rate<sup>(1)</sup></u>	<u>Projected Loan Date<sup>(1)</sup></u>	<u>Projected Loan Term (Years)</u>	<u>Series for Funding</u>
Scudder Press	Direct	Thornton	\$405,230	6.65%	1/14/09	20	2008C-1

(1) Subject to change. Projected as of December 1, 2008.

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**APPENDIX G-2**

**Certain Information about the Master Indenture Loan Portfolio,  
Authority Projects and Fund Balances**

The chart included in this Appendix G-2 has been prepared by the Authority to provide, as of November 3, 2008, certain information about the Master Indenture Loan Portfolio and Authority Projects. Information is also provided about the Fund Balances existing under the Master Indenture as of November 3, 2008. In summary, as of November 3, 2008, the Trust Estate included the following:

	<u>Amount</u>	<u>No. of Loans/ Interests/Projects</u>	<u>Total % of Portfolio</u>
Insured Rental Loans	\$275,560,074	78	33.23
Uninsured Rental Loans (1)	127,936,648	101	15.57
Uninsured Business Loans (1)	204,799,108	254	26.34
Military Housing	165,615,000	6	21.37
Participation Interests	12,068,893	33	1.56
Authority Projects	<u>15,070,553</u>	5	1.94
<b>Total</b>	<b><u>\$801,050,276</u></b>		

(1) Not including the uninsured loans for the Fort Carson and Air Force Academy loans which are listed as a separate line item "Military Housing."

For purposes of this chart, the abbreviations set forth below have the following respective meanings:

BF B&I I BUSINESS:	Business & Industry I Program
BF B&I II BUSINESS:	Business & Industry II Program
BF EDF:	Business Finance – Economic Development Fund
BF CHFA DIRECT:	Business Finance CHFA Direct Loan Program
BF CHFA RURAL:	Business Finance CHFA Rural Program
BF NON PROFIT:	Business Finance Non-Profit Real Estate Loan Program
BF QAL:	Business Finance Quality Agriculture Loan Program
BF QIC:	Business Finance Quality Investment Capital Program
BF SBA 504:	Business Finance Small Business Administration 504 Program
CHFA NOTE:	Authority Business Need
HOF CHFA:	Housing Opportunity Fund
HOF FAF:	Financing Adjustment Factor
RAP:	Rental Acquisition Program
SMART TAX EXEMPT:	Small Affordable Rental Transactions Program Tax-Exempt Borrower
SMART TAXABLE:	Small Affordable Rental Transactions Program Taxable Borrower
RF 501(C)3:	Rental Finance 501(c)3 Borrower
SPEC NEED:	Loans made under special circumstances

See Part II – "COLORADO HOUSING AND FINANCE AUTHORITY – Programs to Date" for further information.

**Colorado Housing and Finance Authority**  
**Loan Portfolio Report**  
**As of November 3, 2008**  
**Multi-Family/Project Bonds**  
**2000A, 2000B, 2001A, 2002A, 2002C, 2003A, 2004A, 2005A, 2005B, 2006A, 2007B, 2008A and 2008B**

Bond Issue	Borrower	Note Amount	Maturity Date	PI Amount	Loan Subtype	Next Due Date	Current Balance
M00A	REDWOOD VILLAGE	\$4,084,592.00	2/1/2017	\$34,394.64	CHFA NOTE	08/01/2008	\$2,619,861.86
M00A	REDWOOD VILLAGE	\$400,000.00	11/01/2021	\$17,680.74	CHFA NOTE	11/01/2008	\$294,615.23
M00A	SENIOR HOUSING OPTIONS	\$621,000.00	12/01/2021	\$3,340.20	MF 501(C)3	08/01/2008	\$351,696.26
M00A	SENIOR HOUSING OPTIONS	\$525,000.00	09/01/2034	\$2,580.62	MF 501(C)3	08/01/2008	\$389,530.77
M00A	SENIOR HOUSING OPTIONS	\$114,842.00	12/01/2021	\$755.14	MF 501(C)3	08/01/2008	\$79,571.52
M00A	URBAN, INC	\$1,143,429.00	10/01/2023	\$8,290.66	RAP	08/01/2008	\$884,125.55
M00A	SENIOR HOUSING OPTIONS	\$2,153,185.00	05/01/2022	\$12,412.66	MF 501(C)3	08/01/2008	\$1,390,602.04
M00A	SAXONY	\$272,735.00	07/01/2022	\$1,764.74	MF 501(C)3	08/01/2008	\$180,248.83
M00A	BELMONT	\$712,500.00	09/01/2022	\$4,616.91	MF 501(C)3	08/01/2008	\$513,946.12
M00A	JEFFERSON HILLS	\$3,287,357.00	11/01/2023	\$21,398.91	MF 501(C)3	08/01/2008	\$2,496,331.54
M00A	URBAN, INC	\$734,970.00	07/01/2022	\$1,739.66	RAP	08/01/2008	\$176,056.55
M00A	URBAN, INC	\$142,797.00	12/01/2022	\$1,047.80	RAP	08/01/2008	\$107,719.25
M00A	MARY SANDOE	\$90,000.00	01/01/2025	\$660.39	MF 501(C)3	08/01/2008	\$72,655.54
M00A	LAS ANIMAS	\$159,000.00	04/01/2027	\$1,017.28	MF 501(C)3	08/01/2008	\$132,248.49
M00A	HOA CITY OF STERLING	\$522,000.00	09/01/2026	\$3,036.76	MF 501(C)3	08/01/2008	\$451,849.96
M00A	DOMINIUM MANAGEMENT SERVICES	\$1,844,688.60	12/01/2039	\$55,492.97	221 (D) 4	08/01/2008	\$1,729,241.68
M00A	FOUNTAIN RIDGE ASSOCIATES	\$407,069.52	04/01/2039	\$12,300.29	221 (D) 4	08/01/2008	\$379,610.73
M00A	COLO BLUESKY ENTERPRISES	\$190,000.00	02/01/2029	\$1,194.69	SMART TAX EXEMPT	08/01/2008	\$113,733.88
M00A	ENGLEWOOD SENIOR LIVING LLC	\$1,344,740.00	08/01/2039	\$43,864.00	542 (C)	08/01/2008	\$1,269,536.87
M00A	LAKEWOOD HOMESTEAD LTD	\$834,925.00	03/01/2040	\$27,497.33	542 (C)	08/01/2008	\$790,607.27
M00A	ENERGY OFFICE	\$175,000.00	10/01/2030	\$1,135.05	SMART TAX EXEMPT	08/01/2008	\$156,908.46
M00A	SW NEIGHBORHOOD HOUSING	\$175,000.00	11/01/2032	\$1,158.41	SMART TAXABLE	08/01/2008	\$163,182.71
M00A	SPRINGFIEL HOA	\$250,000.00	07/01/2032	\$1,580.17	SMART TAXABLE	08/01/2008	\$230,240.82
							<b>\$14,974,121.93</b>
M00B	DOMINIUM MANAGEMENT SERVICES	\$11,330,000.00	11/01/2042	\$74,232.08	542 (C)	08/01/2008	\$10,897,344.61
M00B	NIELSON GARDENS LLC	\$2,420,000.00	03/01/2031	\$15,253.55	542 (C)	08/01/2008	\$2,202,051.43
M00B	FORT COLLINS FM	\$10,008,500.00	03/01/2043	\$61,832.80	542 (C)	08/01/2008	\$9,713,411.85
M00B	COLUMBINE	\$4,313,000.00	12/01/2030	\$28,984.74	542 (C)	08/01/2008	\$3,902,618.17
M00B	FOX RUN APARTMENTS	\$3,409,175.00	07/01/2043	\$20,359.56	542 (C)	08/01/2008	\$3,301,764.97
							<b>\$30,017,191.03</b>
M01A	COLORADO COALITION FOR THE HOMELESS	\$1,294,650.00	03/01/2026	\$9,142.06	BF EDF	08/01/2008	\$1,113,970.11
M01A	VOLUNTEERS OF AMERICA	\$660,000.00	09/01/2021	\$5,316.92	BF EDF	08/01/2008	\$534,326.51
M01A	REDWOOD VILLAGE	\$1,595,920.00	11/01/2022	\$71,861.01	CHFA NOTE	11/01/2008	\$1,308,106.83
M01A	NEW HERITAGE	\$460,000.00	05/01/2026	\$3,247.94	MF 501(C)3	08/01/2008	\$380,169.52
M01A	CLIFTON VILLAGE MHA LTD	\$4,200,000.00	06/01/2031	\$27,241.12	542 (C)	08/01/2008	\$3,812,880.31
M01A	UPTOWN PARTNERSHIP INC	\$700,000.00	04/01/2031	\$4,355.65	SMART TAX EXEMPT	08/01/2008	\$651,438.04
M01A	CENTENNIAL EAST HOUSING	\$7,475,000.00	01/01/2044	\$45,801.89	542 (C)	08/01/2008	\$7,293,194.14
M01A	CORONA MANAGEMENT CO	\$1,621,000.00	06/01/2031	\$10,513.78	542 (C)	08/01/2008	\$1,473,334.69
M01A	SHERIDAN RIDGE TOWNHOMES	\$6,750,000.00	01/01/2044	\$40,969.67	542 (C)	08/01/2008	\$6,581,776.67
M01A	BROTHERS REDEVELOPMENT INC	\$924,000.00	09/01/2031	\$6,023.79	SMART TAXABLE	08/01/2008	\$842,993.33
M01A	FOX RUN APARTMENTS	\$132,825.00	07/01/2043	\$20,359.56	542 (C)	08/01/2008	\$128,640.18
							<b>\$24,120,830.33</b>
M02A	ASPEN MEADOWS ASSOCIATED	\$2,614,000.00	05/01/2043	\$15,397.05	542 (C)	08/01/2008	\$2,532,543.33
M02A	GVAH LIMITED PARTNERSHIP	\$2,112,800.00	07/01/2032	\$13,773.88	542 (C)	08/01/2008	\$1,953,145.93
M02A	FOREST MANOR LLP	\$5,480,000.00	06/01/2032	\$32,924.60	542 (C)	08/01/2008	\$5,028,479.58
M02A	GVAH LIMITED PARTNERSHIP	\$360,000.00	04/13/2013	\$3,960.15	SMART TAX EXEMPT	08/01/2008	\$197,665.45
M02A	TRUSCOTT PHASE II	\$5,650,000.00	06/01/2043	\$33,078.31	542 (C)	08/01/2008	\$5,470,737.30
M02A	FOUNTAIN RIDGE SOUTH APTS LLP	\$4,126,000.00	08/01/2044	\$23,716.41	221 (D) 4	08/01/2008	\$4,030,475.23
M02A	TANGLEWOOD	\$3,024,980.00	04/01/2028	\$23,533.98	RAP	08/01/2008	\$2,541,524.19
M02A	REDI CORPORATION	\$370,006.00	04/01/2019	\$2,523.61	SMART TAX EXEMPT	08/01/2008	\$304,718.74
M02A	HARRIS PARK COURT, LLC	\$286,000.00	12/01/2030	\$1,854.99	SMART TAX EXEMPT	08/01/2008	\$253,604.35
M02A	HOA CITY OF STERLING	\$893,000.00	04/01/2031	\$5,556.56	SMART TAX EXEMPT	08/01/2008	\$802,783.30
M02A	EMPOWERMENT	\$250,000.00	08/01/2031	\$1,580.17	SMART TAX EXEMPT	08/01/2008	\$229,417.52
M02A	TRI COUNTY SENIOR	\$256,300.00	02/01/2032	\$1,603.17	SMART TAX EXEMPT	08/01/2008	\$233,790.99
							<b>\$23,578,885.91</b>
M02C	MOUNTAINVI APTS LLC	\$4,200,000.00	01/01/2038	\$25,230.40	542 (C)	08/01/2008	\$3,994,062.20
M02C	MAPLES LLLP	\$16,210,000.00	09/01/2032	\$99,175.73	542 (C)	08/01/2008	\$14,988,510.29

**Colorado Housing and Finance Authority**  
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**Multi-Family/Project Bonds**  
**2000A, 2000B, 2001A, 2002A, 2002C, 2003A, 2004A, 2005A, 2005B, 2006A, 2007B, 2008A and 2008B**

Bond Issue	Borrower	Note Amount	Maturity Date	PI Amount	Loan Subtype	Next Due Date	Current Balance
M02C	RACQUET CLUB APARTMENTS	\$4,903,825.00	01/01/2035	\$33,452.73	542 (C)	08/01/2008	\$4,726,451.60
M02C	FORE FOUNTAIN SPRINGS	\$15,587,500.00	02/01/2044	\$88,496.41	221 (D) 4	08/01/2008	\$15,142,538.80
M02C	HAMPSTEAD SOUTHGATE PARTNERS	\$2,841,000.00	01/01/2033	\$18,050.57	542 (C)	08/01/2008	\$2,643,189.69
M02C	AURORA VILLAGE ASSOCIATES L	\$4,700,000.00	10/01/2033	\$29,398.78	542 (C)	08/01/2008	\$4,418,149.28
M02C	AP HOUSING LP	\$2,475,000.00	01/01/2034	\$14,838.88	542 (C)	08/01/2008	\$2,325,900.47
M02C	AM HOUSING LP	\$3,050,000.00	01/01/2034	\$18,286.29	542 (C)	08/01/2008	\$2,866,261.56
M02C	CC HOUSING LP	\$815,000.00	01/01/2034	\$4,886.34	542 (C)	08/01/2008	\$765,902.44
M02C	CLIFTON TOWNHOMES LP	\$2,200,000.00	12/01/2033	\$13,190.11	542 (C)	08/01/2008	\$2,064,614.68
M02C	CS HOUSING LP	\$10,200,000.00	07/01/2033	\$61,154.15	542 (C)	08/01/2008	\$9,505,172.86
M02C	DS HOUSING LP	\$1,860,000.00	10/01/2033	\$11,151.64	542 (C)	08/01/2008	\$1,740,677.74
M02C	HALCYON HOUSE	\$12,691,300.00	09/01/2033	\$76,090.76	542 (C)	08/01/2008	\$11,860,425.45
M02C	HS HOUSING LP	\$2,606,000.00	01/01/2034	\$15,624.29	542 (C)	08/01/2008	\$2,449,008.82
M02C	HA HOUSING LP	\$3,175,000.00	10/01/2033	\$19,035.73	542 (C)	08/01/2008	\$2,971,318.13
M02C	KEARNEY HOUSING A MAINE LTD	\$1,596,100.00	07/01/2033	\$9,569.43	542 (C)	08/01/2008	\$1,487,372.89
M02C	MT HOUSING LP	\$2,700,000.00	11/01/2033	\$16,187.86	542 (C)	08/01/2008	\$2,530,326.76
M02C	PT HOUSING LP	\$3,400,000.00	01/01/2034	\$20,384.72	542 (C)	08/01/2008	\$3,195,176.65
M02C	SG HOUSING LP	\$2,070,000.00	10/01/2033	\$12,410.70	542 (C)	08/01/2008	\$1,939,916.76
M02C	SV HOUSING LP	\$2,036,000.00	12/01/2033	\$12,206.85	542 (C)	08/01/2008	\$1,910,706.85
M02C	SM HOUSING LP	\$1,140,000.00	01/01/2034	\$6,834.88	542 (C)	08/01/2008	\$1,071,323.75
M02C	TDS HOUSING LP	\$3,408,000.00	10/01/2033	\$20,432.68	542 (C)	08/01/2008	\$3,189,370.95
M02C	TS HOUSING LTD	\$2,040,000.00	09/01/2033	\$12,230.83	542 (C)	08/01/2008	\$1,906,348.88
M02C	HAMPDEN SENIOR I LP	\$3,701,159.00	06/01/2045	\$54,815.78	542 (C)	08/01/2008	\$3,635,229.58
M02C	KINGS POINT INVESTMENT GRO	\$2,300,000.00	01/01/2034	\$13,789.66	542 (C)	08/01/2008	\$2,161,443.20
M02C	SABLE RIDGE PARTNERS LLC	\$3,942,000.00	04/01/2044	\$22,658.77	542 (C)	08/01/2008	\$3,839,335.44
M02C	SM HOUSING LP	\$586,000.00	01/01/2012	\$6,354.13	HOF CHFA	08/01/2008	\$268,280.44
M02C	BEAR VALLEY LLLP	\$4,260,960.00	10/01/2045	\$45,524.48	542 (C)	08/01/2008	\$4,193,331.61
M02C	FREMONT VETERINARY HOSPITAL, INC.	\$772,400.00	05/01/2022	\$6,217.68	BF SBA 504	08/01/2008	\$614,550.46
M02C	SHAW PROPERTIES LLC	\$571,500.00	02/01/2023	\$4,342.08	BF SBA 504	08/01/2008	\$484,597.84
M02C	LE VALLEY	\$498,750.00	11/30/2031	\$39,703.70	BF QAL	11/30/2008	\$439,255.07
M02C	MOFFAT COUNTY HOUSING	\$218,100.00	09/01/2033	\$1,378.54	SMART TAX EXEMPT	08/01/2008	\$204,455.81
M02C	6440 COMPANY	\$581,100.00	12/01/2032	\$3,769.00	SMART TAXABLE	08/01/2008	\$540,420.30
M02C	OLIN HOTEL APTS	\$504,200.00	12/01/2032	\$3,120.86	SMART TAX EXEMPT	08/01/2008	\$466,938.99
M02C	ACHT ZETA	\$5,650,000.00	05/01/2034	\$34,421.39	542 (C)	08/01/2008	\$5,395,383.60
M02C	ACHT ZETA	\$1,249,000.00	04/01/2019	\$10,546.00	IRP	08/01/2008	\$979,980.32
M02C	NEW HERITAGE	\$1,310,000.00	06/01/2039	\$7,469.49	SMART TAX EXEMPT	08/01/2008	\$1,267,145.74
M02C	CLIFTON TOWNHOMES LP	\$360,000.00	12/31/2008	\$6,959.81	HOF CHFA	08/01/2008	\$40,827.12
M02C	MT HOUSING LP	\$105,000.00	11/01/2008	\$2,029.94	HOF CHFA	08/01/2008	\$9,999.48
M02C	AP HOUSING LP	\$25,000.00	01/01/2009	\$483.32	HOF CHFA	08/01/2008	\$3,316.61
M02C	SV HOUSING LP	\$113,000.00	12/01/2008	\$2,184.61	HOF CHFA	08/01/2008	\$12,881.01
							<b>\$124,250,100.12</b>
M03A	ARCHDIOCES HOUSING	\$257,000.00	09/01/2021	\$1,731.68	BF EDF	08/01/2008	\$188,055.41
M03A	NEUGER	\$99,000.00	11/01/2016	\$859.15	BF EDF	08/01/2008	\$61,830.22
M03A	NEWSSED INC	\$628,000.00	02/01/2019	\$3,078.07	BF EDF	08/01/2008	\$273,032.63
M03A	ROCKY MOUNTAIN HEALTH CARE	\$380,470.00	12/01/2018	\$3,182.40	BF EDF	08/01/2008	\$270,704.29
M03A	EMPOWERMENT	\$272,500.00	08/01/2019	\$2,195.24	BF EDF	08/01/2008	\$197,626.90
M03A	BEYE-LOTZ	\$392,000.00	09/01/2020	\$2,989.62	BF EDF	08/01/2008	\$301,113.93
M03A	HOSS KIMBLE LLC	\$519,750.00	04/01/2021	\$3,801.40	BF SBA 504	08/01/2008	\$407,584.17
M03A	ROCKY MOUNTAIN HEALTH CARE	\$168,300.00	03/01/2021	\$1,459.48	BF EDF	08/01/2008	\$135,643.14
M03A	CENTENNIAL STATE PAVING	\$140,000.00	07/01/2021	\$1,214.07	BF SBA 504	08/01/2008	\$114,655.79
M03A	PARKWOOD LLC	\$178,500.00	07/01/2021	\$1,422.88	BF SBA 504	08/01/2008	\$143,831.84
M03A	CCCS OF NORTHERN COLORADO	\$399,000.00	07/01/2026	\$2,772.36	BF EDF	08/01/2008	\$333,992.68
M03A	JONES	\$100,000.00	10/01/2021	\$835.82	BF SBA 504	08/01/2008	\$82,359.72
M03A	CRANE	\$79,000.00	01/01/2022	\$635.94	BF SBA 504	08/01/2008	\$64,810.03
M03A	COLORADO HOTEL & LODGING	\$410,500.00	09/01/2026	\$3,033.56	BF EDF	08/01/2008	\$361,251.88
M03A	PAUL STAVELY	\$215,010.00	03/01/2026	\$19,372.24	BF QAL	03/01/2009	\$114,997.66
M03A	COLORADO HOUSING ASSISTANCE CORPORATION	\$250,000.00	09/01/2021	\$1,882.93	BF EDF	08/01/2008	\$199,676.38
M03A	THRATTLE UP CORP	\$382,579.00	08/04/2031	\$3,150.00	BF QIC	08/02/2008	\$101,404.69
M03A	HOTCHKISS INN MOTEL	\$617,320.00	08/07/2026	\$6,116.00	BF QIC	08/07/2008	\$544,544.24
M03A	JERRY SCHLAGER	\$259,020.00	03/01/2031	\$21,237.95	BF QAL	03/01/2009	\$230,991.03
M03A	GARD	\$99,450.00	02/01/2022	\$786.03	BF SBA 504	08/01/2008	\$74,936.50
M03A	RALPH TATE	\$209,700.00	03/01/2026	\$16,742.96	BF QAL	03/01/2009	\$173,102.71
M03A	LYLE HAMACHER	\$284,400.00	02/01/2027	\$24,758.96	BF QAL	02/01/2009	\$257,254.46

**Colorado Housing and Finance Authority**  
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**Multi-Family/Project Bonds**  
**2000A, 2000B, 2001A, 2002A, 2002C, 2003A, 2004A, 2005A, 2005B, 2006A, 2007B, 2008A and 2008B**

Bond Issue	Borrower	Note Amount	Maturity Date	PI Amount	Loan Subtype	Next Due Date	Current Balance
M03A	BOOKCLIFF AUTO PARTS INC	\$524,089.00	03/05/2027	\$3,673.52	BF QIC	08/05/2008	\$473,072.44
M03A	PERDUE	\$75,960.00	03/01/2022	\$7,268.73	BF QAL	03/01/2009	\$59,216.70
M03A	ROARING FORK COMPUTER SOCIETY	\$225,225.00	03/01/2023	\$1,744.82	BF EDF	08/01/2008	\$192,390.77
M03A	DENVER RUBBER COMPANY	\$846,000.00	01/01/2023	\$6,307.55	BF EDF	08/01/2008	\$709,139.92
M03A	ROCKY MOUNTAIN SCHOOL OF ART	\$6,900,000.00	01/01/2029	\$50,319.08	BF SBA 504	08/01/2008	\$6,395,399.89
M03A	RAYMOND D GRIFFIN	\$175,500.00	01/15/2023	\$19,225.40	BF QAL	01/15/2010	\$155,817.47
M03A	LATIN AMERICAN RESEARCH & SERVICE AGENCY	\$96,287.00	05/01/2028	\$664.65	BF EDF	08/01/2008	\$86,735.90
M03A	BAYAUD INDUSTRIES INC	\$1,000,000.00	06/01/2033	\$5,995.51	BF EDF	08/01/2008	\$928,183.40
M03A	SIRCY	\$144,450.00	01/15/2023	\$8,220.76	BF QAL	01/15/2009	\$119,400.63
M03A	FULLMER	\$200,000.00	05/01/2023	\$1,432.86	BF EDF	08/01/2008	\$169,081.65
M03A	EMERY ENTERPRISES LLC	\$584,551.00	12/05/2031	\$3,662.86	BF B&I II	08/05/2008	\$546,558.49
M03A	THOMAS E MARTIN	\$540,242.00	07/18/2031	\$3,445.64	BF B&I II	07/18/2008	\$502,986.89
M03A	HARRIS PARK COURT, LLC	\$315,000.00	07/01/2023	\$2,346.70	BF EDF	08/01/2008	\$269,563.05
M03A	AKERS	\$180,000.00	02/20/2028	\$14,526.97	BF QAL	02/20/2009	\$162,170.62
M03A	KJW ENTERPRISES LLC	\$788,384.00	03/24/2023	\$5,950.60	BF B&I II	07/24/2008	\$510,314.65
M03A	DONALD W SIRCY	\$225,000.00	01/15/2024	\$24,274.80	BF QAL	01/15/2011	\$135,558.30
M03A	BRACHTENBACH	\$90,000.00	01/15/2010	\$12,780.00	BF QAL	01/15/2010	\$48,504.04
M03A	WILZOCH HOLDINGS LLC	\$3,535,000.00	12/01/2023	\$26,356.01	BF SBA 504	08/01/2008	\$3,084,262.73
M03A	WILZOCH HOLDINGS LLC	\$826,000.00	04/01/2024	\$6,158.43	BF SBA 504	08/01/2008	\$729,567.15
M03A	KNOTT	\$450,000.00	05/23/2033	\$3,716.49	BF QAL	05/23/2009	\$427,228.84
M03A	MCARTHUR	\$540,000.00	03/15/2028	\$43,686.00	BF QAL	03/15/2009	\$481,116.06
M03A	DOUBLE B LLC	\$283,918.00	03/01/2025	\$1,993.34	BF CHFA RURAL	08/01/2008	\$256,086.37
M03A	BACKBONE MEDIA HOLDING	\$459,000.00	08/01/2025	\$3,222.56	BF CHFA DIRECT	08/01/2008	\$402,767.46
M03A	RAGAZZI LLC	\$475,000.00	06/01/2025	\$3,334.90	BF CHFA RURAL	08/01/2008	\$433,503.97
M03A	BIG BUILDINGS LLC	\$437,500.00	12/01/2025	\$3,172.36	BF SBA 504	08/01/2008	\$407,418.41
M03A	BIG BUILDINGS LLC	\$332,500.00	12/01/2025	\$2,411.00	BF SBA 504	08/01/2008	\$309,637.79
M03A	BROADWAY VET CLINIC LLC	\$484,000.00	09/01/2025	\$3,509.54	BF CHFA DIRECT	08/01/2008	\$447,103.82
M03A	COLLINS	\$538,114.00	01/01/2027	\$3,870.75	BF SBA 504	08/01/2008	\$517,617.89
M03A	DUCKELS	\$439,220.00	05/01/2026	\$3,058.67	BF SBA 504	08/01/2008	\$413,001.58
M03A	AUBER RIDGE PROPERTIES	\$94,050.00	11/01/2025	\$681.97	BF CHFA DIRECT	08/01/2008	\$85,829.68
M03A	HAERTLING, LLC	\$166,504.00	01/01/2026	\$1,207.34	BF SBA 504	08/01/2008	\$155,466.09
M03A	KARSH INVESTMENTS, LLC	\$578,000.00	03/01/2026	\$4,224.77	BF CHFA DIRECT	08/01/2008	\$541,495.84
M03A	LUSBY	\$307,000.00	02/01/2027	\$2,221.64	BF CHFA RURAL	08/01/2008	\$292,353.18
M03A	JESCO LLC	\$483,750.00	06/01/2026	\$3,521.78	BF CHFA RURAL	08/01/2008	\$456,540.55
M03A	URBAN, INC	\$9,354,400.00	03/01/2028	\$62,404.43	RAP	08/01/2008	\$7,776,906.28
M03A	SUMMIT APARTMENTS	\$3,248,400.00	04/01/2028	\$18,328.08	223 (F)	08/01/2008	\$2,701,913.49
M03A	TANGLEWOOD	\$375,020.00	04/01/2028	\$23,533.98	RAP	08/01/2008	\$315,085.57
M03A	PAUL DEVLIN	\$183,500.00	06/01/2021	\$1,178.01	SMART TAXABLE	08/01/2008	\$159,435.86
M03A	PARK MEADOWS AFFORDABLE	\$1,860,000.00	05/01/2032	\$11,879.05	SMART TAXABLE	08/01/2008	\$1,718,167.28
M03A	HINKLE	\$190,000.00	02/01/2022	\$1,238.66	SMART TAXABLE	08/01/2008	\$174,884.53
M03A	ALLISON CAMPUS III LP	\$128,500.00	08/01/2023	\$770.42	HOF CHFA	08/01/2008	\$119,917.51
M03A	6329 COMPANY LLC	\$684,000.00	08/01/2033	\$4,122.94	SMART TAXABLE	08/01/2008	\$638,677.27
M03A	HOUSING AUTHORITY GRAND	\$278,700.00	09/01/2034	\$1,670.95	HOF CHFA	08/01/2008	\$264,737.56
M03A	HOUSING AUTHORITY LEADVILLE	\$164,700.00	11/01/2034	\$987.46	HOF CHFA	08/01/2008	\$156,804.59
M03A	DENVER REVITALIZATION	\$108,900.00	12/01/2034	\$652.91	HOF CHFA	08/01/2008	\$103,457.46
M03A	VISTOSO COMMUNITY LLLP	\$600,000.00	04/01/2025	\$3,459.56	HOF CHFA	08/01/2008	\$577,742.79
M03A	CASTLE CREEK COMMONS EAST	\$280,200.00	11/01/2035	\$1,679.94	HOF CHFA	08/01/2008	\$270,871.86
M03A	WEST 10 AVE RESIDENCES	\$550,000.00	02/01/2016	\$3,358.11	HOF CHFA	08/01/2008	\$543,205.76
M03A	BRECKINRIDGE VILLAGE APTS	\$425,000.00	03/01/2036	\$2,488.01	HOF CHFA	08/01/2008	\$413,544.08
M03A	HC BRIGHTON SENIOR APARTMENTS	\$600,000.00	07/01/2027	\$2,694.27	HOF CHFA	12/01/2008	\$585,543.07
M03A	PARK HILL	\$841,166.00	11/01/2026	\$5,557.95	542 (C)	12/01/2008	\$693,036.73
M03A	THE GATHERING PLACE: A REFUGE FOR REBUILDING LIVES	\$621,000.00	08/01/2038	\$3,896.60	BF CHFA DIRECT	12/01/2008	\$619,858.81
M03A	HAMPDEN SENIOR I LP	\$850,000.00	06/01/2045	\$3,552.48	HOF CHFA	12/01/2008	\$819,282.89
M03A	FLORENCE SQUARE OWNERSHIP	\$2,050,000.00	02/01/2026	\$10,120.80	HOF CHFA	12/01/2008	\$1,954,956.28
M03A	PINECREST AT COMMERCE CITY LLL	\$585,000.00	02/01/2027	\$2,545.96	HOF CHFA	12/01/2008	\$565,265.34
M03A	GRAND MESA APTS OF FRUITA,	\$524,500.00	05/01/2037	\$2,211.31	HOF FAF	12/01/2008	\$507,949.99
M03A	MOUNTAIN T LLC	\$1,000,000.00	08/01/2019	\$4,216.04	HOF CHFA	12/01/2008	\$975,581.10
M03A	12TH & ELATI ST.	\$500,900.00	10/01/2028	\$2,111.81	HOF CHFA	12/01/2008	\$500,900.00
M03A	BOULDER COUNTY HOUSING	\$700,000.00	06/01/2046	\$2,119.78	HOF CHFA	12/01/2008	\$672,703.61
							<b>\$49,368,922.23</b>
MF04A	MOTHER & CHILD REUNION	\$95,670.00	12/01/2017	\$721.42	BF SBA 504	08/01/2008	\$61,296.82
MF04A	STEVEN ZAPIEN, DDS INC	\$181,900.00	06/01/2022	\$1,443.62	BF SBA 504	08/01/2008	\$151,548.45



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**2000A, 2000B, 2001A, 2002A, 2002C, 2003A, 2004A, 2005A, 2005B, 2006A, 2007B, 2008A and 2008B**

Bond Issue	Borrower	Note Amount	Maturity Date	PI Amount	Loan Subtype	Next Due Date	Current Balance
MF04A	OTOOLE	\$1,190,000.00	02/01/2022	\$9,477.71	BF CHFA DIRECT	08/01/2008	\$978,948.31
MF04A	DENNIS ANDERSON	\$700,000.00	05/01/2022	\$5,532.63	BF CHFA DIRECT	08/01/2008	\$584,861.70
MF04A	ROCKIN' LAZY L LAND LLC	\$1,000,000.00	01/28/2023	\$7,604.00	BF CHFA DIRECT	07/28/2008	\$852,925.33
MF04A	MI CASA RESOURCE CENTER	\$1,207,500.00	12/01/2022	\$9,624.43	BF EDF	08/01/2008	\$1,023,503.06
MF04A	SCHRAGE	\$1,700,000.00	03/01/2018	\$15,137.87	BF CHFA DIRECT	08/01/2008	\$1,261,068.08
MF04A	S A L HOLDINGS LLC	\$2,976,546.00	06/01/2024	\$23,059.27	BF SBA 504	08/01/2008	\$2,660,764.48
MF04A	ELEC TRI CITY ETC LLC	\$2,879,500.00	10/01/2024	\$21,980.36	BF SBA 504	08/01/2008	\$2,596,262.77
MF04A	HAMMOND'S CANDIES SINCE 1920, LLC	\$295,917.66	05/01/2012	\$6,222.19	BF CHFA DIRECT	08/01/2008	\$258,065.02
MF04A	ENAYAT	\$396,000.00	03/01/2024	\$2,894.48	BF CHFA DIRECT	08/01/2008	\$347,543.28
MF04A	REGENCY PARK PROFESSIONAL GROUP, LLC.	\$527,295.00	09/01/2024	\$4,037.62	BF SBA 504	08/01/2008	\$474,479.07
MF04A	PAGOSA SPRINGS INN & SUITES	\$1,650,000.00	05/20/2028	\$10,823.43	BF B&I II	08/20/2008	\$1,168,744.73
MF04A	SHERMAN MD	\$450,000.00	10/01/2023	\$3,141.42	BF EDF	08/01/2008	\$384,742.22
MF04A	BUSINESS AND CONSUMER FOUNDATION	\$1,125,000.00	02/01/2029	\$7,951.27	BF NON PROFIT	08/01/2008	\$1,040,918.41
MF04A	SMITH AGENCY INC	\$487,296.00	12/01/2023	\$3,822.00	BF CHFA DIRECT	08/01/2008	\$428,227.48
MF04A	GOLDEN PEARL LLC	\$182,695.00	02/01/2024	\$1,429.62	BF CHFA DIRECT	08/01/2008	\$161,322.85
MF04A	JEJK INC	\$199,295.00	03/01/2024	\$1,522.48	BF CHFA DIRECT	08/01/2008	\$176,215.44
MF04A	JEWISH COMMUNITY CENTERS	\$6,200,000.00	12/01/2023	\$45,137.05	BF NON PROFIT	08/01/2008	\$5,420,588.22
MF04A	MIHAICH PROPERTIES LLC	\$375,000.00	06/01/2024	\$2,842.45	BF SBA 504	08/01/2008	\$333,647.24
MF04A	CHILDREN'S ARK INC	\$3,200,000.00	10/01/2029	\$22,109.17	BF NON PROFIT	08/01/2008	\$2,995,504.73
MF04A	DURANGO & SILVERTON RR LLC	\$16,500,000.00	12/01/2024	\$129,414.16	BF B&I I	08/01/2008	\$15,020,178.56
MF04A	THE PLAINS HOTEL INC	\$476,000.00	06/01/2024	\$3,639.17	BF CHFA DIRECT	08/01/2008	\$423,402.84
MF04A	LOWTHER SITES HOLDINGS LLC	\$248,500.00	07/01/2024	\$1,639.99	BF CHFA RURAL	08/01/2008	\$217,201.65
MF04A	2155 CURVE LLC	\$902,140.00	03/01/2025	\$6,620.31	BF CHFA DIRECT	08/01/2008	\$819,003.67
MF04A	ELLIOTT	\$2,182,500.00	06/25/2024	\$12,689.39	BF B&I II	07/25/2008	\$1,390,496.32
MF04A	ELLIOTT	\$107,420.00	02/01/2011	\$19,235.84	BF QAL	02/01/2009	\$77,113.94
MF04A	ELLIOTT	\$313,580.00	02/01/2026	\$26,018.79	BF QAL	02/01/2009	\$251,914.63
MF04A	NONNAG LLC	\$147,050.00	12/01/2024	\$1,088.59	BF CHFA DIRECT	08/01/2008	\$132,442.08
MF04A	MAYNARD INVESTMENT PROPERTIES	\$328,882.00	12/01/2024	\$2,597.41	BF CHFA DIRECT	08/01/2008	\$299,672.30
MF04A	TKS HOLDINGS OF STEAMBOAT	\$394,000.00	12/01/2024	\$2,872.97	BF CHFA DIRECT	08/01/2008	\$355,131.88
MF04A	948 NORTH LLC & HERON 25	\$251,416.00	11/01/2024	\$1,991.70	BF CHFA DIRECT	08/01/2008	\$228,576.90
MF04A	REMAX BUYERS GROUP LLC	\$646,000.00	11/01/2024	\$5,082.37	BF CHFA DIRECT	08/01/2008	\$574,808.96
MF04A	GASTROCORP LLC	\$430,000.00	12/01/2024	\$3,448.29	BF CHFA DIRECT	08/01/2008	\$391,586.53
MF04A	BBG HOLDING CORP	\$550,000.00	11/01/2024	\$3,972.17	BF CHFA DIRECT	08/01/2008	\$493,530.78
MF04A	ROSETTE INVESTMENT GROUP, LLC.	\$759,694.00	05/01/2025	\$6,096.84	BF SBA 504	08/01/2008	\$702,475.17
MF04A	GASTROCORP LLC	\$865,000.00	12/01/2024	\$6,936.68	BF CHFA DIRECT	08/01/2008	\$787,726.21
MF04A	GASTROCORP LLC	\$450,000.00	12/01/2024	\$3,608.68	BF CHFA DIRECT	08/01/2008	\$409,799.66
MF04A	GASTROCORP LLC	\$775,000.00	12/01/2024	\$6,214.95	BF CHFA DIRECT	08/01/2008	\$705,766.04
MF04A	STANKO PROPERTIES LLC	\$228,916.00	02/01/2025	\$1,607.18	BF CHFA RURAL	08/01/2008	\$205,789.83
MF04A	LOUIS A BRAD DVM	\$1,851,000.00	02/01/2025	\$14,129.41	BF CHFA DIRECT	08/01/2008	\$1,688,074.96
MF04A	GREENWOOD ENTERPRISES LLC	\$500,000.00	07/01/2025	\$3,654.64	BF CHFA DIRECT	08/01/2008	\$458,311.18
MF04A	1233 SOUTH COLO BLVD LLC	\$2,167,500.00	10/01/2025	\$16,545.38	BF CHFA DIRECT	08/01/2008	\$2,018,398.45
MF04A	ALBION LLC	\$315,000.00	11/01/2025	\$2,284.10	BF CHFA DIRECT	08/01/2008	\$292,560.55
MF04A	EASTERN SLOPE	\$935,000.00	01/01/2035	\$5,909.84	SMART TAX EXEMPT	08/01/2008	\$899,442.08
MF04A	GUNNISON HOUSING AUTHORITY	\$528,100.00	11/01/2033	\$3,081.85	SMART TAX EXEMPT	08/01/2008	\$492,412.32
MF04A	UNIVERSITY PLAZA INVESTMENT	\$1,170,000.00	11/01/2034	\$7,165.89	542 (C)	08/01/2008	\$1,116,048.48
MF04A	FOUNT MESA	\$452,800.00	12/01/2033	\$2,642.42	SMART TAX EXEMPT	08/01/2008	\$423,131.25
MF04A	HAMPDEN SENIOR I LP	\$5,776,841.00	06/01/2045	\$54,815.78	542 (C)	08/01/2008	\$5,673,937.08
MF04A	ADAMS COUNTY HOUSING AUTHORITY	\$1,100,000.00	01/01/2034	\$6,772.89	SMART TAX EXEMPT	08/01/2008	\$1,036,483.01
MF04A	SLEEPING UTE APTS LLLP	\$651,600.00	03/01/2034	\$4,054.49	SMART TAXABLE	08/01/2008	\$615,952.37
MF04A	TRINIDAD HOUSING AUTHORITY	\$676,700.00	03/01/2034	\$3,949.04	SMART TAX EXEMPT	08/01/2008	\$635,967.57
MF04A	MORRISON ROAD REDEVELOPMENT	\$1,264,000.00	10/01/2024	\$7,906.39	SMART TAXABLE	08/01/2008	\$1,206,395.45
MF04A	MORRISON ROAD REDEVELOPMENT	\$2,173,000.00	10/01/2024	\$13,592.24	SMART TAXABLE	08/01/2008	\$2,073,969.15
MF04A	TRINITY HOUSING CORP	\$1,229,900.00	05/01/2034	\$7,413.45	SMART TAX EXEMPT	08/01/2008	\$1,162,685.01
MF04A	ARVADA HOUSING PRESERVATION	\$4,000,000.00	11/01/2044	\$23,418.27	542 (C)	08/01/2008	\$3,915,443.49
MF04A	FORT LUPTON HOUSING	\$1,100,000.00	04/01/2021	\$7,010.72	SMART TAXABLE	08/01/2008	\$1,056,632.75
							<b>\$71,613,640.79</b>
M05A	COLORADO ACADEMY OF FAMILY	\$175,140.00	06/01/2024	\$1,305.80	BF NON PROFIT	08/01/2008	\$152,349.31
M05A	RENAISSANCE PRESCHOOL INC	\$1,400,000.00	08/01/2035	\$8,711.30	BF NON PROFIT	08/01/2008	\$1,351,090.56
M05A	MTNT LLC	\$776,850.00	10/01/2025	\$5,819.46	BF SBA 504	08/01/2008	\$723,879.59
M05A	DEMICELL	\$161,500.00	12/01/2024	\$1,272.51	BF CHFA DIRECT	08/01/2008	\$146,909.37
M05A	BUCK	\$191,250.00	01/01/2025	\$1,480.46	BF CHFA DIRECT	08/01/2008	\$173,798.55
M05A	YAMPA VALLEY WOMEN'S CENTER	\$556,204.00	02/01/2025	\$4,305.57	BF CHFA DIRECT	08/01/2008	\$506,807.61

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Bond Issue	Borrower	Note Amount	Maturity Date	PI Amount	Loan Subtype	Next Due Date	Current Balance
M05A	TIF LLC	\$250,000.00	05/01/2025	\$1,927.76	BF CHFA DIRECT	08/01/2008	\$230,098.24
M05A	HUB 2D LLC	\$1,872,604.00	05/01/2025	\$14,294.33	BF CHFA DIRECT	10/01/2008	\$1,710,774.44
M05A	PRINCE CREEK INVESTMENTS	\$448,250.00	08/01/2025	\$3,121.55	BF SBA 504	08/01/2008	\$411,064.95
M05A	BROWNING REAL ESTATE CO LLC	\$1,224,000.00	09/01/2025	\$9,161.88	BF CHFA DIRECT	08/01/2008	\$1,134,560.73
M05A	AMBUUL	\$1,112,000.00	06/01/2026	\$8,548.05	BF CHFA DIRECT	08/01/2008	\$1,054,021.43
M05A	ERIKA LOUSBERG LLC	\$105,158.00	06/01/2025	\$799.58	BF SBA 504	08/01/2008	\$96,881.00
M05A	WILDLIFE EXPERIENCE INC	\$19,075,000.00	05/01/2025	\$136,659.22	BF NON PROFIT	08/01/2008	\$17,401,625.15
M05A	R DIAMOND LLC	\$1,000,000.00	05/01/2026	\$7,723.01	BF CHFA DIRECT	08/01/2008	\$948,206.86
M05A	CORTEZ REAL ESTATE HOLDING	\$419,000.00	03/01/2026	\$3,099.33	BF CHFA DIRECT	08/01/2008	\$392,962.96
M05A	CIRALDO-FREESE	\$354,843.00	08/01/2026	\$2,471.08	BF SBA 504	08/01/2008	\$336,336.61
M05A	ST CHARLES TOWN CO LLC	\$441,000.00	01/01/2026	\$3,159.46	BF CHFA DIRECT	08/01/2008	\$410,725.22
M05A	VAN ARK ENTERPRISES LLC	\$1,566,000.00	07/01/2026	\$11,823.65	BF CHFA DIRECT	08/01/2008	\$1,485,824.35
M05A	TELTECH INVESTMENTS LLC	\$750,000.00	08/01/2026	\$5,460.13	BF CHFA RURAL	08/01/2008	\$713,168.51
M05A	VAN ARK ENTERPRISES LLC	\$207,000.00	07/01/2026	\$1,562.90	BF CHFA DIRECT	08/01/2008	\$196,401.98
M05A	MOSHER	\$270,000.00	01/01/2021	\$28,073.05	BF QAL	01/01/2009	\$259,216.83
M05A	TIMOTHY LINN	\$380,000.00	05/01/2027	\$2,968.99	BF CHFA DIRECT	08/01/2008	\$368,661.47
M05A	BCORP RIO GRAND	\$4,475,000.00	11/01/2026	\$27,470.99	542 (C)	08/01/2008	\$3,669,441.78
M05A	STEAMBOAT	\$6,629,200.00	11/01/2036	\$37,230.22	542 (C)	08/01/2008	\$6,080,001.42
M05A	COMMERCE CITY SENIOR HOUSING	\$2,900,000.00	01/01/2025	\$18,044.84	SMART TAXABLE	08/01/2008	\$2,776,781.50
M05A	COFFMAN COURT ASSOC	\$800,000.00	02/01/2035	\$5,162.22	SMART TAXABLE	08/01/2008	\$768,922.95
M05A	MERCY HOUSING COLORADO VII	\$700,000.00	04/01/2025	\$4,633.64	SMART TAXABLE	08/01/2008	\$675,098.25
M05A	51 VILLAGE AT PUEBLO	\$1,200,000.00	06/01/2025	\$7,983.63	SMART TAXABLE	08/01/2008	\$1,160,723.56
M05A	HILLSIDE POINTE LLLP	\$2,000,000.00	04/01/2021	\$12,879.04	SMART TAXABLE	08/01/2008	\$1,926,352.14
M05A	BEAR VALLEY LLLP	\$3,659,040.00	10/01/2045	\$45,524.48	542 (C)	08/01/2008	\$3,600,965.04
M05A	KITTYHAWK AND CANTERBURY	\$2,896,000.00	08/01/2026	\$17,473.21	SMART TAXABLE	08/01/2008	\$2,868,391.60
M05A	WEST 10 AVE RESIDENCES	\$1,400,000.00	02/01/2023	\$8,547.93	SMART TAXABLE	08/01/2008	\$1,383,162.79
M05A	BROOMFIELD GREENS ASSOC	\$1,700,000.00	12/01/2023	\$10,445.09	SMART TAXABLE	08/01/2008	\$1,647,581.84
M05A	FLORENCE SQUARE OWNERSHIP	\$2,850,000.00	02/01/2026	\$18,961.12	SMART TAXABLE	08/01/2008	\$2,779,167.30
M05A	PUEBLO VILLAGE APARTMENTS L	\$1,600,000.00	04/01/2023	\$9,083.83	SMART TAXABLE	08/01/2008	\$1,579,162.14
M05A	EDWARD M EHMANN	\$157,500.00	08/31/2009	\$9,205.71	BF QAL	12/31/2008	\$148,618.06
							<b>\$61,269,736.09</b>
M05B	VOLK VENTURES LLC	\$1,371,000.00	01/01/2037	\$8,974.45	BF B&I	08/01/2008	\$1,350,359.09
M05B	BBG HOLDING CORP	\$750,000.00	03/01/2026	\$5,451.41	BF CHFA DIRECT	08/01/2008	\$705,628.84
M05B	DE LA CRUZ ASSOCIATES, LLC	\$2,449,000.00	10/01/2025	\$17,800.66	BF CHFA DIRECT	08/01/2008	\$2,269,012.30
M05B	CORTEZ REAL ESTATE HOLDING	\$1,000,000.00	03/01/2026	\$7,396.98	BF CHFA DIRECT	08/01/2008	\$937,858.69
M05B	NEXT CHAPTER LLC	\$1,040,000.00	11/01/2025	\$8,000.80	BF CHFA DIRECT	08/01/2008	\$969,226.21
M05B	COMMERCE INVESTMENTS LLC	\$750,000.00	11/01/2025	\$5,516.99	BF CHFA DIRECT	08/01/2008	\$697,586.16
M05B	SIMBA PROPERTIES LLC	\$750,000.00	12/01/2025	\$5,547.73	BF CHFA DIRECT	08/01/2008	\$699,792.01
M05B	J D EAGLE LLP	\$727,912.00	10/01/2026	\$5,448.56	BF CHFA DIRECT	08/01/2008	\$696,522.66
M05B	CASS MANSION LLC	\$1,105,000.00	11/01/2025	\$8,336.45	BF CHFA DIRECT	08/01/2008	\$1,030,379.77
M05B	COVENANTS LLC	\$1,500,000.00	04/01/2026	\$11,405.46	BF CHFA DIRECT	08/01/2008	\$1,421,493.13
M05B	MAMBO LLC	\$1,147,500.00	03/01/2026	\$8,951.74	BF CHFA DIRECT	08/01/2008	\$1,083,851.91
M05B	WALTON ENTERPRISES LLC	\$540,000.00	01/01/2027	\$4,202.84	BF CHFA RURAL	08/01/2008	\$521,611.01
M05B	DURANGO HOUSING PRESERVATION	\$3,700,000.00	10/01/2040	\$21,346.08	542 (C)	08/01/2008	\$3,615,025.67
M05B	DURANGO HOUSING PRESERVATION	\$599,800.00	10/01/2040	\$3,706.46	542 (C)	08/01/2008	\$587,734.66
M05B	UPTOWN BROADWAY LLLP	\$1,110,000.00	09/01/2025	\$7,089.11	SMART TAXABLE	08/01/2008	\$1,073,258.00
M05B	MENOLA LAND, LLC	\$1,029,500.00	06/01/2037	\$5,780.96	SMART TAXABLE	08/01/2008	\$1,027,198.41
M05B	LINDEN POINTE LLLP	\$1,673,077.00	02/01/2022	\$10,095.57	SMART TAXABLE	08/01/2008	\$1,621,793.11
M05B	PARKSIDE INVESTMENT GROUP LLL	\$2,450,000.00	05/01/2036	\$15,085.07	SMART TAXABLE	08/01/2008	\$2,388,102.09
M05B	MOUNTAIN VIEW PLAZA INVESTMENT	\$2,570,000.00	05/01/2036	\$15,823.93	SMART TAXABLE	08/01/2008	\$2,505,070.38
							<b>\$25,201,504.10</b>
M06A	WOW! CHILDREN'S MUSEUM	\$400,000.00	08/01/2024	\$2,979.94	BF NON PROFIT	08/01/2008	\$356,433.79
M06A	HILLTOP HAJLOO INC	\$125,000.00	12/01/2009	\$2,445.77	BF CHFA RURAL	08/01/2008	\$67,553.30
M06A	POWER ASSIST COMPANY	\$1,242,223.00	08/01/2026	\$10,007.26	BF SBA 504	08/01/2008	\$1,214,357.65
M06A	EJ LANDHOLDINGS LLC	\$386,500.00	10/01/2024	\$2,769.01	BF CHFA RURAL	08/01/2008	\$341,413.65
M06A	TO-MI LLC	\$397,000.00	12/01/2025	\$2,878.69	BF CHFA DIRECT	08/01/2008	\$271,678.27
M06A	DENVER URBAN ECONOMIC	\$250,000.00	07/01/2025	\$1,863.93	BF NON PROFIT	08/01/2008	\$230,413.11
M06A	COALITION FOR THE UPPER SOUTH	\$120,000.00	03/01/2025	\$894.69	BF NON PROFIT	08/01/2008	\$109,364.04
M06A	DEKKER PROPERTY MGMT, C/O PAUL DEKKER	\$170,000.00	05/01/2025	\$1,292.62	BF CHFA DIRECT	08/01/2008	\$156,207.40
M06A	INTEGRITY PROPERTIES LLC	\$308,000.00	07/01/2025	\$2,206.61	BF CHFA DIRECT	08/01/2008	\$276,616.63
M06A	PRICE	\$458,000.00	07/01/2025	\$3,321.01	BF CHFA DIRECT	08/01/2008	\$419,610.02

**Colorado Housing and Finance Authority**  
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**As of November 3, 2008**  
**Multi-Family/Project Bonds**  
**2000A, 2000B, 2001A, 2002A, 2002C, 2003A, 2004A, 2005A, 2005B, 2006A, 2007B, 2008A and 2008B**

Bond Issue	Borrower	Note Amount	Maturity Date	PI Amount	Loan Subtype	Next Due Date	Current Balance
M06A	MASON ENTERPRISES LLC	\$324,285.00	12/01/2026	\$2,417.78	BF SBA 504	08/01/2008	\$311,818.58
M06A	SUN POWER INC	\$897,000.00	01/01/2037	\$5,699.18	BF NON PROFIT	08/01/2008	\$882,144.61
M06A	CORDOVANO AND HONECK BUILDING FUND, LLC.	\$406,373.00	07/01/2026	\$2,946.66	BF SBA 504	08/01/2008	\$381,045.15
M06A	HORAN & MCCONATY FUNERAL SER	\$2,200,000.00	12/01/2026	\$16,701.86	BF CHFA DIRECT	08/01/2008	\$2,117,597.89
M06A	RAIL YARD INDUSTRIES LLC	\$637,500.00	06/01/2026	\$4,678.26	BF SBA 504	08/01/2008	\$603,541.24
M06A	KANG	\$312,000.00	10/01/2025	\$2,235.26	BF CHFA DIRECT	08/01/2008	\$288,630.17
M06A	PAR 4 PROPERTIES LLC	\$490,000.00	11/01/2026	\$3,638.90	BF SBA 504	08/01/2008	\$469,949.55
M06A	WEST/HULTSCH LLC	\$500,000.00	03/01/2026	\$3,625.56	BF CHFA DIRECT	08/01/2008	\$469,300.81
M06A	BASELINE OFFICES LLC	\$495,000.00	02/01/2026	\$3,589.30	BF CHFA DIRECT	08/01/2008	\$463,399.75
M06A	THE SCOTT GROUP, LLC	\$4,335,000.00	06/01/2027	\$33,271.77	BF CHFA DIRECT	08/01/2008	\$4,217,859.25
M06A	CAV'S LLC	\$685,000.00	01/01/2026	\$4,887.81	BF CHFA RURAL	08/01/2008	\$638,610.19
M06A	WAMBOLT PROPERTIES LLC	\$690,000.00	06/01/2026	\$5,124.16	BF CHFA DIRECT	08/01/2008	\$653,845.23
M06A	TARALU LLC	\$750,000.00	03/01/2026	\$5,351.62	BF CHFA RURAL	08/01/2008	\$702,949.72
M06A	RLWZ LLC FKA WILCOXSON MANUFACTURING, INC.	\$710,000.00	11/01/2027	\$5,419.71	BF CHFA DIRECT	08/01/2008	\$699,848.24
M06A	PTRT PARTNERSHIP	\$385,000.00	04/01/2026	\$2,747.17	BF CHFA RURAL	08/01/2008	\$361,800.62
M06A	PM REAL ESTATE LLC	\$697,000.00	07/01/2026	\$4,973.44	BF CHFA RURAL	08/01/2008	\$658,426.25
M06A	T O LLC	\$265,500.00	03/01/2026	\$1,894.47	BF CHFA RURAL	08/01/2008	\$248,183.67
M06A	VIGIL HOLDINGS LLC	\$248,500.00	03/01/2026	\$1,845.44	BF CHFA DIRECT	08/01/2008	\$233,730.49
M06A	LUTHER PROPERTY LLC	\$694,529.00	08/01/2026	\$4,955.81	BF CHFA RURAL	08/01/2008	\$657,719.19
M06A	SPIEKER INVESTMENTS INC	\$741,000.00	12/01/2026	\$5,502.91	BF CHFA DIRECT	08/01/2008	\$712,352.76
M06A	EMERSON CAPITAL LEASING LLP	\$315,000.00	04/01/2026	\$2,339.29	BF CHFA DIRECT	08/01/2008	\$297,020.88
M06A	POST OFFICE CROSSING, LLC	\$363,600.00	06/01/2026	\$2,594.47	BF CHFA RURAL	08/01/2008	\$343,477.36
M06A	CHARLES R PRESBY, INC	\$722,500.00	06/01/2026	\$5,155.40	BF CHFA RURAL	08/01/2008	\$682,514.88
M06A	ALPINE VIEW LLC	\$595,000.00	06/01/2026	\$4,245.62	BF CHFA RURAL	08/01/2008	\$561,850.31
M06A	WATERVAL 200 LLC	\$1,700,000.00	07/01/2026	\$13,037.60	BF CHFA DIRECT	08/01/2008	\$1,614,874.18
M06A	ALFRD MANUFACTURING CO	\$398,878.00	07/01/2016	\$4,508.91	BF CHFA DIRECT	08/01/2008	\$338,073.85
M06A	OBP LLC	\$587,727.00	12/01/2027	\$4,708.00	BF CHFA RURAL	08/01/2008	\$580,443.56
M06A	HAIL FREEDONIA LLC	\$2,666,000.00	11/01/2026	\$21,006.86	BF CHFA DIRECT	08/01/2008	\$2,565,911.52
M06A	HANSEN	\$434,000.00	10/01/2026	\$3,159.59	BF CHFA RURAL	08/01/2008	\$414,725.89
M06A	WIGGINS II LLC	\$750,000.00	06/01/2026	\$5,351.62	BF CHFA RURAL	08/01/2008	\$708,493.13
M06A	QUAIN	\$250,000.00	07/01/2024	\$1,923.64	BF CHFA RURAL	08/01/2008	\$235,442.84
M06A	HVH ENTERPRISES LLC	\$467,000.00	11/01/2026	\$3,399.84	BF CHFA RURAL	08/01/2008	\$447,348.80
M06A	BIG ENERGY HOLDINGS LLC	\$498,000.00	07/01/2026	\$3,625.52	BF CHFA RURAL	08/01/2008	\$472,365.15
M06A	I3MG LLC	\$657,000.00	01/01/2027	\$4,821.36	BF CHFA RURAL	08/01/2008	\$631,168.42
M06A	INDWELL LLC	\$701,000.00	11/01/2026	\$5,536.29	BF SBA 504	08/01/2008	\$674,772.88
M06A	INNOVATIVE HOLDINGS LLC	\$403,000.00	10/01/2026	\$3,160.84	BF CHFA DIRECT	08/01/2008	\$386,915.85
M06A	ROCKYMOUNTAINTRAIL.COM, INC.	\$360,000.00	05/01/2027	\$2,656.58	BF CHFA RURAL	08/01/2008	\$349,193.94
M06A	PRO SHOP APPAREL ASSOCIA	\$360,209.00	12/01/2026	\$2,823.05	BF SBA 504	08/01/2008	\$344,034.80
M06A	THE LEARNING FOUNDATION	\$315,000.00	08/01/2026	\$2,503.06	BF NON PROFIT	08/01/2008	\$300,687.08
M06A	VCC ENTERPRISES LLC	\$425,000.00	01/01/2027	\$3,094.07	BF CHFA RURAL	08/01/2008	\$408,101.74
M06A	ROCKY MOUNTAIN HEALTH CARE	\$607,000.00	10/01/2026	\$4,893.66	BF NON PROFIT	08/01/2008	\$582,510.53
M06A	67 N THIRD STREET LLC	\$721,250.00	08/01/2026	\$5,757.53	BF CHFA RURAL	08/01/2008	\$690,212.32
M06A	ROCHESTER PARTNERS LLC	\$431,660.00	09/01/2026	\$3,445.82	BF CHFA RURAL	08/01/2008	\$413,984.02
M06A	CODY WILDER LLC	\$235,000.00	01/01/2027	\$1,847.43	BF CHFA RURAL	08/01/2008	\$226,638.53
M06A	KTB HOLDINGS LLC	\$256,000.00	09/01/2026	\$2,051.38	BF CHFA DIRECT	08/01/2008	\$245,576.67
M06A	WACKER HOLDINGS, LLC	\$176,800.00	09/01/2026	\$1,411.34	BF CHFA DIRECT	08/01/2008	\$167,579.38
M06A	MARSH	\$262,000.00	10/01/2026	\$2,094.66	BF CHFA RURAL	08/01/2008	\$251,837.59
M06A	1117 GRAND LLC	\$288,000.00	11/01/2026	\$2,302.53	BF CHFA RURAL	08/01/2008	\$277,420.83
M06A	CAMELOT WEST LLC	\$530,059.00	09/01/2026	\$4,237.77	BF CHFA RURAL	08/01/2008	\$506,350.84
M06A	BLACK DOG ENTERPRISE LLC	\$360,000.00	10/01/2027	\$2,884.75	BF CHFA RURAL	08/01/2008	\$354,638.90
M06A	SIXTH & INCA LLC	\$225,250.00	11/01/2026	\$1,800.85	BF CHFA DIRECT	08/01/2008	\$216,975.83
M06A	VVOMS EVC CONDO LLC	\$495,000.00	09/01/2026	\$3,603.68	BF CHFA RURAL	08/01/2008	\$470,691.32
M06A	RES IPSA LLC	\$391,000.00	12/01/2026	\$3,164.23	BF CHFA RURAL	08/01/2008	\$376,899.56
M06A	ELMS BLESSING LLC	\$571,200.00	11/01/2026	\$4,566.68	BF SBA 504	08/01/2008	\$550,218.03
M06A	ARCHITAXI, LLC	\$1,400,000.00	08/01/2027	\$11,278.30	BF SBA 504	08/01/2008	\$1,375,780.29
M06A	TRIPLE J INVESTMENTS LLC	\$397,500.00	07/01/2027	\$3,153.80	BF SBA 504	08/01/2008	\$388,210.84
M06A	YAZHOU	\$263,000.00	11/01/2026	\$2,070.73	BF CHFA RURAL	08/01/2008	\$250,442.63
M06A	UNION & CEDAR, LLC	\$585,345.00	11/01/2027	\$4,433.00	BF SBA 504	08/01/2008	\$576,880.84
M06A	WILLIAM J RANGITSCH	\$511,000.00	07/01/2027	\$4,054.32	BF CHFA RURAL	08/01/2008	\$489,376.57
M06A	WALNUT PARK	\$1,576,300.00	08/01/2018	\$10,373.18	221 (D) 3	08/01/2008	\$882,770.17
M06A	CORONA I	\$1,225,300.00	06/01/2017	\$7,837.90	221 (D) 4	08/01/2008	\$620,417.37
M06A	MARCELLA	\$4,442,900.00	08/01/2019	\$28,419.99	221 (D) 4	08/01/2008	\$2,461,651.20
M06A	COLUMBINE CT	\$855,300.00	06/01/2020	\$5,192.68	221 (D) 3	08/01/2008	\$504,056.93
M06A	TIARA	\$1,430,700.00	12/01/2014	\$10,730.86	221 (D) 4	08/01/2008	\$687,958.27

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**2000A, 2000B, 2001A, 2002A, 2002C, 2003A, 2004A, 2005A, 2005B, 2006A, 2007B, 2008A and 2008B**

Bond Issue	Borrower	Note Amount	Maturity Date	PI Amount	Loan Subtype	Next Due Date	Current Balance
M06A	NIBLOCK	\$260,138.40	10/01/2026	\$2,575.54	221 (D) 4	08/01/2008	\$208,049.05
M06A	HANIGAN	\$445,200.00	11/01/2019	\$2,938.80	221 (D) 4	08/01/2008	\$287,210.50
M06A	SUNNYSIDE	\$938,500.00	12/01/2018	\$6,562.13	221 (D) 4	08/01/2008	\$570,535.57
M06A	W.H.E.R.E	\$700,000.00	01/01/2020	\$5,014.89	MF 501(C)3	08/01/2008	\$533,972.88
M06A	MARY SANDOE	\$250,000.00	11/01/2019	\$911.37	MF 501(C)3	08/01/2008	\$89,776.84
M06A	NEW HERITAGE	\$177,100.00	07/01/2023	\$1,284.10	MF 501(C)3	08/01/2008	\$135,781.41
M06A	ARVADA PLACE	\$769,144.00	04/01/2022	\$5,576.83	MF 501(C)3	08/01/2008	\$562,885.89
M06A	TOWNHOUSE	\$153,000.00	11/01/2023	\$1,122.66	MF 501(C)3	08/01/2008	\$116,909.05
M06A	MARY SANDOE	\$407,776.00	08/01/2025	\$2,935.46	MF 501(C)3	08/01/2008	\$332,724.68
M06A	LEGACY CENTER	\$1,680,000.00	05/01/2036	\$9,454.83	542 (C)	08/01/2008	\$1,535,291.29
M06A	BRECKINRIDGE VILLAGE APTS	\$5,010,200.00	03/01/2036	\$27,747.23	542 (C)	08/01/2008	\$4,611,988.51
M06A	FORUM APTS	\$465,000.00	06/01/2027	\$2,941.18	542 (C)	08/01/2008	\$404,251.57
M06A	AT LEWIS	\$5,720,800.00	12/01/2027	\$34,933.99	542 (C)	08/01/2008	\$4,869,503.46
M06A	WOODLAND APARTMENTS	\$5,506,800.00	02/01/2038	\$30,865.74	542 (C)	08/01/2008	\$5,127,491.50
M06A	URBAN PEAK	\$225,000.00	03/01/2029	\$1,496.93	SMART TAX EXEMPT	08/01/2008	\$194,625.96
M06A	WESTWOOD APARTMENTS	\$2,600,000.00	10/01/2038	\$14,467.57	542 (C)	08/01/2008	\$2,434,349.27
M06A	GRAND MANOR	\$3,550,000.00	07/01/2030	\$23,618.24	542 (C)	08/01/2008	\$3,182,009.77
M06A	FOUNT MESA	\$1,077,751.00	03/01/2023	\$7,814.44	MF 501(C)3	08/01/2008	\$814,050.12
M06A	VOA SUNSET HOUSING LP	\$5,376,100.00	07/01/2036	\$35,586.98	SMART TAXABLE	08/01/2008	\$5,266,947.48
M06A	RESERVE AT THORNTON II	\$3,500,000.00	08/01/2038	\$22,390.15	SMART TAXABLE	08/01/2008	\$3,430,729.15
M06A	CASA DORADA LLC	\$2,000,000.00	09/01/2024	\$13,306.05	SMART TAXABLE	08/01/2008	\$1,963,488.51
M06A	RENAISSANCE 88 APARTMENTS LLLP	\$9,066,508.76	03/01/2009	\$8,997,508.56	542 (C)	03/01/2009	\$8,950,000.00
M06A	RENAISSANCE 88 APARTMENTS LLLP	\$725,000.00	04/01/2014	\$9,754.04	542 (C)	08/01/2008	\$625,158.48
M06A	RENAISSANCE 88 APARTMENTS LLLP	\$0.00	03/02/2009	\$2,261,943.50	542 (C)	03/02/2009	\$2,250,000.00
M06A	VILLAGE PLACE ASSOCIATES LLL	\$4,662,000.00	01/01/2027	\$25,074.17	SMART TAXABLE	08/01/2008	\$4,662,000.00
M06A	PINECREST AT COMMERCE CITY LLL	\$3,315,000.00	02/01/2027	\$22,054.78	SMART TAXABLE	08/01/2008	\$3,269,568.65
							<b>\$101,572,197.33</b>
M07B	MILES EYE LLC	\$348,300.00	06/01/2026	\$2,455.31	BF CHFA RURAL	08/01/2008	\$327,841.71
M07B	LONG	\$266,203.00	12/04/2025	\$20,312.52	BF QAL	12/04/2008	\$250,842.37
M07B	BLUE SKY LIQUORS INC	\$260,269.00	07/01/2026	\$1,834.74	BF B&I II	08/01/2008	\$248,275.06
M07B	ZETOR LLC	\$1,143,644.00	10/01/2027	\$9,185.17	BF SBA 504	08/01/2008	\$1,126,674.05
M07B	OBP LLC	\$42,273.00	12/01/2027	\$4,708.00	BF CHFA RURAL	08/01/2008	\$41,772.72
M07B	JOHN J HOLLAND	\$1,753,716.00	03/27/2031	\$12,105.55	BF B&I II	07/27/2008	\$1,711,506.35
M07B	REHFELD	\$135,000.00	12/31/2025	\$12,310.57	BF QAL	12/31/2008	\$127,917.11
M07B	AMEN	\$229,048.00	06/08/2036	\$17,831.79	BF QIC	06/08/2009	\$216,241.18
M07B	STUMPF	\$211,950.00	04/15/2036	\$16,483.75	BF QAL	04/15/2009	\$203,480.15
M07B	E 49TH AVE LLC	\$838,000.00	07/01/2027	\$6,895.07	BF SBA 504	08/01/2008	\$821,385.98
M07B	FORDYCE	\$950,000.00	03/01/2028	\$7,741.00	BF CHFA DIRECT	08/01/2008	\$943,196.28
M07B	KINDER-ASKEW PROPERTIES LLC	\$440,000.00	12/01/2026	\$3,464.34	BF CHFA RURAL	08/01/2008	\$424,380.37
M07B	CIPOLLA PARTNERS, LLC	\$3,867,500.00	01/01/2028	\$31,275.00	BF CHFA DIRECT	08/01/2008	\$3,832,350.90
M07B	ELK RIVER PROPERTIES, LLC	\$249,900.00	03/01/2027	\$1,944.98	BF CHFA DIRECT	08/01/2008	\$241,925.37
M07B	M.A.D. L.L.C.	\$800,000.00	08/01/2027	\$6,469.23	BF SBA 504	08/01/2008	\$785,227.60
M07B	SMILEY AVIATION LLC	\$285,180.00	10/01/2027	\$2,271.31	BF CHFA RURAL	08/01/2008	\$280,892.26
M07B	ABBOTT PROPERTIES LLC	\$287,100.00	02/01/2027	\$2,260.48	BF CHFA RURAL	08/01/2008	\$278,095.58
M07B	WEISENHORN	\$81,038.00	12/31/2025	\$7,293.49	BF QAL	12/31/2008	\$76,312.34
M07B	JACB LLC	\$621,000.00	01/01/2027	\$4,777.40	BF CHFA RURAL	08/01/2008	\$599,515.67
M07B	TUSCANA LLC	\$448,752.00	10/01/2027	\$3,452.28	BF SBA 504	08/01/2008	\$441,634.36
M07B	LITTLE VOICE PRODUCTIONS INC DBA LITTLE VOICE	\$390,000.00	02/01/2027	\$3,000.30	BF NON PROFIT	08/01/2008	\$377,705.61
M07B	AUBEL, CHRISTOPHER AND PATRICIA	\$630,000.00	02/01/2027	\$4,846.64	BF CHFA RURAL	08/01/2008	\$609,546.00
M07B	GOAT LLC	\$256,500.00	07/01/2027	\$1,965.61	BF SBA 504	08/01/2008	\$250,824.22
M07B	CLEAN DIRT GRAINS & SEEDS, LLC	\$629,000.00	03/01/2028	\$4,858.00	BF CHFA RURAL	08/01/2008	\$625,333.72
M07B	BOQ LLC	\$438,750.00	10/01/2027	\$3,362.23	BF CHFA RURAL	08/01/2008	\$430,852.09
M07B	MALLYMOO, LLC	\$574,000.00	06/01/2027	\$4,398.68	BF CHFA DIRECT	08/01/2008	\$559,871.13
M07B	SPEER & LAWRENCE, LLC	\$602,000.00	08/01/2027	\$4,541.67	BF CHFA DIRECT	08/01/2008	\$589,639.00
M07B	JENNIFER E BRAND	\$450,000.00	05/01/2027	\$3,448.44	BF CHFA RURAL	08/01/2008	\$438,145.78
M07B	HIGHWAY 82 INVESTORS LLC	\$595,000.00	06/01/2027	\$4,488.86	BF CHFA RURAL	08/01/2008	\$578,983.95
M07B	AGD PROPERTIES LLC	\$1,200,000.00	05/01/2028	\$9,484.51	BF CHFA DIRECT	08/01/2008	\$1,197,765.49
M07B	DMS REAL ESTATES LLC	\$595,000.00	07/01/2027	\$4,595.19	BF CHFA DIRECT	08/01/2008	\$581,986.91
M07B	NOTHING WITHOUT PROVIDENCE, LLC	\$553,000.00	10/01/2027	\$4,354.04	BF CHFA RURAL	08/01/2008	\$544,523.38
M07B	RENAISSANCE PRESCHOOL INC	\$275,000.00	10/01/2027	\$2,140.33	BF NON PROFIT	08/01/2008	\$270,715.03
M07B	PC HOLDINGS, LLC	\$348,000.00	06/01/2027	\$2,737.87	BF CHFA RURAL	08/01/2008	\$339,903.39
M07B	HAMILTON LEASING, LLC	\$484,000.00	11/01/2027	\$3,808.00	BF CHFA RURAL	08/01/2008	\$476,581.73

**Colorado Housing and Finance Authority**  
**Loan Portfolio Report**  
**As of November 3, 2008**  
**Multi-Family/Project Bonds**  
**2000A, 2000B, 2001A, 2002A, 2002C, 2003A, 2004A, 2005A, 2005B, 2006A, 2007B, 2008A and 2008B**

Bond Issue	Borrower	Note Amount	Maturity Date	PI Amount	Loan Subtype	Next Due Date	Current Balance
M07B	HAMILTON LEASING, LLC	\$484,000.00	11/01/2027	\$3,808.00	BF CHFA RURAL	08/01/2008	\$476,581.73
M07B	DOYLE LEE SMELKER	\$614,662.25	02/01/2032		BF QAL		\$584,944.50
M07B	HEIDI M FAY	\$360,000.00	07/01/2027	\$2,832.28	BF CHFA RURAL	08/01/2008	\$352,474.22
M07B	LARIMER COUNTY CHILD ADVOCACY CENTER, INC.	\$427,500.00	02/01/2038	\$2,646.00	BF NON PROFIT REAL ESTATE	08/01/2008	\$425,470.68
M07B	SUNFLOWER INVESTMENT PROPERTIES, LLC.	\$719,500.00	08/01/2027	\$5,660.63	BF SBA 504	08/01/2008	\$705,633.97
M07B	THE MAKEN DO, LLC	\$297,000.00	09/01/2027	\$2,374.48	BF CHFA RURAL	08/01/2008	\$291,867.70
M07B	LOSIA LLC	\$318,750.00	12/01/2027	\$2,529.00	BF CHFA DIRECT	08/01/2008	\$315,156.10
M07B	SWANSON FAMILY ENTERPRISES, LLC	\$453,813.00	10/01/2027	\$3,559.38	BF SBA 504	09/01/2008	\$445,927.00
M07B	OSTER	\$314,586.00	12/01/2027	\$2,506.00	BF CHFA RURAL	08/01/2008	\$311,057.38
M07B	VOYICH	\$450,000.00	01/01/2028	\$3,584.00	BF CHFA RURAL	08/01/2008	\$444,956.83
M07B	CITY BARK 8TH AVENUE, LLC	\$850,000.00	05/01/2028	\$6,770.00	BF SBA 504	08/01/2008	\$848,436.25
M07B	THE COLORADO FOUNDATION FOR FAMILIES AND CHILDREN	\$1,791,000.00	03/01/2038	\$11,285.00	BF NON PROFIT REAL ESTATE	08/01/2008	\$1,786,087.97
M07B	SBSSTEAMBOAT, LLC	\$409,500.00	01/01/2028	\$3,324.00	BF CHFA RURAL	08/01/2008	\$405,800.94
M07B	BLACK RABBIT, LLC	\$425,000.00	11/01/2027	\$3,502.00	BF CHFA DIRECT	08/01/2008	\$419,721.46
M07B	FALL LINE VENTURES LLC	\$369,000.00	10/01/2027	\$3,052.11	BF CHFA RURAL	08/01/2008	\$363,775.68
M07B	CHRISTOPHE R BURNER	\$355,000.00	10/01/2027	\$2,914.37	BF CHFA RURAL	08/01/2008	\$349,912.82
M07B	ELMS BLESSING LLC	\$410,000.00	12/01/2027	\$3,346.00	BF CHFA DIRECT	08/01/2008	\$405,577.35
M07B	7212 RALSTON RD LLC	\$400,000.00	06/01/2028	\$3,259.00	BF SBA 504	08/01/2008	\$399,291.00
M07B	TUTTLE INVESTMENTS, LLLP	\$346,500.00	11/01/2027	\$2,718.00	BF CHFA RURAL	08/01/2008	\$341,843.65
M07B	BRAVO ENTERPRISES LLC (ALPINE STOVE)	\$1,254,000.00	04/01/2028	\$9,835.00	BF CHFA DIRECT	08/01/2008	\$1,249,258.46
M07B	ANDERSON	\$435,000.00	03/01/2028	\$3,412.00	BF SBA 504	08/01/2008	\$432,524.93
M07B	YORKSHIRE	\$5,325,712.00	05/01/2026	\$36,783.37	RAP	08/01/2008	\$4,381,954.89
M07B	EASTERN SLOPE	\$1,015,000.00	07/01/2037	\$5,776.63	542 (C)	08/15/2008	\$937,836.49
M07B	VILLA TOWNHOMES	\$830,000.00	12/01/2037	\$4,732.72	542 (C)	08/01/2008	\$768,228.68
M07B	PLATTE VALLEY VILLAGE	\$1,922,000.00	03/01/2038	\$10,256.06	542 (C)	08/01/2008	\$1,780,740.26
M07B	BURLINGTON	\$2,475,000.00	05/01/2029	\$15,494.81	542 (C)	08/01/2008	\$2,158,466.07
M07B	LA FAMILY	\$466,000.00	12/01/2036	\$3,163.15	SMART TAXABLE	08/01/2008	\$459,043.23
M07B	PARK AVENUE REDEVELOPMENT PARTNERS (BLOCK 1B) LLLP	\$5,000,000.00	02/07/2028	\$30,897.48	SMART TAXABLE	08/01/2008	\$4,990,957.33
M07B	COTTONWOOD APTS.	\$1,475,000.00	12/04/2009	\$7,516.44	SMART TAX EXEMPT	08/01/2008	\$1,475,000.00
M07B	HORNUNG	\$428,148.67	03/04/2025	\$20,985.05	BF QAL	03/04/2009	\$415,018.98
M07B	MOUNTAIN T LLC	\$5,000,000.00	08/01/2019	\$28,861.79	SMART TAX EXEMPT	08/01/2008	\$4,945,657.30
M07B	FAIRWAYS I LLLP	\$2,675,000.00	05/01/2024	\$21,852.75	SMART TAX EXEMPT	08/01/2008	\$2,666,745.17
M07B	HC BRIGHTON SENIOR APARTMENTS	\$1,750,000.00	07/01/2027	\$11,513.80	SMART TAXABLE	08/01/2008	\$1,726,957.60
M07B	G.A.O. HOM RLLLP	\$2,240,000.00	08/01/2009	\$10,887.49	SMART TAX EXEMPT	08/01/2009	\$2,088,479.34
M07B	MIRASOL SENIOR HOUSING PARTNERSHIP LLLP	\$1,230,000.00	01/01/2038	\$8,769.00	SMART TAXABLE	08/01/2008	\$1,151,010.91
M07B	VILLAS AT SLOANS LAKE	\$1,860,000.00	04/01/2028	\$14,281.33	SMART TAXABLE	08/01/2008	\$1,852,729.02
M07B	VILLAS AT SLOANS LAKE	\$715,000.00	10/10/2009	\$719,309.86	SMART TAXABLE	10/10/2009	\$715,000.00
M07B	42 VILLAGE AT PUEBLO LP	\$1,000,000.00	07/01/2026	\$6,353.54	SMART TAXABLE	08/01/2008	\$1,000,000.00
M07B	SIERRA VISTA	\$400,000.00	05/01/2043	\$2,527.44	SMART TAX EXEMPT	08/01/2008	\$399,772.56
							<b>\$66,121,743.29</b>
M08A	DEKKER COMMERCIAL PROPERTY, LLC	\$400,000.00	05/01/2028	\$3,186.00	BF CHFA DIRECT	08/01/2008	\$399,264.00
M08A	STEAMBOAT MATTRESS AND BEDDING, INC.	\$559,938.00	06/01/2028	\$4,392.00	BF CHFA RURAL	08/01/2008	\$559,938.00
M08A	SUPERIOR ONE LLC	\$935,000.00	06/01/2028	\$7,082.00	BF CHFA DIRECT	08/01/2008	\$935,000.00
M08A	ASCENT SOLAR TECHNOLOGIES, INC.	\$0.00	01/01/2009	\$4,159,598.57	BF CHFA DIRECT	01/01/2009	\$4,136,475.00
M08A	PRIMA MEADOW MOUNTAIN LLC	\$301,500.00	03/01/2028	\$2,284.00	BF CHFA RURAL	08/01/2008	\$299,688.05
M08A	HOLMBERG	\$375,000.00	06/01/2028	\$2,851.00	BF CHFA RURAL	08/01/2008	\$375,000.00
M08A	13TH STREET ADVENTURE, LLC	\$754,000.00	05/01/2028	\$5,688.00	BF CHFA DIRECT	08/01/2008	\$750,972.07
M08A	LIGGINS TOWER APARTMENTS	\$0.00	02/25/2009	\$3,096,144.64	SMART TAX EXEMPT	02/25/2009	\$3,079,438.71
M08A	BETHLEHEM SQUARE APARTMENTS	\$0.00	02/05/2010		SMART TAX EXEMPT	03/01/2010	\$4,413,000.00
M08A	BETHLEHEM SQUARE APARTMENTS	\$892,195.00	08/01/2018	\$9,308.35	IRP	08/01/2008	\$892,195.00
M08A	VILLAGE ON ELIZABETH LLLP	\$900,000.00	06/01/2026	\$5,876.39	SMART TAXABLE	08/01/2008	\$900,000.00
							<b>\$16,740,970.83</b>
M08B	FORT CARSON FAMILY HOUSING	\$107,500,000.00	09/15/2044	\$514,443.31	DIRECT BOND	08/15/2008	\$107,500,000.00
M08B	FORT CARSON FAMILY HOUSING	\$11,100,000.00	09/15/2044	\$53,119.27	DIRECT BOND	08/15/2008	\$11,100,000.00
M08B	FORCE ACADEMY AIR	\$21,665,000.00	05/01/2052	\$104,779.28	DIRECT BOND	08/01/2008	\$21,665,000.00

As of November 1, 2008, the following balances were held in the respective subaccounts under the Master Indenture:

<u>Accounts</u>	<u>Amounts on Deposit</u> <u>(as of November 1, 2008)</u>
2003 Series A Loan Recycling Account	\$1,273,966
2006 Series A AMT Loan Account	3,742
2007 Series B Taxable Loan Account	1,947,670
2007 Series B AMT Loan Account	121,049
2007 Series B AMT Loan Account	3,072,069
2007 Series B AMT Loan Account	3,350,264
2008 Series A Taxable Loan Account	5,583,439
2008 Series A AMT Loan Account	<u>480,000</u>
<b>Total</b>	<b><u>\$15,832,199</u></b>

## APPENDIX H

### Certain Terms of the Initial 2008C Liquidity Facility

This Appendix contains a brief summary of certain provisions of the Initial 2008C Liquidity Facility among the Authority, the Trustee and the 2008C Liquidity Facility Provider, as well as certain defined terms used therein. Such summary does not purport to be comprehensive or definitive. All references in this Official Statement to the Initial 2008C Liquidity Facility are qualified by reference to the related documents. The Initial 2008C Liquidity Facility may be amended at any time without the consent of or notice to Bondholders. Any Alternate Liquidity Facility may have terms substantially different from those of the Initial 2008C Liquidity Facility.

*For information regarding the 2008C Liquidity Facility Provider, see Appendix I.*

Pursuant to the Initial 2008C Liquidity Facility, the 2008C Liquidity Facility Provider agrees, subject to the terms and conditions therein, to purchase 2008 Series C Bonds in the Daily Rate, Weekly Rate or Term Rate Mode which are tendered by the owners thereof to the Paying Agent or are subject to mandatory purchase but are not remarketed by the 2008C Remarketing Agent.

### Certain Definitions with respect to the Initial 2008C Liquidity Facility

"Available Commitment" as of any day means the sum of the Available Principal Commitment and the Available Interest Commitment, in each case, as of such day.

"Available Interest Commitment" means an amount equal to \$2,214,049.32 (which amount is equal to the interest on the 2008C Adjustable Rate Bonds for a period of 183 days based upon an assumed rate of interest of (a) 12% per annum with respect to the 2008 Series C-1 Bonds and (b) 10% per annum with respect to the 2008 Series C-2 Bonds, the 2008 Series C-3 Bonds and the 2008 Series C-4 Bonds and, in each case, a 365 day year for the actual number of days elapsed), in any case as such amount shall be adjusted from time to time as follows:

(A) downward by an amount that bears the same proportion to such amount as the amount of any reduction in the Available Principal Commitment, in accordance with clause (a) or (b) of the definition herein of Available Principal Commitment, bears to the initial Available Principal Commitment; and

(B) upward by an amount that bears the same proportion to such initial amount as the amount of any increase in the Available Principal Commitment, in accordance with clause (c) of the definition herein of Available Principal Commitment, bears to the initial Available Principal Commitment; provided, that if interest on the 2008C Adjustable Rate Bonds is converted to a Term Rate Mode (as defined in the Indenture) of one year or longer, the Available Interest Commitment shall be based on a 360 day year composed of twelve 30-day months rather than a 365 day year for the actual number of days elapsed.

"Available Principal Commitment" means, initially, the aggregate principal amount of the 2008C Adjustable Rate Bonds Outstanding (as detailed on the cover page hereof) of \$41,560,000, and, thereafter, means such initial amount adjusted from time to time as follows:

(a) downward by the amount of any mandatory reduction of the Available Principal Commitment pursuant to the Initial 2008C Liquidity Facility;

(b) downward by the principal amount of any 2008C Adjustable Rate Bonds purchased by the 2008C Liquidity Facility Provider pursuant to the Initial 2008C Liquidity Facility; and

(c) upward by the principal amount of any 2008C Adjustable Rate Bonds theretofore purchased by the 2008C Liquidity Facility Provider pursuant to the Initial 2008C Liquidity Facility which are remarketed (or deemed to be remarketed pursuant to the Initial 2008C Liquidity Facility) by the Remarketing Agent and for which the 2008C Liquidity Facility Provider has received immediately available funds equal to the principal amount thereof and accrued interest thereon;

*provided, however*, that the sum of (i) the Available Principal Commitment plus (ii) the aggregate principal amount of Bank Bonds shall never exceed \$41,560,000. Any adjustments to the Available Principal Commitment as described in clauses (a), (b) or (c) above shall occur simultaneously with the occurrence of the events described in such clauses.

"Commitment Period" means the period from the date of delivery of the Initial 2008C Liquidity Facility to and including the earliest of (i) December 16, 2013 (or to an extended date as may become effective under the Initial 2008C Liquidity Facility), (ii) the date on which no 2008C Adjustable Rate Bonds are Outstanding, (iii) the close of business one Business Day following the date on which all of the 2008C Adjustable Rate Bonds are converted to Fixed Rate Bonds or Commercial Paper Bonds (as such terms are defined in the Indenture), (iv) the close of business on the 30<sup>th</sup> day (or, if such day is not a Business Day, the next succeeding Business Day) following receipt by the Authority and the Paying Agent of a Notice of Termination Date, and (v) the date on which the Available Commitment has been reduced to zero or terminated in its entirety due to the redemption, repayment or other payment of all of the principal amount of the 2008C Adjustable Rate Bonds or due to the delivery of an Alternate Liquidity Facility or due to the occurrence of an event of default which causes an immediate termination of the Available Commitment or due to voluntary termination by the Authority.

"Eligible Bonds" means any 2008C Adjustable Rate Bonds which bear interest at the Daily Rate, Weekly Rate, or Term Rate (all as defined in the Indenture) and which are not Bank Bonds or 2008C Adjustable Rate Bonds owned by or held on behalf of, for the benefit of or for the account, of the Authority.

"Parity Obligations" means any Class I Bonds (excluding the 2008C Adjustable Rate Bonds) now or hereafter Outstanding under the terms of the Master Indenture.

"Purchase Date" means a Business Day on which the 2008C Adjustable Rate Bonds are subject to optional tender or mandatory purchase.

"Purchase Price" means, with respect to any Eligible Bond, the unpaid principal amount thereof plus accrued interest thereon from and including the Interest Payment Date next preceding the Purchase Date thereof 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; and provided further that the aggregate amount of Purchase Price constituting interest on the 2008C Adjustable Rate Bonds shall not exceed the lesser of (i) the Available Interest Commitment on such date or (ii) the actual aggregate amount of interest accrued on each such 2008C Adjustable Rate Bond to, but excluding, such Purchase Date.

**THE INITIAL 2008C LIQUIDITY FACILITY PROVIDES FUNDS ONLY FOR PAYMENT OF THE PURCHASE PRICE AS DESCRIBED ABOVE, DOES NOT SECURE PAYMENT OF THE**



**PRINCIPAL OF OR INTEREST ON THE 2008C ADJUSTABLE RATE BONDS AND MAY BE TERMINATED OR SUSPENDED AS DESCRIBED BELOW.**

**Events of Default under the Initial 2008C Liquidity Facility**

The occurrence of any of the following events shall constitute an "Event of Default" under the Initial 2008C Liquidity Facility:

(a) Payments. Any principal of, or interest on, any 2008C Adjustable Rate Bond or any other amount owed to the 2008C Liquidity Facility Provider pursuant to the Initial 2008C Liquidity Facility shall not be paid when due; or

(b) Other Payments. The Authority shall fail to pay any commitment fee, disbursement fee, or other fee payable to the 2008C Liquidity Facility Provider under the Initial 2008C Liquidity Facility within five Business Days after the same shall become due; or

(c) Representations. Any representation or warranty made by or on behalf of the Authority in the Initial 2008C Liquidity Facility or in the 2008C Adjustable Rate Bonds, the Official Statement, the Indenture, the Remarketing Agreement (each, a "Related Document") and any other document or instrument related thereto or issued thereunder or in any certificate or statement delivered under the 2008C Liquidity Facility or thereunder shall be incorrect or untrue in any material respect when made or deemed to have been made; or

(d) Certain Covenants. The Authority shall default in the due performance or observance of any of the covenants set forth in the Initial 2008C Liquidity Facility relating to selection of 2008C Adjustable Rate Bonds for redemption, successor Remarketing Agent and Remarketing Agreement, or amendments to Related Documents; or

(e) Other Covenants. The Authority shall materially default in the due performance or observance of any other term, covenant or agreement contained in the Initial 2008C Liquidity Facility (other than those referred to in subparagraphs (a), (b), (c), and (d) above) and such default shall remain unremedied for a period of 30 days after the 2008C Liquidity Facility Provider shall have given written notice thereof to the Authority; or

(f) Other Obligations. Any Authority Debt in an aggregate outstanding principal amount (excluding the notional principal amount of any swaps, caps or other interest rate hedging devices) of at least \$5,000,000 payable from the Trust Estate or constituting the general obligation of the Authority, or any interest or premium on any such Authority Debt, shall not be paid within 10 days after the due date thereof (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise); or

(g) Judgments. One or more final, unappealable judgments against the Authority for the payment of money and not covered by insurance, or attachments against the property of the Authority the operation or result of which, individually or in the aggregate, equal or exceed \$1,000,000 shall remain unpaid, unstayed, undischarged, unbonded or undismissed for a period of 30 days; or

(h) Insolvency. (i) The Authority shall commence any case, proceeding or other action (A) 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 (B) 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 Authority shall make a general assignment for the benefit of its creditors; or (ii) there shall be commenced against the Authority any case, proceeding or other action of a nature referred to in clause (i) above which (x) results in an order for such relief or in the appointment of a receiver or similar official or (y) remains undismissed, undischarged or unbonded for a period of 30 days; or (iii) there shall be commenced against the Authority, any case, proceeding or other action seeking, issuance of a warrant of attachment, execution, distraint or similar process against all or any substantial part of its assets, 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 30 days from the entry thereof, or (iv) the Authority 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 (i), (ii) or (iii) above; or (v) the Authority shall generally not, or shall be unable to, or shall admit in writing, its inability to, pay its Debts, or

(i) Invalidity. Any material provision of the Initial 2008C Liquidity Facility or any Related Document shall at any time for any reason cease to be valid and binding on the Authority or any other party thereto or shall be declared to be null and void, or the validity or enforceability thereof shall be contested by the Authority or such other party thereto or by any Governmental Authority having jurisdiction, or the Authority or such other party shall deny that it has any or further liability or obligation under any such document; or

(j) Ratings Downgrades. (1) the long term rating of the Bonds by S&P or Moody's shall have been withdrawn, suspended or reduced below "A" or "A2," respectively, or (2) the long term ratings by S&P and Moody's of the 2008C Adjustable Rate Bonds shall have been withdrawn, suspended or reduced below "BBB-" by S&P and "Baa3" by Moody's; or

(k) Other Documents. Any Event of Default as defined in the Master Indenture or any "event of default" under any instrument authorizing the issuance of Debt constituting a general obligation of the Authority or any Related Document which is not cured within any applicable cure period shall occur which if not cured would give rise to remedies available thereunder.

Upon the occurrence of an Event of Default under the Initial 2008C Liquidity Facility, the 2008C Liquidity Facility Provider may take any one or more of the following actions:

(1) In the case of any Event of Default specified in subparagraphs (b) or (j)(1) above, the 2008C Liquidity Facility Provider may give written notice of such Event of Default and termination of the 2008C Liquidity Facility (a "Notice of Termination Date") to the Trustee, the Paying Agent, the Authority and the Remarketing Agent requesting a mandatory tender of the 2008C Adjustable Rate Bonds as a result of the 2008C Liquidity Facility Provider's delivery of a Notice of Termination Date to the Paying Agent. The obligation of the 2008C Liquidity Facility Provider to purchase 2008C Adjustable Rate Bonds shall terminate on the 30th day (or if such day is not a Business Day, the next following Business Day) after such Notice of Termination Date is received by the Paying Agent and on such date the Available Commitment shall terminate and the 2008C Liquidity Facility Provider shall be under no obligation hereunder to purchase Bonds.

(2) In the case of any Event of Default specified in subparagraph (j)(2) above, the Available Commitment shall immediately be reduced to zero, in which case the obligation of the 2008C Liquidity Facility Provider to purchase 2008C Adjustable Rate Bonds shall immediately terminate and expire without requirement of notice by the 2008C Liquidity Facility Provider. After such termination or expiration, the 2008C Liquidity Facility Provider shall deliver, within five Business Days, to the Authority, the Trustee and the Remarketing Agent written notice of such termination or expiration; *provided, however*, that failure to provide such written notice shall have no effect on the validity or enforceability of such termination or expiration. The Authority shall cause the Trustee to notify all

Owners of the termination of the Available Commitment and the termination of the obligation of the 2008C Liquidity Facility Provider to purchase the 2008C Adjustable Rate Bonds.

(3) Upon the occurrence of any Event of Default under the Initial 2008C Liquidity Facility, the 2008C Liquidity Facility Provider shall have all remedies provided at law or equity, including, without limitation, specific performance.

#### **Termination by Authority**

Upon (i) the withdrawal, suspension or reduction in the 2008C Liquidity Facility Provider's short-term Bank Deposits Rating of "P-1" by Moody's, or its short-term Counterparty Credit Rating of "A-1" by S&P or the default by the 2008C Liquidity Facility Provider in honoring its payment obligations under the Initial 2008C Liquidity Facility or the 2008C Liquidity Facility Provider seeking recovery of amounts described in the Initial 2008C Liquidity Facility, (ii) the payment to the 2008C Liquidity Facility Provider of all fees, expenses and other amounts payable under the Initial 2008C Liquidity Facility, and (iii) the payment to the 2008C Liquidity Facility Provider of all principal and accrued interest owing on any Bank Bonds, the Authority may terminate the Initial 2008C Liquidity Facility; provided, further that all payments to the 2008C Liquidity Facility Provider referred to in clauses (ii) and (iii) above shall be made with immediately available funds. In the event of such termination, the Authority shall be required to replace the Initial 2008C Liquidity Facility with an Alternate Liquidity Facility. See "Part II – SECURITY FOR THE BONDS AND AUXILIARY OBLIGATIONS – Liquidity Facilities."

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## APPENDIX I

### 2008C Liquidity Facility Provider

*The following information has been obtained from the 2008C Liquidity Facility Provider for inclusion herein. Such information is not guaranteed as to accuracy or completeness by the Authority or the Underwriters and is not to be construed as a representation by the Authority or the Underwriters. Neither the Authority nor the Underwriters have verified this information, and no representation is made by them as to the accuracy or adequacy of such information or as to the absence of material adverse changes in such information subsequent to its date or the date hereof.*

Federal Home Loan Bank of Topeka (the "**2008C Liquidity Facility Provider**") is a privately owned corporation organized under the laws of the United States and is located in Topeka, Kansas. The 2008C Liquidity Facility Provider promotes housing and economic development by offering wholesale funding and related products and services that help member financial institutions provide affordable credit in their communities. With approximately \$61 billion in assets and over \$2.4 billion in capital as of November 30, 2008 (based on unaudited financial statements), the 2008C Liquidity Facility Provider serves more than 870 member stockholders throughout Colorado, Kansas, Nebraska and Oklahoma. The 2008C Liquidity Facility Provider is one of 12 Federal Home Loan Banks established by Congress in 1932 to relieve financial strains on thrift institutions and to promote homeownership. The 12 Federal Home Loan Banks are regulated by the Federal Housing Finance Agency in Washington, D.C.

Moody's Investors Service, Inc. ("**Moody's**") currently rates the 2008C Liquidity Facility Provider's long-term bank deposits as "Aaa" and short-term bank deposits as "P-1". Standard & Poor's, a division of The McGraw-Hill Companies, Inc. ("**Standard & Poor's**") rates the 2008C Liquidity Facility Provider's long-term counterparty credit as "AAA" and its short-term counterparty credit as "A-1+". Further information with respect to such ratings may be obtained from Moody's and Standard & Poor's, respectively. No assurances can be given that the current ratings of the 2008C Liquidity Facility Provider and its instruments will be maintained.

Copies of the Standby Purchaser's Form 10-K filed with the SEC (containing audited 2007 financial statements) can be found at <http://www.sec.gov/Archives/edgar/data/1325878/000132587808000003/0001325878-08-000003-index.htm>. In addition, copies of all reports filed by the Standby Purchaser with the SEC (including Forms 10-K, 10-K/A, 10-Q, 8-K and 10) can be found at <http://www.sec.gov/cgi-bin/browse-edgar?action=getcompany&CIK=0001325878&owner=include&count=40>.

PAYMENTS OF THE PURCHASE PRICE OF THE 2008 SERIES C BONDS WILL BE MADE PURSUANT TO THE INITIAL 2008C LIQUIDITY FACILITY IF REMARKETING PROCEEDS ARE NOT AVAILABLE. ALTHOUGH THE STANDBY BOND PURCHASE AGREEMENT IS A BINDING OBLIGATION OF THE 2008C LIQUIDITY FACILITY PROVIDER, THE 2008 SERIES C BONDS ARE NOT DEPOSITS OR OBLIGATIONS OF THE FEDERAL HOME LOAN BANK OF TOPEKA AND ARE NOT GUARANTEED BY SUCH BANK. THE 2008 SERIES C BONDS ARE NOT INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION OR ANY OTHER GOVERNMENTAL AGENCY AND ARE SUBJECT TO CERTAIN INVESTMENT RISKS, INCLUDING POSSIBLE LOSS OF THE PRINCIPAL AMOUNT INVESTED.

The inclusion of this information shall not create any implication that there has been no change in the affairs of the 2008C Liquidity Facility Provider since the date hereof, or that the information contained or referred to in this Official Statement is correct as of any time subsequent to its date.

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## APPENDIX J

### Federal Insurance Programs

Federal Insurance Programs. There are various programs under which mortgage loans for families of low and moderate income may be insured by the FHA, including Section 221(d)(3) and 221(d)(4) of the National Housing Act of 1934, as amended, Section 223(f) pursuant to Section 207 of the National Housing Act and Section 542(c) of the Housing and Community Development Act of 1992, as amended.

The Section 542(c) program was instituted to provide for insurance of multi-family loans pursuant to risk-sharing agreements between HUD and qualified state or local housing agencies, such as the Authority. The FHA regulations applicable to Section 542(c) insurance are contained in 24 CFR Part 266. Under the Section 542(c) program, housing finance agencies may apply to qualify as a participating "HFA." HUD assigns to participating HFAs the authority to originate loans to be insured under this program and the responsibility to administer the program within the guidelines of the risk-sharing agreement, providing, among other matters, that, in the event of a loan default with respect to a loan insured under the Section 542(c) program, the HFA is required to share with HUD in any loss arising as a consequence of the loan default. The Authority has been approved as a participating HFA and has entered into a Risk-Sharing Agreement with HUD dated as of April 26, 1994, as subsequently amended (the "**CHFA Risk-Sharing Agreement**"). Under the CHFA Risk-Sharing Agreement, the Authority has assumed 50% of that risk of loss associated with the Mortgage Loans insured pursuant thereto. The Authority has been allocated in the CHFA Risk-Sharing Agreement 8,660 units to be originated by the Authority in accordance with this Program. See "Part II – COLORADO HOUSING AND FINANCE AUTHORITY – General Obligations of the Authority" for a description of Section 542(c) claims relating to certain outstanding mortgage loans which may increase the general obligations of the Authority.

Applications for insurance commitments under the FHA's Section 221(d)(4) mortgage insurance program may undergo several processing stages. Processing in connection with newly constructed projects may proceed through Site Appraisal and Market Analysis ("**SAMA**") and "firm commitment" stages prior to receiving FHA insurance at the time of "initial endorsement" by FHA evidencing its commitment to insure construction advances or to provide insurance upon completion of construction of the project. Commitments in connection with projects which are being substantially rehabilitated may proceed through a feasibility stage, as well as the firm commitment stage. Processing may include the SAMA or feasibility stages or both stages may be bypassed, with direct application for a firm commitment. After receipt of the firm commitment, the Borrower proceeds to initial closing of the mortgage loan. At the initial closing, the Borrower executes a standard form of FHA mortgage note evidencing the mortgage loan and an FHA standard form of mortgage securing the mortgage note. Concurrently with the execution of the mortgage and mortgage note, FHA initially endorses the mortgage note for mortgage insurance and funds are advanced to provide for initial fees and expenses, including land acquisition costs, title costs, design architect, attorney, inspection and other related fees and expenses. Final endorsement of the mortgage note occurs only after cost certification is completed. Increases in the maximum insurable amount of the mortgage loan approved by FHA and the Authority, as mortgagee, are funded at this time. Amounts remaining to be advanced under the mortgage will be disbursed, contingent upon FHA approval, the receipt of acceptable title insurance endorsements and the fulfillment of certain other obligations of the Borrower. FHA and the Authority, as mortgagee review the final closing documents and the mortgage note is finally endorsed upon a determination by the Authority and the FHA that all requirements of final endorsement have been satisfied.

FHA Insurance Claims in the Event of Default. Under Section 542(c) of the Housing and Community Development Act of 1992, as amended, and the applicable regulations, an event of default under a Section 542(c)-insured mortgage exists when the mortgagor fails to make any payment due under the mortgage or fails to perform any covenant under the mortgage (including covenants in the related CHFA Regulatory Agreement). In the event of a default continuing for a period of 30 days and, in the case of a covenant default, if the Authority accelerates the debt and the mortgagor fails to pay the full amount due, the Authority is entitled to receive FHA insurance benefits to the extent described and upon compliance with the applicable claims procedures set forth in the Housing and Community Development Act of 1992, as amended, and applicable regulations promulgated thereunder. **The proceeds of the initial claim payment, however, must be used to retire any bonds or other financing mechanisms securing the mortgage loan within 30 days of the initial claim payment, and any excess funds resulting from such retirement or repayment must be returned to HUD within 30 days of such retirement. See the discussion of redemption provisions in Part I.** Within 30 days of receiving the initial claim payment, the Authority is required to issue to HUD a debenture (the "**Authority Debenture**"), dated the same date as the initial claim payment is issued and in an amount equal to the full initial claim amount, less any excess funds returned to HUD as described above. The Authority Debenture will be supported by the full faith and credit of the Authority, will have a term of five years and will bear interest at HUD's published debenture rate as provided in the applicable regulations. Interest on the Authority Debenture will be due and payable annually on the anniversary date of the initial claim payment.

The Authority is required to file an application for final settlement in accordance with applicable HUD procedures not later than 30 days after either (a) sale of the mortgaged property after foreclosure or after acquisition by deed-in-lieu of foreclosure or (b) expiration of the term of the Authority Debenture. At the time of final settlement, the amount of the "total loss," as provided in the applicable regulations, will be shared by HUD and the Authority based upon the respective percentage of risk specified in the applicable mortgage note and addendum to the Risk-Sharing Agreement. If the initial claim payment is less than HUD's share of the total loss, HUD is required to make a final claim payment to the Authority equal to the difference and to return the Authority Debenture for cancellation. If the initial claim payment is more than HUD's share of the total loss, the Authority is required to pay the difference within 30 days of notification by HUD of the amount due, and the Authority Debenture will be considered redeemed upon receipt of the payment.

In connection with the Section 221(d)(4) program, the National Housing Act defines an event of default under an FHA-insured mortgage as failure to make any payment due under the mortgage or to perform any other mortgage covenant (which includes covenants in the related financing documents and FHA Regulatory Agreement) if the mortgagee, because of such failure, has accelerated the debt. In the event of a default continuing for a period of 30 days, the mortgagee (i.e., the Authority so long as it is the mortgagee under the mortgage loans) is entitled to receive FHA insurance benefits upon compliance with the applicable claims procedures as set forth in the National Housing Act and applicable regulations promulgated thereunder. In the event of a default on the Mortgage Loan, the FHA will pay insurance benefits equal to the sum of (i) the unpaid principal amount of the Mortgage Loan computed as of the date of default, (ii) certain eligible payments (such as taxes, insurance, special assessments, water rates and payments made by the mortgagee, with the approval of HUD, for the preservation of the Project), and (iii) interest on the insurance proceeds from the date the mortgagee is entitled to receive insurance benefits at the applicable FHA debenture rate (which interest may be limited in the event that certain notices are not given to the FHA within the prescribed time periods). The FHA insurance benefits are reduced, however, by (i) any net income received by the mortgagee from the Project subsequent to the default, (ii) any amounts received by the mortgagee on account of the mortgage loan after a default, (iii) amounts held in escrow by the mortgagee for the account of the Borrower and available to be applied to the outstanding indebtedness under the mortgage loan, and (iv) unless the mortgagee forecloses and conveys title to the



Project to the FHA, an amount equal to 1% of the unpaid principal balance of the mortgage loan. Due to the 30-day grace period before the mortgagee is entitled to receive insurance benefits, FHA insurance benefits do not cover all defaulted interest payments because such proceeds would not include one month's interest on the unpaid principal balance of the Mortgage Loan.

Furthermore, mortgage insurance benefits under Section 221(d)(4) of the National Housing Act are payable in cash unless the mortgagee files a written request for payment in debentures. If debentures are issued to the mortgagee in payment of the FHA mortgage insurance benefits, they are issued as of the date of default, registered as to principal and interest and mature twenty (20) years from their date of issue. The debentures bear interest at the applicable debenture rate from the date of issue, payable semiannually on January 1 and July 1 of each year. FHA debentures are, however, redeemable at the option of the FHA on any interest payment date upon three-months' prior notice at a price equal to their principal amount plus accrued interest. Payment of mortgage insurance benefits under this program will be conditioned upon the satisfactory performance of certain obligations required pursuant to the insurance program, including maintenance of certain escrow accounts, annual inspections, maintenance of property insurance and maintenance of specified records. See "Part II – CERTAIN BONDOWNERS' RISKS - Conditions to Payment of FHA Insurance."

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## APPENDIX K

### Description of Section 8 Subsidy Program

*General.* Section 8 of the United States Housing Act of 1937, as amended (the "**1937 Housing Act**"), and regulations promulgated thereunder, provide for the payment of a housing subsidy made to or for the account of the owner of dwelling units occupied by lower income and very low-income families (as further described below under "Eligible Tenants"), which payments are to be administered through state housing finance agencies, including the Authority. The description of the Section 8 Program contained herein is qualified in its entirety by reference to the applicable provisions of the 1937 Act, as amended and the regulations promulgated thereunder.

*Eligible Tenants and Occupancy Restrictions.* Pursuant to the 1937 Housing Act, as amended, "lower income families" means those families whose income does not exceed 80% of the median income for the area as determined by HUD and "very low-income families" means those families whose income does not exceed 50% of the median income for the area as determined by HUD. Pursuant to amendments to the 1937 Housing Act effected by the Housing and Community Development Amendments of 1981 (the "1981 Amendments"), not more than 10% (subsequently changed to 25%) of the dwelling units which were available for occupancy under HAP Contracts (as defined below) before the effective date of the 1981 Amendments (October 1, 1981) and which will be leased thereafter are available for leasing by lower income families other than very low-income families, and not more than 15% of the dwelling units which become available for occupancy under HAP Contracts after the effective date of the 1981 Amendments are available for leasing by lower income families other than very low-income families, although, except with prior approval of HUD, only very low-income families are eligible tenants for most Section 8 projects after July 1, 1984.

*Subsidy Contracts and Pledge of Payments.* Under the Section 8 subsidy program, as administered through the Authority, three principal contracts have been executed. First, the Authority enters into an Agreement to Enter Into Housing Assistance Payments Contract ("**Agreement to Enter**") with the developer or owner of the development to be constructed or rehabilitated. With respect to new construction and substantial rehabilitation Projects, the Agreement to Enter is approved by HUD and, subject to certain conditions, commits the owner and the Authority to enter into a Housing Assistance Payments Contract ("**HAP Contract**") upon completion and acceptance of the development. Under the HAP Contract, the Authority agrees to pay a subsidy to or for the account of the owner. At or prior to the time that the Agreement to Enter is executed, the Authority and HUD execute an Annual Contributions Contract ("**ACC**") which provides for the payment to the Authority by HUD of the subsidy which the Authority has contracted to pay to the owner under the HAP Contract. The HAP Contract may be executed with respect to separate stages of a development completed at different times. *With respect to the Projects heretofore financed from Bond proceeds, the terms of the ACCs and HAP Contracts generally have been 20 years, although the terms of the Mortgage Loans with respect to such Projects in most cases exceed 40 years. Certain Projects financed from Bond proceeds are assisted under HUD's Section 8 Moderate Rehabilitation Program, under which the terms of the applicable ACCs and HAP Contracts are a maximum of 15 years, although the terms of the Mortgage Loans with respect to such Projects in most cases exceed 30 years.*

The regulations permit the owner and the Authority to pledge the federal subsidy payments as security for financing of the development. Prior to any disbursement of a Mortgage Loan for a development which is to be subsidized under Section 8, the Authority requires the owner of the development to pledge such federal subsidy payments as security for the Mortgage Loan on the development.

*Calculation and Payment of Subsidy.* Section 8 subsidies are based upon the Contract Rent applicable to subsidized dwelling units. The Contract Rent must be reasonable in relation to the rents for comparable units in the area, taking into account the quality, location, amenities and management and maintenance services of the development, and must reflect the savings, if any, from the reduced cost of tax-exempt financing or the abatement of real property taxes. The ACC establishes a maximum annual commitment which equals the initial Contract Rent and an allowance for utilities for all assisted units in the development. The Contract Rent may not exceed the applicable HUD-established Fair Market Rent, or in certain cases up to 120% of such Fair Market Rent. Under certain circumstances, the Contract Rent may be changed during the construction or rehabilitation process as a result of unanticipated design changes or due to unforeseen factors beyond the owner's control. In cases where the procedure established by a December 1980 HUD memorandum is applicable, the Fair Market Rent employed for purposes of establishing this ceiling may be the Fair Market Rent in effect when permanent financing is obtained for the related development.

The subsidy is paid into a special account maintained by the Authority for the receipt of Section 8 payments and, upon receipt of satisfactory certifications from the owner, the Authority disburses such payments to the owner.

The amount of subsidy actually payable for the account of the owner is the Contract Rent less the payment, if any, required to be made to the owner by the tenant as determined by HUD. The tenant payment is generally equal to 30% of family income. Thus, the total rental income from subsidized housing units payable to or for the account of the owner is equal to the Contract Rent part being paid by the tenants directly to the owner and the remainder being paid by HUD directly or through the Authority. The proportion of the Contract Rent actually paid by HUD and that actually paid by tenants will vary depending upon tenant income.

*Generally, the Section 8 subsidy is payable with respect to the assisted dwelling unit only when it is occupied by an eligible family. However, the law and the regulations provide for payment of the subsidy under certain limited circumstances when the dwelling unit is not occupied as described below.*

A subsidy amounting to 80% of the Contract Rent is payable for a vacancy period of up to 60 days (i) during the rent-up period following the completion of the development or a stage of the development and (ii) upon occurrence of a vacancy in an assisted dwelling unit after it is initially rented, subject in each case to compliance by the owner with certain conditions relating primarily to a diligent effort to rent the subsidized unit. With respect to new construction and substantial rehabilitation Projects, such payments may continue for an additional one-year period in an amount equal to the debt service attributable to the unit, contingent upon, among other things, the additional conditions that the unit is in decent, safe and sanitary condition during the vacancy period, that the development is not providing the owner thereof with revenues at least equal to the costs incurred by such owner, that the amount of the payments requested is not in excess of that portion of the deficiency which is attributable to the vacant unit for the period of the vacancy and that there is a reasonable prospect that the development can achieve financial soundness within a reasonable time.

*Adjustment of Subsidy Amount.* The statute and applicable regulations contain various provisions for review and readjustment of the amount of the subsidy upward or downward, subject to the limitation that in no case shall the adjustment lower the Contract Rent below that effective on the date of the HAP Contract and that no adjustment shall result in a material difference between the rents charged for subsidized and comparable nonsubsidized dwelling units.

On October 23, 1981, HUD promulgated a "Financing Adjustment Factor" in order to help developments achieve financial feasibility in the face of high interest rates (the "**1981 Adjustment**"). The

1981 Adjustment provided that, where necessary to reflect the actual cost of permanent financing, Fair Market Rents would be adjusted by HUD to the extent necessary to reflect an effective interest rate on the permanent financing of up to approximately 12.5%. The regulation and HUD Notice prescribing the 1981 Adjustment stated that, subject to compliance with certain administrative conditions, the Contract Rent for developments eligible for the 1981 Adjustment would be adjusted to reflect the actual financing costs attributable to the effective interest rate on the permanent financing of the developments (up to an effective rate of approximately 12.5%).

Aside from the 1981 Adjustment, provision is made in the regulations for HUD to determine an Annual Adjustment Factor at least annually and to publish such Factor in the Federal Register. On each anniversary date of the HAP Contract, Contract Rent is adjusted in accordance with the Factor. In addition, provision is made in the regulations for discretionary approval of special additional adjustments to reflect increases in actual and necessary expenses of owning and maintaining the subsidized units which have resulted from substantial general increases in real property taxes, utility rates or similar costs, to the extent the owner clearly demonstrates that such general increases are not adequately compensated for by the Annual Adjustments. Pursuant to the 1981 Amendments, any adjustments will be limited to the amount of operating cost increases incurred with respect to comparable unassisted rental dwellings of various sizes and types in the same market area. The principal effect of this limitation is to eliminate the debt service component from the Contract Rent before application of the Annual Adjustment resulting in a smaller annual adjustment to the Contract Rent than would have otherwise been the case.

Funds for the payment of increased subsidies which may result from the adjustments described above are to be obtained in two ways. Provision is made in the law for the payment by HUD into a special reserve account in respect of each subsidized development of the amount by which the Contract Rent in effect from time to time exceeds the actual subsidy paid by HUD (the amount is, in effect, the equivalent of the amount of rent paid by the tenants). The amount of increases in the subsidy payable by reason of increases in the Contract Rent resulting from the adjustment described above will initially be drawn from this account. The regulations provide that when the HUD-approved commitment then in effect would cause the amount in such reserve account to be less than 40% of such maximum annual ACC commitment, HUD shall take such additional steps authorized by subdivision (c)(6) of Section 8 as may be necessary to obtain funds to bring the amount in the account to the 40% level.

*Compliance with Subsidy Contracts.* The Agreement to Enter, the ACC and the HAP Contract contain numerous agreements on the part of the Authority and the owner including maintenance of the development as decent, safe and sanitary housing and compliance with a number of requirements typical of federal contracts (such as those relating to nondiscrimination, equal employment opportunity, relocation, pollution control and labor standards) as to which noncompliance by either the Authority or the owner, or both, might endanger the payment of the federal subsidy. Reference is made to the complete text of these agreements, the forms of which are available for inspection at the offices of the Authority. *The Authority is not presently aware of any existing default by itself or any owner under the subsidy contracts for any of the Mortgage Loans financed from the proceeds of its Outstanding Bonds, nor does it believe that compliance with any provision of such contracts cannot be attained.* Prior to any disbursement of a Mortgage Loan for a development to be subsidized under Section 8, the Authority has entered into an agreement with the owner requiring the owner to take or refrain from taking action as necessary to maintain eligibility for Section 8 subsidies for assisted dwelling units in the development during the term of the HAP Contract.

The regulations provide that, in the event of foreclosure, or assignment or sale to the Authority in lieu of foreclosure, or in the event of an assignment or sale approved by HUD (which approval shall not be unreasonably delayed or withheld), subsidy payments will continue in accordance with the HAP Contract.

*Revised Procedures for New Construction and Substantial Rehabilitation.* Revised regulations governing the Section 8 subsidy program for state housing agencies with respect to new construction and substantial rehabilitation projects are in effect (together, the "**Revised Regulations**"). The Revised Regulations effected substantial changes in the processing and financing of housing developments under the Section 8 subsidy program. Except for certain provisions dealing with the termination and modification of leases, the Revised Regulations are not applicable to the developments permanently financed by the Bonds of the Authority issued prior to 1982. The Revised Regulations have effected several changes to the Section 8 subsidy program regulations, including a requirement that owners use their best efforts to achieve occupancy by families with incomes averaging at least 40% of the median income in the area for the purpose of promoting economically mixed housing (the revised regulation provides that owners must undertake marketing activities which will result in leasing assisted units to non-elderly families).

*Regulations Applicable to Moderate Rehabilitation.* The regulations applicable to moderate rehabilitation under Section 8 differ, in certain respects, from those for new construction and substantial rehabilitation. Among such differences, the moderate rehabilitation regulations provide that:

- (a) Fair Market is determined by a different HUD schedule;
- (b) the initial Contract Rent may exceed Fair Market Rent by a maximum of 20%, if warranted by special circumstances acceptable to HUD; and
- (c) the HAP Contract must be for a term of 15 years; and
- (d) the initial lease must be for at least one year and any renewal or extension must not exceed the remaining term of the HAP Contract.

The regulations provide that for moderate rehabilitation HAP contracts with expiration dates between October 1, 2000 and September 30, 2002, renewal HAP contracts will be executed pursuant to Section 524(b)(3) of MAHRA at rent levels equal to the lesser of:

- (a) existing contract rents, adjusted by an Operating Cost Adjustment Factor (OCAF);
- (b) the moderate rehabilitation fair market rents (i.e., 120% of the existing fair market rents) less any amounts allowed for tenant-purchased utilities; or
- (iii) comparable market rents for the market area.

*Mark-to-Market Program and Other Options for Expiring HAP Contracts.* In 1997, Congress approved the Multifamily Assisted Housing Reform and Affordability Act of 1997 ("**Title V**"). Amended by Public Law 106-74, enacted in October 1999, Title V provides certain options to owners seeking renewal of HAP Contracts, including a program (the "**Mark-to-Market Program**"), beginning in fiscal year 1999, pursuant to which projects having FHA-insured mortgages, expiring HAP Contracts and above-market rents, including certain projects financed by the Mortgage Loans, are eligible for debt restructuring plans provided that rent levels are reduced to comparable market levels. Such restructuring may include refinancing and/or partial payment of mortgage debt necessary to permit the required reduction of rent levels. As part of the restructuring plan, HAP Contracts are to be renewed to provide either project-based assistance (in which case the payments would be reduced based on reduced rent levels) or tenant-based assistance, subject to the availability of funding. The Section 8 subsidy is required to remain project-based if (a) there is a market-wide vacancy rate of 6% or less; (b) at least 50% of the units in the project are occupied by elderly and/or disabled families; or (c) the project is held by a nonprofit cooperative ownership housing corporation or trust. Otherwise, the restructuring plan will also

include an assessment, based on factors set forth in regulations promulgated under Title V, as to whether some or all of the assistance should be converted to tenant-based subsidy.

Alternatively, owners eligible for the Mark-to-Market Program may elect to apply for HAP Contract renewal under such program, assuming a reduction in rent levels to comparable market levels, without debt restructuring. Title V requires HUD to renew HAP Contracts for project-based assistance, upon request of the owner, but at reduced payment levels based on rents reduced to comparable market levels, absent certain material adverse conduct or conditions described in the succeeding paragraph; provided, however, that such renewal is not required if the project is eligible for the Mark-to-Market Program, no approved restructuring plan is in place, and HUD determines that such restructuring is required. Certain "exception projects" (including projects having non-FHA-insured loans, moderate rehabilitation projects, and projects having FHA-insured loans financed by a state government, local government, or an agency or instrumentality thereof, such as the Authority, if HUD determines that implementation of a mortgage restructuring plan would be in conflict with applicable law or agreements governing the financing) are eligible for renewal of project-based assistance, without restructuring, with rents at the lesser of: (i) existing rents adjusted by an operating costs adjustment factor ("OCAF") established by HUD; or (ii) a budget-based rent determined by HUD. In addition, Title V provides that owners of certain projects having FHA-insured mortgages and below market rents may elect to be entered into a Mark-Up-to-Market Program pursuant to which rent levels for such projects may be increased to market or near market levels.

Title V provides that no restructuring or renewal of HAP Contracts will occur if the owner of the project, or affiliate, has engaged in material adverse financial or managerial actions with respect to that project or other federally assisted projects, or if the poor condition of the project cannot be remedied in a cost effective manner. In addition, although Title V offers options to owners seeking to renew HAP Contracts, owners are under no obligation to do so and may elect to opt out of the Section 8 program. Elections to pursue any of the options under Title V must be made at least 120 days prior to the expiration of the existing HAP Contract to avoid a lapse in subsidy coverage. While applications for the debt restructuring and/or renewal of HAP Contracts are pending, the HAP contract may be renewed as follows: (i) at current rents for a period not exceeding one year (or the closing of the restructuring plan, if earlier) and (ii) at comparable rent levels for any subsequent periods; provided however, that with respect to contract renewal for "exception projects" the extension term is to be determined by HUD.

*Payments due under any HAP Contract, including renewal contracts, are subject to annual appropriation and adjustment as described herein.*

Generally, the HAP contracts applicable to the Projects are renewals of previous HAP contracts, in some cases after "mark-to-market" mortgage restructurings, pursuant to Title V. The insured and uninsured rental loans typically require borrowers to renew the respective HAP contract for the longer of the minimum period that the related project is subject to low-income occupancy and rent restrictions under the CHFA Regulatory Agreement (15 or 20 years) or the period the insured or uninsured rental loan is outstanding. There is no assurance that such renewals will be provided by HUD, as they are subject, among other things, to the availability of Congressional appropriations. The failure or inability to renew the HAP contracts could adversely affect the sufficiency of Revenues and assets pledged under the Master Indenture for payment of the Bonds outstanding thereunder or increase the level of prepayments. See "Part II – CERTAIN BONDOWNERS' RISKS – Considerations Regarding Redemption."

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