

In the opinion of Sherman & Howard L.L.C., Bond Counsel, assuming continuous compliance with certain covenants and representations described herein, interest on the Series 2016-III Bonds (except for interest on any Series 2016-III Bond for any period during which it is held by a "substantial user" of any facilities financed with the Series 2016-III 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 Series 2016-III Bonds (the "Tax Code")) is excluded from gross income under federal income tax laws pursuant to Section 103 of the Tax Code; further, interest on the Series 2016-III Bonds is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code. In addition, in the opinion of Bond Counsel, the Series 2016-III 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 Series 2016-III Bonds. See "TAX MATTERS."



\$7,500,000
COLORADO HOUSING AND FINANCE AUTHORITY
Federally Insured Multi-Family Housing Loan Program
Pass-Through Revenue Bonds
(Willow Street Residences Project), Series 2016-III

Dated: Date of Delivery

Due: As shown below

The Series 2016-III Bonds shown above are being issued by the Colorado Housing and Finance Authority as fully registered bonds pursuant to a Master Indenture of Trust dated as of June 1, 2013, as amended by the First Supplement to Master Indenture of Trust dated as of February 1, 2016, and a 2016-III Series Indenture dated as of August 1, 2016, each between the Authority and The Bank of New York Mellon Trust Company, N.A., as Trustee. The Series 2016-III Bonds will be issued in denominations of \$1.00 or any integral multiple thereof. Interest on the Series 2016-III Bonds will be payable at the fixed interest rates shown below on the first day of each calendar month, commencing on November 1, 2016, on any redemption date and at maturity. Principal of the Series 2016-III Bonds is payable in the amounts and on the dates shown below, subject to prior redemption.

The Series 2016-III Bonds, when issued, will be registered in the name of Cede & Co., as holder of the Series 2016-III 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 Series 2016-III Bonds will be registered in the name of Cede & Co. Individual purchases of Series 2016-III Bonds will be made in book-entry form only, and beneficial owners of the Series 2016-III Bonds will not receive physical delivery of bond certificates representing their interest in the Series 2016-III Bonds, except as described herein. Payments of principal of and interest on the Series 2016-III 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. 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 Series 2016-III Bonds. Disbursement of such payments to DTC participants is the responsibility of DTC, and disbursement of such payments to the beneficial owners of the Series 2016-III Bonds is the responsibility of the DTC participants and the indirect participants, as more fully described herein.

Proceeds of the Series 2016-III Bonds are expected to be used to fund a loan (the "2016-III Loan") to Willow Street Residences LLLP, a Colorado limited liability limited partnership (the "2016-III Borrower"), to finance a portion of the costs of the acquisition, rehabilitation and equipping of a rental housing facility in unincorporated Arapahoe County, Colorado as described herein and in accordance with the 2016-III Series Indenture.

MATURITY SCHEDULE

\$4,000,000 of 2.15% Federally Insured Multi-Family Housing Loan Program Pass-Through Revenue Bonds
(Willow Street Residences Project), Series 2016-III due October 1, 2017, Price: 101.328% (CUSIP No.: 19647P BL6[†])

\$3,500,000 of 3.10% Federally Insured Multi-Family Housing Loan Program Pass-Through Revenue Bonds
(Willow Street Residences Project), Series 2016-III due October 1, 2052, Price: 98.500% (CUSIP No.: 19647P BM4[†])

The Series 2016-III Bonds are subject to redemption at par prior to maturity, including special redemption, mandatory redemption and optional redemption, under certain circumstances as described herein.

The Series 2016-III Bonds are special limited obligations of the Authority secured solely by accounts established by the 2016-III Series Indenture (including a debt service reserve fund) and loan repayments and prepayments received with respect to the 2016-III Loan as described herein. All such loan repayments and prepayments shall be used to make principal and interest payments on the Series 2016-III Bonds as described herein. Although additional bonds have been and may be issued under the Master Indenture by issuance of a separate series indenture, any such additional bonds and any other obligations heretofore or hereafter issued under such other series indenture are or will be secured as provided in such other series indenture separate and apart from the Series 2016-III Bonds. **In no event shall the Series 2016-III 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 not being pledged for the payment of the Series 2016-III Bonds or otherwise under the Master Indenture).**

This cover page contains only a brief description of the Authority, the Series 2016-III Bonds and the security therefor. It is not intended to be a summary of material information with respect to the Series 2016-III Bonds. Potential investors should read this entire Official Statement to obtain information necessary to make an informed investment decision and should pay particular attention to the discussion in "CERTAIN BONDOWNERS' RISKS."

The Series 2016-III Bonds are offered when, as and if issued and delivered to the Underwriter, subject to approval 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 K. Knight, Esq., its General Counsel, and by Hogan Lovells US LLP, Denver, Colorado, Disclosure Counsel to the Authority. The Underwriter is being represented in connection with its purchase of the Series 2016-III Bonds by its counsel, Orrick, Herrington & Sutcliffe LLP, New York, New York. The 2016-III Borrower is being represented in connection with the 2016-III Loan and the Series 2016-III Bonds by Faegre Baker Daniels LLP, Denver, Colorado. CSG Advisors Incorporated is serving as municipal advisor to the Authority in connection with the issuance of the Series 2016-III Bonds. It is expected that the Series 2016-III Bonds will be delivered (through DTC) in New York, New York on or about August 31, 2016.

JEFFERIES

Dated: August 12, 2016

[†] The Authority and the Underwriter do not take responsibility for the accuracy of the CUSIP numbers, which are being provided solely for the convenience of the owners of the Series 2016-III Bonds.

No dealer, broker, salesman or other person has been authorized by the Colorado Housing and Finance Authority or by the Underwriter 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 Series 2016-III 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 Series 2016-III 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 of the Authority's website entitled "For Investors") with respect to the Series 2016-III Bonds, the 2016-III Borrower, the 2016-III Loan, or any other bonds or obligations of the Authority.

The Underwriter has reviewed the information in this Official Statement in accordance with, and as a part of, its responsibilities under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of the information.

THE PRICES AT WHICH THE SERIES 2016-III BONDS ARE OFFERED TO THE PUBLIC BY THE UNDERWRITER (AND THE YIELDS RESULTING THEREFROM) MAY VARY FROM THE INITIAL PUBLIC OFFERING PRICES APPEARING ON THE FRONT COVER PAGE HEREOF. IN ADDITION, THE UNDERWRITER MAY ALLOW CONCESSIONS OR DISCOUNTS FROM SUCH INITIAL PUBLIC OFFERING PRICES TO DEALERS AND OTHERS. IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE SERIES 2016-III 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 Series 2016-III 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.

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OFFICIAL STATEMENT

\$7,500,000

COLORADO HOUSING AND FINANCE AUTHORITY
Federally Insured Multi-Family Housing Loan Program
Pass-Through Revenue Bonds
(Willow Street Residences Project), Series 2016-III

INTRODUCTION

This Official Statement, which includes the front cover page 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 referred to herein as the "**Series 2016-III Bonds**"). The Series 2016-III Bonds are being issued pursuant to the Master Indenture of Trust dated as of June 1, 2013, as amended by the First Supplement Master Indenture of Trust dated as of February 1, 2016 (the "**Master Indenture**"), and the 2016-III Series Indenture dated as of August 1, 2016 (the "**2016-III Series Indenture**," and together with the Master Indenture, the "**Indenture**"), each between the Authority and The Bank of New York Mellon Trust Company, N.A., Denver, Colorado, as Trustee (the "**Trustee**"). Capitalized terms used herein and not defined have the meanings specified in the Indenture. See **Appendix B** – "FORM OF THE INDENTURE."

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 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 Series 2016-III 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 Underwriter, and any one or more owners of the Series 2016-III 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 operates numerous single-family housing, rental housing and business finance programs. See "COLORADO HOUSING AND FINANCE AUTHORITY." 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 the financial statements of the Authority available at www.chfainfo.com/investors.*

Authority for Issuance

The Series 2016-III 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 Series 2016-III Bonds are being issued and secured under the Indenture.

Purposes of the Series 2016-III Bonds

Proceeds of the Series 2016-III Bonds will be used to fund a loan (being referred to herein as the "**2016-III Loan**") to Willow Street Residences LLLP, a Colorado limited liability limited partnership (the "**2016-III Borrower**"), made by the Authority to the 2016-III Borrower pursuant to the Risk Share Program Loan Agreement between the Authority and the 2016-III Borrower (the "**Loan Agreement**"). Proceeds of the 2016-III Loan will be used by the 2016-III Borrower to finance, together with other funds available to the 2016-III Borrower, the costs of the acquisition, rehabilitation and equipping of an 80-unit rental housing facility (the "**2016-III Housing Facility**") located in unincorporated Arapahoe County, Colorado, as described in "PLAN OF FINANCE" and "THE 2016-III HOUSING FACILITY."

Description of the Series 2016-III Bonds

Interest on the Series 2016-III Bonds is payable at the fixed interest rates shown on the front cover page hereof commencing on November 1, 2016 and thereafter on the first day of each calendar month, on any redemption date and at maturity and will be computed on the basis of a 360-day year of twelve 30-day months. The Series 2016-III Bonds will be issued in denominations of \$1.00 or any integral multiple thereof. Principal of the Series 2016-III Bonds is payable in the amounts and on the dates as shown on the front cover page hereof, subject to prior redemption. All principal of Prepayments and Loan Repayments related to the 2016-III Loan, including amounts paid pursuant to any Loan Payment Enhancement Facility but excluding any Servicing Fees, received by or on behalf of the Authority on or before the 20th day of any calendar month will be applied on the first day of the immediately succeeding calendar month to the mandatory redemption of the Series 2016-III Bonds as described under "TERMS OF THE SERIES 2016-III BONDS – Prior Redemption – Mandatory Redemption." The Series 2016-III Bonds maturing on October 1, 2052 are also subject to special and optional redemption in whole or in part at par as described in "TERMS OF THE SERIES 2016-III BONDS – Prior Redemption." The Series 2016-III Bonds will be issued in fully registered form and registered initially in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("**DTC**"), which will serve as securities depository for the Series 2016-III Bonds, as described in **Appendix D** hereto.

For a more complete description of the Series 2016-III Bonds and the Indenture pursuant to which the Series 2016-III Bonds are being issued, see "TERMS OF THE SERIES 2016-III BONDS" and Appendix B – "FORM OF THE INDENTURE."

Security and Sources of Payment

The Series 2016-III Bonds are secured by and payable from all of the Authority's rights and interest in and to the revenues pledged to the payment of the Series 2016-III Bonds under the 2016-III Series Indenture, in particular, the Loan Repayments and Prepayments received with respect to the 2016-III Loan and certain funds held in the Acquisition Account and the Debt Service Reserve Fund (as further described herein, the "**Trust Estate**"). See "SECURITY AND SOURCES OF PAYMENT."

*The 2016-III Loan will be insured under the FHA Risk-Share Program described in **Appendix E** hereto, which provides for payment by the U.S. Department of Housing and Urban Development ("**HUD**") of 100% of the unpaid principal balance of the 2016-III Loan as of the date of default and interest on the 2016-III Loan from the date of default to the date of the initial claim payment ("**Risk-Share Insurance**"). To the extent permitted by law, including applicable HUD regulations, while the Series 2016-III Bonds are Outstanding, the Authority agrees to name the Trustee as payee with respect to any claims for Risk-Share Insurance proceeds relating to the 2016-III Loan or to otherwise provide that such proceeds are delivered to the Trustee for deposit under the Indenture.*

In no event shall the Series 2016-III Bonds constitute an obligation or liability of the State 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 the taxing power of the State or any political subdivision thereof (other than the general credit of the Authority, which general credit is not being pledged for payment of the Series 2016-III Bonds or otherwise under the Indenture).

THE 2016-III SERIES INDENTURE PROVIDES THAT ONLY LOAN REPAYMENTS AND PREPAYMENTS RECEIVED WITH RESPECT TO THE 2016-III LOAN MAY BE USED TO REDEEM THE SERIES 2016-III BONDS UNDER THE REDEMPTION PROVISIONS DESCRIBED IN "TERMS OF THE SERIES 2016-III BONDS – PRIOR REDEMPTION." LOAN REPAYMENTS OR PREPAYMENTS RECEIVED WITH RESPECT TO LOANS OTHER THAN THE 2016-III LOAN SHALL NOT BE USED UNDER ANY CIRCUMSTANCES TO MAKE SUCH REDEMPTION PAYMENTS. FURTHERMORE, LOAN REPAYMENTS AND PREPAYMENTS RECEIVED WITH RESPECT TO THE 2016-III LOAN SHALL NOT BE APPLIED TO REDEEM ANY SERIES OF BONDS OTHER THAN THE SERIES 2016-III BONDS.

Professionals Involved in the Offering

In connection with the issuance and sale of the Series 2016-III Bonds, Sherman & Howard L.L.C., as Bond Counsel to the Authority, will deliver an opinion in the form included as **Appendix C** hereto. Certain legal matters will be passed upon for the Authority by its General Counsel, Charles K. Knight, Esq., and by its Disclosure Counsel, Hogan Lovells US LLP. The Underwriter is being represented in connection with its purchase of the Series 2016-III Bonds by its counsel, Orrick, Herrington & Sutcliffe LLP. The 2016-III Borrower is being represented in connection with the 2016-III Loan and the Series 2016-III Bonds by Faegre Baker Daniels LLP. See "LEGAL MATTERS." CSG Advisors Incorporated is serving as municipal advisor to the Authority in connection with the issuance of the Series 2016-III Bonds. See "MUNICIPAL ADVISOR."

Continuing Disclosure Information

The 2016-III Borrower will constitute an "obligated person" in respect of the Series 2016-III Bonds within the meaning of Rule 15c2-12. In connection with the origination of the 2016-III Loan, the 2016-III Borrower shall agree, for the benefit of the owners (including beneficial owners) of the Series 2016-III Bonds, to provide to the Authority Audited Financial Statements of the 2016-III Borrower and Annual Financial Information (as defined in the 2016-III Borrower Continuing Disclosure Undertaking) not later than 180 days after the end of each fiscal year for the 2016-III Borrower. The 2016-III Borrower shall also agree to provide to the Authority notice of certain events within five (5) business days of the occurrence of such events. The Authority shall agree for the benefit of the owners (including beneficial owners) of the Series 2016-III Bonds to provide to the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System ("**EMMA**") the Audited Financial Statements of the 2016-III Borrower and Annual Financial Information not later than 240 days after the end of each fiscal year for the 2016-III Borrower as well as notice of certain events as described in **Appendix F-1** so long as the Authority has received certain information from the 2016-III Borrower. Forms of the Continuing Disclosure Undertakings to be executed and delivered by the Authority and the 2016-III Borrower are attached hereto as **Appendix F-1** and **F-2**.

In the 2016-III Series Indenture, the Authority is agreeing to provide certain information about the 2016-III Loan and 2016-III Housing Facility on a monthly basis by filing a report with EMMA. See "AVAILABILITY OF CONTINUING INFORMATION."

Investment Considerations

The purchase and ownership of the Series 2016-III Bonds involve investment risks. Prospective purchasers of the Series 2016-III 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 Series 2016-III Bonds, see "CERTAIN BONDOWNERS' RISKS."

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 a Non-Qualified Single Family Mortgage Program and various rental and business finance programs and has in the past operated (and may in the future choose to operate again) a Qualified Single Family Mortgage Program. 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 Series 2016-III Bonds, as described in "SECURITY AND SOURCES OF PAYMENT."

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. One vacancy exists on the Board due to the resignation of May Tyler from his role on the Board as the appointed member of the Colorado General Assembly when he was appointed to the Board as a member of the public for the remainder of the Board term of Charles K. Knight, now General Counsel to the Authority. The present members of the Board of Directors of the Authority are as follows:

Present Board of Directors of the Authority

Name	Affiliation	End of Term
Jody Kole, Chair ⁽¹⁾	Executive Director, Grand Junction Housing Authority; Grand Junction, Colorado	July 1, 2017
Paul Washington, Chair, <u>pro tem</u> ⁽²⁾	Executive Director, City and County of Denver Office of Economic Development; Denver, Colorado	July 1, 2017
Steven Hutt, Secretary/Treasurer ⁽³⁾	Executive Director, Denver Employees Retirement Plan; Denver, Colorado	July 1, 2017
Julie Brewen	Executive Director; Fort Collins Housing Authority; Fort Collins, Colorado	July 1, 2019
James M. Hahn	Principal, JMH Consulting, LLC; Denver, Colorado	July 1, 2017
Irving Halter	Executive Director, Colorado Department of Local Affairs; Denver, Colorado	Standing
David J. Myler, Esq.	Partner, The Myler Law Firm, P.C.; Basalt, Colorado	July 1, 2017
Dianne Ray	Colorado State Auditor; Denver, Colorado	Standing
Cecilia Sanchez de Ortiz	Retired; Denver, Colorado	July 1, 2019
Max Tyler	State Representative; Lakewood, Colorado	July 1, 2019

⁽¹⁾ This Board member was elected as Chair of the Board effective March 29, 2016.

⁽²⁾ This Board member was elected as Chair, pro tem, of the Board effective March 29, 2016.

⁽³⁾ This Board member was appointed as Secretary/Treasurer of the Board effective March 29, 2016.

The principal staff officers of the Authority are as follows:

Cris A. White, **Executive Director**, was appointed as Executive Director in March 2010, after serving as Chief Operating Officer since February 2002. Mr. White 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.

Jaime G. Gomez, **Chief Operating Officer**, joined the staff in August 1999. Prior to appointment to his current position in March 2010, Mr. Gomez served as the Director of Commercial Lending following a corporate reorganization in July 2003 which merged the Authority's Business Finance and Rental Finance Divisions, forming the Commercial Lending Division (now referred to as the Community Development Division). Prior to that position, Mr. Gomez served as the Director of Business Finance. 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.

Charles K. Knight, a former member of the Board, joined the staff as **General Counsel** effective April 29, 2016, following a nationwide search. Prior to joining the Authority, Mr. Knight served as the founder of Venture Law Advisors, LLC ("**Venture**"), a law firm representing emerging growth companies. Prior to forming Venture, Mr. Knight served as President and Chief Executive Officer of AmeriVest Properties Inc., a publicly held real estate investment trust based in Denver, and held senior executive and legal positions with other public and private companies. Mr. Knight received a Bachelor's Degree in experimental psychology from the University of California at Santa Barbara and Master of Business Administration and JD Degrees from the University of California at Los Angeles. The Authority maintains risk management, internal audit and compliance functions under the Director of Enterprise Risk who reports to the General Counsel.

Patricia Hippe, **Chief Financial Officer**, joined the staff in October 2011. Prior to joining the Authority, Ms. Hippe spent 16 years at the Minnesota Housing Finance Agency, the first five years as the Finance Director and later as the Deputy Commissioner and Chief Financial Officer. Prior to her work with the Minnesota Housing Finance Agency, Ms. Hippe was the assistant vice president and corporate trust officer for Wells Fargo Bank, formerly known as Norwest Bank, from 1994 to 1995. From 1984 to 1994, Ms. Hippe was the manager of secondary market programs for Higher Education Management and Resources (HEMAR) Management Corporation. In this capacity, she oversaw the daily finance, accounting and secondary market operations of HEMAR's seven affiliate companies which specialized in providing student loan secondary market programs. Ms. Hippe received her Bachelor's Degree in Business Administration from the University of Minnesota, and earned her Master of Business Administration Degree from the University of St. Thomas in St. Paul, Minnesota and has successfully completed exams for Certified Public Accountants (inactive status) and Certified Management Accountants.

Margaret Danuser was appointed as **Director of Finance** in July 2010. Prior to joining the Authority, Ms. Danuser served as the debt administrator for the City and County of Denver overseeing debt issuance for the City and Denver International Airport. Ms. Danuser also spent almost 20 years as a fixed income portfolio manager, analyst, and trader for the Dreyfus Founders Funds and other large institutional investment management firms. She graduated from the University of Colorado at Boulder with a Bachelor of Arts degree in International Affairs.

Steve Johnson was appointed as **Director of Community Development** in July 2010. Mr. Johnson began working for the Authority in 1996 as a Business Finance Loan Officer. In 1999, he was promoted to Manager of Business Lending Production. Most recently, Mr. Johnson has led the Authority's small business team's efforts to diversify and expand the products available to help small businesses access capital. Mr. Johnson is the vice chair of the Colorado Enterprise Fund, and a board member of the Council of Development Finance Agencies (CDFA). He graduated from Hillsdale College in Michigan with a Bachelor of Arts degree in Marketing and Finance.

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

Thomas Bryan, **Director of Accounting/Controller**, joined the staff as Controller in February 2014. Prior to joining the Authority, Mr. Bryan served as the Controller for the City of Centennial, Colorado and as the Accounting Manager for the Town of Parker, Colorado. Mr. Bryan has more than ten years of experience in governmental and not-for-profit accounting. He graduated with a Bachelor of Science degree in Business and Accounting from the University of Phoenix and earned his Master of

Business Administration degree from DeVry University's Keller Graduate School of Management. Mr. Bryan is a Certified Public Accountant with an active license in the State of Colorado and has obtained the designation of Certified Public Funds Investment Manager through the Association of Public Treasurers of the United States and Canada.

Insurance Coverage

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

Authority Financial Statements

The audited 2015 financial statements of the Authority, available at www.chfainfo.com/investors, provide certain financial information about the Authority on a fund accounting basis, including a description of its General Fund. These financial statements have been cross-referenced solely for purposes of providing a general overview for potential purchasers of the financial status of the Authority given that the Authority will service the 2016-III Loan. The Series 2016-III Bonds are special limited obligations of the Authority secured by and payable only from the Trust Estate and have been designated as a Stand-Alone Series under the Indenture. See "SECURITY AND SOURCES OF PAYMENT – Pledge of Trust Estate" herein. *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 Series 2016-III Bonds when due.*

TERMS OF THE SERIES 2016-III BONDS

General Terms

Principal Payment; Maturity

The principal and any redemption price of the Series 2016-III Bonds is payable to DTC as long as it is the registered owner of the Series 2016-III Bonds. Principal of the Series 2016-III Bonds is payable in the amounts and on the dates shown on the front cover page of this Official Statement, subject to prior redemption as described in "Prior Redemption" under this caption.

Interest Rate; Payment of Interest

Interest on the Series 2016-III Bonds is payable to DTC as long as it is the registered owner of the Series 2016-III Bonds. The Series 2016-III Bonds will bear interest at the fixed interest rates per annum shown on the front cover page of this Official Statement. Interest on the Series 2016-III Bonds will be payable on the first day of each calendar month, commencing November 1, 2016 (each, an "**Interest Payment Date**"), on any redemption date and at maturity, and will be computed on the basis of a 360-day year consisting of twelve 30-day months. Interest shall accrue initially from the dated date to, but excluding, November 1, 2016, and thereafter shall accrue from the first calendar day of each month to, but excluding, the first calendar day of the immediately succeeding month, until payment of the principal of or redemption price on the Series 2016-III Bonds.

Book-Entry System

The Series 2016-III Bonds will be issued as fully registered bonds without coupons. DTC will act as securities depository for the Series 2016-III Bonds. The ownership of one fully registered Bond in the aggregate principal amount of each maturity of the Series 2016-III Bonds 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 D – "BOOK-ENTRY SYSTEM."** **So long as the Series 2016-III Bonds are registered in the DTC book-entry form described in Appendix D, each Beneficial Owner of a Series 2016-III Bond should make arrangements with a Participant in DTC to receive notices or communications with respect to matters concerning the Series 2016-III Bonds.**

Defeasance and Discharge

The 2016-III Series Indenture provides that the Series 2016-III Bonds maturing on October 1, 2017 shall not be subject to defeasance pursuant to the Indenture or economic defeasance.

The Series 2016-III Bonds maturing on October 1, 2052 shall be subject to defeasance pursuant to the Indenture or economic defeasance on and after October 1, 2027 to the earliest practicable redemption date (after giving effect to the notice requirements of the Indenture). See "TERMS OF THE SERIES 2016-III BONDS – Prior Redemption – Optional Redemption."

Authorized Denominations

Purchases of the Series 2016-III Bonds are to be made in denominations of \$1.00 or any integral multiple thereof.

Prior Redemption

Special Redemption from Unexpended Proceeds

The Series 2016-III Bonds maturing on October 1, 2052 are subject to special redemption prior to maturity, in whole or in part on November 1, 2017 at a redemption price equal to 100% of the aggregate principal amount of the Series 2016-III Bonds maturing on October 1, 2052 or portions thereof to be so redeemed, together with accrued interest to the date of redemption, from unexpended proceeds transferred to the Series 2016-III subaccount of the Special Redemption Fund from the Series 2016-III subaccount of the Acquisition Account. See "PLAN OF FINANCE – Disbursements from the Series 2016-III subaccount of the Acquisition Account."

Mandatory Redemption

The Series 2016-III Bonds are subject to mandatory redemption in whole or in part, on any Interest Payment Date, at a redemption price equal to 100% of the aggregate principal amount of the Series 2016-III Bonds to be redeemed, without premium, in an amount equal to all principal of Prepayments and Loan Repayments related to the 2016-III Loan, including amounts paid pursuant to any applicable Loan Payment Enhancement Facility, received by or on behalf of the Authority on or before the 20th day of the calendar month immediately preceding such Interest Payment Date.

While any Series 2016-III Bonds maturing on October 1, 2017 remain Outstanding, if less than all of the Series 2016-III Bonds are to be redeemed as described in the preceding paragraph, the Series 2016-III Bonds shall be redeemed on a pro rata by maturity basis, or on any other basis determined by the Authority after giving effect to expected Cash Flows in the Trust Estate; provided that Prepayments

resulting from the Borrower's exercise of its Pre-conversion Prepayment Option (as defined in "PLAN OF FINANCE – The 2016-III Loan – Prepayment") under the Loan Agreement, together with all amounts transferred from the Construction Loan Reserve and Costs Subaccount to the Series 2016-III subaccount of the Special Redemption Fund pursuant to the Indenture, shall be used to redeem Series 2016-III Bonds maturing on October 1, 2017 (but in no event shall such redemption occur prior to July 1, 2017).

Optional Redemption

Series 2016-III Bonds maturing on October 1, 2017. The Series 2016-III Bonds maturing on October 1, 2017 are not subject to redemption at the option of the Authority prior to maturity.

Series 2016-III Bonds maturing on October 1, 2052. The Series 2016-III Bonds maturing on October 1, 2052 are subject to redemption at the option of the Authority, from any source other than Prepayments and Loan Repayments related to the 2016-III Loan, in whole or in part at any time on or after October 1, 2027, at a redemption price equal to 100% of the principal amount thereof plus the accrued interest thereon to the date of redemption.

Selection of Series 2016-III Bonds of Same Maturity for Partial Redemption

If less than all of the Series 2016-III Bonds of the same maturity are to be redeemed on any date, each of the Series 2016-III Bonds of such maturity then Outstanding shall be redeemed in part, pro rata, in proportion to the Outstanding aggregate principal amount of each such Series 2016-III Bond to the Outstanding aggregate principal amount of all Outstanding Series 2016-III Bonds of such maturity. To effect this pro rata redemption while the Series 2016-III Bonds are held in the DTC book-entry-only system, such mandatory redemption is to be made as a "Pro-Rata Pass-Through Distribution of Principal" by DTC. This redemption procedure, if effected by DTC, will cause a pro rata redemption of Series 2016-III Bonds among DTC Participants upon a redemption, but may not ensure a pro rata redemption of Series 2016-III Bonds among all Beneficial Owners thereof. See **Appendix D** – "BOOK-ENTRY SYSTEM" for a general description of the DTC book-entry system.

Notice of Redemption

No notice will be given to any Bondowner or Beneficial Owner of the date or amount of the mandatory redemption of any Series 2016-III Bond.

Other than with respect to Series 2016-III Bonds that are mandatorily redeemed, when any Series 2016-III 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 60 days nor less than 20 days prior to the redemption date with respect to the Series 2016-III Bonds, to the registered owner of each Series 2016-III 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 EMMA. 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 Series 2016-III Bond with respect to which no such failure or defect has occurred.

If DTC or its nominee is the registered owner of any Series 2016-III Bonds to be redeemed other than by mandatory redemption, notice of redemption will only be given to DTC or its nominee as the registered owner of such Series 2016-III 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 Series 2016-III Bond to be redeemed

shall not affect the validity of the redemption of such Series 2016-III Bond. See Appendix D – "BOOK-ENTRY SYSTEM."

PLAN OF FINANCE

Sources and Uses of Funds

The following are the estimated sources and uses of funds relating to the Series 2016-III Bonds.

	<u>Estimated Amounts</u>
SOURCES OF FUNDS:	
Proceeds of Series 2016-III Bonds	\$7,500,000.00
Net premium	620.00
Authority funds ⁽¹⁾	100,874.58
2016-III Borrower contribution ⁽²⁾	<u>63,927.91</u>
TOTAL SOURCES OF FUNDS	<u>\$7,665,422.49</u>
USES OF FUNDS:	
Series 2016-III subaccount of Revenue Fund ⁽¹⁾	\$ 10,135.42
Construction Loan Reserve and Costs Subaccount of Series 2016-III subaccount of Acquisition Account ⁽³⁾	242,576.74
Series 2016-III subaccount of Acquisition Account ⁽³⁾	7,108,043.26
Series 2016-III subaccount of Debt Service Reserve Fund ⁽¹⁾⁽⁴⁾	90,739.16
Series 2016-III subaccount of Cost of Issuance Account ⁽⁵⁾	<u>213,927.91</u>
TOTAL USES OF FUNDS.....	<u>\$7,665,422.49</u>

⁽¹⁾ To be used to fund the Series 2016-III subaccounts of the Revenue Fund (\$10,135.42, representing one month of interest due on the 2016-III Loan) and the Debt Service Reserve Fund. Upon the final payment or defeasance of the Series 2016-III Bonds, any remaining balances in the Series 2016-III subaccounts of the Debt Service Reserve Fund and the Revenue Fund shall be transferred to the Authority, free and clear of the lien and pledge of the Indenture.

⁽²⁾ To be deposited into the Series 2016-III subaccount of the Cost of Issuance Account.

⁽³⁾ Up to \$150,000 of the proceeds of the Series 2016-III Bonds deposited to the Construction Loan Reserve and Cost Subaccount will be transferred to the Series 2016-III subaccount of the Cost of Issuance Account. This amount is shown below in the line "Series 2016-III subaccount of the Cost of Issuance Account" rather than in this line. See "Disbursements from the Series 2016-III subaccount of the Acquisition Account" under this caption.

⁽⁴⁾ See "SECURITY AND SOURCES OF PAYMENT – Debt Service Reserve Fund; Loan Payment Enhancement Facility." The Debt Service Reserve Fund Requirement for the Series 2016-III Bonds is an amount equal to one-half of the maximum principal and interest payment due in any calendar year with respect to the Series 2016-III Bonds maturing on October 1, 2052, based on the receipt of scheduled Loan Repayments on the 2016-III Loan.

⁽⁵⁾ Includes Underwriter's discount, legal costs and expenses, fees of Municipal Advisor and rating agencies and other expenses associated with issuance of the Series 2016-III Bonds. See "UNDERWRITING."

Use of Proceeds

Proceeds of the Series 2016-III Bonds will be used to fund the 2016-III Loan by the deposit of \$242,576.74 to the Construction Loan Reserve and Costs Subaccount of the Series 2016-III subaccount of the Acquisition Account and the remainder of the proceeds to the Series 2016-III subaccount of the Acquisition Account. Such proceeds, together with any other moneys deposited by the 2016-III Borrower in the Series 2016-III subaccount of the Acquisition Account, shall be used to finance, in part, the acquisition, rehabilitation and equipping of the 2016-III Housing Facility as described in "Disbursements

from Series 2016-III subaccount of the Acquisition Account" under this caption. See also "THE 2016-III HOUSING FACILITY."

The 2016-III Loan will be considered to be fully disbursed upon deposit of the proceeds of the Series 2016-III Bonds at closing as described in the preceding paragraph.

Disbursements from the Series 2016-III subaccount of the Acquisition Account

Except as otherwise provided under this caption, amounts on deposit in the Series 2016-III subaccount of the Acquisition Account are to be disbursed from time to time by the Trustee, on and after the date on which the 2016-III Borrower's promissory note (the "**2016-III Note**") has been initially endorsed by HUD for Risk-Share Insurance (described in "The 2016-III Loan" under this caption), to pay costs of the acquisition, rehabilitation and equipping of the 2016-III Housing Facility that are approved by the Authority pursuant to the terms, conditions and provisions of the Loan Agreement. Moneys in the Construction Loan Reserve and Costs Subaccount of the Series 2016-III subaccount of the Acquisition Account shall be used only to pay the following costs for the period from the date of issuance of the Series 2016-III Bonds to October 1, 2017: (i) to the extent provided in the Loan Agreement with respect to payment of interest on the 2016-III Loan, interest on the Series 2016-III Bonds by transfer to the Series 2016-III subaccount of the Debt Service Fund on each Interest Payment Date, (ii) Servicing Fees with respect to the 2016-III Loan, (iii) an Authority fee equal to 0.25% of the aggregate principal amount of the Series 2016-III Bonds, (iv) the mortgage insurance premium, equal to 0.125% of the principal amount of the 2016-III Note, with respect to the Risk-Share Insurance, and (v) upon transfer to the Series 2016-III subaccount of the Costs of Issuance Account in accordance with one or more Authority Requests, a portion of the Costs of Issuance of the Series 2016-III Bonds. Notwithstanding the preceding sentence, if Series 2016-III Bonds maturing on October 1, 2017 are redeemed prior to maturity pursuant to the mandatory redemption provisions described in "TERMS OF THE SERIES 2016-III BONDS – Prior Redemption – Mandatory Redemption," an amount in the Construction Loan Reserve and Costs Subaccount equal to (a) the interest that would have been payable on the Series 2016-III Bonds maturing on October 1, 2017 being redeemed for the period from the redemption date to October 1, 2017 and (b) the portion of the amount therein that will not be needed to pay costs described in clauses (ii), (iii) and (iv) of the preceding sentence as a result of such redemption, shall be transferred to the Series 2016-III subaccount of the Special Redemption Fund to be applied to the payment of the principal portion of the redemption price of the Series 2016-III Bonds maturing on October 1, 2017 being redeemed on such redemption date.

No amounts shall be disbursed by the Trustee prior to such initial endorsement by HUD. Following completion of the 2016-III Housing Facility, the Authority will request final endorsement of the 2016-III Note by HUD for Risk-Share Insurance. For further information about Risk-Share Insurance, see **Appendix E** hereto. See "The 2016-III Loan – The Loan Agreement" under this caption.

Any unexpended proceeds of the Series 2016-III Bonds credited to the Series 2016-III subaccount of the Acquisition Account that are not used to pay the costs of acquiring, rehabilitating and equipping the 2016-III Housing Facility shall be transferred by the Trustee on October 1, 2017 to the Series 2016-III subaccount of the Special Redemption Fund to redeem Series 2016-III Bonds maturing on October 1, 2052 as described in "TERMS OF THE SERIES 2016-III BONDS – Prior Redemption – Special Redemption from Unexpended Proceeds."

The 2016-III Loan

Generally

Proceeds of the Series 2016-III Bonds are expected to be used by the Authority to fund the 2016-III Loan to the 2016-III Borrower. The 2016-III Borrower plans to use the proceeds of the 2016-III Loan deposited to the Series 2016-III subaccount of the Acquisition Account, together with certain other moneys available to the 2016-III Borrower, to finance the costs of acquisition, rehabilitation and equipping of the 2016-III Housing Facility as described in further detail in "THE 2016-III HOUSING FACILITY." The 2016-III Loan proceeds deposited to the Series 2016-III subaccount of the Acquisition Account are to be disbursed as described in "PLAN OF FINANCE—Disbursements from the Series 2016-III subaccount of the Acquisition Account." The 2016-III Loan will be secured by a Deed of Trust, Security Agreement, Assignment of Leases and Rents and Financing Statement delivered by the 2016-III Borrower in favor of the Authority (the "**Deed of Trust**"), encumbering the 2016-III Housing Facility. See **Appendix A** for a description of certain characteristics of the 2016-III Loan.

The Loan Agreement

The Loan Agreement provides for the terms under which the Authority shall provide the 2016-III Loan to the 2016-III Borrower. The 2016-III Loan will be originated in full on the date of issuance of the Series 2016-III Bonds. However, no amounts may be disbursed from the Series 2016-III subaccount of the Acquisition Account as an advance under the 2016-III Loan until after HUD has initially endorsed the 2016-III Note for Risk-Share Insurance. **The Loan Agreement requires that, at all times, the 2016-III Loan must remain subject to Risk-Share Insurance.**

Interest Rates; Payment of Interest and Principal

In accordance with the Loan Agreement, the 2016-III Loan will bear interest at the rates of 2.843% prior to the earlier of October 1, 2017 and conversion of the 2016-III Loan in connection with the final endorsement of the 2016-III Note by HUD for Risk-Share Insurance, and 3.850% on and after such date, in each case calculated on the basis of a 360-day year consisting of twelve 30-day months.

Interest payments on the 2016-III Loan through October 1, 2017 shall be made from the 2016-III Loan proceeds deposited to the Construction Loan Reserve and Costs Subaccount of the Series 2016-III subaccount of the Acquisition Account on the date of issuance of the Series 2016-III Bonds, which deposit will be in an aggregate amount representing interest due on the 2016-III Loan through and including October 1, 2017. Principal on the 2016-III Loan will commence amortizing on October 1, 2017. The 2016-III Note provides for a late charge of five percent (5%) of any monthly payment due that is not made by the 2016-III Borrower within fifteen (15) days after the due date of such monthly payment.

Prepayment

The 2016-III Borrower shall have the option under the 2016-III Note (the "**Pre-conversion Prepayment Option**"), on and after June 1, 2017 and subject to certain conditions set forth in the Loan Agreement, to prepay the 2016-III Loan in an amount not to exceed the principal amount of the Series 2016-III Bonds maturing on October 1, 2017. See "TERMS OF THE SERIES 2016-III BONDS – Prior Redemption – Mandatory Redemption." Under the Loan Agreement, the 2016-III Borrower and the Authority will agree that the 2016-III Loan may not be prepaid in whole or in part at the option of the 2016-III Borrower (other than in connection with the Pre-conversion Prepayment Option) at any time prior to June 1, 2027. See "TERMS OF THE SERIES 2016-III BONDS – Prior Redemption – Optional Redemption – Series 2016-III Bonds maturing on October 1, 2052."

Security for the 2016-III Loan

The 2016-III Loan will be secured by (i) the Deed of Trust and (ii) the Risk-Share Insurance. Amounts will only be disbursed from the Series 2016-III subaccount of the Acquisition Account in accordance with the disbursement process described in "PLAN OF FINANCE – Disbursements from the Series 2016-III subaccount of the Acquisition Account," following initial endorsement of the 2016-III Note by HUD for Risk-Share Insurance.

Upon completion of rehabilitation of the 2016-III Housing Facility and satisfaction of HUD requirements, the Authority will request final endorsement of the 2016-III Note by HUD for Risk-Share Insurance. See **Appendix E** for a discussion of the Risk-Share Insurance. If such final endorsement of the 2016-III Note by HUD has not occurred on or before October 1, 2017, there shall be an event of default under the Loan Agreement. Upon an event of default under the Loan Agreement, the 2016-III Loan shall be subject to acceleration, and the Indenture provides that the Authority shall file a claim with HUD under the Risk-Share Insurance and will also have the right to exercise any other remedy under the Loan Agreement. See "TERMS OF THE SERIES 2016-III BONDS – Prior Redemption – Mandatory Redemption" and "CERTAIN BONDOWNERS' RISKS – Loan Insurance Redemption Considerations."

Servicing by the Authority

The Authority will service the 2016-III Loan, handling the receipt and disbursement of funds related to the 2016-III Loan. This includes receiving payments, monitoring and disbursing escrowed funds for taxes and insurance and managing delinquencies and claims. The Authority will oversee compliance by the 2016-III Borrower with requirements of the 2016-III Loan, including occupancy and rental restrictions with respect to such 2016-III Loan and the 2016-III Housing Facility, and will review the financial status of the 2016-III Housing Facility. The Authority similarly oversees and will oversee compliance for the other Loans outstanding under the Master Indenture. 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 "COLORADO HOUSING AND FINANCE AUTHORITY."

Modification of Loan Terms

In the Master Indenture, the Authority has agreed that it shall not consent or agree to permit any amendment or modification of the financial terms of any Loan or any security thereof in any manner materially adverse to the interests of the Owners of the Bonds, as determined in good faith by the Authority. See **Appendix B** – "FORM OF THE INDENTURE – The Master Indenture – Covenants Relating to Loans."

"Due on Sale" Provisions

The 2016-III Loan does not contain a "due on sale" clause restricting sale or transfer of the 2016-III Housing Facility.

Assumability

The 2016-III Loan may be assumed, subject to HUD review and approval, upon the sale of the 2016-III Housing Facility.

Lien on Fee Simple Estate

The 2016-III Loan is a multifamily, fixed rate mortgage loan secured by a first lien on the 2016-III Borrower's fee simple estate in the 2016-III Housing Facility.

THE 2016-III HOUSING FACILITY

General

The Series 2016-III Bonds are being issued to provide rehabilitation and permanent financing of the 2016-III Housing Facility, which is an 80-unit affordable housing property consisting of six 2-story residential buildings and a community building on a 4.96 acre site located at 1351 South Willow Street, in unincorporated Arapahoe County, Colorado.

A capital needs assessment performed in February 2016 found that the 2016-III Housing Facility has been well maintained but a number of items have reached the end of their useful lives and require replacement. The rehabilitation plan includes minor unit reconfigurations to add an "open" nature to the units, as well as replacement of all flooring (tile and carpet), roofs, gutters and downspouts, windows, doors, appliances, plumbing fixtures, bathtubs and surrounds, water heaters, bath fans, lighting, and repairs to subflooring, exterior stonework, asphalt, and landscaping, among other items. The rehabilitation plan will also build a pergola, a new entry structure, and a bus shelter along Willow Street, as well as adding stacked washer/dryers, ceiling fans, and a microwave/hood combination to each unit. The 2016-III Housing Facility will be brought up to Enterprise Green Communities standards, including installation of Energy Star appliances and energy efficient ventilation fans, flooring, and lighting.

The community building is centrally located on the site facing South Willow Street and offers a leasing office, conference/game room, media room, kitchen, common laundry room, and a maintenance/workshop area. The community building opens into a courtyard with a playground and basketball court. The 2016-III Housing Facility was built in 1999.

Rehabilitation of the 2016-III Housing Facility is expected to commence in September 2016 and be completed on or before October 1, 2017. Rehabilitation will occur in three buildings at a time and will involve the temporary relocation of nearly half of the residents for the first phase and the remaining residents during the second phase. The 2016-III Housing Facility is currently 91% occupied, with a waiting list of approximately 80 applicants. During rehabilitation, the 2016-III Borrower expects that 50% of the residents will be relocated to temporary units in nearby market rate complexes or corporate leasing facilities.

The 2016-III Housing Facility will serve low- and moderate-income tenants whose annual household income does not exceed 30%, 40%, 50% and 60% of the area median income ("AMI"), adjusted for family size. Following are photos of the 2016-III Housing Facility and maps showing the location of the 2016-III Housing Facility and the locations of the community amenities serving the 2016-III Housing Facility:



LOOKING WEST ACROSS SOUTH WILLOW STREET TOWARD SUBJECT PROPERTY.



LOOKING SOUTHWEST ACROSS SOUTH WILLOW STREET TOWARD SUBJECT PROPERTY.

SUBJECT PHOTOGRAPHS



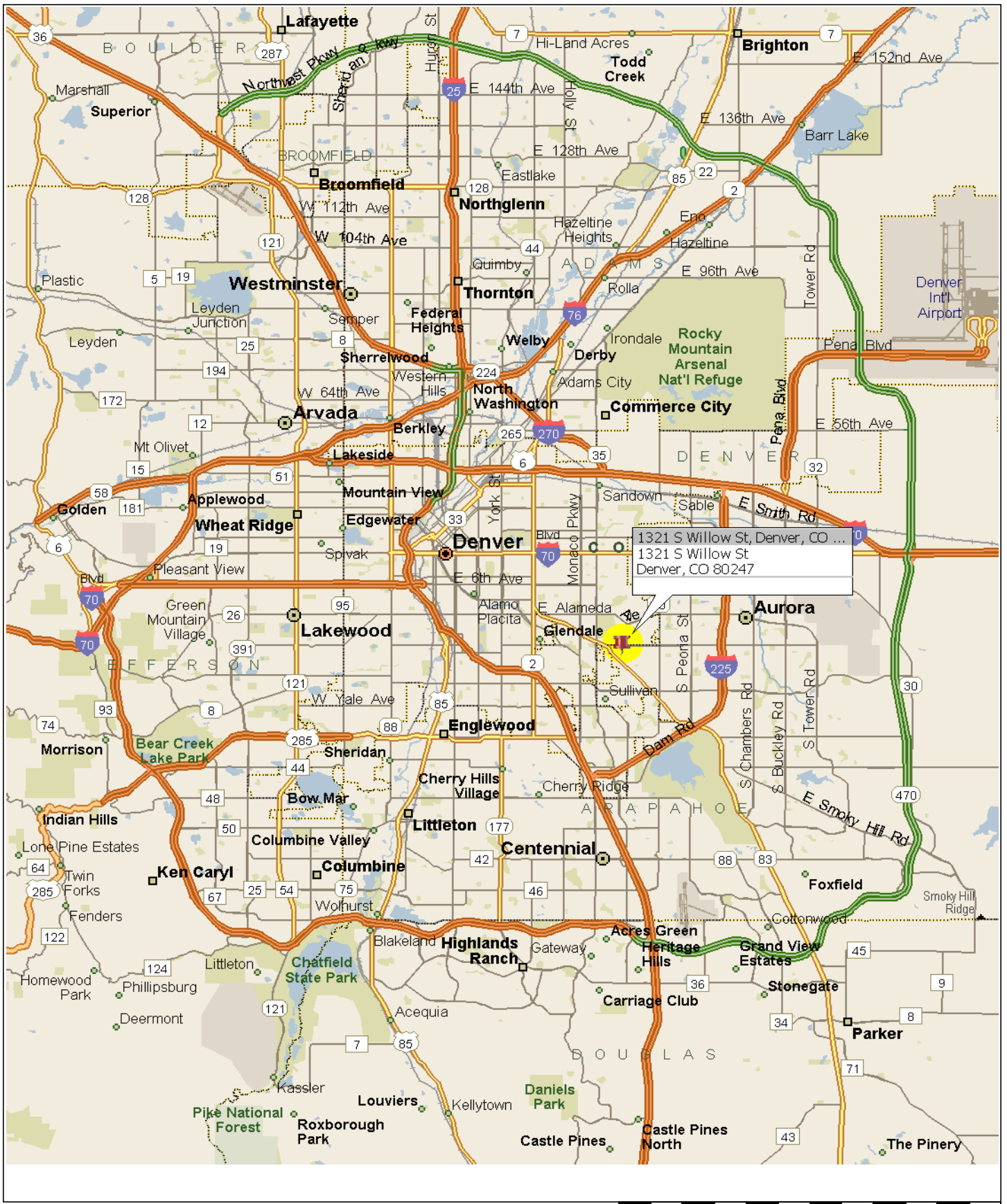
LOOKING NORTHWEST ACROSS SOUTH WILLOW STREET TOWARD SUBJECT PROPERTY.



LOOKING NORTHEAST FROM SOUTHWEST CORNER OF SUBJECT PROPERTY.

SUBJECT PHOTOGRAPHS

DENVER METROPOLITAN AREA MAP



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Due to the inherent uncertainty of future events and conditions, no assurance can be given that the revenues generated by the 2016-III Housing Facility will be sufficient to pay the operating expenses of the 2016-III Housing Facility and the amounts due under the 2016-III Note and the Series 2016-III Bonds. The ability of the 2016-III Borrower to generate sufficient revenues will be affected by a variety of factors, including, but not limited to, the maintenance of a sufficient level of occupancy, the ability to achieve rent to cover debt service and operating expenses, the level of operating expenses, management, adverse changes in applicable laws and regulations, general economic conditions and other factors in the surrounding market area for the 2016-III Housing Facility. Adverse changes may occur from time to time with respect to any of the preceding factors or other factors or events which may have a negative impact on the occupancy level or rental income of the 2016-III Housing Facility. A default by the 2016-III Borrower under the Loan Agreement may result in a redemption of all or a portion of the Series 2016-III Bonds. See "TERMS OF THE SERIES 2016-III BONDS – Prior Redemption – Mandatory Redemption."

The 2016-III Borrower

The 2016-III Housing Facility will be owned by Willow Street Residences LLLP, a Colorado limited liability limited partnership formed for the specific purpose of acquiring, rehabilitating and operating the 2016-III Housing Facility. As such, the 2016-III Borrower has no historical earnings and no assets other than its interest in the 2016-III Housing Facility. Accordingly, it is expected that the 2016-III Borrower will not have any source of funds to make payments on the 2016-III Loan, other than revenues generated by the 2016-III Housing Facility.

The general partner of the 2016-III Borrower is Willow Street Ventures, LLC, a Colorado limited liability company (the "**General Partner**") with a 0.01% partnership interest formed in 2016. The manager of the General Partner is Community Housing Development Association, Inc., a Colorado nonprofit corporation (the "**Manager**") formed in 1995. The Manager acquires and develops housing for modest wage earners in south metro Denver, as well as serving the housing needs of people with mental illness, substance addition, and developmental disabilities that are served by several organizations in the community. The Manager currently owns five properties with a total of 204 housing units located in Littleton, Englewood and Denver, Colorado.

Unit Mix

The unit mix and maximum income level for tenants of the type of units of the 2016-III Housing Facility are as follows:

<u>Unit Type</u>	<u>Size (s.f.)</u>	<u># of Units</u>	<u>AMI</u>
1BD/1BA	602	6	30%
2BD/1BA	888	8	30
3BD/2BA	1,150	2	30
1BD/1BA	602	10	40
2BD/1BA	888	12	40
3BD/2BA	1,150	2	40
1BD/1BA	602	8	50
2BD/1BA	888	10	50
3BD/2BA	1,150	2	50
1BD/1BA	602	8	60
2BD/1BA	888	10	60
3BD/2BA	1,150	<u>2</u>	60
Total		80	

Financing Sources and Uses for 2016-III Housing Facility

The table below represents the financing sources and uses for the acquisition, rehabilitation and equipping of 2016-III Housing Facility:

2016-III Housing Facility Sources and Uses Schedule

Sources of Funds:	<u>Estimated Amounts</u>
Bond Proceeds	\$ 7,500,000
Housing Development Grant (HDG) Funds	525,000
Owner Carryback Loan	4,320,641
Rehabilitation Period Net Operating Income	101,543
Existing Reserves and Owner Equity	182,301
Federal Tax Credit Equity	4,419,771
Deferred Developer Fee	<u>388,203</u>
Total Sources of Funds	\$17,437,459
Uses of Funds:	
Payment on maturity (Series 2016-III Bonds due October 1, 2017)	\$ 4,000,000
Land & Buildings	6,050,000
Rehabilitation/Site Work	4,313,388
Professional Fees	241,675
Construction Interim Costs	374,527
Financing Costs	281,366
Soft Costs	841,503
Developer Fees	1,100,000
Project Reserves	<u>235,000</u>
Total Uses of Funds	\$17,437,459

Source: The 2016-III Borrower.

Low Income Housing Tax Credits

Simultaneously with the issuance of the Series 2016-III Bonds, the 2016-III Borrower expects to admit Midwest Housing Equity Group, Inc., a Nebraska nonprofit corporation, through its MHEG Fund 46, LP (the "**Limited Partner**"), as the limited partner with a 99.99% limited partnership interest in the 2016-III Borrower. The Limited Partner will receive federal Low-Income Housing Tax Credits ("**LIHTCs**") and other tax and non-tax benefits in connection with its investment in the 2016-III Borrower. The Limited Partner is expected to fund approximately \$4,419,771 of equity in the form of capital contributions in the 2016-III Borrower. The funding levels and the timing of funding are subject to numerous adjustments and conditions which could result in the amounts funded and/or the timing or even occurrence of the funding varying significantly from the projections set forth above.

The 2016-III Borrower expects to use the equity in order to pay, among other things, the amounts due on the 2016-III Loan related to the amounts due at maturity on the Series 2016-III Bonds maturing on October 1, 2017. However, even if sufficient equity is not obtained, the 2016-III Borrower is obligated to make payments when due on the 2016-III Loan at such time. If the 2016-III Borrower does not make

such required payments, there would be a default under the Loan Agreement. Upon an event of default under the Loan Agreement, the 2016-III Loan shall be subject to acceleration, and the Indenture provides that the Authority shall file a claim with HUD under the Risk-Share Insurance and will also have the right to exercise any other remedy under the Loan Agreement. See "TERMS OF THE SERIES 2016-III BONDS – Prior Redemption – Mandatory Redemption," and "CERTAIN BONDOWNERS' RISKS – Loan Insurance Redemption Considerations" and "– LIHTC Risks."

The Contractor

The general contractor for the 2016-III Housing Facility is expected to be Taylor Kohrs LLC (the "**Contractor**"). According to the firm, it was formed in 2005 and provides construction services in Colorado, New Mexico and Wyoming. Its work includes municipal projects, educational facilities, automotive related businesses, aquatics centers, multifamily facilities, and medical facilities, among others. The firm's affordable multifamily experience in Colorado includes the rehabilitation of Canterbury Apartments, one of the Manager's properties.

Property Management

Silva-Markham Partners, LLC, a Colorado limited liability company formed by Alfonso Silva and Vivian Markham, will provide property management for the 2016-III Housing Facility following completion of the rehabilitation. According to the firm, Silva-Markham Partners currently manages 12 affordable and market rate properties in Colorado, including all of the Manager's properties. Mr. Silva has over 30 years' experience in property management, with specialized knowledge of LIHTC compliance, HUD and mixed-use properties.

Income, Rent and Use Restrictions

The 2016-III Borrower is restricted by several agreements that limit the income of, and rents that may be charged to, tenants of the 2016-III Housing Facility. Restrictions contained in a Low Income Housing Extended Use Agreement between the 2016-III Borrower and the Authority to be executed on or before the Closing Date (the "**Extended Use Agreement**") related to the LIHTCs are expected to require the 2016-III Borrower to rent 100% of the residential units in the 2016-III Housing Facility to tenants whose annual household income does not exceed 60% of the AMI, adjusted for family size, and to charge rents which do not exceed 30% of imputed income for the size of such tenant's apartment. In addition, the Regulatory Agreement to be entered into by the Authority and the 2016-III Borrower and the Extended Use Agreement are expected to limit the incomes of tenants in the 2016-III Housing Facility units to individuals or families based on the following:

- 16 of the units to individuals or families having an annual household income which does exceed 30% AMI adjusted for family size;
- 24 of the units to individuals or families having an annual household income which does exceed 40% AMI adjusted for family size;
- 20 of the units to individuals or families having an annual household income which does not exceed 50% AMI adjusted for family size; and
- 20 of the units to individuals or families having an annual household income which does not exceed 60% AMI adjusted for family size.

No Section 8 Contracts

There will be no project-based Section 8 housing vouchers provided in connection with the 2016-III Housing Facility.

Section 42 Compliance Period

Under Section 42 of the Tax Code, the 2016-III Housing Facility may be subject to rent and income restrictions for 30 years after (i) the "placed in service" date, or (ii) the year following the "placed in service" date at the owner's election. See "Income, Rent and Use Restrictions" under this caption.

SECURITY AND SOURCES OF PAYMENT

Pledge of Trust Estate

The Series 2016-III Bonds are being issued as a "Stand-Alone Series" under the Master Indenture, which is defined as a Series of Bonds with respect to which (i) Loan Repayments, Prepayments and other Revenues Related to such Series shall not be applied to the payment of Debt Service Payments or Redemption Price of any Series of Bonds other than such Series, and (ii) Loan Repayments, Prepayments and other Revenues Unrelated to such Series shall not be applied to the payment of Debt Service Payments or Redemption Price of such Series. See also "PLAN OF FINANCE – Sources and Uses of Funds."

The Series 2016-III Bonds will be secured by and payable from the Trust Estate (which includes the Loan Repayments and Prepayments received with respect to the 2016-III Loan, amounts on deposit in the 2016-III subaccount of the Acquisition Account, the amount deposited in the 2016-III subaccount of the Revenue Fund on the date of issuance of the Series 2016-III Bonds, and the Series 2016-III subaccount of the Debt Service Reserve Fund). See "- Revenues" and "- Debt Service Reserve Fund; Loan Payment Enhancement Facility" under this caption.

In no event shall the Series 2016-III 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 Series 2016-III Bonds or otherwise under the Indenture).

Revenues

Pursuant to the 2016-III Series Indenture, the Trustee shall promptly deposit in the Series 2016-III subaccount of the Revenue Fund all Loan Repayments and Prepayments with respect to the 2016-III Loan received on and after the date of issuance of the Series 2016-III Bonds. "Loan Repayments" means, with respect to the 2016-III Loan, the amounts received by the Authority in respect of scheduled payments of the principal of and/or interest on the 2016-III Note by or for the account of the Authority, including amounts received pursuant to any Loan Payment Enhancement Facility, but does not include Prepayments or Servicing Fees. "Prepayment" means, with respect to the 2016-III Loan, any moneys received or recovered by or for the account of 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 which may be provided by the terms of the 2016-III Loan, but excluding any Servicing Fees with respect to the collection of such moneys) on the 2016-III Loan prior to the scheduled payment of such principal as called for by the 2016-III Loan, which include, without limitation, amounts received (i)

as a consequence of the damage, destruction or condemnation of part or all of the 2016-III Housing Facility, to the extent that such amounts are required to be used to prepay the 2016-III Loan pursuant to the Loan Agreement, (ii) in the event of a default by the 2016-III Borrower under the Loan Agreement, from the proceeds of an insurance claim to FHA, (iii) from a mandatory prepayment required by FHA or HUD in order to avoid such a default, or (iv) as a result of a voluntary prepayment made by the 2016-III Borrower.

On the Business Day prior to each Interest Payment Date, the Trustee shall transfer, pursuant to the Master Indenture, (i) amounts received as interest on the 2016-III Loan on or before the 20th day of the calendar month immediately preceding such Interest Payment Date in the Series 2016-III subaccount of the Revenue Fund to the Series 2016-III subaccount of the Debt Service Fund to be applied to the payment of interest on the Series 2016-III Bonds (except to the extent that amounts are transferred from the Construction Loan Reserve and Costs Subaccount to the Series 2016-III subaccount of the Debt Service Fund as described in "PLAN OF FINANCE – Disbursements from the Series 2016-III subaccount of the Acquisition Account" to pay interest on the Series 2016-III Bonds on any Interest Payment Date or otherwise paid out of the Revenue Fund pursuant to the Master Indenture), and (ii) amounts received as principal of such Prepayments and Loan Repayments on or before the 20th day of the calendar month immediately preceding such Interest Payment Date in the Series 2016-III subaccount of the Revenue Fund to the Series 2016-III subaccount of the Special Redemption Fund to be applied to the payment of principal of the Series 2016-III Bonds upon the redemption thereof as described in "TERMS OF THE SERIES 2016-III BONDS – Prior Redemption – Mandatory Redemption" and "– Optional Redemption," and to pay the principal of the Series 2016-III Bonds upon the maturity thereof.

After such transfers described in the preceding paragraph, on the Business Day prior to each Interest Payment Date, the Trustee shall transfer remaining amounts received as interest on such 2016-III Loan on or before the 20th day of the calendar month immediately preceding such Interest Payment Date in the Series 2016-III subaccount of the Revenue Fund in the order as follows: (a) to make payments required by the Master Indenture to replenish amounts in the Debt Service Reserve Fund necessary to satisfy the Debt Service Reserve Fund Requirement for the Series 2016-III Bonds, (b) to pay Fiduciary Expenses with respect to the Series 2016-III Bonds, and (c) to pay Administrative Expenses with respect to the Series 2016-III Bonds, other than the Special Authority Fee, except to the extent that such payments are made from amounts in the Construction Loan Reserve and Costs Subaccount as described in "PLAN OF FINANCE – Disbursements from the Series 2016-III subaccount of the Acquisition Account." After such transfers, on the Business Day prior to each Interest Payment Date after October 1, 2017, the Trustee shall pay remaining amounts received as interest on the 2016-III Loan on or before the 20th day of the calendar month immediately preceding such Interest Payment Date in the Series 2016-III subaccount of the Revenue Fund to the Authority as the Special Authority Fee; provided, however, that (i) the amount remaining in the Series 2016-III subaccount of the Revenue Fund remaining after payment of the Special Authority Fee shall be not less than one-month's interest on the Series 2016-III Bonds Outstanding on the date of such payment, (ii) the amount of the Special Authority Fee shall be subject to reduction at the option of the Authority, and (iii) the Special Authority Fee shall for all purposes of the 2016-III Series Indenture be considered as an Administrative Expense related to the Series 2016-III Bonds payable in accordance with the Master Indenture. See **Appendix B** – "FORM OF THE INDENTURE – The Master Indenture – Revenue Fund."

Debt Service Reserve Fund; Loan Payment Enhancement Facility

As part of the Trust Estate, the Series 2016-III Bonds are secured by the Debt Service Reserve Fund established under the 2016-III Series Indenture. The Debt Service Reserve Fund Requirement for the Series 2016-III Bonds will initially be satisfied as described in "PLAN OF FINANCE – Sources and Uses of Funds" and is an amount equal to one-half of the maximum principal and interest payment due in

any calendar year with respect to the Series 2016-III Bonds maturing on October 1, 2052, based on the receipt of scheduled Loan Repayments on the 2016-III Loan. Under the Indenture, the Debt Service Reserve Fund Requirement for the Series 2016-III Bonds may be reduced, and the Authority will be permitted in the future to release certain cash on deposit in the Debt Service Reserve Fund without consent of the holders of the Series 2016-III Bonds, including upon the delivery of a Loan Payment Enhancement Facility, subject to the requirements of the Indenture as described in the following paragraph.

If on any date of calculation, the amount in the Series 2016-III subaccount of the Debt Service Reserve Fund (other than amounts attributable to accrued, but unrealized interest purchased on Investment Securities) is in excess of the Debt Service Reserve Fund Requirement with respect to the Series 2016-III Bonds, the Trustee shall, unless otherwise instructed by an Authority Request, transfer such excess amount to the Authority, free and clear of the lien and pledge of the Indenture.

At any time while the Series 2016-III Bonds are outstanding, the Debt Service Reserve Fund Requirement for the Series 2016-III Bonds may be satisfied in whole or in part by the available amount of a master servicing agreement, letter of credit or other financial instrument providing for advances of, or other direct or indirect source of funds for, the timely payment of regularly scheduled Loan Repayments relating to the Series 2016-III Bonds (a "**Loan Payment Enhancement Facility**"), as shall be designated pursuant to a supplement to the 2016-III Series Indenture, upon receipt of a Confirmation from the Rating Agency that funding the Debt Service Reserve Fund Requirement in whole or in part with such Loan Payment Enhancement Facility will not, in and of itself, impair or cause the Series 2016-III Bonds to fail to retain, the then existing rating assigned to the Series 2016-III Bonds by the Rating Agency. **There will be no Loan Payment Enhancement Facility entered into in connection with the Series 2016-III Bonds at the time of issuance.**

For further information with respect to the Debt Service Reserve Fund, see **Appendix B – "FORM OF THE INDENTURE – The Master Indenture – Debt Service Reserve Fund."**

Additional Bonds

Although additional bonds have been and may be issued under the Master Indenture by issuance of a separate Series Indenture, any such additional bonds and any other obligations heretofore or hereafter issued under such other Series Indenture are or will be secured as provided in such other Series Indenture separate and apart from the Series 2016-III Bonds. See **Appendix B – "FORM OF THE INDENTURE – The Master Indenture – Issuance of Additional Bonds"** and **"– Issuance of Refunding Bonds."**

Weighted Average Life of Series 2016-III Bonds Maturing on October 1, 2052

Yield, Maturity and Prepayment Considerations

Prepayments of the 2016-III Loan will affect the weighted average life of and the yield realized by investors of the Series 2016-III Bonds maturing on October 1, 2052.

- The principal portion of the Loan Repayment for the 2016-III Loan may be in the form of scheduled or unscheduled amortization. The 2016-III Loan amortizes in level monthly payments.
- The terms of the 2016-III Loan provide that, following the lock-out period, the 2016-III Loan is subject to prepayment at the option of the 2016-III Borrower at par, without premium or

penalty, without the prior consent of the Authority. Furthermore, the Authority may permit the 2016-III Loan to be refinanced or prepaid (without regard to any lock-out period).

- In addition, in the event of a default, HUD may permit a FHA Risk-Share Program mortgage loan such as the 2016-III Loan to be refinanced or prepaid without regard to any lock-out, consent right, statutory prepayment prohibition or prepayment penalty provisions.
- The condemnation of, or occurrence of a casualty loss on, the mortgaged property securing the 2016-III Loan or the acceleration of payments due under the 2016-III Loan by reason of default may also result in a prepayment at any time.

No representation is made as to the expected weighted average life of the Series 2016-III Bonds or the percentage of the original unpaid principal balance of the 2016-III Loan that will be paid to Bondowners at any particular time. A number of factors may influence prepayment behavior.

- While some prepayments occur randomly, the payment behavior of the 2016-III Loan may be influenced by a variety of economic, tax, geographic, demographic, legal and other factors.
- These factors may include the age, geography and payment terms of the 2016-III Loan; remaining depreciable life of the underlying property; characteristics of the 2016-III Borrower; amount of the 2016-III Borrower's equity; the availability of mortgage financing; in a fluctuating interest rate environment, the difference between the interest rates on the 2016-III Loan and prevailing mortgage interest rates; the extent to which the 2016-III Loan is assumed or refinanced or the 2016-III Housing Facility is sold or conveyed; changes in local industry and population as they affect vacancy rates; population migration; and the attractiveness of other investment alternatives.
- These factors may also include the application of (or override by HUD of) lock-out periods, prepayment consent rights or statutory prepayment prohibition periods. For a more detailed description of the prepayment provision of the 2016-III Loan, see "PLAN OF FINANCE – The 2016-III Loan."

No representation is made by the Authority or the Underwriter or their respective counsel concerning the particular effect that any of these or other factors may have on the prepayment behavior of the 2016-III Loan. The relative contribution of these or other factors may vary over time.

Forward-Looking Average Life Calculations

The "**Weighted Average Life**" of a bond refers to the average amount of time that will elapse from the date of its issuance until each dollar of principal of that bond will be repaid to the investor. As a result, any projection of the Weighted Average Life of and yield on any Series 2016-III Bond must include an assumption about the anticipated timing and amount of payments on such Series 2016-III Bond, which will depend upon the rate of prepayments of the 2016-III Loan, including optional borrower Prepayments and prepayments resulting from liquidation of defaulted 2016-III Loan. In general, Prepayments of principal and defaults on the 2016-III Loan will shorten the Weighted Average Life and term to maturity of a Series 2016-III Bond. Accordingly, no assurance can be given as to the Weighted Average Life of any Series 2016-III Bond.

The Weighted Average Life of the Series 2016-III Bonds is calculated as described in "Weighted Average Life" under this caption.

Prepayment Assumption Models

No representation is made about the anticipated rate of Prepayments or foreclosure on the 2016-III Loan or about the anticipated yield to maturity of the Series 2016-III Bonds maturing on October 1, 2052. Prospective purchasers of the Series 2016-III Bonds maturing on October 1, 2052 are urged to base their decisions whether to purchase the Series 2016-III Bonds maturing on October 1, 2052 upon a comparison of desired yield to maturity with the yield to maturity that would result based on the price that the purchaser pays for the Series 2016-III Bonds and upon the purchaser's own determinations about anticipated rates of Prepayments with respect to the 2016-III Loan.

In addition, following any default under the 2016-III Loan, the principal balance of the 2016-III Loan will be paid from the proceeds received under the Risk-Share Program.

- As a result, defaults experienced on the 2016-III Loan will accelerate the payment of principal of the Series 2016-III Bonds maturing on October 1, 2052.
- The Series 2016-III Bonds maturing on October 1, 2052 are subject to special and optional redemption as described herein under "TERMS OF THE SERIES 2016-III BONDS – Prior Redemption."

The maturity date of October 1, 2052 is the latest date on which the principal balance will be reduced to zero. The actual retirement of Series 2016-III Bonds maturing on October 1, 2052 may occur earlier than the maturity date.

Modeling Assumptions

Unless otherwise indicated, the table that follows has been prepared on the basis of the characteristics of the 2016-III Loan and the following assumptions (the "**Modeling Assumptions**"), among others:

1. The 2016-III Loan have the characteristics described in "PLAN OF FINANCE – The 2016-III Loan."
2. The 2016-III Loan may begin to prepay on and after June 1, 2027.
3. The origination date of the 2016-III Loan is the date of issuance of the Series 2016-III Bonds.
4. Mortgage Repayments and Prepayments with respect to the 2016-III Loan are always received on the first (1st) day of the month, whether or not a Business Day, commencing on October 1, 2017. No penalty amounts are received with respect to Mortgage Repayments or Prepayments.
5. Payments on the Series 2016-III Bonds maturing on October 1, 2052 occur on the first (1st) day of the month, whether or not a Business Day, commencing on November 1, 2016.
6. The date of issuance of the Series 2016-III Bonds is August 31, 2016.

When reading the table and the related text, prospective purchasers of the Series 2016-III Bonds maturing on October 1, 2052 should bear in mind that the Modeling Assumptions, like any other stated assumptions, are unlikely to be entirely consistent with actual experience. For example, many payment dates will occur on the first Business Day after the first (1st) of the month.

Weighted Average Life

The table below indicates the Weighted Average Life of the Series 2016-III Bonds maturing on October 1, 2052, based on the assumption that the 2016-III Loan prepays upon the respective indicated individual scenarios.

It is unlikely that the 2016-III Loan will prepay on any of the specific scenarios identified in the table, and the timing of changes in the rate of prepayments actually experienced on the 2016-III Loan is unlikely to follow any of the scenarios identified in the table below.

The Weighted Average Life of the Series 2016-III Bonds maturing on October 1, 2052 set forth in the table below has been calculated by Jefferies LLC by:

- (a) multiplying the net reduction, if any, of the principal balance from one Interest Payment Date to the next Interest Payment Date by the number of years from the date of issuance thereof to the related Interest Payment Date,
- (b) summing the results, and
- (c) dividing the sum by the aggregate amount of the assumed net reductions in principal balance referred to in clause (a).

The Weighted Average Life is likely to vary, perhaps significantly, from that set forth in the table below due to the differences between the actual rate of prepayments on the 2016-III Loan and the Modeling Assumptions. No representation is made by the Authority or Jefferies LLC or their respective counsel concerning the actual Weighted Average Life of the Series 2016-III Bonds maturing on October 1, 2052 and how it will compare to the Weighted Average Life for the scenarios set forth in the table below.

<u>Scenario</u>	<u>Corresponding Date</u>	<u>Resulting Weighted Average Life of the Series 2016-III Bonds maturing on October 1, 2052</u>
1. Bonds Redeemed upon first Optional Call Date	10/1/2027	10.32
2. Loan Prepays upon anticipated loan lockout expiration	6/1/2027	10.11
3. Loan Prepays upon anticipated Section 42 Compliance expiration	6/1/2032	14.05
4. Loan Prepays 2 years after anticipated Section 42 Compliance expiration	6/1/2034	15.47
5. Loan Prepays upon year 30	9/1/2047	21.82
6. Loan fully amortizes through Final Maturity	9/1/2052	22.44

CERTAIN BONDOWNERS' RISKS

Limited Security

The Series 2016-III Bonds are special limited obligations of the Authority payable on a parity basis solely from the Trust Estate. See "SECURITY AND SOURCES OF PAYMENT – Pledge of Trust Estate." There is no assurance that the 2016-III Loan will perform in accordance with the assumptions made herein or that Revenues will be sufficient to pay debt service on the Series 2016-III Bonds when due. See "THE 2016-III HOUSING FACILITY." Although additional bonds have been and may be issued by the Authority under the Master Indenture, the Series 2016-III Bonds would continue to be a Stand-Alone Series under the Master Indenture as described in "SECURITY AND SOURCES OF PAYMENT – Pledge of Trust Estate."

Rate of Principal Payments on the 2016-III Loan

The rate at which principal payments will be used to pay or redeem the Series 2016-III Bonds will depend largely on the rate of principal payments, including Prepayments on the 2016-III Loan. There is no historical data regarding prepayment rates of the 2016-III Loan, and no assurances can be given about prepayment behavior. Generally, following any lock-out period, 2016-III Borrower may prepay the outstanding 2016-III Loan at any time, and the source of financings for such prepayment could be from a third party lender or from the Authority. Additionally, the 2016-III Borrower may prepay the 2016-III Loan at any time with the approval of FHA in the event of a default. In addition to voluntary prepayments, the 2016-III Loan can be prepaid as a result of Risk-Share Insurance claim payments, loss mitigation arrangements or liquidations of a defaulted 2016-III Loan. No assurances can be given as to the timing or frequency of any Risk-Share Insurance claim payments, loss mitigation arrangements or foreclosure proceedings with respect to a defaulted 2016-III Loan and the resulting effect on the timing or rate of principal payments on the Series 2016-III Bonds.

Rate of Principal Payments Can Reduce the Yield

The rate of principal payments on the 2016-III Loan could reduce the yield realized on the Series 2016-III Bonds. The yield on a Series 2016-III Bond probably will be lower than expected if a Series 2016-III Bond is purchased at (a) a premium and principal payments or Prepayments are paid faster than expected, or (b) a discount and principal payments are paid slower than expected.

An Investment in the Series 2016-III Bonds is Subject to Significant Reinvestment and Extension Risk

The rate of principal payments on the Series 2016-III Bonds is uncertain. It may not be possible to reinvest the payments on the Series 2016-III Bonds at the same rate of return provided by the Series 2016-III Bonds. Lower prevailing interest rates may result in an unexpected return of principal. In that interest rate climate, higher yielding reinvestment opportunities may be limited. Conversely, higher prevailing interest rates may result in slower returns of principal and a holder may not be able to take advantage of higher yielding investment opportunities. The final payment on the Series 2016-III Bonds may occur much earlier than the maturity date.

Default will Increase the Rate of Prepayments

If the 2016-III Borrower defaults on the 2016-III Loan and the 2016-III Loan is subsequently foreclosed upon or Risk-Share Insurance claim payments are received, or is otherwise liquidated, the

effect would be comparable to a Prepayment of the 2016-III Loan. See "TERMS OF THE SERIES 2016-III BONDS – Prior Redemption – Mandatory Redemption."

HUD has Authority to Override Lock-out and Prepayment Limitations

Risk-Share Insurance and certain provisions of the 2016-III Loan may affect lock-outs. HUD may override any lock-out payment consent rights or statutory prepayment prohibition with respect to the 2016-III Loan in the event of a default of the 2016-III Loan.

Loan Insurance Redemption Considerations

Final endorsement of the 2016-III Note by HUD for Risk-Share Insurance is subject to the completion of rehabilitation of the 2016-III Housing Facility and the satisfaction of certain conditions of HUD. If rehabilitation of the 2016-III Housing Facility is not completed or the conditions precedent to final endorsement of the 2016-III Note by HUD for Risk-Share Insurance are not met, the 2016-III Note will not be endorsed by HUD as a permanent loan for Risk-Share Insurance. If such HUD endorsement does not occur on or before October 1, 2017, there would be a default under the Loan Agreement. Upon an event of default under the Loan Agreement, the 2016-III Loan shall be subject to acceleration, and the Indenture provides that the Authority shall file a claim with HUD under the Risk-Share Insurance and will also have the right to exercise any other remedy under the Loan Agreement. See "TERMS OF THE SERIES 2016-III BONDS – Prior Redemption – Mandatory Redemption."

The Series 2016-III Bonds May not be a Suitable Investment

The Series 2016-III Bonds are not a suitable investment for all investors. In addition, there is no assurance that a secondary market will develop for the purchase and sale of the Series 2016-III Bonds, that any secondary market will continue, or that the price at which the Series 2016-III Bonds can be sold will allow for a desired yield on that investment. The market value of the Series 2016-III Bonds is likely to fluctuate, with such fluctuations being significant, which could result in significant losses to the holder. The secondary markets for mortgage-related securities have experienced periods of illiquidity and can be expected to do so in the future. Illiquidity can have a severe adverse effect on the price of the Series 2016-III Bonds because they are sensitive to prepayment and interest rate risk.

Redemption of Series 2016-III Bonds Due to Construction Risks

The 2016-III Borrower could default on the 2016-III Loan due to an inability to complete rehabilitation of the 2016-III Housing Facility on schedule and on budget. Delays or cost overages could result in an inability to complete the rehabilitation of the 2016-III Housing Facility, which could lead to a default under the 2016-III Loan. A default under the 2016-III Loan could result in a redemption of the Series 2016-III Bonds as described in "TERMS OF THE SERIES 2016-III BONDS – Prior Redemption – Mandatory Redemption." Completion of the rehabilitation of the 2016-III Housing Facility under budget could result in a redemption of Series 2016-III Bonds as described in "TERMS OF THE SERIES 2016-III BONDS – Prior Redemption – Special Redemption from Unexpended Proceeds."

Operating the 2016-III Housing Facility

Due to the inherent uncertainty of future events and conditions, no assurance can be given that revenues generated by the 2016-III Housing Facility will be sufficient to pay the operating expenses of the 2016-III Housing Facility and amounts due under the 2016-III Loan and the Series 2016-III Bonds. The ability of the 2016-III Borrower to generate sufficient revenues will be affected by a variety of factors including, but not limited to, the maintenance of a sufficient level of occupancy, the ability to

achieve rent to cover debt service and operating expenses, the level of operating expenses, management, adverse changes in applicable laws and regulations, general economic conditions and other factors in the surrounding market area for the 2016-III Housing Facility. Adverse changes may occur from time to time with respect to any of the preceding factors or other factors or events which may have a negative impact on the occupancy level and rental income of the 2016-III Housing Facility. A default by the 2016-III Borrower under the 2016-III Loan may result in redemption of all or a portion of the Series 2016-III Bonds. See "TERMS OF THE SERIES 2016-III BONDS – Prior Redemption – Mandatory Redemption."

Conditions to Payment and Termination of Risk-Share Insurance

The failure to maintain adequate casualty insurance on the 2016-III Housing Facility insured under the FHA Risk-Share Program may result in the loss of Risk-Share Program insurance benefits in the event of damage to, or destruction of, the 2016-III Housing Facility. FHA Risk-Share Program benefits may also be impaired as a result of the failure to pay required mortgage insurance premiums to HUD and failure of the mortgagee to provide HUD on a timely basis with required notice. As described in **Appendix E – "FHA RISK-SHARE PROGRAM,"** the Authority is responsible for servicing the 2016-III Loan and the maintenance of the Risk-Share Insurance in connection with the 2016-III Loan. See "COLORADO HOUSING AND FINANCE AUTHORITY."

In addition, insurance under the FHA Risk-Share Program with respect to the 2016-III Loan may be terminated upon the occurrence of certain events, including the following: (i) the 2016-III Loan is paid in full; (ii) the Authority acquires the 2016-III Housing Facility and notifies HUD that it will not file an insurance claim; (iii) a party other than the Authority acquires the 2016-III Housing Facility at a foreclosure sale; (iv) the Authority notifies HUD of a voluntary termination; (v) the Authority or its successors commit fraud or make a material misrepresentation to HUD with respect to certain information; (vi) the receipt by HUD of an application for final claims settlement by the Authority; or (vii) the Authority acquires the 2016-III Housing Facility and fails to make an initial claim.

Affordable Multifamily Housing Loans

The 2016-III Loan is secured by the 2016-III Housing Facility that is encumbered by restrictive covenants or regulatory agreements that impose restrictions relating to tenant income, use, occupancy and/or rent restrictions. A breach of these restrictions may constitute an event of default under the mortgage or may result in the termination of any payments being received from the governmental entity that imposed the restrictions. See "THE 2016-III HOUSING FACILITY – Income, Rent and Use Restrictions."

LIHTC Risks

The 2016-III Borrower expects to use a portion of the capital contribution by the Limited Partner for payment of the principal due on the 2016-III Loan at the time of final endorsement of the 2016-III Loan by HUD for Risk-Share Insurance, which amounts will be used to pay principal due at maturity of the Series 2016-III Bonds maturing on October 1, 2017. However, even if such capital contribution is not obtained, the 2016-III Borrower is obligated to make such payments due on the 2016-III Loan at such time. If the 2016-III Borrower does not make such required payments, there would be a default under the 2016-III Loan and the Authority could seek payment from HUD which would result in a redemption of the Series 2016-III Bonds. See "TERMS OF THE SERIES 2016-III BONDS – Prior Redemption – Mandatory Redemption" and "THE 2016-III HOUSING FACILITY – Low Income Housing Tax Credits."

Default under Loan Payment Enhancement Facility

The 2016-III Indenture allows the Authority to enter into a Loan Payment Enhancement Facility to provide for the timely payment of Mortgage Repayments with respect to the 2016-III Loan. The 2016-III Indenture also provides that, upon delivery of a Loan Payment Enhancement Facility with respect to the Series 2016-III Bonds, the Debt Service Reserve Fund Requirement shall be such lesser amount as shall be permitted by the Rating Agency, as evidenced by a Confirmation that the reduction or elimination of the Debt Service Reserve Fund Requirement will not, in and of itself, impair, or cause the Series 2016-III Bonds to fail to retain, the then existing rating assigned to the Series 2016-III Bonds by the Rating Agency. Default by the Loan Payment Enhancement Facility Provider may result in insufficient revenues being available for timely payment of the Series 2016-III Bonds. **There will be no Loan Payment Enhancement Facility entered into at the time of issuance of the Series 2016-III Bonds.**

Tax Exempt Status

The opinion to be delivered by Bond Counsel concurrently with delivery of the Series 2016-III Bonds as described in "TAX MATTERS" will assume compliance by the Authority and the 2016-III Borrower with certain requirements of the Tax Code that must be met subsequent to the issuance of such Series 2016-III Bonds. The Authority and the 2016-III Borrower will certify, represent and covenant to comply with such requirements. Failure to comply with such requirements could cause the interest on the Series 2016-III Bonds to be included in gross income, or could otherwise adversely affect such opinions, retroactive to the date of issuance of the Series 2016-III Bonds. Furthermore, the opinion of Bond Counsel is rendered as of the date of delivery of the Series 2016-III 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 Series 2016-III Bonds, the exclusion of interest on the Series 2016-III Bonds from gross income, alternative minimum taxable income, state taxable income, or any combination from the date of issuance of the Series 2016-III Bonds or any other date, or that such changes will not result in other adverse federal or state tax consequences.

RATING

Moody's Investors Service ("**Moody's**") has given the Series 2016-III Bonds a rating of "Aaa." Such rating reflects only the view of Moody's at the time such rating is given, and is not a recommendation to buy, sell or hold the Series 2016-III Bonds. The Authority makes no representation as to the appropriateness of such rating. An explanation of the significance of and the methodology with respect to the rating may be obtained from Moody's. 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 if, in the judgment of Moody's, circumstances so warrant. Therefore, after the date hereof, investors should not assume that such rating is still in effect. Any such downward revision or withdrawal of such rating may have an adverse effect on the marketability or market price of the Series 2016-III Bonds. The Authority has no obligation to oppose, or to provide Owners of the Series 2016-III Bonds with notice of, any such revision or withdrawal of a rating, except in connection with the reporting of events as provided in the Authority Continuing Disclosure Undertaking (see **Appendix F-1** hereto).

LEGALITY FOR INVESTMENT AND SECURITY FOR DEPOSITS

The Act provides that the Series 2016-III 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, the Series 2016-III 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 Series 2016-III 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.

LITIGATION

The Authority

At the time of the delivery of and payment for the Series 2016-III Bonds, the Authority will deliver an opinion of its General Counsel, Charles K. Knight, 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 Series 2016-III 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 Series 2016-III Bonds, the Indenture or the contract for the purchase of the Series 2016-III Bonds.

The 2016-III Borrower

At the time of the delivery of and payment for the Series 2016-III Bonds, counsel to the 2016-III Borrower will deliver an opinion to the effect that no litigation before any court is pending or, to its knowledge, threatened against the 2016-III Borrower in any way affecting the existence of the 2016-III Borrower or the titles of its officers to their respective offices, or seeking to restrain or to enjoin the execution of the 2016-III Loan by the 2016-III Borrower, or which would materially adversely affect the financial condition of the 2016-III Borrower.

TAX MATTERS

Federal Tax Treatment of Interest on Series 2016-III Bonds

In the opinion of Sherman & Howard L.L.C., Bond Counsel, assuming continuous compliance with certain covenants described below, interest on the Series 2016-III Bonds (except for interest on any Series 2016-III Bond for any period during which it is held by a "substantial user" of any facilities financed with the Series 2016-III 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 Series 2016-III Bonds (the "**Tax Code**")) is excluded from gross income under federal income tax laws pursuant to Section 103 of the Tax Code; further, interest on the Series 2016-III Bonds is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code. For purposes of this paragraph and the succeeding discussion, "interest" includes the original issue discount on certain of the Series 2016-III Bonds only to the extent such original issue discount is accrued as described herein.

The Tax Code imposes several requirements which must be met with respect to the Series 2016-III Bonds in order for the interest thereon to be excluded from gross income and alternative minimum taxable income. Certain of these requirements must be met on a continuous basis throughout the term of the Series 2016-III Bonds. These requirements include: (a) limitations as to the use of proceeds of the Series 2016-III Bonds; (b) limitations on the extent to which proceeds of the Series 2016-III 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 Series 2016-III Bonds above the yield on the Series 2016-III Bonds to be paid to the United States Treasury.

With respect to Series 2016-III Bonds that were sold in the initial offering at a discount (the "**Discount Bonds**"), the difference between the stated redemption price of the Discount Bonds at maturity and the initial offering price of those Series 2016-III Bonds to the public (as defined in Section 1273 of the Tax Code) will be treated as "original issue discount" for federal income tax purposes and will, to the extent accrued as described below, constitute interest which is excluded from gross income and alternative minimum taxable income under the conditions and subject to the exceptions described in the preceding paragraphs or from Colorado taxable income. The original issue discount on the Discount Bonds is treated as accruing over the term of such Discount Bonds on the basis of a constant interest rate compounded at the end of each monthly period ending on the first day of each month, commencing November 1, 2016, with straight line interpolation between compounding dates. The amount of original issue discount accruing each period (calculated as described in the preceding sentence) constitutes interest which is excluded from gross income and alternative minimum taxable income under the conditions and subject to the exceptions described in the preceding paragraphs, and from Colorado taxable income, and will be added to the owner's basis in the Discount Bonds. Such adjusted basis will be used to determine taxable gain or loss upon disposition of the Discount Bonds (including sale or payment at maturity). Owners should consult their own tax advisors with respect to the tax consequences of the ownership of the Discount Bonds.

Owners who purchase Discount Bonds after the initial offering or who purchase Discount Bonds in the initial offering at a price other than the initial offering price (as defined in Section 1273 of the Tax Code) should consult their own tax advisors with respect to the federal tax consequences of the ownership of the Discount Bonds. Owners who are subject to state or local income taxation (other than Colorado state income taxation) should consult their tax advisor with respect to the state and local income tax consequences of ownership of the Discount Bonds. It is possible that, under the applicable provisions governing determination of state and local taxes, accrued original issue discount on the Discount Bonds may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment.

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 Series 2016-III Bonds, the proceeds thereof, any other funds of the Authority or any facilities financed with the proceeds of the Series 2016-III Bonds if such action or omission would cause the interest on the Series 2016-III Bonds to lose its exclusion from gross income for federal income tax purposes under Section 103 of the Tax Code. The 2016-III Borrower will make similar covenants and representations in the 2016-III Borrower's loan documents. Bond Counsel's opinion as to the exclusion of interest on the Series 2016-III Bonds from gross income is rendered in reliance on these covenants, and assumes continuous compliance therewith. The failure or inability of the Authority or the 2016-III Borrower to comply with these requirements could cause the interest on the Series 2016-III Bonds to be included in gross income 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.

The Tax Code contains numerous provisions which may affect an investor's decision to purchase the Series 2016-III Bonds. Owners of the Series 2016-III 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 Series 2016-III 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.

Certain of the Series 2016-III Bonds were sold at a premium, representing a difference between the original offering price of those Series 2016-III Bonds and the principal amount thereof payable at maturity. Under certain circumstances, an initial owner of such Series 2016-III Bonds (if any) may realize a taxable gain upon their disposition, even though such Series 2016-III Bonds are sold or redeemed for an amount equal to the owner's acquisition cost. Bond Counsel's opinion relates only to the exclusion of interest (and, to the extent described above for the Discount Bonds, original issue discount) on the Series 2016-III Bonds from gross income, alternative minimum taxable income and Colorado taxable income as described herein and will state that no opinion is expressed regarding other federal or Colorado tax consequences arising from the receipt or accrual of interest on or ownership of the Series 2016-III Bonds. Owners of the Series 2016-III Bonds should consult their own tax advisors as to the applicability of these consequences.

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 Series 2016-III Bonds. If an audit is commenced, the market value of the Series 2016-III 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 Series 2016-III Bonds to lose its exclusion from gross income under the Tax Code. None of the Authority, the Underwriter or Bond Counsel is responsible for paying or reimbursing any Registered Owner or Beneficial Owner for any audit or litigation costs relating to the Series 2016-III Bonds.

Colorado Tax Treatment of Series 2016-III Bonds

In the opinion of Bond Counsel, the Series 2016-III 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 Series 2016-III Bonds.

Other

Bond Counsel's opinion relates only to the exclusion of interest on the Series 2016-III 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 Series 2016-III 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 Series 2016-III Bonds. Owners of the Series 2016-III 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 Series 2016-III 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 Series 2016-III Bonds, the exclusion of interest (and, to the extent described above for Discount Bonds, original issue discount) on the Series 2016-III Bonds from gross income or from alternative minimum taxable income under federal income tax laws and the exclusion of the Series 2016-III Bonds from certain Colorado taxation as described above, or any combination thereof from the date of issuance of the Series 2016-III 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 Series 2016-III Bonds. Bond Owners are advised to consult with their own advisors with respect to such matters.

CERTAIN LEGAL MATTERS

In connection with the issuance and sale of the Series 2016-III Bonds, Sherman & Howard L.L.C., as Bond Counsel, will deliver the opinion included as **Appendix C** hereto. Hogan Lovells US LLP will pass upon certain legal matters relating to the Series 2016-III Bonds as Disclosure Counsel to the Authority. Certain legal matters will be passed upon for the Authority by Charles K. Knight, Esq., its General Counsel. Orrick, Herrington & Sutcliffe LLP will pass upon certain matters for the Underwriter. The 2016-III Borrower is being represented in connection with the 2016-III Loan by Faegre Baker Daniels LLP.

Neither Sherman & Howard L.L.C., Hogan Lovells US LLP nor Orrick, Herrington & Sutcliffe LLP has participated in any independent verification of the information concerning the financial condition or capabilities of the Authority or the 2016-III Loan contained in this Official Statement.

MUNICIPAL ADVISOR

The Authority has retained CSG Advisors Incorporated as its municipal advisor (the "**Municipal Advisor**") in connection with the issuance of the Series 2016-III Bonds. The Municipal Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement. The Municipal Advisor will act as an independent advisory firm and will not be engaged in the business of underwriting, trading or distributing the Series 2016-III Bonds.

UNDERWRITING

The Series 2016-III Bonds are to be purchased from the Authority by Jefferies LLC (the "**Underwriter**"). The Underwriter has agreed, subject to certain conditions, to purchase all but not less than all of the Series 2016-III Bonds at a price equal to \$7,500,620 (which amount is equal to 100% of the aggregate principal amount of the Series 2016-III Bonds plus a net premium of \$620). In consideration of

its purchase of the Series 2016-III Bonds, the Underwriter is to be paid a fee (including expenses) of \$102,627.91 at closing. The initial public offering price may be changed from time to time by the Underwriter.

The Underwriter and its affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, advisory, investment management, principal investment, hedging, financing and brokerage activities. The Underwriter and its affiliates have, from time to time, performed, and may in the future perform, various investment banking services for the Authority, for which they have received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriter and its affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Authority.

The Underwriter and its affiliates may also communicate independent investment recommendations, market feedback or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

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.

AVAILABILITY OF CONTINUING INFORMATION

Authority Continuing Disclosure Undertaking

In connection with the issuance of the Series 2016-III Bonds, the Authority will deliver a Continuing Disclosure Undertaking, in the form attached as **Appendix F-1** hereto, by which the Authority will agree to make available, in compliance with Rule 15c2-12, certain annual financial information and audited financial statements of the 2016-III Borrower not later than 240 days following

the end of the 2016-III Borrower's fiscal year and notice of certain events, provided that the Authority receives certain information from the 2016-III Borrower.

The Authority discovered in 2013 that certain fiscal year 2012 annual financial information filings to be made by the Authority on behalf of a non-housing conduit borrower for bonds issued by the Authority were not made on a timely basis. Such filings have been made with EMMA and subsequent filings have been made by the Authority on a timely basis. Such filings for future years are expected to be timely filed with EMMA as required by the related continuing disclosure agreement.

The Authority also discovered that a filing to be made for the fiscal year ended December 31, 2011 under its NIBP Master Indenture had not been timely made, although filings for the fiscal years ended following such fiscal year had been made as required by the related continuing disclosure agreements. The fiscal year 2011 filing and subsequent filings have been made with EMMA and for future years the Authority expects to make timely filings with EMMA as required by the related continuing disclosure agreements.

2016-III Borrower Continuing Disclosure Undertaking

In connection with the issuance of the Series 2016-III Bonds, the 2016-III Borrower shall enter into a Continuing Disclosure Undertaking for the benefit of Bondowners, a form of which is attached as **Appendix F-2** hereto. Pursuant to such Undertaking, the 2016-III Borrower shall agree to provide to the Authority the Annual Financial Statements for the 2016-III Borrower (expected within 180 days of the end of the fiscal year for the 2016-III Borrower) and Annual Financial Information related to the 2016-III Loan and the 2016-III Housing Facility commencing with the first fiscal year ending for the 2016-III Borrower following the date of issuance of the Series 2016-III Bonds and notice of certain events within five (5) business days of the occurrence of such events. The Authority has no obligation to examine or review such financial statements or information to verify the accuracy or completeness of such financial statements or information.

Other Information Available to Bondowners

In the 2016-III Series Indenture, the Authority is agreeing to provide the following information about the 2016-III Loan and the 2016-III Housing Facility on a monthly basis by filing a report with EMMA:

- the current monthly payment number (x/432),
- the loan status (on watch list, number of days or months late, bankruptcy),
- the performing or non-performing status of the 2016-III Loan,
- the monthly loan balance,
- the monthly reserve balance,
- the monthly principal and interest paid (and remaining due, if any), and
- the monthly occupancy data (with one month lag).

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 Bondholders, or in any way impair the rights and remedies of such Owners until the Series 2016-III 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.

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 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: Director of Finance.

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 Series 2016-III Bonds.

**COLORADO HOUSING AND FINANCE
AUTHORITY**

By: /s/ Patricia Hippe
Chief Financial Officer

APPENDIX A

Loan Characteristics

Borrower Name	Number of Units	Principal Balance [*]	Origination Date	Amort Start Date	Term Months [*]	Amortization Term	Final Maturity	Interest Rate [*]	Expected Placed-In-Service Date	Expected DSCR	Expected LTV ^{**}	Principal & Interest Payment	Loan Lockout Expiration	Section 42 Compliance Expiration Date	Section 8 Expiration Date	Number of Section 8 units	Extended Use Expiration Date	Mortgage Insurance Premium	Annual Servicing Fee
Willow Street Residences LLLP	80	\$3,500,000	8/31/16	10/1/2017	420	420	9/1/2052	3.850%	6/1/2017	1.23	23.5%	\$15,184	6/1/2027	6/1/2032	N/A	N/A	30 years	0.125%	0.25%

* Expected for the 2016-III Loan following conversion.

** Based on an appraisal performed by James Real Estate Services on February 16, 2016.

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APPENDIX B

Form of the Indenture

The forms of the Master Indenture and the 2016-III Series Indenture are attached hereto.

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COLORADO HOUSING AND FINANCE AUTHORITY

and

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.,
as Trustee

MASTER INDENTURE OF TRUST

Dated as of June 1, 2013

securing

FEDERALLY INSURED MULTI-FAMILY HOUSING LOAN PROGRAM
REVENUE BONDS

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This MASTER INDENTURE OF TRUST, dated as of June 1, 2013, between the Colorado Housing and Finance Authority, a body corporate and political subdivision of the State of Colorado (the "Authority"), and The Bank of New York Mellon Trust Company, N.A., a national banking association, duly organized, existing and authorized to accept and execute trusts of the character herein set out under and by virtue of the laws of the United States of America, with a corporate trust office located in Denver, Colorado, as trustee (the "Trustee").

WITNESSETH:

WHEREAS, the Colorado Housing and Finance Authority Act, being part 7 of article 4 of title 29, Colorado Revised Statutes (the "Act"), authorizes the Authority to issue bonds and other obligations to finance and refinance the cost of the provision of decent, safe and sanitary dwelling accommodations, including separate, shared or congregate facilities, constituting "Housing Facilities" (as such term is defined in the Act); and

WHEREAS, in order to provide funds to be used to redeem prior to maturity certain outstanding bonds and other obligations of the Authority, to finance or refinance Housing Facilities, to pay costs of issuance of the Bonds to be issued hereunder, to establish necessary reserves, and to otherwise attain the goals of the Authority pursuant to the Act, it has been deemed appropriate and necessary that the Authority authorize the issuance of Bonds and Derivative Products pursuant to this Master Indenture and one or more series indentures ("Series Indentures" and together with this Master Indenture, the "Indenture"); and

WHEREAS, the execution and delivery of this Master Indenture has been in all respects duly and validly authorized by resolution duly adopted by the Authority.

NOW, THEREFORE, THIS MASTER INDENTURE OF TRUST WITNESSETH:

That the Authority in consideration of the premises, the acceptance by the Trustee of the trusts hereby created, the purchase and acceptance of the Bonds by the purchasers thereof, the execution and delivery of any Loan Payment Enhancement Facility by the Authority and/or any Loan Payment Enhancement Facility Provider, the execution and delivery of any Liquidity Facility by the Authority and any Liquidity Facility Provider, and the execution and delivery of any Derivative Product by a Reciprocal Payor and the Authority, and other good and valuable consideration, the receipt of which is hereby acknowledged, and in order to secure the payment of the principal of, premium, if any, and interest on all Bonds Outstanding hereunder from time to time, and the payment of any and all amounts which may from time to time become due and owing to a Reciprocal Payor pursuant to any Derivative Product, to a Loan Payment Enhancement Facility Provider pursuant to any Loan Payment Enhancement Facility and to a Liquidity Facility Provider pursuant to any Liquidity Facility, according to their tenor and effect, and to secure the observance and performance by the Authority of all the covenants expressed or implied herein and in the Bonds and any Derivative Product, Loan Payment Enhancement Facility and Liquidity Facility, does hereby pledge and assign unto the Trustee, acting on behalf of the Owners of the Bonds, any Loan Payment Enhancement Facility Provider and any Liquidity Facility Provider, and unto its successors and assigns forever, subject to the rights granted the Authority herein to direct the use and application of moneys, including the release of moneys free from the lien of the Indenture, under the terms and conditions set forth herein (all terms not previously defined shall have the meanings provided in Section 1.1 of this Master Indenture):

GRANTING CLAUSE FIRST

All right, title and interest of the Authority in and to the proceeds derived from the sale of the Bonds until used as set forth herein; and

GRANTING CLAUSE SECOND

All right, title and interest of the Authority in and to the Revenues and all moneys and securities in the Funds and Accounts from time to time held by the Trustee under the terms of the 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 other than any Excess Earnings which are to be deposited in the Excess Earnings Fund); and

GRANTING CLAUSE THIRD

All right, title and interest of the Authority in and to the Loans, MBS and the Financing Documents (except for the Authority's obligations thereunder and certain rights and interests expressly retained by the Authority therein, including the Authority's right to give approvals and consents thereunder), the right to make a claim for, collect and receive Revenues payable to or receivable by the Authority, to bring actions and proceedings under the Loans, MBS and the Financing Documents or for the enforcement thereof, and to do any and all things which the Authority is or may become entitled to do under the Loans, MBS and the Financing Documents; and

GRANTING CLAUSE FOURTH

All proceeds of mortgage insurance, guaranty benefits and other security related to Loans or MBS received by the Authority under the Indenture; and

GRANTING CLAUSE FIFTH

All right, title and interest of the Authority in any Loan Payment Enhancement Facility and any Liquidity Facility (except for the Authority's obligations and rights to provide consents and approvals thereunder); and

GRANTING CLAUSE SIXTH

All right, title and interest of the Authority in and to any Derivative Product and any Reciprocal Payments (provided, however, that this Granting Clause Sixth shall not be for the benefit of a Reciprocal Payor with respect to its Derivative Product); and

GRANTING CLAUSE SEVENTH

All moneys and securities and all other rights of every kind and nature from time to time hereafter by delivery or by writing of any kind pledged, assigned or transferred as and for additional security hereunder to the Trustee by the Authority or by anyone in its behalf, or with its written consent and to hold and apply such property.

TO HAVE AND TO HOLD all of the same, whether now owned or hereafter acquired, unto the Trustee and its respective successors in said trusts and assigns forever.

IN TRUST NEVERTHELESS, upon the terms and trusts herein set forth for the equal and proportionate benefit, security and protection of all present and future Owners of the Obligations from time to time issued under and secured by the Indenture without privilege, priority or distinction as to the lien or otherwise of any of the Obligations over any of the other Obligations except as provided herein or in a Series Indenture;

PROVIDED, HOWEVER, that if the Authority, its successors or assigns, shall well and truly pay, or cause to be paid, the principal of the Bonds and the interest and premium, if any, due or to become due thereon, at the times and in the manner mentioned in the Bonds, according to the true intent and meaning thereof, and shall cause the payments to be made into the Revenue Fund as required under the Indenture or shall provide, as permitted by Article X hereof, for the payment thereof, and shall well and truly keep, perform and observe all the covenants and conditions pursuant to the terms of the Indenture to be kept, performed and observed by it, and shall pay or cause to be paid to the Trustee, the Bond Registrar, the Paying Agent and all agents of any of them for the registration, authentication, transfer or exchange of Bonds, and any Loan Payment Enhancement Facility Provider and any Liquidity Facility Provider, all sums of money due or to become due to it or them in accordance with the terms and provisions hereof (including payments due and payable to any Reciprocal Payor), then the Indenture and the rights hereby granted shall cease and be void; otherwise the Indenture to be and remain in full force and effect.

THIS MASTER INDENTURE OF TRUST FURTHER WITNESSETH, and it is expressly declared, that all Obligations issued and secured hereunder are to be issued, authenticated and delivered and the property hereby assigned and pledged are to be dealt with and disposed of under, upon and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses and purposes as expressed herein, and the Authority has agreed and covenanted, and does hereby agree and covenant, with the Trustee and with the respective Owners from time to time of the Obligations, and with any Loan Payment Enhancement Facility Provider and any Liquidity Facility Provider, as follows:

ARTICLE I

DEFINITIONS, CONSTRUCTION, BOND CONTRACT AND PLEDGE

Section 1.1 Definitions. As used in this Master Indenture and, except as otherwise specified in a Series Indenture, unless the context otherwise shall require, the following terms shall have the following respective meanings:

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

“Acquisition Account” means the Account so designated, which is created and established in the Program Fund by Section 4.1 of this Master Indenture.

“Act” means the Colorado Housing and Finance Authority Act, being Part 7, Article 4, Title 29 of Colorado Revised Statutes.

“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 Liquidity Facility Provider with respect to any Bonds for which a Liquidity Facility is in place, (vi) to the extent not paid pursuant to Section 4.5(c)(i)(C) hereof, the fees and expenses payable from the Trust Estate due to any Loan Payment Enhancement Facility Provider with respect to any Bonds for which a Loan Payment Enhancement Facility is in place, (vii) 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, (ix) fees and expenses associated with the delivery of a substitute Loan Payment Enhancement Facility or Liquidity Facility under a Series Indenture, (viii) fees and expenses associated with the monitoring of the Bonds, the Loans, MBS and the Housing Facilities by the Rating Agencies, (x) fees and expenses associated with (but not payments under) Derivative Products, (xi) Costs of Issuance not paid from proceeds of Bonds, and (xii) 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.

“Amortized Value” means, when used with respect to an Investment Security 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 Security was

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 (a) in the case of an Investment Security purchased at a premium, by deducting the product thus obtained from the purchase price and (b) in the case of an Investment Security purchased at a discount, by adding the product thus obtained to the purchase price.

“Authority” means the Colorado Housing and Finance Authority, the body corporate and political subdivision of the State created pursuant to the Act, or any successor thereto under or with respect to the Act.

“Authority Certificate” means a document signed by an Authorized Officer either (a) attesting to or acknowledging the circumstances, representations or other matters therein stated or set forth or (b) setting forth matters to be determined by such Authorized Officer pursuant hereto.

“Authority Derivative Payment” means a payment (including a termination payment, if so provided in the Derivative Product) required to be made by or on behalf of the Authority due to a Reciprocal Payor pursuant to a Derivative Product.

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

“Authorized Officer” means the Chair, Chair pro tem, Executive Director, Chief Financial Officer, Chief Operating Officer and General Counsel 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.

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

“Bond Purchase Fund” means the Fund so designated, which is created and established by a Series Indenture.

“Bond Registrar” means the bank, trust company or national banking association, appointed as Bond Registrar under Section 7.1 of this Master Indenture, and having the duties, responsibilities and rights provided for in the Indenture and its successor or successors, and any other person at any time substituted in its place as Bond Registrar pursuant to the Indenture.

“Borrower” means the maker of, and any other party obligated on, a Loan in connection with a Housing Facility.

“Business Day” means any day, other than a Saturday or Sunday, that in the city in which the corporate trust office of the Trustee designated for the purpose of presentation of and payments on the Bonds is located is neither a legal holiday nor a day on which banking institutions are authorized or obligated by law or executive order to be closed.

“Capital Appreciation Bonds” means any Bond of a Series, 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 (which may be prepared by a financial or other advisor 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.

“Code” means the Internal Revenue Code of 1986, as amended, with respect to a Series, to the date of initial issuance of such Series, and the regulations of the United States Treasury Department promulgated thereunder.

“Compound Accreted Value” means, with respect to each Capital Appreciation Bond as of any date of calculation, an amount equal to the sum of (i) the principal amount of such Bond, plus (ii) any interest that has been compounded, i.e., any interest amount that is itself then bearing interest, all determined as of such date.

“Confirmation” means 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.

“Corporate Trust Office” means, when used with respect to any Fiduciary, the corporate trust office specified by such Fiduciary at which, at any particular time, specified duties of such Fiduciary with respect to the Indenture are being administered, and with respect to the Trustee and Bond Registrar, solely for purposes of the presentation of Bonds for transfer, payment or exchange, the designated corporate trust operations or agency office of the Trustee and Bond Registrar.

“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 Loan Payment Enhancement 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, charges and expenses (including counsel fees and expenses) of the Authority, 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 (including, without limitation, the fees and expenses of Bond Counsel, the Authority’s disclosure counsel, counsel to the underwriter and counsel to the Authority), professional consultants’ fees, accountants’ fees, costs of bond ratings, fees and charges for execution, transportation and safekeeping of the Bonds, accrued interest paid in connection with the purchase of any Investment Securities with the proceeds of Bonds and any other costs, charges and fees in connection with the foregoing.

“Cost of Issuance Account” means the Account so designated, which is created and established within the Program Fund by Section 4.1 of this Master Indenture.

“Counsel’s Opinion” means an opinion signed by an attorney or firm of attorneys (who may be counsel to the Authority or an attorney or firm of attorneys retained by the Authority in other connections) licensed to practice in the state in which such attorney or firm of attorneys maintains an office, selected from time to time by the Authority.

“Debt Service Fund” means the Fund so designated, which is created and established by Section 4.1 of this Master Indenture.

“Debt Service Payment” means, when used with respect to any Bond Payment Date, the sum of the (a) interest, if any, and (b) Principal Installments, if any, due and payable on such date with respect to the Bonds referred to.

“Debt Service Reserve Fund” means the Fund so designated, which is created and established by Section 4.1 of this 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.

“Defeasance Securities” means any Investment Securities used to effect defeasance of Bonds in accordance with Article X of this 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 their maturity.

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

“Derivative Payment Date” means, with respect to a Derivative Product, any date specified in the Derivative Product on which both or either of the Authority Derivative Payment and/or a Reciprocal Payment is due and payable under the Derivative Product.

“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 Bonds; and

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

“Event of Default” means any of those events defined as Events of Default by Section 6.1 of this Master Indenture.

“Excess Earnings” means, with respect to Loans and MBS held in any subaccount of the Acquisition 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 Section 4.1 of this 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 Fiduciaries, including fees and expenses of Fiduciaries’ counsel.

“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, financing statements duly executed 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 this Master Indenture or a Series Indenture.

“GNMA” means the Government National Mortgage Association, a government-sponsored enterprise organized and existing under the laws of the United States.

"Government" means the United States of America and any agency or instrumentality 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.

“Indenture” means this 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.

“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.

“Interest Reserve Account” means the Account so designated, which is created and established within the Debt Service Reserve Fund by Section 4.1 of this Master 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 and MBS) 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 fully and unconditionally guaranteed by, the United States of America;

(b) Obligations, debentures, notes, collateralized mortgage obligations, mortgage-backed securities, 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 or reverse repurchase agreements, collateralized by Investment Securities described in clause (a) or clause (b) of this definition, with any institution (including the Trustee or any of its affiliates), 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 or reverse 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 above in this item (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) Deposit accounts, including certificates of deposit (including those placed by a third party pursuant to an agreement between the Authority and the Trustee), interest-bearing time deposits, trust accounts, trust funds, overnight banking deposits, interest-bearing money market accounts, banker's acceptances or other similar banking arrangements with a bank or banks (including the Trustee or any of its affiliates) (i) rated by each Rating Agency rating the Bonds sufficiently high to maintain the then current rating on such Bonds by such Rating Agency, (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, or (iii) fully insured by the Federal Deposit Insurance Corporation;

(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, including, without limitation any mutual fund for which the Trustee or any of its affiliates serves as investment manager, administrator, shareholder servicing agent, and/or custodian or subcustodian, notwithstanding that (i) the Trustee or such affiliate of the Trustee receives fees from funds for services rendered, (ii) the Trustee collects fees for services rendered pursuant to this Indenture, which fees are separate from the fees received from such funds, and (iii) services performed for such funds and pursuant to this Indenture may at times duplicate those provided to such funds by the Trustee or such affiliate of the Trustee;

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.

“Liquidity Facility” means a standby bond purchase agreement, 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, made by the Authority to a Borrower with the proceeds of Bonds (or obligations refunded by Bonds) for the financing of a all or a portion of the costs of a Housing Facility, which loan is evidenced by a Note pursuant to a Loan Agreement, and which loan is insured by the Government or for which there is a commitment by the Government for such insurance under a program requiring payment of not less than 99% of the principal amount of such loan in the event of a default by the Borrower. Notwithstanding anything contained herein to the contrary, the Authority may use money deposited in the Acquisition 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 Section 5.7 of this 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.

“Loan Payment Enhancement Facility” means a master servicing agreement, letter of credit or other financial instrument providing for advances of, or other direct or indirect source of funds for, the timely payment of regularly scheduled Loan Repayments, and any related agreement, as shall be designated pursuant to a Series Indenture or any supplement thereto, which facility, as of the date of execution thereof, shall have no adverse impact on the rating assigned to any Bonds by any Rating Agency.

“Loan Payment Enhancement Facility Provider” means a commercial bank or other Person providing a Loan Payment Enhancement Facility pursuant to any Series Indenture.

“Loan Repayments” means, with respect to any Loan or the related MBS, the amounts received by the Authority in respect of scheduled payments of the principal of and/or interest on the Note or the related MBS by or for the account of the Authority, including amounts received pursuant to a Loan Payment Enhancement Facility, but does not include Prepayments or Servicing Fees.

“MBS” means a mortgage-backed security or securities issued by GNMA. In the event that only a portion of or interest in an MBS is acquired under the Indenture, references herein to such MBS shall be interpreted and applied to relate to such portion or interest.

“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.

“Negative Arbitrage Account” means the Account so designated, which is created and established in the Program Fund by Section 4.1 of this Master Indenture.

“Note” means the note or notes executed by the Borrower evidencing the Borrower’s payment obligations under the Loan.

“Obligations” means Bonds and any Derivative Product the priority of payment of which on a parity with that of Bonds.

“Outstanding” means, when used with respect to a Derivative Product, means a Derivative Product which has not expired, been terminated or been deemed paid in accordance with the provisions of Article X of this 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 Section 10.2 of this Master Indenture.

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

“Participant” means a broker-dealer, bank or other financial institution from time to time for which the Securities Depository effects book-entry transfers and pledges of securities deposited with the Securities Depository.

“Paying Agent” means the bank, trust company or national banking association, appointed as Paying Agent under Section 7.1 of this Master Indenture and having the duties, responsibilities and rights provided for in the Indenture and its successor or successors, and any other corporation or association at any time substituted in its place as Paying Agent pursuant to the Indenture.

“Person” means an individual, partnership, corporation, trust or unincorporated organization or a government or any agency, instrumentality, program, account, fund, political subdivision or corporation thereof.

“Prepayment” means, with respect to any Loan or the related MBS, any moneys received or recovered by or for the account of 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 which may be provided by the terms of a Loan or MBS, but excluding any Servicing Fees with respect to the collection of such moneys) on any Loan or MBS prior to the scheduled payment of such principal as called for by such Loan or MBS, whether by (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 MBS 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 or the related MBS by the Authority or by any other proceedings taken by the Authority.

“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 Sinking Fund Installments due and payable on such date.

“Program Fund” means the Fund so designated, which is created and established by Section 4.1 of this Master Indenture.

“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, as evidenced by Confirmations by the applicable Rating Agency or Rating Agencies.

“Rating Agency” means, at any particular time, any nationally recognized credit rating service designated by the Authority, to the extent such credit rating has been requested in writing by the Authority (which request has not been withdrawn in writing by the Authority) to issue a rating on any of the Bonds and such credit rating service has issued and continues to apply a rating on such Bonds at the time in question. 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 Section 4.1 of this Master Indenture.

“Rebate Requirement” means the amount of arbitrage profits earned from the investment of gross proceeds of Tax-exempt Bonds in nonpurpose investments described in Section 148(f)(2) of the Code and defined as “Rebate Amount” in Section 1.148-3 of the Treasury Regulations, which is payable to the United States at the times and in the amounts specified in such provisions.

“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 to any Bonds by any Rating Agency, and which is obligated to make Reciprocal Payments under a Derivative Product.

“Record Date,” means, except as otherwise provided in a Series Indenture, (a) with respect to each Bond Payment Date, the fifteenth day of the month (whether or not a Business Day) preceding such Bond Payment Date; and (b) in the case of each redemption, such Record Date as shall be specified by the Bond Registrar in the notice of redemption, provided that such Record Date shall not be less than fifteen calendar days before the transmission of such notice of redemption.

“Redemption Fund” means the Fund so designated, which is created and established by Section 4.1 of this Master Indenture.

“Redemption Price” means, when used with respect to a Bond or portion thereof to be redeemed, the principal amount or Compound Accreted Value of such Bond or such portion thereof plus the applicable premium, if any, payable upon redemption thereof as determined by the Series Indenture authorizing the Series of Bonds.

“Refunding Bonds” means Bonds authenticated and delivered pursuant to Section 2.3 of this Master Indenture.

“Related” (whether capitalized or not) means, with respect to any particular Bond, Series, Series Indenture, Supplemental Indenture, Cash Flow Statement, Fund, Account, moneys, investments, Loan (or portion thereof), MBS (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 Section 4.1 of this 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) Investment Revenues, and (C) all other payments and receipts received by the Authority with respect to Loans and MBS, but shall 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.

“Securities Depository” means The Depository Trust Company, New York, New York, and its successors and assigns, or any additional or other securities depository designated in a Series Indenture, or (i) if the then Securities Depository resigns from its functions as depository of the Bonds, or (ii) if the Authority discontinues use of the Securities Depository pursuant to Section 2.17 of this Master Indenture, then any other securities depository which agrees to follow the procedures required to be followed by a securities depository in connection with the Bonds and which is selected by the Authority.

“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 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 this Master Indenture and the Related Series Indenture.

“Series Indenture” means a Supplemental Indenture authorizing a Series of Bonds and delivered pursuant to Section 8.1 of this 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.

“Sinking Fund Installment” means the amount designated for any particular due date in the Related Series Indenture for the retirement of Bonds on an unconditional basis, less any amount credited pursuant to Section 3.7 of this Master Indenture.

“State” means the State of Colorado.

“Supplemental Indenture” means any supplemental indenture (including a Series Indenture) approved by the Authority in accordance with Article VIII of this Master Indenture amending or supplementing the Indenture.

“Tax-exempt Bonds” means Bonds the interest on which is intended to be excluded from gross income of the owner thereof for federal income tax purposes.

“Trust Estate” means the property, rights, moneys, securities and other amounts pledged and assigned to the Trustee pursuant to the Granting Clauses of this Master Indenture.

“Trustee” means the bank, trust company or national banking association, appointed as trustee under Section 7.1 of this Master Indenture and having the duties, responsibilities and rights provided for in the Indenture and its successor or successors, and any other corporation or association at any time substituted in its place as Trustee pursuant to the Indenture.

“Unrelated” (whether capitalized or not) means not “Related,” within the meaning of that term as defined in this Section 1.1.

Section 1.2 Construction. In the Indenture, unless the context otherwise requires:

(a) words importing the singular number shall mean and include the plural number and vice versa, words of the masculine gender mean and include correlative words of the feminine and neuter genders, and words importing persons shall include firms, associations and corporations;

(b) any Fiduciary shall be deemed to have received delivery of and to hold an Investment Security in which moneys are invested pursuant to the provisions of the Indenture, even though such Investment Security is evidenced only by a book entry or similar record of investment;

(c) references in the Indenture to particular sections of the Code, the Act or any other legislation shall be deemed to refer also to any successor sections thereto or other redesignations for codification purposes; and

(d) the terms “receipt,” “received,” “recovery,” “recovered” and any similar terms, when used in the Indenture with respect to moneys or payments due the Authority, shall be deemed to refer to the passage of physical possession and control of such moneys and payments to the Authority, the Trustee or the Paying Agent on its behalf.

Section 1.3 Indenture Constitutes a Contract; Obligation of Indenture and Bonds. 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 by those who shall own the same from time to time: the Indenture shall be deemed to be and shall constitute a contract among the Authority, the Trustee, the Bond Registrar, the Paying Agent and the Owners from time to time of the

Obligations; the pledge of certain Funds, Accounts, Revenues and other moneys, rights and interests made in the Indenture and the covenants and agreements set forth in the Indenture to be performed by and on behalf of the Authority shall be for the equal and ratable benefit, protection and security of the Owners of any and all of the Obligations, all of which regardless of the time or times of their issue or maturity shall be of equal rank without preference, priority or distinction of any of such Obligations over any other thereof, except as expressly provided in or permitted by the Indenture. The Bonds shall be special limited obligations of the Authority payable solely from the moneys, rights and interest pledged therefor in Section 1.4 of this Master Indenture. The Authority shall not be required to advance for any purpose of the Indenture any moneys derived from any source other than the Revenues and other assets pledged under the Indenture. Nevertheless, the Authority may, but shall not be required to, advance for such purpose any moneys of the Authority which may be available for such purpose. The Obligations shall not be in any way a debt or liability or obligation of the State or of any political subdivision thereof (other than the Authority) nor constitute or give rise to a pecuniary liability of the State or of any such political subdivision or be or constitute a pledge of the faith and credit of the State or of any such political subdivision.

Section 1.4 Pledge Effected by Indenture. The pledge and lien of the Indenture is created and established to secure the payment of the principal of and interest on the Obligations in accordance with the terms and the provisions of the Indenture; provided, however, that moneys and securities held in a special account of the Program Fund created by a Series Indenture may be pledged by such Series Indenture solely, or as a first priority, for the payment of the Related Series of Bonds or any portion thereof, as set forth in such Series Indenture.

(End of Article I)

ARTICLE II

AUTHORIZATION AND ISSUANCE OF BONDS AND DERIVATIVE PRODUCTS

Section 2.1 Authorization of Bonds. Upon satisfaction of the conditions contained in Section 2.2 or Section 2.3 of this Master Indenture, Bonds may be issued hereunder, without limitation as to amount except as may be provided herein or by law, from time to time, in one or more Series pursuant to a Series Indenture or Indentures; provided, however, that such Bonds may be issued only to provide funds to: (a) to make deposits in amounts, if any, required or authorized by the Series Indenture to be paid into Funds or Accounts established herein or in the Series Indenture and (b) to refund Bonds issued hereunder or other bonds or obligations of the Authority or local governments. In addition, the Authority may enter into any Derivative Product it deems necessary or desirable with respect to any or all of the Bonds, subject to the provisions of Section 2.18 of this Master Indenture.

Except as otherwise stated in the Related Series Indenture, the Bonds shall be designated as “Federally Insured Multi-Family Housing Loan Program Revenue Bonds, _____ Series ____” (inserting identification of the particular Series, including by year of issue and by Roman number and/or alphabetic and/or other reference and inserting reference to “Federally Taxable,” “Pass-Through,” “Adjustable Rate” and other descriptive terms as applicable). In addition, each Series may include such further appropriate particular designation, added to or incorporated in such title, as the Authority may determine. Each Bond shall bear upon its face the designation so determined for the Series to which it belongs.

Section 2.2 Conditions Precedent to Delivery of Bonds. Bonds shall be executed by the Authority for issuance and delivery to the Trustee and thereupon shall be authenticated by the Trustee and delivered to the Authority upon its order, but only upon receipt by the Trustee of the following:

(a) An original executed copy of the Series Indenture authorizing such Bonds, which Series Indenture shall specify:

(i) the purpose or purposes for which such Series of Bonds is being issued which shall be one or more of the purposes listed in Section 2.1 of this Master Indenture;

(ii) the Series designation or designations of such Bonds, the date or dates, and the maturity date or dates, of such Bonds, each of which maturity dates shall fall upon an Interest Payment Date;

(iii) the amount of Bonds and the amount of each maturity of such Bonds;

(iv) the interest rate or rates of such Bonds or the manner of determining such rate or rates and the Interest Payment Dates therefor, if any;

(v) the denomination of, and the manner of dating and numbering such Bonds;

(vi) the Record Dates, the place or places of payment of the principal or Redemption Price or Prices, if any, and the manner of payment of interest on, such Bonds;

(vii) the Redemption Price or Prices, if any, of and, subject to the provisions of Article III, the redemption order and terms for such Bonds;

(viii) the amount and due date of each Sinking Fund Payment, if any, for such Bonds of like tenor and maturity, but the due date of each such Sinking Fund Payment shall fall upon an Interest Payment Date;

(ix) the amounts to be deposited in the Funds and Accounts created and established by this Master Indenture and the Series Indenture authorizing such Bonds;

(x) the Debt Service Reserve Fund Requirement, if any, applicable to such Series of Bonds and the timing and method of funding any such requirement;

(xi) the amount available for Costs of Issuance with respect to such Bonds;

(xii) limitations on Administrative Expenses with respect to such Bonds;

(xiii) any limitations or requirements with respect to Loans or MBS, including interest rates and purchase prices;

(xiv) if so determined by the Authority, provisions for the sale and/or tender of such Bonds; and

(xv) designation of the Loan Payment Enhancement Facility and Loan Payment Enhancement Facility Provider, and/or Liquidity Facility and Liquidity Facility Provider, if applicable; and

(xvi) any other provisions deemed advisable by the Authority that are either (A) not in conflict with the provisions hereof or (B) necessary, in the opinion of Bond Counsel, for such Bonds to be Tax-exempt Bonds;

(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 linked 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.

Section 2.3 Conditions Precedent to Delivery of Refunding Bonds.

(a) All Refunding Bonds shall be executed by the Authority for issuance and delivered to the Trustee and thereupon shall be authenticated by the Trustee and delivered to the Authority or upon its order, but only upon the receipt by the Trustee of:

(i) The documents and moneys, if any, referred to in Section 2.2 of this Master Indenture;

(ii) Irrevocable instructions to the Trustee to give due notice of the payment or redemption of all the bonds or other obligations to be refunded and the payment or redemption date or dates, if any, upon which such bonds or other obligations are to be paid or redeemed;

(iii) If the bonds or other obligations to be refunded are to be redeemed after the next succeeding forty-five days, irrevocable instructions to the Trustee to transmit notice of redemption of such bonds or other obligations on a specified date prior to their redemption date; and

(iv) If the obligations to be refunded are Bonds, 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 (without reinvestment thereof), together with the moneys (which may include all or a portion of the proceeds of the Refunding Bonds to be issued), if any, contemporaneously deposited with the trustee or paying agent or escrow agent for the bonds to be refunded will be sufficient to pay when due the applicable principal or redemption price of the bonds to be refunded, together with accrued interest on such bonds to the redemption date or redemption dates or date of maturity thereof, which moneys or Defeasance Securities shall be held by the trustee or paying agent or escrow agent for the bonds to be refunded in a separate account irrevocably in trust for and assigned to the owners of the bonds to be refunded.

(b) Neither Defeasance Securities nor moneys deposited with the trustee or paying agent or escrow agent for the bonds to be refunded pursuant to paragraph (a)(iv) of this Section 2.3 nor principal or interest payments on any such Defeasance Securities shall be withdrawn or used for any purpose other than the payment of the applicable principal or redemption price of the bonds to be refunded, together with accrued interest on such bonds to the redemption date, and any cash received from such principal or interest payments, if not needed for such purpose, may be applied to the payment of any obligation issued to provide funds for the acquisition of such Defeasance Securities, but otherwise shall, to the extent practicable, be reinvested in such Defeasance Securities as are described in clause (B) of said paragraph maturing at times and in amounts sufficient to pay when due the principal or applicable redemption price of such bonds, together with such accrued interest.

Section 2.4 Ratings. Notwithstanding any other provision of Sections 2.2 and 2.3 of this Master Indenture, so long as there are Outstanding Bonds rated by a Rating Agency, the Authority will not issue any additional Bonds (including Bonds issued or to be issued on a forward purchase basis) if such issuance would result in a lowering, suspension or withdrawal of the ratings then applicable to any Bonds.

Section 2.5 Rating Information. In order to facilitate ratings or the confirmation or maintenance of ratings, the Authority agrees to provide each Rating Agency with any information (not privileged or otherwise required to be kept private) within its knowledge

reasonably requested in writing by such Rating Agency in connection with its maintenance of a rating or rating of the Bonds. In addition, the Authority shall provide prompt written notice to the Rating Agencies of any of the following: (i) any change in Fiduciary, (ii) substitution of any Investment Provider, (iii) a change in any Loan Payment Enhancement Facility, Loan Payment Enhancement Facility Provider, Liquidity Facility or Liquidity Facility Provider, (iv) defeasance of Bonds and (v) redemption of Bonds. If the Trustee draws upon the Debt Service Reserve Fund to pay Principal Installments or interest on the Bonds or if the amount in a subaccount of the Debt Service Reserve Fund is reduced below the Related Debt Service Reserve Fund Requirement, the Authority will immediately notify each Rating Agency of such fact.

Section 2.6 Form of Bonds and Certificate of Authentication. The forms of Bonds and the Bond Registrar's Certificate of Authentication shall be substantially as set forth in each Series Indenture. Each Bond secured by MBS shall contain a statement similar to the following: "The Bonds are not a debt or obligation of the United States of America or any agency thereof or GNMA and are not guaranteed by the full faith and credit of the United States of America, any agency thereof or GNMA."

Section 2.7 Legends. The Bonds may contain or have endorsed thereon such provisions, specifications and descriptive words not inconsistent with the provisions of the Indenture as may be necessary or desirable and as may be determined by the Authority prior to their authentication and delivery.

Section 2.8 Execution and Authentication.

(a) The Bonds shall be executed in the name of the Authority by the manual or facsimile signature of an Authorized Officer and its corporate seal (or a facsimile thereof) shall be impressed, imprinted, engraved or otherwise reproduced thereon and attested by the manual or facsimile signature of its Secretary or other Authorized Officer, other than the officer executing the Bonds. In case any one or more of the officers who shall have signed or sealed any of the Bonds shall cease to be such officer before the Bonds so signed and sealed shall have been delivered by the Trustee, such Bonds may, nevertheless, be delivered as herein provided and may be issued as if the persons who signed or sealed such Bonds had not ceased to hold such offices. Any Bond may be signed and sealed on behalf of the Authority by such persons as at the time of the execution of such Bonds shall be duly authorized or hold the proper offices in the Authority although at the date borne by the Bonds such persons may not have been so authorized or have held such offices.

(b) No Bond shall be valid or obligatory for any purpose or shall be entitled to any right or benefit under the Indenture unless there shall be endorsed on such Bond a certificate of authentication in the form set forth in the Related Series Indenture, duly executed by the Bond Registrar by the manual signature of an authorized officer thereof and setting forth the date of authentication, and such certificate of the Bond Registrar upon any Bond executed on behalf of the Authority shall be conclusive evidence that the Bond so authenticated has been duly issued under the Indenture and that the Owner thereof is entitled to the benefits of the Indenture.

Section 2.9 Interchangeability of Bonds. All Bonds, upon surrender thereof at the Corporate Trust Office of the Bond Registrar with a written instrument of transfer satisfactory to the Bond Registrar, duly executed by the registered Owner or his duly authorized attorney, may be exchanged, at the option of the registered Owner thereof, for an equal aggregate principal

amount of Bonds of the same interest rate, Series, tenor and maturity of any other authorized denominations.

Section 2.10 Negotiability, Transfer and Registry. All the Bonds issued under the Indenture shall be negotiable, subject to the provisions for registration and transfer contained in the Indenture and in the Bonds. So long as any of the Bonds shall remain Outstanding, the Authority shall maintain and keep, at the Corporate Trust Office of the Bond Registrar, records for the registration and transfer of Bonds, and, upon presentation thereof for such purpose at such Corporate Trust Office, the Authority shall register or cause to be registered therein, and permit to be transferred thereon, under such reasonable regulations as it or the Bond Registrar may prescribe, any Bond. As long as any of the Bonds remain Outstanding, the Authority shall make all necessary provisions to permit, the exchange of Bonds at the Corporate Trust Office of the Bond Registrar.

Section 2.11 Transfer and Payment of Bonds.

(a) Each Bond shall be transferable only upon the registration records of the Bond Registrar, by the Owner thereof in person or by his attorney duly authorized in writing, upon surrender thereof at the Corporate Trust Office of the Bond Registrar together with a written instrument of transfer, satisfactory to the Bond Registrar, duly executed by the registered Owner or his duly authorized attorney. Upon surrender for transfer of any Bond, the Authority shall execute and the Bond Registrar shall authenticate, specify the date of authentication and deliver, in the name of the transferee, one or more new Bonds of the same aggregate principal amount, Series, tenor, maturity and rate of interest as the surrendered Bond.

(b) The Authority, the Trustee, the Paying Agent, the Bond Registrar and any remarketing agent appointed pursuant to a Series Indenture may treat the registered Owner of any Bond as the absolute owner thereof, whether such Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal, Redemption Price of and interest on such Bond and for all other purposes whatsoever, and payment of the principal, Redemption Price of and interest on any such Bond shall be made only to, or upon the order of, such registered Owner. All such payments to such registered Owner shall be valid and effectual to satisfy and discharge the liability of the Authority upon such Bond to the extent of the sum or sums so paid, and neither the Authority, the Trustee, the Paying Agent, the Bond Registrar nor any such remarketing agent shall be affected by any notice to the contrary.

Section 2.12 Regulations with Respect to Exchanges and Transfers. All Bonds surrendered in any exchanges or transfers shall be cancelled forthwith by the Bond Registrar. For every such exchange or transfer of Bonds, whether temporary or definitive, the Authority or the Bond Registrar shall make a charge sufficient to reimburse it or them for their reasonable fees and expenses in connection with such exchange or transfer and any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer, which sum or sums shall be paid by the Owner requesting such exchange or transfer as a condition precedent to the exercise of the privilege of making such exchange or transfer. Except for costs incurred in connection with the initial delivery of Bonds, the Authority or the Bond Registrar may charge for the cost, if any, of preparing any new Bond upon such exchange or transfer and may charge reasonable fees and expenses of the Bond Registrar. Neither the Authority nor the Bond Registrar shall be obligated to issue, exchange or transfer any Bond during a period beginning at the opening of business on any Record Date next preceding an Interest Payment Date and ending

at the close of business on such Interest Payment Date, issue, exchange or transfer any Bond during a period beginning at the opening of business on the Record Date next preceding any selection of Bonds to be redeemed and ending on the date of the transmission of notice of such redemption, or transfer or exchange any Bonds called or being called for redemption in whole or in part.

Section 2.13 Mutilated, Destroyed, Lost and Stolen Bonds.

(a) If (i) any mutilated Bond is surrendered at the Corporate Trust Office of the Bond Registrar, or the Bond Registrar and the Authority receive evidence to their satisfaction of the destruction, loss or theft of any Bond, and (ii) there is delivered to the Bond Registrar and the Authority such security or indemnity as may be required by them to save each of them harmless, then (in the absence of written notice to the Bond Registrar or the Authority that such Bond has been acquired by a bona fide purchaser for value without notice) the Authority shall execute, and upon Authority Request, the Bond Registrar shall authenticate and deliver, in exchange for any such mutilated Bond, or in lieu of any such destroyed, lost or stolen Bond, a new Bond of like original principal amount, interest rate, Series, tenor and maturity, bearing a number not previously assigned to a Bond of the Related Series. The Bond Registrar thereupon shall cancel any such mutilated, destroyed, lost or stolen Bond. In case any such mutilated, destroyed, lost or stolen Bond has become or is about to become due and payable, the Authority in its discretion and instead of issuing a new Bond, may direct the Paying Agent to pay such Bond. The Trustee, Bond Registrar and Paying Agent shall notify the Authority as soon as practicable upon learning of any mutilated, destroyed, lost or stolen Bond.

(b) As a condition precedent to the issuance of any new Bond under this Section 2.13, the Authority or the Bond Registrar may require the payment of a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto, and any other expenses, including counsel fees and expenses, and costs of preparing a new Bond, of the Authority or the Bond Registrar incurred in connection therewith.

(c) Each new Bond issued pursuant to this Section 2.13 in lieu of any destroyed, lost or stolen Bond, shall constitute an additional contractual obligation of the Authority, and shall be entitled to all the benefits of the Indenture equally and proportionately with any and all other Bonds duly issued under the Indenture unless the Bond alleged to have been destroyed, lost or stolen shall be at any time enforceable by a bona fide purchaser for value without notice. In the event the Bond alleged to have been destroyed, lost or stolen shall be enforceable by anyone, the Authority may recover the substitute Bond from the Owner of the Bond to whom it was issued or from the transferee thereof except a bona fide purchaser for value without notice. All Bonds shall be held and owned upon the express condition that the provisions of this Section 2.13 are exclusive with respect to the replacement or payment of mutilated, destroyed, lost or stolen Bonds, and shall preclude (to the extent lawful) any and all other rights or remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Bonds, notwithstanding any law or statute existing or hereafter enacted to the contrary with respect to the replacement or payment of negotiable instruments or other securities without their surrender.

Section 2.14 Cancellation and Destruction of Bonds. The Bond Registrar shall destroy all Bonds surrendered to it for cancellation and, if requested, shall deliver a certificate to that effect to the Authority. No such Bonds shall be deemed Outstanding under the Indenture, and no Bonds shall be issued in lieu thereof.

Section 2.15 Payments Due on other than Business Days. In any case where the date of maturity of interest on or Principal Installments of any Bond or Derivative Product or the date fixed for redemption of any Bonds is not a Business Day, then payment of interest on or Principal Installments or Redemption Price of the Bonds or Derivative Product need not be made on such date but may be made on the next succeeding Business Day with the same force and effect as if made on the date of maturity or the date fixed for redemption, and no interest shall accrue for the period after such date.

Section 2.16 Authorization and Preparation of Temporary Bonds.

(a) Until definitive Bonds are prepared, the Authority may execute and, upon Authority Request, the Bond Registrar shall authenticate and deliver temporary Bonds (which may be typewritten, printed or otherwise reproduced) in lieu of definitive Bonds subject to the same provisions, limitations and conditions as definitive Bonds. The temporary Bonds shall be dated as of the initial date of such definitive Bonds, shall be in such denomination or denominations and shall be numbered as prepared and executed by the Authority, shall be substantially of the tenor of such definitive Bonds, but with such omissions, insertions and variations as the officer executing the same in his discretion may determine, and may be issued in the form of a single Bond.

(b) Without unreasonable delay after the issuance of temporary Bonds, if any, the Authority shall cause definitive Bonds to be prepared, executed and delivered to the Bond Registrar. Temporary Bonds shall be exchangeable for definitive Bonds upon surrender to the Bond Registrar at its Corporate Trust Office (or any additional location designated by the Bond Registrar) of any such temporary Bond or Bonds, and upon such surrender, the Authority shall execute and, upon Authority Request, the Bond Registrar shall authenticate and deliver to the Owner of the temporary Bonds or Bonds, in exchange therefor, a like principal amount of definitive Bonds in authorized denominations or maturity payment amounts and forms. Until so exchanged, the temporary Bonds shall be entitled in all respects to the same benefits as definitive Bonds authenticated and issued pursuant to the Indenture.

(c) All temporary Bonds surrendered in exchange for a definitive Bond or Bonds forthwith shall be canceled by the Bond Registrar.

Section 2.17 Book-Entry System.

(a) Unless otherwise determined in the Related Series Indenture authorizing the issuance of a Series, the registered Owner of all Bonds of such Series shall be a Securities Depository and such Bonds shall be registered in the name of the nominee for the Securities Depository. The "Bonds" referred to in this Section 2.17 shall refer to the Bonds registered in the name of the Securities Depository.

(b) The Bonds shall be initially issued in the form of separate, single, authenticated fully-registered Bonds in the amount of each separate maturity of the Bonds. Upon initial issuance, the ownership of each such Bond shall be registered in the registration records kept by the Bond Registrar in the name of the nominee of the Securities Depository. The Bond Registrar, the Paying Agent, the Trustee and the Authority may treat the Securities Depository (or its nominee) as the sole and exclusive owner of the Bonds registered in its name for the purposes of (1) payment of the principal or Redemption Price of or interest on the Bonds, (2)

selecting the Bonds or portions thereof to be redeemed, (3) giving any notice permitted or required to be given to Owners under this Master Indenture, (4) registering the transfer of Bonds, and (5) obtaining any consent or other action to be taken by Owners and for all other purposes whatsoever, and neither the Bond Registrar, the Paying Agent, the Trustee nor the Authority shall be affected by any notice to the contrary (except as provided in paragraph (c) below). Neither Bond Registrar, the Paying Agent, the Trustee nor the Authority shall have any responsibility or obligation to any Participant, any beneficial owner or any other Person claiming a beneficial ownership interest in the Bonds under or through the Securities Depository or any Participant, or any other Person which is not shown on the registration records of the Bond Registrar as being an Owner, with respect to the accuracy of any records maintained by the Securities Depository or any Participant, the payment to the Securities Depository of any amount in respect of the principal or Redemption Price of or interest on the Bonds; any notice which is permitted or required to be given to Owners under this Master Indenture; the selection by the Securities Depository or any Participant of any Person to receive payment in the event of a partial redemption of the Bonds; or any consent given or other action taken by the Securities Depository as Owner. The Paying Agent shall pay all principal and Redemption Price of and interest on the Bonds only to or upon the order of the Securities Depository, and all such payments shall be valid and effective to fully satisfy and discharge the Authority's obligations with respect to the principal, purchase price or Redemption Price of and interest on the Bonds to the extent of the sum or sums so paid. Except as provided in (c) below, no Person other than the Securities Depository shall receive an authenticated Bond for each separate maturity evidencing the obligation of the Authority to make payments of principal or Redemption Price and interest pursuant to this Master Indenture. Upon delivery by the Securities Depository to the Bond Registrar of written notice to the effect that the Securities Depository has determined to substitute a new nominee in place of the preceding nominee, the Bonds will be transferable to such new nominee in accordance with paragraph (d) below.

(c) In the event the Authority determines that it is in the best interest of the Authority not to continue the book-entry system of transfer or that the interest of the Owners might be adversely affected if the book-entry system of transfer is continued, the Authority may notify the Securities Depository and the Trustee, whereupon the Securities Depository will notify the Participants, of the availability through the Securities Depository of Bond certificates. In such event, the Trustee shall authenticate, transfer and exchange Bond certificates as requested by the Securities Depository in appropriate amounts in accordance with paragraph (f) below. The Securities Depository may determine to discontinue providing its services with respect to the Bonds at any time by giving notice to the Authority and the Trustee and discharging its responsibilities with respect thereto under applicable law, or the Authority may determine that the Securities Depository is incapable of discharging its responsibilities and may so advise the Securities Depository. In either such event, the Authority shall either establish its own book-entry system or use reasonable efforts to locate another securities depository. Under such circumstances (if there is no successor Securities Depository), the Authority and the Trustee shall be obligated to deliver Bond certificates as described in this Master Indenture and in accordance with paragraph (f) below. In the event Bond certificates are issued, the provisions of this Master Indenture shall apply to such Bond certificates in all respects, including, among other things, the transfer and exchange of such certificates and the method of payment of principal or Redemption Price of and interest on such certificates. Whenever the Securities Depository requests the Authority and the Trustee to do so, the Trustee and the Authority will cooperate with the Securities Depository in taking appropriate action after reasonable notice (A) to make available one or more separate certificates evidencing the Bonds to any Participant having Bonds credited

to its account with the Securities Depository or (B) to arrange for another securities depository to maintain custody of certificates evidencing the Bonds.

(d) Notwithstanding any other provision of this Master Indenture to the contrary; so long as any Bond is registered in the name of the nominee of the Securities Depository, all payments with respect to the principal or Redemption Price of and interest on such Bond and all notices with respect to such Bond shall be made and given, respectively, to the Securities Depository as provided in its representation letter.

(e) In connection with any notice or other communication to be provided to Owners pursuant to this Master Indenture by the Authority or the Trustee or with respect to any consent or other action to be taken by Owners, the Authority or the Trustee, as the case may be, shall establish a record date for such consent or other action and give the Securities Depository notice of such record date not less than fifteen calendar days in advance of such record date to the extent possible. Such notice to the Securities Depository shall be given only when the Securities Depository is the sole Owner.

(f) In the event that any transfer or exchange of Bonds is permitted under paragraph (b) or (c) of this Section 2.17, such transfer or exchange shall be accomplished upon receipt by the Trustee from the registered Owner thereof of the Bonds to be transferred or exchanged and appropriate instruments of transfer to the permitted transferee, all in accordance with the applicable provisions of this Master Indenture. In the event Bond certificates are issued to Owners other than the nominee of the Securities Depository, or another securities depository as Owner of all the Bonds, the provisions of this Master Indenture shall also apply to, among other things, the printing of such certificates and the methods of payment of principal or Redemption Price of and interest on such certificates.

Section 2.18 Derivative Products; Reciprocal Payments; Authority Derivative Payments.

(a) The Authority hereby directs the Trustee to acknowledge any Derivative Product hereafter entered into by 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. Anything in this Master Indenture to the contrary notwithstanding, any Reciprocal Payments shall not be available to make an Authority Derivative Payment or to pay any other amounts owed to a Reciprocal Payor under a Derivative Product.

(b) No later than the fourth Business Day immediately preceding each Bond Payment Date or Derivative Payment Date on which a Reciprocal Payment or Authority Derivative Payment is due pursuant to the applicable Derivative Product through and including the termination date of the Derivative Product, the Authority shall give written notice to the Trustee stating either (i) the amount of any Reciprocal Payment due to be received by the Trustee for the account of the Authority on or preceding such Bond Payment Date or (ii) the amount of any Authority Derivative Payment to be paid to the Reciprocal Payor on such Bond Payment Date or Derivative Payment Date. If the Trustee fails to receive such written notification from the Authority by the end of such fourth Business Day, it shall immediately notify the Authority of such fact in writing.

(c) The Trustee shall deposit all moneys received representing Reciprocal Payments in the Revenue Fund to be applied in accordance with the provisions of Section 4.5 of this Master Indenture. The Trustee shall notify the Authority on such Business Day, if (i) the amount received from the Reciprocal Payor is not equal to the amount specified in the written notification of the Authority, (ii) no amount is received from the Reciprocal Payor, or (iii) the amount received is not received in immediately available funds.

(d) The Trustee shall make payment to the Reciprocal Payor from moneys in the Revenue Fund in accordance with 4.6 of this Master Indenture of the amount of the Authority Derivative Payment specified in such written notification of the Authority, due on such Bond Payment Date, by the deposit or wire transfer of immediately available funds to the credit of the account of the Reciprocal Payor specified in such written notification of the Authority, which written notification shall certify that 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.

(End of Article II)

ARTICLE III

REDEMPTION AND TENDER OF BONDS

Section 3.1 Authorization of Redemption and Tender. Bonds are subject to redemption prior to maturity, upon notice as provided in this Article III, at such times, at such Redemption Prices and upon such other terms as may be specified in this Master Indenture and in the Related Series Indenture authorizing such Bonds. Bonds may be subject to mandatory and optional tender upon such terms as may be specified in the Related Series Indenture.

Section 3.2 Notice of Redemption.

(a) When any Bonds are to be redeemed, the Bond Registrar shall cause notice of any redemption of Bonds hereunder 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, to the registered owner of each 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; provided, however, that failure to give any such notice to any Owner, or any defect therein, shall not affect the validity of the redemption proceedings for any Bond with respect to which no such failure or defect has occurred. Each such notice shall be dated and shall be given in the name of the Authority and shall state the following information:

(i) the complete official name of the Bonds, including Series, to be redeemed, the identification numbers of Bond certificates and the CUSIP numbers, if any, of the Bonds being redeemed, provided that any such notice may state that no representation is made as to the correctness of CUSIP numbers either as printed on such Bonds or as contained in the notice of redemption;

(ii) any other descriptive information needed to identify accurately the Bonds being redeemed, including, but not limited to, the original issuance date and maturity date of, and interest rate on, such Bonds;

(iii) in the case of partial redemption of any Bonds, the respective principal amounts thereof to be redeemed;

(iv) the date of transmission of redemption notices, the Record Date and the redemption date;

(v) the Redemption Price;

(vi) that on the redemption date the Redemption Price will become due and payable upon each such Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date;

(vii) the place where such Bonds are to be surrendered for payment of the Redemption Price, designating the name and address of the redemption agent with the name of a contact person and telephone number; and

(viii) any conditions precedent to the redemption of such Bonds.

(b) Notice of redemption having been given as provided in paragraph (a) of this Section 3.2, the Bonds or the respective portions thereof so to be redeemed shall become due and payable on the date fixed for redemption at the Redemption Price specified therein plus accrued interest to the redemption date, and upon presentation and surrender thereof at the place specified in such notice, such Bonds or the respective portions thereof shall be paid at the Redemption Price, plus accrued interest to the redemption date. On and after the redemption date (unless the Authority shall default in the payment of the Redemption Price and accrued interest), such Bonds or the respective portions thereof to be redeemed shall cease to bear or accrue interest, and such Bonds or the respective portions thereof to be redeemed shall no longer be considered as Outstanding under the Indenture. If at the time of transmission of any notice of redemption there shall not be on deposit with the Trustee or the Paying Agent moneys sufficient to redeem all the Bonds called for redemption, such notice shall state that such redemption is subject to the deposit of the redemption moneys with the Trustee or the Paying Agent not later than the redemption date and that such notice shall be of no effect unless such moneys are so deposited. If moneys sufficient to pay the Redemption Price and accrued interest have not been made available by the Authority to the Trustee and the Paying Agent on the redemption date, such Bonds or the respective portions thereof to be redeemed shall continue to bear or accrue interest at the respective rates specified thereon until such moneys are delivered to the Trustee.

(c) Upon the payment of the Redemption Price of Bonds being redeemed, each check or other transfer of funds issued for such purpose shall bear (i) the CUSIP number(s) of the Bonds being redeemed (ii) the principal amount of the Bonds of each maturity being redeemed and (iii) if the redemption date is not an Interest Payment Date, the amount of accrued interest paid on the Bonds of each maturity being redeemed with the proceeds of such check or other transfer.

(d) Except as otherwise provided in the Related Series Indenture, notice of redemption shall be given, not more than 60 days nor less than 20 days prior to the redemption date, to registered owners of the Bonds, or portions thereof, to be redeemed. A second notice of redemption provided in the same manner as the first notice of redemption, shall be given, not later than 90 days after the redemption date, to the registered owners of Bonds, or portions thereof, redeemed but who failed to deliver Bond certificates for redemption prior to the 60th day following such redemption date. Any notice shall be conclusively presumed to have been duly given, whether or not the owner of such Bonds receives the notice. Receipt of such notice shall not be a condition precedent to such redemption, and failure so to receive any such notice by any of such registered owners shall not affect the validity of the proceedings for the redemption of any Bonds. The obligation of the Bond Registrar to give the notice required by this Section 3.2 shall not be conditioned upon the prior payment to the Trustee of moneys or Defeasance Securities sufficient to pay the Redemption Price of the Bonds or portions thereof to which such notice relates or the interest thereon to the redemption date.

(e) The provisions of this Section 3.2 may be changed or modified for any particular Series by the Related Series Indenture.

Section 3.3 Selection of Bonds to Be Redeemed.

(a) If less than all Bonds of like Series are to be redeemed, except as otherwise directed by an Authority Request that certifies that such request is consistent with the most recently filed Related Cash Flow Statement, and subject to any limitations in or requirements of

the Related Series Indenture, the Bond Registrar shall select a pro rata amount of the Bonds of each tenor and maturity of such Series for redemption. If less than all Bonds of like Series, tenor and maturity are to be redeemed, the particular Bonds or the respective portions thereof to be redeemed shall be selected by lot in such manner as the Bond Registrar in its discretion may deem fair and appropriate.

(b) The portion of any Bond of a denomination of larger than the minimum denomination provided for in the Related Series Indenture may be redeemed in the principal amount of such minimum denomination or a multiple thereof, and for purposes of selection and redemption, any such Bond of a denomination larger than the minimum denomination shall be considered to be that number of separate Bonds of such minimum denomination which is obtained by dividing the principal amount of such Bond by such minimum denomination. If there shall be selected for redemption less than all of a Bond, the Authority shall execute and the Bond Registrar shall authenticate and deliver, upon the surrender of such Bond, without charge to the owner thereof, for the unredeemed balance of the principal amount of the Bond so surrendered, Bonds of like Series, interest rate, tenor and maturity in any of the authorized denominations.

(c) The Bond Registrar promptly shall notify the Authority, the Trustee and the Paying Agent in writing of the Bonds so selected for redemption.

Section 3.4 Deposit of Redemption Price. On or before any date fixed for redemption of any Bonds, moneys and/or Defeasance Securities maturing or redeemable at the option of the holder thereof not later than the date fixed for redemption in an amount that, together with income to be earned on such Defeasance Securities prior to such date fixed for redemption, will be sufficient to provide moneys to pay the Redemption Price of and accrued interest on all Bonds or the respective portions thereof to be redeemed on such date, shall be deposited with the Trustee or the Paying Agent unless such amount shall have been previously deposited with the Trustee or the Paying Agent pursuant to the Indenture.

Section 3.5 Partial Redemption of Bonds. In case part but not all of an Outstanding Bond shall be selected for redemption, upon presentation and surrender of such Bond by the Owner thereof or his attorney duly authorized in writing (with, if the Authority or the Bond Registrar so requires, due endorsement by, or a written instrument of transfer in form satisfactory to the Authority and the Bond Registrar duly executed by, the Owner thereof or his attorney duly authorized in writing) to the Bond Registrar, the Authority shall execute and the Bond Registrar shall authenticate and deliver to or upon the order of such Owner, without charge therefor, for the unredeemed portion of the principal amount of the Bond so surrendered, a Bond or Bonds at the option of such Owner or such attorney, of any authorized denomination of like tenor. Bonds so presented and surrendered shall be canceled in accordance with Section 2.14 of this Master Indenture.

Section 3.6 Purchase in Lieu of Redemption.

(a) If Bonds of any particular Series and maturity are called for redemption, upon Authority Request the Bonds so called shall be purchased in lieu of such redemption by the Trustee or Paying Agent for the account of the Authority on the date upon which such Bonds were to have been redeemed, at a purchase price not to exceed the applicable Redemption Price thereof, plus accrued interest, if any, thereon to, but not including, such date, or at any higher

purchase price consistent with the most recent Cash Flow Statement. At the election of the Authority, but not otherwise, such Bonds shall be canceled by the Trustee upon such purchase in lieu of redemption. The Authority shall deliver any such Authority Request not later than the Business Day preceding the date upon which such Bonds were to have been redeemed, which Authority Request shall state the aggregate principal amount of each Series and maturity of Bonds for which an election to purchase in lieu of redemption pursuant to this Section 3.6 is being made, and the source of payment for such purchase in lieu of redemption. Any such purchase in lieu of redemption may be made from any moneys designated by the Authority, and, upon receipt thereof if such moneys are not already held in the Trust Estate, the Trustee shall use such moneys for such purpose. The Authority is expressly authorized, to tender, and to direct the Trustee and the Paying Agent to purchase from the Authority, any Bonds for cancellation in lieu of redemption. Neither the Trustee nor the Paying Agent shall be required to advance any of their own money to make any such purchase or purchases.

(b) Unless the Authority shall designate a different source, the Trustee shall apply, or cause the Paying Agent to apply, available moneys in the Redemption Fund in lieu of redemption to pay the purchase price (exclusive of accrued interest) of Bonds purchased in lieu of redemption pursuant to paragraph (a) of this Section 3.6. Unless the Authority shall designate a different source, the Trustee shall apply, or cause the Paying Agent to apply, available moneys from the Revenue Fund in accordance with Section 4.5 of this Master Indenture, from the Debt Service Fund in accordance with Section 4.6 of this Master Indenture to pay accrued interest on such Bonds purchased pursuant to paragraph (a) of this Section 3.6.

(c) Unless the Authority shall designate a different source, the Trustee shall apply, or cause the Paying Agent to apply, available moneys from the Debt Service Fund in accordance with Section 4.6 of this Master Indenture to pay the purchase price (inclusive of accrued interest) of Bonds purchased in lieu of redemption by Sinking Fund Installment pursuant to paragraph (a) of this Section 3.6 and, upon such purchase, shall credit the principal amount of any such Bonds against such Sinking Fund Installment in accordance with Section 3.6 of this Master Indenture.

(d) Unless the Authority shall designate a different source, the Trustee shall apply, or cause the Paying Agent to apply, available moneys in the Revenue Fund in the order of priority and in amounts which do not exceed the amounts expected to be transferred to the respective Funds and Accounts pursuant to Section 4.5 of this Master Indenture prior to the next Bond Payment Date to purchase Bonds in the manner provided in paragraphs (b) and (c) of this Section 3.6. Any Bonds so purchased shall be credited in an amount equal to par plus accrued interest against amounts which would otherwise be required to be transferred pursuant to Section 4.5 of this Master Indenture to the various Funds and Accounts.

Section 3.7 Credits Against Sinking Fund Installments.

(a) Upon any redemption (other than by Sinking Fund Installment) of Bonds for which Sinking Fund Installments have been established, or any purchase in lieu thereof, there shall be credited by the Trustee and the Bond Registrar toward the 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 Sinking Fund Installment as the total principal amount of such maturity of Bonds so purchased or redeemed bears to the total amount of all such 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 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 Sinking Fund Installment remaining after the deduction of any such amounts credited towards the same (or the original amount of any such Sinking Fund Installment if no such amounts shall have been credited toward the same) shall constitute the unsatisfied balance of such Sinking Fund Installment for the purpose of calculation of Sinking Fund Installments due on or scheduled for a future date.

(b) The provisions of this Section 3.7 may be changed or modified for any particular Series by the Related Series Indenture.

(End of Article III)

ARTICLE IV

ESTABLISHMENT OF CERTAIN FUNDS AND ACCOUNTS,
APPLICATION THEREOF AND SECURITY THEREFOR

Section 4.1 Establishment of Funds and Accounts.

(a) The following Funds and Accounts are hereby created and established as special trust funds:

(i) the Program Fund, consisting of:

- (A) the Acquisition Account;
- (B) the Cost of Issuance Account; and
- (C) the Negative Arbitrage Account;

(ii) the Revenue Fund;

(iii) the Debt Service Reserve Fund, which shall include the Interest Reserve Account;

(iv) the Debt Service Fund;

(v) the Redemption Fund;

(vi) the Rebate Fund; and

(vii) the Excess Earnings Fund.

(b) All the Funds and Accounts listed in paragraph (a) of this Section 4.1 shall be held by the Trustee in trust for application only in accordance with the provisions of the Indenture.

(c) Subaccounts shall be created in all Funds and Accounts described in this Section 4.1 for each Series of Bonds. Except as otherwise provided in this Master Indenture or in a Series Indenture, bond proceeds and other moneys relating to a Series of Bonds shall be deposited in the Related subaccounts created with respect to such Series of Bonds.

(d) 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 therein.

(e) Subject to the provisions of any Series Indenture, the Authority may reallocate moneys, investments, Loans and MBS (or portions thereof or interests therein) among Series under any of the following circumstances:

(i) if and to the extent required by this Master Indenture (e.g., under Section 4.5, Section 4.7 or Article VI of this Master Indenture);

(ii) if and to the extent necessary to enable the Authority to deliver a Cash Flow Statement with respect to one or more Series;

(iii) in connection with an Authority Request filed pursuant to Section 4.8 of this Master Indenture; and

(iv) if and to the extent that the aggregate amount of moneys, investments, Loans and MBS allocated to any particular Series exceeds the aggregate amount of Outstanding Bonds of such Series.

If the Authority determines to make such a reallocation of moneys, investments, Loans and MBS among Series, the Authority shall deliver to the Trustee an Authority Request specifying such reallocations. Upon receipt of such request, the Trustee shall transfer moneys, investments, Loans and/or MBS (or portions thereof or interests therein) among subaccounts Related to each Series as requested. Loans and MBS (or portions thereof or interests therein) reallocated among Series are not required to meet the requirements of the Series Indenture Related to the Series to which such Loans and MBS (or portions thereof or interests therein) are being reallocated, if such Loans (or Loans Related to such MBS) at the time of their original acquisition by the Authority met the requirements of Section 5.7 of this Master Indenture and the applicable requirements of the Series Indenture Related to such Loans and MBS at the time of their purchase (the compliance with such requirements being deemed to have been certified by the Authority by its delivery of an Authority Request specifying the reallocations to the Trustee). The Trustee shall have no obligation to verify that such requirements have been complied with.

(f) Special temporary accounts in the Program Fund and the Debt Service Reserve Fund may be created and established to facilitate the refunding of the Authority's bonds and any exchange of funds related thereto.

Section 4.2 Program Fund; Acquisition Account.

(a) Deposit of Moneys. There shall be paid into the Related subaccount of the Acquisition Account established within the Program Fund the respective amount of the proceeds of the Bonds and other moneys specified in each Series Indenture and any amounts transferred pursuant to Section 4.3 of this Master Indenture. There may also be paid into the Acquisition Account, at the option of the Authority, any moneys received by the Authority from any other source, unless required to be otherwise applied as provided by the Indenture. Except as otherwise required or permitted by Section 4.1 of this Master Indenture and paragraph (f) of this Section 4.2, Loans and MBS made or purchased in connection with a Series of Bonds shall be allocated to such Series. Loans and MBS (or portions thereof or interests therein) allocated to a Series of Bonds shall be held in the subaccount of the Acquisition Account which was created in connection with such Series of Bonds.

(b) Use of Acquisition Account. Proceeds of the Bonds and other moneys deposited in the Acquisition Account shall be applied, upon Authority Request, to finance or refinance Loans or to acquire MBS (or portions thereof or interest therein); provided that such Loans (or Loans Related to such MBS) satisfy the requirements of Section 5.7 of this Master Indenture and applicable provisions of the Related Series Indenture (as shall be deemed to have been certified by the Authority by its delivery of an Authority Request to the Trustee).

(c) Disbursements from Acquisition Account. The Trustee shall withdraw moneys from the Acquisition Account for the financing of a Loan or the acquisition of MBS pursuant to paragraph (b) of this Section 4.2 upon receipt of an Authority Request stating (i) the name of the Person to be paid, and (ii) the amount to be paid.

(d) Unexpended Moneys. Any moneys deposited in the Acquisition Account that the Authority certifies from time to time will not be used to finance or refinance Loans or to acquire MBS in accordance with this Master Indenture and the Related Series Indenture shall be withdrawn by the Trustee on the date specified in the Related Series Indenture or such other date or dates on or after such date as may be specified by the Authority, and transferred to the Related subaccount of the Redemption Fund for application in accordance with the Related Series Indenture; provided, however, that such transfer or transfers may be made on a later date as to all or any part of such moneys, if the Authority shall have filed with the Trustee an Authority Request specifying a later date or dates for such withdrawal, and certifying that such Authority Request is consistent with the most recently filed Cash Flow Statement and the Related Series Indenture.

(e) Withdrawal of Assets upon Retirement of a Series. When no Bonds of a particular Series remain Outstanding, upon receipt of an Authority Request to withdraw all or any portion of the Related moneys, investments, Loans and/or MBS from the Related Funds, Accounts and subaccounts, the Trustee shall make such withdrawal and shall transfer such moneys, investments, Loans and/or MBS, as the case may be, to or upon the order of, the Authority; provided, however, that the Authority Request must certify that such withdrawal is consistent with the most recently filed Cash Flow Statement for all Bonds and the most recently filed Cash Flow Statement for any Series to which such retired Series has been linked.

(f) Loans and MBS Financed With More Than One Series of Bonds. The Authority may determine that a Loan or an MBS (or portions thereof or interests therein) will be financed or refinanced with proceeds of more than one Series of Bonds. In such event, all provisions of the Indenture which relate to a Loan, an MBS, Loan Repayments and Prepayments, and moneys in any Fund or Account, shall be interpreted and applied to relate such Loan, MBS, Loan Repayments, Prepayments, and moneys to each Series furnishing proceeds for such Loan or MBS 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 or MBS or by such other method as shall be provided in an Authority Request, accompanied by an opinion of Bond Counsel that such method will not adversely affect the exclusion from gross income of interest on Tax-exempt Bonds.

Section 4.3 Program Fund; Cost of Issuance Account. Upon the issuance, sale and delivery of Bonds, the Trustee shall deposit in the Related subaccount of the Cost of Issuance Account such moneys, if any, as shall be specified in the Related Series Indenture. There may also be paid into the Cost of Issuance Account, at the option of the Authority, any moneys received by the Authority from any other source, unless required to be otherwise applied as provided by the Indenture. Moneys therein shall be used to pay Costs of Issuance and for no other purpose. The Trustee shall issue its checks for each disbursement from the Cost of Issuance Account (including to reimburse the Authority for its payment of Costs of Issuance, but not including any fees and expenses payable to the Trustee, which may be withdrawn directly by it) upon being furnished with an Authority Request setting forth: the Person to whom payment is to be made, the amount of payment, that the disbursement is for a proper Cost of Issuance, and

that none of the items for which payment is to be made has been the basis for any prior disbursement from such Account. Any excess remaining upon payment of all Related Costs of Issuance shall be transferred by the Trustee to the Authority or to the Related subaccount in the Acquisition Account upon receipt by the Trustee of an Authority Certificate stating that such moneys are no longer needed for the payment of Costs of Issuance, whereupon such subaccount of the Cost of Issuance Account shall be closed. In the event that the moneys deposited in the Cost of Issuance Account are not sufficient to pay all Costs of Issuance, Costs of Issuance may be paid from any available moneys of the Authority.

Section 4.4 Program Fund; Negative Arbitrage Account.

(a) At such time or times as may be provided in the Related Series Indenture, the Trustee shall deposit in the Related subaccount or subaccounts of the Negative Arbitrage Account such moneys, if any, as shall be specified or otherwise provided for in the Related Series Indenture. The Authority may create a separate subaccount of the Negative Arbitrage Account for any Housing Facility financed or refinanced in whole or in part with the proceeds of a Series of Bonds. Moneys in each such subaccount shall be subject to the lien and pledge of the Indenture until the withdrawal and application thereof in accordance with this Section 4.4 and the Related Series 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.

(b) Except as otherwise provided in the Related Series Indenture, moneys in each subaccount of the Negative Arbitrage Account shall be transferred to the Revenue Fund on any Bond Payment Date and/or upon final endorsement for insurance by a Government insurer with respect to the Related Housing Facility and/or the date that amounts in the Related subaccount of the Acquisition Account allocable to the Related Housing Facility are transferred to the Redemption Fund pursuant to Section 4.2(d) of this Master Indenture, in an amount specified in an Authority Request.

(c) The amount in any subaccount of the Negative Arbitrage Account with respect to a defaulted Loan shall be transferred to the Related subaccount of the Redemption Fund at the time that the Authority receives or recovers any Prepayment of such Loan, upon Authority Request.

(d) 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 the Government to insure such Loan), provided that the Authority has issued its loan 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, the amount in the Related subaccount of the Negative Arbitrage Account shall be transferred, upon Authority Request, to the Revenue Fund.

(e) Upon the final endorsement for insurance by a Government insurer with respect to a Housing Facility, the date that another Housing Facility is substituted for such Housing Facility or the date that amounts in the Related subaccount of the Acquisition Account allocable to such

Housing Facility are transferred to the Redemption Fund pursuant to Section 4.2(d) of this Master Indenture, any amounts in the Related subaccount of the Negative Arbitrage Account that have not been transferred to the Redemption Fund pursuant to paragraph (c) of this Section 4.4 shall 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 shall be terminated upon the earliest of the final endorsement for insurance by a Government insurer with respect to the Related Housing Facility, the date that another Housing Facility is substituted for the Related Housing Facility, the date that amounts in the Related subaccount of the Acquisition Account allocable to the Related Housing Facility are transferred to the Redemption Fund pursuant to Section 4.2(d) of this Master Indenture or the date on which there is no remaining balance in such subaccount of the Negative Arbitrage Account.

Section 4.5 Revenue Fund.

(a) Deposit of Revenues. The Authority shall pay all Revenues or cause all Revenues to be paid to the Trustee at least once each month. Except as otherwise provided herein or in a Series Indenture, all Revenues Related to each Series of Bonds shall be deposited by the Trustee in the Related subaccount of the Revenue Fund. There also shall be deposited in each subaccount of the Revenue Fund amounts transferred thereto from the Related subaccount of the Negative Arbitrage Account pursuant to Section 4.4(b) and (d) of this Master Indenture, from the Related subaccount of the Debt Service Fund pursuant to Section 4.6(b) of this Master Indenture, from the Related subaccount of the Debt Service Reserve Fund pursuant to Section 4.7(b) of this Master Indenture, from the Related subaccount of the Special Redemption Fund pursuant to Section 4.8(b) of this Master Indenture, from the Related subaccount of the Rebate Fund pursuant to Section 4.9 of this Master Indenture, and from the Related subaccount of the Excess Earnings Fund pursuant to Section 4.10 of this Master Indenture. There may also be deposited in the Revenue Fund, at the option of the Authority, any other moneys of the Authority, unless required to be otherwise applied as provided by the Indenture.

(b) Payment of Certain Fiduciary Expenses. The Trustee shall pay or transfer from the Related subaccount of the Revenue Fund (i) directly to the Fiduciaries, all Fiduciary Expenses, when and as payable and (ii) to the Authority or to its order other reasonable and necessary Administrative Expenses, respectively, only to the extent, if any, provided in the following paragraphs.

(c) Allocation of Revenues From Revenue Fund.

(i) 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, the Trustee shall withdraw from each subaccount of the Revenue Fund and deposit into the following Funds or Accounts and shall pay to the following parties the following amounts, in the following order of priority, the requirements of each such Fund, Account or party (including the making up of any deficiencies in any such Fund or Account resulting from lack of Revenues sufficient to make any earlier required deposit) at the time of deposit to be satisfied, and the results of such satisfaction being taken into account, before any payment or transfer is made subsequent in priority:

(A) On each May 1, into the Related subaccounts of the Rebate Fund, an amount to be calculated by the Authority which, when added to the amount already within such respective subaccounts, will equal the Rebate Requirement Related to the Tax-exempt Bonds of each respective Series, as determined by the Authority;

(B) On each May 1, to the Related subaccounts of the Excess Earnings Fund, an amount to be calculated by the Authority which, when added to the amount already within such respective subaccounts, will equal the amount determined by the Authority to be required to be on deposit therein;

(C) To the Loan Payment Enhancement Facility Provider, if any, with respect to the Related Series of Bonds, to the extent provided in the Loan Payment Enhancement Facility, for the reimbursement of advances of, or other direct or indirect source of funds for, the timely payment of regularly scheduled Loan Repayments, with interest thereon at the rate provided in the Loan Payment Enhancement Facility, and for payment of compensation and expenses of the Loan Payment Enhancement Facility Provider payable from the Trust Estate;

(D) Into the Related subaccount of the Debt Service Fund (x) the amount, if any, needed to increase the amount in such subaccount to include the aggregate amount of interest becoming due and payable on such Bond Payment Date or Derivative Payment Date upon all Bonds of the Related Series then Outstanding and any Authority Derivative Payment secured on a parity with the Bonds accrued and unpaid as of such date; plus (y) the amount, if any, needed to increase the amount in such subaccount to include the aggregate amount of Principal Installments becoming due and payable on the Outstanding Bonds of the Related Series on such Bond Payment Date; provided however, that if such Bond Payment Date is not a date for the payment of a Principal Installment on Related Bonds, such transfer shall include 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 a Principal Installment on Related Bonds, will equal the amount of the Principal Installments becoming due and payable on Outstanding Related Bonds on the next such Bond Payment Date;

(E) Into each Unrelated subaccount of the Debt Service Fund, after making any transfer into such subaccount required by Section 4.7(c)(i) of this Master Indenture, on a proportionate basis with all other such Unrelated subaccounts or as otherwise provided in a Series Indenture or directed by Authority Request, any deficiency in such subaccount resulting from the lack of moneys sufficient to make the deposit required by paragraph (D) of this Section 4.5(c)(i) as of such date;

(F) Into the Related subaccount of the Debt Service Reserve Fund, the amount, if any, needed to increase the amount in such subaccount (including the Related Interest Reserve Account), together with the available amount of any Qualified Surety Bond therein, to the Debt Service Reserve Fund Requirement of the Related Series of Bonds;

(G) Into each Unrelated subaccount of the Debt Service Reserve Fund, on a proportionate basis with all other such Unrelated subaccounts or as otherwise provided in a Series Indenture or directed by Authority Request, any deficiency in such subaccount resulting from the lack of Related Revenues sufficient to make the deposit required by paragraph (F) of this Section 4.5(c)(i) as of such date;

(H) To the Authority, the 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 (or directly to the Fiduciaries, Fiduciary Expenses with respect to the Related Series of Bonds, when and as payable); 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 (H) exceed any limitation set forth in the Related Series Indenture for any period;

(I) To the Authority, the amount of any reasonable and necessary Fiduciary Expenses with respect to Unrelated Series of Bonds, on a proportionate basis with all other Unrelated Series of Bonds or as otherwise provided in a Series Indenture or directed by Authority Request, any deficiency resulting from the lack of moneys sufficient to make the deposit required by paragraph (H) of this Section 4.5(c)(i) as of such date;

(J) To the Authority, the 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 (H) and (I) 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; and

(K) To the Authority, the amount of any reasonable and necessary Administrative Expenses with respect to Unrelated Series of Bonds, on a proportionate basis with all other Unrelated Series of Bonds or as otherwise provided in a Series Indenture or directed by Authority Request, any deficiency resulting from the lack of moneys sufficient to make the deposit required by paragraph (J) of this Section 4.5(c)(i) as of such date.

(ii) The Authority may direct the Trustee to make any of the above transfers more frequently than on the last Business Day prior to Bond Payment Dates or Derivative Payment Dates, in amounts proportionate to the frequency of transfers so directed.

(iii) Following such transfers, the balance, if any, in each subaccount of the Revenue Fund, or such lesser amount thereof as shall be requested by the Authority shall be paid to the Authority for the payment of Administrative Expenses or for any other purpose free and clear of the lien and pledge of the Indenture upon receipt of an

Authority Request made within 30 days of such Bond Payment Date. Any amount in each subaccount of the Revenue Fund not so paid to the Authority shall be retained in the Revenue Fund or transferred and allocated as set forth in an Authority Request, subject in each case to any limitations or requirements specified in the Related Series Indenture.

(iv) Prior to, but as close as practicable to, the latest date on which the Trustee would be permitted to give notice of a redemption to occur on a Bond Payment Date from amounts deposited in the Redemption Fund pursuant to paragraph (c)(i) of this Section 4.5, the Trustee shall calculate the amounts then on deposit in each subaccount of the Revenue Fund which would be transferred to the Related subaccounts of the Debt Service Fund, and the Related subaccounts of the Redemption Fund, in accordance with the priorities and provisions of such paragraph. Such amounts may be withdrawn from such subaccount of the Revenue Fund for application on or prior to the next succeeding Bond Payment Date (A) upon receipt of an Authority Request, to the purchase in lieu of redemption in accordance with Section 3.6 of this Master Indenture of Related Bonds in amounts determined in accordance with paragraph (c)(i) of this Section 4.5, (B) to the payment of accrued interest on Bonds being purchased pursuant to Section 3.6 of this Master Indenture or redeemed pursuant to Section 4.8 of this Master Indenture, or (C) to the redemption of Related Bonds on such Bond Payment Date in the amounts determined in accordance with paragraph (c)(i) of this Section 4.5.

(v) 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 Debt Service Fund to pay accrued interest on such redemption date for such Bonds, the Trustee shall apply or cause the Paying Agent to apply available moneys in the Related subaccount of the Revenue Fund for the payment of such interest.

Section 4.6 Application of Debt Service Fund.

(a) Amounts in each subaccount of the Debt Service Fund shall 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 the interest and Principal Installments on the Related Bonds and any Authority Derivative Payment secured on a parity with the Related Bonds as the same shall become due and payable (including accrued interest on any Bonds 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 Related Bonds purchased in lieu of redemption by Related Sinking Fund Installments.

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

Section 4.7 Debt Service Reserve Fund.

(a) Upon the issuance, sale and delivery of a Series of Bonds pursuant to the Indenture, the Trustee shall deposit in the Related subaccount of the Debt Service Reserve Fund and in the Related subaccount of the Interest Reserve Account therein such amounts, if any, as shall be 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, shall 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. Moneys on deposit in the Related subaccount of the Interest Reserve Account shall at all times be deemed to be a part of the Related subaccount of the Debt Service Reserve Fund. Additional moneys may be deposited in the Related subaccount of the Debt Service Reserve Fund in accordance with Section 4.5(c) of this Master Indenture.

(b) On or prior to each Bond Payment Date, the Trustee shall calculate the amount of the Debt Service Reserve Fund Requirement for each Series of Bonds as of the next succeeding Bond Payment Date and shall determine the amount, if any, 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, shall notify the Authority of such excess amount and shall, unless otherwise instructed by an Authority Request, transfer such excess amount from the Related subaccount of the Debt Service Reserve Fund, other than the Related subaccount of the Interest Reserve Account therein, to the Related subaccount of the Revenue Fund.

(c) 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 pursuant to Section 4.5(c)(i) of this Master Indenture, the Trustee shall transfer from each subaccount of the Debt Service Reserve Fund (including from the Interest Reserve Account as provided below) 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, the requirements of each such transfer to be satisfied, and the results of such satisfaction being taken into account, before any payment or transfer is made subsequent in priority:

(i) In the event that the amount transferred to any subaccount of the Debt Service Fund pursuant to paragraph 4.6(c)(i)(D) is insufficient to pay the interest and Principal Installments, if any, due on the Bonds of the Related Series on the next succeeding Bond Payment Date, the Trustee shall transfer first from the Related subaccount of the Interest Reserve Account, and then if and to the extent necessary from the Related subaccount of the Debt Service Reserve Fund, to such subaccount of the Debt Service Fund the amount of such insufficiency.

(ii) In the event that the amount transferred to a subaccount of the Debt Service Fund pursuant to paragraph 4.6(c)(i)(E) is insufficient to pay the interest and Principal Installments, if any, due on Bonds of the Related Series on the next succeeding Bond Payment Date, the Trustee shall transfer from Unrelated subaccounts in the Debt Service Reserve Fund on a proportionate basis or as otherwise directed by Authority Request, first from subaccounts of the Interest Reserve Account, and then if and to the extent necessary from the Related subaccount of the Debt Service Reserve Fund from subaccounts of the Debt Service Reserve Fund, to such subaccount of the Debt Service Fund the amount of such insufficiency.

Section 4.8 Redemption Fund; Cross-Calls.

(a) Moneys deposited in the subaccounts of the Redemption Fund shall be applied by the Trustee to the purchase or applied by the Paying Agent (if directed by the Trustee) to the

redemption of Bonds in accordance with the provisions of Article III, this Section 4.8 and each Related Series Indenture.

(b) Except as set forth in this Section 4.8 or in the Related Series Indenture, moneys deposited in a subaccount of the Special Redemption Fund pursuant to Section 4.5 of this Master Indenture or pursuant to the Related Series Indenture, shall be applied to the extent practicable by the Paying Agent on the earliest practicable date to redeem Related Bonds. Any amounts remaining in the Special Redemption Fund after all Bonds of the Related Series have been paid shall be transferred to the Related subaccount of the Revenue Fund.

(c) Notwithstanding anything contained herein to the contrary, except as otherwise provided in a Series Indenture, the Authority may by the delivery of an Authority Request to the Trustee at any time prior to the transmission of notices of redemption, instruct the Trustee to transfer moneys on deposit in a subaccount of an Account in the Redemption Fund to another subaccount of the same Account in the Redemption Fund to be applied as provided herein to the redemption of Bonds of a different Series. Each such Authority Request (i) shall certify that it is consistent with the most recently filed Related Cash Flow Statement (which may, if necessary, link the Related Series) and not prohibited by the Related Series Indentures and (ii) shall be accompanied by evidence of the satisfaction of all Asset Requirements for the Related Series.

Section 4.9 Rebate Fund. To the extent required by Section 5.17 of this Master Indenture, all of the amounts on deposit in the Related subaccounts of the Funds and Accounts with respect to Tax-exempt Bonds and all amounts pledged to Debt Service Payments on the Related Series of Tax-exempt Bonds pursuant to the Indenture, (i) shall be invested in compliance with the procedures established by the Related Series Indentures and Authority Certificates delivered in connection therewith, and (ii) to the extent required by such Authority Certificates, the investment earnings thereon shall be deposited from time to time into the Related subaccount of the Rebate Account for timely payment of the Related Rebate Requirements. Amounts on deposit in the Rebate Fund shall not be subject to the lien and pledge of the Indenture to the extent such amounts constitute the Rebate Requirement. The Authority shall verify or cause to be verified at least annually from the date of delivery of each Series of Tax-exempt Bonds that (i) all of requirements of this Section 4.9 have been met on a continuing basis, (ii) the proper amounts are deposited into each subaccount of the Rebate Fund, and (iii) the timely payment of the Rebate Requirement from each subaccount of the Rebate Account has been made. Upon receipt of an opinion of Bond Counsel that the balance in any subaccount of the Rebate Account is in excess of the amount required to be included therein, such excess shall be transferred to the Revenue Fund. Records of the determinations made with respect to the above covenant and each subaccount of the Rebate Fund shall be retained by the Authority until six years after the retirement of all of the Bonds of the Related Series.

Section 4.10 Excess Earnings Fund. All amounts in a subaccount of the Excess Earnings Fund, 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 or MBS in the Related subaccount of the Acquisition Account, at a purchase price equal to the unpaid balances of the principal amounts of such Loans or MBS plus accrued interest, if any, thereon, and any unamortized premium, and any such Loans or MBS so purchased shall be credited to such subaccount of the Excess Earnings Fund. Loans or MBS in a subaccount of the Excess Earnings Fund may be exchanged for Loans or MBS in the Related subaccount of the Acquisition Account having an aggregate principal balance not less than the aggregate principal balance of such Loans or MBS in such subaccount of the Excess Earnings Fund, upon receipt by the Trustee of an Authority Request specifying the Loans or MBS 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.

Section 4.11 Investment of Moneys Held by the Trustee.

(a) Moneys in all Funds and Accounts held by the Trustee shall be invested to the fullest extent possible in Investment Securities, in accordance with directions given to the Trustee in an Authority Request or Certificate; provided that the maturity date or the date on which such Investment Securities may be redeemed at the option of the holder thereof shall coincide as nearly as practicable with (but in no event later than) the date or dates on which moneys in the Funds or Accounts for which the investments were made will be required for the purposes thereof.

(b) Amounts credited to any Fund or Account may be invested, together with amounts credited to one or more other Funds or Accounts, in the same Investment Security or Investment Securities, provided that each such investment complies in all respects with the provisions of this Section 4.11 as they apply to each Fund or Account for which the joint investment is made, the Trustee maintains separate records for each Fund and Account and such investments are accurately reflected therein and amounts credited to the Rebate Fund and the Excess Earnings Fund may be invested together with amounts credited to any other Fund or Account. The maturity date or the date on which Investment Securities may be redeemed at the option of holder thereof shall coincide as nearly as practicable with (but in no event shall be later than) the date or dates on which moneys in the Funds or Accounts for which the investments were made will be required for the purposes provided in the Indenture.

(c) The Trustee may make any investment permitted by this Section 4.11 with or 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.

(d) In computing the amount in any Fund or Account, Investment Securities shall be valued at market. In determining market value of Investment Securities, the Trustee may use and

rely conclusively and without liability upon generally recognized information services (including brokers and dealers in securities) available to it. Loans and MBS shall be valued at 100% of the outstanding principal balance thereof such Loan (or Loan related to such MBS) unless in default for more than 60 days as of the date of computation, in which event such Loans shall be valued at the Authority's estimated net Prepayment from the proceeds of any mortgage insurance or (subject to any criteria established by the Rating Agencies) the Authority's estimated net proceeds of foreclosure proceedings or other action with respect to a defaulted Loan.

(e) Except as otherwise specifically provided in the Indenture, the income or interest earned by, or gain to, all Funds and Accounts due to the investment thereof shall be transferred by the Trustee upon receipt thereof to the Related subaccount of the Revenue Fund, in accordance with Section 4.5 of this Master Indenture, except that no such transfer shall be made from, and such income, interest or gain (as described above) 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.

(f) The Trustee shall sell, or present for redemption, any Investment Security whenever it shall be necessary in order to provide moneys to meet any payment or transfer from the Fund or Account for which such investment was made.

(g) Notwithstanding anything herein to the contrary, proceeds from any Liquidity Facility shall be held uninvested.

Section 4.12 Liability of Trustee for Investments. The Trustee shall not be liable or responsible for the making of any investment authorized by the provisions of this Article IV in the manner provided in this Article IV or for any loss resulting from any such investment so made. The Trustee shall have no obligation to invest and reinvest any cash held by it hereunder in the absence of timely and specific written investment direction from the Authority. Ratings of Investment Securities shall be determined at the time of purchase of such permitted investments and without regard to ratings subcategories. The Trustee may rely on the investment directions of the Authority as to both the suitability and legality of the directed investments. The Authority acknowledges that regulations of the Comptroller of the Currency grant the Authority the right to receive brokerage confirmations of the security transactions as they occur, at no additional cost. To the extent permitted by law, the Authority specifically waives compliance with 12 C.F.R. 12 and hereby notifies the Trustee that no brokerage confirmations need be sent relating to the security transactions as they occur.

(End of Article IV)

ARTICLE V

PARTICULAR COVENANTS OF THE AUTHORITY

The Authority covenants and agrees with the Trustee and the Owners as follows:

Section 5.1 Payment of Obligations. The Authority shall duly and punctually pay or cause to be paid, but in strict conformity with the terms of the Bonds, any Derivative Products and the Indenture, the principal or Redemption Price of every Obligation and the interest thereon at the dates and places and in the manner mentioned in the Bonds and Derivative Products according to the true intent and meaning thereof.

Section 5.2 Extension of Payment of Bonds. The Authority shall not directly or indirectly extend or assent to the extension of the maturity of any of the Bonds or the time of payment of any claims for interest by the purchase or funding of such Bonds or claims for interest or by any other arrangement. Notwithstanding the foregoing, the Owner of any Bond may extend the time for payment of the principal of or interest on such Bond; provided, however, that upon the occurrence of an Event of Default, funds available hereunder for the payment of the principal of and interest on the Bonds shall not be applied to any payment so extended until all principal and interest payments which have not been extended have first been paid in full. Nothing herein shall be deemed to limit the right of the Authority to issue Refunding Bonds, and such issuance shall not constitute an extension of maturity of Bonds.

Section 5.3 Further Assurances. At any and all times the Authority, so far as it may be authorized by law, shall make, do, execute, acknowledge and deliver, all and every such further acts, deeds, conveyances, assignments, transfers and assurances as may be necessary or desirable for the better assuring, conveying, granting, pledging, assigning and confirming all and singular the rights, Revenues and other moneys, securities and property, including the Loans and MBS and all rights therein, pledged or assigned by the Indenture, or intended so to be, or which the Authority may become bound to pledge or assign.

Section 5.4 Power to Issue Bonds and Pledge Revenues and Other Funds. The Authority is duly authorized under all applicable laws to issue the Bonds and to execute and deliver this Master Indenture and to pledge the Revenues and other moneys, securities, rights and interests purported to be pledged in the manner and to the extent provided herein and in any Series Indenture. The Revenues and other moneys, securities, rights and interests so pledged are and will be free and clear of any pledge, lien, charge or encumbrance thereon or with respect thereto (other than liens of Fiduciaries) prior to, or of equal rank with, the pledge created by the Indenture and all action on the part of the Authority to that end has been and will be duly and validly taken. The Obligations and the provisions of the Indenture are and will be the valid and binding obligations of the Authority enforceable in accordance with their terms and the terms of the Indenture, subject to State and Federal bankruptcy, insolvency, and other similar laws affecting the enforcement of creditors' rights and the availability of equitable remedies. The Authority, to the extent permitted by law, at all times shall defend, preserve and protect the pledge of the Revenues and other moneys, securities, rights and interests pledged under the Indenture and all the rights of the Owners of the Obligations under the Indenture against all claims and demands of all persons whomsoever.

Section 5.5 Use of Bond Proceeds. The Authority will use the proceeds of Bonds and any other moneys deposited in the Funds and Accounts only in accordance with the provisions of the Indenture.

Section 5.6 General Covenants.

(a) The Authority from time to time, with all practical dispatch and in a sound and economical manner consistent in all respects with the Act and with the provisions of the Indenture, shall use and apply the proceeds of the Bonds and other moneys deposited in the Acquisition Account for the purposes provided herein, and consistent with sound banking practices and principles shall do all such acts and things necessary to receive and collect Revenues and shall diligently enforce, and take all steps, actions and proceedings reasonably necessary in the judgment of the Authority for the enforcement of all terms, covenants and conditions of Loans and MBS.

(b) The Authority shall request payment of insurance in cash and not in debentures of any Government insurer in any case where, under Government regulations, it is permitted to request such debentures as payment with respect to a defaulted Loan, provided that the Authority may request payment in debentures if it files with the Trustee a Cash Flow Statement. The Authority shall take all necessary actions so as to receive payment from the Government of the maximum amount of insurance or guaranty benefits on the earliest possible date.

Section 5.7 Loans. No Loan shall be made by the Authority, and no MBS shall be acquired by the Authority with respect to a Mortgage Loan, unless (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 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).

Section 5.8 Enforcement of Loan Agreements, Loans and Servicing Agreements. The Authority shall enforce diligently and take or cause to be taken all reasonable steps, actions and proceedings necessary for the enforcement of all terms, covenants and conditions of all Loans and MBS consistent with sound banking practices and principles and applicable requirements under Section 103 of the Code, including the prompt collection of all Loan Repayments and all other amounts due the Authority thereunder. The Authority shall service each Loan or appoint a Servicer for such Loan and MBS, and if it appoints a Servicer shall enter into a Servicing Agreement with respect thereto, effective not later than the date of delivery of such Loan or MBS. The Authority or such Servicer shall service each Loan in accordance with acceptable mortgage servicing practices of prudent lending institutions or in accordance with such other

standards as are required to maintain the Government insurance with respect to such Loan, and shall service or cause to be serviced, each MBS in accordance with the requirements of GNMA and any applicable Government insurer. The Authority shall not without good cause release the obligations of the Borrowers under any of the Financing Documents, or of the Servicer under the Servicing Agreement or of the Loan Payment Enhancement Facility Provider under any Loan Payment Enhancement Facility and, to the extent permitted by law, at all times shall defend, enforce, preserve and protect the rights and privileges of the Authority, the Trustee and the Owners under or with respect to the Financing Documents securing such Loans (or Loans Related to such MBS), any Servicing Agreement and any Loan Payment Enhancement Facility relating thereto; provided, however, that nothing in this Section 5.8 shall be construed to prevent the Authority from (i) settling a default on any Loan (or Loans Related to such MBS) on such terms as the Authority shall determine to be in the best interests of the Authority and the Owners, or (ii) releasing any Borrower, Servicer, Loan Payment Enhancement Facility Provider or any other Person from, or waiving, any of such Person's obligations under the respective Loan (or Loans Related to such MBS), any agreement with respect to security therefor, Servicing Agreement or Loan Payment Enhancement Facility to the extent necessary to comply with the provisions of Section 5.17 of this Master Indenture.

Section 5.9 Assignment or Disposition of Loans and MBS. The Authority shall not sell, assign, transfer, pledge or otherwise dispose of any Loan or MBS or any of the rights of the Authority with respect to any Loan (except a Loan in default), unless the Authority determines that such sale, assignment, transfer or other disposition would not have a material adverse effect on the ability of the Authority to pay the principal of and interest on the Outstanding Bonds.

Section 5.10 Amendment of Loans. The Authority shall not consent or agree to or permit any amendment or modification of the financial terms of any Loan (or Loan Related to an MBS) or any security therefor in any manner that would have a material adverse effect on the ability of the Authority to pay the principal of and interest on the Outstanding Bonds, as determined in good faith by the Authority.

Section 5.11 Power as to Loans. The Authority has, and will have so long as any Bonds are Outstanding, lawful power to collect and hold Loan Repayments and Prepayments with respect to all Loans, including Loans Related to MBS.

Section 5.12 Revenues. The Authority at all times shall charge and collect Loan Repayments and other amounts with respect to Loans and MBS in amounts sufficient to provide Revenues which, together with any other moneys estimated by the Authority to be available therefor (including Prepayments, but excluding the Rebate Requirement and any Excess Earnings), are estimated to be at least sufficient at all times for the payment of the sum of:

- (a) an amount equal to the aggregate Debt Service Payments (including the originally scheduled amount of any Sinking Fund Installments) on all Bonds Outstanding; and
- (b) Administrative Expenses, as projected by the Authority.

Section 5.13 Cash Flow Statement. The Authority shall file Cash Flow Statements at such times as may be required pursuant to the provisions of the Indenture. Whenever an event occurring or action to be taken under the Indenture is required to be "consistent with" a Cash Flow Statement, such event or action must be substantially the same as, or within the range of,

the events or actions that were projected or assumed by such Cash Flow Statement to occur or be taken.

Section 5.14 Accounts and Reports.

(a) The Authority shall keep proper books of record and account (separate from all other records and accounts) in which complete and correct entries shall be made of its transactions relating to the Funds and Accounts established by the Indenture. Such books, and all other books and papers of the Authority and such Funds and Accounts shall at all times be subject to the inspection of the Trustee and the Owners of an aggregate of not less than 5% in principal amount of Bonds then Outstanding or their representatives duly authorized in writing.

(b) The Authority shall cause to be kept and maintained proper books of account, in which full, true and correct entries will be made, in accordance with generally accepted accounting principles, of all transactions of or in relation to the business of the Authority, and after the end of each Fiscal Year shall cause such books of account to be audited 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, who is independent and not under the domination of the Authority, who does not have any substantial interest, direct or indirect, in the Authority, which audit shall be completed as soon as possible after the end of each Fiscal Year but in any event within 180 days thereafter. A copy of each annual balance sheet, statement of revenues, expenses and changes in retained earnings and statement of cash flows, showing in reasonable detail the financial condition of the Authority as of the close of each Fiscal Year, and summarizing in reasonable detail the income and expenses for the Fiscal Year, shall be filed promptly with the Trustee and with each Rating Agency. The Trustee shall have no duty to review, verify or analyze such annual balance sheet, statement of revenues, expenses and changes in retained earnings and statement of cash flows, and shall hold such documents solely as a repository for the benefit of the Owners. The Trustee shall not be deemed to have notice of any information contained therein or default or Event of Default which may be disclosed therein in any manner.

(c) The reports, statements and other documents required to be furnished to the Trustee pursuant to any provision of the Indenture shall be available for the inspection of Owners of Bonds at the Corporate Trust Office of the Trustee and a copy of the audited financial statements of the Authority shall be transmitted to each Owner of Bonds who shall file a written request therefor with the Authority.

Section 5.15 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 and interests pledged or held or set aside by the Authority or by any Fiduciary under the Indenture and shall not create or cause to be created, other than by the Indenture, any lien or charge on the Revenues or such moneys, securities, rights or interests; provided, however, that nothing in the Indenture shall prevent the Authority from issuing (i) evidences of indebtedness secured by a pledge of Revenues to be derived after the pledge of the Revenues provided in the Indenture shall be discharged and satisfied as provided in Article X of this Master Indenture; or (ii) notes, bonds or other obligations of the Authority not secured under the Indenture; or (iii) notes, bonds or other obligations which are general obligations of the Authority under the Act.

Section 5.16 Personnel. The Authority at all times shall appoint, retain and employ competent personnel or contract for such personnel for the purpose of administering its activities under the Indenture, and all persons employed by the Authority shall be qualified for their respective positions, all in accordance with law.

Section 5.17 Tax Covenants. The Authority covenants for the benefit of the Owners of each Series the interest on which is intended to be excluded from the gross income of the Owners thereof for federal income tax purposes that it will not take any action or omit to take any action with respect to such Bonds, the proceeds thereof, or any other funds of the Authority if such action or omission would cause the interest on such Bonds to lose its exclusion from gross income for federal income tax purposes under Section 103 of the Code, would subject the Authority to any penalties under Section 148 of the Code, or would cause such Bonds to be “federally guaranteed” within the meaning of Section 149(b) of the Code. The foregoing covenants shall remain in full force and effect notwithstanding the payment in full or defeasance of such Bonds until the date on which all obligations of the Authority in fulfilling the above covenant under the Code have been met. The Authority shall execute and deliver from time to time such certificates, instruments and documents as shall be deemed necessary or advisable to evidence compliance by the Authority with said Sections and the regulations thereunder with respect to the use of the proceeds of such Bonds and any other funds of the Authority. Such certificates, instruments and documents may contain such stipulations as shall be necessary or advisable in connection with the stated purpose of this Section 5.17 and the foregoing provisions hereof, and the Authority hereby covenants and agrees to comply with the provisions of any such stipulation throughout the term of such Bonds.

Section 5.18 General.

(a) The Authority shall do and perform or cause to be done and performed all acts and things required to be done or performed by or on behalf of the Authority under the provisions of the Act and the Indenture and shall refrain from taking any action which would cause a default hereunder or under any Supplemental Indenture (including any Series Indenture).

(b) Upon the date of delivery of any of the Bonds, all conditions, acts and things required by law and the Indenture to exist, to have happened and to have been performed precedent to and in the issuance of such Bonds shall exist, have happened and have been performed and the issue of such Bonds, together with all other indebtedness of the Authority, shall be within every debt and other limit prescribed by the laws of the State.

(End of Article V)

ARTICLE VI

DEFAULT PROVISIONS AND REMEDIES OF TRUSTEE AND OWNERS OF THE BONDS

Section 6.1 Events of Default. Each of the following events is hereby declared an “Event of Default” under the Indenture:

(a) The Authority shall fail to pay any Principal Installment of any Bond when and as the same shall become due and payable, whether at maturity or by call for redemption or otherwise;

(b) The Authority shall fail to pay any installment of interest on any Bond when and as the same shall become due and payable or shall fail to make any payment due under any other Obligations when due and payable;

(c) The Authority shall fail to perform or observe any other covenant, agreement or condition on its part contained in the Indenture, or in the Bonds and such failure 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 Owners of not less than 10% in Aggregate Principal Amount of the Bonds Outstanding; or

(d) 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 of America or of the State.

Section 6.2 Acceleration; Annulment of Acceleration.

(a) Upon the occurrence of an Event of Default, the Trustee may, and upon the written request of the Owners of a majority in Aggregate Principal Amount of Outstanding Bonds following an Event of Default described in paragraphs (a) or (b) of Section 6.1 of this Master Indenture and 100% in Aggregate Principal Amount of Outstanding Bonds following an Event of Default described in paragraphs (c) or (d) of Section 6.1 of this Master Indenture shall, give 30 days notice in writing to the Authority of its intention to declare all Outstanding Obligations immediately due and payable. At the end of such 30-day period the Trustee may, and upon such written request of Owners of a majority (except with respect to an Event of Default described in paragraph (c) or (d) of Section 6.1 of this Master Indenture to the extent provided in the following paragraph) in Aggregate Principal Amount of Outstanding Bonds shall, by notice in writing to the Authority, declare all Obligations Outstanding immediately due and payable; and such Obligations shall become and be immediately due and payable, anything in the Bonds, any Derivative Product or the Indenture to the contrary notwithstanding. In such event, there shall be due and payable on the 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.

Notwithstanding the preceding paragraph, following an Event of Default specified in Section 6.1(c) and (d) of this Master Indenture (except for a failure which, in the opinion of Bond Counsel, 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 the Trustee is so directed by the written request of Owners of 100% in Aggregate Principal Amount of Outstanding Bonds.

(b) At any time after the Outstanding Obligations shall have been so declared to be due and payable and before the entry of final judgment or decree in any suit, action or proceeding instituted on account of such default, or before the completion of the enforcement of any other remedy under the Indenture, 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 with respect to any Obligations not then due by their terms if (i) moneys 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 actually 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. No such annulment shall extend to or affect any subsequent Event of Default or impair any right consequent thereon.

Section 6.3 Additional Remedies and Enforcement of Remedies.

(a) Upon the occurrence and continuance of any Event of Default, the Trustee may, and upon the written request of the Owners of a majority in Aggregate Principal Amount of the Bonds Outstanding, together with indemnification of the Trustee to its satisfaction therefor, shall, proceed forthwith to protect and enforce its rights and the rights of the Owners of the Obligations under the Act, the Bonds, any Derivative Product and the Indenture by such suits, actions or proceedings as shall be deemed expedient (which may be in consultation with counsel), including but not limited to:

(i) Enforcement of the right of the Owners of the Bonds to collect and enforce the payment of principal of and interest due or becoming due on Loans or MBS and collect and enforce any rights in respect to the Loans and MBS or other security or mortgages securing such Loans (or Loans Related to such MBS) and to require the Authority to carry out its duties and obligations under the terms of the Indenture, and to require the Authority to perform its duties under 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 right of the Owners conferred by law or by the Indenture.

(b) Regardless of the happening of an Event of Default, the Trustee, if requested in writing by the Owners of a majority in Aggregate 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 not making such request.

(c) Nothing herein shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Owner any plan of reorganization, arrangement, adjustment, or composition affecting the Bonds or the rights of any Owner thereof, or to authorize the Trustee to vote in respect of the claim of any Owner in any such proceeding without the approval of the Owners so affected.

Section 6.4 Application of Revenues and Other Moneys After Default.

(a) The Authority covenants that if an Event of Default shall happen and shall not have been remedied, the Authority, upon demand of the Trustee, except as otherwise specifically provided in any Series Indenture with respect to the Related Series of Bonds, shall pay or cause to be paid over to the Trustee as promptly as practicable after receipt thereof, all Revenues and other payments or receipts pledged under the Indenture.

(b) During the continuance of an Event of Default, the Trustee shall except as otherwise specifically provided in any Series Indenture with respect to the Related Series of Bonds, apply, or cause the Paying Agent to apply, all moneys and securities held in any Fund or Account (except the Rebate Fund, the Excess Earnings Fund, the Bond Purchase Fund and any special account of the Program Fund created in accordance with Section 1.4 of this Master Indenture) (moneys and securities in any such special account of the Program Fund are to be applied only to the payment of interest and Principal Installments of Bonds with respect to which such moneys and securities have been pledged), Revenues, payments and receipts and the income therefrom as follows and in the following order:

(i) To the payment of the reasonable and proper Fiduciary Expenses;

(ii) To the payment of the interest and Principal Installments then due and payable on the Bonds and all Authority Derivative Payments secured on a parity with the Bonds, subject to the provisions of Section 5.2 of this Master Indenture; as follows:

(A) Unless the Aggregate Principal Amount of all of the Bonds shall have become or have been declared due and payable.

First: To the payment to the persons entitled thereto of all installments of interest then due and payable on the Bonds and all Authority Derivative Payments secured on a parity with the Bonds in the order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon to the persons entitled thereto, without any discrimination or preference; and

Second: To the payment to the persons entitled thereto of the unpaid Principal Installments of any Bonds which shall have become due and payable, whether at maturity or by call for redemption, in the order of their due dates, and if the amounts available shall not be sufficient to pay in full all the Bonds due and payable on any date, then to the payment thereof ratably, according to the amounts of Principal Installments due on such date, to the persons entitled thereto, without any discrimination or preference.

(B) If the Aggregate Principal Amount of all of the Bonds shall have become or have been declared due and payable, to the payment of the principal and interest then due and unpaid upon the Bonds and all Authority Derivative Payments secured on a parity with the Bonds and, if the amount available shall not be sufficient to pay in full such principal and interest and Authority Derivative Payments, then to the payment of principal and interest and Authority Derivative Payments, without any preference or priority, ratably according to the aggregate amounts due, to the Persons entitled thereto;

(iii) To the payment of the amounts required for reasonable and necessary Administrative Expenses.

Section 6.5 Remedies Not Exclusive. No remedy by the terms of the Indenture conferred upon or reserved to the Trustee or the Owners of the Bonds is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under the Indenture or existing at law or in equity or by statute (including the Act) on or after the date of adoption of the Indenture.

Section 6.6 Remedies Vested in Trustee. All rights of action (including the right to file proof of claims) under the Indenture or under any of the Bonds may be enforced by the Trustee without the possession of any of the Bonds or the production thereof in any trial or other proceedings relating thereto. Any such suit or proceeding instituted by the Trustee shall be brought in its name as Trustee without the necessity of joining as plaintiffs or defendants any Owners of Bonds. Any recovery of judgment shall be for the equal benefit of the Owners of the Outstanding Obligations.

Section 6.7 Majority Owners of the Bonds Control Proceedings. If an Event of Default shall have occurred and be continuing, notwithstanding anything in the Indenture to the contrary, the Owners of a majority in Aggregate Principal Amount of Bonds then Outstanding shall have the right, at any time, by an instrument in writing executed and delivered to the Trustee, to direct the method and place of conducting any proceeding to be taken in connection with the enforcement of the terms and conditions of the Indenture or for the appointment of a receiver or to take any other proceedings under the Indenture, provided that such direction is in accordance with law and the provisions of the Indenture (including indemnity to the Trustee as provided in Section 7.2 of this Master Indenture) and is not unduly prejudicial to the interests of Owners of the Bonds not joining in such direction (which determination the Trustee is not required to make) and provided further that nothing in this Section 6.7 shall impair the right of the Trustee in its discretion to take any other action under the Indenture which it may deem proper and which is not inconsistent with such direction by Owners of the Bonds.

Section 6.8 Individual Owner Action Restricted.

(a) No Owner of any Bond shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of the Indenture or for the execution of any trust under the Indenture or for any remedy under the Indenture unless:

(i) an Event of Default has occurred under paragraph (a) or (b) of Section 6.1 of this Master Indenture, as to which the Trustee has actual notice, or as to which the Trustee has been notified in writing; and

(ii) the Owners of a majority in Aggregate Principal Amount of Bonds Outstanding shall have made written request to the Trustee to proceed to exercise the powers granted in the 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 Section 7.2 of this 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.

(b) No one or more Owners of Bonds shall have any right in any manner whatsoever to affect, disturb or prejudice the security of the Indenture or to enforce any right under the Indenture except in the manner in the Indenture provided and for the respective benefit of the Owners of all Bonds Outstanding.

Section 6.9 Termination of Proceedings. In case any proceeding taken by the Trustee on account of any Event of Default shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee or the Owners of the Bonds, the Authority, the Trustee and the Owners of the Bonds shall be restored to their former positions and rights under the Indenture, and all rights, remedies and powers of the Trustee and the Owners of the Bonds shall continue as if no such proceeding had been taken.

Section 6.10 Waiver and Non-Waiver of Event of Default.

(a) No delay or omission of the Trustee or of any Owner of Bonds to exercise any right or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or an acquiescence therein. Every power and remedy given by this Article VI to the Trustee and the Owners of the Bonds, respectively, may be exercised from time to time and as often as may be deemed expedient.

(b) 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 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.

(c) Notwithstanding anything contained in the Indenture to the contrary, the Trustee, upon the written request of the Owners of a majority of the Aggregate Principal Amount of Bonds then Outstanding, shall waive any Event of Default under the Indenture and its

consequences; provided, however, that except under the circumstances set forth in paragraph (b) of Section 6.2 of this Master Indenture or paragraph (b) of this Section 6.10, a default in the payment of the Principal Installment of or interest on any Bond when the same shall become due and payable by the terms thereof, or, upon call for redemption, may not be waived without the written consent of the Owners of all the Bonds at the time Outstanding.

(d) In case of any waiver by the Trustee of an Event of Default under the Indenture, the Authority, the Trustee and the Owners of the Bonds shall be restored to their former positions and rights under the Indenture, respectively, but no such waiver shall extend to any subsequent or other Event of Default or impair any right consequent thereon. The Trustee shall not be responsible to anyone for waiving or refraining from waiving any Event of Default in accordance with this Section 6.10.

Section 6.11 Notice of Defaults.

(a) Within 30 days after (i) the receipt of notice of an Event of Default as described in Section 6.1(c) or (d) of this Master Indenture or (ii) the occurrence of an Event of Default under Section 6.1(a) or (b) of this Master Indenture, of which the Trustee is deemed to have notice, the Trustee, unless such Event of Default shall have theretofore been cured, shall give written notice thereof by first class mail to each registered owner of Bonds then Outstanding, provided that, except in the case of a default in the payment of Principal Installments of or interest on any of the Bonds, the Trustee may withhold such notice if, in its sole judgment, it determines that the withholding of such notice is not unduly prejudicial to the interests of the Owners of the Bonds.

(b) The Trustee shall immediately notify the Authority of any Event of Default actually known to the Trustee.

(End of Article VI)

ARTICLE VII

CONCERNING THE FIDUCIARIES

Section 7.1 Trustee; Paying Agent and Bond Registrar Appointment and Acceptance of Duties. The Bank of New York Mellon Trust Company, N.A., having a corporate trust office in Denver, Colorado is hereby appointed as Trustee, Paying Agent and Bond Registrar. The Bank of New York Mellon Trust Company, N.A. shall signify its acceptance of the duties and obligations imposed upon it by executing this Master Indenture and delivering the same to the Authority.

Section 7.2 Responsibilities of Fiduciaries.

(a) The recitals of fact herein and in the Bonds contained shall be taken as the statements of the Authority and no Fiduciary assumes any responsibility for the correctness or completeness of the same. No Fiduciary makes any representations as to the validity or sufficiency of the Indenture, or of any Bonds issued under the Indenture or as to the security afforded by the Indenture, and no Fiduciary shall incur any liability in respect thereof. No Fiduciary shall be under any responsibility or duty with respect to the application of the proceeds of the Bonds or any moneys paid to the Authority or to any other Fiduciary. No Fiduciary shall be under any obligation or duty to perform any act that would involve it in expense or liability or to institute or defend any suit in respect of the Indenture or to risk or advance any of its own moneys, unless properly indemnified to its satisfaction. Subject to the provisions of paragraph (b) of this Section 7.2, no Fiduciary shall be liable in connection with the performance of its duties under the Indenture except for its own negligence or willful misconduct. Notwithstanding any other provision of this Master Indenture, no right of a Fiduciary to indemnification shall relieve a Fiduciary from responsibility for (a) making payments on the Bonds when due from moneys available to it, (b) giving notice of the acceleration of the Bonds as required pursuant to Section 6.2 of this Master Indenture, (c) drawing on a Liquidity Facility in accordance with the terms of such Liquidity Facility, or (d) making any claim under any Loan Payment Enhancement Facility.

(b) The Trustee, prior to the occurrence of an Event of Default and after the curing of all Events of Default may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in the Indenture, and no implied covenants or obligations shall be read into this Indenture against the Trustee. In case an Event of Default has occurred (and has not been cured) the Trustee shall exercise such of the rights and powers vested in it by the Indenture and use the same degree of care and skill in their exercise as a prudent person would exercise or use under the circumstances in the conduct of his/her own affairs. Any provisions of the Indenture relating to action taken or to be taken by the Trustee or to evidence upon which the Trustee may rely shall be subject to the provisions of this Section 7.2.

(c) The Trustee may execute any of the trusts or powers hereof and perform any of its duties by or through attorneys, agents or receivers and shall not be answerable for the conduct of the same if appointed with due care hereunder. The permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty and the Trustee shall not be answerable for other than its negligence or willful default. The Trustee shall not be required to give any bond or surety in respect of the execution of said trusts and powers or otherwise in respect of the premises. The Trustee shall not be bound to make any investigation into the facts

or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, approval or other paper or document. The Trustee shall have no responsibility or liability with respect to any information, statements or recitals in any offering memorandum or other disclosure material prepared or distributed with respect to the issuance of Bonds.

(d) Before taking any action under this Indenture relating to an Event of Default or in connection with its duties under this Indenture other than making payments of principal of and interest on the Bonds as they become due or causing an acceleration of the Bonds whenever required by this Indenture, the Trustee may require that a satisfactory indemnity bond be furnished for the reimbursement of all expenses to which it may be put and to protect it against all liability, including, but not limited to, any liability arising directly or indirectly under any federal, state or local statute, rule, law or ordinance related to the protection of the environment or hazardous substances and except liability which is adjudicated to have resulted from its negligence or willful default in connection with any action so taken.

(e) The Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Owners of a majority in aggregate principal amount of the Bonds then outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this Indenture.

(f) Notwithstanding the effective date of this Indenture or anything to the contrary in this Indenture, the Trustee shall have no liability or responsibility for any act or event relating to this Indenture which occurs prior to the date the Trustee formally executes this Indenture and commences acting as Trustee hereunder.

(g) The Trustee agrees to accept and act upon instructions or directions pursuant to this Indenture sent by unsecured e-mail, facsimile transmission or other similar unsecured electronic methods, provided, however, that, the Trustee shall have received an incumbency certificate listing persons designated to give such instructions or directions and containing specimen signatures of such designated persons, which such incumbency certificate shall be amended and replaced whenever a person is to be added or deleted from the listing. The Authority agrees to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized instructions, and the risk of interception and misuse by third parties.

Section 7.3 Evidence on Which Fiduciaries May Act.

(a) Each Fiduciary, upon receipt of any notice, resolution, request, consent, order, certificate, report, opinion, bond, or other paper or document furnished to it pursuant to any provision of this Master Indenture or any Series Indenture, shall examine such instrument to determine whether it conforms to the requirements of this Master Indenture and the Related Series Indenture on its face, and shall be protected in acting upon any such instrument believed by it to be genuine and to have been signed or presented by the proper party or parties. Each Fiduciary may consult with counsel, who may be of counsel to the Authority, and any opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it under the Indenture in good faith and in accordance therewith.

(b) Whenever any Fiduciary shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action under the Indenture, such matter (unless other evidence in respect thereof is specifically prescribed in the Indenture) may be deemed conclusively to be proved and established by an Authority Certificate, and such Certificate shall be full warrant for any action taken or suffered in good faith under the provisions of the Indenture upon the faith thereof, but in its discretion and in lieu thereof, the Fiduciary may accept other evidence of such fact or matter or may require such further or additional evidence as to it may seem reasonable.

(c) Except as otherwise expressly provided in the Indenture, any request, order, notice or other direction required or permitted to be furnished pursuant to any provision of the Indenture by the Authority to any Fiduciary shall be sufficiently executed if executed in the name of the Authority by an Authorized Officer.

Section 7.4 Compensation of Fiduciaries; Fiduciary Liens. Subject to the terms and conditions of any other agreements between the Authority and one or more Fiduciaries, the Authority shall pay to each Fiduciary from time to time reasonable compensation for all services rendered under the Indenture and also all reasonable expenses, charges, counsel fees and other disbursements, including those of its attorneys, agents, and employees, incurred in and about the performance of their powers and duties under the Indenture. The Authority agrees to pay such amounts from other funds legally available therefor to the extent that moneys available therefor in the Trust Estate are insufficient to make such payments. In consideration of the express provisions of the Indenture regarding the payment of Fiduciary Fees, each Fiduciary by acceptance of its appointment hereunder waives any right at law or in equity for the imposition of an implied lien on the Revenues and assets pledged hereunder. In the event that a successor Fiduciary is appointed in accordance with Section 7.8, 7.12 or 7.13 of this Master Indenture during a period for which the predecessor Fiduciary has been compensated in advance, such predecessor Fiduciary shall return to the Authority the pro rata portion of such compensation for the period commencing on the date of appointment of such successor Fiduciary, subject to any termination fee in connection with transferring the trusteeship to a successor Fiduciary. If the Trustee renders any service hereunder not provided for in this Indenture, the Trustee shall be compensated reasonably by the Authority for such extraordinary services. If the Trustee is made a party to or intervenes in any litigation pertaining to this Indenture or institutes interpleader proceedings relative hereto, the Authority covenants and agrees, to the extent permitted by law, subject to appropriation by the Authority, and without waiving any provision of the Colorado Governmental Immunity Act, C.R.S. 24-10-101, et seq., to reimburse the Trustee for any and all claims, liabilities, losses, damages, fines, penalties, and expenses, including out-of-pocket and incidental expenses and legal fees and expenses occasioned thereby.

Section 7.5 Certain Permitted Acts. Any Fiduciary may become the owner of any Bonds with the same rights it would have if it were not a Fiduciary. To the extent permitted by law, any Fiduciary may act as depository for, and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Owners of the Bonds or to effect or aid in any reorganization growing out of the enforcement of the Bonds or the Indenture, whether or not any such committee shall represent the Owners of a majority in Aggregate Principal Amount of the Bonds then Outstanding. If any Fiduciary incurs expenses or renders services after an Event of Default has occurred, such expenses and compensation for such services are intended to constitute expenses of administration under any bankruptcy law.

Section 7.6 Resignation of Trustee. The Trustee may resign at any time and be discharged of the duties and obligations created by the Indenture by giving not less than 30 days written notice to the Authority and to Owners of the Bonds, at its own expense and without reimbursement therefor, specifying the date when such resignation shall take effect and such resignation shall take effect upon the day specified in such notice unless previously a successor shall have been appointed by the Authority or the Owners of the Bonds as provided in Section 7.8 of this Master Indenture, in which event such resignation shall take effect immediately on the appointment of such successor. In no event, however, shall such a resignation take effect until a successor Trustee has been appointed pursuant to Section 7.8 of this Master Indenture.

Section 7.7 Removal of Trustee. The Trustee may be removed (i) at any time by an instrument or concurrent instruments in writing, filed with the Trustee and the Authority, and signed by the Owners representing a majority in Aggregate Principal Amount of the Bonds then Outstanding or their attorneys-in-fact duly authorized, excluding any Bonds held by or for the account of the Authority, or (ii) by the Authority in its sole and absolute discretion at any time except during the continuance of an Event of Default by filing with the Trustee notice of removal in the form of an Authority Certificate. In no event, however, shall such removal take effect until a successor Trustee has been appointed pursuant to Section 7.8 of this Master Indenture.

Section 7.8 Appointment of Successor Trustee; Temporary Trustee.

(a) In case at any time the Trustee shall resign or shall be removed or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or if a receiver, liquidator or conservator of the Trustee, or of its property, shall be appointed, or if any public offer shall take charge or control of the Trustee, or of its property or affairs, the Authority covenants and agrees that it thereupon will appoint a successor Trustee.

(b) If no appointment of a successor Trustee shall be made by the Authority pursuant to the foregoing provisions of this Section 7.8 within 45 days after the Trustee shall have given to the Authority written notice as provided in Section 7.6 of this Master Indenture or after a vacancy in the office of the Trustee shall have occurred by reason of its inability to act or its removal, the Trustee or the Owner of any Bond may apply to any court of competent jurisdiction to appoint a successor Trustee. Said court, after such notice, if any, as such court may deem proper, thereupon may appoint a successor Trustee.

(c) Every such Trustee appointed pursuant to the provisions of this Section 7.8 shall (i) be a bank or trust company in good standing and (ii) have a reported capital and surplus of not less than \$50,000,000, if there be such an institution willing, qualified and able to accept the trust upon reasonable or customary terms. Any successor Trustee shall serve for a fee not in excess of the fee paid to the initial Trustee unless otherwise approved by the Authority.

Section 7.9 Transfer of Rights and Property to Successor Trustee. Any successor Trustee appointed under the Indenture shall execute, acknowledge and deliver to its predecessor Trustee, and also to the Authority, an instrument accepting such appointment, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become fully vested with all moneys, estates, properties, rights, powers, duties and obligations of such predecessor Trustee, with like effect as if originally named as Trustee; but the Trustee ceasing to act nevertheless, on the written request of the Authority or of the successor Trustee, shall execute, acknowledge and deliver such instruments of conveyance and further assurance and do such

other things as reasonably may be required for more fully and certainly vesting and confirming in such successor Trustee all the right, title and interest of the predecessor Trustee in and to any property held by it under the Indenture, and shall pay over, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions set forth in or pursuant to the Indenture. Should any deed, conveyance or instrument in writing from the Authority be required by such successor Trustee for more fully and certainly vesting in and confirming to such successor Trustee any such estates, rights, powers and duties, any and all such deeds, conveyances and instruments in writing, on request and so far as may be authorized by law, shall be executed, acknowledged and delivered by the Authority. Any such successor Trustee promptly shall notify the Depositories, if any, of its appointment as Trustee. Notwithstanding anything contained elsewhere in this Master Indenture, any such predecessor Trustee shall not be entitled to any compensation or reimbursement for costs and expenses incurred in connection with any transfer of rights or properties under this Master Indenture, except for such costs and expenses incurred with the prior written consent of the Authority.

Section 7.10 Merger or Consolidation of Fiduciaries. Any company into which any Fiduciary may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it may be party or any company to which any Fiduciary may sell or transfer all or substantially all of its corporate trust business, provided such company shall be a bank or trust company organized under the laws of any state of the United States or a national banking association, and shall be authorized by law to perform all the duties imposed upon it by the Indenture, shall be the successor to such Fiduciary without the execution or filing of any paper or the performance of any further act. Each Fiduciary shall give prior written notice to the Authority of any such proposed merger, conversion, consolidation or sale or transfer of substantially all of its corporate trust business

Section 7.11 Adoption of Authentication. In case any of the Bonds contemplated to be issued under the Indenture shall have been authenticated but not delivered by a predecessor Trustee, any successor Trustee may adopt the certificate of authentication of any predecessor Trustee so authenticating such Bonds and deliver such Bonds so authenticated. In case any of such Bonds shall not have been authenticated, any successor Trustee may authenticate such Bonds in the name of the predecessor Trustee or in the name of the successor Trustee, and in all such cases such certificate shall have the full force which it is anywhere in such Bonds or in the Indenture provided that the certificate of the Trustee shall have.

Section 7.12 Paying Agents; Appointment, Resignation or Removal; Successor. The Authority shall appoint one or more Paying Agents for the Bonds and may at any time and from time to time appoint one or more other Paying Agents having the qualifications set forth in this Section 7.12 for a successor Paying Agent. The Trustee or the Bond Registrar may be appointed a Paying Agent. Each Paying Agent shall signify its acceptance of the duties and obligations imposed upon it by the Indenture by executing and delivering to the Authority and to the Trustee a written acceptance thereof. Unless otherwise provided, the designated corporate trust offices of the Paying Agents are designated as the respective offices of the Authority for the payment of the interest on and principal or Redemption Price of the Bonds. Any Paying Agent may at any time resign and be discharged of the duties and obligations created by the Indenture by giving at least 30 days written notice to the Authority and the Trustee. Any Paying Agent may be removed at any time by an instrument filed with such Paying Agent and the Trustee and signed by the Authority. Any successor Paying Agent shall be appointed by the Authority and shall be a bank or trust company organized under the laws of any state of the United States or a national

banking association, having capital, surplus and undivided profits aggregating at least \$10,000,000, and willing and able to accept the office on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by the Indenture. In the event of the resignation or removal of any Paying Agent, such Paying Agent shall pay over, assign and deliver any moneys held by it as Paying Agent to its successor, or if there be no successor to the Trustee. In the event that for any reason there shall be a vacancy in the office of any Paying Agent, the Trustee shall act as such Paying Agent (unless the Trustee is also the Paying Agent and has retired).

Section 7.13 Bond Registrar; Appointment, Resignation or Removal; Successor. The Authority shall appoint a Bond Registrar. The Trustee or any Paying Agent may be appointed the Bond Registrar. The Bond Registrar shall signify its acceptance of the duties and obligations imposed upon it by the Indenture by executing and delivering to the Authority and to the Trustee a written acceptance thereof. Unless otherwise provided, the designated corporate trust office of the Bond Registrar are designated as the respective offices of the Authority for the maintenance of registration records for the Bonds. The registration records for the Bonds shall be maintained by the Bond Registrar on both a current and historical basis. The Bond Registrar may at any time resign and be discharged of the duties and obligations created by the Indenture by giving at least 30 days written notice to the Authority and the Trustee. The Bond Registrar may be removed at any time by an instrument filed with such Bond Registrar and the Trustee and signed by the Authority. Any successor Bond Registrar shall be appointed by the Authority and shall be a bank or trust company organized under the laws of any state of the United States or a national banking association, having capital, surplus and undivided profits aggregating at least \$10,000,000, and willing and able to accept the office on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by the Indenture. In the event of the resignation or removal of the Bond Registrar, such Bond Registrar shall deliver all records, Bonds and other documents held by it as Bond Registrar to its successor, or if there be no successor to the Trustee. In the event that for any reason there shall be a vacancy in the office of the Bond Registrar, the Trustee shall act as such Bond Registrar (unless the Trustee is also the Bond Registrar and has retired).

(End of Article VII)

ARTICLE VIII

SUPPLEMENTAL INDENTURES

Section 8.1 Supplemental Indentures Effective Upon Filing With the Trustee. For any one or more of the following purposes, and at any time or from time to time, a Supplemental Indenture may be executed and delivered by the Authority which, upon the filing with the Trustee of a copy thereof, shall be fully effective in accordance with its terms:

(a) To add to the covenants and agreements of the Authority in the Indenture, other covenants and agreements to be observed by the Authority which are not contrary to or inconsistent with the Indenture as theretofore in effect;

(b) To add to the limitations and restrictions in the Indenture, other limitations and restrictions to be observed by the Authority which are not contrary to or inconsistent with the Indenture as theretofore in effect;

(c) To confirm, as further assurance, any pledge under, and the subjection to any lien or pledge created or to be created by the Indenture of the Revenues or of any other moneys, securities or funds;

(d) To modify any provisions of the Indenture in any respect whatever, provided that the modification, in the sole judgment of the Authority, is reasonably necessary to assure that the interest on Tax-exempt Bonds remains excludable from the gross income of the owners thereof for federal income tax purposes; or

(e) To provide for the issuance of Bonds pursuant to the Indenture and to provide for the terms and conditions pursuant to which such Bonds may be issued, paid or redeemed.

Section 8.2 Supplemental Indentures Effective Upon Consent of Trustee. For any one or more of the following purposes and at any time or from time to time, a Supplemental Indenture may be executed and delivered by the Authority and the Trustee, which upon the filing with the Trustee of a copy thereof and the filing with the Trustee and the Authority of an instrument in writing made by the Trustee consenting thereto, shall be fully effective in accordance with its terms:

(a) To cure any ambiguity, supply any omission, cure or correct any defect or inconsistent provision in the Indenture, or to insert such provisions clarifying matters or questions arising under the Indenture as are necessary or desirable, provided such action shall not materially adversely affect the interest of the Owners hereunder, as evidenced by an opinion of counsel delivered pursuant to Section 8.4 hereof, and are not contrary to or inconsistent with the Indenture theretofore in effect;

(b) To grant to or confer upon the Trustee for the benefit of the Owners any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the Owners or the Trustee;

(c) To add to the covenants and agreements of the Authority in the Indenture other covenants and agreements thereafter to be observed by the Authority;

(d) To surrender any right, power or privilege reserved to or conferred upon the Authority by the terms of the Indenture, provided that the loss of such right, power or privilege shall not adversely impair the Revenues available to pay the Outstanding Bonds;

(e) To include as pledged revenues or money under, and subject to the provisions of, the Indenture any additional revenues or money legally available therefor;

(f) To modify any of the provisions of the Indenture in any respect whatever; provided, however, that (1) such modification shall be, and be expressed to be, effective only after all Bonds of any Series Outstanding at the date of the execution by the Authority of such Supplemental Indenture shall cease to be Outstanding, and (B) such Supplemental Indenture shall be specifically referred to in the text of all Bonds of any Series authenticated and delivered after the date of the execution by the Authority of such Supplemental Indenture and of Bonds issued in exchange therefor or in place thereof;

(g) To modify, eliminate and/or add to the provisions of the Indenture to such extent as shall be necessary to effect the qualification of the Indenture under the Trust Indenture Act of 1939, as then amended, or under any similar federal statute hereafter enacted, and to add to the Indenture such other provisions as may be expressly permitted by said Trust Indenture Act of 1939;

(h) Provided the Authority has first obtained a Confirmation, to make the terms and provisions of the Indenture, including the lien and security interest granted herein, applicable to a Derivative Product, and to modify Section 2.18 of this Master Indenture with respect to any particular Derivative Product;

(i) Provided the Authority has first obtained a Confirmation, to amend the Indenture to allow for any Bonds to be supported by a Liquidity Facility, including amendments with respect to repayment to such a provider on a parity with any Bonds or Derivative Product and providing rights to such provider under the Indenture, including with respect to defaults and remedies;

(j) To make any change as shall be necessary in order to maintain the rating(s) on any of the Bonds from any Rating Agency; or

(k) To make any other amendment or change that will not materially affect the interest of Owners of Outstanding Bonds, as evidenced by an opinion of counsel delivered pursuant to Section 8.4 hereof.

Section 8.3 Supplemental Indentures Requiring Consent of Owners of Bonds. At any time or from time to time, the Authority and the Trustee may execute and deliver a Supplemental Indenture subject to consent by the Owners of the Bonds in accordance with and subject to the provisions of Article IX of this Master Indenture, upon the Trustee's receipt of an opinion of Bond Counsel that such Supplemental Indenture will not adversely affect the exclusion from gross income of interest on Tax-exempt Bonds.

Section 8.4 General Provisions.

(a) The Indenture shall not be modified or amended in any respect except as provided in and in accordance with and subject to the provisions of this Article VIII and Article IX.

Nothing in this Article VIII or Article IX shall affect or limit the right or obligation of the Authority to adopt, make, do, execute, acknowledge or deliver any certificate, act or other instrument pursuant to the provisions of Section 5.3 of this Master Indenture or the right or obligation of the Authority to execute and deliver to any Fiduciary any instrument that elsewhere in the Indenture it is provided shall be delivered to said Fiduciary.

(i) Any Supplemental Indenture referred to and permitted or authorized by Sections 8.1 and 8.2 of this Master Indenture may be executed and delivered by the Authority without the consent of any of the Owners of the Bonds, but shall become effective only on the conditions, to the extent and at the time provided in said Sections, respectively.

(ii) Every Supplemental Indenture shall be accompanied by a Counsel's Opinion stating that such Supplemental Indenture has been 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, subject to State and federal bankruptcy, insolvency and other similar laws affecting the enforcement of creditors' rights and the availability of equitable remedies. The Trustee shall be entitled to receive and rely upon an opinion of counsel that such Supplemental Indenture is authorized or permitted hereunder.

(b) The Trustee is hereby authorized to execute and deliver any Supplemental Indenture referred to and permitted or authorized by Sections 8.1, 8.2 or 8.3 of this Master Indenture and, subject to a requirement of consent of the required Owners of the Bonds, if any, to make all further agreements and stipulations that may be contained therein, and the Trustee, in taking such action, shall be protected fully in relying on an opinion of counsel (which may be a Counsel's Opinion) that such Supplemental Indenture is authorized or permitted by the provisions of the Indenture.

(c) No Supplemental Indenture shall change or modify any of the rights or obligations of any Fiduciary without its written consent.

(d) A copy of each Supplemental Indenture executed and delivered by the Authority pursuant to this Article VIII and Article IX shall be transmitted by the Trustee to each Rating Agency.

(End of Article VIII)

ARTICLE IX

AMENDMENTS AND MODIFICATIONS REQUIRING CONSENT OF OWNERS OF BONDS

Section 9.1 Transmission of Notices. Any provision in this Article IX for the transmission of a notice or other paper to Owners of the Bonds shall be fully complied with if it is mailed postage prepaid, 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, only:

(a) To each registered Owner of Bonds then Outstanding at such Owner's address, if any, appearing upon the registration records of the Authority or at such electronic mail or other address as is furnished in writing by such Owner, and

(b) To the Trustee.

Section 9.2 Powers of Amendment. Any modification or amendment of the Indenture and of the rights and obligations of the Authority and of the Owners of the Bonds, in any particular, may be made by a Supplemental Indenture, with the written consent given as provided in Section 9.3 of this Master Indenture of the Owners of a majority in Aggregate Principal Amount of the Bonds Outstanding at the time such consent is given. No such modification or amendment shall permit a change in the terms of redemption or maturity of the principal of any Outstanding Bonds or of any installment of interest thereon or a reduction in the principal amount or the Redemption Price thereof or in the rate of interest thereon without the consent of the Owners of all such Bonds, or shall reduce the percentages of Bonds the consent of the Owners of which is required to effect any such modification or amendment without the consent of the Owners of all Bonds then Outstanding or shall change the provisions of the Indenture relating to the ability to declare the Aggregate Principal Amount of Bonds to be due and payable without the consent of the Owners of all Bonds then Outstanding; or shall change or modify any of the rights or obligations of any Fiduciary without its written assent thereto. If any such modification or amendment will, by its terms not take effect so long as any Bonds of any particular maturity remain Outstanding, the consent of the Owners of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under this Section 9.2. The Trustee, relying upon a Counsel's Opinion, may determine whether or not in accordance with the foregoing powers of amendment Bonds of any particular maturity would be affected by any modification or amendment of the Indenture, and any such determination shall be binding and conclusive on the Authority and the Owners of the Bonds.

Section 9.3 Consent of Owners of Bonds. The Authority at any time may execute and deliver a Supplemental Indenture making a modification or amendment permitted by the provisions of Section 9.2 of this Master Indenture, to take effect when and as provided in this Section 9.3. A copy of such Supplemental Indenture (or brief summary thereof or reference thereto in form approved by the Trustee), together with a request to Owners of the Bonds for their consent thereto in form satisfactory to the Bond Registrar, shall be transmitted by the Authority to the registered owners of the Bonds. Such Supplemental Indenture shall not be effective unless and until (i) there shall have been filed with the Trustee (A) the written consents of Owners of the percentages of Outstanding Bonds specified in Section 9.2 of this Master

Indenture and (B) a Counsel's Opinion stating that such Supplemental Indenture has been duly executed and delivered and filed by the Authority in accordance with the provisions of the Indenture, is authorized or permitted by the Indenture, and is valid and binding upon the Authority and enforceable in accordance with its terms, subject to State and federal bankruptcy, insolvency and other similar laws affecting the enforcement of creditors' rights and the availability of equitable remedies and (ii) a notice shall have been transmitted to Owners of the Bonds as provided in this Section 9.3. Each consent shall be effective only if accompanied by proof of the holding, at the date of such consent, of the Bonds with respect to which such consent is given, which proof shall be such as is permitted by Section 11.2 of this Master Indenture. A certificate or certificates by the Bond Registrar filed with the Trustee that it has examined such proof and that such proof is sufficient in accordance with Section 11.2 of this Master Indenture shall be conclusive that the consents have been given by the Owners of the Bonds described in such certificate or certificates of the Bond Registrar. Any such consent shall be binding upon the Owners of the Bonds giving such consent and, anything in Section 11.2 of this Master Indenture to the contrary notwithstanding, upon any subsequent Owners of such Bonds and of any Bonds issued in exchange therefor (whether or not such subsequent Owners of such Bonds thereof has notice thereof) unless such consent is revoked in writing by the Owner thereof by filing with the Bond Registrar, prior to the time when the written statement of the Bond Registrar in this Section 9.3 provided for below is filed, such revocation and, if such Bonds are transferable by delivery, proof that such Bonds are held by the signer of such revocation in the manner permitted by Section 11.2 of this Master Indenture. The fact that a consent has not been revoked likewise may be proved by a certificate of the Bond Registrar filed with the Trustee to the effect that no revocation thereof is on file with the Bond Registrar. At any time after the Owners of the required percentage of Bonds shall have filed their consent to the Supplemental Indenture, the Bond Registrar shall make and file with the Authority and the Trustee a written statement that the Owners of such required percentage of Bonds have filed such consents. Such written statement shall be conclusive that such consents have been so filed. At any time thereafter, notice stating in substance that the Supplemental Indenture (which may be referred to as a Supplemental Indenture executed and delivered by the Authority on a stated date, a copy of which is on file with the Trustee) has been consented to by the Owners of the required percentage of Bonds and will be effective as provided in this Section 9.3, may be given to Owners of the Bonds by the Authority by transmitting such notice to Owners of the Bonds (but failure to transmit such notice shall not affect the validity of the Supplemental Indenture when consented to as provided in this Section 9.3) not more than 90 days after the Owners of the required percentages of Bonds shall have filed their consents to the Supplemental Indenture and the written statement of the Bond Registrar provided for above is filed. The Authority shall file with the Trustee proof of the transmission of such notice. A record, consisting of the papers required or permitted by this Section 9.3 to be filed with the Trustee and the Bond Registrar, shall be proof of the matters therein stated. Such Supplemental Indenture making such amendment or modification shall be deemed conclusively binding upon the Authority, the Fiduciaries and the Owners of all Bonds at the expiration of 30 days after the filing with the Trustee of the proof of the transmission of such last mentioned notice, except in the event of a final decree of a court of competent jurisdiction setting aside such Supplemental Indenture in a legal action or equitable proceeding for such purpose commenced within such 30 day period; provided, however, that any Fiduciary and the Authority during such 30 day period and any such further period during which any such action or proceeding may be pending shall be entitled in their absolute discretion to take such action or to refrain from taking such action, with respect to such Supplemental Indenture as they may deem expedient.

Section 9.4 Modifications by Unanimous Consent. The terms and provisions of the Indenture or any Supplemental Indenture and the rights and obligations of the Authority and of the Owners of the Bonds may be modified or amended in any respect upon the issuance and filing by the Authority of a Supplemental Indenture and the consent of the Owners of all Bonds then Outstanding, such consent to be given as provided in Section 9.3 of this Master Indenture, except that no notice of such consent to Owners of the Bonds shall be required; provided, however, that no such modification or amendment shall change or modify any of the rights or obligations of any Fiduciary without the filing with the Trustee of the written assent thereto of such Fiduciary in addition to the consent of the Owners of the Bonds.

Section 9.5 Notation on Bonds. Bonds delivered after the effective date of any action taken as in Article VIII of this Master Indenture or this Article IX provided, may, and if the Authority so determines, shall bear a notation by endorsement or otherwise in form approved by the Authority, the Trustee and the Bond Registrar as to such action, and in that case upon demand of the Owner of any Bond Outstanding at such effective date and presentation of his Bond at the Corporate Trust Office of the Bond Registrar or upon any transfer or exchange of any Bond Outstanding on or after such effective date, suitable notation shall be made on such Bond or upon any Bond issued upon any such transfer or exchange by the Bond Registrar as to any such action. If the Authority shall so determine, new Bonds so modified as in the opinion of the Bond Registrar and the Authority to conform to such action shall be prepared, delivered, and upon demand of the Owner of any Bond then Outstanding shall be exchanged, without cost to such Owner, for Bonds of the same Series, tenor and maturity then Outstanding, upon surrender of such Bonds.

(End of Article IX)

ARTICLE X

DISCHARGE OF INDENTURE; DEFEASANCE OF BONDS

Section 10.1 Discharge of Indenture in Entirety. If the Authority shall pay or cause to be paid, or there shall otherwise be paid, (i) to the Owners of all Bonds the principal or Redemption Price, if applicable, and interest due or to become due thereon, at the times and in the manner stipulated therein and in the Indenture, (ii) to each Reciprocal Payor, all Authority Derivative Payments then due, and (iii) to each Liquidity Facility Provider, any and all amounts due and owing pursuant to any Liquidity Facility, and (iv) to each Loan Payment Enhancement Facility Provider any and all amounts due and owing pursuant to any Loan Payment Enhancement Facility, then the pledge of any Revenues, and other moneys and securities pledged under the Indenture and all covenants, agreements and other obligations of the Authority to the Owners, shall thereupon cease, terminate and become void and be discharged and satisfied (except for the provisions herein that survive by their terms). In such event, the Trustee shall cause an accounting for such period or periods as shall be requested by the Authority to be prepared and filed with the Authority and, upon the request of the Authority, shall execute and deliver to the Authority all such instruments as may be desirable to evidence such discharge and satisfaction, and the Fiduciaries shall pay over or deliver to or upon the order of the Authority all moneys or securities held by them pursuant to the Indenture that are not required for the payment of principal, or Redemption Price, if applicable, of or interest on Bonds not theretofore surrendered to them for such payment or redemption. If the Authority shall pay or cause to be paid, or there shall otherwise be paid, to the Owners of all Outstanding Bonds of a particular Series, the principal or Redemption Price, if applicable, and interest due or to become due thereon, and to each Reciprocal Payor all Reciprocal Payments then due, at the times and in the manner stipulated therein and in this Master Indenture and in the Derivative Product, such Bonds and each Reciprocal Payor shall cease to be entitled to any lien, benefit or security hereunder and all covenants, agreements and obligations of the Authority to the Owners of such Bonds and to each Reciprocal Payor shall thereupon cease, terminate and become void and be discharged and satisfied (except for the provisions herein that survive by their terms).

Section 10.2 Defeasance of Bonds. Bonds or interest installments for the payment or redemption of which moneys shall have been set aside and shall be held in trust by the Trustee or the Paying Agent (through deposit by the Authority of moneys for such payment or redemption or otherwise) at the maturity or redemption date thereof shall be deemed to have been paid within the meaning and with the effect expressed in Section 10.1 of this Master Indenture. Outstanding Bonds shall be deemed, prior to the maturity or redemption date thereof, to have been paid within the meaning and with the effect expressed in Section 10.1 of this Master Indenture if (i) in case any of said Bonds are to be redeemed on any date prior to their maturity, the Authority shall have given to the Bond Registrar in form satisfactory to it irrevocable instructions to transmit as provided in Article III of this Master Indenture notice of redemption of such Bonds on said date; (ii) there shall have been deposited with the Trustee either moneys in an amount sufficient, or Defeasance Securities the principal of and the interest on which when due (whether at maturity or the prior redemption thereof at the option of the holder thereof) will provide moneys in an amount that, together with the moneys, if any, deposited with the Trustee at the same time, shall be sufficient to pay when due the principal or Redemption Price of and interest due and to become due on said Bonds on and prior to the redemption date or maturity date thereof, as the case may be, (iii) in the event said Bonds are not by their terms subject to redemption within the next succeeding 60 days, the Authority shall have given to the Bond

Registrar in form satisfactory to it irrevocable instructions to transmit, as soon as practicable, a notice to the Owners of such Bonds that the deposit required by (ii) above has been made with the Trustee and that said Bonds are deemed to have been paid in accordance with this Section 10.2 and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal or Redemption Price of and interest on said 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 pursuant to this Section 10.2 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 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 or 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 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. Notwithstanding any other provision of this Section 10.2, 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 at 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.

(End of Article X)

ARTICLE XI

MISCELLANEOUS

Section 11.1 Failure to Present Bonds. Anything in the Indenture to the contrary notwithstanding, any moneys held by a Fiduciary in trust for the payment and discharge of any of the Bonds, which moneys remain unclaimed for three years (or, if less, the maximum time provided by the laws of the State prior to escheat to the State) after the date when such Bonds have become due and payable, either at their stated maturity dates or by call for earlier redemption, if such moneys were held by the Fiduciary at such date, or for three years (or, if less, the maximum time provided by the laws of the State prior to escheat to the State) after the date of deposit of such moneys if deposited with the Fiduciary after the date when such Bonds became due and payable, at the written request of the Authority, shall, to the extent permitted by law, be repaid by the Fiduciary to the Authority (without liability for interest), as its absolute property and free from trust, and the Fiduciary thereupon shall be released and discharged with respect thereto and the Owners of the Bonds shall look only to the Authority for the payment of such Bonds.

Section 11.2 Evidence of Signatures of Bond Owners and Ownership of Bonds.

(a) Any request, consent, revocation of consent or other instrument that the Indenture may require or permit to be signed and executed by the Owners of the Bonds may be in one or more instruments of similar tenor, and shall be signed or executed by such Owners in person or by their attorneys appointed in writing. Proof of the execution of any such instrument, or of any instrument appointing any such attorney or the holding by any person of the Bonds, shall be sufficient for any purpose of the Indenture (except as otherwise expressly provided in the Indenture) if made in the following manner, or in any other manner satisfactory to the Trustee and the Bond Registrar which nevertheless in their discretion may require further or other proof in cases where they deem the same desirable:

(i) The fact and date of the execution by the Owner of any Bond or his attorney of such instruments may be proved by a guaranty of the signature thereon by a bank, trust company or national banking association or by the certificate of any notary public or other officer authorized to take acknowledgments of deeds, that the person signing such request or other instrument acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer. Where such execution is by an officer of a corporation or association or a member of a partnership, on behalf of such corporation, association or partnership, such signature guaranty, certificate or affidavit also shall constitute sufficient proof of his authority.

(ii) The ownership of Bonds and the amount, numbers and other identification, and date of holding the same shall be proved by the registration records of the Bond Registrar.

(iii) Nothing contained in this Section 11.1 shall be construed as limiting the Trustee or Bond Registrar to such proof, it being intended that the Trustee and Bond Registrar may accept any other evidence of the matters herein stated which it may deem sufficient.

(b) Any request or consent by the owner of any Bond shall bind all future owners of such Bond in respect of anything done or suffered to be done by the Authority or any Fiduciary in accordance therewith.

Section 11.3 Bonds Not an Obligation of the State or Any Political Subdivision. The Bonds shall not be in any way a debt or liability or obligation of the State or of any political subdivision thereof (other than the Authority) and shall not constitute or give rise to a pecuniary liability of the State or of any such political subdivision or be or constitute a pledge of the faith and credit of the State or of any such political subdivision.

Section 11.4 Moneys Held for Particular Bonds. Subject to the provisions of Section 11.1 of this Master Indenture, the amounts held by any Fiduciary for the payment of the interest, principal or Redemption Price due on any date with respect to particular Bonds, on and after such date and pending such payment, shall be set aside on its books and held in trust by it for the Owners of the Bonds entitled thereto.

Section 11.5 Preservation and Inspection of Documents. All documents received by any Fiduciary under the provisions of the Indenture shall be retained in its possession and shall be subject at all reasonable times to the inspection of the Authority, any other Fiduciary, and any Owner of Bonds and their agents and their representatives, any of whom may make copies thereof.

Section 11.6 Parties Interested Herein. Nothing in the Indenture expressed or implied is intended or shall be construed to confer upon, or to give to, any Person, other than the Authority, the Fiduciaries and the Owners, any Loan Payment Enhancement Facility Provider any right, remedy or claim under or by reason of the Indenture or any Supplemental Indenture or any covenant, condition or stipulation of the Indenture; and all the covenants, stipulations, promises and agreements in the Indenture contained by and on behalf of the Authority shall be for the sole and exclusive benefit of the Authority, the Fiduciaries, any Loan Payment Enhancement Facility Provider and the Owners.

Section 11.7 No Recourse on the Bonds. No recourse shall be had for the payment of the principal or Redemption Price of or interest on the Bonds or for any claim based thereon or on the Indenture against any officer, employee or agent of the Authority or any person executing the Bonds.

Section 11.8 Severability of Invalid Provisions. If any one or more of the covenants or agreements provided in the Indenture on the part of the Authority or any Fiduciary to be performed should be contrary to law, then such covenant or covenants or agreement or agreements shall be deemed severable from the remaining covenants and agreements, and in no way shall affect the validity of the other provisions of the Indenture.

Section 11.9 Successors. Whenever in the Indenture the Authority is named or referred to, it shall be deemed to include any entity that may succeed to the principal functions and powers of the Authority under the Act, and all the covenants and agreements contained in the Indenture by or on behalf of the Authority shall bind and inure to the benefit of said successor whether so expressed or not.

Section 11.10 Consents and Approvals. Whenever the written consent or approval of the Authority, Fiduciaries or Owners of the Bonds shall be required under the provisions of the Indenture, such consent or approval shall not be unreasonably withheld or delayed.

Section 11.11 Notices, Demands and Requests. All notices, demands and requests to be given or made under the Indenture to or by the Authority, the Bond Registrar, the Paying Agent or the Trustee shall be in writing and shall be properly made if sent by United States mail, postage prepaid, or transmitted in such other manner as such parties shall agree, and addressed as follows:

(a) Authority: Colorado Housing and Finance
Authority
1981 Blake Street
Denver, Colorado 80202
Attn: Executive Director

(b) Trustee, Bond Registrar, or Paying Agent: The Bank of New York Mellon Trust
Company, N.A.
1775 Sherman Street, Suite 2775
Denver, Colorado 80203
Attn: Corporate Trust

Either the Authority, the Paying Agent, the Bond Registrar or the Trustee may change the address listed for it above at any time upon written notice of such change sent by United States mail, postage prepaid (or transmitted in such other manner as such parties shall agree), to the Authority or the Trustee, as the case may be.

Section 11.12 Applicable Law. The Indenture shall be governed exclusively by the applicable laws of the State.

Section 11.13 Table of Contents and Section Headings Not Controlling. The Table of Contents and the headings of the several Articles and Sections of this Master Indenture have been prepared for convenience of reference only and shall not control, affect the meaning of, or be taken as an interpretation of any provision of this Master Indenture.

Section 11.14 Exclusion of Bonds. Bonds owned or held by or for the account of the Authority shall not be deemed Outstanding for the purpose of consent or other action or any calculation of Outstanding Bonds provided for in Article VI or Article IX of this Master Indenture, and the Authority shall not be entitled with respect to such Bonds to give any consent or take any other action provided for in said Article VI or Article X; except that in determining whether the Trustee shall be protected in relying upon any such consent or other action of an Owner, only Bonds which the Trustee actually knows to be owned or held by or for the account of the Authority shall be disregarded unless all Bonds are so owned or held, in which case such Bonds shall be considered Outstanding for the purpose of such determination. At the time of any consent or other action taken under said Article VI or Article IX, the Authority shall file with the Trustee and the Bond Registrar an Authority Certificate listing and describing all Bonds to be excluded.

Trustee and the Bond Registrar an Authority Certificate listing and describing all Bonds to be excluded.

Section 11.15 Reciprocal Payor Rights. Notwithstanding any provisions of this Master Indenture, no Reciprocal Payor which shall be in default under any Derivative Product with the Authority shall have any of the rights granted to a Reciprocal Payor or as the Owner of an Obligation hereunder.

Section 11.16 Counterparts. This Master Indenture may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 11.17 Effective Date; Execution and Delivery. This Master Indenture shall become effective upon its execution and delivery by the Authority and the Trustee.

Section 11.18 Agreement of the State. In accordance with the Act, the Authority hereby includes as a part of its contract with the Owners of the Bonds the following pledge and agreement of the State: The State does hereby pledge to and agree with the Owners of the Bonds that the State will not limit or alter the rights hereby vested in the Authority to fulfill the terms of any agreements made with the Owners of the Bonds or in any way impair the rights and remedies of the Owners of the Bonds until the Bonds, together with the interest thereon, with interest on any unpaid installments of interest, and all costs and expenses in connection with any action or proceeding by or on behalf of the Owners of the Bonds are fully met and discharged.

IN WITNESS WHEREOF, the parties hereto have caused this Master Indenture to be duly executed as of the day and year first above written.

COLORADO HOUSING AND FINANCE
AUTHORITY

By: *Patricia Hepp*
Chief Financial Officer

Attest:

By: *[Signature]*
Assistant Secretary

THE BANK OF NEW YORK MELLON
TRUST COMPANY, N.A., as Trustee

By: *[Signature]*
Title: vice president

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FIRST SUPPLEMENT TO
MASTER INDENTURE OF TRUST

This First Supplement to Master Indenture of Trust, dated as of February 1, 2016, is between the COLORADO HOUSING AND FINANCE AUTHORITY, a body corporate and political subdivision of the State of Colorado (the “Authority”), and THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., a national banking association, duly organized, existing and authorized to accept and execute trusts of the character herein set out under and by virtue of the laws of the United States of America (the “Trustee”).

WITNESSETH:

WHEREAS, the Authority and the Trustee entered into a Master Indenture of Trust dated as of June 1, 2013 (the “Master Indenture”), and desire to amend and supplement the Master Indenture.

NOW, THEREFORE, in consideration of the premises and of the mutual agreements herein contained and contained in the Master Indenture, the Authority and the Trustee agree as follows:

Section 1. The following definition is hereby added to Section 1.1 of the Master Indenture:

“Stand-Alone Series” means a Series of Bonds so designated in the Related Series Indenture, and with respect to which (i) Loan Repayments, Prepayments and other Revenues Related to such Series shall not be applied to the payment Debt Service Payments or Redemption Price of any Series of Bonds other than such Series, and (ii) Loan Repayments, Prepayments and other Revenues Unrelated to such Series shall not be applied to the payment Debt Service Payments or Redemption Price of such Series.

Section 2. The following definitions in Section 1.2 of the Master Indenture are hereby amended to read as follows:

“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 Liquidity Facility Provider with respect to any Bonds for which a Liquidity Facility is in place, (vi) to the extent not paid pursuant to Section 4.5(c)(i)(C) hereof, the fees and expenses payable from the Trust Estate due to

any Loan Payment Enhancement Facility Provider with respect to any Bonds for which a Loan Payment Enhancement Facility is in place, (vii) 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, (ix) fees and expenses associated with the delivery of a substitute Loan Payment Enhancement Facility or Liquidity Facility under a Series Indenture, (viii) fees and expenses associated with the monitoring of the Bonds, the Loans, MBS and the Housing Facilities by the Rating Agencies, (x) fees and expenses associated with (but not payments under) Derivative Products, (xi) Costs of Issuance not paid from proceeds of Bonds, and (xii) 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. Administrative Expenses allocable to more than one Series of Bonds shall be allocated among such Series pro rata, in proportion to the Outstanding Aggregate Principal Amount of each such Series.

"Cash Flow Statement" means, with respect to any particular Bonds, a certificate prepared by or on behalf of the Authority (which may be prepared by a financial or other advisor 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. A Stand-Alone Series shall not be linked to any other Series for Cash Flow Statement purposes, and for purposes of a Cash Flow Statement Related to a Stand-Alone Series, only the Revenues and the Administrative Expenses Related to such Series and the principal of and interest on such Series shall be taken into account.

"Confirmation" means 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. A Confirmation shall be required with respect to a

Stand-Alone Series only in connection with actions proposed to be taken by the Authority with respect to such Stand-Alone Series.

“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 applicable Cash Flow Statement.

Section 3. Section 2.4) of the Master Indenture is hereby amended to read as follows:

Section 2.4 Ratings. Notwithstanding any other provision of Sections 2.2 and 2.3 of this Master Indenture, so long as there are Outstanding Bonds rated by a Rating Agency, the Authority will not issue any additional Bonds (including Bonds issued or to be issued on a forward purchase basis) if such issuance would result in a lowering, suspension or withdrawal of the ratings then applicable to any Bonds. No Confirmation of any ratings of a Stand-Alone Series shall be required in connection with the issuance of Bonds of any other Series.

Section 4. The introductory paragraph of Section 4.1(e) of the Master Indenture is hereby amended to read as follows:

(e) Subject to the provisions of any Series Indenture, the Authority may reallocate moneys, investments, Loans and MBS (or portions thereof or interests therein) among Series, other than a Stand-Alone Series, under any of the following circumstances:

Section 5. Section 4.5(c)(i) of the Master Indenture is hereby amended to read as follows:

(c) Allocation of Revenues from Revenue Fund

(i) 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, the Trustee shall withdraw from each subaccount of the Revenue Fund and deposit into the following Funds or Accounts and shall pay to the following parties the following amounts, in the following order of priority, the requirements of each such Fund, Account or party (including the making up of any deficiencies in any such Fund or Account resulting from lack of Revenues sufficient to make any earlier required deposit) at the time of deposit to be satisfied, and the results of such satisfaction being taken into account, before any payment or transfer is made subsequent in priority:

(A) On each May 1, into the Related subaccounts of the Rebate Fund, an amount to be calculated by the Authority which, when added to the amount already within such respective subaccounts, will equal the

Rebate Requirement Related to the Tax-exempt Bonds of each respective Series, as determined by the Authority;

(B) On each May 1, to the Related subaccounts of the Excess Earnings Fund, an amount to be calculated by the Authority which, when added to the amount already within such respective subaccounts, will equal the amount determined by the Authority to be required to be on deposit therein;

(C) To the Loan Payment Enhancement Facility Provider, if any, with respect to the Related Series of Bonds, to the extent provided in the Loan Payment Enhancement Facility, for the reimbursement of advances of, or other direct or indirect source of funds for, the timely payment of regularly scheduled Loan Repayments, with interest thereon at the rate provided in the Loan Payment Enhancement Facility, and for payment of compensation and expenses of the Loan Payment Enhancement Facility Provider payable from the Trust Estate;

(D) Into the Related subaccount of the Debt Service Fund (x) the amount, if any, needed to increase the amount in such subaccount to include the aggregate amount of interest becoming due and payable on such Bond Payment Date or Derivative Payment Date upon all Bonds of the Related Series then Outstanding and any Authority Derivative Payment secured on a parity with the Bonds accrued and unpaid as of such date; plus (y) the amount, if any, needed to increase the amount in such subaccount to include the aggregate amount of Principal Installments becoming due and payable on the Outstanding Bonds of the Related Series on such Bond Payment Date; provided however, that if such Bond Payment Date is not a date for the payment of a Principal Installment on Related Bonds, such transfer shall include 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 a Principal Installment on Related Bonds, will equal the amount of the Principal Installments becoming due and payable on Outstanding Related Bonds on the next such Bond Payment Date;

(E) Except with respect to a Stand-Alone Series, into each Unrelated subaccount of the Debt Service Fund, after making any transfer into such subaccount required by Section 4.7(c)(i) of this Master Indenture, on a proportionate basis with all other such Unrelated subaccounts or as otherwise provided in a Series Indenture or directed by Authority Request, any deficiency in such subaccount resulting from the lack of moneys sufficient to make the deposit required by paragraph (D) of this Section 4.5(c)(i) as of such date;

(F) Into the Related subaccount of the Debt Service Reserve Fund, the amount, if any, needed to increase the amount in such subaccount (including the Related Interest Reserve Account), together with the available amount of any Qualified Surety Bond therein, to the Debt Service Reserve Fund Requirement of the Related Series of Bonds;

(G) Except with respect to a Stand-Alone Series, into each Unrelated subaccount of the Debt Service Reserve Fund, on a proportionate basis with all other such Unrelated subaccounts or as otherwise provided in a Series Indenture or directed by Authority Request, any deficiency in such subaccount resulting from the lack of Related Revenues sufficient to make the deposit required by paragraph (F) of this Section 4.5(c)(i) as of such date;

(H) To the Authority, the 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 (or directly to the Fiduciaries, Fiduciary Expenses with respect to the Related Series of Bonds, when and as payable); 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 (H) exceed any limitation set forth in the Related Series Indenture for any period;

(I) Except with respect to a Stand-Alone Series, to the Authority, the amount of any reasonable and necessary Fiduciary Expenses with respect to Unrelated Series of Bonds, on a proportionate basis with all other Unrelated Series of Bonds or as otherwise provided in a Series Indenture or directed by Authority Request, any deficiency resulting from the lack of moneys sufficient to make the deposit required by paragraph (H) of this Section 4.5(c)(i) as of such date;

(J) To the Authority, the 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 (H) and (I) 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; and

(K) Except with respect to a Stand-Alone Series, to the Authority, the amount of any reasonable and necessary Administrative

Expenses with respect to Unrelated Series of Bonds, on a proportionate basis with all other Unrelated Series of Bonds or as otherwise provided in a Series Indenture or directed by Authority Request, any deficiency resulting from the lack of moneys sufficient to make the deposit required by paragraph (J) of this Section 4.5(c)(i) as of such date.

Section 6. Section 4.7(c)(ii) of the Master Indenture is hereby amended to read as follows:

(ii) Except with respect to a Stand-Alone Series, in the event that the amount transferred to a subaccount of the Debt Service Fund pursuant to paragraph 4.6(c)(i)(E) is insufficient to pay the interest and Principal Installments, if any, due on Bonds of the Related Series on the next succeeding Bond Payment Date, the Trustee shall transfer from Unrelated subaccounts in the Debt Service Reserve Fund on a proportionate basis or as otherwise directed by Authority Request, first from subaccounts of the Interest Reserve Account, and then if and to the extent necessary from the Related subaccount of the Debt Service Reserve Fund from subaccounts of the Debt Service Reserve Fund, to such subaccount of the Debt Service Fund the amount of such insufficiency.

Section 7. Section 4.8(c) of the Master Indenture is hereby amended to read as follows:

(c) Notwithstanding anything contained herein to the contrary, except with respect to a Stand-Alone Series and except as otherwise provided in a Series Indenture, the Authority may by the delivery of an Authority Request to the Trustee at any time prior to the transmission of notices of redemption, instruct the Trustee to transfer moneys on deposit in a subaccount of an Account in the Redemption Fund to another subaccount of the same Account in the Redemption Fund to be applied as provided herein to the redemption of Bonds of a different Series. Each such Authority Request (i) shall certify that it is consistent with the most recently filed Related Cash Flow Statement (which may, if necessary, link the Related Series) and not prohibited by the Related Series Indentures and (ii) shall be accompanied by evidence of the satisfaction of all Asset Requirements for the Related Series.

Section 8. Section 6.1 of the Master Indenture is hereby amended by the addition of the following paragraph thereto:

The provisions of this Article VI shall apply to a Stand-Alone Series only in the case of an Event of Default described in paragraphs (a) or (b) above with respect to such Stand-Alone Series, to an Event of Default described in paragraph (c) above affecting such Stand-Alone Series and to an Event of Default described in paragraph (d) above. Each reference to a Bond or Bonds or Obligations in this Article VI shall mean and include Bonds of a Stand-Alone Series only in the case of an Event of Default described in the preceding sentence that applies to such Stand-Alone Series. In no event shall moneys, securities, Revenues, payments and receipts and the income therefrom in or payable to any of the accounts and subaccounts Related to a Stand-Alone Series be used to pay bonds of any other Series.

Section 9. The amendments to the Master Indenture made by this First Supplement to Master Indenture of Trust shall become effective as of the date hereof.

Section 10. Except as specifically amended hereby, all of the terms and conditions of the Master Indenture shall remain in full force and effect and unamended hereby. No reference to this First Supplement to Master Indenture of Trust need be made in any instrument or document at any time referring to the Master Indenture, a reference to the Master Indenture in any of such to be deemed to be reference to the Master Indenture as amended hereby. This First Supplement to Master Indenture of Trust may be executed in any number of counterparts and by separate parties hereto on separate counterparts, each of which when executed shall be deemed an original, but all such counterparts taken together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this First Supplement to Master Indenture of Trust to be duly executed as of the day and year first above written.

[Signature page follows]

[Signature page to First Supplement to Master Indenture of Trust]

COLORADO HOUSING AND FINANCE
AUTHORITY

By *Raouic Heppel*
Chief Financial Officer

Attest:

[Signature]
Assistant Secretary

THE BANK OF NEW YORK MELLON
TRUST COMPANY, N.A., as Trustee

By _____
Title: _____

[Signature page to First Supplement to Master Indenture of Trust]

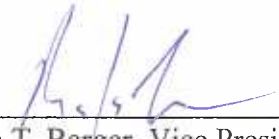
COLORADO HOUSING AND FINANCE
AUTHORITY

By _____
Chief Financial Officer

Attest:

Assistant Secretary

THE BANK OF NEW YORK MELLON
TRUST COMPANY, N.A., as Trustee

By  _____
Title: Watson T. Barger, Vice President

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2016-III SERIES INDENTURE

between

COLORADO HOUSING AND FINANCE AUTHORITY

and

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., as Trustee

DATED AS OF AUGUST 1, 2016

securing

Federally Insured Multi-Family Housing Loan Program
Pass-Through Revenue Bonds
(Willow Street Residences Project), Series 2016-III

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This 2016-III Series Indenture, dated as of August 1, 2016 (this "Series Indenture"), between the Colorado Housing and Finance Authority (the "Authority"), a body corporate and political subdivision of the State of Colorado, and The Bank of New York Mellon Trust Company, N.A., a national banking association, duly organized, existing and authorized to accept and execute trusts of the character herein set out under and by virtue of the laws of the United States of America, with a corporate trust office located in San Francisco, California, as trustee (the "Trustee").

W I T N E S S E T H :

WHEREAS, the Authority has entered into a Master Indenture of Trust, dated as of June 1, 2013 (as amended, the "Master Indenture"), with the Trustee, for the purposes set forth therein; and

WHEREAS, the Master Indenture authorizes the Authority to issue Bonds (as defined therein) pursuant to the Master Indenture and one or more Series Indentures; and

WHEREAS, this Series Indenture is supplemental to, and is entered into in accordance with, the Master Indenture; and

WHEREAS, the Authority has determined to authorize the issuance of its Bonds hereunder, to be designated Federally Insured Multi-Family Housing Loan Program Pass-Through Revenue Bonds (Willow Street Residences Project), Series 2016-III (the "Series 2016-III Bonds"); and

WHEREAS, the execution and delivery of this Series Indenture has been in all respects validly authorized by a resolution duly adopted by the Authority; and

WHEREAS, all things necessary to make the Series 2016-III Bonds, when executed by the Authority and authenticated by the Bond Registrar, valid and binding legal obligations of the Authority and to make this Series Indenture a valid and binding agreement have been done.

NOW THEREFORE, THIS 2016-III SERIES INDENTURE WITNESSETH:

ARTICLE I
AUTHORITY AND DEFINITIONS

Section 1.1 Authority. This Series Indenture is executed and delivered pursuant to the authority contained in the Act, Section 8.1(e) of the Master Indenture and the Supplemental Public Securities Act, Part 2 of Article 57 of Title 11, Colorado Revised Statutes.

Section 1.2 Definitions. All terms which are defined in Section 1.1 of the Master Indenture shall have the same meanings, respectively, in this Series Indenture, and, unless the context shall otherwise require, the following terms shall have the following respective meanings:

"2016-III Housing Facility" means the 80-unit Housing Facility located at 1351 South Willow Street, in unincorporated Arapahoe County, Colorado.

"2016-III Loan" means the Loan made to the Borrower from the proceeds of the Series 2016-III Bonds to finance a portion of the costs of the acquisition, rehabilitation and equipping of the 2016-III Housing Facility.

"Authorized Denominations" means \$1.00 or any integral multiple thereof.

"Borrower" means Willow Street Residences LLLP, a Colorado limited liability limited partnership.

"Closing Date" means the date of initial issuance and delivery of the Series 2016-III Bonds.

"Debt Service Reserve Fund Requirement" with respect to the Series 2016-III Bonds, means, as of any date of calculation, an amount equal to one-half of the maximum principal and interest payment due in any calendar year with respect to the Series 2016-III Bonds maturing on October 1, 2052, based on the receipt of scheduled Loan Repayments on the 2016-III Loan. The Debt Service Reserve Fund Requirement may be satisfied in whole or in part by the available amount of a Loan Payment Enhancement Facility with respect to such Series 2016-III Bonds upon receipt of a Confirmation from the Rating Agency that funding the Debt Service Reserve Fund Requirement in whole or in part with such Loan Payment Enhancement Facility will not, in and of itself, impair, or cause the Series 2016-III Bonds to fail to retain, the then existing rating assigned to the Series 2016-III Bonds by the Rating Agency.

"HUD" means the U.S. Department of Housing and Urban Development.

"Interest Payment Date" the first day of each month, commencing November 1, 2016.

"Loan Agreement" means the Risk Share Program Loan Agreement dated August 1, 2016 between the Authority and the Borrower.

"MSRB" means Municipal Securities Rulemaking Board, the current required method of filing of which is electronically via its Electronic Municipal Market Access (EMMA) system available on the internet at <http://emma.msrb.org>.

"Prepayment," with respect to the 2016-III Loan, shall have the meaning set forth in the Master Indenture, and shall include, without limitation, amounts received (i) as a consequence of the damage, destruction or condemnation of part or all of the 2016-III Housing Facility, to the extent that such amounts are required to be used to prepay the 2016-III Loan pursuant to the Loan Agreement, (ii) in the event of a default by the Borrower under the Loan Agreement, from the proceeds of an insurance claim to the Federal Housing Administration, or (iii) from a mandatory prepayment required by the Federal Housing Administration or the United States Department of Housing and Urban Development in order to avoid such a default.

"Rating Agency" means Moody's Investors Service, Inc.

"Record Date" means, with respect to each Bond Payment Date, the Bond Registrar's close of business on the fifteenth day of the month immediately preceding such Bond Payment Date or, if such date is not a Business Day, the next preceding day which is a Business Day.

"Series 2016-III Bonds" means the Colorado Housing and Finance Authority Federally Insured Multi-Family Housing Loan Program Pass-Through Revenue Bonds (Willow Street Residences Project), Series 2016-III authorized by, and at any time Outstanding pursuant to, the Indenture.

"Special Authority Fee" means the amount set forth in Section 6.1(d) hereof.

(End of Article I)

ARTICLE II

AUTHORIZATION AND ISSUANCE OF SERIES 2016-III BONDS

Section 2.1 Authorization of Series 2016-III Bonds; Principal Amounts, Maturities, Designation and Series. (a) A Series of Bonds to be issued under this Series Indenture in order to obtain moneys to carry out the purposes of the Indenture is hereby created. Such Bonds shall be designated as the "Colorado Housing and Finance Authority Federally Insured Multi-Family Housing Loan Program Pass-Through Revenue Bonds (Willow Street Residences Project), Series 2016-III." The Aggregate Principal Amount of the Series 2016-III Bonds which may be issued and Outstanding under the Indenture shall not exceed \$7,500,000. The Series 2016-III Bonds shall be issued only in fully registered form, without coupons. In addition to the conditions precedent to the delivery of the Series 2016-III Bonds set forth in Section 2.2 of the Master Indenture, the Series 2016-III Bonds shall be executed by the Authority for issuance and delivery to the Trustee and thereupon shall be authenticated by the Trustee and delivered to the Authority upon its order, only upon the closing of the 2016-III Loan in accordance with the Loan Agreement on the Closing Date.

(b) The Series 2016-III Bonds shall mature, subject to the right of prior redemption as set forth in Article III hereof, on the dates and in the principal amounts, and shall bear interest, payable on each Interest Payment Date, at the rates per annum, as follows:

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
October 1, 2017	\$ 4,000,000	2.15%
October 1, 2052	3,500,000	3.10%

(c) The Series 2016-III Bonds are hereby designated as a Stand-Alone Series.

Section 2.2 Denominations, Medium, Method and Place of Payment, Dating and Numbering.

(a) Each Series 2016-III Bond shall bear interest from the Interest Payment Date next preceding the date of authentication of such Bond, unless such Bond is authenticated on an Interest Payment Date, in which event such Bond shall bear interest from such Interest Payment Date, or unless such Bond is authenticated prior to the first Interest Payment Date, in which event such Bond shall bear interest from the Closing Date, or unless interest on such Bond shall be in default, in which event such Bond shall bear interest from the date to which interest has been paid in full or unless no interest shall have been paid on the Series 2016-III Bonds, in which event such Bond shall bear interest from the Closing Date.

(b) The Series 2016-III Bonds shall be issued only in the form of fully registered Bonds in Authorized Denominations.

(c) The principal of and interest on the Series 2016-III Bonds shall be payable in lawful money of the United States of America. The interest on each Series 2016-III Bond shall

be paid by the Paying Agent on the Interest Payment Dates by check or draft mailed by the Paying Agent to the Person whose name appears on the registration records kept by the Bond Registrar as the registered owner thereof on the Record Date, at such Person's address as it appears on the applicable Record Date in the registration records, except that in the case of an Owner of \$1,000,000 or more in Aggregate Principal Amount of Series 2016-III Bonds, upon the written request of such Owner to the Paying Agent, specifying the account or accounts to which such payment shall be made, payment of interest shall be made by wire transfer of immediately available funds on the Interest Payment Date following such Record Date. Any such request shall remain in effect until revoked or revised by such Owner by an instrument in writing delivered to the Paying Agent. The principal of each Bond shall be payable on the Bond Payment Date, upon surrender thereof at the designated corporate trust operations or agency office of the Paying Agent.

(d) The Series 2016-III Bonds shall be dated the Closing Date and shall bear interest until the entire Aggregate Principal Amount of the Series 2016-III Bonds has been paid. Interest on the Series 2016-III Bonds shall be computed on the basis of a 360-day year of twelve 30-day months.

(e) Unless the Authority shall otherwise direct, the Series 2016-III Bonds shall be numbered separately from 1 upward preceded by the legend RIII- prefixed to the number.

Section 2.3 Forms of Bonds and Certificates of Authentication. The form of the Series 2016-III Bonds, including the Bond Registrar's Certificate of Authentication thereon, shall be substantially as set forth in Exhibit A to this Series Indenture. Any Series 2016-III Bond may contain or have endorsed thereon such provisions, specifications and descriptive words and such opinions and certifications not inconsistent with the provisions of the Master Indenture and this Series Indenture as may be necessary or desirable, as determined by an Authorized Officer prior to their authentication and delivery.

Section 2.4 Execution of Series 2016-III Bonds. The Chair, the Chair pro tem and the Executive Director of the Authority and each of them is hereby authorized and directed to execute the Series 2016-III Bonds, and the Secretary/Treasurer, Executive Director or other officer named in this Section 2.4 (other than the officer executing the Series 2016-III Bonds) is hereby authorized and directed to attest the seal of the Authority impressed or imprinted thereon, all in the manner prescribed in Section 2.8 of the Master Indenture.

Section 2.5 Purpose. The Series 2016-III Bonds are authorized to provide moneys for the making of the 2016-III Loan.

Section 2.6 Supplemental Public Securities Act Provisions. Pursuant to the resolution of the Authority authorizing the issuance of the Bonds, the Authority has elected to apply Sections 11-57-205, 11-57-207 (other than Section 11-57-207(1)(a)), 11-57-208, 11-57-209, 11-57-210, 11-57-211, 11-57-212 and 11-57-214 of the Supplemental Public Securities Act, being Part 2 of Article 57 of Title 11, Colorado Revised Statutes (the "Supplemental Act") to the Series 2016-III Bonds. Pursuant to said Section 11-57-210, each Series 2016-III Bond shall recite that it is issued under the authority of such resolution and the Supplemental Act and that it is the intention of the Authority that such recital shall be conclusive evidence of the validity and the

regularity of the issuance of the Series 2016-III Bonds after their delivery for value. Pursuant to said Section 11-57-208, the assets pledged under the Indenture for the payment of the Series 2016-III Bonds, as received by or otherwise credited to the Authority, shall immediately be subject to the lien of such pledge without any physical delivery, filing or further act. The lien of such pledge and the obligation to perform the contractual provisions made in such resolution and the Indenture shall have priority over any or all other obligations and liabilities of the Authority. The lien of such pledge shall be valid, binding and enforceable as against all persons having claims of any kind in tort, contract or otherwise against the Authority irrespective of whether such persons have notice of such lien.

(End of Article II)

ARTICLE III

REDEMPTION OF THE SERIES 2016-III BONDS

Section 3.1 Redemption from Unexpended Proceeds. In accordance with and for purposes of Sections 5.2(e) hereof, the Series 2016-III Bonds maturing on October 1, 2052 are subject to special redemption prior to maturity, in whole or in part on November 1, 2017, at a Redemption Price equal to 100% of the Aggregate Principal Amount of the Series 2016-III Bonds maturing on October 1, 2052 or portions thereof to be so redeemed, together with accrued interest to the date of redemption, from amounts transferred to the Series 2016-III subaccount of the Special Redemption Fund from the Series 2016-III subaccount of the Acquisition Account pursuant to Section 5.2(d) hereof.

Section 3.2 Mandatory Redemption of Series 2016-III Bonds. Except as provided in the following sentence, the Series 2016-III Bonds are subject to mandatory redemption in whole or in part, on each Interest Payment Date, at a Redemption Price equal to 100% of the Aggregate Principal Amount of such Bonds to be redeemed, without premium, in an amount equal to all principal of Prepayments and Loan Repayments related to the 2016-III Loan, including amounts paid pursuant to any applicable Loan Payment Enhancement Facility, received by or on behalf of the Authority on or before the 20th day of the calendar month immediately preceding such Interest Payment Date, as such amount is transferred from the Series 2016-III subaccount of the Revenue Fund to the Series 2016-III subaccount of the Special Redemption Fund pursuant to Section 6.1(b) hereof. Amounts representing principal of Loan Repayments related to the 2016-III Loan received on or before the 20th day of any calendar month from HUD pursuant to an insurance claim with respect to the 2016-III Loan shall not be used to redeem Series 2016-III Bonds on the following Interest Payment Date pursuant to this Section 3.2 to the extent that Series 2016-III Bonds have been previously redeemed from amounts received pursuant to any Loan Payment Enhancement Facility with respect to such Loan Repayments. While any Series 2016-III Bonds maturing on October 1, 2017 remain Outstanding, if less than all of the Series 2016-III Bonds are to be redeemed in accordance with this Section 3.2, the Series 2016-III Bonds shall be redeemed on a pro rata by maturity basis, or on any other basis determined by the Authority after giving effect to expected Cash Flows in the Trust Estate; provided, that Prepayments resulting from the Borrower's exercise of its Pre-conversion Prepayment Option (as defined in the Loan Agreement) under the Loan Agreement, together with all amounts transferred from the Construction Loan Reserve and Costs Subaccount to the Series 2016-III subaccount of the Special Redemption Fund pursuant to Section 5.2(d) hereof, shall be used to redeem Series 2016-III Bonds maturing on October 1, 2017 (but in no event shall such redemption occur prior to July 1, 2017).

Section 3.3 Optional Redemption.

(a) The Series 2016-III Bonds maturing on October 1, 2017 are not subject to redemption at the option of the Authority prior to maturity.

(b) The Series 2016-III Bonds maturing on October 1, 2052 are subject to redemption at the option of the Authority, from any source other than Prepayments and Loan Repayments related to the 2016-III Loan, in whole or in part at any time on or after October 1, 2027, at a

Redemption Price equal to 100% of the principal amount thereof plus the accrued interest thereon to the date of redemption.

Section 3.4 Selection of Bonds for Redemption. If less than all of the Series 2016-III Bonds of the same maturity are to be redeemed on any date pursuant to this Article III, each of the Series 2016-III Bonds of such maturity then Outstanding shall be redeemed in part, pro rata, in proportion to the Outstanding Aggregate Principal Amount of each such Series 2016-III Bond to the Outstanding Aggregate Principal Amount of all Outstanding Series 2016-III Bonds of such maturity, notwithstanding any provisions of the Master Indenture to the contrary. To effect this pro rata redemption occurs while the Series 2016-III Bonds are held in the book-entry-only system, such mandatory redemption is to be made as a "Pro-Rata Pass-Through Distribution of Principal" by the Securities Depository.

Section 3.5 Notice of Redemption. Notice of redemption pursuant to Section 3.1 or Section 3.3 hereof shall be given as provided in this Article III upon notice as provided in Section 3.2 of the Master Indenture and to the MSRB. Notwithstanding Section 3.2 of the Master Indenture, no notice of mandatory redemption pursuant to Section 3.2 hereof shall be required.

Section 3.6 Purchase in Lieu of Redemption. The Authority shall not exercise its authority pursuant to Section 3.6 of the Master Indenture to purchase Series 2016-III Bonds in lieu of mandatory redemption pursuant Section 3.2 hereof.

(End of Article III)

ARTICLE IV

APPLICATION OF BOND PROCEEDS AND OTHER ASSETS

Section 4.1 Proceeds of the Series 2016-III Bonds. The proceeds of the sale and delivery of the Series 2016-III Bonds shall be applied as follows on the Closing Date:

(a) to the Construction Loan Reserve and Costs Subaccount of the Series 2016-III subaccount of the Acquisition Account, \$392,576.74; and

(b) to the Series 2016-III subaccount of the Acquisition Account, the remainder of the proceeds of the sale and delivery of the Series 2016-III Bonds.

Section 4.2 Application of Other Moneys. On the Closing Date, there shall also be deposited (a) from moneys received from the Borrower, \$63,927.91 into the Series 2016-III subaccount of the Cost of Issuance Account, and (b) from moneys received from the Authority, (i) \$90,739.16 into the Series 2016-III subaccount of the Debt Service Reserve Fund and (ii) \$10,135.42 into the Series 2016-III subaccount of the Revenue Fund.

Section 4.3 No Additional Authority Contribution. Other than as provided in Section 4.2 hereof, the Authority shall make no contribution of funds to the Trustee in connection with the delivery of the Series 2016-III Bonds.

(End of Article IV)

ARTICLE V

ESTABLISHMENT OF CERTAIN SUBACCOUNTS; APPLICATION OF THE SERIES 2016-III SUBACCOUNT OF THE ACQUISITION ACCOUNT; LIMITATIONS ON EXPENSES

Section 5.1 Establishment of Subaccounts. The following subaccounts are hereby created and established as special trust funds within the Funds and Accounts created and established pursuant to the Master Indenture:

- (a) the Series 2016-III subaccount of the Acquisition Account, which shall include the Construction Loan Reserve and Costs Subaccount;
- (b) the Series 2016-III subaccount of the Cost of Issuance Account;
- (c) the Series 2016-III subaccount of the Revenue Fund;
- (d) the Series 2016-III subaccount of the Debt Service Reserve Fund;
- (e) the Series 2016-III subaccount of the Debt Service Fund; and
- (f) the Series 2016-III subaccount of the Special Redemption Fund.

Section 5.2 Series 2016-III Subaccount of the Acquisition Account.

(a) There shall be paid into the Series 2016-III subaccount of the Acquisition Account the amounts specified in Section 4.1 hereof. There may also be paid into the Series 2016-III subaccount of the Acquisition Account, at the option of the Authority, any moneys received by the Authority from any other source, unless required to be otherwise applied as provided by the Indenture.

(b) The proceeds of the Series 2016-III Bonds and any other moneys deposited in the Series 2016-III subaccount of the Acquisition Account shall be used to make the 2016-III Loan to finance the acquisition, rehabilitation and equipping of the 2016-III Housing Facility, including the costs enumerated in subsection (d) of this Section 5.2.

(c) The Authority hereby certifies that the requirements of Section 5.7 of the Master Indenture have been satisfied with respect to the 2016-III Loan.

(d) The 2016-III Loan shall be considered to be fully disbursed upon deposit of the proceeds of the Series 2016-III Bonds pursuant to Section 4.1 hereof. Amounts on deposit in the Series 2016-III subaccount of the Acquisition Account shall be disbursed from time to time by the Trustee on and after the date that the Borrower's promissory note to the Authority (the "Note") has been initially endorsed for insurance by HUD under Section 542(c) of the Housing and Community Development Act of 1992, as amended, for the purpose of paying costs of the 2016-III Housing Facility that are approved by the Authority pursuant to the terms, conditions and provisions of the Loan Agreement, provided that moneys in the Construction Loan Reserve and Costs Subaccount of the Series 2016-III subaccount of the Acquisition Account shall be used only upon Authority Request to pay the following costs for the period from the Closing Date to

(except as provided in the following sentence) October 1, 2017: (i) to the extent provided in Section 4.6 of the Loan Agreement with respect to payment of interest on the 2016-III Loan, interest on the Series 2016-III Bonds, by transfer to the Series 2016-III subaccount of the Debt Service Fund on each Interest Payment Date, (ii) Servicing Fees with respect to the 2016-III Loan, (iii) an Authority fee equal to 0.25% of the aggregate principal amount of the Series 2016-III Bonds, (iv) the mortgage insurance premium, equal to 0.125% of the principal amount of the Note, with respect to such insurance by HUD and (v) upon transfer to the Series 2016-III subaccount of the Cost of Issuance Account in accordance with one or more Authority Requests, Costs of Issuance of the Series 2016-III Bonds, provided that the aggregate amount of such transfers to the Series 2016-III subaccount of the Cost of Issuance Account shall not exceed \$150,000. If Series 2016-III Bonds maturing on October 1, 2017 are redeemed prior to maturity pursuant to Section 3.2 hereof, an amount in the Construction Loan Reserve and Costs Subaccount equal to (a) the interest that would have been payable on the Series 2016-III Bonds maturing on October 1, 2017 being redeemed for the period from the redemption date to October 1, 2017 and (b) the portion of the amount therein that will not be needed to pay costs described in clauses (ii), (iii) and (iv) of the preceding sentence as a result of such redemption, shall be transferred to the Series 2016-III subaccount of the Special Redemption Fund to be applied to the payment of the principal portion of the redemption price of the Series 2016-III Bonds maturing on October 1, 2017 being redeemed on such redemption date.

(e) Any moneys credited to the Series 2016-III subaccount of the Acquisition Account that are not used to pay the costs of the 2016-III Housing Facility in accordance with subsection (b) of this Section 5.2, shall be transferred by the Trustee on October 1, 2017 to the Series 2016-III subaccount of the Special Redemption Fund to redeem Series 2016-III Bonds maturing on October 1, 2052 pursuant to Section 3.1 hereof.

(f) Upon final disbursement of all amounts on deposit in the Series 2016-III subaccount of the Acquisition Account, the Trustee shall close the Series 2016-III subaccount of the Acquisition Account.

Section 5.3 Series 2016-III Subaccount of the Cost of Issuance Account. Moneys in the Series 2016-III Subaccount of the Cost of Issuance Account shall be applied as provided in Section 4.3 of the Master Indenture. Moneys in such subaccount transferred from the Construction Loan Reserve and Costs Subaccount pursuant to Section 5.2(d) hereof shall be spent before moneys deposited in such subaccount pursuant to Section 4.2 hereof are spent. Notwithstanding Section 4.3 of the Master Indenture, any amount remaining upon payment of all Costs of Issuance of the Series 2016-III Bonds shall be transferred by the Trustee to the Borrower upon receipt by the Trustee of an Authority Certificate delivered at the direction of the Borrower stating that such moneys are no longer needed for the payment of Costs of Issuance of the Series 2016-III Bonds, whereupon the Series 2016-III Subaccount of the Cost of Issuance Account shall be closed.

Section 5.4 Limitation on Payment of Fiduciary and Administrative Expenses.

(a) Fiduciary Expenses which may be paid from the Series 2016-III subaccount of the Revenue Fund pursuant to Section 4.5(c)(i)(H) of the Master Indenture may not exceed the maximum amount consistent with the most recent Cash Flow Statement.

(b) Administrative Expenses and Fiduciary Expenses which may be paid from the Series 2016-III subaccount of the Revenue Fund pursuant to Section 4.5(c)(i)(J) of the Master Indenture may not exceed the maximum amount consistent with the most recent Cash Flow Statement.

Section 5.5 Debt Service Reserve Fund and Revenue Fund. Notwithstanding Section 4.7(b) of the Master Indenture, if on any date of calculation, the amount in the Series 2016-III subaccount of the Debt Service Reserve Fund (other than amounts attributable to accrued, but unrealized interest purchased on Investment Securities) is in excess of the Debt Service Reserve Fund Requirement, the Trustee shall, unless otherwise instructed by an Authority Request, transfer such excess amount to the Authority, free and clear of the lien and pledge of the Indenture. Upon the final payment or defeasance of the Series 2016-III Bonds, any remaining balances in the Series 2016-III subaccounts of the Debt Service Reserve Fund and the Revenue Fund shall be transferred to the Authority, free and clear of the lien and pledge of the Indenture.

(End of Article V)

ARTICLE VI
ADDITIONAL COVENANTS

Section 6.1 Loan Payments.

(a) The Trustee shall promptly deposit in the Series 2016-III subaccount of the Revenue Fund all Prepayments and Loan Repayments allocable to the 2016-III Loan received on and after the Closing Date.

(b) On the Business Day prior to each Interest Payment Date, the Trustee shall transfer, pursuant to Section 4.5(c)(i)(D) of the Master Indenture, (i) amounts received as interest on the 2016-III Loan on or before the 20th day of the calendar month immediately preceding such Interest Payment Date in the Series 2016-III subaccount of the Revenue Fund to the Series 2016-III subaccount of the Debt Service Fund to be applied to the payment of interest on the Series 2016-III Bonds (except to the extent that amounts are transferred from the Construction Loan Reserve and Costs Subaccount to the Series 2016-III subaccount of the Debt Service Fund pursuant to clause (i) of Section 5.2(d) hereof or otherwise paid out of the Revenue Fund pursuant to the Master Indenture), and (ii) amounts received as principal of such Prepayments and Loan Repayments on or before the 20th day of the calendar month immediately preceding such Interest Payment Date in the Series 2016-III subaccount of the Revenue Fund to the Series 2016-III subaccount of the Special Redemption Fund to be applied to the payment of principal of the Series 2016-III Bonds upon the redemption thereof pursuant to Section 3.2 hereof or Section 3.3 hereof, as applicable, and to pay the principal of the Series 2016-III Bonds upon the maturity thereof.

(c) After the transfers required by subsection (b) of this Section 6.1, on the Business Day prior to each Interest Payment Date, the Trustee shall transfer remaining amounts received as interest on the 2016-III Loan on or before the 20th day of the calendar month immediately preceding such Interest Payment Date in the Series 2016-III subaccount of the Revenue Fund toward the making of payments required by Section 4.5(c)(i)(F), (H) and (J) of the Master Indenture, other than the Special Authority Fee, except to the extent that such payments are made from amounts in the Construction Loan Reserve and Costs Subaccount pursuant to Section 5.2(d) hereof.

(d) After the transfers required by subsections (b) and (c) of this Section 6.1, on the Business Day prior to each Interest Payment Date after October 1, 2017, the Trustee shall pay remaining amounts received as interest on the 2016-III Loan on or before the 20th day of the calendar month immediately preceding such Interest Payment Date in the Series 2016-III subaccount of the Revenue Fund to the Authority as the Special Authority Fee; provided, however, that (i) the amount remaining in the Series 2016-III subaccount of the Revenue Fund remaining after payment of the Special Authority Fee shall be not less than one-month's interest on the Series 2016-III Bonds Outstanding on the date of such payment, (ii) the amount of the Special Authority Fee shall be subject to reduction at the option of the Authority, and (iii) the Special Authority Fee shall for all purposes of this Series Indenture be considered as an Administrative Expense related to the Series 2016-III Bonds payable in accordance with Section 4.5(c)(i)(J) of the Master Indenture.

Section 6.2 Defeasance. The Series 2016-III Bonds maturing on October 1, 2017 shall not be subject to defeasance pursuant to Section 10.2 of the Master Indenture or economic defeasance. The Series 2016-III Bonds maturing on October 1, 2052 shall be subject to defeasance pursuant to Section 10.2 of the Master Indenture or economic defeasance on and after October 1, 2027 to the earliest practicable redemption date (after giving effect to the notice requirements of Section 3.5 hereof).

Section 6.3 Servicing Fees. Servicing Fees with respect to the 2016-III Loan shall not exceed 1.00% per annum of the principal balance of such Loan being serviced, unless the most recently filed Related Cash Flow Statement takes into account higher servicing fees.

Section 6.4 Loan Information Reporting. The Authority shall provide to the MSRB the following information with respect to the 2016-III Loan on a monthly basis:

- (a) the current monthly payment number (x/432);
- (b) the loan status (on watch list, number of days or months late, bankruptcy);
- (c) the performing or non-performing status of the loan;
- (d) the monthly loan balance;
- (e) the monthly reserve balance;
- (f) the monthly principal and interest paid and remaining; and
- (g) the monthly occupancy data (with one month lag).

The Authority shall also file with the MSRB the annual financial statements for the 2016-III Housing Facility upon receipt of such statements from the Borrower.

Section 6.5 Trustee Reports. The Trustee shall, on or before the 20th day of each month, file with the Authority a statement setting forth with respect to the preceding calendar month:

- (a) the amount withdrawn or transferred and the amount deposited within or on account of each subaccount created by Section 5.1 of this Series Indenture, including the amount of interest income earned on amounts in each such subaccount and deposited therein;
- (b) the amount on deposit at the end of such month to the credit of each such subaccount;
- (c) a brief description of all obligations held as an investment of moneys in each such subaccount;
- (d) the amount applied to the redemption of the Series 2016-III Bonds and a description of the Series 2016-III Bonds or portions thereof so redeemed; and
- (e) any other information which the Authority may reasonably request.

No monthly statement for any such subaccount need to rendered if no activity occurred in that subaccount during such month.

Section 6.6 Amendment of 2016-III Loan. Notwithstanding the provisions of Section 5.10 of the Master Indenture, (a) the Authority shall not consent or agree to or permit any amendment or modification of the financial terms of the 2016-III Loan if as a result of such amendment or modification, together with any previous amendment or modification of the financial terms of the 2016-III Loan, the reduction of scheduled interest payments on the 2016-III Loan in each month is greater than the Special Authority Fee and (b) the Authority shall not consent or agree to or permit any modification of the final maturity date of the 2016-III Loan.

Section 6.7 No Sale or Assignment of 2016-III Loan. Notwithstanding the provisions of the Master Indenture to the contrary, the Authority shall not sell, assign, endorse or otherwise dispose of the 2016-III Loan, except as provided pursuant to Government insurance.

Section 6.8 Government Insurance.

(a) To the extent permitted by law, including applicable HUD regulations, while the Series 2016-III Bonds are Outstanding, the Authority agrees to name the Trustee as payee with respect to any claims for Government insurance proceeds relating to the 2016-III Loan or to otherwise provide that such proceeds are delivered to the Trustee for deposit under the Indenture.

(b) Notwithstanding the provisions of Section 5.8 of the Master Indenture, in the event of a default on the 2016-III Loan, the Authority shall file a claim under Government insurance pursuant to the terms of such Government insurance, the proceeds of which shall be used to redeem the Series 2016-III Bonds pursuant to Section 3.2 hereof.

(End of Article VI)

ARTICLE VII
MISCELLANEOUS

Section 7.1 Deed of Trust. The Authority is a beneficiary of the Construction Deed of Trust to Public Trustee, Assignment of Leases and Rents, Security Agreement and Fixture Filing dated as of the Closing Date (the "Deed of Trust"), made by the Borrower to the Public Trustee of Arapahoe County, Colorado. The Trustee is identified in the Deed of Trust as an additional beneficiary to the Deed of Trust, and shall be afforded its rights and protections in the Master Indenture under the Deed of Trust. The Trustee shall not be required to take any foreclosure action pursuant to the Deed of Trust if the approval of a government regulator shall be a condition precedent to taking such action, and such approval cannot be obtained. Notwithstanding anything to the contrary in the Master Indenture, in the Deed of Trust or herein, the Trustee shall not be required to enter, take possession of or take any other action whatsoever with respect to the failure to initiate foreclosure proceedings with respect to the Mortgaged Property (as defined in the Deed of Trust) unless the Trustee is satisfied that the Trustee will not be subject to any liability under any Environmental Laws (as defined in the Loan Agreement). Any modifications or amendments to the Deed of Trust shall be made in the same manner that Supplemental Indentures are entered into, in accordance with Article VIII of the Master Indenture.

Section 7.2 Severability and Invalid Provisions. If any one or more of the covenants or agreements provided in this Series Indenture on the part of the Authority to be performed should be contrary to law, then such covenant or covenants or agreement or agreements shall be deemed severable from the remaining covenants and agreements, and shall in no way affect the validity of the other provisions of this Series Indenture.

Section 7.3 Table of Contents and Section Headings Not Controlling. The Table of Contents and the headings of the several Articles and Sections of this Series Indenture have been prepared for convenience of reference only and shall not control, affect the meaning of, or be taken as an interpretation of any provision of this Series Indenture.

Section 7.4 Counterparts; Electronic Transactions. This Series Indenture may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument. In addition, the transaction described herein may be conducted and related documents may be stored by electronic means. Copies, telecopies, facsimiles, electronic files and other reproductions of original executed documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law.

Section 7.5 Effective Date; Execution and Delivery. This Series Indenture shall become effective upon its execution and delivery by the Authority and the Trustee.

(End of Article VII)

[Signature page follows]

IN WITNESS WHEREOF, the parties hereto have caused this Series Indenture to be duly executed as of the day and year first above written.

COLORADO HOUSING AND FINANCE
AUTHORITY

By: _____
Chief Financial Officer

Attest:

By: _____
Assistant Secretary

THE BANK OF NEW YORK MELLON
TRUST COMPANY, N.A., as Trustee

By: _____
Watson T. Barger, Vice President

EXHIBIT A

(FORM OF SERIES 2016-III BOND)

No. RIII-_____

\$_____

COLORADO HOUSING AND FINANCE AUTHORITY
FEDERALLY INSURED MULTI-FAMILY HOUSING LOAN PROGRAM
PASS-THROUGH REVENUE BONDS
(WILLOW STREET RESIDENCES PROJECT) SERIES 2016-III

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Authority or its agent for registration of transfer, exchange, or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

<u>DATE OF ORIGINAL ISSUE</u>	<u>MATURITY DATE</u>	<u>CUSIP</u>	<u>INTEREST RATE</u>
August 31, 2016	October 1, 20__	19647P ____	____%

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT:

The Colorado Housing and Finance Authority (the "Authority"), a body corporate and political subdivision of the State of Colorado (the "State"), created and existing by virtue of the laws of the State, particularly the Colorado Housing and Finance Authority Act, constituting Part 7 of Article 4 of Title 29 of the Colorado Revised Statutes, as amended (the "Act"), for value received hereby promises to pay (but only from the funds, accounts and other security provided therefor) to the Registered Owner specified above, or to such Registered Owner's registered assigns or personal representatives, the Principal Amount specified above on the Maturity Date specified above, unless this Bond is redeemed prior thereto as provided in the Indenture (as defined below), upon its presentation and surrender as provided under the Master Indenture of Trust dated as of June 1, 2013, as amended, between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee") and the 2016-III Series Indenture dated as of August 1, 2016, between the Authority and the Trustee (collectively, the "Indenture"), and to pay to the Registered Owner interest on such Principal Amount at the Interest Rate per annum above. Any term used herein as a defined term but not defined herein shall be defined as in the Indenture.

This Bond is one of a duly authorized issue of bonds of the Authority designated "Colorado Housing and Finance Authority Federally Insured Multi-Family Housing Loan Program Pass-Through Revenue Bonds (Willow Street Residences Project), Series 2016-III" (the "Bonds"), issued under and pursuant to the Act, the Indenture and the Supplemental Public Securities Act, constituting Part 2 of Article 57 of Title 11, Colorado Revised Statutes. It is the intention of the Authority that this recital shall be conclusive evidence of the validity and the regularity of the issuance of the Bonds after their delivery for value and that all of the Bonds issued are incontestable for any cause whatsoever after their delivery for value. This Bond is secured solely by the pledge and lien of the Trust Estate in accordance with the terms and provisions of the Indenture. The Registered Owner hereof, by acceptance of this Bond, consents to all of the terms and conditions of the Indenture, a copy of which is on file with the Trustee.

THIS BOND, TOGETHER WITH THE INTEREST HEREON, IS A SPECIAL LIMITED OBLIGATION OF THE AUTHORITY, PAYABLE SOLELY FROM, AND SECURED ONLY BY, THE REVENUES AND OTHER SECURITY PLEDGED THEREFOR UNDER THE INDENTURE, SUBJECT TO THE LIEN AND PLEDGE PRIORITY DISCUSSED ABOVE. IN NO EVENT SHALL THIS BOND CONSTITUTE AN OBLIGATION OR LIABILITY OF THE STATE 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 OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF OTHER THAN THE AUTHORITY, OR TO PLEDGE THE TAXING POWER OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF. THE STATE SHALL NOT BE LIABLE FOR THIS BOND, AND THIS BOND SHALL NOT CONSTITUTE A DEBT OF THE STATE.

This Bond is transferable, as provided in the Indenture, only upon the records of the Authority kept for that purpose at the Corporate Trust Office of the Trustee by the Registered Owner hereof in person, or by his duly authorized attorney, upon surrender of this Bond together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or his duly authorized attorney, and thereupon a new registered Bond or Bonds, in the same maturity and aggregate principal amounts, shall be issued to the transferee in exchange therefor as provided in the Indenture, and upon payment of the charges therein prescribed. The Authority and the Trustee shall deem and treat the person in whose name this Bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal or redemption price hereof and interest due hereon and for all other purposes.

The Bonds are issuable in the form of registered Bonds without coupons in the denominations of \$1.00 or any integral multiple thereof ("Authorized Denominations"). The owner of any Bonds may surrender the same at the above mentioned office of the Trustee, in exchange for an equal aggregate principal amount of Bonds of the same maturity of any of the Authorized Denominations, in the manner, subject to the conditions and upon the payment of the charges provided in the Indenture. Pursuant to Section 29-4-722 of the Act, Bonds issued under the Act shall be negotiable instruments under the laws of the State, subject only to applicable provisions for registration.

This Bond bears interest on the Principal Amount specified above, payable to the Registered Owner hereof on each Interest Payment Date (the first such date being November 1,

2016) until maturity or earlier redemption. Each Bond shall bear interest from the Interest Payment Date next preceding the date of authentication of such Bond, unless such Bond is authenticated on an Interest Payment Date, in which event such Bond shall bear interest from such Interest Payment Date, or unless such Bond is authenticated prior to the first Interest Payment Date, in which event such Bond shall bear interest from its dated date, or unless interest on such Bond shall be in default, in which event such Bond shall bear interest from the date to which interest has been paid in full or unless no interest shall have been paid on the Bonds, as the case may be, in which event such Bond shall bear interest from its dated date. Interest on the Bonds shall be computed on the basis of a 360-day year consisting of twelve 30-day months.

The principal or Redemption Price of and interest on the Bonds shall be payable in lawful money of the United States of America at the Corporate Trust Office of the Paying Agent in San Francisco, California.

The Bonds are subject to mandatory and optional redemption in the manner, at the prices, at the times and under the circumstances provided in the Indenture.

If any moneys held by the Trustee or Paying Agent in trust for the payment of interest on or principal of any Bonds remain unclaimed for a period of three years after the date on which such moneys were payable, the Trustee or Paying Agent will, upon written notice from the Authority, pay such amounts to the Authority, as provided in the Indenture. Thereafter, such Registered Owners must look to the Authority for payment of such moneys.

The Indenture provides that the occurrences of certain events constitute Events of Default. If certain Events of Default occur, the Trustee may, and upon the written request of the Registered Owners of a sufficient percentage in aggregate principal amount of Outstanding Bonds (as provided in the Indenture), give 30 days notice in writing to the Authority of its intention to declare all Outstanding Bonds immediately due and payable. At the end of such 30-day period, the Trustee may, and upon the written consent of the Owners of a sufficient percentage in aggregate principal amount of Outstanding Bonds (as provided in the Indenture), declare all Outstanding Bonds immediately due and payable. An Event of Default and its consequences may be waived as provided in the Indenture. Registered Owners may not enforce the Indenture or the Bonds except as provided in the Indenture.

The Act provides that neither the members of the Authority nor any authorized person executing bonds issued pursuant to the Act shall be personally liable for such bonds by reason of the execution or issuance thereof.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required by the Constitution and statutes of the State and the Indenture to exist, to have happened and to have been performed precedent to and in the issuance of this Bond, exist, have happened and have been performed in due time, form and manner as required by law.

IN WITNESS WHEREOF, the Colorado Housing and Finance Authority has caused this Bond to be executed in its name by the manual or facsimile signature of its Chair and its corporate seal (or a facsimile thereof) to be impressed or imprinted hereon and attested by the manual or facsimile signature of its Executive Director.

COLORADO HOUSING AND FINANCE
AUTHORITY

By: _____
Chair

(SEAL)

Attest:

Executive Director

CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds 2016-III described in the within-mentioned Indenture of the Colorado Housing and Finance Authority.

Date of Authentication: _____

THE BANK OF NEW YORK MELLON
TRUST COMPANY, N.A.,
as Trustee

By: _____
Authorized Officer

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto

(Please insert social security or other identifying number of transferee)

(Please print or type name and address of transferee)

the within bond, and all rights thereunder, and hereby irrevocably constitutes and appoints

_____ Attorney to transfer the within

bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

NOTICE: Signature(s) should be guaranteed by a guarantor institution participating in the Securities Transfer Agents Medallion Program or in such other guarantee program acceptable to the Trustee.

NOTICE: The signature to this assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatever.

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APPENDIX C

Form of Bond Counsel Opinion

August 31, 2016

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

Colorado Housing and Finance Authority
Federally Insured Multi-Family Housing Loan Program
Pass-Through Revenue Bonds
(Willow Street Residences Project), Series 2016-III

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 Federally Insured Multi-Family Housing Loan Program Pass-Through Revenue Bonds (Willow Street Residences Project), Series 2016-III in the aggregate principal amount of \$7,500,000 (the "Bonds"). 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 Bonds are authorized and issued pursuant to the Master Indenture of Trust dated as of June 1, 2013, as amended, as supplemented by the 2016-III Series Indenture dated as of August 1, 2016 (together, the "Indenture"), between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"). Capitalized terms used herein, unless parenthetically defined herein, 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 Bonds constitute valid and binding special, limited obligations of the Authority, payable solely from the Revenues and other assets pledged thereto under the Indenture.
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 Bonds (except for interest on any Bond for any period during which it is held by a "substantial user" of facilities financed with 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")) is excluded from gross income under federal income tax laws pursuant to Section 103 of the Tax Code; further, interest on the Bonds is excluded from 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 continued accuracy of the representations contained in the Authority's certified proceedings and in certain other documents and certifications furnished to us.

4. The 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 are subject to the following:

The obligations of the Authority incurred pursuant to the Bonds and the Indenture may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, and by equitable principles, whether considered at law or in equity.

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 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 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,

APPENDIX D

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 Underwriter 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 Series 2016-III 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 Series 2016-III Bonds. The Series 2016-III 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 Series 2016-III Bond certificate will be issued for each maturity of the Series 2016-III Bonds, in the aggregate principal amount of each such maturity of the Series 2016-III 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 a Standard & Poor's rating of "AA+." 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. *The Authority, the Trustee, and the Underwriter 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 Series 2016-III Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2016-III Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2016-III 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 Series 2016-III 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 Series 2016-III Bonds, except in the event that use of the book-entry system for the Series 2016-III Bonds is discontinued.

To facilitate subsequent transfers, all Series 2016-III 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 Series 2016-III 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 Series 2016-III Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2016-III 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 Series 2016-III Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2016-III Bonds, such as redemptions, defaults, and proposed amendments to the Series 2016-III Bond documents. For example, Beneficial Owners of Series 2016-III Bonds may wish to ascertain that the nominee holding the Series 2016-III 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.

As described in this Official Statement in "TERMS OF THE SERIES 2016-III BONDS – Prior Redemption – Mandatory Redemption," it is the intention that, while any Series 2016-III Bonds maturing on October 1, 2017 remain Outstanding, the allocations for mandatory redemption of the Series 2016-III Bonds be made by DTC on a pro rata by maturity basis in accordance with DTC's "Pro-Rata Pass-Through Distribution of Principal" rules and procedures. If DTC's operational arrangements do not allow for payment of the Series 2016-III Bonds on a pro-rata pass-through payment distribution of principal basis, then the Series 2016-III Bonds selected for payment will be made in accordance with DTC's procedures then in effect.

While the Series 2016-III Bonds are in the book-entry system, redemption notices will be sent to DTC. If less than all of the Series 2016-III Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in the Series 2016-III Bonds to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Series 2016-III 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 Series 2016-III Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Series 2016-III 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 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, AND THE PAYING 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 SERIES 2016-III 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 SERIES 2016-III 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 SERIES 2016-III BONDS OR ANY CONSENT GIVEN BY CEDE & CO., AS NOMINEE OF DTC. SO LONG AS CERTIFICATES FOR THE SERIES 2016-III BONDS ARE NOT ISSUED PURSUANT TO THE INDENTURE AND THE SERIES 2016-III BONDS ARE REGISTERED TO DTC, THE AUTHORITY, THE PAYING 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 SERIES 2016-III BONDS FOR ALL PURPOSES WHATSOEVER, INCLUDING WITHOUT LIMITATION (1) THE PAYMENT OF PRINCIPAL AND INTEREST ON THE SERIES 2016-III BONDS, (2) GIVING NOTICE OF REDEMPTION AND OTHER MATTERS WITH RESPECT TO THE SERIES 2016-III BONDS, (3) REGISTERING TRANSFERS WITH RESPECT TO THE SERIES 2016-III BONDS AND (4) THE SELECTION OF SERIES 2016-III BONDS FOR REDEMPTION.

DTC may discontinue providing its services as depository with respect to the Series 2016-III Bonds at any time by giving reasonable notice to the Authority and the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Series 2016-III 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, Series 2016-III 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 Underwriter take any responsibility for the accuracy thereof.

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APPENDIX E

FHA Risk-Share Program

There are various programs under which mortgage loans for families of low and moderate income may be insured by the Federal Housing Administration ("**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, and the regulations promulgated thereunder (the "**FHA Risk-Share Program**"). The 2016-III Loan has been insured under the FHA Risk-Share Program, although Loans pledged in the future under the Master Indenture may be insured under other federal insurance programs meeting the requirements of the Master Indenture. The following is a brief description of the FHA Risk-Share Program.

General

Section 542(c) of the Housing and Community Development Act of 1992, as amended, and the regulations promulgated thereunder (the "**Risk-Share Act**"), authorizes the Secretary of the U.S. Department of Housing and Urban Development, acting through HUD to carry out a risk-sharing program with qualified state or local housing finance agencies ("**HFA**s"), including the Authority. Under the program, the Authority is authorized to underwrite mortgage loans on qualifying rental housing projects and HUD is authorized to provide full mortgage insurance ("**Risk-Share Insurance**") for such mortgage loans provided that the Authority agrees to share in the risk of loss due to default on the loans. HUD has promulgated regulations at 24 C.F.R. Part 266 (the "**Regulations**") pursuant to the Risk-Share Act. The Authority has been designated by HUD as a "qualified HFA" under the Risk-Share Act and has entered into a risk-sharing agreement (the "**Risk-Share Agreement**") with HUD. Pursuant to the Master Indenture, the Authority has covenanted to do all things necessary to enforce its rights under the Risk-Share Insurance and to receive payment of any claims thereon.

Under the program established by the Risk-Share Act, a participating HFA retains underwriting, loan management and property disposition functions and responsibility for defaulted loans. Following default under a mortgage loan subject to a HUD contract of mortgage insurance under the FHA Risk-Share Program, the participating HFA may obtain from HUD an initial claim payment of 100% of the loan's unpaid principal balance and accrued interest, subject to certain adjustments, as further described below. After a period during which the HFA may work toward curing the default, foreclosure or resale of the related project, losses (if any) are to be calculated and apportioned between the HFA and HUD according to a specified risk-sharing percentage for the mortgage loan (determined at the time of its endorsement for insurance), and the amount of the HFA's reimbursement obligation to HUD is determined. During the period preceding such final loss settlement, the HFA is to pay HUD interest on the amount of the initial claim payment under a debenture required to be issued to HUD at the time of initial claim payment. In the case of the Authority, such debenture interest and the Authority's reimbursement and other payment obligations to HUD under the Risk-Share Agreement will not be payable from the Revenues, Funds and Accounts and mortgage loans pledged under the Indenture.

Mortgage Insurance

In the case of a mortgage loan to be insured during construction, under the Regulations, HUD evidences its insurance by an initial endorsement of the applicable mortgage note at or prior to the first advance of monies under the insured mortgage loan to the Mortgagor. Such advance ordinarily occurs prior to the commencement of construction although construction may begin using a Mortgagor's own funds with the Authority's consent prior to initial endorsement. All advances for construction items will

be made as authorized by the Authority pursuant to the requirements of HUD. The Regulations also provide for insurance of a mortgage loan following completion of the project without insurance of construction advances. In either case, upon completion of the project, presentation of a closing docket and certifications required by the Regulations, HUD issues a final endorsement of the mortgage note for the costs related to the project which have been certified by an independent certified public accountant and have been approved by the Authority. Although the Authority has been given authority to approve cost certifications by a Mortgagor, such certifications are contestable by HUD, up to and during final endorsement of the applicable mortgage.

The Regulations define an event of default under a HUD-insured mortgage as (i) a failure to make any payment due under the mortgage or (ii) a failure to perform any other mortgage covenant (which include covenants in the related Regulatory Agreement, which is incorporated by reference in the applicable mortgage) if the Authority, because of such failure, has accelerated the debt and the owner has failed to pay the full amount due. The Authority is entitled to receive the benefits of insurance after the Mortgagor has defaulted and such default continues for a period of 30 days. If the default continues to exist at the end of the 30 day grace period, the Authority is required to give HUD written notice of the default within 10 days after such grace period and monthly thereafter, unless waived by HUD, until such default has been cured or the Authority has filed an application for an initial claim payment.

Unless a written extension is granted by HUD, the Authority must file an application for initial claim payment (or, if appropriate, for partial claim payment) within 75 days from the date of default. Such claim may be made as early as the first day of the month following the month for which a payment was missed. Upon request of the Authority, HUD may extend, up to 180 days from the date of default, the deadline for filing a claim. In those cases where the Authority certifies that the Mortgagor is in the process of transacting a bond refunding, refinancing the mortgage, or changing the ownership for the purpose of curing the default and bringing the mortgage current, HUD may extend the deadline for filing a claim beyond 180 days, not to exceed 360 days from the date of default.

The initial claim amount is 100% of the unpaid principal balance of the mortgage note as of the date of default, plus interest at the mortgage note rate from the date of default to the date of initial claim payment (subject to curtailment as described below). HUD must make all claim payments in cash. The initial claim payment from HUD is equal to the initial claim amount, less any delinquent mortgage insurance premiums, late charges and interest assessment under the Regulations. The Regulations provide that proceeds of the initial claim payment must be used to retire any bonds or any other financing mechanisms securing the mortgage within 30 days of the initial claim payment, and that any excess funds resulting from such retirement or repayment shall be returned to HUD within 30 days of the retirement.

In determining the mortgage note interest component of the initial claim amount, if the Authority fails to meet any of the requirements of the Regulations concerning claim procedures within the specified time (including any granted extension of time), HUD shall curtail the accrual of mortgage note interest by the number of days by which the required action was late.

In the event of a mortgage default beyond the control of the owner of the project where the related project is still financially viable, the Authority may apply for a partial payment of insurance benefits in an amount necessary to cure the default, pursuant to the Regulations in lieu of filing a claim for full Risk-Share Insurance benefits. Only one partial payment of claim may be requested with regard to any insured mortgage. In connection therewith, a modification to such mortgage shall be prepared showing the reduction in the principal balance of the mortgage (and deferral of interest, if applicable) corresponding to the partial payment of claim.

Upon HUD's approval of a partial payment of claim proposal, HUD will pay insurance benefits to the Authority equal to 100% of the claim amount. Pursuant to the Risk-Sharing Agreement, the Authority will, thereupon, reimburse HUD a certain percentage of the insurance claim paid by HUD which is the Authority's share of the insurance claim. These partial payments of claim proceeds shall be applied to a mandatory redemption of the Series 2016-III Bonds allocable to the 2016-III Loan. In such cases, the Authority shall take back a second note equal to the full amount of the partial payment of claim paid, and shall remit to HUD its share of payments received on account of such second note within 15 days of the Authority's receipt thereof.

Insurance under the Risk-Share Program with respect to any mortgage loan may be terminated upon the occurrence of certain events, including the following: (i) the corresponding mortgage is paid in full; (ii) the Authority acquires the mortgaged property and notifies HUD that it will not file an insurance claim; (iii) a party other than the Authority acquires the applicable project at a foreclosure sale; (iv) the Authority notifies HUD of a voluntary termination; (v) the Authority or its successors commit fraud or make a material misrepresentation to HUD with respect to certain information; (vi) the receipt by HUD of an application for final claims settlement by the Authority; or (vii) the Authority acquires the applicable project and fails to make an initial claim.

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APPENDIX F-1

Form of Authority Continuing Disclosure Undertaking

AUTHORITY CONTINUING DISCLOSURE UNDERTAKING

This Continuing Disclosure Undertaking (this "**Disclosure Certificate**") is executed and delivered by the COLORADO HOUSING AND FINANCE AUTHORITY, a body corporate and political subdivision of the State of Colorado (the "**Authority**"), in connection with the issuance of its Federally Insured Multi-Family Housing Loan Program Pass-Through Revenue Bonds (Willow Street Residences Project), Series 2016-III (the "**Bonds**"). The Bonds are being issued pursuant to the Master Indenture of Trust dated as of June 1, 2013, as amended by the First Supplement to Master Indenture of Trust dated as of February 1, 2016 (the "**Master Indenture**") and the 2016-III Series Indenture dated as of August 1, 2016 (the "**Series Indenture**" and, together with the Master Indenture, the "**Indenture**"), each between the Authority and The Bank of New York Mellon Trust Company, N.A., as Trustee (the "**Trustee**").

BACKGROUND

1. The Bonds are being issued to provide funds expected to be used to fund a loan and to otherwise attain the goals of the Authority pursuant to the Colorado Housing and Finance Authority Act.
2. In order to allow the Participating Underwriter (as defined in Rule 15c2-12 defined below) of the Bonds to comply with Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities and Exchange Act of 1934 (17 CFR Part 240, § 240.15c2-12) as amended to the date hereof ("**Rule 15c2-12**"), the Authority has agreed to make certain continuing disclosure undertakings for the benefit of owners (including beneficial owners) of the Bonds.
3. This Disclosure Certificate is intended to satisfy the requirements of said Rule 15c2-12, as in effect on the date hereof.

AUTHORITY COVENANTS AND AGREEMENTS

Section 1. Definitions.

(a) "Annual Financial Information" means the financial information or operating data with respect to the 2016-III Loan and the 2016-III Housing Facility, delivered at least annually pursuant to Sections 2(a) and 2(b) hereof, of the type set forth in "PLAN OF FINANCE – The 2016-III Loan" and "THE 2016-III HOUSING FACILITY" of the Official Statement.

(b) "Audited Financial Statements" means the annual financial statements for the Borrower prepared in accordance with generally accepted accounting principles consistently applied, as in effect from time to time, audited by a firm of certified public accountants.

(c) "Borrower" means Willow Street Residences LLLP, a Colorado limited liability limited partnership.

(d) "Borrower Continuing Disclosure Undertaking" means the Borrower Continuing Disclosure Undertaking delivered by the Borrower for the benefit of owners of the Bonds on the date hereof.

(e) "EMMA" means the MSRB's Electronic Municipal Market Access System, with a portal at <http://emma.msrb.org>.

(f) "Events" means any of the events listed in Section 2(d) hereof.

(g) "MSRB" means the Municipal Securities Rulemaking Board. The current address of the MSRB is 1300 I Street, NW, Suite 1000, Washington, DC 20005; fax: 202-898-1500.

(h) "Official Statement" means the Official Statement delivered in connection with the original issue and sale of the Bonds.

(i) "Rule 15c2-12" means Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934, as amended (17 CFR Part 240, § 240.15c2-12), as the same may be amended from time to time.

(j) "SEC" means the Securities and Exchange Commission.

(k) "State" means the State of Colorado.

(l) "2016-III Housing Facility" means the 80-unit rental housing facility, the acquisition, rehabilitation and equipping of which is to be financed in part with the loan to be made with proceeds of the Bonds.

(m) "2016-III Loan" means the loan of proceeds of the Bonds by the Authority to the Borrower to finance a portion of the costs of the acquisition, rehabilitation and equipping of the 2016-III Housing Facility.

(n) "Underwriter" means Jefferies LLC, 520 Madison Avenue, 4th Floor, New York, New York 10022, which is the Participating Underwriter.

Section 2. Provision of Annual Information and Reporting of Events.

(a) Annually while the Bonds remain outstanding, the Authority agrees to provide or cause to be provided to EMMA (with a copy, upon request, to the Underwriter and so long as the Authority has received such information from the Borrower as required under the Borrower Continuing Disclosure Undertaking) the following information:

- i. Annual Financial Information; and
- ii. Audited Financial Statements, if prepared.

(b) Such Annual Financial Information shall be provided in accordance with Section 2(a) not later than 240 days after the end of each fiscal year for the Borrower. If not provided at the same time as the Annual Financial Information, the Audited Financial Statements will be provided when available and delivered to the Authority by the Borrower.

(c) The Authority may provide Annual Financial Information and Audited Financial Statements by specific reference to other documents, including information reports and official statements relating to other debt issues of the Authority, which have been submitted to EMMA or other repositories as required by Rule 15c2-12; provided, however, that if the document so referenced is a final official

statement within the meaning of Rule 15c2-12, such final official statement must also be available from the MSRB. The Authority shall clearly identify each such other document so incorporated by cross-reference.

(d)(1) At any time the Bonds are outstanding, in a timely manner not in excess of ten (10) business days after the occurrence of an Event, the Authority shall provide to EMMA notice of the occurrence of any of the following Events with respect to the Bonds (and so long as the Authority has received notice of such Events affecting the Borrower as required under the Borrower Continuing Disclosure Undertaking):

- (A) principal and interest payment delinquencies;
- (B) unscheduled draws on debt service reserves reflecting financial difficulties;
- (C) unscheduled draws on credit enhancements reflecting financial difficulties;
- (D) substitution of credit or liquidity providers, or their failure to perform;
- (E) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (F) defeasances;
- (G) rating changes;
- (H) tender offers; and
- (I) bankruptcy, insolvency, receivership, or similar event of any obligated person.

For the purposes of the Event identified in paragraph (2)(d)(1)(I) hereof, the Event is considered to occur when any of the following occur: (i) the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or (ii) the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(2) At any time the Bonds are outstanding, in a timely manner not in excess of ten (10) business days after the occurrence of an Event, the Authority shall provide to EMMA notice of the occurrence of any of the following Events with respect to the Bonds (and so long as the Authority has received notice of such Events affecting the Borrower as required under the Borrower Continuing Disclosure Undertaking), if material:

- (A) non-payment related defaults;
- (B) modifications to the rights of the beneficial owners of the Bonds;
- (C) bond calls;
- (D) release, substitution or sale of property securing repayment of the Bonds;
- (E) the consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms; and
- (F) appointment of a successor or additional trustee or a change in the name of a trustee.

(e) At any time the Bonds are outstanding, the Authority shall provide, in a timely manner, to EMMA, with a copy to the Underwriter, notice of any failure of the Authority to timely provide the Annual Financial Information and Audited Financial Statements as specified in Sections 2(a) and 2(b) hereof or the failure of the Borrower to timely provide such Annual Financial Information and Audited Financial Statements to the Authority as required under the Borrower Continuing Disclosure Undertaking.

Section 3. Method of Transmission. Subject to technical and economic feasibility, the Authority shall employ such methods of electronic or physical information transmission as is requested or recommended by the MSRB unless otherwise required by law.

Section 4. Enforcement. The obligations of the Authority hereunder shall be for the benefit of the owners (including beneficial owners) of the Bonds. The owner or beneficial owner of any Bonds is authorized to take action to seek specific performance by court order to compel the Authority to comply with its obligations under this Disclosure Certificate, which action shall be the exclusive remedy available to it or any other owners or beneficial owners of the Bonds; provided, that any owner or beneficial owner of Bonds seeking to require the Authority to comply with this Disclosure Certificate shall first provide at least 30 days' prior written notice to the Authority of the Authority's failure, giving reasonable detail of such failure following which notice the Authority shall have 30 days to comply. Any such action shall be brought only in a court of competent jurisdiction in the City and County of Denver, Colorado. Breach of the obligations of Authority hereunder shall not constitute an Event of Default under the Indenture and none of the rights and remedies provided by the Indenture shall be available to the owners of the Bonds or the Trustee therein appointed.

Section 5. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Authority from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other annual information or notice of occurrence of an event which is not an Event, in addition to that which is required by this Disclosure Certificate; provided that the Authority shall not be required to do so. If the Authority chooses to include any annual information or notice of occurrence of an event in addition to that which is specifically required by this Disclosure Certificate, the Authority shall have no obligation under this Disclosure Certificate to update such information or include it in any future annual filing or Event filing.

Section 6. Term. This Disclosure Certificate shall be in effect from and after issuance and delivery of the Bonds and shall extend to the earliest of (i) the date all principal and interest on the Bonds shall have been deemed paid or legally defeased pursuant to the terms of the Indenture; (ii) the date that the Authority shall no longer constitute an "obligated person" with respect to the Bonds within the meaning of Rule 15c2-12; or (iii) the date on which those portions of Rule 15c2-12 which require this Disclosure Certificate are determined to be invalid by a court of competent jurisdiction in a non-appealable action, have been repealed retroactively or otherwise do not apply to the Bonds, the determination of (i), (ii) or (iii) herein to be made in any manner deemed appropriate by the Authority, including by an opinion of counsel experienced in federal securities law selected by the Authority.

Section 7. Amendments and Waivers. Notwithstanding any other provision of this Disclosure Certificate, the Authority may amend this Disclosure Certificate from time to time, and any provision of this Disclosure Certificate may be waived, without the consent of the owners or beneficial owners of the Bonds upon the Authority's receipt of an opinion of counsel experienced in federal securities laws to the effect that such amendment or waiver will not adversely affect compliance with Rule 15c2-12. Any Annual Financial Information containing amended operating data or financial information will explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided. If an amendment changes the accounting principles to be followed in preparing financial statements, the Annual Financial Information for the year in which the change is made will present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The Authority shall provide notice of such amendment or waiver to EMMA as required by Rule 15c2-12 and the Underwriter.

Section 8. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Authority, the Underwriter and the owners (including beneficial owners) from time to time of the Bonds, and shall create no rights in any other person or entity.

Dated as of August 31, 2016.

COLORADO HOUSING AND FINANCE
AUTHORITY

By: _____
Chief Financial Officer

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APPENDIX F-2

Form of Borrower Continuing Disclosure Undertaking

BORROWER CONTINUING DISCLOSURE UNDERTAKING

This Continuing Disclosure Undertaking (the "**Disclosure Certificate**") is executed and delivered by WILLOW STREET RESIDENCES LLLP, a Colorado limited liability limited partnership (the "**Borrower**"), in connection with the issuance by the Colorado Housing and Finance Authority of its Federally Insured Multi-Family Housing Loan Program Pass-Through Revenue Bonds (Willow Street Residences Project), Series 2016-III (the "**Bonds**"). The Bonds are being issued pursuant to the Master Indenture of Trust dated as of June 1, 2013, as amended by the First Supplement to Master Indenture of Trust dated as of February 1, 2016 (the "**Master Indenture**") and the 2016-III Series Indenture dated as of August 1, 2016 (the "**Series Indenture**," and together with the Master Indenture, the "**Indenture**"), each between the Authority and The Bank of New York Mellon Trust Company, N.A., as Trustee (the "**Trustee**").

BACKGROUND

1. The Bonds are being issued to provide funds expected to be used to fund a loan and to otherwise attain the goals of the Authority pursuant to the Colorado Housing and Finance Authority Act.
2. In order to allow the Participating Underwriter (as defined in Rule 15c2-12 defined below) of the Bonds to comply with Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities and Exchange Act of 1934 (17 CFR Part 240, § 240.15c2-12) as amended to the date hereof ("**Rule 15c2-12**"), the Borrower has agreed to make certain continuing disclosure undertakings for the benefit of owners (including beneficial owners) of the Bonds.
3. This Disclosure Certificate is intended to satisfy the requirements of said Rule 15c2-12, as in effect on the date hereof.

BORROWER COVENANTS AND AGREEMENTS

Section 1. Definitions.

- (a) "Annual Financial Information" means the financial information or operating data with respect to the 2016-III Loan and the 2016-III Housing Facility, delivered at least annually pursuant to Section 2(a) and 2(b) hereof, of the type set forth in "PLAN OF FINANCE – The 2016-III Loan" and "THE 2016-III HOUSING FACILITY" of the Official Statement.
- (b) "Audited Financial Statements" means the annual financial statements for the Borrower prepared in accordance with generally accepted accounting principles, consistently applied, as in effect from time to time, audited by a firm of certified public accountants.
- (c) "Authority" means the Colorado Housing and Finance Authority.
- (d) "Authority Continuing Disclosure Undertaking" means the Authority Continuing Disclosure Undertaking delivered by the Authority for the benefit of owners of the Bonds on the date hereof.

(d) "EMMA" means the MSRB's Electronic Municipal Market Access System, with a portal at <http://emma.msrb.org>.

(e) "MSRB" means the Municipal Securities Rulemaking Board. The current address of the MSRB is 1300 I Street, NW, Suite 1000, Washington, DC 20005; fax: 202-898-1500.

(f) "Official Statement" means the Official Statement delivered in connection with the original issue and sale of the Bonds.

(g) "Rule 15c2-12" means Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934, as amended (17 CFR Part 240, § 240.15c2-12), as the same may be amended from time to time.

(h) "SEC" means the Securities and Exchange Commission.

(i) "State" means the State of Colorado.

(j) "2016-III Housing Facility" means the 80-unit rental housing facility, the acquisition, rehabilitation and equipping of which is to be financed with the loan to be made with proceeds of the Bonds.

(k) "2016-III Loan" means the loan of proceeds of the Bonds by the Authority to the Borrower to finance a portion of the costs of the acquisition, rehabilitation and equipping of the 2016-III Housing Facility.

(l) "Underwriter" means Jefferies LLC, 520 Madison Avenue, 4th Floor, New York, New York 10022, which is the Participating Underwriter.

Section 2. Provision of Annual Information; Event Notice.

(a) Commencing with the first fiscal year of the Borrower following the fiscal year of the Borrower in which this Agreement is executed and annually while the Bonds remain outstanding, the Borrower agrees to provide or cause to be provided annually to the Authority (with a copy, upon request, to the Underwriter) the Annual Financial Information and the Audited Financial Statements, if prepared.

(b) Such Annual Financial Information shall be provided to the Authority not later than 180 days after the end of each fiscal year for the Borrower. If not provided at the same time as the Annual Financial Information, the Audited Financial Statements will be provided when available. The Authority shall forward the Annual Financial Information and Audited Financial Statements so provided to EMMA upon receipt from the Borrower in accordance with the Authority Continuing Disclosure Undertaking. The Authority shall have no obligation to examine or review the Annual Financial Information and Audited Financial Statements, and shall have no duty to verify the accuracy or completeness of the Annual Financial Information and Audited Financial Statements.

(c) At any time the Bonds are outstanding, the Borrower shall provide, in a timely manner, to the Authority, notice of any failure of the Borrower to timely provide the Annual Financial Information or Audited Financial Statements as specified in Sections 2(a) and 2(b) hereof.

(d) At any time the Bonds are outstanding, the Borrower shall provide to the Authority, in a timely manner not in excess of five (5) business days after the occurrence, notice of any bankruptcy, insolvency or receivership, or the consummation of a merger, consolidation or acquisition involving the

Borrower or the sale of all or substantially all of the assets of the Borrower or any of its members, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms.

Section 3. Method of Transmission. Subject to technical and economic feasibility, the Authority shall employ such methods of electronic or physical information transmission as is requested or recommended by the MSRB unless otherwise required by law. The Borrower shall provide to the Authority Annual Financial Information and Audited Financial Statements in such form and by such means as shall be requested by the Authority from time to time to enable the Authority to comply with the preceding sentence.

Section 4. Enforcement. The obligations of the Borrower hereunder shall be for the benefit of the owners (including beneficial owners) of the Bonds. The owner or beneficial owner of any Bonds is authorized to take action to seek specific performance by court order to compel the Borrower to comply with its obligations under this Disclosure Certificate, which action shall be the exclusive remedy available to it or any other owners or beneficial owners of the Bonds; provided, that, any owner or beneficial owner of Bonds seeking to require the Borrower to comply with this Disclosure Certificate shall first provide at least 30 days' prior written notice to the Borrower of the Borrower's failure, giving reasonable detail of such failure following which notice the Borrower shall have 30 days to comply. Any such action shall be brought only in a court of competent jurisdiction in the City and County of Denver, Colorado. Breach of the obligations of the Borrower hereunder shall not constitute an Event of Default under the Indenture and none of the rights and remedies provided by the Indenture shall be available to the owners of the Bonds or the Trustee therein appointed.

Section 5. Additional Information. Nothing in the Disclosure Certificate shall be deemed to prevent the Borrower from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other annual information, in addition to that which is required by this Disclosure Certificate; provided that the Borrower shall not be required to do so. If the Borrower chooses to include any annual information in addition to that which is specifically required by this Disclosure Certificate, the Borrower shall have no obligation under this Disclosure Certificate to update such information or include it in any future annual filing.

Section 6. Term. This Disclosure Certificate shall be in effect from and after the issuance and delivery of the Bonds and shall extend to the earliest of (i) the date all principal and interest on the Bonds shall have been deemed paid or legally defeased pursuant to the terms of the Indenture; (ii) the date that the Borrower shall no longer constitute an "obligated person" with respect to the Bonds within the meaning of Rule 15c2-12; or (iii) the date on which those portions of Rule 15c2-12 which require this Disclosure Certificate are determined to be invalid by a court of competent jurisdiction in a non-appealable action, have been repealed retroactively or otherwise do not apply to the Bonds, the determination of (i), (ii) or (iii) herein to be made in any manner deemed appropriate by the Authority by an opinion of counsel experienced in federal securities law selected by the Authority.

Section 7. Amendments and Waivers. Notwithstanding any other provision of the Disclosure Certificate, the Borrower may amend this Disclosure Certificate from time to time, and any provision of this Disclosure Certificate may be waived, without the consent of the owners or beneficial owners of the Bonds upon the Borrower's receipt of an opinion of counsel experienced in federal securities laws satisfactory to and approved by the Authority, to the effect that such amendment or waiver will not adversely affect compliance with Rule 15c2-12. The Borrower shall provide notice of such amendment or waiver to the Authority and the Underwriter, and the Authority shall then forward such notice to EMMA.

Section 8. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Borrower, the Underwriter, the Authority and the owners (including beneficial owners) from time to time of the Bonds, and shall create no rights in any other person or entity.

Date: August 31, 2016.

WILLOW STREET RESIDENCES LLLP,
a Colorado limited liability limited partnership

By: Willow Street Ventures, LLC, a Colorado limited liability company, its General Partner

By: Community Housing Development Association, Inc., a Colorado nonprofit corporation, Manager

By: _____
Jo Ellen Davidson
Executive Director

AGREED to with regard to the Authority's duties under Sections 2(b), 3 and 7:

COLORADO HOUSING AND FINANCE AUTHORITY

By: _____
Chief Financial Officer