

## NEW ISSUE - Book-Entry Only

INTEREST ON THE 2016 SERIES A-1 BONDS IS INCLUDED IN GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES. In the opinion of Sherman & Howard L.L.C., Bond Counsel, assuming continuous compliance with certain covenants and representations described herein, interest on the 2016 Series A-2 Bonds is excluded from gross income under federal income tax laws pursuant to Section 103 of the Internal Revenue Code of 1986, as amended to the date of delivery of the 2016 Series A Bonds (the "Tax Code"), and interest on the 2016 Series A-2 Bonds is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code, except that such interest is required to be included in calculating the "adjusted current earnings" adjustment applicable to corporations for purposes of computing the alternative minimum taxable income of corporations. In addition, in the opinion of Bond Counsel, the 2016 Series A 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 2016 Series A Bonds. See "Part I – TAX MATTERS."



## COLORADO HOUSING AND FINANCE AUTHORITY

### Multi-Family/Project Class I Bonds (CHFA Headquarters Building Project)

**\$1,250,000**  
**Federally Taxable**  
**2016 Series A-1**

**\$10,475,000**  
**2016 Series A-2**  
**(non-AMT)**

**Dated:** Date of Delivery

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

The 2016 Series A Bonds shown above are being issued by the Colorado Housing and Finance Authority (the "Authority") as fully registered bonds pursuant to a Master Indenture of Trust dated as of March 1, 2000, as amended, and a 2016 Series A Indenture of Trust dated as of October 1, 2016, each between the Authority and Wells Fargo Bank, National Association, as Trustee. Proceeds of the 2016 Series A Bonds together with a contribution by the Authority are expected to be used to finance the costs of the remodeling and equipping of the Authority's headquarters building as described herein and to fund costs of issuance of the 2016 Series A Bonds, in accordance with the 2016 Series A Indenture.

The 2016 Series A Bonds will bear interest at the fixed interest rates shown on the inside front cover. Interest on the 2016 Series A Bonds will be payable on each April 1 and October 1, commencing on April 1, 2017, on any redemption date and at maturity.

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

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### MATURITY SCHEDULES ON INSIDE COVER

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*The 2016 Series A Bonds are subject to optional and mandatory sinking fund redemption at par prior to maturity as described herein.*

The Master Indenture provides for four classes of Obligations (which may be Bonds or Derivative Products) thereunder – Class I, Class II, Class III and Class IV Obligations. The 2016 Series A Bonds are Class I Obligations, payable from the revenues, assets and moneys pledged under the Indenture as described herein on an equal and ratable basis with all other Class I Obligations now or hereafter outstanding under the Master Indenture. Additional Obligations may be issued by the Authority under the Master Indenture in each of the four Classes and as general obligations of the Authority upon delivery of a Cash Flow Statement and satisfaction of certain other conditions as set forth in the Master Indenture. **In no event shall the 2016 Series A 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 2016 Series A Bonds).**

*This cover page contains only a brief description of the Authority, the 2016 Series A Bonds and the security therefor. It is not intended to be a summary of material information with respect to the 2016 Series A 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 "Part II – CERTAIN BONDOWNERS' RISKS."*

The 2016 Series A Bonds are offered when, as and if issued and delivered to the Underwriters, 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 Underwriters are being represented in connection with their purchase of the 2016 Series A Bonds by their counsel, Stradling Yocca Carlson & Rauth, P.C., Denver, Colorado. CSG Advisors Incorporated is serving as municipal advisor to the Authority in connection with the issuance of the 2016 Series A Bonds. It is expected that the 2016 Series A Bonds will be delivered (through DTC) in New York, New York on or about October 25, 2016.

## STIFEL

**BofA Merrill Lynch**  
**D.A. Davidson & Co.**  
**RBC Capital Markets**

**Barclays**  
**George K. Baum & Company**  
**Wells Fargo Securities**

Dated: October 20, 2016

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## MATURITY SCHEDULES

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**Federally Taxable  
2016 Series A-1 Bonds  
(CUSIP 6-digit issuer no. 196479<sup>†</sup>)**

<u>Maturity (October 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Price</u>	<u>CUSIP<sup>†</sup></u>
2017	\$350,000	0.880%	100%	ZX0
2018	330,000	1.211	100	ZY8
2019	335,000	1.465	100	ZZ5
2020	235,000	1.686	100	A25

**2016 Series A-2 Bonds  
(CUSIP 6-digit issuer no. 196479<sup>†</sup>)**

<u>Maturity (October 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Price</u>	<u>CUSIP<sup>†</sup></u>
2020	\$100,000	3.000%	106.695%	ZG7
2021	345,000	3.000	107.699	ZH5
2022	355,000	3.000	108.365	ZJ1
2023	365,000	3.000	108.467	ZK8
2024	375,000	3.000	108.141	ZL6
2025	385,000	2.100	100.000	ZM4
2026	395,000	4.000	114.350 <sup>c</sup>	ZN2
2027	410,000	4.000	112.966 <sup>c</sup>	ZP7
2028	430,000	4.000	111.601 <sup>c</sup>	ZQ5
2029	445,000	4.000	110.507 <sup>c</sup>	ZR3
2030	465,000	4.000	109.839 <sup>c</sup>	ZS1
2031	480,000	4.000	109.424 <sup>c</sup>	ZT9

\$1,015,000 of 3.150% Term Bonds due October 1, 2033 – Price: 100% (CUSIP: ZU6<sup>†</sup>)  
 \$1,660,000 of 4.000% Term Bonds due October 1, 2036 – Price: 107.865%<sup>c</sup> (CUSIP: ZV4<sup>†</sup>)  
 \$3,250,000 of 4.000% Term Bonds due October 1, 2041 – Price: 106.893%<sup>c</sup> (CUSIP: ZW2<sup>†</sup>)

<sup>†</sup> Neither the Authority nor the Underwriters take any responsibility for the accuracy of the CUSIP numbers, which are being provided solely for the convenience of the owners of the 2016 Series A Bonds.

<sup>c</sup> Priced to the first call date of October 1, 2025 at 100%.

No dealer, broker, salesman or other person has been authorized by the Colorado Housing and Finance Authority or by the Underwriters to give any information or to make any representations, other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. The information in this Official Statement is subject to change without notice, and neither the delivery of this Official Statement nor any sale hereunder, under any circumstance, creates any implication that there has been no change in the affairs of the Authority or otherwise since the date hereof. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the 2016 Series A 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 2016 Series A Bonds is contained in this Official Statement. While the Authority maintains an Internet website for various purposes, none of the information on this website is intended to assist investors in making any investment decision or to provide any continuing information (except in the case of the limited information provided in the section entitled "For Investors") with respect to the Bonds (including the 2016 Series A Bonds), the Borrowers, the Authority Projects, the Loans, or any other bonds or obligations of the Authority.

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

**THE PRICES AT WHICH THE 2016 SERIES A BONDS ARE OFFERED TO THE PUBLIC BY THE UNDERWRITERS (AND THE YIELDS RESULTING THEREFROM) MAY VARY FROM THE INITIAL PUBLIC OFFERING PRICES APPEARING ON THE FRONT COVER PAGE HEREOF. IN ADDITION, THE UNDERWRITERS MAY ALLOW CONCESSIONS OR DISCOUNTS FROM SUCH INITIAL PUBLIC OFFERING PRICES TO DEALERS AND OTHERS. IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE 2016 SERIES A 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 2016 Series A 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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**This Official Statement is comprised of the front cover page, inside front cover,  
Parts I and II and the Appendices.**

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## OFFICIAL STATEMENT

### COLORADO HOUSING AND FINANCE AUTHORITY Multi-Family/Project Class I Bonds (CHFA Headquarters Building Project)

**\$1,250,000**  
**Federally Taxable**  
**2016 Series A-1**

**\$10,475,000**  
**2016 Series A-2**  
**(non-AMT)**

## PART I

### INTRODUCTION

This Official Statement, which includes the front cover page, the inside front cover, this Part I, Part II and the Appendices hereto, provides certain information concerning the Colorado Housing and Finance Authority (the "**Authority**") and otherwise in connection with the offer and sale of the above-captioned Federally Taxable Multi-Family/Project Class I Bonds (CHFA Headquarters Building Project), 2016 Series A-1 (the "**2016 Series A-1 Bonds**") and Multi-Family/Project Class I Bonds (CHFA Headquarters Building Project), 2016 Series A-2 (the "**2016 Series A-2 Bonds**" and, collectively with the 2016 Series A-1 Bonds, the "**2016 Series A Bonds**"). The 2016 Series A Bonds are being issued pursuant to the Master Indenture of Trust dated as of March 1, 2000, as amended (the "**Master Indenture**"), and the 2016 Series A Indenture dated as of October 1, 2016 (the "**2016 Series A Indenture**," and together with the Master Indenture, the "**Indenture**"), each between the Authority and Wells Fargo Bank, National Association, Denver, Colorado, as Trustee (the "**Trustee**"). Capitalized terms used herein and not defined have the meanings specified in the Indenture. See "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE" in **Appendix C** to this Official Statement.

*This introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by the information contained in, the entire Official Statement, including the front cover page, this Part I, Part II hereof and the Appendices hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement. The offering of 2016 Series A Bonds to potential investors is made only by means of the entire Official Statement. This Official Statement does not constitute a contract between the Authority or the Underwriters, and any one or more owners of the 2016 Series A 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 "Part II – COLORADO HOUSING AND FINANCE AUTHORITY – Programs to Date." The Authority is governed by a Board of Directors and is authorized to issue its bonds, notes and other obligations in order to provide sufficient funds to achieve its purposes. *For financial information concerning the Authority, see "Part II – COLORADO HOUSING AND FINANCE AUTHORITY – Selected Financial Information" and certain financial statements of the Authority attached hereto as **Appendix A**.*

## **Authority for Issuance**

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

## **Purposes of the 2016 Series A Bonds**

Proceeds of the 2016 Series A Bonds and amounts contributed by the Authority will be used to finance the costs of the remodeling and equipping, including the costs of relocation during construction, of the Authority's headquarters building (the "**2016A Authority Project**") and to fund the Underwriters' fee and other costs of issuance relating to the 2016 Series A Bonds, as described in "Part I – PLAN OF FINANCE."

## **Description of the 2016 Series A Bonds**

### *Interest Rates and Payments*

Interest on the 2016 Series A Bonds is payable at the rates shown on the front cover page hereof on April 1, 2017 and thereafter semiannually on April 1 and October 1 of each year, to be computed on the basis of a 360-day year of twelve 30-day months. See "Part I – TERMS OF THE 2016 SERIES A BONDS – General Terms – Principal Payment; Maturity." The 2016 Series A Bonds are to be issued in denominations of \$5,000 and any integral multiple thereof. Principal of the 2016 Series A Bonds is payable in the amounts and on the dates shown on the front cover page hereof, subject to prior redemption.

### *Redemption*

The 2016 Series A Bonds are subject to optional and mandatory sinking fund redemption at par prior to maturity as described under "Part I – TERMS OF THE 2016 SERIES A BONDS – Prior Redemption."

**For a more complete description of the 2016 Series A Bonds and the Indenture pursuant to which such 2016 Series A Bonds are being issued, see "Part I – TERMS OF THE 2016 SERIES A BONDS" and Appendix C – "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE."**

## **Security and Sources of Payment**

All obligations under the Master Indenture (which may be Bonds or Derivative Products and may be outstanding as Class I, Class II, Class III or Class IV Obligations and are herein referred to as "**Obligations**") will be secured by and payable from all of the Authority's rights and interests in and to the revenues, assets and moneys pledged under the Master Indenture, in particular the Revenues, the Loans, the Authority Projects and the moneys held in the Debt Service Reserve Fund, the Revenue Fund and the other funds and accounts under the Master Indenture (collectively, the "**Trust Estate**"). See "Part II – SECURITY FOR THE BONDS AND DERIVATIVE PRODUCTS" and **Appendix G** – "CERTAIN INFORMATION ABOUT THE MASTER INDENTURE LOAN PORTFOLIO, AUTHORITY PROJECTS AND FUND BALANCES." In accordance with the Indenture, Obligations may also be designated as General Obligations of the Authority, although there is no present intention to designate the 2016 Series A Bonds as General Obligations. As of July 1, 2016, Bonds issued under the Master Indenture were outstanding in the aggregate principal amount of \$493,945,000, with \$305,710,000



outstanding as Class I Bonds and \$188,235,000 outstanding as Class II Bonds. Certain Outstanding Class I Bonds have been designated as General Obligations of the Authority. There are no Class III or Class IV Obligations currently outstanding under the Master Indenture. See "Part II – COLORADO HOUSING AND FINANCE AUTHORITY – Obligations of the Authority – Summary of Certain Authority Obligations" and **Appendix B** – "OUTSTANDING MASTER INDENTURE OBLIGATIONS."

The 2016 Series A Bonds are being issued as Class I Obligations pursuant to the Indenture and will be secured by and payable from the Trust Estate as described herein. The Trust Estate is pledged under the Indenture to secure the Class I Obligations as a first priority lien, as described in "Part II – SECURITY FOR THE BONDS AND DERIVATIVE PRODUCTS – Pledge of Trust Estate." In the 2016 Series A Indenture, the Authority is covenanting to deposit into the 2016 Series A subaccount of the Revenue Fund amounts sufficient at all times to pay principal and interest on the 2016 Series A Bonds when due. Such payments will be Revenues in the Trust Estate, but shall only be used to pay principal and interest on the 2016 Series A Bonds. See "Part I – PLAN OF FINANCE – Authority Payment Covenant." The Debt Service Reserve Fund Requirement for the 2016 Series A Bonds will be zero, although the 2016 Series A Bonds will be secured by the Debt Service Reserve Fund established as part of the Trust Estate, as described in "Part II – SECURITY FOR THE BONDS AND DERIVATIVE PRODUCTS – Debt Service Reserve Fund."

**In no event shall the 2016 Series A Bonds constitute an obligation or liability of the State or any political subdivision thereof. The Authority has no taxing power nor does it have the power to pledge the general credit or the taxing power of the State or any political subdivision thereof (other than the general credit of the Authority, which general credit is not being pledged for payment of the 2016 Series A Bonds).**

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

In connection with the issuance and sale of the 2016 Series A Bonds, Sherman & Howard L.L.C., as Bond Counsel to the Authority, will deliver an opinion in the form included as **Appendix E** 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 Underwriters are being represented in connection with their purchase of the 2016 Series A Bonds by their counsel, Stradling Yocca Carlson & Rauth, P.C. See "Part I – LEGAL MATTERS." CSG Advisors Incorporated is serving as municipal advisor to the Authority in connection with the issuance of the 2016 Series A Bonds. See "Part I – MUNICIPAL ADVISOR."

### **Continuing Disclosure Undertaking**

In connection with the issuance of the 2016 Series A Bonds, the Authority will deliver a Continuing Disclosure Undertaking, in the form attached as **Appendix H** hereto, by which the Authority will agree to make available by filing with the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System ("**EMMA**"), in compliance with Rule 15c2-12 of the Securities Exchange Act of 1934 ("**Rule 15c2-12**"), certain Annual Financial Information (as defined in the Continuing Disclosure Undertaking) and Audited Financial Statements relating to the Authority, commencing with the fiscal year ending December 31, 2016, and notice of certain events. See "Part I – AVAILABILITY OF CONTINUING DISCLOSURE."

### **Investment Considerations**

*The purchase and ownership of the 2016 Series A Bonds involve investment risks. Prospective purchasers of the 2016 Series A 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 2016 Series A Bonds, see "Part II – CERTAIN BONDOWNERS' RISKS."*

## TERMS OF THE 2016 SERIES A BONDS

### General Terms

#### *Principal Payment; Maturity*

The 2016 Series A Bonds, to be dated the date of delivery thereof, will mature, subject to prior redemption as described in "Prior Redemption" under this caption, in the amounts and on the dates as shown on the inside front cover of this Official Statement. The principal or redemption price of the 2016 Series A Bonds is payable to Cede & Co. as long as it is the registered owner of each of the 2016 Series A Bonds.

#### *Interest Rates; Payment of Interest*

The 2016 Series A Bonds will bear interest at the rates per annum shown on the front cover page of this Official Statement. Interest on the 2016 Series A Bonds will be payable on each Interest Payment Date to Cede & Co. as long as it is the registered owner of each of the 2016 Series A Bonds, commencing on April 1, 2017, and at maturity. Interest on the 2016 Series A Bonds will be computed on the basis of a 360-day year of twelve 30-day months.

#### *Authorized Denominations*

The 2016 Series A Bonds are issuable in denominations of \$5,000 and any integral multiple thereof.

#### *Book-Entry System*

The Depository Trust Company, New York, New York ("**DTC**") will act as securities depository for the 2016 Series A Bonds. The ownership of one fully registered Bond for each maturity as set forth on the inside front cover of this Official Statement, each in the aggregate principal amount of such maturity, will be registered in the name of Cede & Co., as nominee for DTC. Information concerning the book-entry system provided by DTC is set forth in **Appendix F – "BOOK-ENTRY SYSTEM."** **So long as the 2016 Series A Bonds are registered in the DTC book-entry form described in Appendix F, each Beneficial Owner of a 2016 Series A Bond should make arrangements with a Participant in DTC to receive notices or communications with respect to matters concerning the 2016 Series A Bonds.**

#### *Defeasance and Discharge*

The Indenture provides the Authority with the right to discharge the pledge and lien created by the Indenture with respect to any 2016 Series A Bonds by depositing with the Trustee or the Paying Agent sufficient moneys or Defeasance Securities to pay when due the principal or Redemption Price of, if applicable, and interest due or to become due on such 2016 Series A Bonds at the maturity or redemption thereof. See **Appendix C – "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Defeasance."**

## Prior Redemption

### *Optional Redemption*

The 2016 Series A-2 Bonds maturing on or after October 1, 2026 are subject to redemption at the option of the Authority, on or after October 1, 2025, in whole or in part at any time, at a Redemption Price equal to 100% of the principal amount thereof plus the accrued interest thereon to the date of redemption, from any source, including without limitation the proceeds of refunding bonds or other financing provided by the Authority or from the sale or other voluntary disposition of Loans and Authority Projects. The 2016 Series A-1 Bonds are not optionally redeemable.

### *Mandatory Sinking Fund Redemption*

The 2016 Series A-2 Bonds maturing on October 1, 2033 (the "**2033 Term Bonds**") shall be redeemed prior to their maturity, in part, by payment of 2016 Series A Class I Sinking Fund Installments, upon notice as provided in the Indenture and described in "Notice of Redemption" under this caption, on each of the dates set forth below and in the respective principal amounts set forth opposite each such date, in each case at a Redemption Price of 100% of the principal amount of such 2033 Term Bonds or portions thereof to be so redeemed, plus accrued interest to the redemption date as follows:

#### **2033 Term Bonds**

<u>Date</u> <u>(October 1)</u>	<u>Class I</u> <u>Sinking Fund</u> <u>Installments</u>
2032	\$500,000
2033 <sup>(1)</sup>	515,000

<sup>(1)</sup> Final maturity

The 2016 Series A-2 Bonds maturing on October 1, 2036 (the "**2036 Term Bonds**") shall be redeemed prior to their maturity, in part, by payment of 2016 Series A Class I Sinking Fund Installments, upon notice as provided in the Indenture and described in "Notice of Redemption" under this caption, on each of the dates set forth below and in the respective principal amounts set forth opposite each such date, in each case at a Redemption Price of 100% of the principal amount of such 2036 Term Bonds or portions thereof to be so redeemed, plus accrued interest to the redemption date as follows:

#### **2036 Term Bonds**

<u>Date</u> <u>(October 1)</u>	<u>Class I</u> <u>Sinking Fund</u> <u>Installments</u>
2034	\$530,000
2035	555,000
2036 <sup>(1)</sup>	575,000

<sup>(2)</sup> Final maturity

The 2016 Series A-2 Bonds maturing on October 1, 2041 (the "**2041 Term Bonds**") shall be redeemed prior to their maturity, in part, by payment of 2016 Series A Class I Sinking Fund Installments, upon notice as provided in the Indenture and described in "Notice of Redemption" under this caption, on each of the dates set forth below and in the respective principal amounts set forth opposite each such date, in each case at a Redemption Price of 100% of the principal amount of such 2041 Term Bonds or portions thereof to be so redeemed, plus accrued interest to the redemption date as follows:

### **2041 Term Bonds**

Date (October 1)	Class I Sinking Fund Installments
2037	\$600,000
2038	625,000
2039	650,000
2040	675,000
2041 <sup>(1)</sup>	700,000

<sup>(3)</sup> Final maturity

Upon any purchase pursuant to the Indenture or redemption (other than mandatory sinking fund redemption) of the 2016 Series A-2 Bonds for which 2016 Series A Class I Sinking Fund Installments have been established, there shall be credited toward each 2016 Series A Class I Sinking Fund Installment thereafter to become due an amount bearing the same ratio to such 2016 Series A Class I Sinking Fund Installment as (i) the total principal amount of such 2016 Series A-2 Bonds so purchased or redeemed bears to (ii) the total amount of all such Class I Sinking Fund Installments to be credited. If, however, there shall be filed with the Trustee an Authority Request specifying a different method for crediting 2016 Series A Class I Sinking Fund Installments upon any such purchase or redemption of 2016 Series A-2 Bonds and certifying that such request is consistent with the most recently filed Cash Flow Statement Related to the 2016 Series A-2 Bonds, then such 2016 Series A Class I Sinking Fund Installments shall be so credited as shall be provided in such Authority Request.

#### *Selection of 2016 Series A Bonds for Partial Redemption*

Other than with respect to redemptions from 2016 Series A Class I Sinking Fund Installments, if less than all of the 2016 Series A Bonds are to be redeemed, except as otherwise directed by an Authority Request that certifies that such request is consistent with the most recently filed Cash Flow Statement, the Bond Registrar shall select a pro rata amount of the 2016 Series A Bonds of each maturity for redemption. If less than all the 2016 Series A Bonds of like maturity are to be redeemed, the particular 2016 Series A Bonds or the respective portions thereof to be redeemed shall be selected randomly by lot by the Bond Registrar in such manner as the Bond Registrar in its discretion deems fair and appropriate.

#### *Notice of Redemption*

When any 2016 Series A 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 25 days prior to the redemption date with respect to the 2016 Series A Bonds, to the registered owner of each 2016 Series A 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 2016 Series A Bond with respect to which no such failure or defect has occurred.

**If DTC or its nominee is the registered owner of any 2016 Series A Bonds to be redeemed, notice of redemption will only be given to DTC or its nominee as the registered owner of such 2016 Series A 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 2016 Series A Bond to be redeemed shall not affect the validity of the redemption of such 2016 Series A Bond. See Appendix F – "BOOK-ENTRY SYSTEM."**

### **Purchase in Lieu of Redemption**

If Bonds of any particular Series, Class 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, Class and maturity of Bonds for which an election to purchase in lieu of redemption pursuant to this Master Indenture 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.

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 the Master Indenture. 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 the Master Indenture, from the Class I Debt Service Fund in accordance with the Master Indenture, from the Class II Debt Service Fund in accordance with the Master Indenture, from the Class III Debt Service Fund in accordance with the Master Indenture, or from the Class IV Debt Service Fund in accordance with the Master Indenture to pay accrued interest on such Bonds purchased pursuant to the Master Indenture.

**PLAN OF FINANCE**

**Sources and Uses of Funds**

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

	<u>Estimated Amounts</u>
<b>SOURCES OF FUNDS:</b>	
Proceeds of the 2016 Series A Bonds .....	\$11,725,000.00
Original issue premium .....	776,437.20
Authority contribution .....	<u>281,312.00</u>
<b>TOTAL SOURCES OF FUNDS .....</b>	<b><u>\$12,782,749.20</u></b>
<b>USES OF FUNDS:</b>	
To fund the 2016A Authority Project <sup>(1)</sup> .....	\$12,501,437.20
For Underwriters' fee and other costs of issuance <sup>(2)</sup> .....	<u>281,312.00</u>
<b>TOTAL USES OF FUNDS.....</b>	<b><u>\$12,782,749.20</u></b>

<sup>(1)</sup> To be deposited to the 2016 Series A subaccount of the Acquisition Fund and used to fund the 2016A Authority Project. See "The 2016A Authority Project" under this caption.  
<sup>(2)</sup> Includes Underwriters' fee, legal costs and expenses, fees of the Municipal Advisor and rating agencies and other expenses associated with issuance of the 2016 Series A Bonds. See "Part I- UNDERWRITING."

**The 2016A Authority Project**

Proceeds of the 2016 Series A Bonds and certain amounts contributed by the Authority will be used to finance the costs of the remodeling and equipping, including the costs of relocation during construction, of the Authority's headquarters building (the "**Headquarters Building**") located at 1981 Blake Street, in Denver, Colorado (the "**2016A Authority Project**"). The remodeling of the Headquarters Building is expected to commence in November 2016 and take approximately eight (8) months.

**Authority Payment Covenant**

In the 2016 Series A Indenture, the Authority is covenanting to deposit into the 2016 Series A subaccount of the Revenue Fund amounts sufficient at all times to pay the principal of and interest on the 2016 Series A Bonds when due. Revenues constituting payments made by the Authority for deposit to the 2016 Series A subaccount of the Revenue Fund with respect to the 2016A Authority Project shall be used to pay the principal of and interest on the 2016 Series A Bonds, and not to pay principal of or interest on any other Bonds.

**No Debt Service Reserve Fund Requirement**

According to the 2016 Series A Indenture, the Debt Service Reserve Fund Requirement for the 2016 Series A Bonds will be zero. However, the 2016 Series A Bonds will be secured by the Debt Service Reserve Fund held under the Master Indenture as described in "Part II – SECURITY FOR THE BONDS AND DERIVATIVE PRODUCTS – Debt Service Reserve Fund."

## **2016A Investments**

Amounts in the 2016 Series A subaccount of the Debt Service Fund and the Revenue Fund will be invested by the Trustee at the direction of the Authority in certain permitted Investment Securities pursuant to the terms of the Master Indenture. See **Appendix C – "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Certain Definitions – Investment Securities"** for a description of the permitted Investment Securities in which such amounts may be invested.

## **TAX MATTERS**

### **2016 Series A-2 Bonds**

In the opinion of Sherman & Howard L.L.C., Bond Counsel, assuming continuous compliance with certain covenants described below, interest on the 2016 Series A-2 Bonds is excluded from gross income under federal income tax laws pursuant to Section 103 of the Internal Revenue Code of 1986, as amended to the date of delivery of the 2016 Series A-2 Bonds (the "**Tax Code**"), and interest on the 2016 Series A-2 Bonds is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code, except that such interest is required to be included in calculating the "adjusted current earnings" adjustment applicable to corporations for purposes of computing the alternative minimum taxable income of corporations as described below.

The Tax Code imposes several requirements which must be met with respect to the 2016 Series A-2 Bonds in order for the interest thereon to be excluded from gross income and alternative minimum taxable income (except to the extent of the aforementioned adjustment applicable to corporations). Certain of these requirements must be met on a continuous basis throughout the term of the 2016 Series A-2 Bonds. These requirements include: (a) limitations as to the use of proceeds of the 2016 Series A-2 Bonds; (b) limitations on the extent to which proceeds of the 2016 Series A-2 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 2016 Series A-2 Bonds above the yield on the 2016 Series A-2 Bonds to be paid to the United States Treasury.

The Authority will covenant and represent in the Indenture that it will not take any action or omit to take any action with respect to the 2016 Series A-2 Bonds, the proceeds thereof, any other funds of the Authority or any facilities financed with the proceeds of the 2016 Series A-2 Bonds if such action or omission would cause the interest on the 2016 Series A-2 Bonds to lose its exclusion from gross income and alternative minimum taxable income (except to the extent of the aforementioned adjustment applicable to corporations) for federal income tax purposes under Section 103 of the Code. Bond Counsel's opinion as to the exclusion of interest on the 2016 Series A-2 Bonds from gross income and alternative minimum taxable income (to the extent described above) is rendered in reliance on these covenants, and assumes continuous compliance therewith. The failure or inability of the Authority to comply with these requirements could cause the interest on the 2016 Series A-2 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.

Section 55 of the Tax Code contains a 20% alternative minimum tax on the alternative minimum taxable income of corporations. Under the Tax Code, 75% of the excess of a corporation's "adjusted current earnings" over the corporation's alternative minimum taxable income (determined without regard to this adjustment and the alternative minimum tax net operating loss deduction) is included in the

corporation's alternative minimum taxable income for purposes of the alternative minimum tax applicable to the corporation. "Adjusted current earnings" includes interest on the 2016 Series A-2 Bonds.

The Tax Code contains numerous provisions which may affect an investor's decision to purchase the 2016 Series A-2 Bonds. Owners of the 2016 Series A-2 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 2016 Series A-2 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 2016 Series A-2 Bonds were sold at a premium, representing a difference between the original offering price of those 2016 Series A-2 Bonds and the principal amount thereof payable at maturity. Under certain circumstances, an initial owner of such 2016 Series A-2 Bonds may realize a taxable gain upon their disposition, even though such 2016 Series A-2 Bonds are sold or redeemed for an amount equal to the owner's acquisition cost. Bond Counsel's opinion with respect to the 2016 Series A-2 Bonds relates only to the exclusion of interest on the 2016 Series A-2 Bonds to the extent described above from gross income and from alternative minimum taxable income under federal income tax laws as described above, and the exclusion of the 2016 Series A-2 Bonds from certain State of Colorado taxation as described below, 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 2016 Series A-2 Bonds. Owners of the 2016 Series A-2 Bonds should consult their own tax advisors as to the applicability of these consequences.

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 2016 Series A-2 Bonds. If an audit is commenced, the market value of the 2016 Series A-2 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 2016 Series A-2 Bonds to lose its exclusion from gross income under the Tax Code. None of the Authority, the Underwriters or Bond Counsel is responsible for paying or reimbursing any Registered Owner or Beneficial Owner for any audit or litigation costs relating to the 2016 Series A-2 Bonds.

### **Federally Taxable 2016 Series A-1 Bonds**

IN THE OPINION OF BOND COUNSEL, THE INTEREST ON THE 2016 SERIES A-1 BONDS IS INCLUDED IN GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES PURSUANT TO THE TAX CODE.

Bond Counsel will express no other opinion as to any tax consequences regarding the 2016 Series A-1 Bonds. Owners of the 2016 Series A-1 Bonds should consult with their own tax advisors as the tax consequences pertaining to the 2016 Series A-1 Bonds, such as the consequences of a sale, transfer,



redemption or other disposition of the 2016 Series A-1 Bonds prior to stated maturity, and as to other applications of federal, state, local or foreign tax laws.

### **Colorado Tax Treatment of 2016 Series A Bonds**

In the opinion of Bond Counsel, the 2016 Series A 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 2016 Series A Bonds.

### **Other**

The opinions expressed by Bond Counsel are based on existing law as of the delivery date of the 2016 Series A 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 2016 Series A Bonds, the exclusion of interest on the 2016 Series A-2 Bonds from gross income or from alternative minimum taxable income under federal income tax laws as described above and the exclusion of the 2016 Series A Bonds from certain Colorado taxation as described above, or any combination thereof from the date of issuance of the 2016 Series A 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 2016 Series A Bonds. Bond Owners are advised to consult with their own advisors with respect to such matters.

## **UNDERWRITING**

The 2016 Series A Bonds are to be purchased from the Authority by the Underwriters listed on the cover page of this Official Statement (the "**Underwriters**"). The Underwriters have agreed, subject to certain conditions, to purchase all but not less than all of the 2016 Series A-1 Bonds at a price equal to \$1,250,000 (being the par amount of the 2016 Series A-1 Bonds) and all of the 2016 Series A-2 Bonds at a price equal to \$11,251,437.20 (being the par amount of the 2016 Series A-2 Bonds plus \$776,437.20 as original issue premium. In consideration of its purchase of the 2016 Series A Bonds, the Underwriters are being paid a fee (including expenses) of \$116,312 at closing. The initial public offering price may be changed from time to time by the Underwriters.

George K. Baum & Company and Pershing LLC, a subsidiary of The Bank of New York Mellon Corporation, have a distribution agreement enabling Pershing LLC to obtain and distribute certain municipal securities underwritten by or allocated to George K. Baum & Company. Under the distribution agreement, George K. Baum & Company will allocate a portion of received takedowns, fees or commissions to Pershing for bonds sold under the agreement.

## **FORWARD-LOOKING STATEMENTS**

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

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS,

PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE AUTHORITY DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN ITS EXPECTATIONS, OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR.

## LITIGATION

At the time of the delivery of and payment for the 2016 Series A 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 2016 Series A 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 2016 Series A Bonds, the Indenture or the contract for the purchase of the 2016 Series A Bonds.

## RATINGS

Standard & Poor's Ratings Services, a Division of The McGraw-Hill Companies, Inc. ("**S&P**") and Moody's Investors Service ("**Moody's**") have given the 2016 Series A Bonds ratings of "AAA" and "Aaa," respectively, both with a stable outlook. The outstanding Class I Bonds under the Master Indenture are so rated at the present time. Such ratings reflect only the views of Moody's and S&P, respectively, at the time such ratings are given, and are not a recommendation to buy, sell or hold the 2016 Series A Bonds. The Authority makes no representation as to the appropriateness of such ratings. An explanation of the significance of and the methodology with respect to the ratings given by Moody's and S&P, respectively, may be obtained from Moody's and S&P, respectively. Generally, a rating agency bases its rating on the information and materials furnished it and on investigations, studies and assumptions of its own. There is no assurance that any such rating will continue for any given period of time or that any such rating will not be revised downward or withdrawn entirely by Moody's or S&P, respectively, if, in the judgment of the issuing rating agency, circumstances so warrant. Therefore, after the date hereof, investors should not assume that such ratings are still in effect. Any such downward revision or withdrawal of any such rating may have an adverse effect on the marketability or market price of the 2016 Series A Bonds. The Authority has no obligation to oppose, or to provide Owners of the 2016 Series A Bonds with notice of, any such revision or withdrawal of a rating, except in connection with the reporting of events as provided in the Continuing Disclosure Undertaking (see **Appendix H** to this Official Statement).

## LEGAL MATTERS

In connection with the issuance and sale of the 2016 Series A Bonds, Sherman & Howard L.L.C., as Bond Counsel, will deliver the opinion included as **Appendix E** hereto. Hogan Lovells US LLP will pass upon certain legal matters as Disclosure Counsel to the Authority. Certain legal matters will be passed upon for the Authority by Charles K. Knight, Esq., its General Counsel. Stradling Yocca Carlson & Rauth, P.C. will pass upon certain matters for the Underwriters.

None of Sherman & Howard L.L.C., Hogan Lovells US LLP or Stradling Yocca Carlson & Rauth, P.C. have participated in any independent verification of the information concerning the financial condition or capabilities of the Authority, the Loans or the Authority Projects 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 2016 Series A 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 2016 Series A Bonds.

## CERTAIN RELATIONSHIPS OF PARTIES

Barclays Capital Inc., D.A. Davidson & Co., George K. Baum & Company and RBC Capital Markets, LLC, which are serving as Underwriters of the 2016 Series A Bonds, serve as remarketing agents for various other Series of Bonds under the Master Indenture. Affiliates of Barclays Capital Inc., Merrill Lynch, Pierce, Fenner & Smith Incorporated and RBC Capital Markets, LLC, which are serving as Underwriters of the 2016 Series A Bonds, have provided Derivative Products in connection with other Series of Bonds under the Master Indenture as described in **Appendix B** hereto.

## AVAILABILITY OF CONTINUING INFORMATION

In connection with the issuance of the 2016 Series A Bonds, the Authority will deliver a Continuing Disclosure Undertaking, in the form attached as **Appendix H** 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 Authority not later than 240 days following the end of the Authority's fiscal year and notice of certain events.

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.

The Authority learned that the S&P rating on its 2007 Series A-3 (Class III) Single Family Revenue Bonds, which are now fully retired, was upgraded in 2014 as a result of an upgrade to the rating of MBIA Insurance Corporation which was then insuring those Bonds. The Authority was never notified by S&P of this rating change and accordingly did not file an event notice with EMMA regarding this rating upgrade.

While not deemed to be material, the Underwriters have requested acknowledgement that a past filing was not linked to all outstanding CUSIPs.

(End of Part I)

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## **PART II**

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

#### **Background**

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

In order to achieve its authorized purposes, the Authority currently operates 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. See "Programs To Date" under this caption. The Act authorizes the Authority to issue its bonds, notes and other obligations in order to provide sufficient funds to achieve its purposes as set forth in the Act. Bonds or notes issued with respect to such programs are and will be separately secured from other bonds of the Authority, including the 2016 Series A Bonds, except as described in "Part II – SECURITY FOR THE BONDS AND DERIVATIVE PRODUCTS."

#### **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 <sup>(1)</sup>	Executive Director, Grand Junction Housing Authority; Grand Junction, Colorado	July 1, 2017
Paul Washington, Chair, <u>pro tem</u> <sup>(2)</sup>	Executive Director, City and County of Denver Office of Economic Development; Denver, Colorado	July 1, 2017
Steven Hutt, Secretary/Treasurer <sup>(3)</sup>	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

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

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

<sup>(3)</sup> 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.

### **Employees and Pension Information**

As of December 31, 2015, the Authority had approximately 165 full-time employees, all of whom were members of the Public Employees' Retirement Association of Colorado ("**PERA**"). State statutes required the Authority to contribute 12.68% of each participating employee's gross salary to PERA in 2015. In 2015, the Authority's PERA contribution totaled approximately \$1,504,000. See footnote (11) of the audited 2015 financial statements of the Authority attached as **Appendix A** hereto for further information.

As of December 31, 2015, the Authority implemented GASB Statement No. 68 *Accounting and Financial Reporting for Pensions* ("**Statement No. 68**"), which addresses the accounting and financial reporting for employer pension plans provided to employees by pension plans administered through trusts that have certain characteristics. The Authority provides its employees with pension benefits through both a defined benefit and defined contribution pension plan as administered by PERA. Statement No. 68 details how cost-sharing multiple-employer defined benefit plans, such as the plans administered by PERA on behalf of the Authority, will recognize pension liabilities based upon the employer's proportionate share of the collective net pension liability of the trust. Statement No. 68 also addresses the note disclosure and required supplementary information requirements for reporting the pension liability. The Authority has no legal obligation to fund any of PERA's unfunded pension liability nor does it have any ability to affect funding, benefit, or annual required contribution decisions made by PERA or the General Assembly. However, as described in footnote (1)(c) of the audited 2015 financial statements, accounting changes adopted to conform to the provisions of Statement No. 68 were applied retroactively by restating the basic financial statements for all prior periods presented. See **Appendix A** hereto for a discussion of Statement No. 68 and other new accounting principles that will be applicable to the Authority in future fiscal years.

### **Insurance Coverage**

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

### **Selected Financial Information**

The following is a brief summary of historical selected financial information for the Authority. The audited financial statements of the Authority also provide certain financial information about the Authority on a fund accounting basis, including a description of its General Fund. This information has been included solely for purposes of providing a general overview for potential purchasers of the financial status of the Authority as of December 31, 2015. The Bonds and Derivative Products are limited obligations of the Authority secured by and payable from the Trust Estate, except in the limited case of those Bonds and Derivative Products designated as general obligations of the Authority. The 2016 Series A Bonds are not being designated as general obligations of the Authority. See "Obligations of the Authority – General Obligations" and "The General Fund" under this caption. For specific information about the Trust Estate, see "Part II – SECURITY FOR THE BONDS AND DERIVATIVE PRODUCTS," and "Part II – CERTAIN BONDOWNERS' RISKS" and **Appendix A** hereto. *The overall financial status of the Authority does not indicate and will not necessarily affect whether amounts will be available in the Trust Estate to pay principal and interest on Bonds when due.* See however "Part I – PLAN OF FINANCE – Authority Payment Covenant" with respect to the 2016 Series A Bonds.



**Colorado Housing and Finance Authority**  
**Statement of Net Position**  
**As of December 2015 and 2014**  
*(in thousands of dollars)*

	2015	2014
<b>Assets</b>		
Current assets:		
Cash		
Restricted	\$ 97,753	\$ 77,734
Unrestricted	46,735	40,778
Investments (partially restricted, see note 2)	405,388	454,893
Loans receivable (partially restricted, see note 3)	87,617	90,645
Loans receivable held for sale	48,762	44,463
Other current assets	15,325	17,481
<b>Total current assets</b>	<b>701,580</b>	<b>725,994</b>
Noncurrent assets:		
Investments (partially restricted, see note 2)	197,014	260,665
Loans receivable, net (partially restricted, see note 3)	1,078,058	1,294,812
Capital assets, net	5,544	6,363
Other assets	27,130	24,979
<b>Total noncurrent assets</b>	<b>1,307,746</b>	<b>1,586,819</b>
<b>Total assets</b>	<b>2,009,326</b>	<b>2,312,813</b>
<b>Deferred outflows of resources</b>		
Accumulated increase in fair value of hedging derivatives	120,171	129,664
Pension contributions and investment earnings	2,558	-
Refundings of debt	7,584	12,472
<b>Total deferred outflows of resources</b>	<b>130,313</b>	<b>142,136</b>
<b>Liabilities</b>		
Current liabilities:		
Short-term debt	77,505	61,805
Bonds payable	84,192	134,731
Notes payable	102	103
Other current liabilities	95,498	67,725
<b>Total current liabilities</b>	<b>257,297</b>	<b>264,364</b>
Noncurrent liabilities:		
Bonds and notes payable	1,352,902	1,659,473
Derivative instruments	121,187	132,217
Hybrid instrument borrowing	37,599	49,399
Net pension liability - proportionate share	19,395	-
Other liabilities	7,189	4,653
<b>Total noncurrent liabilities</b>	<b>1,538,272</b>	<b>1,845,742</b>
<b>Total liabilities</b>	<b>1,795,569</b>	<b>2,110,106</b>
<b>Deferred inflows of resources</b>		
Accumulated decrease in fair value of hedging derivatives	3,843	4,614
Pension investment differences	193	-
<b>Total deferred inflows of resources</b>	<b>4,036</b>	<b>4,614</b>
<b>Net position</b>		
Investment in capital assets	5,543	6,363
Restricted primarily by bond indentures	142,115	139,680
Unrestricted	192,376	194,186
<b>Total net position</b>	<b>\$ 340,034</b>	<b>\$ 340,229</b>

See accompanying notes to basic financial statements.

**Colorado Housing and Finance Authority**  
**Statement of Revenues, Expenses and Changes in Net Position**  
For the years ended December 2015 and 2014  
*(in thousands of dollars)*

	2015	2014
<b>Interest income and expense:</b>		
Interest on loans receivable	\$ 72,283	\$ 83,347
Interest on investments	23,667	21,522
Interest on debt	(72,616)	(80,603)
Net interest income	23,334	24,266
<b>Other operating income (loss):</b>		
Rental income	17	32
Gain on sale of loans	50,065	23,846
Investment derivative activity gain (loss)	1,569	(3,194)
Net increase (decrease) in the fair value of investments	(13,123)	8,790
Other revenues	26,749	22,739
Total other operating income	65,277	52,213
Total operating income	88,611	76,479
<b>Operating expenses:</b>		
Salaries and related benefits	18,647	16,977
General operating	51,872	24,489
Depreciation	1,109	1,197
Provision for loan losses	525	(2,698)
Total operating expenses	72,153	39,965
<b>Net operating income</b>	<b>16,458</b>	<b>36,514</b>
<b>Nonoperating income and expenses:</b>		
Federal grant receipts	120,224	116,944
Federal grant payments	(120,224)	(116,944)
Gain on sale of capital assets	-	(20)
Total nonoperating income and expenses	-	(20)
<b>Change in net position</b>	<b>16,458</b>	<b>36,494</b>
<b>Net position:</b>		
Beginning of year	340,229	303,735
Restatement due to GASB 68 <i>(see page 26)</i>	(16,653)	-
End of year	\$ 340,034	\$ 340,229

See accompanying notes to basic financial statements.

## The General Fund

### *Generally*

CERTAIN OBLIGATIONS UNDER THE MASTER INDENTURE HAVE BEEN OR MAY IN THE FUTURE BE DESIGNATED AS GENERAL OBLIGATIONS OF THE AUTHORITY. SEE "Part II – SECURITY FOR THE BONDS AND DERIVATIVE PRODUCTS" AND **APPENDIX B – "OUTSTANDING MASTER INDENTURE OBLIGATIONS."** THE FOLLOWING INFORMATION REGARDING THE AUTHORITY'S GENERAL FUND IS PROVIDED ONLY IN CONNECTION WITH OBLIGATIONS WHICH HAVE BEEN OR ARE IN THE FUTURE SO DESIGNATED. The 2016 Series A Bonds are not being designated as General Obligations of the Authority under the Master Indenture, although the Authority is making the covenant in the 2016 Series A Indenture described in "Part I – PLAN OF FINANCE – Authority Payment Covenant."

The General Fund is funded principally from gains achieved by selling Mortgage-Backed Securities; servicing fees payable to the Authority in connection with outstanding loans; fee income including administrative fees payable by the federal government in connection with the Section 8 housing assistance payments program, loan fees payable to the Authority by borrowers and contract management administrative fees (see "Programs to Date – Commercial Loan Programs – Contract Management" under this caption); income on investments and mortgage loans held temporarily (for warehousing purposes) and permanently in the General Fund; and reimbursement of administrative expenses and other allowable transfers from other funds (including the transfer of assets in excess of specified parity levels from the Master Indenture). Uses of amounts in the General Fund include payment of general and other administrative expenses and payment of costs relating to those activities deemed necessary to fulfill the Authority's corporate purposes and not payable from other funds of the Authority. The General Fund itself is not subject to any pledge created under the Master Indenture.

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

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*Financial Information for the General Fund*

The following table sets forth historical selected financial information for the General Fund for the five years ended December 31, 2015 as provided by the Authority.

<b>Colorado Housing and Finance Authority</b>					
<b>General Fund</b>					
<b>Selected Financial Information</b>					
<b>Years Ended December 31</b>					
<b>(in thousands of dollars)</b>					
	<u>FY</u> <u>2015</u>	<u>FY</u> <u>2014</u>	<u>FY</u> <u>2013</u> <sup>(1)</sup>	<u>FY</u> <u>2012</u> <sup>(1)</sup>	<u>FY</u> <u>2011</u> <sup>(1)</sup>
Interest and investment revenue:					
Loans receivable	\$7,191	\$6,461	\$6,835	\$7,120	\$12,210
Investments	724	184	153	149	730
Net increase (decrease) fair value of long-term investments	<u>(210)</u>	<u>(46)</u>	<u>(157)</u>	<u>(13)</u>	<u>74</u>
Total interest and investment revenue	7,705	6,599	6,831	7,256	13,014
Interest expense - bonds and notes payable					
	<u>1,307</u>	<u>1,485</u>	<u>2,985</u>	<u>4,266</u>	<u>5,705</u>
Net interest and investment revenue	6,398	5,114	3,846	2,990	7,309
Other revenue (expense):					
Rental operations	17	32	358	2,675	8,804
Fees and miscellaneous income	76,792 <sup>(2)</sup>	46,000	46,228	45,795	35,969
Hedging activity loss	250	(1,154)	992	445	(527)
Gain on sales of capital assets	<u>--</u>	<u>(20)</u>	<u>5</u>	<u>39,154</u>	<u>(30)</u>
Total other revenue	<u>77,059</u>	<u>44,858</u>	<u>47,583</u>	<u>88,069</u>	<u>44,216</u>
Net revenue	<u>83,457</u>	<u>49,972</u>	<u>51,429</u>	<u>91,059</u>	<u>51,525</u>
Operating expenses:					
Salaries and related benefits	18,647	16,978	16,505	17,836	18,210
General operating	49,640 <sup>(3)</sup>	23,059	15,714	17,989	39,511
Provision for losses	429	(1,180)	1,078	1,407	3,791
Other interest expense <sup>(4)</sup>	--	--	--	173	1,038
Transfers	605	(1,851)	12,333	(4,073)	(7,005)
Depreciation	<u>1,109</u>	<u>1,197</u>	<u>1,655</u>	<u>2,722</u>	<u>3,684</u>
Total operating expense	<u>70,430</u>	<u>38,203</u>	<u>47,285</u>	<u>36,054</u>	<u>59,229</u>
Change in net assets	<u>13,027</u>	<u>11,769</u>	<u>4,144</u>	<u>55,005</u>	<u>(7,704)</u>
Restatement due to GASB 68	(16,653)	--	--	--	--
Net Assets, end of year	<u>\$203,730</u>	<u>\$207,356</u>	<u>\$195,587</u>	<u>\$191,443</u>	<u>\$136,438</u>
Bonds, notes, payable and short-term debt	<u>\$100,079</u>	<u>\$ 87,105</u>	<u>\$ 78,430</u>	<u>\$141,973</u>	<u>\$140,773</u>
Total Assets	<u>\$410,178</u>	<u>\$349,560</u>	<u>\$319,057</u>	<u>\$379,295</u>	<u>\$347,414</u>

<sup>(1)</sup> Restated as described in footnote (1)(c) in the audited financial statements of the Authority for the year ended December 31, 2013 to reflect accounting adjustments based on GASB Statement No. 65.

<sup>(2)</sup> The substantial increase in fee income in fiscal year 2015 was the result of increased loan production during that fiscal year.

<sup>(3)</sup> The increase in general operating expenses for fiscal year 2015 resulted from the Authority's launch of a grant program to fund expenses, including downpayment assistance.

<sup>(4)</sup> This expense is related to the Authority's Rental Acquisition Program which is not active at this time.

Sources: Derived based on the audited financial statements of the Authority for years ended December 31, 2011-2015. See the audited 2015 financial statements attached as **Appendix A** hereto.

## Authority Policy Regarding Swaps

The Master Indenture permits the Authority to enter into "Auxiliary Agreements," which include interest rate exchange or swap contracts, cash flow exchange contracts, forward swaps, interest rate floors, caps or collars and other derivative products which qualify as "Derivative Products" under the Indenture. See **Appendix B** – "OUTSTANDING MASTER INDENTURE OBLIGATIONS – Outstanding Derivative Products." Under the master indenture relating to its Single Family Bonds, the Authority is also permitted to, and has entered into, certain derivative obligations which are described in footnote (8) of the audited 2015 financial statements of the Authority attached as **Appendix A** hereto.

## Programs to Date

The following is a brief summary of the programs currently operated by the Authority. This summary has been included solely for purposes of providing information about the Authority's activities to assist a potential investor in evaluating the Authority and its programs. **Other than the Loans set forth in Appendix G hereto, the loans referred to below are not pledged in any way as security for the 2016 Series A Bonds. See "Part II – SECURITY FOR THE BONDS AND DERIVATIVE PRODUCTS."** See also "Obligations of the Authority" under this caption.

### *Commercial Loan Programs*

The Authority's Community Development Division encompasses the Authority's Low Income Housing Tax Credit allocation unit, and the Community Development Lending team, which is comprised of the Multifamily Affordable Housing Lending ("**Multifamily Lending**") and Business Finance programs.

Multifamily Lending Programs. The Multifamily Lending programs work toward providing financing to sponsors of affordable rental housing properties. Financing options include construction loans, construction to permanent loans, permanent-only loans, acquisition loans, acquisition/rehabilitation loans and, in certain circumstances, refinancing of existing debt. Other financing structures may be considered, based upon the property characteristics and sub-market due diligence, as well as the demonstrated experience and financial capacity of the sponsor in owning and operating a property with a plan of finance including these features.

The mortgages originated under the multifamily loan programs include a combination of insured and uninsured mortgages. The multifamily insured mortgages are insured by an agency or instrumentality of the United States under an insurance program requiring payment of not less than 50% of the principal amount of such mortgage in the event of default. Insured multifamily loans made to date have been insured by the Federal Housing Administration ("**FHA**") under the Multifamily Accelerated Processing requiring payment of not less than 90% for such programs as the Sections 221(d)(3), 221(d)(4) and 223(f) of the National Housing Act of 1934, as amended. In addition, the Authority is also a Tier I lender under FHA's Section 542(c) of the Housing and Community Development Act of 1992, as amended (the "**Risk-Share Program**"), which is a credit enhancement mechanism available only to credit worthy housing and finance agencies. These insured loans have been funded by the Authority as described in "Obligations of the Authority – Commercial Loan Programs" under this caption. In the case of a claim under the Risk-Share Program, the Authority is responsible to reimburse the U.S. Department of Housing and Urban Development ("**HUD**") for 50% of any loss incurred by HUD as a result of and after settlement of such claim. See "Obligations of the Authority – General Obligations – Loans Backed by Authority General Obligation" under this caption. For certain information regarding the Authority's outstanding insured rental loans, see footnote (3) to the audited 2015 financial statements of the Authority attached as

**Appendix A** hereto. See **Appendix G** hereto for a description of the insured rental loans included as of July 1, 2016 in the Trust Estate for the Bonds (which will include the 2016 Series A Bonds).

The Authority also makes uninsured multifamily loans to §501(c)(3) nonprofit corporations and public housing authorities as well as to for-profit borrowers. In addition, the Authority makes uninsured loans that provide interim financing for acquisition and/or rehabilitation of the acquired property. These loans, referred to as bridge loans, are generally less than two years in term, are secured by a first deed of trust on the real estate, and have full recourse to the borrower during the term of the bridge loan. The Authority has also made multifamily rental loans to for-profit borrowers in support of certain rental housing facilities at Fort Carson Army Base and at the United States Air Force Academy in Colorado Springs, Colorado.

Uninsured multifamily loans have also been made by the Authority using funds from amounts in its General Fund designated as the *Housing Opportunity Fund* ("**HOF**") under a program referred to as the "**HOF Program**." Under the HOF Program, the Authority makes fixed interest rate loans and provides interest rate subsidies to nonprofit and for profit developers in support of rental housing facilities targeted to support affordable rental housing. All HOF loans must conform to standard Authority diligence processes and underwriting criteria and will be secured by either first or second mortgages on real estate (maximum combined Loan to Value/Cost of 90%). Loan terms on HOF loans may range up to 40 years.

Under its *Rental Acquisition Program*, the Authority has in the past acquired and rehabilitated apartment buildings located throughout Colorado for rental to persons and families of low and moderate income. At the present time, the Authority does not own any facilities under this Program. The Authority may in the future seek opportunities to acquire other rental properties in underserved areas within the State of Colorado at such time as such transactions support the goals of the Authority with respect to affordable rental housing in Colorado.

Business Finance Programs. The Authority originates insured and uninsured loans as part of its direct business loan programs, including the *CHFA Direct Loan Program*, the *Non-Profit Real Estate Loan Program*, the *U.S. Small Business Administration 504 Program* (the "**SBA 504 Program**"), the *CHFA Rural Loan Program*, the *Rural Development Loan Program* ("**RDLP**"), the *RENEW Program* and the *Business and Industry Loan I* ("**B&I I**") *Program*, described below. These business loans must meet certain economic development or job creation/retention objectives under the Act and are made to small and moderate-size Colorado businesses to provide long-term, fixed rate financing for real estate and equipment. The uninsured business loans are secured by a first lien on the assets financed, are made in amounts up to ninety percent (90%) of the lesser of cost or appraised value of the collateral, are fully-amortizing over terms of up to thirty (30) years for real estate loans and seven years for equipment, and generally require guarantees from principals of the business having a twenty percent or greater ownership interest. A guaranty is also required from the operating company if different from the Borrower. Some of the Authority's small business loans may carry credit enhancement by an agency or instrumentality of the United States under an insurance program requiring payment of not less than 50% of the principal amount of such mortgage in the event of default. Direct small business loans insured to date have been done under the USDA Rural Development guarantee programs.

- Under the CHFA Direct Loan Program, the Authority provides loans to for-profit businesses to acquire, construct and/or rehabilitate and equip commercial, retail or manufacturing facilities.
- Under the Non-Profit Real Estate Loan Program, the Authority provides loans to non-profit organizations to fund real estate acquisition.

- Under the Small Business Administration ("**SBA**") 504 Program, the Authority provides direct loans to for-profit businesses to finance owner-occupied real estate and/or equipment. The Program provides two structures, a direct loan option (where the Authority originates the first mortgage loan which generally finances 50% of the project costs) and a loan participation option (where the Authority purchases up to a 90% participation in a first mortgage loan). An SBA-approved company provides a second mortgage for up to 40% of the total project costs, with the Borrower providing the remaining 10% of the costs. The Authority may also fund a SBA-approved subordinate mortgage on a short term basis in conjunction with its first mortgage lien. This structure may be necessary in instances when interim financing is not in place by the borrower. The Authority's subordinate mortgage loan is taken out by the SBA following the sale of the agency's debentures typically occurring within 45-60 days. The underwriting of these interim mortgages must conform to the Authority's small business loans underwriting criteria and program guidelines.
- RDLP was created through a partnership with the USDA Intermediary Relending Program to provide financing for community and economic development projects based in rural areas of Colorado. Rural communities are defined as those with populations of less than 25,000. Under the program, CHFA originates direct loans for small businesses to finance real estate, machinery, and equipment providing the borrower with a long-term, fixed interest rate throughout the term of the loan. The maximum loan size is \$500,000.
- Under the B&I I Program, the Authority provides loans to for-profit businesses located in rural areas, which loans are supported by the partial guaranty of the Rural Business-Cooperative Services (which guarantees to date have ranged from 55% to 80% of the loan principal amount).

The Authority has also financed business loans to corporations for certain manufacturing and solid waste disposal facility projects.

The business loan programs of the Authority also include the purchase of federally insured mortgages through the Small Business Administration 7a Guaranty Purchase Program ("**SBA 7a Program**"), the Farm Service Agency Guaranty Purchase Program ("**FSA Program**"), and the Rural Development Guaranty Purchase Program ("**RD Program**"). Under these programs, the Authority purchases the guaranteed portion of a business loan (the "**participation interest**"), and is thereby able to provide the borrower with the safety and predictability of a fixed-rate throughout the term of the loan at an attractive interest rate. Additionally, each of these secondary market programs is a source of profit and liquidity for originating lenders.

The SBA 7a Program is a secondary market program whereby the Authority purchases the guaranteed portion of loans originated by local lenders and guaranteed by the SBA. Typically, the Authority markets the SBA 7a Program to local lenders and potential borrowers and purchases the participation interest (which is 100% guaranteed by the SBA). Proceeds of these participation interests may be used to fund real estate, equipment, machinery and working capital.

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

The RD Program creates a secondary market for the purchase of the United States Rural Business Service ("**RBS**") guaranteed portion of qualified loans with funds provided by the Authority. Participating lenders originate loans according to their own credit criteria and RBS requirements. The RD Program provides fixed-rate financing on the guaranteed portion of RBS loans made to for-profit and non-profit borrowers located in a rural community serviced by RBS guaranteed lenders.

Contract Management. The Authority provides contract management administration by serving as fund administrator to third party organizations whose activities align with its mission. The contracts range from overseeing programs that are designed to increase access to capital for small business lending to managing revolving loan funds. The Authority's role may include registration of third party originated loans, underwriting loans on behalf of a funder, closing and servicing responsibilities. In exchange for these services, the Authority earns a fee either through the collection of an administrative fee and/or spread income on loans serviced.

One of the contract management administration roles performed by the Authority is with HUD for the provision of Performance-Based Contract Administration ("**PBCA**") services under Section 8 of the United States Housing Act of 1937, as amended ("**Section 8**"). The Authority entered into an annual contribution contract ("**ACC**") with HUD in 2001 (the "**Colorado ACC**"). The Colorado ACC was renewed until 2011. A solicitation issued by HUD at that time for PBCA services and subsequent actions were protested by numerous states and the protests were supported by the U.S. Government Accountability Office ("**GAO**"). The GAO determination was appealed by HUD and numerous suits and countersuits followed. In the meantime, the Colorado ACC has been extended until the end of 2017, and the Authority has continued to perform the PBCA services and receive significant fees.

HUD now anticipates announcing its procurement process so that new ACCs can be entered into beginning in federal fiscal year 2018. It is uncertain what the procurement process will be and whether the Authority will be chosen by HUD to continue as the contract administrator for Colorado. In the event the Colorado ACC is awarded to another administrator, the Authority's future level of fee revenues could be materially impacted.

#### *Single Family Mortgage Programs*

Under its Single Family Mortgage Programs, the Authority may purchase mortgage loans for single-family residential dwellings from qualified originating Mortgage Lenders, or may originate loans directly to individual borrowers. The Authority presently acquires mortgage loans under its *Non-Qualified Single Family Mortgage Program* and has in the past acquired (and may in the future again acquire) a greater number of mortgage loans under a *Qualified Single Family Mortgage Program*. Under a Qualified Single Family Mortgage Program, the Authority may make mortgage loans to Eligible Borrowers meeting certain income limit requirements, for Eligible Property not exceeding certain Purchase Price limits, and subject to certain other restrictions imposed, in some cases, by the Tax Code. The Authority permits Eligible Borrowers under its Non-Qualified Single Family Mortgage Program to meet certain income limits which are somewhat higher than the limits permitted for a Qualified Single Family Mortgage Program. There is also no limit on prior home ownership or limit on the purchase price of a residence which may be acquired with the proceeds of a loan under the Non-Qualified Single Family Mortgage Program, although the Authority does not exceed the conforming loan limits, as applicable. Proceeds of a mortgage loan under the Non-Qualified Single Family Mortgage Program may also be used under the Authority's refinancing programs to refinance existing Mortgage Loans. In many other respects, the requirements for the Authority's Non-Qualified Single Family Mortgage Program are the same as the requirements for a Qualified Single Family Mortgage Program. For certain information regarding the outstanding mortgage loans acquired under the Single Family Mortgage Programs, see footnote (3) to the audited 2015 financial statements of the Authority attached as **Appendix A** hereto.



## Obligations of the Authority

The following is a summary of certain obligations incurred by the Authority to provide funds for and otherwise operate the Authority and the programs described in "Programs to Date" under this caption. This summary has been included solely for purposes of providing information to assist a potential investor in evaluating the Authority's financial status. See also footnote (6) to the audited 2015 financial statements of the Authority attached as **Appendix A** hereto.

### *Commercial Loan Programs*

Since 2000, the Authority has financed multifamily and business loans and certain guaranteed participation interests with proceeds of its Multi-Family/Project Bonds (referred to as "Bonds" in this Official Statement), which were outstanding as of July 1, 2016 under the Master Indenture in an aggregate principal amount of \$493,945,000. See **Appendix B** for further detail about the Bonds and related arrangements. Certain of the Bonds are secured by the full faith and credit of the Authority, as described in "General Obligations – Multi-Family/Project Bonds" under this caption.

The Authority has also issued its Federally Taxable Federally Insured Multi-Family Housing Loan Program Pass-Through Revenue Bonds under a Master Indenture dated as of June 1, 2013 (the "**MF Pass-Through Indenture**") (outstanding as of July 1, 2016 in an aggregate principal amount of \$36,980,189). Since July 1, the Authority also has issued \$18,000,000 aggregate principal amount of its Federally Insured Multi-Family Housing Loan Program Pass-Through Revenue Bonds (Crisman Apartments Project), Series 2016-II (the "**Series 2016-II Bonds**"), \$7,500,000 aggregate principal amount of its Federally Insured Multi-Family Housing Loan Program Pass-Through Revenue Bonds (Willow Street Residences Project), Series 2016-III (the "**Series 2016-III Bonds**") and \$12,365,000 aggregate principal amount of its Federally Insured Multi-Family Housing Loan Program Pass-Through Revenue Bonds (Porter House Apartments Project), Series 2016-IV (the "**Series 2016-IV Bonds**") under the MF Pass-Through Indenture.

Bonds secured by a pledge of loan revenues as well as bonds secured by loan revenues and the general obligation of the Authority have also been privately placed to institutional purchasers by the Authority in order to finance rental loans. See "General Obligations – Privately Placed Bonds" under this caption and footnote (6) of the audited 2015 financial statements of the Authority attached as **Appendix A** hereto for more information regarding these outstanding bonds and notes. The Authority has also acted as a conduit issuer of bonds supported by letters of credit or other credit facilities. These conduit bonds are payable only with amounts received from the conduit borrower, and are therefore not reported as obligations of the Authority on its financial statements. See footnote (7) of the audited 2015 financial statements of the Authority attached as **Appendix A** hereto.

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

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

### *Single Family Mortgage Programs*

In connection with its Single Family Mortgage Programs, the Authority has issued its Single Family Mortgage Bonds and Notes under a master indenture (the "**Single Family Master Indenture**"), payable from the revenues of mortgage loans held thereunder, outstanding as of July 1, 2016 in the aggregate principal amount of \$717,875,000. Among the bonds outstanding under the Single Family Master Indenture are Class III Single Family Mortgage Bonds which are general obligations of the Authority, as described in "General Obligations – Single-Family Bonds – Class III Bonds" under this caption.

Under a Master Indenture dated as of December 1, 2009 (the "**NIBP Master Indenture**"), the Authority has previously issued and converted its 2009AA Program Bonds in the aggregate principal amount of \$53,630,000, and issued its Single Family Program Class I Bonds, Series 2011AA ("**2011AA Bonds**") in the aggregate principal amount of \$39,200,000. The proceeds of the 2009AA Program Bonds and the 2011AA Bonds were used to finance Mortgage Loans through the purchase of mortgage-backed securities guaranteed by Ginnie Mae. The 2009AA Program Bonds were refunded with the proceeds of the Single Family Program Class I Bonds, Series 2013AA ("**2013AA Bonds**") issued by the Authority under the NIBP Master Indenture on April 30, 2013 in the aggregate principal amount of \$53,630,000. The 2011AA Bonds and 2013AA Bonds are the only bonds outstanding under the NIBP Master Indenture, and were outstanding as of July 1, 2016 in the aggregate principal amount of \$36,255,000.

The Authority's financing activities in connection with the Single Family Mortgage Programs also include the sale of certain single family mortgage loans to Fannie Mae and Freddie Mac, and the issuance and/or sale of Fannie Mae Certificates, Freddie Mac Certificates and Ginnie Mae Certificates in order to finance first mortgage loans as part of the Non-Qualified Single Family Mortgage Programs. See footnote (14) of the audited 2015 financial statements of the Authority attached as **Appendix A** hereto for a discussion of the Authority's obligation to advance funds to holders of such Ginnie Mae Certificates in the event of a defaulted mortgage loan and amounts so advanced in fiscal years 2014 and 2015. Proceeds of bonds under the Single Family Master Indenture may be used to finance second mortgage loans and/or downpayment assistance grants relating to such first mortgage loans financed by and securing the Ginnie Mae Certificates, Fannie Mae Certificates or Freddie Mac Certificates.

A significant number of the Authority's single family mortgage loans include down payment assistance in the form of grants to borrowers. Recently the Office of Inspector General of HUD has taken a position that certain loans which include down payment assistance grants funded from secondary market transactions may violate the National Housing Act regarding prohibited sources for down payment assistance. The Authority's programs are in compliance with current law and the guidelines of the down payment assistance program provided by the FHA and HUD. However, should HUD change the parameters regarding the funding of such grants, the Authority may have to adjust the parameters of its programs which could affect its future revenues.

For more detailed information concerning the outstanding bonds of the Authority issued in connection with its Single Family Mortgage Programs, see footnote (6) of the audited 2015 financial statements of the Authority attached as **Appendix A** hereto. The Authority has also issued general obligation bonds through private placement in order to finance single family mortgage loans. See "General Obligations – Privately Placed Bonds" under this caption.

### *General Obligations*

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

Multi-Family/Project Bonds. The Authority has issued Class I Bonds (outstanding as of July 1, 2016 in an aggregate principal amount of \$194,150,000) in order to finance business loans which are payable not only from a senior lien on loan revenues under the Master Indenture but also as general obligations of the Authority. The Authority has also issued Class II Bonds (outstanding as of July 1, 2016 in the aggregate principal amount of \$17,210,000) in order to finance certain rental and business loans which are payable not only from a lien on loan revenues under the Master Indenture but also as general obligations of the Authority. These Class II Bonds are payable from loan revenues on a subordinate lien basis to the Class I Bonds.

Single Family Bonds – Class III Bonds. The Authority has issued Class III Single Family Mortgage Bonds, the proceeds of which have been used to finance mortgage loans for the Single Family Mortgage Programs. These Class III Bonds, outstanding in the aggregate principal amount of \$5,445,000 as of July 1, 2016, are payable from mortgage loan revenues under the Single Family Master Indenture and are also general obligations of the Authority.

Privately Placed Bonds. The Authority has issued general obligation bonds through private placement in order to finance rental loans. As of July 1, 2016, such privately placed bonds were outstanding in an aggregate principal amount of \$12,534,000. The Authority has also funded participation interests and business loans using proceeds of its privately placed bonds, outstanding as of July 1, 2016 in the aggregate principal amount of \$4,878,000.

Loans Backed by Authority General Obligation. The Authority has acquired or originated certain uninsured rental and business loans using proceeds of, and pledged to the repayment of, its Bonds, outstanding as of July 1, 2016 in the aggregate principal amount of \$165,415,819. The Authority has pledged its full faith and credit to the payment of a substantial portion of such loans. The Authority has also assumed, as a general obligation, 50% risk of loss in the mortgage loans acquired by the Authority and insured by the FHA under the Risk-Share Program. As of July 1, 2016, such mortgage loans insured under the Risk-Share Program were outstanding in the amount of \$162,055,602 (\$36,980,189 held under the MF Pass-Through Indenture and \$125,075,413 held under the Master Indenture).

In the case of a claim under the Risk-Share Program, the Authority is responsible, as a general obligation, to reimburse HUD for 50% of any loss incurred by the FHA as a result of and after the final settlement of such claim. See "Programs to Date – Commercial Loan Programs – Rental Finance Programs" under this caption. Since 2010, the Authority has incurred losses under the Risk-Share Program of approximately \$3.3 million following the defaults on the mortgage loans, including those for the Maples at Crestwood, Fox Run, Overland Trail and Gold Camp projects. Losses include the defaults on such insured mortgage loans, the foreclosure and sale of those projects and the settlement of the respective final insurance claims with HUD. Presently, the Authority has no risk-share loans in foreclosure.

Interest Rate Contracts; Derivative Products. The Authority has pledged its full faith and credit to secure its obligation to make termination payments under the Derivative relating to the Bonds under the Master Indenture and under the derivative products relating to the Single Family Bonds under the Single Family Master Indenture. See **Appendix B** – "OUTSTANDING MASTER INDENTURE OBLIGATIONS – Outstanding Derivative Products." See also "Authority Policy Regarding Swaps" under this caption and footnote (8) to the audited 2015 financial statements of the Authority attached as **Appendix A** hereto.

Other Borrowings. The Authority has entered into agreements with the Federal Home Loan Bank of Topeka ("**FHLB**") and a commercial bank for borrowings from time to time. The agreement with the FHLB of Topeka is for collateralized borrowings in an amount not to exceed the lending limit internally established by the FHLB, which is 40% of the Authority's total assets. The agreement with the commercial bank is for an unsecured revolving line of credit for borrowings up to \$30 million, although the Authority anticipates that such amount shall be increased to \$50 million. Such borrowings are also general obligations of the Authority and have generally been used to date to support the Authority's various lending programs by purchasing loans pending the permanent financing of such loans and for activities related to the Authority's private activity bond volume cap preservation program. As of July 1, 2016, borrowings in the aggregate principal amount of \$92,765,000 were outstanding under those agreements. See footnote (5) to the audited 2015 financial statements of the Authority attached as **Appendix A** hereto.

The Authority has also borrowed amounts evidenced by Rural Business Cooperative Service Notes (outstanding as of July 1, 2016 in the aggregate principal amount of \$523,732), which have been used to finance project or working capital loans or participations therein for small businesses in rural areas. The Authority has pledged its full faith and credit to the payment of such notes.

General Obligation Ratings. Moody's has assigned an "A2" rating and S&P has assigned an "A" rating, both with a stable outlook, to the Authority's ability to repay its general obligation liabilities. The ratings have been assigned based on the Authority's management, financial performance and overall program performance. There is no assurance that any such rating will continue for any given period of time or that any such rating will not be revised downward or withdrawn entirely by Moody's or S&P, respectively, if, in the judgment of the issuing rating agency, circumstances so warrant.

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*Summary of Certain Authority Obligations*

The following is a table which lists certain obligations of the Authority and sets forth the respective outstanding amount for such obligations as of July 1, 2016. Further detail regarding these items is provided under the subcaption "Obligations of the Authority – General Obligations."

**Summary of Certain Authority Obligations as of July 1, 2016**

<u>Certain Authority Obligations</u>	<u>Outstanding Amount (July 1, 2016)</u>
Multi-Family/Project Bonds (Master Indenture) <sup>(1)</sup>	\$493,945,000
Federally Insured Multi-Family Housing Loan Program Pass-Through Revenue Bonds (MF Pass-Through Indenture) <sup>(2)</sup>	36,980,189
Single Family Mortgage Bonds (Single Family Master Indenture)	717,875,000
Single Family Program Bonds (NIBP Master Indenture)	36,255,000
Privately Placed Bonds:	
Rental Finance	12,534,000
Business Finance	4,878,000

<sup>(1)</sup> These are the Bonds issued and outstanding under the Master Indenture as of July 1, 2016. See **Appendix B** hereto for more information about the Bonds. The 2016 Series A Bonds will be Bonds under the Master Indenture.

<sup>(2)</sup> In addition, since July 1, the Authority has issued the Series 2016-II Bonds, the Series 2016-III Bonds and the Series 2016-IV Bonds under the MF Pass-Through Indenture in an aggregate principal amount of \$37,865,000 as described in "Commercial Loan Programs" under this caption.

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The following table identifies the specific components of the Authority Obligations listed on the preceding table which are general obligations of the Authority as well as other general obligations of the Authority as of July 1, 2016. Further detail regarding these items is provided under the other subcaptions of "Obligations of the Authority."

**General Obligations of the Authority as of July 1, 2016**

<b>General Obligations</b>	<b>Outstanding Amount (July 1, 2016)</b>
Multi-Family/Project Bonds:	
Class I (with GO Pledge)	\$194,150,000
Class II (with GO Pledge)	17,210,000
Single Family Mortgage Bonds, Class III	5,445,000
Privately Placed Bonds:	
Rental Finance	12,534,000
Business Finance	4,878,000
Other Borrowings:	
Lines of Credit	92,765,000
Rural Business Cooperative Service Notes	523,732

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## SECURITY FOR THE BONDS AND DERIVATIVE PRODUCTS

### Pledge of Trust Estate

All Obligations (which may be Bonds or Derivative Products and include the 2016 Series A Bonds) outstanding under the Master Indenture are secured by and payable from revenues, assets and moneys pledged for the payment thereof under the Master Indenture (the "**Trust Estate**"). The pledge and lien of the Master Indenture on the Trust Estate is created and established in the following order of priority: first, to secure the payment of the principal of and interest on the Class I Obligations; second, to secure the payment of the principal of and interest on the Class II Obligations; third, to secure the payment of the principal and interest on the Class III Obligations; and fourth, to secure the payment of principal of and interest on the Class IV Obligations. Obligations may also be designated as General Obligations of the Authority. For a description of the Obligations presently outstanding under the Master Indenture, see **Appendix B** – "OUTSTANDING MASTER INDENTURE OBLIGATIONS." *Notes and bonds heretofore or hereafter issued to provide funds for programs of the Authority (other than the Obligations under the Master Indenture) are and will be authorized and secured by resolutions and indentures of the Authority other than the Master Indenture, are not and will not be secured by the pledge of the Master Indenture and do not and will not rank on a parity with the Bonds. See "Part II – COLORADO HOUSING AND FINANCE AUTHORITY – Programs to Date."*

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

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

**In no event shall the 2016 Series A Bonds constitute an obligation or liability of the State or any political subdivision thereof (except the Authority). The Authority has no taxing power nor does it have the power to pledge the general credit or the taxing power of the State or any political subdivision thereof (other than the general credit of the Authority, which general credit is not pledged for the payment of the Bonds except in the case of Bonds specifically designated as General Obligations of the Authority). The 2016 Series A Bonds are not being designated as General Obligations of the Authority under the Master Indenture, but the Authority is making a covenant in the 2016 Series A Indenture to make payments due on the 2016 Series A Bonds. See "Part I – PLAN OF FINANCE – Authority Payment Covenant."**

## Revenues

Under the Master Indenture, "**Revenues**" means (a) all Loan Repayments, Prepayments and, except insofar as such payments may constitute Servicing Fees, any penalty payments on account of overdue Loan Repayments, (b) payments to be made by the Authority for deposit to the Revenue Fund with respect to Authority Projects in accordance with the most recently filed Cash Flow Statement and as otherwise agreed to in any Series Indenture, (c) Investment Revenues, and (d) all other payments and receipts received by the Authority with respect to Loans. "Revenues" does not include (i) Servicing Fees, unless such fees are specifically pledged to the Trustee, or (ii) any commitment, reservation, extension, or application fees charged by the Authority in connection with a Loan, or (iii) accrued interest received in connection with the purchase of any Investment Securities, or (iv) amounts collected with respect to Loans representing housing assistance payments under any applicable agreement with the U.S. Department of Housing and Urban Development. See "Part I – PLAN OF FINANCE – Authority Payment Covenant" for a description of the Authority's covenant in the 2016 Series A Indenture related to payment of the 2016 Series A Bonds.

Pursuant to the Master Indenture, all Revenues related to each Series of Bonds, in addition to other amounts, are to be deposited into the subaccount of the Revenue Fund related to such Series of Bonds. On the last business day prior to each Bond Payment Date, the Trustee is required to make certain transfers of amounts from each Series subaccount of the Revenue Fund, to the extent moneys are available, to various Funds and Accounts in a certain priority, as provided in the Master Indenture. See **Appendix C** – "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Allocation of Moneys in the Revenue Fund." Among these transfers, the Trustee is to deposit into: (i) the related Series Subaccount of the related Class Special Redemption Account, the Loan Recycling Account (at the election of the Authority), or any combination of the two, the amount needed, if any, to ensure that the Class Asset Requirement for the related Series of Bonds will be met on such Bond Payment Date; and (ii) each Series subaccount of the Related Class Special Redemption Account not related to such Series of Bonds, on a proportionate basis with all such unrelated subaccounts, the amount of any deficiency resulting from the lack of moneys sufficient to make the deposit described in (i).

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

## The Loans and Authority Projects

### *Master Indenture Requirements*

The Trust Estate pledged under the Master Indenture to secure Obligations issued thereunder includes the rights and interests of the Authority in the Loans and the Financing Documents (except for certain rights and interests expressly retained by the Authority therein), and in the Authority Projects. Under the Master Indenture, "**Loan**" means a loan of money, including advances, in the form of a construction loan, a permanent loan or a combined construction and permanent loan made by the Authority to a Borrower with the proceeds of Bonds or obligations refunded by Bonds or with Prepayments for the financing of a portion of the costs of a Housing Facility or Project, which Loan is evidenced by a Note pursuant to a Loan Agreement. "**Housing Facility**" means a facility designed and financed for the primary purpose of providing dwelling accommodations in accordance with the Act. "**Project**" means a work or improvement located in the State designed to provide facilities for manufacturing, warehousing, commercial, recreational, hotel, office, research and development or other business purpose (not including a Housing Facility). "**Financing Documents**" include, with respect to any Loan, the Loan Agreement, the Note, the Mortgage and any insurance guaranties and other security for the repayment of the Loan. The Authority is permitted by the Master Indenture to apply the proceeds



of Obligations issued under the Master Indenture to make or purchase (as Loans) mortgage loans which are insured or guaranteed by an agency or instrumentality of the United States under an insurance program such as 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 the Risk-Share Program. The Authority is also permitted by the Master Indenture to apply the proceeds of Obligations issued under the Master Indenture to make or purchase (as Loans) uninsured mortgage loans made for housing facilities which are secured only by a mortgage on the related housing facilities or made for certain commercial Projects (as defined above). The Authority is also permitted by the Master Indenture to apply proceeds to Bonds for the financing of a portion of the costs of an Authority Project. An "**Authority Project**" means a housing facility or other asset intended to be owned and operated by the Authority, or the financing and refinancing of designated expenditures and/or obligations of the Authority, or any combination thereof. Many of the Housing Facilities contain units covered by housing assistance payment contracts under which subsidies are paid by HUD pursuant to Section 8. For more information about the Section 8 subsidies, see **Appendix G** hereto.

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

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

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

Each Series Indenture establishes a subaccount of the Debt Service Reserve Fund for the related Series of Bonds. The Debt Service Reserve Fund Requirement for each Series of Bonds is established by the Related Series Indenture. The Debt Service Reserve Fund Requirement for any Series of Bonds is based on the maximum principal and interest due for a particular period on Loans related to a Series of Bonds and does not directly relate to the aggregate principal amount of such Bonds outstanding. The Debt Service Reserve Fund Requirement for the 2016 Series A Bonds is zero. See generally "Part I – PLAN OF FINANCE – No Debt Service Reserve Fund."

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

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

#### **Liquidity Facilities**

Pursuant to the respective Series Indenture, the Authority has entered into, and expects in the future to enter into, Liquidity Facilities in connection with Adjustable Rate Bonds issued under the Master Indenture. See **Appendix B** – "OUTSTANDING MASTER INDENTURE OBLIGATIONS – Outstanding Liquidity Facilities" for a description of the outstanding Liquidity Facilities under the Master Indenture. **There will be no Liquidity Facility entered into in connection with the 2016 Series A Bonds.** The Authority may elect to replace any Liquidity Facility with an Alternate Liquidity Facility. The Authority shall promptly notify the Trustee, the Remarketing Agent with respect to the applicable series of the Adjustable Rate Bonds and the Paying Agent of the Authority's intention to deliver an

Alternate Liquidity Facility at least 45 days prior to such delivery. Upon receipt of such notice, if the Alternate Liquidity Facility is to be provided by an entity other than the provider of then current Liquidity Facility, the Trustee will promptly mail a notice of the anticipated delivery of an Alternate Liquidity Facility, including the name of the provider of such Alternate Liquidity Facility, by first-class mail (or transmitted in such other manner as may be customary for the industry as directed in writing by the Authority) to the related Remarketing Agent, and to each Owner of the Adjustable Rate Bonds at such Owner's registered address, at least 30 days prior to delivery of the Alternate Liquidity Facility.

Any Alternate Liquidity Facility must be an irrevocable letter of credit and related reimbursement agreement, line of credit, standby bond purchase agreement or similar agreement, providing for direct payments to or upon the order of the Paying Agent of amounts up to the principal of the Adjustable Rate Bonds when due upon purchase pursuant to a tender and the interest portion of the purchase price of the Adjustable Rate Bonds consisting of accrued interest for the number of days required by each Rating Agency then rating the Adjustable Rate Bonds in order to ensure that the rating of the Adjustable Rate Bonds will not be adversely affected, as evidenced in writing from each such Rating Agency to the Trustee, at the Maximum Rate as defined in each Series Indenture.

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

### **Derivative Products**

In connection with the issuance of certain Adjustable Rate Bonds, the Authority has entered, and expects in the future to enter, into interest rate swap agreements (the "**Derivative Products**") with a counterparty with respect to such Adjustable Rate Bonds. See "Part II – COLORADO HOUSING AND FINANCE AUTHORITY – Obligations of the Authority – General Obligations – Derivative Products; Interest Rate Contracts," "Part II – CERTAIN BONDOWNERS' RISKS – Risks Related to Derivative Products" and **Appendix B** – "OUTSTANDING MASTER INDENTURE OBLIGATIONS – Outstanding Derivative Products." **There will be no Derivative Product entered into in connection with the 2016 Series A Bonds.** Any payments or receipts received by the Authority under the Derivative Products will be pledged as Revenues, as described in **Appendix C** – "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Derivative Products." The Authority's obligation to make regular interest payments to the Counterparty under each of the Derivative Products has constituted, and is expected in the future to constitute, a Class I Obligation under the Master Indenture, secured on parity with the lien on the Trust Estate of the other Class I Obligations, other than as indicated in **Appendix B** hereto. The Authority's obligation to make termination payments under each of the Derivative Products in the event of early termination, and in the future is expected to be, a general obligation of the Authority and not an Obligation under the Master Indenture. See "Part II – CERTAIN BONDOWNERS' RISKS – Risks Related to Derivative Products" and "Part II – COLORADO HOUSING AND FINANCE AUTHORITY – Obligations of the Authority – General Obligations."

### **Issuance of Additional Bonds**

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

Bonds in the future under the Master Indenture. See "Pledge of Trust Estate" under this caption. For a description of the Bonds presently outstanding under the Master Indenture, see **Appendix B – "OUTSTANDING MASTER INDENTURE OBLIGATIONS – Outstanding Bonds."**

## **CERTAIN BONDOWNERS' RISKS**

### **Limited Security**

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

### **Origination of New Loans**

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

### **Tax Exempt Status of Tax-Exempt Bonds**

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

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

The failure to maintain adequate casualty insurance on any Housing Facility insured under an FHA program may result in the loss of FHA mortgage insurance benefits in the event of damage to or destruction of such Project. FHA mortgage insurance benefits may also be impaired as a result of the

failure to pay required mortgage insurance premiums to the FHA and failure of the mortgagee to provide the FHA on a timely basis with required notice. The mortgagee is responsible for servicing the Loans and the maintenance of the FHA mortgage insurance in connection with insured Loans under the Multi-Family Housing Facility Loan Program. See "Part II – COLORADO HOUSING AND FINANCE AUTHORITY – Programs to Date."

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

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

The payment obligations of the Authority under the Derivative Products do not remove the obligations of the Authority to pay interest on the related Series of Bonds from the Trust Estate. A negative change to the financial position of any of the Counterparties (including bankruptcy or insolvency) at any time may negatively impact payments to the Authority pursuant to the applicable Interest Rate Contract to an extent that cannot be determined. In addition, each Interest Rate Contract is subject to termination upon the occurrence of certain events, and no assurance can be given that the Derivative Products, or any of them, will continue to be in effect. None of the Derivative Products provide a source of credit or security for the Bonds. The Owners of the Bonds do not have any rights under any Interest Rate Contract or against any Counterparty. See "Part II – SECURITY FOR THE BONDS AND DERIVATIVE PRODUCTS – Derivative Products" and **Appendix B** – "OUTSTANDING MASTER INDENTURE OBLIGATIONS – Outstanding Derivative Products." See also footnote (8) to the audited 2015 financial statements of the Authority attached as **Appendix A** hereto for a description of certain further risks associated with the Derivative Products.

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

#### *Creditworthiness of the Liquidity Providers*

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

Each Liquidity Facility provides the Trustee with the liquidity support necessary to purchase the applicable Adjustable Rate Bonds deemed tendered for purchase as described in the related Series Indenture. If remarketing proceeds are not sufficient to provide funds sufficient to pay the purchase price of tendered Adjustable Rate Bonds, the Trustee is required to draw funds under the applicable Liquidity Facility. The ability of the respective Liquidity Provider to honor such drawings may be adversely affected by its financial condition at the time of such draws. No assurance is given as to the current or future financial condition of any Liquidity Provider or the financial condition of any entity with which any Liquidity Provider may merge or by which it may be acquired. For more information about the Liquidity Providers and Outstanding Liquidity Facilities, see **Appendix B** – "OUTSTANDING MASTER INDENTURE OBLIGATIONS – Outstanding Liquidity Facilities." If a Liquidity Provider becomes

insolvent or otherwise becomes a debtor in bankruptcy, timely payment of the purchase price of related Adjustable Rate Bonds subject to tender for purchase might depend entirely on the sufficiency of the Trust Estate to pay such amounts.

#### *Inability to Obtain Substitute Liquidity Facility*

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

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

Pursuant to the Liquidity Facilities, certain unpaid fees will bear interest at the "Default Rate" and Bank Bonds will bear interest at a rate as set forth in the related Liquidity Facilities. Those interest rates can be substantially higher than the variable rate that otherwise would apply to the calculation of interest on the Adjustable Rate Bonds; any increase in those interest rates increases the amount of interest payable by the Trust Estate under the Master Indenture and may affect its sufficiency to pay the Bonds. These outstanding Bank Bonds bear interest at rates substantially higher than the variable rate that would otherwise apply and, in connection with several Series, principal and interest on such Bank Bonds will be payable under the accelerated amortization provisions of the related Liquidity Facility. Payments of interest and regularly scheduled principal, as such principal may be redeemed prior to regularly scheduled payment dates, on such Bank Bonds are on parity with the lien of the related Adjustable Rate Bonds which have been purchased. Principal payments due on the Bank Bonds following any acceleration by the Liquidity Facility Provider will be Class III Obligations and constitute general obligations of the Authority. See "Inability to Obtain Substitute Liquidity Facility" under this caption.

#### **Expiration of HAP Contracts**

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

## **Enforcement of Regulatory Agreements**

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

*There is no provision in the Bonds or the Indenture for an acceleration of the indebtedness evidenced by the Bonds or payment of additional interest in the event interest on the Bonds were declared taxable, and the Authority will not be liable under the Bonds or the Indenture for any such payment on the Bonds whatsoever.*

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

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

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

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

## **INDEPENDENT AUDITORS**

The financial statements of the Authority for the year ended December 31, 2015 (with comparative financial information for 2014), included in this Official Statement as **Appendix A**, have been audited by RSM US LLP, independent auditors, as stated in its report appearing therein. RSM US LLP, the Authority's independent auditor, has not been engaged to perform, and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. RSM US LLP also has not performed any procedures relating to this Official Statement.

## MISCELLANEOUS

This Official Statement speaks only as of its date, and the information contained herein is subject to change. All quotations from, and summaries and explanations of the statutes, regulations and documents contained herein do not purport to be complete and reference is made to said laws, regulations and documents for full and complete statements of their provisions. Copies, in reasonable quantity, of such laws, regulations and documents, including the Indenture, 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 2016 Series A Bonds.

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

By: /s/ Patricia Hippe  
Chief Financial Officer

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**APPENDIX A**

**Annual Financial Report  
(With Independent Auditor's Report Thereon)  
December 31, 2015 and 2014**

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**COLORADO HOUSING AND FINANCE AUTHORITY**  
**ANNUAL FINANCIAL REPORT**  
**(With Independent Auditors' Report Thereon)**  
**December 31, 2015 and 2014**



*Prepared by:*  
*Accounting Division*

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# COLORADO HOUSING AND FINANCE AUTHORITY – Annual Financial Report

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colorado housing and finance authority



**EXECUTIVE LETTER  
(UNAUDITED)**

**Message from Cris White,  
Executive Director and CEO  
March 24, 2016**

As Colorado faced rising rent and home prices in 2015, demand for CHFA's programs surged. CHFA was well-positioned to respond with new programs that enabled us to break records and exceed production goals across all three lines of our business.

Overall in 2015, CHFA supported:

- 4,223 Colorado households in obtaining home purchase loans, mortgage refinance loans, or mortgage credit certificates;
- the development or preservation of 55 affordable rental housing projects, supporting a total of 4,972 rental housing units; and
- 411 businesses with our capital access and business lending programs, which combined supported 4,878 jobs.

CHFA made a \$989.2 million direct investment into our mission last year. The economic activity estimated to occur as a result of this investment is \$1.4 billion.

In 2015, CHFA broke our previous home finance production record by more than 150%, investing \$745.9 million in home mortgage loans. Our ability to serve more homebuyers was due in large part to a new down payment assistance program, the CHFA DPA Grant<sup>sm</sup>. The grant was designed to help moderate income buyers compete more effectively in Colorado's dynamic market – where inventory was tight and bidding wars placed many of CHFA's traditional customers at a competitive disadvantage.

With historically low vacancy rates and rising rents in 2015, CHFA was ever dedicated to increasing and preserving rental housing units. CHFA's multifamily loan production volume in 2015 reached an all-time high at \$189.4 million invested. In total, 4,972 affordable rental housing units will be created or preserved with CHFA multifamily loans and/or Low Income Housing Tax Credits (LIHTC). This represents a 126% increase over 2014.

The significant increase in the number of affordable rental housing units supported was due in part to the renewal of the state LIHTC program, which helped leverage more 4% LIHTC deals than in prior years. Additionally, 282 Permanent Supportive Housing units serving those experiencing homelessness were supported by CHFA in 2015, the most in any single year in our history.

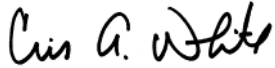
CHFA's business finance programs also achieved success in 2015. We exceeded our budgeted production goal, reaching \$33.1 million in production supporting businesses statewide. CHFA secured \$400 thousand in new funding from the Colorado General Assembly for the Colorado Credit Reserve (CCR) program, helping small businesses access capital from lenders. The CHFA-administered Colorado Fresh Food Financing Fund (CO4F) gained momentum in 2015 as CHFA deployed \$1.0 million in loans and grants to healthy food retail operations in underserved Colorado communities.

CHFA remains committed to capitalizing our Housing Opportunities Fund (HOF). During 2015, CHFA transferred a total of \$16.6 million into the fund, bringing the total HOF balance available to \$22.9 million. This represents a steady increase since CHFA began recapitalizing the HOF in 2013. During the year, CHFA disbursed \$2.9 million from HOF

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and is building a pipeline for additional disbursements. These funds will be used to provide a flexible source of funding for affordable housing and community development activities throughout Colorado in the years ahead.

The needs CHFA helped to address in 2015 will remain as strong, if not become stronger, in 2016 and beyond. While continuing to serve Coloradans and set new benchmarks, CHFA will work towards creating new, innovative ways to invest in our mission.



Cris A. White  
Executive Director and CEO



**INDEPENDENT AUDITORS' REPORT**





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## Independent Auditor's Report

The Board of Directors  
Colorado Housing and Finance Authority

### Report on the Financial Statements

We have audited the accompanying financial statements of Colorado Housing and Finance Authority (the Authority) as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Colorado Housing and Finance Authority as of December 31, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter—Adoption of Standards**

As explained in Note 1 to the financial statements, the Authority adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions, an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*, which resulted in the Authority restating net position for recognition of the Authority's pension-related activity incurred prior to January 1, 2015. Our opinion is not modified with respect to this matter.

## **Other Matters**

### ***Report on Comparative Information***

The Authority's basic financial statements as of and for the year ended December 31, 2014, were audited by other auditors, whose report thereon dated March 26, 2015, expressed an unmodified opinion on the financial statements.

### ***Required Supplementary Information***

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

### ***Supplementary and Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The executive letter and the supplementary information, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information as of and for the year ended December 31, 2015, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements, or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information as of and for the year ended December 31, 2015, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The financial statements include summarized prior-year comparative information. The Authority's basic financial statements as of and for the year ended December 31, 2014, were audited by other auditors, whose report thereon dated March 26, 2015, expressed an unmodified opinion on the financial statements. The report of the other auditors stated that the accompanying supplementary information, as listed in the table of contents, for the year ended December 31, 2014, was subjected to the auditing procedures applied in the audit of the December 31, 2014, basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements, or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America and, in their opinion, was fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 24, 2016, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

*RSM US LLP*

Denver, Colorado  
March 24, 2016



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



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

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This section of the Colorado Housing and Finance Authority's (the Authority) annual financial report presents management's discussion and analysis of the financial position and results of operations as of and for the years ended December 31, 2015 and 2014. This information is being presented to provide additional information regarding the activities of the Authority and to meet the disclosure requirements of Government Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*.

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

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

The Authority participates in the Government National Mortgage Association (Ginnie Mae) Mortgage Backed Securities (MBS) Programs. Through the MBS Programs, Ginnie Mae guarantees securities that are issued by the Authority and that are backed by pools of mortgage loans. Ginnie Mae securities, which can be held or sold, carry the full faith and credit guaranty of the United States government. Holders of the securities receive a "pass-through" of the principal and interest payments on a pool of mortgage loans, less amounts required to cover servicing costs and Ginnie Mae guaranty fees. The Ginnie Mae guaranty ensures that the holder of the security issued by the Authority receives the timely payment of scheduled monthly principal and any unscheduled recoveries of principal on the underlying mortgage loans, plus interest at the rate provided for in the securities. All loans pooled under the Ginnie Mae MBS Programs are either insured by the Federal Housing Administration or are guaranteed by the United States Department of Agriculture Rural Development or the Veterans Administration.

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

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

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

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

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



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

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

Required and other supplementary information is presented following the notes to financial statements to provide selected pension information and other supplemental information, such as combining schedules for the Authority's programs.

During 2015, the Authority implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, which is effective for financial statements for periods beginning after June 15, 2014. This Statement addresses the accounting and financial reporting for employer pension plans provided to employees by pension plans administered through trusts that have certain characteristics. Statement No. 68 also establishes standards for measuring and recognizing liabilities, deferred inflows and outflows of resources, and expenses as they relate to pension plans. Accounting changes adopted to conform to the provisions of this statement were applied by restating the Authority's beginning net position for the year ended December 31, 2015. The financial information for the year ended December 31, 2014, could not be restated as the information required to adopt this standard was not available to the Authority.

### **Debt Activity**

On February 5, 2015, the Authority issued \$99.8 million in Federally Taxable Single Family Program Class I, 2015 Series A Bonds to refund outstanding variable rate bonds into fixed rate bonds in order to take advantage of favorable interest rates. The 2015 Series A refunding transaction allowed the Authority to lock in low fixed interest rates ahead of the May 1, 2015 optional termination date of the swap agreements associated with several series of the refunded variable rate bonds. The swap agreements were left outstanding and the required payments were made until May 1, 2015 when the swaps were terminated at no cost to the Authority.

On April 29, 2015, the Authority issued \$25.5 million in Federally Taxable Single Family Program Class I, 2015 Series B Bonds to refund outstanding variable rate bonds into fixed rate bonds in order to take advantage of low fixed interest rates. On May 1, 2015 the swap agreement associated with the refunded bonds was optionally terminated at no cost to the Authority.

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

### **Financial Highlights**

- Total cash and investments as of December 31, 2015 were \$746.9 million, a decrease of \$87.2 million, or 10.5%, compared to the amount outstanding as of December 31, 2014. The decrease was primarily the result of payments made against interest rate swap agreements and scheduled payments of principal and interest on bonds outstanding.
- Total net loans receivable as of December 31, 2015 were \$1.2 billion, a decrease of \$215.5 million, or 15.1%, compared to the amount outstanding as of December 31, 2014. Loan repayments occurred without a corresponding increase in new loans retained as the Authority continued in 2015 to sell all of its single family loan production through three vehicles: sales of Ginnie Mae and Fannie Mae mortgage backed securities or by direct



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

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sale to Fannie Mae. During 2015, \$573.8 million in loans were sold through the issuance and sale of Ginnie Mae securities, \$182.5 million in loans were pooled and swapped for Fannie Mae mortgage backed securities, which were subsequently sold, and \$4.0 million in loans were sold directly to Fannie Mae.

- Total deferred outflows as of December 31, 2015 were \$130.3 million, a decrease of \$11.8 million, or 8.3%, compared to the amount outstanding as of December 31, 2014, reflecting an increase in market interest rates.
- As of December 31, 2015, bonds, notes payable and short-term debt were \$1.5 billion, a decrease of \$341.4 million, or 18.4%, compared to the balance at December 31, 2014. Payments of loans, together with available cash, have been used to reduce bond balances.
- Net position as of December 31, 2015 was \$340.0 million, a decrease of \$195 thousand, or 0.1%, compared to the balance at December 31, 2014. Net position as a percent of total assets increased from 14.7% as of December 31, 2014 to 16.9% as of December 31, 2015.
- As reflected in the Statement of Revenues, Expenses and Changes in Net Position, the change in net position was \$20.0 million or 54.9% less than the results at December 31, 2014. The decrease in the change in net position compared to prior year was primarily composed of the following:
  - A \$932 thousand decrease in net interest income as a result of lower loans receivable outstanding.
  - A \$13.1 million increase in other operating income is a result of the following:
    - \$26.2 million increase in gain on sale of loans
    - \$4.8 million increase in investment derivative activity
    - \$21.9 million decrease in fair value of investments
    - \$4.0 million increase in loan servicing and other revenues
  - A \$32.2 million increase in operating expenses due primarily to expenses related to the down payment assistance program that began in 2015.



**Analysis of Financial Activities**

**Condensed Summary of Net Position**

(in thousands of dollars)

<b>As of December 31,</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
<b>Assets</b>			
Cash	\$ 144,488	\$ 118,512	\$ 110,726
Investments	602,402	715,558	746,775
Loans receivable, net	1,165,675	1,385,457	1,591,990
Loans receivable held for sale	48,762	44,463	37,733
Capital assets, net	5,544	6,363	7,055
Other assets	42,455	42,460	47,172
<b>Total assets</b>	<b>2,009,326</b>	<b>2,312,813</b>	<b>2,541,451</b>
<b>Deferred outflows of resources</b>			
Accumulated increase in fair value of hedging derivatives	120,171	129,664	115,435
Pension contributions and investment earnings	2,558	-	-
Refundings of debt	7,584	12,472	16,010
<b>Total deferred outflows of resources</b>	<b>130,313</b>	<b>142,136</b>	<b>131,445</b>
<b>Liabilities</b>			
Bonds, notes payable and short-term debt	1,514,701	1,856,112	2,115,267
Derivative instruments and related borrowings	158,786	181,616	184,069
Net pension liability - proportionate share	19,395	-	-
Other liabilities	102,687	72,378	66,109
<b>Total liabilities</b>	<b>1,795,569</b>	<b>2,110,106</b>	<b>2,365,445</b>
<b>Deferred inflows of resources</b>			
Accumulated decrease in fair value of hedging derivatives	3,843	4,614	3,716
Pension investment differences	193	-	-
<b>Total deferred inflows of resources</b>	<b>4,036</b>	<b>4,614</b>	<b>3,716</b>
<b>Net position</b>			
Investment in capital assets	5,543	6,363	7,055
Restricted primarily by bond indentures	142,115	139,680	112,717
Unrestricted	192,376	194,186	183,963
<b>Total net position</b>	<b>\$ 340,034</b>	<b>\$ 340,229</b>	<b>\$ 303,735</b>





### **Comparison of Years Ended December 31, 2015 and 2014**

Total assets decreased \$303.5 million, or 13.1%, from the prior year. Total cash and investments decreased \$87.2 million, or 10.5% primarily as a result of payments made against interest rate swap agreements and scheduled payments of principal and interest on bonds outstanding. Net loans receivable, including loans receivable held for sale, decreased by \$215.5 million, or 15.1%, as a result of loan repayments occurring without a corresponding increase in new loans retained as the Authority continued in 2015 to sell all of its single family loan production through three vehicles: sales of Ginnie Mae and Fannie Mae mortgage backed securities or by direct sale to Fannie Mae. Deferred outflows decreased \$11.8 million, or 8.3%, from the prior year, reflecting an increase in market interest rates.

Total liabilities decreased \$314.5 million, or 14.9%, from the prior year. Bonds, notes payable and short-term debt decreased \$341.4 million, or 18.4% from the prior year, primarily due to scheduled bond payments and additional unscheduled redemptions. Derivative instruments and related borrowings decreased \$22.8 million, or 12.6%, from the prior year due to an increase in market interest rates.

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

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

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



*Management's Discussion and Analysis*  
(unaudited)

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

<b>For the years ended December 31,</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
<b>Interest income and expense:</b>			
Interest on loans receivable	\$ 72,283	\$ 83,347	\$ 96,000
Interest on investments	23,667	21,522	22,200
Interest on debt	(72,616)	(80,603)	(97,193)
Net interest income	23,334	24,266	21,007
<b>Other operating income (loss):</b>			
Rental income	17	32	358
Gain on sale of loans	50,065	23,846	23,094
Investment derivative activity gain (loss)	1,569	(3,194)	(6,005)
Net increase (decrease) in the fair value of investments	(13,123)	8,790	(19,574)
Other revenues	26,749	22,739	22,783
Total other operating income	65,277	52,213	20,656
Total operating income	88,611	76,479	41,663
<b>Operating expenses:</b>			
Salaries and related benefits	18,647	16,977	16,505
General operating	51,872	24,489	18,763
Depreciation	1,109	1,197	1,655
Provision for loan losses	525	(2,698)	1,176
Total operating expenses	72,153	39,965	38,099
<b>Net operating income</b>	<b>16,458</b>	<b>36,514</b>	<b>3,564</b>
<b>Nonoperating expenses:</b>			
Federal grant receipts	120,224	116,944	111,929
Federal grant payments	(120,224)	(116,944)	(111,929)
Gain (loss) on sale of capital assets	-	(20)	5
Total nonoperating income and expenses, net	-	(20)	5
<b>Change in net position</b>	<b>16,458</b>	<b>36,494</b>	<b>3,569</b>
<b>Net position:</b>			
Beginning of year	340,229	303,735	300,166
Restatement due to GASB 68 (see page 26)	(16,653)	-	-
End of year	\$ 340,034	\$ 340,229	\$ 303,735



### **Comparison of Years Ended December 31, 2015 and 2014**

Total operating income increased by \$12.1 million in 2015, or 15.9%, compared to 2014. The following contributed to the increase:

- Interest income decreased by \$8.9 million in 2015 as a result of higher loan prepayments without a corresponding increase in new loan production retained.
- Interest expense related to debt decreased by \$8.0 million due to lower outstanding balances and reducing interest through actions to restructure debt.
- Gain on sale of loans increased \$26.2 million due to increased loan activity related to the down payment assistance grant program offered in 2015.
- The fair value of investments and investment derivative activity collectively decreased by \$17.2 million due primarily to changes in market rates during 2015.
- Other revenues increased \$4.0 million due to higher servicing fee income collected.

Total operating expenses increased \$32.2 million in 2015, or 80.5%, compared to 2014. The increase was primarily due to expenses related to the down payment assistance program that began in 2015.

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

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

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

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

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

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



**BASIC FINANCIAL STATEMENTS**

## Colorado Housing and Finance Authority

### Statement of Net Position

As of December 2015 and 2014

(in thousands of dollars)

	2015	2014
<b>Assets</b>		
Current assets:		
Cash		
Restricted	\$ 97,753	\$ 77,734
Unrestricted	46,735	40,778
Investments (partially restricted, see note 2)	405,388	454,893
Loans receivable (partially restricted, see note 3)	87,617	90,645
Loans receivable held for sale	48,762	44,463
Other current assets	15,325	17,481
<b>Total current assets</b>	<b>701,580</b>	<b>725,994</b>
Noncurrent assets:		
Investments (partially restricted, see note 2)	197,014	260,665
Loans receivable, net (partially restricted, see note 3)	1,078,058	1,294,812
Capital assets, net	5,544	6,363
Other assets	27,130	24,979
<b>Total noncurrent assets</b>	<b>1,307,746</b>	<b>1,586,819</b>
<b>Total assets</b>	<b>2,009,326</b>	<b>2,312,813</b>
<b>Deferred outflows of resources</b>		
Accumulated increase in fair value of hedging derivatives	120,171	129,664
Pension contributions and investment earnings	2,558	-
Refundings of debt	7,584	12,472
<b>Total deferred outflows of resources</b>	<b>130,313</b>	<b>142,136</b>
<b>Liabilities</b>		
Current liabilities:		
Short-term debt	77,505	61,805
Bonds payable	84,192	134,731
Notes payable	102	103
Other current liabilities	95,498	67,725
<b>Total current liabilities</b>	<b>257,297</b>	<b>264,364</b>
Noncurrent liabilities:		
Bonds and notes payable	1,352,902	1,659,473
Derivative instruments	121,187	132,217
Hybrid instrument borrowing	37,599	49,399
Net pension liability - proportionate share	19,395	-
Other liabilities	7,189	4,653
<b>Total noncurrent liabilities</b>	<b>1,538,272</b>	<b>1,845,742</b>
<b>Total liabilities</b>	<b>1,795,569</b>	<b>2,110,106</b>
<b>Deferred inflows of resources</b>		
Accumulated decrease in fair value of hedging derivatives	3,843	4,614
Pension investment differences	193	-
<b>Total deferred inflows of resources</b>	<b>4,036</b>	<b>4,614</b>
<b>Net position</b>		
Investment in capital assets	5,543	6,363
Restricted primarily by bond indentures	142,115	139,680
Unrestricted	192,376	194,186
<b>Total net position</b>	<b>\$ 340,034</b>	<b>\$ 340,229</b>

See accompanying notes to basic financial statements.

**Colorado Housing and Finance Authority**  
**Statement of Revenues, Expenses and Changes in Net Position**  
For the years ended December 2015 and 2014  
*(in thousands of dollars)*

	2015	2014
<b>Interest income and expense:</b>		
Interest on loans receivable	\$ 72,283	\$ 83,347
Interest on investments	23,667	21,522
Interest on debt	(72,616)	(80,603)
Net interest income	23,334	24,266
<b>Other operating income (loss):</b>		
Rental income	17	32
Gain on sale of loans	50,065	23,846
Investment derivative activity gain (loss)	1,569	(3,194)
Net increase (decrease) in the fair value of investments	(13,123)	8,790
Other revenues	26,749	22,739
Total other operating income	65,277	52,213
Total operating income	88,611	76,479
<b>Operating expenses:</b>		
Salaries and related benefits	18,647	16,977
General operating	51,872	24,489
Depreciation	1,109	1,197
Provision for loan losses	525	(2,698)
Total operating expenses	72,153	39,965
<b>Net operating income</b>	<b>16,458</b>	<b>36,514</b>
<b>Nonoperating income and expenses:</b>		
Federal grant receipts	120,224	116,944
Federal grant payments	(120,224)	(116,944)
Gain on sale of capital assets	-	(20)
Total nonoperating income and expenses	-	(20)
<b>Change in net position</b>	<b>16,458</b>	<b>36,494</b>
<b>Net position:</b>		
Beginning of year	340,229	303,735
Restatement due to GASB 68 (see page 26)	(16,653)	-
End of year	\$ 340,034	\$ 340,229

See accompanying notes to basic financial statements.

# Colorado Housing and Finance Authority

## Statement of Cash Flows

For the years ended December 2015 and 2014

(in thousands of dollars)

	2015	2014
<b>Cash flows from operating activities:</b>		
Principal payments received on loans receivable and receipts from dispositions of other real estate owned	\$ 450,109	\$ 393,256
Interest payments received on loans receivable	74,123	84,711
Payments for loans receivable	(807,829)	(449,679)
Receipts from sales of Ginnie Mae securities	623,901	283,226
Receipts from rental operations	17	32
Receipts from other revenues	26,724	23,314
Payments for salaries and related benefits	(17,177)	(16,712)
Payments for goods and services	(52,078)	(23,954)
All other, net	32,020	7,614
<b>Net cash provided by operating activities</b>	<b>329,810</b>	<b>301,808</b>
<b>Cash flows from noncapital financing activities:</b>		
Net increase in short-term debt	15,700	19,425
Proceeds from issuance of bonds	125,300	55,435
Proceeds from issuance of notes payable	266	76
Receipts from federal grant programs	119,282	119,626
Payments for federal grant programs	(120,224)	(116,944)
Principal paid on bonds	(483,652)	(332,950)
Interest rate swap activity, net	(5,754)	(3,117)
Principal paid on notes payable	(104)	(1,120)
Interest paid on short-term debt	(235)	(147)
Interest rate swap settlements	(60,485)	(72,965)
Interest paid on bonds	(17,757)	(21,885)
Interest paid on notes payable	(10)	(73)
<b>Net cash used in noncapital financing activities</b>	<b>(427,673)</b>	<b>(354,639)</b>
<b>Cash flows from capital and related financing activities:</b>		
Purchase of capital assets	(291)	(542)
Proceeds from the disposal of capital assets	-	16
<b>Net cash used in capital and related financing activities</b>	<b>(291)</b>	<b>(526)</b>
<b>Cash flows from investing activities:</b>		
Proceeds from maturities and sales of investments	2,593,526	4,320,867
Purchase of investments	(2,493,489)	(4,280,897)
Income received from investments	24,093	21,173
<b>Net cash provided by investing activities</b>	<b>124,130</b>	<b>61,143</b>
<b>Net increase in cash</b>	<b>25,976</b>	<b>7,786</b>
Cash at beginning of year	118,512	110,726
<b>Cash at end of year</b>	<b>\$ 144,488</b>	<b>\$ 118,512</b>
Restricted	\$ 97,753	\$ 77,734
Unrestricted	46,735	40,778
<b>Cash, end of year</b>	<b>\$ 144,488</b>	<b>\$ 118,512</b>

Continued on the next page

## Colorado Housing and Finance Authority

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

For the years ended December 2015 and 2014

*(in thousands of dollars)*

	2015	2014
<b>Reconciliation of operating income to net cash provided by (used in) operating activities:</b>		
Net operating income	\$ 16,458	\$ 36,514
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	1,109	1,197
Amortization and fair value adjustments of service release premiums	8,212	9,087
Proportionate share of net pension expense	377	-
Amortization of derivatives related borrowings	(7,657)	(15,862)
Provision for loan losses	525	(2,698)
Interest on investments	(23,667)	(21,522)
Interest on debt	80,273	96,465
Unrealized loss on investment derivatives	(1,569)	3,194
Unrealized (gain) loss on investments	13,123	(8,790)
Gain on sale of REO	(278)	(616)
Gain on sale of loans receivable held for sale	(50,065)	(23,846)
Changes in assets and liabilities:		
Loans receivable and other real estate owned	257,870	218,331
Accrued interest receivable on loans and investments	1,840	1,364
Other assets	(3,409)	3,005
Accounts payable and other liabilities	36,668	5,985
Net cash provided by operating activities	\$ 329,810	\$ 301,808

See accompanying notes to basic financial statements.



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colorado housing and finance authority



**NOTES TO BASIC FINANCIAL STATEMENTS**



## 1) Organization and Summary of Significant Accounting Policies

### (a) Authorizing Legislation and Reporting Entity

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

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

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

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

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

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

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

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

### (b) Basis of Accounting

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



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

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

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

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

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

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

**Loans Receivable** – Mortgage loans receivable are reported at their unpaid principal balance net of an allowance for estimated loan losses. Virtually all mortgage loans receivable are serviced by the Authority and are restricted.

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

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

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

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



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

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**Capital Assets** – Capital assets are defined by the Authority as assets with an initial, individual cost of \$10 thousand or greater. Capital assets are depreciated or amortized using the straight-line method over their estimated useful lives, which are 30 years for buildings and from 3 to 10 years for furniture and equipment.

**Other Assets** – Other assets is primarily made up of mortgage servicing rights. Mortgage servicing rights are amortized over the estimated life of the related loans using the effective interest method. Unamortized costs totaling \$23.3 million and \$19.2 million were outstanding at December 31, 2015 and 2014, respectively. Included in these amounts are mortgage servicing rights of \$18.6 million and \$13.4 million as of December 31, 2015 and 2014, respectively, related to loans sold by the Authority for which the Authority retained the mortgage servicing. These mortgage servicing rights are reported at the lower of cost or fair value.

The Authority recorded impairment losses of \$1.1 million and \$4.6 million on mortgage servicing rights as of December 31, 2015 and 2014, respectively. The impairment losses are reported in general operating expense on the Statement of Revenues, Expenses and Changes in Net Position.

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

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

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

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

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

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



and outflows. Changes in fair value of investment derivative instruments, which are ineffective derivative instruments, are reported within investment derivative activity loss starting in the period of change.

**Derivative Instruments – Interest Rate Swap Agreements** – The Authority enters into interest rate swap agreements (swap) with rated swap counterparties in order to (1) provide lower cost fixed rate financing for its loan production needs through synthetic fixed rate structures and (2) utilize synthetic fixed rate structures with refunding bonds in order to generate cash flow savings. The interest differentials to be paid or received under such swaps are recognized as an increase or decrease in interest expense of the related bond liability. The Authority enters into fixed payor swaps, where it pays a fixed interest rate in exchange for receiving a variable interest rate from the counterparty. The variable interest rate may be based on either a taxable or tax-exempt index. By entering into a swap agreement, the Authority hedges its interest rate exposure on the associated variable rate bonds. The Authority's interest rate swaps are generally considered to be hedging derivative instruments under GASB No. 53. However, certain interest rate swaps have been deemed ineffective and are classified as investment derivative instruments. Additional information about the swap agreements is provided in note 8.

**Derivative Instruments – Forward Sales Contracts** – Forward sales of mortgage backed securities within the To-Be-Announced market are utilized to hedge changes in fair value of mortgage loan inventory and commitments to purchase mortgage loans at fixed rates. At December 31, 2015, the Authority had executed 66 forward sales transactions with a \$159.5 million notional amount with five counterparties with concentrations and ratings (Standard and Poor's/Moody's Investors Service) as shown in note 8. The forward sales will all settle by March 22, 2016. These contracts are considered investment derivative instruments.

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

**Net Pension Liability** – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position of the Public Employee's Retirement Association of Colorado (PERA) pension plan and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms.

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

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

**Classification of Revenues and Expenses** – The Authority distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the Authority's ongoing operations. The principal operating revenues of the Authority are interest income on loans, gain on sale



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

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of loans and investment income. The Authority also recognizes revenues from rental operations and other revenues, which include loan servicing fees and other administrative fees. Operating expenses include interest expense, administrative expenses, depreciation, and the provision for loan losses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

**New Accounting Principles** – As of December 31, 2015, the Authority implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, which is effective for financial statements for periods beginning after June 15, 2014. This Statement addresses the accounting and financial reporting for employer pension plans provided to employees by pension plans administered through trusts that have certain characteristics. These characteristics mirror the criteria and definitions set forth in Statement No. 67. Statement No. 68 establishes standards for measuring and recognizing liabilities, deferred inflows and outflows of resources, and expenses as they relate to pension plans. More specifically, this Statement details how cost-sharing multiple-employer defined benefit plans, such as the one administered by the Public Employee's Retirement Association of Colorado (PERA) on behalf of the Authority, will recognize pension liabilities based upon the employer's proportionate share of the collective net pension liability of the trust. This Statement also addresses the note disclosure and required supplementary information requirements for reporting the pension liability. Accounting changes adopted to conform to the provisions of this statement were applied retroactively by restating the basic financial statements for all prior periods presented. The Authority's December 31, 2014 net position, based on Statement No. 68 accounting adjustments, was restated (reduced) by \$16.6 million, from \$340.2 million to \$323.6 million to record the Authority's proportionate share of the net pension liability, as well as certain deferred outflows and deferred inflows of resources associated with pension expense.

As of December 31, 2015, the Authority implemented GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, which is effective for financial statements for periods beginning after June 15, 2014. The objective of this statement is to address an issue regarding the application of the transition provisions of Statement No. 68, which requires the recognition of a deferred outflow or deferred inflow of resources related to pensions at the initial application of the new standard. This Statement amends paragraph 137 of Statement No. 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement No. 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts. The provisions of this Statement are required to be applied simultaneously with the provisions of Statement No. 68. As such, this Statement was implemented by the Authority at December 31, 2015, however, it had no additional impact on the Authority's financial statements.

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



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

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GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, which is effective for financial statements for periods beginning after June 15, 2015. The requirements of this Statement extend the approach to accounting and financial reporting established in Statement 68 to all pensions, with modifications as necessary to reflect that for accounting and financial reporting purposes, any assets accumulated for pensions that are provided through pension plans that are not administered through trusts that meet the criteria specified in Statement 68 should not be considered pension plan assets. It also requires that information similar to that required by Statement 68 be included in notes to financial statements and required supplementary information by all similarly situated employers and nonemployer contributing entities. This Statement will be applicable to the Authority in 2016; however, this Statement will have no material impact on the Authority's financial statements.

GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which is effective for financial statements for periods beginning after June 15, 2018. This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans. The scope of this Statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed. This Statement will be applicable to the Authority in 2018; however, the financial impact of the applicability of Statement No. 75 on the Authority's financial statements has not yet been determined.

GASB issued Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, which is effective for financial statements for periods beginning after December 15, 2015. This Statement amends the scope and applicability of Statement 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). This Statement establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions that have the characteristics described above. This Statement will be applicable to the Authority in 2016; however, the financial impact of the applicability of Statement No. 78 on the Authority's financial statements has not yet been determined.

GASB issued Statement No. 79, *Certain External Investment Pools and Pool Participants*, which is effective for reporting periods beginning after June 15, 2015, except for certain provisions on portfolio quality, custodial credit risk, and shadow pricing. Those provisions are effective for reporting periods beginning after December 15, 2015. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. An external investment pool qualifies for that reporting if it meets all of the applicable criteria established in this Statement. The specific criteria address (1) how the external investment pool transacts with participants; (2) requirements for portfolio maturity, quality, diversification, and liquidity; and (3) calculation and requirements of a shadow price. Significant noncompliance prevents the external investment pool from measuring all of its investments at amortized cost for financial reporting purposes. Professional judgment is required to determine if instances of noncompliance with the criteria established by this Statement during the reporting period, individually or in the aggregate,



were significant. This Statement will be applicable to the Authority in 2016; however, the financial impact of the applicability of Statement No. 79 on the Authority’s financial statements has not yet been determined.

GASB issued Statement No. 80, *Blending Requirements for Certain Component Units—an amendment of GASB Statement No. 14*, which is effective for reporting periods beginning after June 15, 2016. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, The Financial Reporting Entity, as amended. This Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, *Determining Whether Certain Organizations Are Component Units*. This Statement will be applicable to the Authority in 2017; however, the financial impact of the applicability of Statement No. 80 on the Authority’s financial statements has not yet been determined.

**(2) Cash and Investments**

**Cash and Cash Equivalents** – The Authority’s cash and cash equivalents are reported as either restricted or unrestricted and are represented by cash on hand and demand deposits held in banks. Cash is classified as restricted when its use is subject to external limits such as bond indentures, legal agreements or statutes. Restricted cash includes payments received on pledged assets and used for the payment of bonds under the related indenture agreements. Also included in restricted cash are escrow balances, payments in process and various government deposits. As of December 31, 2015 and 2014, the Authority had unrestricted cash of \$46.7 million and \$40.8 million, respectively.

Restricted cash as of December 31, 2015 and 2014 was as follows:

<b>Summary of Restricted Cash</b>	<b>2015</b>	<b>2014</b>
Customer escrow accounts	\$ 73,901	\$ 42,984
Payments in process	20,398	29,602
Administered program deposits	3,454	5,148
<b>Total fair value</b>	<b>\$ 97,753</b>	<b>\$ 77,734</b>

**Investments** – The Authority is authorized by means of a Board-approved investment policy to invest in notes, bonds and other obligations issued or guaranteed by the U.S. government and certain governmental agencies. Additionally, the Authority is permitted to invest, with certain restrictions as to concentration of risk, collateralization levels, maximum periods to maturity, and/or underlying rating levels applied, in revenue or general obligations of states and their agencies, certificates of deposits, U.S. dollar denominated corporate or bank debt, commercial paper, repurchase agreements backed by U.S. government or agency securities, money market mutual funds and investment agreements. The Authority’s investment policy requires 1) staggered maturities to avoid undue concentrations of assets in a specific maturity sector, 2) stable income, 3) adequate liquidity to meet operations and debt service obligations and 4) diversification to avoid overweighting in any one type of security. The Authority is also subject to permissible investments as authorized by Title 24, Article 75, Part 6 of the Statues. Permissible investments pursuant to the Statutes are either identical to or less restrictive than the Authority’s investment policy. In addition, each of the trust indentures established under the Authority’s bond programs contains requirements as to permitted investments of bond fund proceeds, which may be more or less restrictive than the Authority’s investment policy. These investments are included in the disclosures below under State and political subdivision obligations.





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

As of December 31, 2015, the Authority had the following investment maturities:

Investment Type	Investment Maturities (In Years)				Total
	Less Than 1	1-5	6-10	More Than 10	
Certificate of deposit	\$ 18,400	\$ -	\$ -	\$ -	\$ 18,400
External investment pool	7,124	-	-	-	7,124
Investment agreements - uncollateralized	79,166	-	-	27,148	106,314
Money market mutual fund	42,196	-	-	-	42,196
Repurchase agreement	19,652	-	-	4,506	24,158
State & political subdivision obligations	-	-	-	425	425
U.S. government agencies	165,382	30,601	-	133,759	329,742
U.S. Treasury	73,468	-	575	-	74,043
<b>Total</b>	<b>\$ 405,388</b>	<b>\$ 30,601</b>	<b>\$ 575</b>	<b>\$ 165,838</b>	<b>\$ 602,402</b>

As of December 31, 2014, the Authority had the following investment maturities:

Investment Type	Investment Maturities (In Years)				Total
	Less Than 1	1-5	6-10	More Than 10	
Certificate of deposit	\$ 29,400	\$ -	\$ -	\$ -	\$ 29,400
External investment pool	67,648	-	-	-	67,648
Investment agreements - uncollateralized	92,479	-	-	27,148	119,627
Money market mutual fund	132,621	-	-	-	132,621
Repurchase agreement	19,182	-	-	6,740	25,922
State & political subdivision obligations	-	-	-	532	532
U.S. government agencies	113,397	49,372	-	176,275	339,044
U.S. Treasury	166	-	598	-	764
<b>Total</b>	<b>\$ 454,893</b>	<b>\$ 49,372</b>	<b>\$ 598</b>	<b>\$ 210,695</b>	<b>\$ 715,558</b>

General Program investments of \$89.1 million include investments pledged as of December 31, 2015 as follows: a \$18.4 million certificate of deposit and a \$57.0 million Federal Home Loan Bank (FHLB) discount note pledged to the FHLB line of credit and Colorado Local Government Liquid Asset Trust (COLOTRUST) investments of Rural Development Loan Program (RDLP), RDLP II and RDLP V in the amounts of \$811 thousand, \$423 thousand and \$503 thousand, respectively; each pledged as collateral for the RDLP notes payable and \$945 thousand of investments pledged as collateral for private placement bonds.

General Program investments of \$65.1 million include investments pledged as of December 31, 2014 as follows: a \$29.4 million certificate of deposit and a \$28.0 million Federal Home Loan Bank (FHLB) discount note pledged to the FHLB line of credit and Colorado Local Government Liquid Asset Trust (COLOTRUST) investments of Rural Development Loan Program (RDLP), RDLP II and RDLP V in the amounts of \$576 thousand, \$265 thousand and \$29 thousand, respectively; each



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

pledged as collateral for the RDLP notes payable and \$364 thousand of investments pledged as collateral for private placement bonds.

All Single Family and Multi-Family/Business Program investments, which total \$513.3 million and \$650.4 million as of December 31, 2015 and 2014, respectively, are restricted under bond indentures or other debt agreements, or otherwise pledged as collateral for borrowings.

**Interest Rate Risk** – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Except for the money market mutual fund investments, substantially all of the Authority’s investments are subject to this risk.

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

Investment Type	2015		2014	
	Rating	Total	Rating	Total
Certificate of deposit	Not Rated	\$ 18,400	Not Rated	\$ 29,400
External investment pool	AAAm	7,124	AAAm	67,648
Investment agreements - uncollateralized	AA+/A1	10,794	AA+/A1	53,560
Investment agreements - uncollateralized	A/A2	17,134	A/A2	20,540
Investment agreements - uncollateralized	A+/Aa2	5,500	A+/Aa2	5,500
Investment agreements - uncollateralized	AA-/Aa3	4,376	AA-/Aa3	4,376
Investment agreements - uncollateralized	AA/Aa1	-	AA/Aa1	35,651
Investment agreements - uncollateralized	AA/Aa2	30,683	AA/Aa2	-
Investment agreements - uncollateralized	AA+/Aa2	37,827	AA+/Aa2	-
Money market mutual fund	AAAm/Aaa	42,196	AAAm/Aaa	132,621
Repurchase agreements	AA+/Aaa	24,158	AA+/Aaa	25,922
State and political subdivision obligations	AAA/Aaa	425	AAA/Aaa	532
U.S. government agencies	AA+/Aaa	329,742	AA+/Aaa	339,044
U.S. Treasury	AA+/Aaa	74,043	AA+/Aaa	764
<b>Total</b>		<b>\$ 602,402</b>		<b>\$ 715,558</b>

Of the investments in securities issued by state and political subdivisions, 100% are rated AAA as of December 31, 2015 and 2014. Investment agreements meet the requirements of the rating agency providing the rating on the related debt issue and of the Board’s investment policy. The Board’s investment policy states that the Authority is empowered to invest in any security that is a revenue or general obligation of any political subdivision. The credit rating at the time of purchase must be rated in one of its two highest rating categories by one or more nationally recognized organizations, which regularly rate such obligations and concentration limits may not exceed more than 20% of the investment portfolio.

As of December 31, 2015 and 2014, the Authority had invested in COLOTRUST, an investment vehicle established for local governmental entities in Colorado to pool funds available for investment. COLOTRUST is reflected in the above tables as an external investment pool. The State Securities Commissioner administers and enforces all State statutes governing COLOTRUST. COLOTRUST operates similarly to a money market fund and each share’s fair value is \$1.00.



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

**Concentration of Credit Risk** – The Authority has various maximum investment limits both by type of investment and by issuer to prevent inappropriate concentration of credit risk. The following table provides information on issuers in which the Authority has investments representing more than 5% of its total investments as of December 31, 2015 and 2014.

<b>Issuer</b>	<b>2015</b>	<b>2014</b>
COLOTRUST	1.18%	9.45%
FHLB	16.14%	10.99%
FHLMC	15.72%	17.71%
Fidelity	2.66%	12.67%
FNMA	5.36%	7.00%
GNMA	20.58%	15.79%
IXIS	11.95%	11.48%
Trinity	6.28%	5.74%
US Treasury	12.29%	0.11%
Wells Fargo	4.26%	5.82%

**Custodial Credit Risk – Investments** – Custodial credit risk is the risk that, in the event of the failure of the custodian, the Authority will not be able to recover the value of its investment or collateral securities that are in the possession of the custodian. All securities owned by the Authority are either in the custody of the related bond indenture trustees or held in the name of the Authority by a party other than the issuer of the security.

**Custodial Credit Risk – Cash Deposits** – In the case of cash deposits, custodial credit risk is the risk that in the event of a bank failure, the Authority’s deposits may not be returned to it. All deposit accounts were either covered by the Federal Deposit Insurance Corporation or fully collateralized in accordance with the State of Colorado’s Division of Banking’s Public Deposit Protection Act.

Included in cash deposits are escrow deposits in the amount of \$73.9 million and \$43.0 million held in a fiduciary capacity as of December 31, 2015 and 2014, respectively. These escrow deposits are primarily held for the payment of property taxes and insurance on behalf of the mortgagors whose loans are owned or serviced by the Authority.



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

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

Loans receivable and loans receivable held for sale at December 31, 2015 and 2014 consisted of the following:

	2015	2014
General Fund	\$ 164,902	\$ 166,490
Single Family Fund	536,362	690,300
Multi-Family/Business Fund:		
Multi-Family/Project	499,457	555,203
Multi-Family Pass Through	24,734	29,461
Total Multi-Family/Business Fund	524,191	584,664
Less intercompany loans, included in Multi-Family/Project above	(1,443)	(1,904)
Total loans receivable	1,224,012	1,439,550
Payments in process	(2,844)	(682)
Allowance for loan losses	(6,731)	(8,948)
Total loans receivable, net	\$ 1,214,437	\$ 1,429,920

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

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

General Program loans include single family, multi-family and business finance loans acquired under various programs of the General Program, loans to be sold through the issuance of Ginnie Mae securities, loans to be sold to Fannie Mae, loans to be pooled and swapped for securities issued by Fannie Mae, loans held as investments and loans backed by bonds within the General Program. These loans are typically collateralized by mortgages on real property and improvements. Certain of these loans are also insured or guaranteed by agencies of the U.S. government.

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

The single family loan portfolio included in the general and single family programs as of December 31, 2015 was comprised of \$404.3 million of FHA insured loans, \$27.3 million of VA guaranteed loans, \$20.8 million of RD guaranteed loans and \$73.8 million of conventional insured loans with the balance of \$113.4 million made up of uninsured conventional and second mortgage loans.

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



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

The Authority is exposed to operational risk, which makes it subject to loss or repurchase of insured FHA loans if specific guidelines are not met. As of December 31, 2015 and 2014, the Authority recorded a reserve of \$205 thousand and \$239 thousand, respectively, for claim refunds to be paid to the U.S. Department of Housing and Urban Development (HUD).

As of December 31, 2015 and 2014, single family mortgage loans with pending foreclosure actions have aggregate principal balances of approximately \$7.9 million and \$10.7 million, respectively. As of December 31, 2015 and 2014, the aggregate principal balance of single family mortgage loans delinquent 91 days or greater was approximately \$39.2 million and \$55.6 million, respectively.

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

As of December 31, 2015, approximately \$313.8 million, or 72.9%, of the commercial loan balances are not covered by insurance. The insured loans were comprised of \$184.5 million of Section 542(c) risk share loans, which are 50% insured, and \$7.2 million of Sections 221(d) and 223(f) new construction and rehabilitation loans, which are 99% insured.

As of December 31, 2014, approximately \$357.7 million, or 73.3%, of the commercial loan balances are not covered by insurance. The insured loans were comprised of \$206.6 million of Section 542(c) risk share loans, which are 50% insured, and \$10.8 million of Sections 221(d) and 223(f) new construction and rehabilitation loans, which are 99% insured.

As of December 31, 2015 and 2014, commercial loans with pending foreclosure actions have aggregate principal balances of approximately \$0 and \$240 thousand, respectively. As of December 31, 2015 and 2014, commercial loans delinquent 91 days or greater aggregate principal balances were approximately \$161 thousand and \$858 thousand, respectively.

Activity in the allowance for loan loss for the years ended December 31, 2015 and 2014 was as follows:

	<u>2015</u>	<u>2014</u>
Beginning balance	\$ 8,948	\$ 13,151
Provision	525	(1,332)
Net charge-offs		
Single-family	(1,835)	(2,600)
Multi-family/Business	(907)	(271)
Ending balance	<u>\$ 6,731</u>	<u>\$ 8,948</u>

The Authority services loans that it securitizes as Ginnie Mae mortgage-backed securities and sells. As of both December 31, 2015 and 2014, these loans totaled \$1.5 billion.

The Authority services loans on the behalf of others, primarily for Fannie Mae, which are not reported on the Statement of Net Position. As of December 31, 2015 and 2014, these outstanding loan balances were \$411.5 million and \$274.9 million, respectively.



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

The Authority has granted terms and interest rate concessions to debtors, which are considered troubled debt restructurings, as of December 31, 2015 and 2014, as summarized below:

<b>Single Family Program Loans:</b>	<b>2015</b>	<b>2014</b>
Aggregate recorded balance	\$ 46,047	\$ 41,982
Number of loans	369	324
Gross interest revenue if receivables had been current	\$ 2,223	\$ 2,400
Interest revenue included in changes in net position	\$ 1,807	\$ 1,569
<b>Multi-Family/Business Program Loans:</b>	<b>2015</b>	<b>2014</b>
Aggregate recorded balance	\$ 17,351	\$ 14,869
Number of loans	22	22
Gross interest revenue if receivables had been current	\$ 966	\$ 835
Interest revenue included in changes in net position	\$ 991	\$ 931



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

**(4) Capital Assets**

Capital asset activity for the year ended December 31, 2015 was as follows:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>
<b>Nondepreciable capital assets:</b>				
Land	\$ 1,573	\$ -	\$ -	\$ 1,573
Construction in progress	234	301	(535)	-
Total nondepreciable capital assets	1,807	301	(535)	1,573
<b>Depreciable capital assets:</b>				
Cost:				
Computer equipment/software *	14,678	518	-	15,196
Furniture and equipment	1,116	-	-	1,116
Buildings and related improvements	8,035	7	-	8,042
Total depreciable capital assets	23,829	525	-	24,354
Less accumulated depreciation:				
Computer equipment/software *	(13,701)	(658)	-	(14,359)
Furniture and equipment	(831)	(88)	-	(919)
Buildings and related improvements	(4,741)	(364)	-	(5,105)
Total accumulated depreciation	(19,273)	(1,110)	-	(20,383)
Total depreciable capital assets, net	4,556	(585)	-	3,971
Total capital assets, net	\$ 6,363	\$ (284)	\$ (535)	\$ 5,544

\* Includes capital lease



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

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

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

\* Includes capital lease

**(5) Short-Term Debt**

The Authority has agreements with the FHLB of Topeka for collateralized borrowings in an amount not to exceed the lending limit internally established by the FHLB, which is 40% of the Authority's total assets, or \$799.2 million. As of December 31, 2015 and 2014, the Authority had \$77.5 million and \$61.8 million of short-term debt outstanding with the FHLB, respectively. Borrowings under these agreements are used to support the Authority's various lending programs, to purchase loans to be sold through the issuance of Ginnie Mae securities and activities related to the Authority's private activity bond volume cap preservation program. Amounts drawn under the agreements bear interest at the same rates charged by the FHLB to its member banks and are collateralized by certain mortgage loans and investments. There are no commitment fees associated with these agreements.

The Authority also has a revolving, unsecured, commercial bank line of credit agreement for borrowings of up to \$30.0 million. Amounts drawn under the agreement bear interest fixed at 1.95% per annum above the one week or one-month LIBOR rate. This line of credit agreement terminates on December 17, 2016. The Authority pays an unused line fee at the rate of 0.02% per annum, payable in arrears on the first business day after each calendar quarter. The fee is based upon the average daily unused amount of the line of credit computed on the basis of a 360-day year. As of December 31, 2015 and 2014, there were no outstanding balances.





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

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Short-term debt activity for the years ended December 31, 2015 and 2014 was as follows:

	2015	2014
Beginning balance	\$ 61,805	\$ 42,380
Additions	4,160,340	3,535,460
Reductions	(4,144,640)	(3,516,035)
Ending balance	\$ 77,505	\$ 61,805

**(6) Bonds, Notes Payable and Other Liabilities**

The Authority issues bonds and notes payable to finance its lending programs. Proceeds from long-term debt of the Single Family and Multi-Family/Business bonds are used for funding of single family, multi-family and business loans. Long-term debt of the General Programs (including notes payable) is used to finance single family and business loans. The aggregate principal amounts of bonds and notes payable outstanding as of December 31, 2015 and 2014 are shown in the table on the following pages. Interest is payable semiannually unless otherwise noted. Interest rates on variable rate debt reset on a weekly or monthly basis. At December 31, 2015, these rates ranged from 0.01% to 0.98%. At December 31, 2014, these rates ranged from 0.02% to 0.92%.



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

Description and due date	Interest rate (%)	2015	2014
<b>Bonds payable:</b>			
<b>General Fund</b> (prior to 2011, all General Fund bonds carry the Authority's general obligation pledge):			
Multi-Family/Business Finance:			
Guaranteed Loan Participation Purchase Bonds: (* principal and interest payable monthly)			
1999 Series A	2015 - 2015	5.71	-
2004 Series B*	2016 - 2024	4.88	1,074
2005 Series A*	2015 - 2015	4.81	-
2011 Series A*	2016 - 2031	2.92	528
2012 Series A*	2016 - 2025	2.84	5,100
<b>Total Guaranteed Loan Participation Purchase Bonds</b>		<b>6,702</b>	<b>8,062</b>
Project Loan Participation Purchase Bonds: (* principal and interest payable monthly)			
2004 Series AP*	2015 - 2015	4.90	-
Taxable Rental Project Revenue Bonds: (* principal and interest payable monthly)			
2000 Series A	2016 - 2020	6.15	2,884
2002 Series AV*	2016 - 2022	5.55	1,250
2003 Series AV*	2016 - 2024	5.19	655
2004 Series A*	2016 - 2024	4.90	8,467
<b>Total Taxable Rental Project Revenue Bonds</b>		<b>13,256</b>	<b>14,025</b>
<b>Total Multi-Family/Business Finance</b>		<b>19,958</b>	<b>22,387</b>
<b>Total General Fund</b>		<b>19,958</b>	<b>22,387</b>
<b>Single Family Fund:</b>			
Single Family Mortgage Bonds:			
2001 Series AA	2016 - 2038	Variable	79,030
2002 Series A	2016 - 2021	Variable	11,255
2002 Series B	2016 - 2021	Variable	23,240
2002 Series C	2016 - 2022	Variable	22,175
2003 Series A	2015 - 2015	Variable	-
2003 Series B	2016 - 2028	Variable	36,485
2003 Series C	2015 - 2015	Variable	-
2004 Series B	2015 - 2015	Variable	-
2005 Series B	2015 - 2015	Variable & 4.98 - 5.22	-
2006 Series A	2016 - 2036	Variable	38,585
2006 Series B	2016 - 2036	Variable	79,925
2006 Series C	2016 - 2034	Variable	12,395
2007 Series A	2016 - 2037	Variable	45,895
2007 Series B	2016 - 2038	Variable	102,545
2008 Series A	2016 - 2038	Variable & 5.00	87,555
2009 Series A	2016 - 2019	3.85 - 4.35	7,360
2011 Series AA	2016 - 2029	2.50 - 5.00	15,275
2011 Series D	2016 - 2016	Variable	4,055
2012 Series A	2016 - 2038	Variable	68,655
2013 Series AA	2016 - 2041	2.80	29,150
2013 Series B	2016 - 2036	Variable	34,290
2014 Series A	2016 - 2027	0.62 - 3.53	43,490
2015 Series A	2016 - 2031	0.50 - 4.00	84,220
2015 Series B	2016 - 2026	0.65 - 3.42	22,975
<b>Total Single Family Mortgage Bonds</b>			<b>848,555</b>
<b>Total Single Family Fund</b>			<b>1,099,675</b>

Table continued on following page.



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

Description and due date	Interest rate (%)	2015	2014
<b>Multi-Family/Business Fund:</b>			
Multi-Family/Project Bonds: (* principal and interest payable quarterly on some of the bonds)			
2000 Series A	2016 - 2030 Variable	13,500	17,350
2000 Series B*	2016 - 2020 Variable	3,260	3,770
2002 Series A	2016 - 2030 Variable	2,490	8,800
2002 Series C	2016 - 2032 Variable	61,315	79,650
2003 Series A	2016 - 2033 Variable	31,560	32,840
2004 Series A	2016 - 2034 Variable	38,610	51,395
2005 Series A	2016 - 2040 Variable	26,750	52,925
2005 Series B	2016 - 2040 Variable	17,660	21,130
2006 Series A	2016 - 2036 Variable	36,930	38,750
2007 Series B	2016 - 2038 Variable	56,120	65,480
2008 Series A	2016 - 2043 Variable	24,165	25,850
2008 Series B	2016 - 2052 Variable	155,470	157,505
2008 Series C	2016 - 2038 Variable	14,350	21,665
2009 Series A	2016 - 2041 Variable & 3.80 - 5.40	27,105	29,020
2012 Series A	2016 - 2051 2.75 - 4.50	10,330	10,470
2012 Series B	2016 - 2054 2.55 - 4.20	17,240	17,450
2013 Series A	2016 - 2023 Variable	4,165	7,040
2013 Series I	2016 - 2044 3.20	24,776	29,508
Total Multi-Family/Project Bonds		565,796	670,598
<b>Total Multi-Family/Business Fund</b>		<b>565,796</b>	<b>670,598</b>
<b>Total bonds payable</b>		<b>\$ 1,434,309</b>	<b>\$ 1,792,660</b>
<b>Premiums and losses classified as bonds payable</b>			
Bond premiums (unamortized)		1,715	638
<b>Bonds payable</b>		<b>\$ 1,436,024</b>	<b>\$ 1,793,298</b>
<b>Notes payable</b>		<b>1,172</b>	<b>1,009</b>
<b>Bonds and notes payable</b>		<b>\$ 1,437,196</b>	<b>\$ 1,794,307</b>
<b>Current:</b>			
Bonds payable		\$ 84,192	\$ 134,731
Notes payable		102	103
<b>Noncurrent:</b>			
Bonds and notes payable		1,352,902	1,659,473
<b>Total</b>		<b>\$ 1,437,196</b>	<b>\$ 1,794,307</b>



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

A breakdown of bonds payable as of December 31, 2015 and 2014, by fixed and variable interest rates, follows in the table below. Certain of the Authority's variable rate debt has been hedged by entering into pay fixed/receive variable rate interest rate swap agreements as further described in note 8. Such debt is referred to in the table as synthetic fixed rate debt.

<b>Description</b>	<b>2015</b>	<b>2014</b>
Fixed rate debt	\$ 286,679	\$ 297,140
Synthetic fixed rate debt	948,625	1,353,075
Unhedged variable rate debt	199,005	142,445
Total	\$ 1,434,309	\$ 1,792,660

Also included in the table of bonds and notes payable outstanding are certain Single Family and Multi-Family/Project bonds, which carry the Authority's general obligation pledge. These general obligation bonds are presented in the following table as of December 31, 2015 and 2014:

<b>Description</b>	<b>2015</b>	<b>2014</b>
General Fund Program Bonds	\$ 14,330	\$ 15,907
Single Family Mortgage Bonds, Class III	8,655	41,985
Multi-Family/Project Bonds, Class I	195,165	206,880
Multi-Family/Project Bonds, Class II	17,210	17,710
Total	\$ 235,360	\$ 282,482



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

Standby Purchase Agreements provide liquidity support on variable rate bonds that are remarketed weekly. The liquidity/commitment fees vary by agreement and are based on a percentage of the outstanding bond balance, payable monthly or quarterly. During 2015 and 2014, the Authority renewed or replaced expiring liquidity facilities of \$482.6 million and \$302.8 million, respectively. Liquidity fees for the years ended December 31, 2015 and 2014 were \$4.9 million and \$6.5 million, respectively.

A schedule of providers and maturities is presented below, as of December 31, 2015:

Liquidity Expiration	Bank of America (1)	FHLB (2)	Royal Bank of Canada (3)	BNY Mellon (4)	Grand Total
2016	\$ -	\$ 264,020	\$ 109,290	\$ 56,530	\$ 429,840
2018	45,415	430,975	-	-	476,390
<b>Total</b>	<b>\$ 45,415</b>	<b>\$ 694,995</b>	<b>\$ 109,290</b>	<b>\$ 56,530</b>	<b>\$ 906,230</b>

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

- (1) (a) Bank Rate: for the first 90 days following the purchase date, the "Base Rate", for any day, a per annum rate to the highest of (a) the Federal Fund Rate plus 2.00%, (b) the prime rate plus 1.00%, (c) the LIBOR Rate plus 2.00%, and (d) seven and one-half percent (7.50%), then from and after the ninety-first (91st) day, the Base Rate plus 1.00% per annum.  
 (b) Term out provisions: three hundred sixty-six (366) days following the earlier of (x) the Purchase Date, or (y) the last day of the Purchase Period. Semiannual Principal payment due the date that is the earlier of (x) the five year anniversary of the related Purchase Date, or (y) the five year anniversary of the last day of the Purchase Period.
- (2) (a) Bank Rate: One-Month LIBOR plus 2.00%.  
 (b) Term out provisions: repayments due 90 days or 366 days following the purchase date in equal semiannual installments until fifth anniversary of the purchase date.
- (3) (a) Bank Rate: for the first 90 days following the purchase date, the "Base Rate", which equals the highest of (i) the prime rate plus 2.50%, (ii) the Fed funds rate plus 3.00% and (iii) 8.00%; then for the period 91-180 days following the purchase date, the Base Rate plus 1.00%; then for the period 181 days and higher following the purchase date, the Base Rate plus 2.00%.  
 (b) Term out provisions: repayments due on the first business day of February, May, August or November on or following 90 days following purchase date and thereafter quarterly on each such dates in equal installments to the third anniversary of such purchase date. Class I lien.
- (4) (a) Bank Rate: for any day, the "Base Rate", which is the greater of (a) the prime rate in effect for such day and (b) the sum of the Federal Funds Rate in effect for such day plus 1.00%, plus 2.00%.  
 (b) Term out provisions: with respect to any Bank Bond, the earlier of the fifth anniversary or the related mandatory redemption start date (the first business day of the month next following the earlier of (i) the 90th day following the purchase date of such Bank Bond and (ii) the last day of the purchase period) or the maturity date of such Bank Bond.



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

The following table presents the detail of bonds, notes payable and certain other liabilities that include current and noncurrent activity for the year ended December 31, 2015:

Description	Beginning			Ending		Current	Noncurrent
	Balance	Additions	Reductions	Balance			
Bonds payable	\$ 1,792,660	\$ 125,300	\$ (483,652)	\$ 1,434,308	\$ 84,092	\$ 1,350,216	
Bond premiums - unamortized	638	1,324	(247)	1,715	100	1,615	
Total bonds payable	1,793,298	126,624	(483,899)	1,436,023	84,192	1,351,831	
Notes payable	1,009	266	(102)	1,173	102	1,071	
Arbitrage rebate payable	488	11	-	499	-	499	
Unearned revenue	2,557	737	(392)	2,902	193	2,709	
Other liabilities	1,858	2,614	(406)	4,066	85	3,981	
Total other liabilities	4,903	3,362	(798)	7,467	278	7,189	
Total	\$ 1,799,210	\$ 130,252	\$ (484,799)	\$ 1,444,663	\$ 84,572	\$ 1,360,091	

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

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



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

Bonds and notes payable sinking fund installments and contractual maturities subsequent to December 31, 2015, using rates in effect as of December 31, 2015, are as follows:

Years Ending December 31,	General Fund		Single Family		Multi-Family		Notes Payable	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 150	\$ 906	\$ 74,866	\$ 8,093	\$ 9,076	\$ 3,502	\$ 102	\$ 12
2017	146	897	95,691	7,628	13,177	3,464	103	11
2018	148	888	88,866	7,115	13,447	3,407	104	10
2019	784	865	70,296	6,658	14,662	3,347	105	9
2020	1,656	782	52,466	6,235	16,012	3,282	90	8
2021 - 2025	16,546	2,481	157,705	24,690	32,481	15,750	292	28
2026 - 2030	-	77	121,060	13,527	68,890	14,897	129	16
2031 - 2035	528	16	117,210	7,113	57,900	13,763	136	10
2036 - 2040	-	-	41,245	4,442	140,335	11,280	112	2
2041 - 2045	-	-	29,150	612	34,896	7,977	-	-
2046 - 2050	-	-	-	-	5,710	4,371	-	-
2051 - 2055	-	-	-	-	159,210	1,239	-	-
Total	\$ 19,958	\$ 6,912	\$ 848,555	\$ 86,113	\$ 565,796	\$ 86,278	\$ 1,173	\$ 106

**(7) Conduit Debt Obligation**

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

As of December 31, 2015 and 2014, the aggregate principal amount of conduit debt outstanding totaled \$954.1 million and \$886.7 million, respectively.

**(8) Derivative Instruments**

The Authority reports derivative instruments at fair value. The fair value of all derivatives is reported on the Statement of Net Position as a derivative instrument at the end of the year. If an interest rate hedge is considered ineffective, it is referred to as an investment derivative and the change in fair value is reported on the Statement of Revenues, Expenses and Changes in Net Position as investment derivative activity loss. The annual changes in the fair value of effective hedging derivative instruments are reported as deferred inflows and outflows, as appropriate, on the Statement of Net Position.

**Swaps Transactions** – The Authority has entered into pay fixed, receive variable interest rate swaps in order to (1) provide lower cost fixed rate financing for its production needs through synthetic fixed rate structures and (2) utilize synthetic fixed rate structures with refunding bonds in order to generate cash flow savings. The objective of the swaps is to hedge interest rate risk.

The fair values take into consideration the prevailing interest rate environment and the specific terms and conditions of each swap. All fair values were estimated using the zero-coupon discounting method. This method calculates the future



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

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

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

On February 5, 2015, the Authority fully redeemed and refunded with fixed rate bonds certain single family bonds subject to existing interest rate swap agreements that were considered effective interest rate hedges. As a result of the redemption and refunding, \$113.9 million of the existing swaps were reclassified from effective hedges to investment derivative instruments during 2015.

On May 1 and November 1, 2015, the Authority partially redeemed from loan repayments and prepayments certain single family bonds subject to existing interest rate swap agreements that were considered effective interest rate hedges. As a result of the redemptions, \$20.2 million of the existing swaps were reclassified from effective hedges to investment derivative instruments during 2015.

On February 12, April 6, and September 1, 2015, the Authority partially redeemed from loan prepayments certain multi-family bonds subject to existing interest rate swap agreements that were considered effective interest rate hedges. As a result of the redemptions, \$30.9 million of the existing swaps were reclassified from effective hedges to investment derivative instruments during 2015.

On January 9, February 20, April 1, and October 1, 2015, the Authority partially or fully redeemed from surplus funds certain multi-family bonds subject to existing interest rate swap agreements that were considered effective interest rate hedges. As a result of the redemptions, \$20.0 million of the existing swaps were reclassified from effective hedges to investment derivative instruments during 2015.

On January 9, May 1 and November 1, 2014, the Authority partially redeemed from loan repayments and prepayments certain single family bonds subject to existing interest rate swap agreements that were considered effective interest rate hedges. As a result of the redemptions, \$38.8 million of the existing swaps were reclassified from effective hedges to investment derivative instruments during 2014.

On August 19, October 1 and November 17, 2014, the Authority redeemed from loan prepayments certain multi-family bonds subject to existing interest rate swap agreements that were considered effective interest rate hedges. As a result of the redemptions, \$8.4 million of the existing swaps were reclassified from effective hedges to investment derivative instruments during 2014.

On November 6, 2014, the Authority fully redeemed and refunded with proceeds from fixed rate bonds certain single family bonds subject to existing interest rate swap agreements that were considered effective interest rate hedges. As a result of the redemption and refunding, \$72.3 million of the existing swaps were reclassified from effective hedges to investment derivative instruments during 2014.





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

A summary of interest rate swaps for the years ended December 31, 2015 and 2014 was as follows:

<b>Summary of Interest Rate Swaps</b>	<b>2015</b>	<b>2014</b>
	<b>Fair Value</b>	<b>Fair Value</b>
Par optional termination right with trigger	\$ 24,490	\$ 23,371
Par optional termination right	17,947	28,804
Trigger	9,878	11,829
Plain	68,678	67,768
Total fair value	\$ 120,993	\$ 131,772

*Trigger:* The variable rate received on these swaps is 68% of the one-month LIBOR, if LIBOR is equal to or greater than 3.5%. The variable rate received on these swaps is SIFMA plus a spread if the one-month LIBOR is less than 3.5%. See further discussion in the basis risk section below.

*Par Optional Termination Right:* Certain swaps contain a cancellation clause that provides the Authority the option to cancel a certain amount of the swaps on certain dates. The Authority may cancel the optional termination amount for no payment (callable at par). The optional termination dates coincide with the debt service dates on the associated hedged bonds payable. These dates and amounts are provided in the table below.

**Detail of Outstanding Interest Rate Swaps** – The key terms, including the fair values and counterparty credit ratings of the outstanding swaps as of December 31, 2015, are shown in the table below. The notional amounts of the swaps approximate the principal amounts of the associated debt. Except as discussed under amortization risk below, the Authority's swap agreements contain scheduled reductions to outstanding notional amounts that are expected to approximately follow scheduled or anticipated reductions in the associated bonds payable. Based on the standard swap agreement, payments are settled on a net basis.

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



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

**Outstanding Swaps at December 31, 2015:**

Swap Series	Current Notional Amount	Effective Date	Termination Date	Fixed Rate Paid	Variable Rate Received *	Embedded Options	Optional Termination Date, at Par	Optional Termination Amount	Counterparty Rating S&P/Moody's	2015 Fair Value **	Change in Fair Value	2014 Fair Value **
<b>Single Family:</b>												
Investment derivatives (includes overhedged portion of interest rate swaps):												
2001AA-1 ****	\$ 22,500	12/1/2009	11/1/2038	4.4850%	Trigger, SIFMA + .15% or 68% LIBOR	***	Up to: 1) 11/1/2015 2) 11/1/2017 3) 11/1/2019	1) 7,500 2) 15,000 3) all remaining	A- / A2	\$ (132)	\$ (554)	\$ 422
2002C-3 ****	6,625	12/4/2008	5/1/2022	4.4220%	Trigger, SIFMA + .15% or 68% LIBOR				A- / A2	(377)	931	(1,308)
2003C-2 ****	-	12/2/2008	11/1/2026	4.5950%	Trigger, SIFMA + .15% or 68% LIBOR	***	5/1/2015	646	A- / A2	-	10	(10)
2004A-2 (SPV)	-	7/28/2004	11/1/2026	4.3685%	65% LIBOR + .10%	***	5/1/2015	35,970	AA- / Aa2	-	528	(528)
2004B-2 (SPV)	-	11/10/2004	11/1/2026	4.1220%	65% LIBOR + .10%	***	5/1/2015	1,952	AA- / Aa2	-	27	(27)
2005A-2 (SPV)	-	3/16/2005	11/1/2027	4.0710%	65% LIBOR + .10%	***	5/1/2015	32,290	AA- / Aa2	-	440	(440)
2006A-3	5,065	1/18/2006	11/1/2036	4.3129%	Trigger, SIFMA + .15% or 68% LIBOR	***	5/1/2019	2,765	A / A1	(505)	(142)	(363)
2006B-2	14,805	7/26/2006	11/1/2034	4.1951%	Trigger, SIFMA + .05% or 68% LIBOR	***	5/1/2019	5,580	A / A1	(153)	668	(821)
2006B-3	11,265	7/26/2006	11/1/2036	4.5445%	Trigger, SIFMA + .15% or 68% LIBOR	***	5/1/2019	7,353	A / A1	(603)	443	(1,046)
2007A-2	24,105	5/9/2007	11/1/2037	4.1530%	Trigger, SIFMA + .15% or 68% LIBOR	***	5/1/2019	19,763	A / A1	(2,198)	324	(2,522)
2012A-2 (SPV)	6,885	6/4/2008	5/1/2038	4.4140%	65% LIBOR + .10%	***	Up to: 1) 5/1/2016 2) 5/1/2018	1) 580 2) all remaining	AA- / Aa2	(91)	2	(93)
<b>Total</b>	<b>91,250</b>									<b>(4,059)</b>	<b>2,677</b>	<b>(6,736)</b>
<b>Hedging derivatives:</b>												
2001AA-2 ****	42,970	12/4/2008	5/1/2031	4.6000%	Trigger, SIFMA + .05% or 68% LIBOR				A- / A2	(5,053)	121	(5,174)
2001AA-3	13,560	12/2/2008	5/1/2018	5.5260%	Trigger, SIFMA + .05% or 68% LIBOR				A- / A2	(465)	440	(905)
2002A-3 ****	11,255	12/4/2008	11/1/2021	4.7490%	Trigger, SIFMA + .05% or 68% LIBOR				A- / A2	(546)	199	(745)
2002B-3 ****	27,295	12/4/2008	11/1/2021	4.5060%	Trigger, SIFMA + .05% or 68% LIBOR				A- / A2	(1,488)	271	(1,759)
2002C-3 ****	25,825	12/4/2008	5/1/2022	4.4220%	Trigger, SIFMA + .15% or 68% LIBOR				A- / A2	(1,671)	(319)	(1,352)
2003B-1 ****	-	12/2/2008	11/1/2026	4.8510%	LIBOR + .05%	***	5/1/2015	27,305	A- / A2	-	413	(413)
2003B-2	10,045	10/29/2008	5/1/2028	4.9380%	LIBOR + .05%	***	11/1/2018	all remaining	AA- / Aa3	(898)	314	(1,212)
2003B-3 ****	-	12/2/2008	11/1/2026	4.3840%	Trigger, SIFMA + .15% or 68% LIBOR	***	5/1/2015	43,170	A- / A2	-	(2,043)	2,043
2003C-2 ****	-	12/2/2008	11/1/2026	4.5950%	Trigger, SIFMA + .15% or 68% LIBOR	***	5/1/2015	28,134	A- / A2	-	(1,573)	1,573
2004B-2 (SPV)	-	11/10/2004	11/1/2026	4.1220%	65% LIBOR + .10%	***	5/1/2015	26,828	AA- / Aa2	-	28	(28)
2005B-2 (SPV)	-	7/20/2005	5/1/2034	4.1693%	65% LIBOR + .10%	***	5/1/2015	48,650	AA- / Aa2	-	(3)	3
2006A-3	34,935	1/18/2006	11/1/2036	4.3129%	Trigger, SIFMA + .15% or 68% LIBOR	***	5/1/2019	35,045	A / A1	(3,260)	243	(3,503)
2006B-2	28,245	7/26/2006	11/1/2034	4.1951%	Trigger, SIFMA + .05% or 68% LIBOR	***	5/1/2019	11,120	A / A1	(2,273)	264	(2,537)
2006B-3	51,680	7/26/2006	11/1/2036	4.5445%	Trigger, SIFMA + .15% or 68% LIBOR	***	5/1/2019	51,837	A / A1	(5,836)	(46)	(5,790)
2006C-2 (A)	7,090	12/20/2006	5/1/2016	4.2884%	Trigger, SIFMA + .05% or 68% LIBOR	***			A / A1	(89)	269	(358)
2006C-2 (B)	5,305	12/20/2006	11/1/2016	4.2884%	Trigger, SIFMA + .05% or 68% LIBOR	***			A / A1	1	(9)	10
2006C-2 (C)	5,305	12/20/2006	11/1/2017	4.2884%	Trigger, SIFMA + .05% or 68% LIBOR	***			A / A1	(328)	162	(490)
2006C-2 (D)	28,985	12/20/2006	11/1/2034	4.2884%	Trigger, SIFMA + .05% or 68% LIBOR	***	11/1/2019	21,210	A / A1	747	33	714
2007A-1	-	6/1/2007	5/1/2015	5.1911%	LIBOR + .05%				A+ / Aa3	-	62	(62)
2007A-2	45,895	5/9/2007	11/1/2037	4.1530%	Trigger, SIFMA + .15% or 68% LIBOR	***	5/1/2019	43,147	A / A1	(3,799)	(267)	(3,532)
2007B-1	27,545	11/1/2007	11/1/2026	5.5800%	LIBOR + .05%	***	11/1/2017	24,610	A+ / Aa3	(2,116)	1,169	(3,285)
2007B-2	50,000	10/18/2007	5/1/2038	4.5075%	Trigger, SIFMA + .15% or 68% LIBOR	***	5/1/2019	46,545	A / A1	(4,942)	85	(5,027)
2007B-3 ****	25,000	12/2/2008	5/1/2038	4.4050%	Trigger, SIFMA + .15% or 68% LIBOR	***	1/20152 11/1/2017	2) all remaining	A- / A2	(1,438)	(338)	(1,100)
2008A-1	26,230	6/4/2008	5/1/2038	5.4450%	LIBOR + .05%	***	1/20162 11/1/2018	2) all remaining	A+ / Aa3	(1,912)	932	(2,844)
2008A-2	39,565	6/4/2008	11/1/2027	4.5960%	LIBOR + .05%	***	5/1/2018	all remaining	AA- / Aa2	(2,766)	1,057	(3,823)
2012A-1 ****	15,540	12/2/2008	11/1/2021	4.1600%	Trigger, SIFMA + .05% or 68% LIBOR				A- / A2	138	(114)	252
2012A-2 (SPV)	53,115	6/4/2008	5/1/2038	4.4140%	65% LIBOR + .10%	***	5/1/20162 5/1/2018	2) all remaining	AA- / Aa2	(230)	87	(317)
<b>Total</b>	<b>575,385</b>									<b>(38,224)</b>	<b>1,437</b>	<b>(39,661)</b>
<b>Total Single Family</b>	<b>666,635</b>									<b>(42,283)</b>	<b>4,114</b>	<b>(46,397)</b>

Table continued on following page.



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

Swap Series	Current Notional Amount	Effective Date	Termination Date	Fixed Rate Paid	Variable Rate Received *	Embedded Options	Optional Termination Date, at Par	Optional Termination Amount	Counterparty Rating S&P/Moody's	2015 Fair Value **	Change in Fair Value	2014 Fair Value **
<b>Multi-Family:</b>												
<b>Investment derivatives</b> (includes overhedged portion of interest rate swaps):												
2000A-1 ****	-	11/21/2008	10/1/2020	5.2350%	SIFMA + .05%				A- / A2	-	54	(54)
2002A-1 ****	6,910	11/21/2008	10/1/2022	5.1000%	SIFMA + .15%				A- / A2	(983)	(428)	(555)
2002C-2 ****	24,000	11/21/2008	10/1/2032	5.1240%	Trigger, SIFMA + .15% or 68% LIBOR	***	4/1/2018	8,732	A- / A2	(2,063)	(864)	(1,199)
2002C-4 ****	8,495	11/21/2008	10/1/2032	5.0440%	Trigger, SIFMA + .05% or 68% LIBOR	***	4/1/2018	4,840	A- / A2	(736)	(67)	(669)
2005B-2 (B)	2,750	9/1/2006	10/1/2038	4.5270%	SIFMA + .15%	***	10/1/2021	4,520	A / A1	(463)	(463)	-
2007B-2 (A) ****	1,285	12/3/2008	10/1/2036	4.2870%	SIFMA + .15%	***	10/1/2017	1,153	A- / A2	(79)	40	(119)
2007B-2 (C) ****	1,300	12/3/2008	4/1/2038	4.4695%	SIFMA + .15%	***	10/1/2017	4,395	A- / A2	(87)	(87)	-
2007B-2 (D) ****	4,470	12/3/2008	4/1/2028	4.6510%	SIFMA + .15%	***	4/1/2023	3,835	A- / A2	(918)	(918)	-
2008C-3 ****	3,615	12/3/2008	10/1/2038	4.3400%	SIFMA + .05%	***	4/1/2019	1,777	A- / A2	(378)	(153)	(225)
								Up to:				
							1) 10/1/2016	1) 1,964				
2009A-1 ****	4,035	6/24/2009	10/1/2041	4.7900%	SIFMA + .05%	***	2) 4/1/2024	2) all remaining	A- / A2	(136)	171	(307)
2013A ****	2,270	11/21/2008	10/1/2023	6.0350%	SIFMA + .05%				A- / A2	(462)	(462)	-
<b>Total</b>	<b>59,130</b>									<b>(6,305)</b>	<b>(3,177)</b>	<b>(3,128)</b>
<b>Hedging derivatives:</b>												
2000A-1 ****	10,985	11/21/2008	10/1/2020	5.2350%	SIFMA + .05%				A- / A2	(883)	329	(1,212)
2000A-2 ****	-	11/21/2008	4/1/2015	5.8000%	SIFMA + .05%				A- / A2	-	8	(8)
2000B-1 (SPV)	3,260	10/19/2000	7/1/2020	7.3900%	Citigroup 3 month + .25%				A+ / A3	(462)	183	(645)
2002A-1 ****	-	11/21/2008	10/1/2022	5.1000%	SIFMA + .15%				A- / A2	-	527	(527)
2002C-2 ****	41,965	11/21/2008	10/1/2032	5.1240%	Trigger, SIFMA + .15% or 68% LIBOR	***	4/1/2018	50,608	A- / A2	2,043	2,023	20
2002C-4 ****	21,305	11/21/2008	10/1/2032	5.0440%	Trigger, SIFMA + .05% or 68% LIBOR	***	4/1/2018	21,945	A- / A2	658	682	(24)
2003A ****	12,460	11/21/2008	10/1/2023	6.0350%	SIFMA + .05%				A- / A2	(331)	(108)	(223)
2004A-2 (SPV)	-	9/22/2004	4/1/2045	4.8840%	SIFMA + .15%	***			A- / Baa1	-	1,515	(1,515)
2005A-1 (A) (SPV)	-	8/1/2005	10/1/2035	5.8200%	LIBOR + .05%	***			A- / Baa1	-	64	(64)
2005A-1 (B) (SPV)	-	8/1/2005	10/1/2020	5.2050%	LIBOR + .05%	***			A- / Baa1	-	479	(479)
2005A-1 (C) (SPV)	-	8/1/2005	10/1/2025	5.7120%	LIBOR + .05%	***			A- / Baa1	-	87	(87)
2005A-2 (SPV)	-	7/1/2005	4/1/2036	4.2850%	SIFMA + .05%	***			A- / Baa1	-	132	(132)
2005A-3 (A) (SPV)	-	4/13/2005	4/1/2040	4.6560%	SIFMA + .15%	***			A- / Baa1	-	864	(864)
2005A-3 (B) (SPV)	-	10/1/2005	4/1/2032	4.4800%	SIFMA + .15%	***			A- / Baa1	-	53	(53)
2005B-1	-	3/1/2006	4/1/2036	5.2350%	LIBOR + .05%	***			A / A1	-	430	(430)
2005B-2 (A)	-	1/2/2006	10/1/2040	4.7350%	SIFMA + .15%	***			A / A1	-	99	(99)
2005B-2 (B)	2,660	9/1/2006	10/1/2038	4.5270%	SIFMA + .15%	***	10/1/2021	4,520	A / A1	(347)	490	(837)
2006A-1 ****	25,070	12/3/2008	4/1/2027	5.7100%	LIBOR + .05%	***	10/1/2016	10,270	A- / A2	(333)	580	(913)
2006A-1 (F)	10,125	12/1/2006	10/1/2036	5.3420%	LIBOR + .05%	***	4/1/2021	8,040	A / A1	(1,647)	202	(1,849)
								Up to:				
							1) 10/1/2017	1) 14,220				
2007B-1 ****	25,530	12/3/2008	4/1/2038	5.6400%	LIBOR + .05%	***	2) 4/1/2022	2) 13,205	A- / A2	(792)	445	(1,237)
2007B-1 (G)	7,150	10/1/2007	4/1/2028	5.2200%	LIBOR + .05%	***	10/1/2022	6,190	A / A1	(1,285)	90	(1,375)
2007B-2 (A) ****	990	12/3/2008	10/1/2036	4.2870%	SIFMA + .15%	***	10/1/2017	887	A- / A2	7	29	(22)
2007B-2 (B) ****	1,880	12/3/2008	4/1/2038	4.5350%	SIFMA + .15%	***	10/2/2017	1,780	A- / A2	(66)	44	(110)
2007B-2 (C) ****	3,235	12/3/2008	4/1/2038	4.4695%	SIFMA + .15%	***	10/1/2017	4,395	A- / A2	(178)	202	(380)
2007B-2 (D) ****	-	12/3/2008	4/1/2028	4.6510%	SIFMA + .15%	***			A- / A2	110	918	(808)
2007B-3 (A) ****	2,220	12/3/2008	10/1/2037	4.2970%	SIFMA + .05%	***	10/1/2017	2,065	A- / A2	(78)	50	(128)
2007B-3 (C) ****	2,240	12/3/2008	4/1/2038	4.8805%	SIFMA + .05%	***	10/1/2017	2,205	A- / A2	(141)	64	(205)
								Up to:				
							1) 4/1/2018	1) 3,070				
2008A-1 ****	12,785	12/3/2008	4/1/2029	5.1300%	LIBOR + .05%	***	2) 4/1/2019	2) all remaining	A- / A2	(296)	226	(522)
2008A-2 ****	6,960	12/3/2008	4/1/2043	4.4540%	SIFMA + .15%	***	4/1/2019	6,340	A- / A2	(623)	81	(704)
2008B (a) ****	110,175	12/3/2008	10/1/2044	5.1722%	LIBOR				AA- / Aa3	(44,730)	(1,059)	(43,671)
2008B (b) ****	45,255	12/3/2008	3/1/2047	5.2071%	LIBOR				AA- / Aa3	(20,966)	(749)	(20,218)
2008C-3 ****	3,510	12/3/2008	10/1/2038	4.3400%	SIFMA + .05%	***	4/1/2019	4,723	A- / A2	(316)	252	(568)
								Up to:				
							1) 10/1/2016	1) 11,616				
2009A-1 ****	23,855	6/24/2009	10/1/2041	4.7900%	SIFMA + .05%	***	2) 4/1/2024	2) all remaining	A- / A2	(1,888)	356	(2,244)
2013A ****	4,165	11/21/2008	10/1/2023	6.0350%	SIFMA + .05%				A- / A2	139	253	(114)
<b>Total</b>	<b>377,780</b>									<b>(72,405)</b>	<b>9,841</b>	<b>(82,247)</b>
<b>Total Multi-Family</b>	<b>436,910</b>									<b>(78,710)</b>	<b>6,664</b>	<b>(85,375)</b>
<b>Total</b>	<b>\$ 1,103,545</b>									<b>\$ (120,993)</b>	<b>\$ 10,778</b>	<b>\$ (131,772)</b>

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

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

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

(\*\*\*\*) Swaps for which cash premiums were received in the amount of \$73.4 million in 2008. The outstanding unamortized balance of the premium is reported on the Statement of Net Position as hybrid instrument borrowings.

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



**Risk Disclosure**

*Credit Risk:* All of the Authority’s swaps rely upon the performance of the third parties who serve as swap counterparties, and as a result, the Authority is exposed to credit risk – that is, the risk that a swap counterparty fails to perform according to its contractual obligations. The appropriate measurement of this risk at the reporting date is the fair value of the swaps, as shown in the column labeled “Fair Value” in the outstanding swaps table above. The Authority is exposed to credit risk in the amount of any positive net fair value exposure to each counterparty. As of December 31, 2015 and 2014, the Authority was exposed to minimal credit risk to any of its counterparties. To mitigate credit risk, the Authority maintains strict credit standards for swap counterparties. All swap counterparties must be rated in the AA/Aa or higher category by either Standard & Poor’s (S&P) or Moody’s Investors Service (Moody’s), respectively, at the time the contract is executed.

At December 31, 2015, the Authority had executed 45 swap transactions with seven counterparties with concentrations and ratings (Standard and Poor’s/ Moody’s Investors Service) as shown in the following table:

Swap Count	Notional Amount	Concentration	Counterparty Rating (S&P / Moody’s)
12	\$ 335,365	30.4%	A / A1
2	99,565	9.0%	AA- / Aa2
25	446,105	40.4%	A- / A2
2	53,775	4.9%	A+ / Aa3
1	3,260	0.3%	A+ / A3
3	165,475	15.0%	AA- / Aa3
<b>45</b>	<b>\$ 1,103,545</b>	<b>100%</b>	

At December 31, 2014, the Authority had executed 64 swap transactions with six counterparties with concentrations and ratings (Standard and Poor’s/ Moody’s Investors Service) as shown in the following table:

Swap Count	Notional Amount	Concentration	Counterparty Rating (S&P / Moody’s)
7	\$ 54,010	3.6%	A- / Baa1
45	1,016,900	67.3%	A / A2
1	45,955	3.0%	AA- / Aa2
3	63,095	4.2%	A+ / Aa3
1	3,770	0.2%	AA- / A3
7	327,270	21.7%	AA- / Aa3
<b>64</b>	<b>\$ 1,511,000</b>	<b>100%</b>	

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

*Basis Risk:* The Authority is exposed to basis risk when the variable interest rate paid to the holders of its variable rate demand obligations (VRDOs) is not equivalent to the variable interest rate received from its counterparties on the related



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swap agreements. When exposed to basis risk, the net interest expense incurred on the combination of the swap agreement and the associated variable rate debt may be higher or lower than anticipated.

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

The Authority's taxable variable rate bond interest payments are substantially equivalent to LIBOR (plus a trading spread) and are reset on a weekly basis. The Authority is receiving one-month LIBOR (plus a trading spread) or LIBOR flat for all of its taxable swaps and therefore is only exposed to basis risk to the extent that the Authority's bonds diverge from their historic trading relationship with LIBOR.

*Termination Risk:* The Authority's swap agreements do not contain any out-of-the-ordinary termination events that would expose it to significant termination risk. In keeping with market standards, the Authority or the counterparty may terminate each swap if the other party fails to perform under the terms of the contract. In addition, the swap documents allow either party to terminate in the event of a significant loss of creditworthiness. If at the time of the termination a swap has a negative value, the Authority would be liable to the counterparty for a payment equal to the fair value of such swap.

There are certain termination provisions relevant to the Authority's counterparties operating as special-purpose vehicles (SPV) with a terminating structure. In the case of certain events, including the credit downgrade of the SPV or the failure of the parent company to maintain certain collateral levels, the SPV would be required to wind up its business and terminate all of its outstanding transactions with all clients, including the Authority. All such terminations would be at mid-market pricing. In the event of such termination, the Authority would be exposed to the risk of market re-entry and the cost differential between the mid-market termination and the offered price upon re-entry.

*Rollover Risk:* The Authority is exposed to rollover risk only on swaps that mature or may be terminated at the counterparty's option prior to the maturity of the associated debt. As of December 31, 2015 and 2014, the Authority was not exposed to rollover risk.

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

*Collateral Requirements:* As of December 31, 2015 and 2014, swaps with a fair value of \$100.7 million and \$109.6 million, respectively, require the Authority to post collateral in the event that the underlying Class I bond rating drops below Aa3 as issued by Moody's Investor Service or AA- as issued by Standard & Poor's. Collateral requirements range up to 100% of the fair value of the swap depending on the bond rating. Over collateralization is required for investments posted in lieu of cash. At December 31, 2015 and 2014, the ratings of bonds subject to collateral requirements exceed the levels specified in the swap agreements.



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(tabular dollar amounts are in thousands)

**Swap Payments** – Using interest rates as of December 31, 2015, debt service requirements of the Authority's outstanding variable rate debt and net swap payments were as follows. As rates vary, variable rate interest rate payments on the bonds and net swap payments will change.

Years Ending December 31,	Principal	Interest	Swaps, Net	Total
2016	\$ 73,730	\$ 2,732	\$ 49,330	\$ 125,792
2017	77,055	2,601	46,048	125,704
2018	47,720	2,472	42,694	92,886
2019	49,225	2,364	40,454	92,043
2020	50,825	2,251	38,140	91,216
2021-2025	209,410	9,488	158,592	377,490
2026-2030	222,175	6,557	109,796	338,528
2031-2035	215,935	4,045	61,012	280,992
2036-2040	103,970	1,570	21,536	127,076
2041-2045	42,975	529	7,191	50,695
2046-2047	10,525	49	639	11,213
<b>Total</b>	<b>\$1,103,545</b>	<b>\$ 34,658</b>	<b>\$ 575,432</b>	<b>\$ 1,713,635</b>

**Hybrid Instrument Borrowings** – Certain interest rate swaps, as identified on the detailed swap table above, include fixed rates that were off-market at the execution of the interest rate swaps. For financial reporting purposes, these interest rate swaps are considered hybrid instruments and are bifurcated between borrowings, with an aggregate original amount of \$98.0 million reflecting the fair value of the instrument at its execution, and an interest rate swap with a fixed rate that was considered at-the-market at execution. Activity for the hybrid instrument borrowings for the years ended December 31, 2015 and 2014 was as follows:

	2015	2014
Beginning balance	\$ 49,399	\$ 66,535
Reductions	(11,800)	(17,136)
Ending balance	\$ 37,599	\$ 49,399



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

The following table sets forth as of December 31, 2015, payments of principal and interest on the hybrid instrument borrowings for the next five years and thereafter. The total payments generally reflect the difference between the stated fixed rate of the hybrid instrument and the at-the-market fixed rate at the execution of the instrument.

Years Ending December 31,	Principal and Interest
2016	\$ 6,653
2017	5,714
2018	4,287
2019	3,407
2020	2,921
2021-2025	8,868
2026-2030	4,280
2031-2035	1,232
2036-2040	207
2041-2045	29
2046-2047	1
<b>Total</b>	<b>\$ 37,599</b>

**Forward Sales Contracts** – The Authority has entered into forward sales of mortgage backed securities with the To-Be-Announced market in order to lock in the sales price for the securitization of certain single family loans. The contracts offset changes in interest rates between the time of the loan reservations and the securitization of such loans into Ginnie Mae and Fannie Mae securities. These contracts are considered investment derivative instruments, such that their change in fair value is reported as investment derivative activity gains or losses on the Statement of Revenues, Expenses and Changes in Net Position.

The outstanding forward contracts, summarized by counterparty as of December 31, 2015, were as follows:

Count	Par	Exposure	Original Sales		12/31/15		Counterparty Rating (S&P / Moody's)
			Price	Premium	Fair Value		
5	\$ 28,500	17.9%	\$ 30,711	\$ 30,645	\$ (66)	A / A1	
11	15,000	9.4%	15,848	15,868	20	A- / A2	
9	21,500	13.5%	22,910	22,948	38	AA- / Aa2	
10	19,500	12.2%	20,603	20,668	65	A+ / A3	
31	75,000	47.0%	80,235	80,372	137	AA- / Aa2	
66	\$ 159,500	100.0%	\$ 170,307	\$ 170,501	\$ 194		



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

Count	Par	Exposure	Original Sales	12/31/14	Fair Value	Counterparty Rating (S&P / Moody's)
			Price	Premium		
13	\$ 28,500	23.2%	\$ 30,265	\$ 30,380	\$ 115	A / A2
9	26,500	21.5%	28,411	28,468	57	A / A2
10	16,500	13.4%	17,544	17,610	66	AA- / Aa2
21	51,500	41.9%	54,766	54,973	207	AA- / Aa3
53	\$ 123,000	100.0%	\$ 130,986	\$ 131,431	\$ 445	

### Summary

A summary of derivative instruments activity for the years ended December 31, 2015 and 2014 is as follows:

	2015				2014			
	Hedging Swaps	Investments		Total	Hedging Swaps	Investments		Total
		Swaps	Forwards			Swaps	Forwards	
Fair value, beginning	\$ 121,908	\$ 9,864	\$ 445	\$ 132,217	\$ 111,927	\$ 6,316	\$ (709)	\$ 117,534
Settlements	(44,675)	(8,152)	(445)	(53,272)	(52,245)	(4,857)	709	(56,393)
Change in fair value	33,396	8,652	194	42,242	62,226	8,405	445	71,076
Fair value, ending	\$ 110,629	\$ 10,364	\$ 194	\$ 121,187	\$ 121,908	\$ 9,864	\$ 445	\$ 132,217

### (9) Debt Refundings

On February 5, 2015, the Authority issued Single Family Mortgage Bonds 2015 Series A in the aggregate principal amount of \$99.8 million. The entire proceeds of the bonds were used to refund the Single Family Mortgage Bonds 2003 Series C-1 and C-2, 2004 Series B-2, 2005 Series B1-A and B1-B, Series 2005 B-2, and 2011 Series D-2. The refunding resulted in a decrease in the aggregate future debt service requirement of approximately \$10.1 million and an approximate economic gain to the Authority of \$8.7 million. In accordance with GASB No. 23, *Accounting and Financial Reporting for Refundings of Debt Reported by Proprietary Activities*, a gain of \$1.2 million was deferred and is being amortized over the contractual life of the new debt as an adjustment to interest expense.

On April 29, 2015, the Authority issued Single Family Mortgage Bonds 2015 Series B in the aggregate principal amount of \$25.5 million. The entire proceeds of the bonds were used to refund the Single Family Mortgage Bonds 2003 Series B-3. The refunding resulted in a decrease in the aggregate future debt service requirement of approximately \$2.5 million and an approximate economic gain to the Authority of \$2.4 million. In accordance with GASB No. 23, *Accounting and Financial Reporting for Refundings of Debt Reported by Proprietary Activities*, a gain of \$1.5 million was deferred and is being amortized over the contractual life of the new debt as an adjustment to interest expense.

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





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

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

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

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

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

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

The Board has designated certain amounts of the unrestricted net position of the General Programs as of December 31, 2015 and 2014, for various purposes, as indicated in the following table. These designations of net position are not binding, and can be changed by the Board.

**Unrestricted Net Position for the years ended December 31, 2015 and 2014:**

	2015	2014
Designations:		
Housing loans	\$ 84,887	\$ 75,002
Commerical loans	16,584	15,191
General operating and working capital	23,227	17,561
Rating agency reserves	24,480	28,598
General obligation bonds	20,006	24,011
Nongeneral obligation bonds	23,192	33,823
Total general programs unrestricted net position	\$ 192,376	\$ 194,186



## (11) Retirement Plans

### (a) Summary of Significant Accounting Policies

**Pensions** – The Authority participates in the Local Government Division Trust Fund (LGDTF), a cost-sharing multiple-employer defined benefit pension fund administered by the Public Employees' Retirement Association of Colorado (PERA). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the LGDTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

### (b) General Information about the Pension Plan

**Plan description** – Eligible employees of the Authority are provided with pensions through the LGDTF. Plan benefits are specified in Title 24, Article 51 of the Colorado Revised Statutes (C.R.S.), administrative rules set forth at 8 C.C.R. 1502-1, and applicable provisions of the federal Internal Revenue Code. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report that can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

**Benefits provided** – PERA provides retirement, disability and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

The lifetime retirement benefit for all eligible retiring employees under the PERA Benefit Structure is the greater of the:

- Highest average salary multiplied by 2.5% and then multiplied by years of service credit
- The value of the retiring employee's member contribution account plus a 100% match on eligible amounts as of the retirement date. This amount is then annuitized into a monthly benefit based on life expectancy and other actuarial factors.

In all cases the service retirement benefit is limited to 100% of highest average salary and also cannot exceed the maximum benefit allowed by federal Internal Revenue Code.

Members may elect to withdraw their member contribution accounts upon termination of employment with all PERA employers; waiving rights to any lifetime retirement benefits earned. If eligible, the member may receive a match of either 50% or 100% on eligible amounts depending on when contributions were remitted to PERA, the date employment was terminated, whether five years of service credit has been obtained and the benefit structure under which contributions were made.

Benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments (COLAs), referred to as annual increases in the C.R.S. Benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007 receive an annual increase of 2%, unless PERA has a negative investment year, in which case the annual increase for the next three years is the lesser of 2% or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the prior calendar year. Benefit recipients under the PERA benefit structure who began eligible employment after January 1, 2007 receive an annual increase of the lesser of 2% or the average CPI-W for the prior calendar year, not to exceed 10% of PERA's Annual Increase Reserve for the LGDTF.



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

Disability benefits are available for eligible employees once they reach five years of earned service credit and are determined to meet the definition of disability. The disability benefit amount is based on the retirement benefit formula shown above considering a minimum of 20 years of service credit, if deemed disabled.

Survivor benefits are determined by several factors, which include the amount of earned service credit, highest average salary of the deceased, the benefit structure(s) under which service credit was obtained, and the qualified survivor(s) who will receive the benefits.

**Contributions** – Eligible employees and the Authority are required to contribute to the LGDTF at a rate set by Colorado statute. The contribution requirements are established under C.R.S. § 24-51-401, et seq. Eligible employees are required to contribute 8% of their PERA-includable salary. The employer contribution requirements are summarized in the table below:

	<b>Rate</b>
Employer Contribution Rate <sup>1</sup>	10.00%
Amount of Employer Contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f) <sup>1</sup>	-1.02%
Amount Apportioned to the LGDTF <sup>1</sup>	8.98%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411 <sup>1</sup>	2.20%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411 <sup>1</sup>	1.50%
<b>Total Employer Contribution Rate to the LGDTF <sup>1</sup></b>	<b>12.68%</b>

<sup>1</sup>Rates are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42).

Employer contributions are recognized by the LGDTF in the period in which the compensation becomes payable to the member and the Authority is statutorily committed to pay the contributions to the LGDTF. For both years ended December 31, 2015 and 2014, employer contributions recognized by the LGDTF from the Authority were \$1.5 million.

**(c) Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At December 31 2015, the Authority reported a liability of \$19.4 million for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2013. Standard update procedures were used to roll forward the total pension liability to December 31, 2014. The Authority's proportion of the net pension liability was based on the Authority's contributions to the LGDTF for the calendar year 2014 relative to the total contributions of participating employers to the LGDTF.

At December 31, 2014, the Authority's proportion was 2.16%, which was a decrease of 0.04% from its proportion measured as of December 31, 2013.



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

For the year ended December 31, 2015, the Authority recognized pension expense of \$377 thousand. At December 31, 2015, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	\$ -	\$ 4
Change of assumptions or other inputs		189
Net difference between projected and actual earnings on pension plan investments	1,052	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	3	-
Contributions subsequent to the measurement date	1,503	n/a
<b>Total</b>	<b>\$ 2,558</b>	<b>\$ 193</b>

The \$1.5 million reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended December 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ending December 31,	Pension Expense
2016	\$ 260
2017	262
2018	263
2019	263
2020	-
Thereafter	-

**Actuarial assumptions** – The total pension liability in the December 31, 2013 actuarial valuation was determined using the following actuarial assumptions and other inputs:

Price inflation	2.80%
Real wage growth	1.10%
Wage inflation	3.90%
Salary increases, including wage inflation	3.90% - 10.85%
Long-term investment Rate of Return, net of pension plan investment expenses, including price inflation	7.50%
Future post-retirement benefit increases: PERA Benefit Structure hired prior to 1/1/07; and DPS Benefit Structure (automatic)	2.00%
PERA Benefit Structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve



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

Mortality rates were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on a projection of Scale AA to 2020 with Males set back 1 year, and Females set back 2 years.

The actuarial assumptions used in the December 31, 2013 valuation were based on the results of an actuarial experience study for the period January 1, 2008 through December 31, 2011, adopted by PERA's Board on November 13, 2012, and an economic assumption study, adopted by PERA's Board on November 15, 2013 and January 17, 2014.

The LGDTF's long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

As of the most recent analysis of the long-term expected rate of return, presented to the PERA Board on November 15, 2013, the target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	10 Year Expected Geometric
		Real rate of Return
U.S. Equity – Large Cap	26.76%	5.00%
U.S. Equity – Small Cap	4.40%	5.19%
Non U.S. Equity – Developed	22.06%	5.29%
Non U.S. Equity – Emerging	6.24%	6.76%
Core Fixed Income	24.05%	0.98%
High Yield	1.53%	2.64%
Long Duration Gov't/Credit	0.53%	1.57%
Emerging Market Bonds	0.43%	3.04%
Real Estate	7.00%	5.09%
Private Equity	7.00%	7.15%
Total	100.0%	

**Discount rate** – The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the fixed statutory rates specified in law, including current and future Amortization Equalization Disbursement (AED) and the Supplemental Amortization Equalization Disbursement (SAED), until the Actuarial Value Funding Ratio reaches 103%, at which point, the AED and SAED will each drop 0.50% every year until they are zero. Based on those assumptions, the LGDTF's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. There was no change in the discount rate from the prior measurement date.



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

**Sensitivity of the Authority’s proportionate share of the net pension liability to changes in the discount rate** – The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.5%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5%) or 1-percentage-point higher (8.5%) than the current rate:

	1.0% Decrease (6.5%)	Current Discount Rate (7.5%)	1.0% Increase (8.5%)
Proportionate share of the net pension liability \$	31,675 \$	19,395 \$	9,158

**Pension plan fiduciary net position** – Detailed information about the LGDTF’s fiduciary net position is available in PERA’s comprehensive annual financial report which can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

**(d) Defined Contribution Retirement Plans**

**PERAPlus 401(k) Plan**

**Plan Description** - Employees of the Authority that are also members of the LGDTF may voluntarily contribute to the PERAPlus 401(k) plan, an Internal Revenue Code Section 401(k) defined contribution plan administered by PERA. Title 24, Article 51, Part 14 of the C.R.S., as amended, assigns the authority to establish the Plan provisions to the PERA Board of Trustees. PERA issues a publicly available comprehensive annual financial report for the Program. That report can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

**Funding Policy** - The PERAPlus 401(k) plan is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. In addition, the Authority has agreed to match employee contributions up to 3.5% of covered salary as determined by the Internal Revenue Service. Employees are immediately vested in their own contributions, employer contributions and investment earnings. For the years ended December 31, 2015 and 2014, program members contributed \$1.1 million and \$958 thousand, respectively, and the Authority recognized expense of \$401 thousand and \$367 thousand, respectively, related to the PERAPlus 401(k) plan.

**PERAPlus 457 Plan**

**Plan Description** - Employees of the Authority that are also members of the LGDTF may voluntarily contribute to the PERAPlus 457 plan, an Internal Revenue Code Section 457 defined contribution plan administered by PERA. Title 24, Article 51, Part 14 of the C.R.S., as amended, assigns the authority to establish the Plan provisions to the PERA Board of Trustees. PERA issues a publicly available comprehensive annual financial report for the Program. That report can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

**Funding Policy** - The PERAPlus 457 plan is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. The Authority does not match employee contributions. Employees are immediately vested in their own contributions and investment earnings. For the years ended December 31, 2015 and 2014, program members contributed \$55 thousand and \$0, respectively.



## (e) Other Post-Employment Benefits

### Health Care Trust Fund

**Plan Description** – The Authority contributes to the Health Care Trust Fund (HCTF), a cost sharing multiple employer healthcare trust administered by PERA. The HCTF benefit provides a health care premium subsidy and health care programs (known as PERACare) to PERA participating benefit recipients and their eligible beneficiaries. Title 24, Article 51, Part 12 of the C.R.S., as amended, establishes the HCTF and sets forth a framework that grants authority to the PERA Board to contract, self-insure and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of health care subsidies. PERA issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for the HCTF. That report can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

**Funding Policy** – The Authority is required to contribute at a rate of 1.02% of PERA-includable salary for all PERA members as set by statute. No member contributions are required. The contribution requirements for the Authority are established under Title 24, Article 51, Part 4 of the C.R.S., as amended. The apportionment of the contributions to the HCTF is established under Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended. For the years ending December 31, 2015 and 2014, the Authority's contributions to the HCTF were \$132 thousand and \$121 thousand, respectively, equal to their required contributions for each year.

### (12) Risk Management

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

### (13) Related-Party Transactions

During the year ended December 31, 2015, the Authority allocated Federal and State Low Income Housing Tax Credits in the amount of \$2.7 million to housing projects in which the Fort Collins Housing Authority (FCHA) is the general partner. Federal tax credits are provided annually for each of ten years and State tax credits are provided annually for each of six years. In addition, the Authority has an outstanding loan with the FCHA. As of December 31, 2015 and 2014, the unpaid principal balance on the loan was \$1.0 million and \$0 million, respectively. The Executive Director of the FCHA is a member of the Authority's Board.

During the year ended December 31, 2015, the Authority allocated Federal Low Income Housing Tax Credits in the amount of \$2.3 million to housing projects in which the Grand Junction Housing Authority (GJHA) is the general partner. The allocated tax credits will be provided annually for each of ten years. In addition, the Authority has three outstanding loans with the GJHA. As of December 31, 2015 and 2014, the unpaid principal balance on the loan was \$3.6 million and \$1.6 million, respectively. The Executive Director of the GJHA is a member of the Authority's Board.

During the year ended December 31, 2015, the Authority allocated Federal and State Low Income Housing Tax Credits in the amount of \$5.7 million to housing projects in which the Housing Authority of the City of Loveland, Colorado (HACL) is the developer or a limited partner. Federal tax credits are provided annually for each of ten years and State tax credits are



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

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provided annually for each of six years. The Authority has made loan commitments associated with each of these projects totaling \$2.9 million. In addition, the Authority has three outstanding loans with the HAFL. As of both December 31, 2015 and 2014, the unpaid principal balance on the loans totaled \$2.5 million. The Executive Director of the HAFL was a member of the Authority's Board.

**(14) Commitments and Contingencies**

The Authority had outstanding commitments to make or acquire single family and multi-family/business loans of \$57.2 million and \$71.4 million, respectively, as of December 31, 2015. The Authority had outstanding commitments to make or acquire single family and multi-family/business loans of \$79.1 million and \$24.3 million, respectively, as of December 31, 2014.

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

The Authority participates in the Ginnie Mae Mortgage Backed Securities (MBS) Programs. Through the MBS Programs, Ginnie Mae guarantees securities that are issued by the Authority and backed by pools of mortgage loans. If a borrower fails to make a timely payment on a mortgage loan, the Authority must advance its own funds to ensure that the security holders receive timely payment. All loans pooled under the Ginnie Mae MBS Program are either insured by the FHA or are guaranteed by the VA or RD. The Authority assesses the overall risk of loss on loans that it may be required to repurchase and advances funds to repurchase the loans as necessary. Advances are recovered as claims are processed or loans are modified. The Authority repurchased \$34.6 million and \$52.4 million of these loans in 2015 and 2014, respectively. Claims, recoveries and proceeds from re-pooled, modified loans substantially reimburse the Authority over time.

The Authority also participates in the Whole Loan Sales and Mortgage-Backed Securities (MBS) programs with Fannie Mae. Through the consideration of Whole Loan Sales to Fannie Mae, the Authority receives cash for mortgages. Through the MBS program, the Authority swaps loans for securities issued by Fannie Mae. Whole Loans Sales are serviced by the Authority in an Actual/Actual remittance method and the MBS loans are serviced by the Authority in a Schedule/Schedule remittance method. Under the Schedule/Schedule method if a borrower fails to make a timely payment on a MBS mortgage loan, the Authority must advance its own funds to ensure that the security holders receive timely payment. The Authority assesses the overall risk of loss on loans that it may be required to repurchase and repurchases the loans as necessary. The Authority repurchased \$1 million and \$0 of these loans in 2015 and 2014, respectively. The Authority did not have any repurchase obligations as of December 31, 2015.



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colorado housing and finance authority



**REQUIRED SUPPLEMENTAL INFORMATION**

# colorado housing and finance authority



**Colorado Housing and Finance Authority**  
**Schedule of the Authority's Share of Net Pension Liability**  
**Last 10 Fiscal Years\***  
*(in thousands of dollars)*

	<u>2014</u>
Proportion of the net pension liability	2.16%
Proportionate share of net pension liability	\$ 19,360
Covered-employee payroll	\$ 11,857
Proportionate share of the net pension liability as a percentage of its covered-employee payroll	163.28%
Plan fiduciary net position as a percentage of the total pension plan liability	80.72%

\* This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

**Colorado Housing and Finance Authority**  
**Schedule of Authority Contributions**  
**Local Government Division Trust Fund**  
**Last 10 Fiscal Years\***  
*(in thousands of dollars)*

	<u>2014</u>
Contractually required contribution	\$ 1,504
Contributions in relation to the contractually required contribution	<u>1,504</u>
Contribution deficiency	<u>\$ -</u>
Covered-employee payroll	\$ 11,857
Contributions as a percentage of covered-employee payroll	12.68%

\* This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

colorado housing and finance authority



**SUPPLEMENTAL INFORMATION**

# colorado housing and finance authority



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

As of December 31, 2015

(with summarized financial information for December 31, 2014)

(in thousands of dollars)

	General Programs	Single Family	Multi-Family/ Business	Eliminations	2015	Summarized 2014
<b>Assets</b>						
Current assets:						
Cash (Note 2)						
Restricted	\$ 97,753	\$ -	\$ -	\$ -	\$ 97,753	\$ 77,734
Unrestricted	46,735	-	-	-	46,735	40,778
Investments (Note 2)	84,375	230,862	90,151	-	405,388	454,893
Loans receivable (Note 3)	52,504	17,789	17,372	(48)	87,617	90,645
Loans receivable held for sale (Note 3)	48,762	-	-	-	48,762	44,463
Accrued interest receivable	2,759	4,848	2,768	(29)	10,346	12,244
Other assets	4,780	139	60	-	4,979	5,237
Due (to) from other programs	(23,021)	18,176	4,845	-	-	-
<b>Total current assets</b>	<b>314,647</b>	<b>271,814</b>	<b>115,196</b>	<b>(77)</b>	<b>701,580</b>	<b>725,994</b>
Noncurrent assets:						
Investments (Note 2)	4,737	145,339	46,938	-	197,014	260,665
Loans receivable, net (Note 3)	59,770	515,890	503,793	(1,395)	1,078,058	1,294,812
Capital assets - nondepreciable (Note 4)	1,573	-	-	-	1,573	1,807
Capital assets - depreciable, net (Note 4)	3,971	-	-	-	3,971	4,556
Other real estate owned, net	340	896	752	-	1,988	3,143
Other assets	25,142	-	-	-	25,142	21,836
<b>Total noncurrent assets</b>	<b>95,533</b>	<b>662,125</b>	<b>551,483</b>	<b>(1,395)</b>	<b>1,307,746</b>	<b>1,586,819</b>
<b>Total assets</b>	<b>410,180</b>	<b>933,939</b>	<b>666,679</b>	<b>(1,472)</b>	<b>2,009,326</b>	<b>2,312,813</b>
<b>Deferred outflows of resources</b>						
Accumulated increase in fair value of hedging derivatives	-	44,487	75,684	-	120,171	129,664
Pension contributions and investment earnings	2,558	-	-	-	2,558	-
Refundings of debt	-	5,570	2,014	-	7,584	12,472
<b>Total deferred outflows of resources</b>	<b>2,558</b>	<b>50,057</b>	<b>77,698</b>	<b>-</b>	<b>130,313</b>	<b>142,136</b>
<b>Liabilities</b>						
Current liabilities:						
Short-term debt (Note 5)	77,505	-	-	-	77,505	61,805
Bonds payable (Note 6)	150	74,966	9,076	-	84,192	134,731
Notes payable (Note 6)	102	-	-	-	102	103
Accrued interest payable	174	6,021	6,010	(29)	12,176	15,884
Federally assisted program advances	896	-	-	-	896	385
Accounts payable and other liabilities	81,386	296	744	-	82,426	51,456
<b>Total current liabilities</b>	<b>160,213</b>	<b>81,283</b>	<b>15,830</b>	<b>(29)</b>	<b>257,297</b>	<b>264,364</b>
Noncurrent liabilities:						
Bonds payable (Note 6)	19,808	775,303	556,720	-	1,351,831	1,658,567
Derivative instruments	194	42,282	78,711	-	121,187	132,217
Derivatives related borrowing	-	19,154	18,445	-	37,599	49,399
Net pension liability - proportionate share	19,395	-	-	-	19,395	-
Notes payable (Note 6)	2,514	-	-	(1,443)	1,071	906
Other liabilities (Note 6)	6,691	364	134	-	7,189	4,653
<b>Total noncurrent liabilities</b>	<b>48,602</b>	<b>837,103</b>	<b>654,010</b>	<b>(1,443)</b>	<b>1,538,272</b>	<b>1,845,742</b>
<b>Total liabilities</b>	<b>208,815</b>	<b>918,386</b>	<b>669,840</b>	<b>(1,472)</b>	<b>1,795,569</b>	<b>2,110,106</b>
<b>Deferred inflows of resources</b>						
Accumulated decrease in fair value of hedging derivatives	-	886	2,957	-	3,843	4,614
Pension investment differences	193	-	-	-	193	-
<b>Total deferred inflows of resources</b>	<b>193</b>	<b>886</b>	<b>2,957</b>	<b>-</b>	<b>4,036</b>	<b>4,614</b>
<b>Net position</b>						
Investment in capital assets, net of related debt	4,100	-	-	1,443	5,543	6,363
Restricted primarily by bond indentures	5,811	64,724	71,580	-	142,115	139,680
Unrestricted (Note 10)	193,819	-	-	(1,443)	192,376	194,186
<b>Total net position</b>	<b>\$ 203,730</b>	<b>\$ 64,724</b>	<b>\$ 71,580</b>	<b>\$ -</b>	<b>\$ 340,034</b>	<b>\$ 340,229</b>

# colorado housing and finance authority



## Colorado Housing and Finance Authority Combining Schedule - Statement of Revenues, Expenses and Changes in Net Position

For the year ended December 31, 2015

(with summarized financial information for the year ended December 31, 2014)

(in thousands of dollars)

	General Program	Single Family	Multi-Family/ Business	Eliminations	2015	Summarized 2014
<b>Interest income and expense:</b>						
Interest on loans receivable	\$ 7,191	\$ 31,833	\$ 33,378	\$ (119)	\$ 72,283	\$ 83,347
Interest on investments	724	17,900	5,043	-	23,667	21,522
Interest on debt	(1,307)	(41,366)	(30,062)	119	(72,616)	(80,603)
Net interest income	6,608	8,367	8,359	-	23,334	24,266
<b>Other operating income (loss):</b>						
Rental income	17	-	-	-	17	32
Loan servicing income	17,884	-	(30)	-	17,854	14,740
Section 8 administration fees	-	-	-	-	-	27
Gain on sale of loans	50,065	-	-	-	50,065	23,846
Investment derivative activity gain (loss)	250	4,495	(3,176)	-	1,569	(3,194)
Net increase (decrease) in the fair value of investments	(210)	(13,289)	376	-	(13,123)	8,790
Other revenues (losses)	8,843	52	-	-	8,895	7,972
Total other operating income (loss)	76,849	(8,742)	(2,830)	-	65,277	52,213
Total operating income (loss)	83,457	(375)	5,529	-	88,611	76,479
<b>Operating expenses:</b>						
Salaries and related benefits	18,647	-	-	-	18,647	16,977
General operating	49,640	1,864	368	-	51,872	24,489
Depreciation	1,109	-	-	-	1,109	1,197
Provision for losses	429	324	(228)	-	525	(2,698)
Total operating expenses	69,825	2,188	140	-	72,153	39,965
<b>Net operating income (loss)</b>	13,632	(2,563)	5,389	-	16,458	36,514
<b>Nonoperating income and expenses:</b>						
Federal grant receipts	120,224	-	-	-	120,224	116,944
Federal grant payments	(120,224)	-	-	-	(120,224)	(116,944)
Gains on sales of capital assets	-	-	-	-	-	(20)
Total nonoperating income and expenses, net	-	-	-	-	-	(20)
<b>Income (loss) before transfers</b>	13,632	(2,563)	5,389	-	16,458	36,494
<b>Transfers from (to) other programs</b>	(605)	2,151	(1,546)	-	-	-
<b>Change in net position</b>	13,027	(412)	3,843	-	16,458	36,494
<b>Net position:</b>						
Beginning of year	207,356	65,136	67,737	-	340,229	303,735
Restatement due to GASB 68 (see page 26)	(16,653)	-	-	-	(16,653)	-
End of year	\$ 203,730	\$ 64,724	\$ 71,580	\$ -	\$ 340,034	\$ 340,229

# colorado housing and finance authority



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

For the year ended December 31, 2015

(with summarized financial information for the year ended December 31, 2014)

(in thousands of dollars)

	General Program	Single Family	Multi-Family/ Business	Eliminations	2015	Summarized 2014
<b>Cash flows from operating activities:</b>						
Principal payments received on loans receivable						
& receipts from dispositions of other real estate owned	\$ 230,496	\$ 154,425	\$ 65,648	\$ (460)	\$ 450,109	\$ 393,256
Interest payments received on loans receivable	7,251	32,735	34,269	(132)	74,123	84,711
Payments for loans receivable	(801,466)	(479)	(5,884)	-	(807,829)	(449,679)
Receipts from sales of Ginnie Mae securities	623,901	-	-	-	623,901	283,226
Receipts from rental operations	17	-	-	-	17	32
Receipts from other revenues	26,703	52	(31)	-	26,724	23,314
Payments for salaries and related benefits	(17,177)	-	-	-	(17,177)	(16,712)
Payments for goods and services	(49,880)	(1,843)	(355)	-	(52,078)	(23,954)
All other, net	32,020	-	-	-	32,020	7,614
Net cash provided by (used in) operating activities	51,865	184,890	93,647	(592)	329,810	301,808
<b>Cash flows from noncapital financing activities:</b>						
Net increase in short-term debt	15,700	-	-	-	15,700	19,425
Proceeds from issuance of bonds	-	125,300	-	-	125,300	55,435
Proceeds from issuance of notes payable	266	-	-	-	266	76
Receipts from federal grant programs	119,282	-	-	-	119,282	119,626
Payments for federal grant programs	(120,224)	-	-	-	(120,224)	(116,944)
Principal paid on bonds	(2,430)	(376,420)	(104,802)	-	(483,652)	(332,950)
Interest rate swap activity, net	(874)	(4,752)	(128)	-	(5,754)	(3,117)
Principal paid on notes payable	(104)	-	-	-	(104)	(1,120)
Interest paid on short-term debt	(235)	-	-	-	(235)	(147)
Interest rate swap settlements	-	(34,349)	(26,136)	-	(60,485)	(72,965)
Interest paid on bonds	(950)	(9,636)	(7,171)	-	(17,757)	(21,885)
Interest paid on notes payable	(10)	-	-	-	(10)	(73)
Transfers to (from) other programs	(11,928)	726	11,202	-	-	-
Net cash provided by (used in) noncapital financing activities	(1,507)	(299,131)	(127,035)	-	(427,673)	(354,639)
<b>Cash flows from capital and related financing activities:</b>						
Purchase of capital assets	(291)	-	-	-	(291)	(542)
Proceeds from the disposal of capital assets	-	-	-	-	-	16
Principal paid on capital-related debt	(460)	-	-	460	-	-
Interest paid on capital-related debt	(132)	-	-	132	-	-
Net cash provided by (used in) capital and related financing activities	(883)	-	-	592	(291)	(526)
<b>Cash flows from investing activities:</b>						
Proceeds from maturities and sales of investments	1,454,920	796,405	342,201	-	2,593,526	4,320,867
Purchase of investments	(1,478,743)	(699,145)	(315,601)	-	(2,493,489)	(4,280,897)
Income received from investments	324	16,981	6,788	-	24,093	21,173
Net cash provided by (used in) investing activities	(23,499)	114,241	33,388	-	124,130	61,143
<b>Net increase in cash</b>	25,976	-	-	-	25,976	7,786
Cash at beginning of year	118,512	-	-	-	118,512	110,726
Cash at end of year	\$ 144,488	\$ -	\$ -	\$ -	\$ 144,488	\$ 118,512
Restricted	\$ 97,753	\$ -	\$ -	\$ -	\$ 97,753	\$ 77,734
Unrestricted	46,735	-	-	-	46,735	40,778
Cash, end of year	\$ 144,488	\$ -	\$ -	\$ -	\$ 144,488	\$ 118,512

Continued on the next page.

# colorado housing and finance authority



**Colorado Housing and Finance Authority**  
**Combining Schedule - Statement of Cash Flows** *(continued)*  
 For the year ended December 31, 2015  
*(with summarized financial information for the year ended December 31, 2014)*  
*(in thousands of dollars)*

	General Program	Single Family	Multi-Family/ Business	Eliminations	2015	Summarized 2014
<b>Reconciliation of operating income to net cash provided by (used in) operating activities:</b>						
Net operating income	\$ 13,632	\$ (2,563)	\$ 5,389	\$ -	\$ 16,458	\$ 36,514
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation expense	1,109	-	-	-	1,109	1,197
Amortization and fair value adjustments of service release premiums	8,212	-	-	-	8,212	9,087
Proportionate share of net pension expense	377	-	-	-	377	-
Amortization of imputed debt associated with swaps	-	(5,379)	(2,278)	-	(7,657)	(15,862)
Provision for losses	429	324	(228)	-	525	(2,698)
Interest on investments	(724)	(17,900)	(5,043)	-	(23,667)	(21,522)
Interest on debt	1,307	46,745	32,340	(119)	80,273	96,465
Unrealized loss on derivatives	(250)	(4,495)	3,176	-	(1,569)	3,194
Unrealized (gain) loss on investments	210	13,289	(376)	-	13,123	(8,790)
(Gain) loss on sale of REO	(226)	(52)	-	-	(278)	(616)
Gain on sale of loans	(50,065)	-	-	-	(50,065)	(23,846)
Changes in assets and liabilities:						
Loans receivable and other real estate owned	44,568	153,998	59,764	(460)	257,870	218,331
Accrued interest receivable on loans and investments	60	902	891	(13)	1,840	1,364
Other assets	(3,480)	59	12	-	(3,409)	3,005
Accounts payable and other liabilities	36,706	(38)	-	-	36,668	5,985
Net cash provided by (used in) operating activities	\$ 51,865	\$ 184,890	\$ 93,647	\$ (592)	\$ 329,810	\$ 301,808

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## APPENDIX B

### Outstanding Master Indenture Obligations

#### Outstanding Bonds

As of July 1, 2016, the Authority had issued and had Outstanding the following Series of Bonds under the Master Indenture in the Classes as indicated:

<u>Title of Bonds</u>	<u>Principal Amount Issued</u>	<u>Outstanding Principal Amount (July 1, 2016)<sup>(2)</sup></u>
<b>2000 Series A:</b>		
Adjustable 2000 Series A-1 (Class I)	\$56,195,000	\$ 9,615,000
Adjustable 2000 Series A-2 (Class I)	11,545,000	1,515,000
<b>2000 Series B:</b>		
Taxable Floating 2000 Series B-1 (Class I)	\$ 7,780,000	\$ 2,850,000
<b>2002 Series A:</b>		
Adjustable 2002 Series A-4 (Class I)	\$19,450,000	\$ 2,000,000
<b>2002 Series C:</b>		
Taxable Adjustable 2002 Series C-1 (Class I)	\$10,920,000	\$ 8,350,000
Adjustable 2002 Series C-2 (Class I)	70,715,000	12,705,000
Adjustable 2002 Series C-4 (Class I)	31,960,000	7,610,000
<b>2003 Series A:</b>		
Taxable Adjustable 2003 Series A-1 (Class I)	\$37,415,000 <sup>(1)</sup>	\$25,240,000
Taxable Adjustable 2003 Series A-2 (Class II)	11,365,000	6,320,000
<b>2004 Series A:</b>		
Taxable Adjustable 2004 Series A-1 (Class I)	\$66,280,000 <sup>(1)</sup>	\$37,620,000
<b>2005 Series A:</b>		
Taxable Adjustable 2005 Series A-1 (Class I)	\$33,740,000 <sup>(1)</sup>	\$22,805,000
Adjustable 2005 Series A-3 (Class II)	40,275,000	2,745,000
<b>2005 Series B:</b>		
Taxable Adjustable 2005 Series B-1 (Class I)	\$16,550,000 <sup>(1)</sup>	\$11,695,000
Adjustable 2005 Series B-2 (Class I)	10,820,000	5,895,000
<b>2006 Series A:</b>		
Taxable Adjustable 2006 Series A-1 (Class I)	\$57,130,000 <sup>(1)</sup>	\$36,930,000
<b>2007 Series B:</b>		
Taxable Adjustable 2007 Series B-1 (Class I)	\$55,710,000	\$45,535,000
Adjustable 2007 Series B-2 (Class I)	31,170,000	6,075,000
<b>2008 Series A:</b>		
Taxable Adjustable 2008 Series A-1 (Class II)	\$23,090,000 <sup>(1)</sup>	\$17,210,000
Adjustable 2008 Series A-2 (Class II)	9,645,000	5,310,000
<b>2008 Series B:</b>		
Taxable Adjustable 2008 Series B (Class II)	\$165,565,000	\$154,350,000

<u>Title of Bonds</u>	<u>Principal Amount Issued</u>	<u>Outstanding Principal Amount (July 1, 2016)<sup>(2)</sup></u>
<b>2008 Series C:</b>		
Taxable Adjustable 2008 Series C-1 (Class I)	\$13,000,000	\$10,840,000
Adjustable 2008 Series C-3 (Class I)	12,055,000	3,485,000
<b>2009 Series A:</b>		
Adjustable 2009 Series A-1 (Class I)	\$33,210,000	\$23,590,000
2009 Series A-2 (Class II)	14,225,000	2,300,000
<b>2012 Series A:</b>		
2012 Series A (Class I)	\$10,500,000	\$10,260,000
<b>2012 Series B:</b>		
2012 Series B (Class I)	\$17,450,000	\$17,135,000
<b>2013 Series A:</b>		
Adjustable 2013 Series A (Class I)	<u>\$7,880,000</u>	<u>\$3,960,000</u>
<b>Total</b>	<u>\$875,640,000</u>	<u>\$493,945,000<sup>(2)</sup></u>
Total Class I Bonds	\$611,475,000	\$305,710,000 <sup>(2)</sup>
Total Class II Bonds	\$264,165,000	\$188,235,000
Total Class III Bonds	None	None
Total Class IV Bonds	None	None

<sup>(1)</sup> Designated as general obligations of the Authority.

<sup>(2)</sup> Does not include the 2016 Series A Bonds.,

## **Outstanding Derivative Products**

In connection with the issuance of certain Bonds under the Master Indenture, the Authority has previously entered into the interest rate swap agreements listed on the following table ("**Derivative Products**"). As of July 1, 2016, the total notional amount of Derivative Products provided by Barclays Bank PLC was \$248,675,000; by Royal Bank of Canada, was \$154,350,000; and by Bank of America, N.A., was \$22,405,000. These percentages indicate the percentages of the total notional balance of Derivative Products entered by the Authority under the Master Indenture and Outstanding as of July 1, 2016.

Any payments or receipts received by the Authority under the Derivative Products are pledged under the Master Indenture as Revenues, as described in "Part II – SECURITY FOR THE OBLIGATORS – Pledge of Trust Estate," "- Revenues" and "- Derivative Products." Except as noted in the table below, the Authority's obligation to make interest payments to the respective Counterparty under each of these Derivative Products constitutes a Class I Obligation under the Master Indenture, secured on parity with the lien on the Trust Estate of the other Class I Obligations. The Authority's obligation to make termination payments under each of these Derivative Products in the event of early termination is a general obligation of the Authority and is not secured as an Obligation under the Master Indenture. See "Part II – CERTAIN BONDOWNERS' RISKS – Risks Related to Derivative Products" and "Part II – COLORADO HOUSING AND FINANCE AUTHORITY – Obligations of the Authority – General Obligations."

**See also footnote (8) to the audited 2015 financial statements of the Authority, included as Appendix A to this Official Statement, for a description of the key terms of the outstanding Derivative Products, including the fair values and the counterparty credit ratings, as of December 31, 2015.**

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## Outstanding Derivative Products<sup>(1)</sup>

<u>Outstanding Derivative Products</u>	<u>Amount</u> <sup>(1)</sup>	<u>Counterparty</u>
<b>2000 Series A Derivative Product:</b>		
Adjustable 2000 Series A-1 (Class I)	\$ 9,615,000	Barclays Bank PLC
<b>2002 Series C Derivative Products:</b>		
Adjustable 2002 Series C-2 (Class I)	12,705,000	Barclays Bank PLC
Adjustable 2002 Series C-4 (Class I)	7,610,000	Barclays Bank PLC
<b>2003 Series A Derivative Product:</b>		
Adjustable 2003 Series A-1 (Class I)	11,850,000	Barclays Bank PLC
<b>2005 Series B Derivative Product:</b>		
Adjustable 2005 Series B-2 (Class I)	2,620,000	Bank of America, N.A.
<b>2006 Series A Derivative Products:</b>		
Taxable Adjustable 2006 Series A-1 (Class I)	24,305,000	Barclays Bank PLC
Taxable Adjustable 2006 Series A-1 (Class I)	9,965,000	Bank of America, N.A.
<b>2007 Series B Derivative Products:</b>		
Taxable Adjustable 2007 Series B-1 (Class I)	25,025,000	Barclays Bank PLC
Taxable Adjustable 2007 Series B-1 (Class I)	7,095,000	Bank of America, N.A.
Taxable Adjustable 2007 Series B-2 (Class I)	6,020,000	Barclays Bank PLC
<b>2008 Series A Derivative Products:</b>		
Taxable Adjustable 2008 Series A-1 (Class II)	12,440,000	Barclays Bank PLC
Adjustable 2008 Series A-2 (Class II)	5,310,000	Barclays Bank PLC
<b>2008 Series B Derivative Product:</b>		
Taxable Adjustable 2008 Series B (Class II)	154,350,000	Royal Bank of Canada
<b>2008 Series C Derivative Products:</b>		
Adjustable 2008 Series C-1 (Class I)	10,255,000	Barclays Bank PLC
Adjustable 2008 Series C-3 (Class I)	3,510,000	Barclays Bank PLC
<b>2009 Series A Derivative Product:</b>		
Adjustable 2009 Series A-1 (Class I)	23,590,000	Barclays Bank PLC
<b>2013 Series A Derivative Product:</b>		
Adjustable 2013 Series A (Class I)	3,955,000	Barclays Bank PLC
<b>Surplus Assets Derivative Products:</b>		
Multi-Family/Projects Surplus Assets	92,485,000	Barclays Bank PLC
Multi-Family/Projects Surplus Assets	<u>2,725,000</u>	Bank of America, N.A.
<b>Total</b>	<b><u>\$425,430,000</u></b>	
<b>Total Outstanding Class I Derivative Products</b>	<b>\$158,120,000</b>	
<b>Total Outstanding Class II Derivative Products</b>	<b>\$172,100,000</b>	
<b>Total Outstanding Class III Derivative Products</b>	<b>None</b>	
<b>Total Outstanding Surplus Assets Derivative Products</b>	<b>\$95,210,000</b>	

(1) As of July 1, 2016. No Derivative Products are being entered by the Authority in connection with the 2016 Series A Bonds.

## **Outstanding Liquidity Facilities**

The Authority has previously entered into Standby Bond Purchase Agreements (constituting Liquidity Facilities under the Master Indenture) among the Authority, the Paying Agent and respective Liquidity Facility Providers. The following table describes the Liquidity Facilities in effect as of July 1, 2016 with respect to the outstanding Series of Adjustable Rate Bonds under the Master Indenture, the name of the respective Liquidity Facility Providers, the applicable expiration dates (unless extended or earlier terminated), the Bank Bond rates, terms for accelerated payments and liens.

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

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## Outstanding Liquidity Facilities and Providers <sup>(1)</sup>

<u>Series of Adjustable Rate Bonds</u>	<u>Related Liquidity Facility Provider</u>	<u>Expiration Date of Liquidity Facility</u>	<u>Bank Bond Rate/ Accelerated Payments/Lien</u>
2000 Series A-1 and A-2	Federal Home Loan Bank of Topeka	March 21, 2019	(2)
2002 Series A-1 and A-4	Federal Home Loan Bank of Topeka	May 14, 2018	(2)
2002 Series C-1, C-2 and C-4	Federal Home Loan Bank of Topeka	November 16, 2018	(2)
2003 Series A-1	Federal Home Loan Bank of Topeka	September 23, 2018	(2)
2003 Series A-2	Federal Home Loan Bank of Topeka	September 23, 2018	(3)
2004 Series A-1	Federal Home Loan Bank of Topeka	September 21, 2019	(2)
2005 Series A-1	Federal Home Loan Bank of Topeka	April 12, 2018	(2)
2005 Series A-3	Federal Home Loan Bank of Topeka	April 12, 2018	(3)
2005 Series B-1 and B-2	Federal Home Loan Bank of Topeka	December 14, 2018	(2)
2006 Series A-1	Federal Home Loan Bank of Topeka	August 24, 2018	(2)
2007 Series B-1, and B-2	Federal Home Loan Bank of Topeka	August 24, 2018	(2)
2008 Series A-1 and A-2	Federal Home Loan Bank of Topeka	April 12, 2018	(4)
2008 Series B	Federal Home Loan Bank of Topeka	June 25, 2018	(5)
2008 Series C-1 and C-3	Federal Home Loan Bank of Topeka	December 17, 2018	(2)
2009 Series A-1	Federal Home Loan Bank of Topeka	June 24, 2019	(2)
2013 Series A	Federal Home Loan Bank of Topeka	August 24, 2018	(2)

<sup>(1)</sup> As of July 1, 2016. No Liquidity Facilities are being entered in connection with the 2016 Series A Bonds.

<sup>(2)</sup> Bank Rate: One-Month LIBOR Rate from time to time in effect plus 2.00%

Term out provisions: 10 semi-annual payments (5 years). Class III lien/General Obligation.

<sup>(3)</sup> Bank Rate: One-Month LIBOR Rate from time to time in effect plus 3.00%

Term out provisions: 10 semi-annual payments (5 years). Class III lien/General Obligation.

<sup>(4)</sup> Bank Rate: One-Month LIBOR Rate from time to time in effect plus 1.00%

Term out provisions: 10 semi-annual payments (5 years). Class III lien/General Obligation.

<sup>(5)</sup> Bank Rate: One-Month LIBOR Rate from time to time in effect plus 1.25%

Term out provisions: 10 semi-annual payments (5 years). Class III lien/General Obligation.

### Remarketing Agents for Adjustable Rate Bonds

In connection with the Adjustable Rate Bonds outstanding under the Master Indenture, the Authority has entered into remarketing agreements (the "**Remarketing Agreements**") with the respective remarketing agents set forth in the following table (the "**Remarketing Agents**").

**Outstanding Remarketing Agents under Master Indenture  
as of July 1, 2016**

<u>Series of Bonds</u>	<u>Remarketing Agent</u>
2000 Series A-1	Barclays Capital Inc.
2000 Series A-2	Barclays Capital Inc.
2002 Series A-4	D.A. Davidson & Co.
2002 Series C-1	J.P. Morgan Securities LLC
2002 Series C-2	Barclays Capital Inc.
2002 Series C-4	Barclays Capital Inc.
2003 Series A-1	George K. Baum & Company
2003 Series A-2	George K. Baum & Company
2004 Series A-1	J.P. Morgan Securities LLC
2005 Series A-1	J.P. Morgan Securities LLC
2005 Series A-3	Barclays Capital Inc.
2005 Series B-1	RBC Capital Markets, LLC
2005 Series B-2	RBC Capital Markets, LLC
2006 Series A-1	Barclays Capital Inc.
2007 Series B-1	J.P. Morgan Securities LLC
2007 Series B-2	J.P. Morgan Securities LLC
2008 Series A-1	RBC Capital Markets, LLC
2008 Series A-2	RBC Capital Markets, LLC
2008 Series B	RBC Capital Markets, LLC
2008 Series C-1	Loop Capital Markets, LLC
2008 Series C-3	D.A. Davidson & Co.
2009 Series A-1	Barclays Capital Inc.
2013 Series A	J.P. Morgan Securities LLC

The Remarketing Agents' responsibilities include determining the interest rate from time to time and remarketing the respective Adjustable Rate Bonds that are optionally tendered by the owners. The Remarketing Agents are appointed by the Authority and are paid by the Authority for their respective services. As a result, the interests of the Remarketing Agents may differ from those of existing holders and potential purchasers of Adjustable Rate Bonds.

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

The Remarketing Agents are required to determine on the rate determination date the applicable rate of interest that, in their judgment, is the lowest rate that would permit the sale of the respective Adjustable Rate Bonds at par plus accrued interest, if any, on the date the rate becomes effective (the "**Effective Date**"). The interest rate will reflect, among other factors, the level of market demand for such Adjustable Rate Bonds (including whether the Remarketing Agents are willing to purchase such remarketed Bonds for their own account). The Remarketing Agreements require that the Remarketing Agents use their best efforts to sell respective tendered Adjustable Rate Bonds at par, plus accrued interest. There may or may not be Adjustable Rate Bonds tendered and remarketed on a rate determination date or an Effective Date, the Remarketing Agents may or may not be able to remarket any respective Adjustable Rate Bonds tendered for purchase on such date at par and the Remarketing Agents may sell such Bonds at varying prices to different investors on such date or any other date. The Remarketing Agents are not obligated to advise purchasers in a remarketing if they do not have third party buyers for all of the Adjustable Rate Bonds at the remarketing price.

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



## APPENDIX C

### Summary of Certain Provisions of the Indenture

The Master Indenture and the 2016 Series A Indenture (collectively, the "**Indenture**") contain various provisions and covenants, some of which are summarized below. Reference is made to the Indenture for a full and complete statement of its provisions. Copies of the Indenture are available as provided in "Part II - MISCELLANEOUS."

#### **Certain Definitions**

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

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

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

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

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

case of Investment Securities purchased at a discount, by adding the product thus obtained to the purchase price.

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

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

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

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

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

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

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

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

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

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

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

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

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

"Cash Flow Statement" means, with respect to any particular Bonds, a certificate prepared by or on behalf of the Authority with respect to Cash Flows setting forth, for the period extending from the date

of such certificate to the latest maturity of the Bonds then outstanding, (i) all Revenues expected to be received during such period; (ii) the application of all such Revenues in accordance with the Indenture; (iii) the resulting balances on each Bond Payment Date and Derivative Payment Date, if any; and establishing under all scenarios included in the Cash Flows, that anticipated Revenues will be at least sufficient to pay the principal of and interest on the Obligations when due and all Administrative Expenses payable under the Indenture when due. Each Cash Flow Statement shall be accompanied by all supporting Cash Flows. Reference to a Cash Flow Statement with respect to a Series shall be taken to mean a Cash Flow Statement with respect to such Series and any other Series to which it has been linked for Cash Flow Statement purposes.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

"Financing Documents" means, with respect to any Loan, the Loan Agreement between the Authority and the Borrower with respect to the Loan, the Note duly executed by the Borrower evidencing

its obligation to repay the Loan, the Mortgage on the real property or leasehold constituting part of the Housing Facility or Project, financing statements duly prepared and registered pursuant to the Uniform Commercial Code, and such insurance, guaranties and other security for the repayment of the Loan as required by the Authority.

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

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

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

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

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

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

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

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

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

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

- (a) Direct, general obligations, or obligations the timely payment of principal and interest of which are unconditionally guaranteed by, the United States of America;
- (b) Obligations, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following: Federal Farm Credit Banks; Federal Home Loan Bank System; Export-Import Bank of the United States; Federal Land Banks; Federal National

Mortgage Association (excluding "interest only" mortgage strip securities, and excluding other mortgage strip securities which are valued greater than par); Farmers Home Administration; Federal Home Loan Mortgage Corporation (including participation certificates only if they guarantee timely payment of principal and interest); Government National Mortgage Association (excluding "interest only" mortgage strip securities, and excluding other mortgage strip securities which are valued greater than par); Federal Financing Bank; or Federal Housing Administration; or any other agency or instrumentality of the United States of America (created by an act of Congress) substantially similar to the foregoing in its legal relationship to the United States of America;

(c) Repurchase agreements, collateralized by Investment Securities described in clause (a) or clause (b) of this definition, with any institution, any registered broker/dealer subject to the Securities Investors' Protection Corporation jurisdiction or any commercial bank rated by each Rating Agency rating the Bonds sufficiently high to maintain then current rating on such Bonds by such Rating Agency, and collateralized in such manner to meet all requirements for collateralized repurchase agreements of each Rating Agency rating the Bonds in order to maintain 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 then current rating on such Bonds by such Rating Agency, or any money market or short term investment fund investing substantially in or consisting substantially of and secured by obligations described in this paragraph (d), which fund is rated by each Rating Agency then rating the Bonds sufficiently high to maintain then current rating on such Bonds by such Rating Agency and which fund, if the income from such investment is intended to be excluded from gross income for federal income tax purposes, is included in the definition of "tax-exempt bond" set forth in Treasury Regulation §1.150-1(b);

(e) Any Investment Agreement;

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

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

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

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

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

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

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

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

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

"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.

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

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



(a) any Bond cancelled or delivered to the Bond Registrar for cancellation on or before such date;

(b) any Bond (or any portion thereof) (i) for the payment or redemption of which there shall be held in trust under the Indenture and set aside for such payment or redemption, moneys and/or Defeasance Securities maturing or redeemable at the option of the holder thereof not later than such maturity or redemption date which, together with income to be earned on such Defeasance Securities prior to such maturity or redemption date, will be sufficient to pay the principal or Redemption Price thereof, as the case may be, together with interest thereon to the date of maturity or redemption, and (ii) in the case of any such Bond (or any portion thereof) to be redeemed prior to maturity, notice of the redemption of which shall have been given in accordance with the Indenture or provided for in a manner satisfactory to the Bond Registrar;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

"Record Date" means with respect to 2016 Series A Bonds, the fifteenth day (whether or not a Business Day) of the month next preceding each Interest Payment Date.

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

"Related" (whether capitalized or not) means, with respect to any particular Bond, Class, Series, Series Indenture, Supplemental Indenture, Cash Flow Statement, Fund, Account, moneys, investments, Loan (or portion thereof), Loan Repayment or Prepayment, having been created in connection with the issuance of, or having been derived from the proceeds of, or having been reallocated to, or concerning, the same Series, as the case may be.

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

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

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

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

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

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

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

"State" means the State of Colorado.

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

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

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

### **Indenture Constitutes a Contract**

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

### **Issuance of Additional Bonds**

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

- (a) an original executed copy of the Series Indenture authorizing such Bonds and specifying certain information as set forth in the Master Indenture;

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

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

### **Issuance of Refunding Bonds**

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

### **Derivative Products**

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

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

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

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

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

- (a) Program Fund (consisting of the Acquisition Account, the Cost of Issuance Account, the Negative Arbitrage Account and the Loan Recycling Account),
- (b) Revenue Fund,
- (c) Debt Service Reserve Fund,
- (d) Class I Debt Service Fund,
- (e) Class II Debt Service Fund,
- (f) Class III Debt Service Fund,
- (g) Class IV Debt Service Fund,
- (h) Redemption Fund (consisting of the Class I Special Redemption Account, the Class II Special Redemption Account, the Class III Special Redemption Account, and the Class IV Special Redemption Account),
- (i) Rebate Fund, and
- (j) Excess Earnings Fund.

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

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

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

(a) if and to the extent required by the Master Indenture (including meeting certain requirements with respect to the Revenue Fund and the Debt Service Reserve Fund and in the case of an Event of Default);

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

(c) in connection with an Authority Request, pursuant to the Indenture, directing the Trustee to transfer moneys to the Redemption Fund to redeem certain Bonds;

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

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

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

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

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

Loans made by the Authority must meet the following requirements: (i) such Loan complies with, and is in fulfillment of the purposes of, the Act; and (ii) at the time the Authority makes the Loan, (A) the Authority reasonably believes that such Loan meets applicable requirements under the Code as in effect or as otherwise applicable with respect to such Loan; (B) the Authority has determined that the facility being financed or refinanced as completed constitutes a Housing Facility or a Project, as the case may be, for purposes of the Act; and (C) except to the extent, if any, that a variance is required as a

condition to any insurance on, guaranty of or other security for such Loan, such Loan shall bear interest at the rate or rates and shall be payable as to both principal and interest at the time or times which shall be reasonably estimated to be sufficient to assure the timely payment of (1) the allocable portion of scheduled Fiduciary Expenses (as reasonably estimated by the Authority and not otherwise provided for), and (2) all Debt Service Payments on the portion of the Outstanding Bonds used or to be used to make Loans (assuming the receipt of scheduled Loan Repayments on other Loans and scheduled Revenues on moneys not yet used to finance or refinance Loans or held in any Fund or Account held by the Trustee other than the Rebate Fund or the Excess Earnings Fund).

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

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

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

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

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

The amount in any subaccount of the Negative Arbitrage Account with respect to a defaulted Loan is to be transferred to the related subaccount of the Redemption Fund at the time that the Authority receives or recovers any Prepayment of such Mortgage Loan, upon Authority Request. If a Loan is not closed on account of any failure to meet the conditions of the Authority's written commitment to provide the Loan or for any other reason (e.g., failure to meet the conditions of the firm commitment of a governmental insurer or guarantor to insure or guarantee such Loan), provided that the Authority has issued such written commitment with respect to such Loan and is ready and willing to close, and the Authority does not finance or refinance a substitute Housing Facility or Project, the amount in the related subaccount of the Negative Arbitrage Account is to be transferred, upon Authority Request, to the Revenue Fund. Upon the completion of a Housing Facility or Project, the date that another Housing Facility or Project is substituted for such Housing Facility Project or the date that amounts in the related subaccount of the Acquisition Account or the Loan Recycling Account, as the case may be, allocable to such Housing Facility or Project are transferred to the Redemption Fund or the Revenue Fund pursuant to the Indenture, any amounts in the related subaccount of the Negative Arbitrage Account that have not

been transferred to the Revenue Fund or to the Redemption Fund pursuant to the Indenture are to be paid by the Authority to the related Borrower to the extent and under the circumstances provided in any Agreement with such Borrower. Each subaccount of the Negative Arbitrage Account is to be terminated upon the earliest of the completion of the related Housing Facility or Project, the date that another Housing Facility or Project is substituted for the related Housing Facility or Project, the date that amounts in the related subaccount or the Loan Recycling Account, as the case may be, allocable to the related Housing Facility or Project are transferred to the Redemption Fund or the Revenue Fund pursuant to the Indenture or the date on which there is no remaining balance in such subaccount of the Negative Arbitrage Account.

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

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

### **Revenue Fund**

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

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

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

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

- (a) Related Subaccounts of Rebate Fund. On each December 31, an amount to be calculated by the Authority which, together with the amount therein, will equal the Rebate



Requirement related to the Tax-Exempt Bonds of each respective Series, as determined by the Authority;

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

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

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

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

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

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

(h) Unrelated Subaccounts of Class II Debt Service Fund. Any deficiency in such subaccount(s) of the Class II Debt Service Fund, after making any requisite transfers from the

Related Debt Service Reserve Fund, resulting from the lack of moneys sufficient to make the deposit described in (g) above as of such date, on a proportionate basis with all other Unrelated such subaccounts or as otherwise directed by Authority Request;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

### **Debt Service Funds**

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

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

### **Debt Service Reserve Fund**

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

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

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

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

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

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

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

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

provided, however, that no such transfer may result in (A) the amount on deposit in a subaccount of the Debt Service Reserve Fund being reduced to an amount less than any minimum deposit specified in the Related Series Indenture or (B) a failure to meet the Related Class II Asset Requirement.

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

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

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

## **Redemption Fund**

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

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

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

Upon any redemption (other than by Class I Sinking Fund Installment, Class II Sinking Fund Installment, Class III Sinking Fund Installment or Class IV Sinking Fund Installment) of Bonds for which Class I Sinking Fund Installments, Class II Sinking Fund Installments, Class III Sinking Fund Installments or Class IV Sinking Fund Installments have been established, or any purchase in lieu thereof, there is to be credited by the Trustee and the Bond Registrar toward the Class I Sinking Fund Installments, Class II Sinking Fund Installment, Class III Sinking Fund Installments or Class IV Sinking Fund Installments thereafter to become due with respect thereto, on a proportionate basis and in increments of the applicable minimum denomination, an amount bearing the same ratio to each such Class I Sinking Fund Installment, Class II Sinking Fund Installment, Class III Sinking Fund Installment or Class IV Sinking Fund Installment as the total principal amount of such Class and maturity of Bonds so purchased or redeemed bears to the total amount of all such Class I Sinking Fund Installments, Class II Sinking Fund Installments, Class III Sinking Fund Installments or Class IV Sinking Fund Installments to be credited; provided, however, that, if there shall be filed with the Trustee and the Bond Registrar an Authority Request specifying a different method for crediting Class I Sinking Fund Installments, Class II Sinking Fund Installments, Class III Sinking Fund Installments or Class IV Sinking Fund Installments upon any such purchase or redemption of Bonds and certifying that such Authority Request is consistent with the most recently filed Related Cash Flow Statement and the Related Series Indenture, then such Sinking Fund Installments shall be so credited as shall be provided in such Authority Request. The portion of any such Class I Sinking Fund Installment, Class II Sinking Fund Installment, Class III Sinking Fund Installment or Class IV Sinking Fund Installment remaining after the deduction of any such amounts credited towards the same (or the original amount of any such Class I Sinking Fund Installment, Class II Sinking Fund Installment, Class III Sinking Fund Installment or Class IV Sinking Fund Installment if no such amounts shall have been credited toward the same) shall constitute the unsatisfied balance of such Class I Sinking Fund Installment, Class II Sinking Fund Installment, Class III Sinking Fund Installment or Class IV Sinking Fund Installment for the purpose of calculation of Class I Sinking Fund Installments, Class II Sinking Fund Installments, Class III Sinking Fund Installments and Class IV Sinking Fund Installments due on or scheduled for a future date.

### **Authority Payment Accounts**

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

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

## **Investment of Funds**

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

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

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

## **Creation of Liens**

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

## **Covenants Relating to Loans**

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

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

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

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

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



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

### **Certain Other Covenants**

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

There is created pursuant to each Series Indenture relating to any tax-exempt Bonds a special and a separate subaccount within the Rebate Fund to be held by the Authority for such Series of Bonds (the "**Series Rebate Account**"). There shall be transferred in accordance with the Indenture into the Series Rebate Account such amounts as shall be required to be deposited therein in accordance with Authority Certificates to meet the Authority's obligations under the covenant described below under "Tax Covenant." Amounts in the Series Rebate Account shall be used for the purpose of making the payments to the United States required by such covenant and Section 148(f) of the Tax Code. Any amounts in the Series Rebate Account in excess of those required to be on deposit therein as described below under "Tax Covenant" and Section 148(f) of the Tax Code may be withdrawn therefrom and deposited into the Revenue Fund.

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

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

## **Tax Covenant**

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

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

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

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

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

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

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

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

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

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

Upon the occurrence of an Event of Default the Trustee may, and upon the written request of the Owners of not less than 25% in principal amount of the Bonds Outstanding following an Event of Default described in paragraphs (a), (b), (c), (d), (e), and (g) above, and 50% in principal amount of the Bonds Outstanding following an Event of Default described in paragraph (f) above, shall give 30 days' notice in writing to the Authority of its intention to declare all Outstanding Obligations due and payable immediately. After such 30-day period the Trustee may, and upon written request of Owners of not less than 25% (except with respect to an Event of Default described in paragraph (f) or (g) above, to the extent provided in the following sentence) in principal amount of the Bonds Outstanding shall, declare all Bonds Outstanding, plus all interest accrued therein and which will accrue to the date of payment, immediately due and payable by notice to the Authority. Notwithstanding the foregoing, following an Event of Default described in paragraphs (f) or (g) above (except for a default which could adversely affect the exclusion from gross income for federal income tax purposes of interest on any Tax-Exempt Bonds), the Trustee shall not declare all Obligations Outstanding immediately due and payable unless so directed by written request of Owners of 100% in principal amount of Bonds Outstanding. The Trustee may (and at the direction of the Owners of a majority in aggregate principal amount of Outstanding Bonds, shall) annul such declaration and its consequences if (i) money shall have been deposited in the Revenue Fund sufficient to pay all matured installments of interest and principal or Redemption Price (other than principal then due only because of such declaration) of all Outstanding Obligations; (ii) moneys shall have been deposited with the Trustee sufficient to pay the charges, compensation, expenses, disbursements, advances and liabilities of the Trustee; (iii) all other amounts then payable by the Authority under the Indenture shall have been paid or a sum sufficient to pay the same shall have been deposited with the Trustee; and (iv) every event of Default known to the Trustee (other than a default in the payment of the principal of such Bonds then due only because of such declaration) shall have been remedied to the satisfaction of the Trustee.

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

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

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

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

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

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

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

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

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

Upon the occurrence and continuance of a General Obligation Bond Default, the Trustee may, and upon the written request of the Owners of not less than 25% in Aggregate Principal Amount of the General Obligation Bonds Outstanding, together with indemnification of the Trustee to its satisfaction therefor, shall, proceed forthwith to protect and enforce the rights of the Owners of General Obligation Bonds under the Act, the General Obligation Bonds and the Indenture by such suits, actions or

proceedings as the Trustee, being advised by counsel, shall deem expedient and consistent with the limitations specified in the Indenture, including but not limited to:

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

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

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

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

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

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

(iv) the Trustee shall have failed or refused to exercise the powers in the Indenture granted or to institute such action, suit or proceedings in its own name for a period of 60 days after receipt by it of such request and offer of indemnity.

### **Successors to Trustee**

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

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

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

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

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

### **Defeasance**

All outstanding Bonds will prior to the maturity or redemption date thereof be deemed to have been paid and will cease to be entitled to the pledge of the Trust Estate under the Indenture and all covenants, agreements and other obligations of the Authority to the Bondowners will cease if the following conditions are met: (i) in case any Bonds are to be redeemed on any date prior to their maturity, the Authority has given to the Bond Registrar irrevocable instructions to transmit notice of redemption therefor, (ii) there have been deposited with the Trustee either moneys in an amount which are sufficient, or Defeasance Securities the principal of and interest on which when due will provide moneys, which, together with the moneys, if any, deposited with the Trustee at the same time, will be sufficient to pay when due the principal or redemption price, if applicable, of and interest due and to become due on said Bonds on or prior to the redemption date or maturity date thereof, as the case may be, (iii) in the event said Bonds are not subject to redemption within the next succeeding 60 days, the Authority has given the Bond Registrar irrevocable instructions to transmit, as soon as practicable, a notice to the owners of such Bonds that the above deposit has been made with the Trustee and that said Bonds are deemed to have been paid and stating such maturity or redemption date upon which moneys are to be available for the

payment of the principal or redemption price, if applicable, of and interest on such Bonds, and (iv) except in the event of a full cash defeasance or a current refunding of less than ninety days to maturity or redemption date, the sufficiency of such moneys or Defeasance Securities shall have been confirmed to the Authority in an opinion signed by a certified public accountant or firm of such accountants duly licensed to practice and practicing as such under the laws of the State, selected by the Authority.

Neither Defeasance Securities nor moneys deposited with the Trustee for the purpose of defeasing the Bonds nor principal or interest payments on any such Defeasance Securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal or Redemption Price, if applicable, of and interest on said Bonds and any bonds or other obligations issued by the Authority the proceeds of which were used to acquire such Defeasance Securities, in whole or in part; provided that no such principal of or interest on such Defeasance Securities shall be applied to the payment of the principal or redemption price of or interest on such bonds or other obligations unless (x) the Trustee shall have received a schedule showing, for each year from the date of deposit of such Defeasance Securities until the redemption date or maturity date of said Bonds, as the case may be, the amount of principal of and interest on such Defeasance Securities and moneys, if any, deposited with the Trustee at the same time that will be available to pay the principal or Redemption Price of and interest due on said Bonds in each such year, plus the amount of any excess in each such year, and (y) the amount of such principal of or interest on such Defeasance Securities to be so applied to the payment of such bonds or other obligations does not exceed in any year the amount of such excess for, or accumulated and unexpended to, such year. Any cash received from such principal or interest payments on such Defeasance Securities deposited with the Trustee, if not then needed for such purpose, to the extent practicable and, in accordance with an opinion of Bond Counsel filed with the Trustee, permitted by Section 103 of the Code, shall be reinvested in Defeasance Securities maturing in times and in amounts sufficient to pay when due the principal or Redemption Price, if applicable, of and interest due and to become due on said Bonds on and prior to such redemption date or maturity date thereof, as the case may be.

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

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## APPENDIX D

### Class Asset Requirements

Set forth below are the Class Asset Requirements applicable to the Outstanding Bonds pursuant to the Master Indenture. These Class Asset Requirements for the Outstanding Bonds are calculated based on applicable **Parity Ratios** which have the values set forth in the Series Indentures related to the most recently issued Series of Bonds, or any other value permitted or required by each Rating Agency as evidenced by Confirmations delivered by each Rating Agency after the date of issuance of such Series of Bonds.

Under the Master Indenture:

(I) the **Class I Asset Requirement** means the requirement that, as of any date of calculation, the Accrued Assets shall be at least equal to the product of (x) the Aggregate Principal Amount of Class I Bonds then Outstanding multiplied by (y) the Class I Parity Ratio.

(II) the **Class II Asset Requirement** means the requirement that, as of any date of calculation, the Accrued Assets shall be at least equal to the product of (x) the Aggregate Principal Amount of Class I Bonds and Class II Bonds then Outstanding multiplied by (y) the Class II Parity Ratio.

(III) the **Class III Asset Requirement** means the requirement that, as of any date of calculation, the Accrued Assets shall be at least equal to the product of (x) the Aggregate Principal Amount of Class I Bonds, Class II Bonds and Class III Bonds then Outstanding multiplied by (y) the Class III Parity Ratio.

The Master Indenture defines **Accrued Assets** to mean the sum of (i) amounts held in the Acquisition Account, the Loan Recycling Account, the Debt Service Fund, the Redemption Fund, the Debt Service Reserve Fund and the Revenue Fund, and (ii) the aggregate unpaid principal balances of all Loans and Authority Projects.

The 2016 Series A Indenture provides that the **Class I Parity Ratio** shall be no less than 130%. As of July 1, 2016, the Accrued Assets were equal to 191.7% of the Aggregate Principal Amount of Class I Bonds and 118.7% of the Aggregate Principal Amount of Class I Bonds and Class II Bonds. These ratios did not take into account the 2016 Series A Bonds.

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## APPENDIX E

### Form of Bond Counsel Opinion

October 25, 2016

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

Colorado Housing and Finance Authority  
Federally Taxable Multi-Family/Project Class I Bonds  
(CHFA Headquarters Building Project), 2016 Series A-1  
and  
Multi-Family/Project Class I Bonds  
(CHFA Headquarters Building Project), 2016 Series A-2

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 Taxable Multi-Family/Project Class I Bonds (CHFA Headquarters Building Project), 2016 Series A-1 (the "2016 Series A-1 Bonds") Multi-Family/Project Class I Bonds (CHFA Headquarters Building Project), 2016 Series A-2 (the "2016 Series A-2 Bonds" and, together with the 2016 Series A-1 Bonds, the "2016 Series A Bonds") and in the aggregate principal amount of \$11,725,000. In such capacity, we have examined the Authority's certified proceedings and such other documents and such law of the State of Colorado and of the United States of America as we have deemed necessary to render this opinion letter. The 2016 Series A Bonds are authorized and issued pursuant to the Master Indenture of Trust, dated as of March 1, 2000, as amended, and as supplemented by the 2016 Series A Indenture of Trust dated as of October 1, 2016 (together, the "Indenture") between the Authority and Wells Fargo Bank, National Association (formerly, Norwest Bank Colorado, National Association), as trustee (the "Trustee"). Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Indenture.

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

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

1. The 2016 Series A Bonds constitute valid and binding 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 2016 Series A-2 Bonds is excluded from gross income under federal income tax laws pursuant to Section 103 of the Internal Revenue Code of 1986, as amended to the date hereof (the "Tax Code"); and interest on the 2016 Series A-2 Bonds is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code; except that such interest is required to be included in calculating the "adjusted current earnings" adjustment applicable to corporations for purposes of computing the alternative minimum taxable income of corporations. The opinions expressed in this paragraph assume continuous compliance with the covenants and representations contained in the Authority's certified proceedings and in certain other documents and certifications furnished to us.

4. Interest on the 2016 Series A-1 Bonds is included in gross income for federal income tax purposes.

5. The 2016 Series A Bonds, their transfer and the income therefrom shall at all times be free from taxation by the State of Colorado under Colorado laws in effect as of the date hereof.

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

The obligations of the Authority pursuant to the 2016 Series A 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 2016 Series A 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 2016 Series A 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 F

### Book-Entry System

*The following information in this section regarding DTC and the book entry system is based solely on information provided by DTC. No representation is made by the Authority or the Underwriters as to the completeness or the accuracy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof. The Beneficial Owners of the 2016 Series A 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 2016 Series A Bonds. The 2016 Series A 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 2016 Series A Bond certificate will be issued for each maturity of the 2016 Series A Bonds, in the aggregate principal amount of each such maturity of the 2016 Series A 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](http://www.dtcc.com) and [www.dtc.org](http://www.dtc.org). *The Authority, the Trustee, and the Underwriters undertake no responsibility for and make no representation as to the accuracy or the completeness of the content of such material contained on DTC's website as described in the preceding sentence including, but not limited to, updates of such information or links to other Internet sites accessed through the aforementioned website.*

Purchases of 2016 Series A Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2016 Series A Bonds on DTC's records. The ownership interest of each actual purchaser of each 2016 Series A 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 2016 Series A 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 2016 Series A Bonds, except in the event that use of the book-entry system for the 2016 Series A Bonds is discontinued.

To facilitate subsequent transfers, all 2016 Series A 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 2016 Series A 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 2016 Series A Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2016 Series A 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 2016 Series A Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2016 Series A Bonds, such as redemptions, defaults, and proposed amendments to the 2016 Series A Bond documents. For example, Beneficial Owners of 2016 Series A Bonds may wish to ascertain that the nominee holding the 2016 Series A Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Bond Registrar and request that copies of notices be provided directly to them.

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

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

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

DTC may discontinue providing its services as depository with respect to the 2016 Series A 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, 2016 Series A 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, 2016 Series A Bond certificates will be printed and delivered to DTC.

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

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

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## APPENDIX G

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

#### Generally

The chart included in this Appendix G has been prepared by the Authority to provide, as of July 1, 2016, certain information about the Master Indenture Loan Portfolio and Authority Projects. Information is also provided about the Fund Balances existing under the Master Indenture as of July 1, 2016. In summary, as of July 1, 2016, the Trust Estate included the following:

	<u>Principal Amount*</u>	<u>No. of Loans/ Interests/Projects*</u>	<u>Total % of Portfolio</u> <sup>(2)*</sup>
Insured Rental Loans	\$129,022,772	43	28.04%
Military Housing	155,867,683	6	33.87
Uninsured Business Loans <sup>(1)</sup>	46,980,917	110	10.21
Uninsured Rental Loans <sup>(1)</sup>	118,434,902	103	25.74
Participation Interests	8,655,091	10	1.88
Authority Projects*	<u>1,199,910</u>	<u>3</u>	<u>0.26</u>
<b>Total</b>	<b>\$460,161,275</b>	<b>232</b>	<b>100.00%</b>

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

<sup>(2)</sup> Percentage is based on principal amount.

\* Does not include the 2016A Authority Project financed with proceeds of the 2016 Series A Bonds.

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

221 (D) 3	Insured Rental
221 (D) 4	Insured Rental
223 (F)	Insured Rental
542 (C)	Insured Rental
BF B&I	Participation Interests
BF B&I BUSINESS	Uninsured Business
BF B&I II	Participation Interests
BF CHFA DIRECT	Uninsured Business
BF CHFA RURAL	Uninsured Business
BF EDF	Uninsured Business
BF NON PROFIT	Uninsured Business
BF QAL	Participation Interests
BF QIC	Participation Interests
BF SBA 504	Uninsured Business
CHFA NOTE	Authority Owned Projects
DIRECT BOND	Military Housing
HOF CHFA	Uninsured Rental
HOF FAF	Uninsured Rental
IRP	Uninsured Business
MF 501(C)3	Uninsured Rental
SMART T-E (TAX EXEMPT)	Uninsured Rental
SMART TAXABLE	Uninsured Rental
SPEC NEED	Uninsured Rental

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

Bond Issue	Borrower	Note Amount	Maturity Date	Note Date	PI Amount	Loan Program Type	Next Due	Current Balance
M00A	FOUNTAIN RIDGE ASSOCIATES, LLC	\$2,126,800.00	4/1/2039	4/1/1998	2,354.28	221 (D) 4	8/1/2016	\$338,406.39
M00A	CHFA	\$1,081,808.58	2/1/2017	2/1/2014	206,367.86	CHFA NOTE	8/1/2016	\$389,229.33
M00A	CHFA	\$400,000.00	11/1/2021	11/1/1991	17,680.74	CHFA NOTE	11/1/2016	\$154,891.57
M00A	SENIOR HOUSING OPTIONS, INC.	\$338,893.38	9/1/2034	6/18/1993	2,580.62	MF 501(C)3	8/1/2016	\$330,473.37
M00A	DEL NORTE NEIGHBORHOOD DEVELOPMENT CORPORATION	\$272,735.00	7/1/2022	7/1/1992	1,764.74	MF 501(C)3	8/1/2016	\$81,323.44
M00A	SENIOR CARE SYSTEMS OF COLORADO, INC.	\$712,500.00	9/1/2022	8/31/1992	5,046.80	MF 501(C)3	8/1/2016	\$310,378.79
M00A	JEFFERSON HILLS CORPORATION	\$3,287,357.00	11/1/2023	10/5/1993	21,398.91	MF 501(C)3	8/1/2016	\$1,494,701.16
M00A	THE LAS ANIMAS/BENT COUNTY HOUSING AUTHORITY	\$116,720.03	4/1/2027	10/25/1995	1,071.78	MF 501(C)3	7/1/2016	\$99,300.04
M00A	HOUSING AUTHORITY OF THE CITY OF STERLING, COLORADO	\$522,000.00	8/1/2031	8/14/1996	3,036.76	MF 501(C)3	8/1/2016	\$377,913.53
M00A	COLORADO BLUESKY ENTERPRISES, INC	\$190,000.00	2/1/2029	1/4/1999	1,194.69	SMART TAX EXEMPT	7/1/2016	\$39,714.80
M00A	THE ENERGY OFFICE	\$175,000.00	10/1/2030	9/12/2000	1,135.05	SMART TAX EXEMPT	8/1/2016	\$124,459.23
M00A	THE HOUSING AUTHORITY OF THE TOWN OF SPRINGFIELD	\$250,000.00	7/1/2032	6/27/2002	1,580.17	SMART TAXABLE	8/1/2016	\$187,893.47
<b>M00A Total</b>		\$2,280,000.00	4/1/2046	3/1/2016	10,559.04	542 (C)	8/1/2016	\$3,928,685.13
<b>M00B Total</b>	RETAIL PONDS PERMANENT SUPPORTIVE HOUSING LLLP							\$2,273,121.19
M02A	GVAH LIMITED PARTNERSHIP	\$1,613,831.67	7/1/2032	5/30/2002	10,946.85	542 (C)	7/1/2016	\$1,607,591.83
M02A	FOREST MANOR LLLP	\$4,084,577.38	6/1/2032	5/20/2002	27,813.80	542 (C)	8/1/2016	\$4,084,577.38
M02A	TRUSCOTT PHASE II LLLP	\$5,650,000.00	6/1/2043	5/1/2003	33,078.31	542 (C)	8/1/2016	\$5,038,449.07
M02A	THE UPTOWN PARTNERSHIP, INC	\$371,540.99	4/1/2029	4/9/1999	2,285.74	SMART TAX EXEMPT	8/1/2016	\$220,329.42
M02A	HOUSING AUTHORITY OF THE CITY OF STERLING, COLORADO	\$893,000.00	4/1/2031	3/29/2001	3,036.76	SMART TAX EXEMPT	8/1/2016	\$638,828.20
M02A	THE EMPOWERMENT PROGRAM, INC.	\$187,069.97	8/1/2031	7/26/2001	1,580.17	SMART TAX EXEMPT	7/1/2016	\$186,289.44
M02A	TRI-COUNTY SENIOR CITIZENS & HOUSING INC	\$256,300.00	2/1/2032	1/22/2002	1,313.42	SMART TAX EXEMPT	7/1/2016	\$189,104.74
<b>M02A Total</b>		\$4,200,000.00	1/1/2038	12/17/2002	25,230.40	542 (C)	8/1/2016	\$11,965,170.08
M02C	MOUNTAINVIEW APARTMENTS LLLP	\$4,700,000.00	10/1/2033	9/29/2003	29,398.78	542 (C)	8/1/2016	\$3,522,977.27
M02C	AURORA VILLAGE ASSOCIATES LLLP	\$9,478,000.00	6/1/2045	5/19/2005	21,405.56	542 (C)	8/1/2016	\$3,689,074.04
M02C	KINGS POINT INVESTMENT GROUP LLLP	\$2,300,000.00	1/1/2034	12/22/2003	13,789.66	542 (C)	8/1/2016	\$3,383,137.99
M02C	SABLE RIDGE PARTNERS LLC	\$3,942,000.00	4/1/2044	3/3/2004	22,658.77	542 (C)	8/1/2016	\$1,795,088.49
M02C	BEAR VALLEY LLLP	\$7,920,000.00	10/1/2045	9/30/2005	24,492.17	542 (C)	8/1/2016	\$3,547,310.41
M02C	MOFFAT COUNTY HOUSING	\$218,100.00	9/1/2033	8/31/2003	1,378.54	SMART TAX EXEMPT	7/1/2016	\$3,906,272.38
M02C	OLIN HOTEL APARTMENTS ASSOCIATES, LTD	\$504,200.00	12/1/2032	11/22/2002	3,120.86	SMART TAX EXEMPT	8/1/2016	\$170,275.49
M02C	ATLANTIS COMMUNITY INCORPORATED	\$1,310,000.00	6/1/2039	5/13/2004	7,469.49	SMART TAX EXEMPT	8/1/2016	\$383,657.93
M02C	6440 COMPANY LP	\$581,100.00	12/1/2032	11/22/2002	3,769.00	SMART TAXABLE	8/1/2016	\$1,127,887.57
<b>M02C Total</b>		\$260,000.00	9/1/2031	8/23/2011	1,953.83	BF B&I RD	8/1/2016	\$447,944.84
M03A	MCGUIRE	\$584,551.00	12/5/2031	2/14/2002	3,367.06	BF B&I II	8/1/2016	\$21,973,626.41
M03A	PARKWOOD LLC	\$99,450.00	2/1/2022	1/4/2002	786.03	BF CHFA DIRECT	8/1/2016	\$221,281.07
M03A	GARD	\$459,000.00	8/1/2025	7/15/2005	3,222.56	BF CHFA DIRECT	8/1/2016	\$421,668.25
M03A	BACKBONE MEDIA HOLDING	\$219,725.00	10/1/2027	9/17/2007	1,730.00	BF CHFA DIRECT	8/1/2016	\$13,431.11
M03A	LHG INVESTMENTS LLC	\$621,000.00	8/1/2038	7/15/2008	2,238.30	BF CHFA DIRECT	8/1/2016	\$22,593.41
M03A	THE GATHERING PLACE: A REFUGE FOR REBUILDING LIVES	\$312,000.00	11/1/2028	10/30/2008	1,928.09	BF CHFA DIRECT	8/1/2016	\$180,823.61
M03A	CARA 3 PROPERTIES LLC	\$245,135.00	2/1/2025	1/12/2005	1,721.05	BF CHFA RURAL	8/1/2016	\$160,317.53
M03A	FLORES	\$299,000.00	8/1/2025	7/28/2005	2,090.70	BF CHFA RURAL	8/1/2016	\$185,174.28
M03A	DR CAROL C JONES PC	\$160,000.00	5/1/2025	4/29/2005	1,123.33	BF CHFA RURAL	8/1/2016	\$140,250.72
M03A	COON	\$270,000.00	8/1/2025	7/21/2005	1,880.24	BF CHFA RURAL	8/1/2016	\$177,797.03
M03A	KAMDON LLC	\$382,500.00	11/1/2025	10/27/2005	2,663.68	BF CHFA RURAL	8/1/2016	\$88,282.57
M03A	MARKEL	\$175,000.00	2/1/2026	1/4/2006	1,233.65	BF CHFA RURAL	8/1/2016	\$161,142.03
M03A	WAGONWHEEL ENTERPRISES LLC	\$124,000.00	3/1/2026	2/28/2006	884.80	BF CHFA RURAL	8/1/2016	\$230,897.51
M03A	FORD	\$215,000.00	6/1/2026	5/11/2006	1,534.13	BF CHFA RURAL	8/1/2016	\$108,421.98
M03A	TABER	\$142,000.00	5/1/2026	4/18/2006	1,013.24	BF CHFA RURAL	8/1/2016	\$78,404.36
M03A	CASBER LARSEN LLC	\$483,750.00	6/1/2026	5/4/2006	3,521.78	BF CHFA RURAL	8/1/2016	\$127,735.95
M03A	JESCO LLC	\$160,000.00	11/1/2026	10/11/2006	1,164.83	BF CHFA RURAL	8/1/2016	\$90,913.13
M03A	MCNAMEE						8/1/2016	\$314,367.82

Bond Issue	Borrower	Note Amount	Maturity Date	Note Date	PI Amount	Loan Program Type	Next Due	Current Balance
M03A	DIANE HARTY SCHLAEFER LLC	\$112,329.00	7/1/2027	6/21/2007	867.52	BF CHFA RURAL	8/1/2016	\$69,714.83
M03A	SANDS & CARTER INVESTMENTS LLC	\$260,550.00	5/1/2028	4/9/2008	2,098.97	BF CHFA RURAL	8/1/2016	\$197,191.68
M03A	THE EMPOWERMENT PROGRAM, INC.	\$272,500.00	8/1/2019	7/21/1999	1,580.17	BF EDF	7/1/2016	\$70,105.34
M03A	BEYE-LOTZ	\$392,000.00	9/1/2020	8/8/2000	2,124.85	BF EDF	7/1/2016	\$96,021.65
M03A	ROARING FORK COMPUTER SOCIETY	\$225,225.00	3/31/2023	2/20/2003	1,744.82	BF EDF	8/1/2016	\$112,410.72
M03A	HARRIS PARK COURT LLC	\$315,000.00	7/1/2023	6/25/2003	2,346.70	BF EDF	8/1/2016	\$159,339.19
M03A	LATIN AMERICAN EDUCATIONAL FOUNDATION INC	\$202,500.00	4/1/2026	3/30/2006	1,456.62	BF NON PROFIT	7/1/2016	\$129,309.28
M03A	DADDY MOM DAYCARE	\$250,000.00	3/1/2029	2/6/2009	1,968.37	BF NON PROFIT REAL ESTATE	8/1/2016	\$196,318.22
M03A	HOTCHKISS INN MOTEL	\$617,320.87	9/15/2026	8/7/2001	4,173.11	BF QIC-SBA	7/7/2016	\$386,991.89
M03A	BOOKCLIFF AUTO PARTS INC	\$524,089.86	4/15/2027	3/1/2002	3,714.34	BF QIC-SBA	7/5/2016	\$331,708.85
M03A	DUCKELS	\$439,220.00	5/1/2026	2/28/2006	3,058.67	BF SBA 504	8/1/2016	\$292,708.49
M03A	HAERTLING.COM LLC	\$166,504.00	1/1/2026	12/16/2005	1,207.34	BF SBA 504	8/1/2016	\$104,712.41
M03A	DUKE LLC	\$217,500.00	9/1/2031	8/23/2011	1,634.45	BF SBA 504	8/1/2016	\$188,257.64
M03A	HAMPDEN SENIOR I LP	\$850,000.00	6/1/2045	5/19/2005	3,552.48	HOF CHFA	8/1/2016	\$731,001.71
M03A	HOUSING AUTHORITY OF THE COUNTY OF GRAND, COLORADO	\$278,700.00	9/1/2034	8/20/2004	1,670.95	HOF CHFA	8/1/2016	\$222,083.81
M03A	THE HOUSING AUTHORITY OF THE CITY OF LEADVILLE, COLORADO	\$164,700.00	11/1/2034	10/21/2004	987.46	HOF CHFA	8/1/2016	\$131,816.67
M03A	DENVER REVITALIZATION PARTNERSHIP VII, LTD	\$108,900.00	12/1/2034	11/8/2004	652.91	HOF CHFA	8/1/2016	\$86,799.16
M03A	VISTOSO COMMUNITY LLLP	\$532,187.80	4/1/2025	3/18/2005	3,042.41	HOF CHFA	8/1/2016	\$496,055.89
M03A	CASTLE CREEK COMMONS EAST LLLP	\$280,200.00	11/1/2035	10/10/2005	1,679.94	HOF CHFA	8/1/2016	\$230,881.27
M03A	FLORENCE SQUARE OWNERSHIP GROUP LLC	\$1,736,942.22	1/1/2044	1/9/2006	7,787.43	HOF CHFA	8/1/2016	\$1,651,753.18
M03A	THE HOUSING AUTHORITY OF THE COUNTY OF BOULDER, COLORADO	\$700,000.00	6/1/2046	6/1/2006	2,119.78	HOF CHFA	8/1/2016	\$573,503.13
M03A	PINECREST AT COMMERCE CITY LLLP	\$585,000.00	2/1/2027	1/30/2007	2,545.96	HOF CHFA	8/1/2016	\$459,380.65
M03A	HC BRIGHTON SENIOR I, LP	\$600,000.00	7/1/2027	6/12/2007	2,694.27	HOF CHFA	8/1/2016	\$481,621.51
M03A	12TH & ELATI RESIDENCES LLC	\$500,900.00	10/1/2028	9/24/2008	2,111.81	HOF CHFA	8/1/2016	\$412,111.35
M03A	HAZEL COURT LLLP	\$273,775.00	3/1/2026	2/25/2011	1,907.87	HOF CHFA	8/1/2016	\$263,822.90
M03A	GRAND MESA APARTMENTS OF FRUITA, LLLP	\$524,500.00	5/1/2037	4/6/2004	2,211.31	HOF FAF	8/1/2016	\$410,703.93
M03A	PARK MEADOWS AFFORDABLE HOUSING LLC	\$1,265,743.67	1/1/2045	4/2/2002	6,989.48	SMART TAXABLE	8/1/2016	\$1,240,179.17
M03A	6339 COMPANY LP	\$684,000.00	8/1/2033	7/30/2003	4,122.94	SMART TAXABLE	8/1/2016	\$527,533.94
M03A	BROTHERS REDEVELOPMENT INC	\$700,000.00	10/1/2049	9/30/2014	3,991.33	SMART TAXABLE	8/1/2016	\$689,692.30
M03A	LHA MAPLEWOOD, LLLP	\$4,050,000.00	6/1/2027	5/10/2010	25,026.96	SMART TAXABLE	7/1/2016	\$3,833,140.64
M03A	CASA DE ROSAL OWNERSHIP ENTITY LLLP	\$869,100.00	3/1/2051	2/1/2011	5,699.72	SMART TAXABLE	8/1/2016	\$858,015.26
M03A	OVERLAND TRAIL LLC	\$600,000.00	5/1/2043	4/26/2013	3,597.30	SMART TAXABLE	7/1/2016	\$575,071.45
<b>M03A Total</b>								\$19,574,957.91
M04A	UNIVERSITY PLAZA INVESTMENT GROUP LLLP	\$1,170,000.00	11/1/2034	10/11/2004	7,165.89	542 (C)	8/1/2016	\$942,661.85
M04A	HAMPDEN SENIOR I LP	\$9,478,000.00	6/1/2045	5/19/2005	33,410.22	542 (C)	8/1/2016	\$5,280,467.71
M04A	ARVADA HOUSE PRESERVATION LP	\$4,000,000.00	11/1/2044	10/15/2004	23,418.27	542 (C)	8/1/2016	\$3,638,186.49
M04A	SUNSET TOWERS VOA AFFORDABLE HOUSING L.P	\$4,325,000.00	8/1/2044	7/11/2014	25,930.56	542 (C)	8/1/2016	\$4,225,134.98
M04A	VWC2 LLLP, A COLORADO LIMITED LIABILITY PARTNERSHIP	\$1,650,000.00	1/1/2046	12/1/2015	8,360.31	542 (C)	8/1/2016	\$1,639,054.15
M04A	DURANGO & SILVERTON NARROW GAUGE RAIL ROAD	\$16,500,000.00	12/1/2024	11/30/2004	122,234.69	BF B&I-RD	8/1/2016	\$4,862,570.91
M04A	PAGOSA SPRINGS INN & SUITES	\$1,296,129.28	5/20/2028	5/20/2003	7,721.03	BF B&I-RD	8/20/2016	\$809,283.98
M04A	DR STEVEN J ZAPIEN DDS INC	\$181,900.00	6/1/2022	5/28/2002	1,437.69	BF CHFA DIRECT	7/1/2016	\$83,116.59
M04A	PREMIUM GROUP PROPERTIES LLC	\$396,000.00	3/1/2024	2/26/2004	2,894.48	BF CHFA DIRECT	8/1/2016	\$212,926.64
M04A	GOLDEN PEARL LLC	\$182,695.00	2/1/2024	1/26/2004	1,429.62	BF CHFA DIRECT	8/1/2016	\$90,273.06
M04A	JEIK INC DBA MERRY MAIDS	\$199,295.00	3/1/2024	2/18/2004	1,522.48	BF CHFA DIRECT	7/1/2016	\$108,868.67
M04A	ALBION LLC	\$315,000.00	11/1/2025	10/5/2005	2,284.10	BF CHFA DIRECT	8/1/2016	\$195,555.91
M04A	ALLEN & ASSOCIATES INSURANCE AGENCY LLC	\$191,250.00	12/1/2027	11/29/2007	1,505.81	BF CHFA DIRECT	7/1/2016	\$139,887.28
M04A	ELIZABETH C BLOODWORTH	\$160,000.00	6/1/2027	5/22/2007	1,259.76	BF CHFA RURAL	8/1/2016	\$114,635.53
M04A	D & F LLC	\$240,750.00	2/1/2028	1/28/2008	1,896.00	BF CHFA RURAL	8/1/2016	\$179,128.85
M04A	NEUGER PHD	\$99,000.00	11/1/2016	10/31/1996	859.15	BF EDF	8/1/2016	\$4,192.72
M04A	9700 E. EASTER LANE, LLC	\$5,559,375.00	7/1/2036	6/30/2016	#N/A	BF NON PROFIT	8/1/2016	\$5,559,375.00
M04A	ELLIOTT	\$282,222.00	2/1/2026	3/23/2004	21,772.31	BF QAL-FSA	2/1/2017	\$169,973.16
M04A	MOTHER & CHILD REUNION LLC	\$113,750.00	12/1/2017	9/23/1997	498.44	BF SBA 504	7/1/2016	\$8,976.56
M04A	MIHAICH PROPERTIES LLC	\$375,000.00	6/1/2024	3/30/2004	2,842.45	BF SBA 504	8/1/2016	\$209,948.43

Bond Issue	Borrower	Note Amount	Maturity Date	Note Date	PI Amount	Loan Program Type	Next Due	Current Balance
M04A	M&L INVESTMENTS, LLC	\$90,900.00	3/1/2031	2/16/2011	677.73	BF SBA 504-SBA	7/1/2016	\$76,873.83
M04A	COLORADO COALITION FOR THE HOMELESS	\$248,016.00	5/1/2023	4/21/1993	1,907.03	MF 501(C)3	8/1/2016	\$119,127.81
M04A	PRAIRIE CREEKS RESIDENCES LLC	\$935,000.00	1/1/2035	12/10/2004	5,909.84	SMART TAX EXEMPT	8/1/2016	\$769,213.87
M04A	GUNNISON HOUSING AUTHORITY	\$528,100.00	11/1/2033	10/27/2013	3,081.85	SMART TAX EXEMPT	7/1/2016	\$404,621.72
M04A	HOUSING AUTHORITY OF THE CITY OF FOUNTAIN, COLORADO	\$452,800.00	12/1/2033	11/21/2003	2,642.42	SMART TAX EXEMPT	7/1/2016	\$348,400.00
M04A	HOUSING AUTHORITY OF THE CITY OF TRINIDAD, COLORADO	\$676,700.00	3/1/2034	2/17/2004	3,949.04	SMART TAX EXEMPT	8/1/2016	\$526,383.83
M04A	SLEEPING UTE APARTMENTS LLP	\$651,600.00	3/1/2034	2/25/2004	4,054.49	SMART TAXABLE	8/1/2016	\$516,826.21
M04A	FORT LUPTON HOUSING PARTNERS LP	\$1,100,000.00	4/1/2021	3/1/2005	7,010.72	SMART TAXABLE	8/1/2016	\$903,421.73
M04A	PARK AVENUE REDEVELOPMENT BLOCK 4B LLLP	\$3,750,000.00	12/1/2040	11/8/2010	22,222.33	SMART TAXABLE	8/1/2016	\$3,623,315.21
M04A	ARTSPACE LOVELAND LP	\$912,000.00	4/1/2046	3/18/2016	4,757.42	SMART TAXABLE	7/1/2016	\$908,544.10
<b>M04A Total</b>								\$36,670,946.78
M05A	BCORP RIO GRANDE LLC	\$4,475,000.00	11/1/2026	10/1/1996	27,470.99	542 (C)	8/1/2016	\$2,548,781.06
M05A	STEAMBOAT MOUNTAIN VILLAGE LLC	\$6,629,200.00	11/1/2036	7/10/1995	29,719.90	542 (C)	8/1/2016	\$5,197,822.59
M05A	BEAR VALLEY LLLP	\$7,920,000.00	10/1/2045	9/30/2005	21,032.31	542 (C)	8/1/2016	\$3,354,456.81
M05A	TIF LLC	\$250,000.00	5/1/2025	4/27/2005	1,927.76	BF CHFA DIRECT	7/1/2016	\$152,486.90
M05A	VAN ARK ENTERPRISES LLC	\$1,566,000.00	7/1/2026	6/29/2006	11,823.65	BF CHFA DIRECT	8/1/2016	\$1,039,916.47
M05A	VAN ARK ENTERPRISES LLC	\$207,000.00	7/1/2026	6/29/2006	11,823.65	BF CHFA DIRECT	8/1/2016	\$137,459.60
M05A	HILDEBRAND ENTERPRISES LLC	\$335,000.00	1/1/2030	12/11/2009	2,497.67	BF CHFA DIRECT	8/1/2016	\$269,950.63
M05A	CURRENT SOLUTIONS LLC	\$207,000.00	1/1/2030	12/17/2009	1,604.87	BF CHFA RURAL	8/1/2016	\$168,514.46
M05A	RENAISSANCE PRESCHOOL INC	\$1,400,000.00	8/1/2035	7/13/2005	6,559.24	BF NON PROFIT	8/1/2016	\$1,146,291.96
M05A	MERCY HOUSING COLORADO VIII	\$700,000.00	4/1/2025	3/22/2005	4,633.64	SMART TAXABLE	8/1/2016	\$582,520.65
M05A	HILLSIDE POINTE LLP	\$2,000,000.00	4/1/2021	3/24/2005	12,879.04	SMART TAXABLE	8/1/2016	\$1,653,769.42
M05A	KITTYHAWK & CANTERBURY RENOVATION LLLP	\$2,896,000.00	8/1/2026	10/31/2005	17,473.21	SMART TAXABLE	8/1/2016	\$2,701,018.22
M05A	WEST 10TH AVE RESIDENCES	\$1,400,000.00	2/1/2023	1/23/2006	8,547.93	SMART TAXABLE	8/1/2016	\$1,300,066.72
M05A	BROOMFIELD GREENS ASSOCIATES, LLLP	\$1,700,000.00	12/1/2023	11/29/2005	10,445.09	SMART TAXABLE	8/1/2016	\$1,412,976.87
M05A	FLORENCE SQUARE OWNERSHIP GROUP LLC	\$2,850,000.00	2/1/2026	1/9/2006	7,787.43	SMART TAXABLE	8/1/2016	\$2,426,708.97
M05A	PUEBLO VILLAGE APARTMENTS, LLC	\$1,600,000.00	4/1/2023	3/31/2006	9,083.83	SMART TAXABLE	8/1/2016	\$1,472,519.10
M05A	GREELEY ELDER HOUSING OWNER LLLP	\$1,075,000.00	4/1/2046	3/11/2016	5,936.19	SMART TAXABLE	8/1/2016	\$1,072,528.48
<b>M05A Total</b>								\$26,637,788.91
M05B	DURANGO HOUSING PRESERVATION LP	\$3,700,000.00	10/1/2040	10/1/2005	21,346.08	542 (C)	8/1/2016	\$3,248,705.51
M05B	VOLK VENTURES LLC	\$1,371,000.00	1/1/2037	12/28/2006	9,218.96	BF B&I-RD	8/1/2016	\$1,220,079.05
M05B	DE LA CRUZ ASSOCIATES LLC	\$2,449,000.00	10/1/2025	9/28/2005	17,800.66	BF CHFA DIRECT	8/1/2016	\$1,512,104.45
M05B	SIMBA PROPERTIES LLC	\$750,000.00	12/1/2025	11/15/2005	5,547.73	BF CHFA DIRECT	8/1/2016	\$472,959.30
M05B	J D EAGLE LLP	\$727,912.00	10/1/2026	9/28/2006	5,448.56	BF CHFA DIRECT	8/1/2016	\$489,455.46
M05B	MAMBO LLC	\$1,147,500.00	3/1/2026	2/16/2006	8,951.74	BF CHFA DIRECT	8/1/2016	\$771,331.45
M05B	WALTON ENTERPRISES LLC	\$540,000.00	1/1/2027	12/11/2006	4,202.84	BF CHFA RURAL	8/1/2016	\$373,360.61
M05B	DURANGO HOUSING PRESERVATION LP	\$599,800.00	10/1/2040	10/1/2005	3,706.46	HF HOF CHFA	8/1/2016	\$533,955.30
M05B	NORTHEAST PLAZA PARTNERS, RLLP	\$1,029,500.00	6/1/2037	5/26/2006	5,780.96	SMART TAXABLE	8/1/2016	\$888,468.19
M05B	LINDEN POINTE LLP	\$1,673,077.00	2/1/2022	1/23/2006	10,095.57	SMART TAXABLE	8/1/2016	\$1,387,048.24
M05B	PARKSIDE INVESTMENT GROUP LLLP	\$2,450,000.00	5/1/2036	4/28/2006	15,085.07	SMART TAXABLE	8/1/2016	\$2,059,488.27
M05B	MOUNTAIN VIEW PLAZA INVESTMENT GROUP, LLLP	\$2,570,000.00	5/1/2036	4/28/2006	15,823.93	SMART TAXABLE	8/1/2016	\$2,160,361.16
<b>M05B Total</b>								\$15,117,316.99
M06A	A.T. LEWIS BUILDING LLC	\$5,720,800.00	12/1/2027	11/12/1997	4,192.08	542 (C)	8/1/2016	\$419,221.11
M06A	WESTWOOD APARTMENTS LLLP	\$2,600,000.00	10/1/2038	8/20/1996	1,735.06	542 (C)	8/1/2016	\$255,925.69
M06A	THE FOURTH QUARTER PARTNERS LLLP	\$1,400,000.00	12/1/2049	11/1/2014	6,625.59	542 (C)	8/1/2016	\$1,374,434.13
M06A	VWC1 LLLP, A COLORADO LIMITED LIABILITY PARTNERSHIP	\$1,800,000.00	1/1/2045	12/1/2014	9,120.34	542 (C)	8/1/2016	\$1,758,712.16
M06A	WAMBOLT PROPERTIES LLC	\$690,000.00	6/1/2026	5/31/2006	5,124.16	BF CHFA DIRECT	8/1/2016	\$452,290.67
M06A	VIGIL HOLDINGS LLC	\$248,500.00	3/1/2026	2/27/2006	1,845.44	BF CHFA DIRECT	8/1/2016	\$158,979.26
M06A	WACKER HOLDINGS LLC	\$176,800.00	9/1/2026	8/3/2006	1,411.34	BF CHFA DIRECT	8/1/2016	\$106,866.92
M06A	SIXTH & INCA LLC	\$225,250.00	11/1/2026	10/12/2006	1,800.85	BF CHFA DIRECT	8/1/2016	\$156,608.71
M06A	PTRT PARTNERSHIP	\$385,000.00	4/1/2026	3/16/2006	2,747.17	BF CHFA RURAL	8/1/2016	\$244,964.13
M06A	T.O. LLC	\$265,500.00	3/1/2026	2/3/2006	1,894.47	BF CHFA RURAL	8/1/2016	\$167,874.04
M06A	POST OFFICE CROSSING LLC	\$363,600.00	6/1/2026	5/4/2006	2,594.47	BF CHFA RURAL	8/1/2016	\$231,588.05

Bond Issue	Borrower	Note Amount	Maturity Date	Note Date	PI Amount	Loan Program Type	Next Due	Current Balance
M06A	ALPINE VIEW LLC	\$595,000.00	6/1/2026	5/4/2006	4,245.62	BF CHFA RURAL	8/1/2016	\$382,399.46
M06A	HANSEN	\$434,000.00	10/1/2026	9/8/2006	3,159.59	BF CHFA RURAL	7/1/2016	\$286,657.36
M06A	WIGGINS II LLC	\$750,000.00	6/1/2026	5/18/2006	5,351.62	BF CHFA RURAL	8/1/2016	\$483,131.22
M06A	QUAIN	\$158,879.48	7/1/2024	10/1/2015	3,004.13	BF CHFA RURAL	7/1/2016	\$158,879.48
M06A	BIG ENERGY HOLDINGS LLC	\$498,000.00	7/1/2026	6/21/2006	3,625.52	BF CHFA RURAL	8/1/2016	\$325,572.06
M06A	MARSH	\$262,000.00	10/1/2026	9/20/2006	2,094.66	BF CHFA RURAL	8/1/2016	\$86,214.96
M06A	BLACK DOG ENTERPRISE LLC	\$360,000.00	10/1/2027	9/6/2007	2,884.75	BF CHFA RURAL	8/1/2016	\$264,663.40
M06A	XIANG	\$263,000.00	11/1/2027	10/31/2006	2,070.73	BF CHFA RURAL	8/1/2016	\$175,471.37
M06A	WILLIAM J RANGITSCH	\$511,000.00	7/1/2027	6/13/2007	4,054.32	BF CHFA RURAL	8/1/2016	\$364,195.11
M06A	WOW! CHILDREN'S MUSEUM	\$400,000.00	8/1/2024	7/28/2004	2,979.94	BF NON PROFIT	7/1/2016	\$224,459.52
M06A	COALITION FOR THE UPPER SOUTH	\$120,000.00	3/1/2025	2/24/2005	894.69	BF NON PROFIT	7/1/2016	\$66,751.77
M06A	SOARING EAGLES CENTER FOR AUTISM	\$265,000.00	6/1/2030	5/27/2010	1,822.90	BF NON PROFIT REAL ESTATE	8/1/2016	\$213,248.47
M06A	POWER ASSIST COMPANY INC	\$1,242,223.00	8/1/2026	6/7/2006	10,007.26	BF SBA 504	8/1/2016	\$897,673.65
M06A	COROVANO & HONECK BUILDING FUND, LLC.	\$406,373.00	7/1/2026	5/9/2006	2,946.66	BF SBA 504	8/1/2016	\$239,744.04
M06A	INDWELL LLC	\$701,000.00	11/1/2026	8/16/2006	5,536.29	BF SBA 504	8/1/2016	\$492,629.49
M06A	ARCHITAXI LLC	\$1,400,000.00	8/1/2027	7/20/2007	11,278.30	BF SBA 504	8/1/2016	\$1,028,246.58
M06A	WEST END GROUP LLC	\$215,611.00	7/1/2028	6/27/2008	1,743.55	BF SBA 504	8/1/2016	\$165,508.58
M06A	THE MAKEN DO LLC	\$180,323.06	3/1/2030	1/28/2010	1,581.90	BF SBA 504	8/1/2016	\$167,312.46
M06A	CORONA RESIDENCE	\$2,365,000.00	4/1/2039	3/31/2009	16,199.87	MF 501(C)3	8/1/2016	\$2,333,352.31
M06A	VOA SUNSET HOUSING LP	\$5,376,100.00	7/1/2036	6/7/2006	35,586.98	SMART TAXABLE	8/1/2016	\$4,616,767.32
M06A	THE RESERVE AT THORNTON II, LP	\$3,500,000.00	8/1/2038	7/19/2006	22,390.15	SMART TAXABLE	8/1/2016	\$3,060,907.59
M06A	CASA DORADA LLC	\$2,000,000.00	9/1/2024	8/25/2006	13,306.05	SMART TAXABLE	8/1/2016	\$1,726,017.26
M06A	PINECREST AT COMMERCE CITY LLLP	\$3,315,000.00	2/1/2027	1/30/2007	2,545.96	SMART TAXABLE	8/1/2016	\$2,887,241.86
M06A	AUBURN VENTURES LIMITED PARTNERSHIP	\$4,075,000.00	1/1/2051	12/21/2015	21,220.28	SMART TAXABLE	8/1/2016	\$4,057,890.17
M06A	STEAMBOAT MOUNTAIN VILLAGE LLC	\$2,053,051.00	11/1/2036	6/30/2015	29,719.90	SMART TAXABLE	8/1/2016	\$2,508,459.02
<b>M06A Total</b>		\$831,205.15	7/1/2037	6/20/1997	5,909.84	542 (C)	8/1/2016	\$811,922.41
M07B	PRAIRIE CREEKS RESIDENCES LLC	\$830,000.00	12/1/2037	11/14/1997	4,732.72	542 (C)	8/1/2016	\$673,641.95
M07B	VILLA TOWNHOMES LTD	\$2,475,000.00	5/1/2029	12/22/1997	15,494.81	542 (C)	8/1/2016	\$1,640,567.50
M07B	BURLINGTON HOTEL BUILDING LTD LLLP	\$260,269.72	7/1/2026	7/1/2006	1,894.77	BF B&I II-RD	8/1/2016	\$176,321.91
M07B	BLUE SKY LIQUORS INC	\$950,000.00	3/1/2028	2/28/2008	7,740.50	BF CHFA DIRECT	8/1/2016	\$715,359.03
M07B	FORDYCE	\$1,200,000.00	5/1/2028	4/25/2008	9,484.51	BF CHFA DIRECT	8/1/2016	\$906,451.15
M07B	AGD PROPERTIES LLC	\$595,000.00	7/1/2027	6/26/2007	4,595.19	BF CHFA DIRECT	8/1/2016	\$427,462.18
M07B	DMS REAL ESTATE LLC	\$243,900.00	5/1/2024	4/1/2004	1,643.51	BF CHFA RURAL	8/1/2016	\$126,270.69
M07B	DESERT SPRING REAL ESTATE	\$348,300.00	6/1/2026	5/16/2006	2,455.31	BF CHFA RURAL	7/1/2016	\$214,664.86
M07B	MILES EYE LLC	\$287,100.00	2/1/2027	12/15/2011	2,177.40	BF CHFA RURAL	7/1/2016	\$193,136.55
M07B	DIDONATO ENTERPRISES, LLC	\$621,000.00	1/1/2027	12/14/2006	4,777.40	BF CHFA RURAL	7/1/2016	\$565,388.46
M07B	JACB LLC	\$438,750.00	10/1/2027	9/5/2007	3,362.23	BF CHFA RURAL	8/1/2016	\$317,410.91
M07B	BOQ LLC	\$450,000.00	5/1/2027	4/25/2007	3,448.44	BF CHFA RURAL	8/1/2016	\$317,476.43
M07B	JENNIFER E BRAND	\$595,000.00	6/1/2027	5/17/2007	3,456.60	BF CHFA RURAL	8/1/2016	\$322,873.62
M07B	HIGHWAY 82 INVESTORS LLC	\$505,750.00	8/1/2028	7/29/2008	3,951.49	BF CHFA RURAL	8/1/2016	\$385,609.13
M07B	RCR ENTERPRISES LLC	\$348,000.00	6/1/2027	5/18/2007	2,737.87	BF CHFA RURAL	8/1/2016	\$249,257.53
M07B	PC HOLDINGS LLC	\$360,000.00	7/1/2027	6/20/2007	2,832.28	BF CHFA RURAL	7/1/2016	\$325,323.45
M07B	HEIDI M FAY	\$450,000.00	1/1/2028	12/10/2007	3,584.01	BF CHFA RURAL	7/1/2016	\$333,206.16
M07B	VOYICH	\$369,000.00	10/1/2027	9/14/2007	3,052.11	BF CHFA RURAL	8/1/2016	\$274,346.17
M07B	FALL LINE VENTURES LLC	\$355,000.00	10/1/2027	9/28/2007	2,914.37	BF CHFA RURAL	7/1/2016	\$343,867.67
M07B	CHRISTOPHER R BURNER	\$436,000.00	8/1/2028	7/9/2008	3,289.32	BF CHFA RURAL	8/1/2016	\$325,658.85
M07B	FITZGIBBONS	\$324,000.00	11/1/2028	10/8/2008	2,521.70	BF CHFA RURAL	8/1/2016	\$248,852.96
M07B	KCI WAREHOUSE LLC	\$275,000.00	10/1/2027	9/27/2007	6,559.24	BF NON PROFIT	8/1/2016	\$200,069.26
M07B	RENAISSANCE PRESCHOOL INC	\$2,500,000.00	8/1/2038	7/15/2008	2,238.30	BF NON PROFIT REAL ESTATE	8/1/2016	\$2,210,644.74
M07B	THE GATHERING PLACE: A REFUGE FOR REBUILDING LIVES	\$427,500.00	2/1/2038	1/31/2008	2,646.11	BF NON PROFIT REAL ESTATE	8/1/2016	\$374,176.19
M07B	VOICES CARRY CHILD ADVOCACY CENTER	\$81,038.84	12/31/2025	11/3/2006	7,540.60	BF QAL-FSA	12/31/2016	\$55,211.54
M07B	WEISENHORN	\$1,143,644.00	10/1/2027	9/27/2007	9,185.17	BF SBA 504	8/1/2016	\$841,465.34
M07B	ZETOR LLC							

Bond Issue	Borrower	Note Amount	Maturity Date	Note Date	PI Amount	Loan Program Type	Next Due	Current Balance
M07B	GARCIA	\$595,546.00	3/1/2029	2/26/2009	4,815.90	BF SBA 504	8/1/2016	\$470,400.38
M07B	CARE HOUSING/COTTONWOOD HOLDINGS, LLLP	\$619,000.00	2/1/2027	12/4/2007	3,405.82	SMART TAX EXEMPT	8/1/2016	\$584,795.19
M07B	FAIRWAYS I LLLP	\$2,675,000.00	4/1/2023	7/5/2007	14,347.00	SMART TAX EXEMPT	8/1/2016	\$2,470,480.91
M07B	G.A.O. HOMES PARTNERS, RLLLP	\$2,240,000.00	12/1/2028	11/25/2008	13,429.93	SMART TAX EXEMPT	8/1/2016	\$1,987,324.53
M07B	MONTE VISTA COMMUNITY CENTER HOUSING AUTHORITY, INC.	\$400,000.00	5/1/2043	4/9/2008	2,527.44	SMART TAX EXEMPT	8/1/2016	\$370,573.25
M07B	LA ALMA HOUSING LTD	\$466,000.00	12/1/2036	11/28/2006	3,163.15	SMART TAXABLE	8/1/2016	\$406,170.30
M07B	PARK AVENUE REDEVELOPMENT (BLOCK 1B) LLLP	\$5,000,000.00	3/1/2028	2/7/2008	30,897.48	SMART TAXABLE	8/1/2016	\$4,605,218.39
M07B	HC BRIGHTON SENIOR I, LP	\$1,750,000.00	7/1/2027	6/12/2007	2,694.27	SMART TAXABLE	8/1/2016	\$1,517,584.53
M07B	MIRASOL SENIOR HOUSING PARTNERSHIP LLLP	\$1,230,000.00	1/1/2038	12/14/2007	8,235.46	SMART TAXABLE	8/1/2016	\$1,036,603.23
M07B	VILLAS AT SLOANS LAKE	\$1,860,000.00	4/1/2028	3/10/2008	12,218.88	SMART TAXABLE	7/1/2016	\$1,652,587.58
M07B	12TH & ELATI RESIDENCES LLC	\$2,450,000.00	10/1/2028	9/24/2008	2,111.81	SMART TAXABLE	8/1/2016	\$2,210,166.69
M07B	PLAZA TOWNHOMES AT MACON AND MOLINE LLLP	\$500,000.00	11/1/2025	10/24/2008	3,176.77	SMART TAXABLE	8/1/2016	\$490,129.45
M07B	CENTRAL PARK AT STAPLETON LLLP	\$470,000.00	10/1/2028	9/15/2008	4,006.79	SMART TAXABLE	8/1/2016	\$428,269.40
M07B	42 VILLAGE AT PUEBLO LP	\$1,000,000.00	7/1/2026	6/24/2008	6,353.54	SMART TAXABLE	8/1/2016	\$929,093.88
<b>M07B Total</b>								\$32,736,034.35
M08A	SUPERIOR ONE LLC	\$935,000.00	6/1/2028	5/14/2008	7,081.64	BF CHFA DIRECT	7/1/2016	\$699,420.40
M08A	ASCENT SOLAR TECHNOLOGIES INC	\$7,499,806.43	2/1/2028	2/8/2008	57,800.89	BF CHFA DIRECT	7/1/2016	\$5,633,053.86
M08A	13TH STREET ADVENTURE LLC	\$754,000.00	5/1/2028	4/16/2008	5,688.40	BF CHFA DIRECT	8/1/2016	\$560,782.23
M08A	KOSLA	\$1,955,000.00	1/1/2029	12/23/2008	14,749.11	BF CHFA DIRECT	8/1/2016	\$1,499,738.41
M08A	STEAMBOAT MATTRESS & BEDDING INC	\$559,938.00	6/1/2028	5/6/2008	4,391.75	BF CHFA RURAL	7/1/2016	\$425,608.19
M08A	PRIMA MEADOW MOUNTAIN LLC	\$301,500.00	3/1/2028	2/22/2008	2,283.54	BF CHFA RURAL	8/1/2016	\$222,405.57
M08A	SURPRISE VENTURES LLC	\$477,000.00	8/1/2028	7/30/2008	3,669.60	BF SBA 504	7/1/2016	\$361,876.28
M08A	LUCKY STAR LIMITED PARTNERSHIP LLLP	\$892,195.00	8/1/2018	1/24/2008	9,308.35	IRP	8/1/2016	\$235,278.51
M08A	NDHC JIGGINS TOWER, LLC	\$1,500,000.00	1/1/2039	2/12/2008	9,284.59	SMART TAX EXEMPT	8/1/2016	\$1,340,608.62
M08A	LUCKY STAR LIMITED PARTNERSHIP LLLP	\$4,413,000.00	6/1/2049	1/24/2008	9,308.35	SMART TAX EXEMPT	8/1/2016	\$4,187,105.00
M08A	VILLAGE ON ELIZABETH LLLP	\$900,000.00	6/1/2026	5/20/2008	5,876.39	SMART TAXABLE	8/1/2016	\$838,398.81
<b>M08A Total</b>								\$16,004,275.88
M08B	FORT CARSON FAMILY HOUSIN	\$103,549,400.00	9/15/2044	11/29/2006	589,248.87	DIRECT BOND	7/15/2016	\$99,689,517.00
M08B	FORT CARSON FAMILY HOUSING, LLC	\$10,692,078.00	9/15/2044	11/29/2006	60,843.37	DIRECT BOND	7/15/2016	\$10,293,520.00
M08B	AIR FORCE ACADEMY	\$21,665,000.00	4/10/2052	5/1/2007	115,627.14	DIRECT BOND	8/10/2016	\$21,144,125.00
M08B	AIR FORCE ACADEMY MILITARY COMMUNITIES, LLC	\$12,330,000.00	4/10/2052	5/1/2007	65,805.80	DIRECT BOND	8/10/2016	\$12,033,555.00
M08B	AIR FORCE ACADEMY MILITARY COMMUNITIES, LLC	\$11,350,000.00	4/10/2052	5/1/2007	8,912.87	DIRECT BOND	8/10/2016	\$11,077,118.00
M08B	AIR FORCE ACADEMY MILITARY COMMUNITIES, LLC	\$1,670,000.00	4/10/2052	5/1/2007	8,912.87	DIRECT BOND	8/10/2016	\$1,629,848.00
<b>M08B Total</b>								\$155,867,683.00
M08C	RASA II ECONOMIC DEVELOPMENT CORPORATION	\$1,886,868.52	3/1/2051	7/13/2009	11,356.53	542 (C)	8/1/2016	\$1,886,868.52
M08C	GREEN LEVEL REALTY LLC	\$3,004,750.00	7/1/2028	6/19/2008	23,567.00	BF CHFA DIRECT	8/1/2016	\$2,283,923.00
M08C	SCUDDER LLC	\$405,230.00	2/1/2029	1/21/2009	3,057.18	BF CHFA DIRECT	7/1/2016	\$312,231.81
M08C	HEET LLC	\$497,250.00	6/1/2028	5/21/2008	3,810.53	BF CHFA DIRECT	8/1/2016	\$373,385.76
M08C	CONKUN	\$315,000.00	3/1/2028	2/28/2008	2,385.79	BF CHFA RURAL	8/1/2016	\$231,302.79
M08C	COLORADO COALITION FOR THE HOMELESS	\$1,018,652.54	7/1/2033	6/3/2008	1,907.03	BF NON PROFIT REAL ESTATE	8/1/2016	\$1,018,652.54
M08C	CURIOUS THEATRE COMPANY	\$438,744.06	5/1/2038	4/3/2008	2,278.34	BF NON PROFIT REAL ESTATE	7/1/2016	\$437,562.58
M08C	ROUNDUP FOUNDATION INC	\$1,150,000.00	11/1/2038	10/28/2008	5,235.44	BF NON PROFIT REAL ESTATE	8/1/2016	\$1,021,671.37
M08C	HUGHES STATION LLLP	\$5,725,000.00	11/1/2021	10/27/2008	29,918.37	SMART TAX EXEMPT	7/1/2016	\$5,363,044.53
M08C	ARCHDIOCESAN FAMILY HOUSING, INC.	\$3,208,175.12	3/1/2041	3/4/2010	15,316.81	SMART TAX EXEMPT	7/1/2016	\$3,200,878.75
M08C	ARBOR VISTA LLLP	\$4,500,000.00	9/1/2029	8/18/2009	11,467.04	SMART TAXABLE	8/1/2016	\$1,596,049.47
M08C	PALOMA VILLAS III, LLLP	\$1,417,000.00	1/1/2029	12/22/2008	9,285.02	SMART TAXABLE	7/1/2016	\$1,276,773.16
M08C	BROADWAY AFFORDABLE LLLP	\$480,000.00	9/1/2030	8/5/2010	3,070.43	SMART TAXABLE	7/1/2016	\$465,205.25
M08C	VILLAS AT THE BLUFF LLLP	\$1,500,000.00	5/1/2030	4/15/2010	9,629.47	SMART TAXABLE	7/1/2016	\$1,379,930.74
M08C	GRACE APARTMENTS	\$400,000.00	5/1/2021	4/9/2009	2,625.87	SMART TAXABLE	8/1/2016	\$376,847.94
<b>M08C Total</b>								\$21,224,328.21
M09A	NIBLOCK	\$290,406.16	10/1/2026	12/24/1985	1,653.50	221 (D) 4	9/1/2016	\$146,762.56
M09A	HANIGAN	\$445,200.00	11/1/2019	3/13/1989	2,938.80	221 (D) 4	9/1/2016	\$108,281.22
M09A	FORUM BUILDING HOUSING LLLP	\$465,000.00	6/1/2027	5/23/1997	2,941.18	542 (C)	8/1/2016	\$285,809.94

Bond Issue	Borrower	Note Amount	Maturity Date	Note Date	PI Amount	Loan Program Type	Next Due	Current Balance
M09A	A.T. LEWIS BUILDING LLC	\$5,720,800.00	12/1/2027	11/12/1997	30,741.91	542 (C)	8/1/2016	\$3,074,288.04
M09A	AFFORDABLE HOUSING PARTNERS OF FORT COLLINS LP	\$5,506,800.00	2/1/2038	1/19/1998	30,865.74	542 (C)	8/1/2016	\$4,485,309.12
M09A	WESTWOOD APARTMENTS LLLP	\$2,600,000.00	10/1/2038	8/20/1996	12,723.81	542 (C)	8/1/2016	\$1,876,788.54
M09A	RENAISSANCE 88 APARTMENTS LLLP	\$8,952,747.52	3/1/2049	2/22/2007	50,828.29	542 (C)	8/1/2016	\$8,487,764.40
M09A	WE'LL HAVE EQUITABLE RELOCATION, INC.	\$700,000.00	1/1/2020	12/29/1989	5,014.89	MF 501(C)3	7/1/2016	\$326,238.62
M09A	ATLANTIS COMMUNITY INCORPORATED	\$177,100.00	7/1/2023	5/30/1991	7,469.49	MF 501(C)3	8/1/2016	\$83,451.64
M09A	TOWNHOUSE PARK APARTMENTS	\$153,000.00	11/1/2023	9/29/1993	1,122.66	MF 501(C)3	7/1/2016	\$69,446.45
M09A	HOUSING AUTHORITY OF THE CITY OF FOUNTAIN, COLORADO	\$1,077,751.00	3/1/2023	2/24/1993	2,642.42	MF 501(C)3	7/1/2016	\$480,812.70
M09A	URBAN PEAK HOUSING CORPORATION	\$225,000.00	3/1/2029	2/12/1998	1,496.93	SMART TAX EXEMPT	8/1/2016	\$148,267.77
M09A	VILLAGE PLACE ASSOCIATES LLLP	\$3,100,000.00	1/1/2027	12/8/2006	17,818.92	SMART TAX EXEMPT	8/1/2016	\$2,938,861.51
<b>M09A Total</b>								\$22,512,082.51
M12A	MOUNTAIN VIEW REDEVELOPMENT LLLP	\$10,500,000.00	7/1/2051	7/19/2012	53,593.45	542 (C)	7/1/2016	\$10,304,519.00
<b>M12A Total</b>								\$10,304,519.00
M12B	RESIDENCES AT UNIVERSITY HILLS, LLC	\$17,450,000.00	11/1/2054	10/1/2012	82,417.15	542 (C)	8/1/2016	\$17,215,679.91
<b>M12B Total</b>								\$17,215,679.91
M13A	ALLIED SOUTH	\$3,905,300.00	4/1/2024	3/28/1983	26,202.81	221 (D) 3	7/1/2016	\$1,186,723.94
M13A	VALLEY SUN	\$1,502,000.00	7/1/2023	7/1/1982	9,176.33	221 (D) 4	7/1/2016	\$655,693.14
M13A	NIBLOCK	\$290,406.16	10/1/2026	12/24/1985	922.04	221 (D) 4	9/1/2016	\$81,839.62
M13A	GRAND JUNCTION HOUSING AUTHORITY	\$1,762,999.60	7/1/2034	5/21/2012	8,025.73	542 (C)	8/1/2016	\$1,486,147.67
<b>M13A Total</b>								\$3,410,404.37
MF Surplus	FOUNTAIN RIDGE ASSOCIATES, LLC	\$2,126,800.00	4/1/2039	4/1/1998	9,946.01	221 (D) 4	8/1/2016	\$1,429,652.15
MF Surplus	SHERIDAN RIDGE TOWNHOMES LLC	\$6,750,000.00	1/1/2044	1/2/2002	40,969.67	542 (C)	8/1/2016	\$6,114,941.48
MF Surplus	COLORADO COALITION FOR THE HOMELESS	\$1,294,650.00	3/1/2026	2/2/2001	1,907.03	BF EDF	8/1/2016	\$773,965.68
MF Surplus	VOLUNTEERS OF AMERICA	\$660,000.00	9/1/2021	8/1/2001	5,316.92	BF EDF	8/1/2016	\$275,299.43
MF Surplus	CHFA	\$1,595,920.00	11/1/2021	11/7/2001	17,680.74	CHFA NOTE	11/1/2016	\$655,789.48
MF Surplus	ATLANTIS COMMUNITY INCORPORATED	\$460,000.00	5/1/2026	12/13/1995	7,469.49	MF 501(C)3	8/1/2016	\$269,629.79
MF Surplus	BROTHERS REDEVELOPMENT INC	\$924,000.00	9/1/2031	8/29/2001	3,991.33	SMART TAXABLE	8/1/2016	\$684,516.49
<b>MF Surplus Total</b>								\$10,203,794.50
<b>Grand Total</b>								\$460,161,274.51

As of July 1, 2016, the total Fund Balances held in the various Funds and Accounts under the Master Indenture were \$128,159,305. As of the same date, the moneys in these Funds and Accounts were invested in the following types of Investment Securities:

<u>Investment Type</u>	<u>Amount</u>
Federal Home Loan Bank	\$ 7,680,000
Federal Home Loan Mortgage Corporation	3,152,000
Federal National Mortgage Association	4,818,000
FGLMC	3,540,853
FHLMC	260,406
FNMA	4,980,908
GNMA MBS	8,832,651
Investment Agreements	46,891,043*
Money Market Funds	<u>48,003,444</u>
	<b>\$128,159,305</b>

\* See "Investment Agreements" under this caption.

### **Section 8 Subsidy Program**

The federal government's Section 8 program is administered by HUD and provides affordable housing for eligible low income households. Section 8 provides for the payment of a rental subsidy to property owners on behalf of low income tenants residing in certain properties. The agreements between the government and the rental property owners for payment of the rental subsidy under Section 8 are known as Housing Assistance Payment Contracts ("**HAP Contracts**"). HUD is the funding agency for HAP Contracts. Many of the Housing Facilities funded by the Loans in the Master Indenture portfolio have units for which the owners receive Section 8 subsidies under HAP Contracts. In some cases, the revenues from these subsidies may be a significant source of cash flow for the Housing Facility.

The remedies for breach of a HAP Contract by the owner include termination, suspension or reduction of housing assistance payments and termination of the HAP Contract. Furthermore, the funding of HAP Contracts by HUD is always subject to annual budgetary appropriations that could decrease or eliminate such subsidies.

### **Investment Agreements**

In connection with the prior issuance of certain Multi-Family/Project Bonds outstanding under the Master Indenture, the Authority has invested certain amounts in Series subaccounts of Funds related to such Obligations in investment agreements with the investment providers and at the rates set forth in the table below. As of July 1, 2016, the total amounts in Funds held under the Master Indenture invested with respective investment providers were as follows: \$8,916,012 with GE Funding Capital Market Services, Inc.; \$23,597,135 with CDC Funding Corp.; and \$14,377,895 with Natixis Funding Corp.



**Outstanding Investment Agreements  
(July 1, 2016)**

<u>Series</u>	<u>Funds Invested (in related Series subaccounts)</u>	<u>Investment Provider (1)</u>	<u>Amounts Invested</u>	<u>Rate</u>	<u>Termination Date</u>
2000A	Revenue Fund; Redemption Fund	GE Funding Capital Market Services, Inc. (2)	\$8,916,012	6.00%	10/1/2032
2000B	Revenue Fund; Redemption Fund	CDC Funding Corp.	6,693,135	6.26%	4/1/2042
2002A	Revenue Fund; Redemption Fund; Debt Service Reserve Fund	CDC Funding Corp.	2,000,478	5.50%	10/1/2042
2002C	Debt Service Reserve Fund	CDC Funding Corp.	14,903,522	4.89%/4.26%	10/1/2042
2007B	Revenue Fund; Redemption Fund; Loan Recycling (3)	Natixis Funding Corp.	1,885,635	4.46%/ one month LIBOR minus 10 bps	10/1/2038
2007B	Debt Service Reserve Fund (3)	Natixis Funding Corp.	4,505,801	5.27%	10/1/2038
2008A	Revenue Fund; Redemption Fund	Natixis Funding Corp.	1,000,571	3.61%/ one month LIBOR minus 10 bps	4/1/2043
2008A	Debt Service Reserve Fund	Natixis Funding Corp.	2,671,881	4.33%	4/1/2043
2008B	Revenue Fund; Redemption Fund	Natixis Funding Corp.	4,314,007	4.71%	5/1/2052

- (1) Neither the Authority nor the Underwriters make any representation about the financial condition or creditworthiness of the investment providers listed in this chart. Prospective investors are urged to make their own investigation into the financial condition and creditworthiness of the Investment Providers. See "Part II – SECURITY FOR THE BONDS AND DERIVATIVE PRODUCTS."
- (2) GE Funding Capital Market Services, Inc. was originally known as FGIC Capital Market Services, Inc. The name of FGIC Capital Market Services, Inc. was changed to GE Funding Capital Market Services, Inc. after General Electric Corporation sold its interests in Financial Guaranty Insurance Company to outside investors in 2003. The obligations of GE Funding Capital Market Services, Inc. under the applicable investment agreements are unconditionally guaranteed by General Electric Capital Corporation.
- (3) These funds are invested under a master repurchase agreement entered with Natixis Funding Corp. on January 29, 2010 (the "**Master Repurchase Agreement**"). The Master Repurchase Agreement replaced the investment agreements previously in effect, and provides for the delivery of securities to the Trustee at a collateralization level of 105%.

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

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## APPENDIX H

### Form of Continuing Disclosure Undertaking

#### 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 Colorado Housing and Finance Authority Multi-Family/Project Class I Bonds, 2016 Series A (the "**Series Bonds**"). The Series Bonds are being issued pursuant to the Master Indenture of Trust dated as of March 1, 2000, as amended (the "**Master Indenture**") and the 2016 Series A Indenture dated as of October 1, 2016 (the "**Series Indenture**" and, together with the Master Indenture, the "**Indenture**"), each between the Authority and Wells Fargo Bank, National Association, as Trustee (the "**Trustee**").

#### BACKGROUND

1. The Series Bonds are being issued to provide funds expected to be used to fund a loan, to make deposits to certain funds and accounts, to pay certain costs of issuance of the Series Bonds, 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 Underwriters (as defined in Rule 15c2-12 defined below) of the Series 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 Series 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 Authority or other obligated person described in Section 2(g) hereof, as applicable, delivered at least annually pursuant to Sections 2(a) and 2(b) hereof, of the type set forth in the sections of the final Official Statement, including, but not limited to, such financial information and operating data set forth in "Part II – COLORADO HOUSING AND FINANCE AUTHORITY – Programs to Date," **Appendix B** – "OUTSTANDING MASTER INDENTURE OBLIGATIONS," and **Appendix G** – "CERTAIN INFORMATION ABOUT THE MASTER INDENTURE LOAN PORTFOLIO, AUTHORITY PROJECTS AND FUND BALANCES."

(b) "Audited Financial Statements" means the annual financial statements for the Authority or other obligated person described in Section 2(g) hereof, as applicable, 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) EMMA" means the MSRB's Electronic Municipal Market Access System, with a portal at <http://emma.msrb.org>.

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

(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 Series 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) "Underwriter" means Stifel, Nicolaus & Company, Incorporated which is the Participating Underwriter.

## Section 2. Provision of Annual Information and Reporting of Events.

(a) Commencing with the fiscal year ending December 31, 2016 and annually while the Series Bonds remain outstanding, the Authority agrees to provide or cause to be provided annually to EMMA (with a copy, upon request, to the Underwriter) the following information:

i. Annual Financial Information; and

ii. Audited Financial Statements, if prepared.

(b) Such Annual Financial Information shall be provided not later than 240 days after the end of each fiscal year for the Authority (i.e., each December 31). If not provided at the same time as the Annual Financial Information, the Audited Financial Statements will be provided when available.

(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 Series 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 Series Bonds:

- (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 Series Bonds, or other material events affecting the tax status of the Series 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)(e)(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 Series 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 Series Bonds, if material:

- (A) non-payment related defaults;
- (B) modifications to the rights of the beneficial owners of the Series Bonds;
- (C) bond calls;
- (D) release, substitution or sale of property securing repayment of the Series 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 Series Bonds are outstanding, the Authority shall provide, in a timely manner, to EMMA, with a copy to the Underwriters, notice of any failure of the Authority to timely provide the Annual Financial Information as specified in Sections 2(a) and 2(b) hereof.

(f) Obligated Persons. The Authority covenants to provide Audited Financial Statements for any other Borrower or other person who shall constitute an "obligated person" with respect to the Series Bonds, or to cause such obligated person to provide such Audited Financial Statements, if the total amount of such person's annual obligations in respect of the Series Bonds are equal to or greater than 20% of the average annual debt service requirements on the Series Bonds.

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 Series Bonds. The owner or beneficial owner of any Series 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 Series Bonds; provided, that any owner or beneficial owner of Series 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 Series 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 Series Bonds and shall extend to the earliest of (i) the date all principal and interest on the Series Bonds shall have been deemed paid or legally defeased pursuant to the terms of the Indenture; (ii) the date that the Authority and each person named or described in Section 2(f) hereof shall no longer constitute an "obligated person" with respect to the Series 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 Series 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 Series 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 Underwriters 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 October 25, 2016.

COLORADO HOUSING AND FINANCE  
AUTHORITY

By: \_\_\_\_\_  
Chief Financial Officer

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