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April 16, 2018

John Reece
Designated Representative, Colorado Office of Economic Development and International Trade
1625 Broadway, Suite 2700
Denver, CO 80202

Re: CCS Annual Report

Dear Mr. Reece:

On March 15 each calendar year, beginning on March 15, 2018, CHFA must present a written report (Annual Report) to the State's Representative designated in provision 16 of the Colorado Office of Economic Development and International Trade Economic Development Commission Contract with the Colorado Housing and Finance Authority signed and dated September 26th, 2017 (Contract).

This Annual Report is for the period covering January 1, 2017 through December 31, 2017, as required in Exhibit A, Section 3.11 of the Contract. This quarterly report is being sent late in this instance at the request of the Colorado Office of Economic Development and International Trade so that the new reporting methods and policies could be prepared. Included with this letter are the following items which contain the information that is required under the Contract:

1. Attachment A: Annual Report
2. Attachment B: Certification of Performance and Warranties
3. Attachment C: Master Trust Account Reconciliation
4. Attachment D: CHFA's Annual Audit

If you have any questions regarding these attachments, or would like more information, please contact me at 303.297.7321. We appreciate our continued partnership with your office in managing these funds for the State of Colorado.

Sincerely,

A handwritten signature in blue ink that reads "Rose Vasquez".

Rose Vasquez
Community Development Division
CHFA

ATTACHMENT A: ANNUAL REPORT

The attached Annual Report includes the information required under Section 12 of the Internal Cash Collateral Program Guidelines governing CHFAs program management, which state:

Overview of production for the year

The Cash Collateral Support (CCS) program is designed to help small businesses access credit by making cash deposits with banks, for the bank to use as additional collateral, for a loan the bank is providing to a small business. In 2017, fourteen different banks, two CDFIs and one state-funded revolving loan fund used the CCS program. In total, 38 transactions utilized \$3.3 Million in CCS funds resulting in over \$22.9 million in private sector loans. When owner equity injections and other private financing is included, almost \$3.9 million of additional private financing was made available to small businesses as a result of the CCS program, totaling \$26.9 million in total financing.

ATTACHMENT B: CERTIFICATION OF PERFORMANCE AND WARRANTIES

John Reece
Designated Representative, Colorado Office of Economic Development and International Trade
1625 Broadway, Suite 2700
Denver, CO 80202

Re: SSBCI Annual Report

Dear Mr. Reece:

Reference is made to the Colorado Office of Economic Development and International Trade Economic Development Commission Contract with the Colorado Housing and Finance Authority signed and dated September 26th, 2017 (Contract). Capitalized terms used herein and not defined herein shall have the respective meanings ascribed to them in the Contract.

This certification is delivered to the Colorado Office of Economic Development and International Trade ("OEDIT") pursuant to section 3.11 of Exhibit A of the Contract.

The undersigned, on behalf of the Colorado Housing and Finance Authority ("CHFA"), hereby makes the following certifications as of the date of this certification:

1. CHFA has performed and complied with all applicable terms, covenants, agreements and conditions required by the Contract to be performed or complied with by it as of this date;
2. the representations and warranties set forth in the Contract are true and correct in all material respects;
3. the authority of the undersigned to execute and deliver this certification on behalf of CHFA is valid and in full force and effect.

By: 

Name: Steve Johnson

Title: Director of Community Development

Date: 4-30-2018

ATTACHMENT C: MASTER TRUST ACCOUNT RECONCILITATION

This annual Report covers a period from January 1, 2017 to December 31, 2017. Included in this Attachment C are a cumulative master trust account reconciliation as well as an annual CCS Report.

ATTACHMENT D: CHFA ANNUAL AUDIT

CHFA's 2016 annual financial audit began in January 2017 by KPMG. The audit is expected to be complete by the end of April 2017. A copy of the report will be forwarded to the State's Representative designated in provision 16 of the Contract upon completion.

2017 Annual CHFA Report

Loan Number	Project	Project #	Calendar Year	IP	County	Contract Name	Contract ID#	CCS Budget	CCF Fee	Loan Amount
Production - CCS										
CC0213	Leibish Architects, Inc.	15170	081459788	0207	El Paso	Bank of the San Juan		\$1,750	\$164.00	\$125,000
CC0198	Carillon - LLC	27581	0811307201	0201	Dominion	Enterprise Bank	80205021	\$14,750	\$162.50	\$75,000
CC0294	Waters W. Middle LLC	15681	08041000201	0219	El Paso	Bank of the San Juan	810051225	\$18,470	\$1,054.10	\$221,000
CC0132	M. B. Thompson, Inc.	12529	080449786	0121	Fremont	Bank of the San Juan		\$2,500	\$63.00	\$50,000
CC0241	Palwick Architects PC, P.C., LLC	13644	0807002702	01526	Mesa	Alpine Bank	840788527	\$250,000	\$6,200.00	\$2,238,750
CC0284	Developmental Services and Tool Programs for Developmentally Disabled	11003	0810104604	01138	Douglas	Alpine Bank		\$102,000	\$4,890.00	\$2,017,000
CC0243	M.C. Architecture, LLC	13652	08110010105	02018	Teller	Acacia New Mexico - Arizona - Colorado	850417347	\$11,250	\$338.00	\$45,000
CC0185	Wynn LLC	11893	0809001120	02124	Lascom	Verus Bank of Commerce	760797751	\$750,000	\$5,000.00	\$1,260,000
CC0246	Waters W. Middle LLC	13654	08001008538	00311	Adams	Verus Bank of Commerce	111044738	\$17,500	\$837.50	\$28,500
CC0187	San Juan Architects, Inc.	11995	080549044	01001	Morristown	Fidelity Bank		\$120,000	\$6,251.90	\$1,201,000
CC0249	W.C. Moore, LTD	13741	080410003102	00818	El Paso	Bank of the San Juan	830053125	\$21,250	\$637.50	\$85,000
CC0148	Wheat Production Expansion	13759	08110019101	00564	Deer	Colorado Enterprise Fund, Inc.		\$71,000	\$125.00	\$40,000
CC0250	Wheatmill	13742	08013013210	00501	Boulder	Wellington National Bank		\$250,000	\$6,250.00	\$1,189,000
CC0252	Wheatmill, 2nd Phase, Inc.	14810	0804010401	00118	Flagg	Bank of the San Juan	830751129	\$81,000	\$1,375.00	\$481,000
CC0253	Wheatmill, 3rd Phase, LLC	14826	0812001408	00634	Weld	The Eastern Colorado Bank	840051004	\$15,000	\$750.00	\$300,000
CC0254	Wheatmill, 4th Phase, LLC	14829	0800100640	00722	Arapahoe	The Eastern Bank & Trust	840120010	\$17,100	\$1,917.50	\$308,000
CC0254	Wheatmill, 5th Phase, LLC	14830	08077000100	01501	Mesa	Alpine Bank	840788527	\$10,000	\$3,300.00	\$80,000
CC0255	Wheat Production, LLC	14860	0800500514	00115	Adams	Colorado Enterprise Fund	840117398	\$75,000	\$700.00	\$310,000
CC0256	Wheat Production, LLC	14870	08043002400	00904	El Paso	Bank of the San Juan	830051225	\$56,250	\$1,866.25	\$300,000
CC0257	Wheat Production, LLC	14879	080410007	00879	El Paso	Bank of the San Juan	830051225	\$41,300	\$945.00	\$385,000
CC0258	Wheat Production, LLC	14894	0812002208	00550	Weld	Guaranty Bank & Trust Co.	840448344	\$108,000	\$3,150.00	\$1,425,000
CC0259	Wheat Production, LLC	14915	0812002194	00550	Weld	Guaranty Bank & Trust Co.	840448344	\$17,300	\$308.50	\$308,500
CC0261	Wheat Production, Inc.	14937	08043003000	00605	El Paso	Bank of the San Juan	830051225	\$19,000	\$975.00	\$234,000
CC0262	Wheat Production, LLC	14915	0812002194	00642	Weld	Acacia Bank of Western Colorado - Colorado	850417347	\$11,750	\$433.00	\$301,000
CC0262	Wheat Production, LLC	14944	08027000702	01657	Eagle	FirstBank		\$245,000	\$7,350.00	\$2,400,000
CC0263	Wheat Production, LLC	15001	08011000001	01011	Elgin	Proctor Bank		\$171,000	\$900.00	\$900,000
CC0265	Wheat Production, LLC	15003	08060100600	00524	Larimer	Guaranty Bank & Trust Company		\$41,750	\$1,750.00	\$176,750
CC0266	Wheat Production, LLC	15004	08090101001	00411	Windsor	Gold Star Bank and Trust Company		\$46,000	\$1,900.00	\$179,000
CC0268	Wheat Production, LLC	15008	08089962100	00116	El Carbon	The Eastern Colorado Bank		\$1,000	\$1,200.00	\$233,000
CC0270	Wheat Production, LLC	15101	08001100700	00115	El Paso	Security Bank & Trust		\$1,000	\$4,500.00	\$400,000
CC0267	Wheat Production, LLC	15084	08049002005	00237	Lascom	Guaranty Bank and Trust Company		\$115,000	\$4,000.00	\$1,035,000
CC0271	Wheat Production, LLC	15114	08001000804	00071	Adams	Guaranty Bank & Trust Co.	840441944	\$100,100	\$1,810.00	\$2,100,000
CC0272	Wheat Production, LLC	15183	08090007100	00297	Larimer	Guaranty Bank & Trust Co.	840448344	\$68,180	\$7,467.40	\$1,014,000
CC0273	Wheat Production, LLC	15232	08040101019	00912	El Paso	First Peak National Financial		\$43,750	\$1,200.00	\$155,000
CC0288	Wheat Production, LLC	15087	08120022007	00576	Weld	Wheatland Valley Bank of Commerce	161844578	\$86,250	\$1,287.00	\$617,000
CC0291	Wheat Production, LLC	15233	08099961000	01878	Wells	Region 20 League for Economic Activities & Planning		\$78,000	\$900.00	\$900,000
CC0291	Wheat Production, LLC	15231	08041001708	00910	El Paso	Wheat Bank & Trust		\$66,175	\$1,805.00	\$388,250
CC0293	Wheat Production, LLC	15119	08090002902	00111	Larimer	Guaranty Bank & Trust Co.	840441944	\$104,000	\$6,000.00	\$410,000
Production - CCS sub-total								\$1,112,240	\$61,401.80	\$13,938,000
Total Production								\$1,112,240	\$61,401.80	\$13,938,000
SSBC Total								\$1,112,240	\$61,401.80	\$13,938,000

Project Name	Project Type	Project Status	Project Funding	Project Leverage Ratio	Project Start Date	Project End Date	Project Completion Date	Project Revenue	Project NDCS Code	Project Year	Project Jobs Previously Counted	Project Jobs Created	Project Jobs Retained	Project FIG
\$25,000	30		\$250,000	4.80	01/18/2017	01/30/2017	01/30/2020	\$1,063,009	531210	2006	No	1	7	6
50	30		\$75,000	4.80	01/17/2017	01/30/2017	01/30/2020	\$1,071,000	722511	2014	No	3	24	29
\$44,590	50		\$265,590	7.70	01/08/2017	01/08/2017	01/08/2020	\$400,000	813111	2012	No	2	0	2
\$18,000	50		\$200,000	6.67	04/02/2017	01/16/2017	01/16/2020	\$173,470	941219	No	0	0	0	
\$87,400	50		\$2,817,150	11.27	09/09/2017	05/08/2017	05/08/2020	\$0	721211	2017	No	1	0	0
50	30		\$4,207,000	12.57	09/14/2017	09/09/2017	09/09/2020	\$2,200,000	501210	1993	No	1	12	8
\$3,000	50		\$50,000	4.44	08/18/2017	01/10/2017	01/10/2020	\$0	332710	2017	No	1	0	0
\$10,000	50		\$1,300,000	5.56	08/15/2017	07/12/2017	08/15/2020	\$1,493,000	115210	2013	No	4	16	23
\$12,808	50		\$261,388	6.57	03/30/2017	05/26/2017	05/26/2020	\$72,000	524210	2012	No	2	0	1
\$13,000	100000		\$1,170,000	6.52	01/29/2017	01/28/2017	01/28/2020	\$1,170,000	No	No	4	1	10	
\$243,900	50		\$728,300	10.75	04/20/2017	04/20/2017	04/20/2020	\$902,505	812111	No	40	21	13	
\$20,511	30		\$80,501	5.90	04/19/2017	04/19/2017	04/19/2020	\$14,128	404900	No	0	1	1	
\$90,000	\$150000		\$1,400,000	5.64	05/05/2017	05/05/2017	05/05/2020	\$291,884	542411	2013	No	1	1	1
\$13,000	50		\$511,000	6.04	09/08/2017	07/03/2017	09/08/2020	\$0	100510	2011	No	3	0	3
50	\$12000		\$112,000	4.48	09/07/2017	06/01/2017	06/01/2020	\$0	No	No	1	0	0	
\$17,000	50		\$105,205	5.90	06/12/2017	06/12/2017	06/12/2020	\$0	727511	2017	No	2	0	0
\$75,000	50		\$740,000	6.73	06/28/2017	06/27/2017	06/27/2020	\$1,350,000	No	No	1	3	14	
\$15,000	50		\$175,000	4.80	07/02/2017	07/02/2017		\$0	621500	2017	No	1	0	0
\$15,000	50		\$335,000	5.96	07/13/2017	07/13/2017	07/13/2020	\$058,184	551114	No	18	5	46	
\$13,000	30		\$130,000	4.67	07/10/2017	07/10/2017	07/10/2020	\$17,200	101111	No	0	0	1	
\$225,000	50		\$1,000,000	15.71	07/28/2017	07/28/2017	07/28/2020	\$0	351112	2009	No	0	0	0
50	50		\$296,570	13.39	08/09/2017	07/28/2017	07/28/2020	\$1,000,217	104700	2001	No	0	13	13
\$26,000	50		\$260,000	6.87	08/17/2017	08/18/2017	08/18/2020	\$128,000	551110	2017	No	3	2	2
50	30		\$300,000	7.41	08/02/2017	08/01/2017	08/01/2020	\$157,100	484110	2012	No	0	2	1
\$500,000	50		\$2,080,000	12.16	08/08/2017	09/07/2017	09/07/2020	\$0	551112	2017	No	20	0	0
\$46,032	50		\$1,817,817	5.90	11/17/2017	11/17/2017	11/17/2020	\$0	710040	2015	No	25	0	0
50	50		\$176,750	4.04	12/06/2017	12/28/2017	12/28/2020	\$1,596,232	722518	1994	No	1	34	23
50	50		\$297,960	4.08	12/06/2017	11/28/2017	11/28/2020	\$1,153,316	722513	No	1	28	20	
\$40,000	50		\$775,000	9.17	12/07/2017	12/04/2017	12/04/2020	\$0	811113	2017	No	3	0	0
\$40,000	50		\$500,000	6.87	11/08/2017	11/08/2017	11/08/2020	\$988,700	541210	No	1	14	14	
\$115,000	50		\$1,150,000	10.00	12/08/2017	12/07/2017	12/07/2020	\$2,144,018	330250	2008	No	2	8	8
\$105,000	30		\$1,873,000	10.16	12/12/2017	12/12/2017	12/12/2020	\$2,390,000	33	2008	No	10	30	30
\$237,500	50		\$1,252,000	18.91	12/18/2017	12/13/2017	12/13/2020	\$1,250,000	33	2008	No	3	6	3
50	50		\$03,000	4.00	11/29/2017	11/15/2017	11/15/2020	\$80,000	710140	2013	No	0	0	11
\$68,018	50		\$285,518	6.79	12/19/2017	12/14/2017	12/14/2020	\$0	713040	2017	No	0	6	3
30	50		\$90,000	4.14	12/13/2017	10/10/2017	12/13/2020		713040	2015	No	3	0	0
\$44,250	50		\$442,500	4.67	12/29/2017	12/22/2017	12/22/2020	\$467,703		2008	No	0	0	5
\$100,000	50		\$700,175	10.18	01/01/2018	12/11/2017	12/11/2020	\$1,000,000	441110	2014	No	1	0	5
\$1,070,000	\$100,000		\$10,000,000	8.11				\$10,000,000			100	100	100	
\$1,385,449	\$344,700		\$10,000,000	8.11				\$10,000,000			0	247	10	
\$1,385,449	\$444,700		\$10,000,000	8.11				\$10,000,000			100	247	100	

Account/Bank	Bak Adj.	Non-Program Income Outside Lender Banks	Committed Funds	Revised Allocated Funds	Extension Fee	Claims	Transfers	(as of 12/31/17) Amt. Remaining in Bank Accts.
Adams Bank & Trust - Colorado Trinity Properties				\$ (70,000)			\$ 70,000	\$ -
Adams Bank & Trust - Capitol Hill Mansion		\$ 932		\$ (140,932)			\$ 140,000	\$ 0
Adams Bank & Trust - Tack House LLC				\$ (87,814)	\$ (325)		\$ 87,814	\$ -
Alpine Bank - GJ Auto Sales, LLC dba AMDM		\$ 5	\$ -				\$ 37,500	\$ 37,505
Alpine Bank - Mossy Rock, LLC		\$ 2					\$ 110,000	\$ 110,002
Alpine Bank - Redlands Convenience Store		\$ 5					\$ 60,000	\$ 60,005
Alpine Bank - Tammy Tallant Law		\$ 2					\$ 17,250	\$ 17,252
Alpine Bank - Palsade Basecamp RV Resort, LLC		\$ 14					\$ 250,000	\$ 250,014
Alpine Bank - Quality Landscape and Soil Products		\$ 9					\$ 162,000	\$ 162,009
Alpine Bank - The Silo Adventure		\$ 187		\$ (125,187)			\$ 125,000	\$ 0
Alpine Bank - Western Vegetation		\$ 14		\$ (16,984)			\$ 16,970	\$ 0
Alpine Bank - Shaker Merlow		\$ 550		\$ (373,300)			\$ 372,750	\$ -
AmFirst Bank - Cross Training Assets, LLC now Bank of Colorado		\$ 272.89		\$ (40,273)			\$ 40,000	\$ -
AmFirst Bank - Cross Training Assets, LLC now Bank of Colorado		228.48		\$ (30,228)			\$ 30,000	\$ -
AmFirst Bank - FDS, Inc.		2597.33					\$ 170,202	\$ 172,799
AmFirst Bank - T&N Enterprises		\$ 2,387		\$ (76,479)	\$ (908)		\$ 75,000	\$ 0
ANB Bank - Gypsy Disc Golf		\$ 8		\$ (7,508)			\$ 7,500	\$ -
ANB Bank - Rusty Gold Hydro-Testers		\$ 114		\$ (160,114)			\$ 160,000	\$ 0
Bank of Colorado - 779 Tech Center Drive, LLC		\$ 59	\$ -				\$ 142,000	\$ 142,059
Bank of Colorado - LUM Properties, LLC		\$ -					\$ 22,600	\$ 22,600
Bank of Colorado - MGB, Inc		\$ 298		\$ (17,036)	\$ (107)		\$ 27,500	\$ 10,655
Bank of Colorado - PBJ Enterprises		\$ -	\$ -				\$ 34,000	\$ 34,000
Bank of Colorado - SME Environmental		\$ 1,000		\$ (38,000)	\$ (500)		\$ 87,500	\$ 50,000
Bank of Colorado - Tegre		\$ -		\$ (75,000)			\$ 75,000	\$ -
Bank of Colorado - Tile & Light Art of Durango, Inc.		\$ -	\$ -				\$ 69,500	\$ 69,500
Bank of Colorado - 3LS Investments Durango Jobs		\$ 264		\$ (183,264)			\$ 183,000	\$ -
Bank of Colorado - Nicole Alexander (Athena Fitness)		\$ 10		\$ (13,260)			\$ 13,250	\$ -
Bank of Colorado - Honey House Distillery, LLC		\$ -		\$ (50,000)			\$ 50,000	\$ -
Bank of Colorado - Piece Out, LLC		\$ -		\$ (34,000)			\$ 34,000	\$ -
Bank of Colorado - Serious Delights		\$ 86		\$ (15,086)			\$ 15,000	\$ -
Bank of Colorado - SKA Fabricating, LLC		\$ -		\$ (10,000)	\$ (494)		\$ 10,000	\$ -
Bank of the San Juans - 103 SB, LLC		\$ (9)	\$ -				\$ 31,500	\$ 31,491
Bank of the San Juans - 2263 Logos, LLC		\$ 10	\$ -				\$ 75,000	\$ 75,010
Bank of the San Juans - Authentic Drilling, Inc.		\$ 72	\$ -				\$ 250,000	\$ 250,072
Bank of the San Juans - Authentic Drilling, Inc.		\$ 6	\$ -				\$ 85,000	\$ 85,006
Bank of the San Juans - B-4 Day Program and Residential Services, Inc		\$ 4	\$ -				\$ 24,750	\$ 24,754
Bank of the San Juans - BMR Enterprises, LLC		\$ 1	\$ -				\$ 56,250	\$ 56,251
Bank of the San Juans - BRA Holdings		\$ 1	\$ -				\$ 39,000	\$ 39,001
Bank of the San Juans - DMGAS, LLC		\$ 5	\$ -				\$ 32,400	\$ 32,405
Bank of the San Juans - Reycon, Ltd		\$ 7	\$ -				\$ 36,750	\$ 36,757
Bank of the San Juans - Greater Rank of Worth, LLC		\$ 3					\$ 13,125	\$ 13,128
Bank of the San Juans - Hangar 18 Holding, LLC		\$ 2					\$ 34,470	\$ 34,472
Bank of the San Juans - The Hitchn' Post		\$ 11					\$ 36,000	\$ 36,011
Bank of the San Juans - Lachmidt Enterprises, Inc.		\$ 4					\$ 29,750	\$ 29,754
Bank of the San Juans - One More Mile, LLC		\$ 21					\$ 71,250	\$ 71,271
Bank of the San Juans - RAMPRI dba Primary Home Health Care		\$ 16					\$ 65,250	\$ 65,266
Bank of the San Juans - Kruger & Schmitt Roofing		\$ 13					\$ 71,000	\$ 71,013
Bank of the San Juans - Sinlster Holdings		\$ 3					\$ 21,250	\$ 21,253
Bank of the San Juans - Whitt's Rod Shop		\$ 8					\$ 43,750	\$ 43,758
Bank of the San Juans - M&N Enterprises, LLC		\$ 3					\$ 25,350	\$ 25,353
Bank of the San Juans - SDG Murray, Ltd dba Locals Barber Shop - Bank of the San Juans		\$ 2					\$ 21,250	\$ 21,252
Colorado Business Bank - Blyst Holdings LLC		\$ 1,842		\$ (296,842)			\$ 295,000	\$ -
Colorado Business Bank - Color Revitalization Association dba Downtown Colo		\$ -					\$ 15,000	\$ 15,000
Centennial Bank - American Plumbing - Pipe & Nail Properties		\$ 11					\$ 20,000	\$ 20,011
Centennial Bank - Avant Gardener Landscaping, Inc.		\$ 36					\$ 42,500	\$ 42,536
Centennial Bank - SNMP Inc/Cranberry 1999		\$ 2,069		\$ (23,556)	\$ (1,495)		\$ 95,000	\$ 72,018
Centennial Bank - Foundation Health II		\$ 509			\$ (263)		\$ 52,500	\$ 52,746
Centennial Bank - Innovative Holdings		\$ 549		\$ (75,500)			\$ 75,500	\$ 549
Centennial Bank - Precision Management (Construction)		\$ 1,620		\$ (20,665)	\$ (1,120)		\$ 81,250	\$ 61,085
Centennial Bank - Purple Star, LLC		\$ 4					\$ 18,750	\$ 18,754
Centennial Bank - Urban Roots		\$ 28					\$ 66,000	\$ 66,028
Centennial Bank - Foundation Health I		\$ 221		\$ (52,721)			\$ 52,500	\$ -
Centennial Bank - Arriessgado Clothing		\$ 379		\$ (82,879)			\$ 82,500	\$ -
Centennial Bank - Flatirons Family Pharmacy, Inc. FP1		\$ 150		\$ (38,350)			\$ 38,200	\$ -

Centennial Bank - Platrons Family Pharmacy, Inc. FP2	\$	5	\$	(20,005)	\$	(20)	\$	20,000	\$	-
Centennial Bank - Heckonnor, LLC & Connorheck, LLC	\$	441	\$	(99,691)			\$	99,250	\$	-
Centennial Bank - Mike's Camera 1	\$	1,617	\$	(316,617)			\$	315,000	\$	-
Centennial Bank - Mike's Camera 2	\$	2,889	\$	(562,889)			\$	560,000	\$	-
Centennial Bank - Office Digs, LLC	\$	417	\$	(125,417)			\$	125,000	\$	-
Bank of the San Juans - Boone Guest Home	\$	66	\$	(62,066)			\$	62,000	\$	0
Bank of the San Juans - Fixins Home Services, LLC Canon National Bank	\$	19	\$	-			\$	36,000	\$	36,019
Bank of the San Juans - Graffi-T's Custom Screen Printing, Inc.	\$	38					\$	49,250	\$	49,288
Bank of the San Juans - Makena Real Estate Holding, LLC	\$	23					\$	44,250	\$	44,273
Bank of the San Juans - McCoy & Littlejohn Child Care Center	\$	294	\$	(120,170)	\$	(125)	\$	120,000	\$	(0)
Bank of the San Juans - Nenzo Properties, LLC	\$	24	\$	(22,024)			\$	22,000	\$	0
Bank of the San Juans - The X-Perit Companies, Inc	\$	35	\$	-			\$	77,050	\$	77,085
Bank of the San Juans - ReRoc, LLC	\$	3,961	\$	(322,000)	\$	(3,220)	\$	644,000	\$	322,741
Bank of the San Juans - SP1 Holdings, LLC	\$	96	\$	-			\$	105,000	\$	105,096
Bank of the San Juans - Wendel Veterinary Services, Inc	\$	24	\$	-			\$	45,000	\$	45,024
Bank of the San Juans - 3BS, LLC now	\$	22	\$	(16,522)			\$	16,500	\$	-
Bank of the San Juans - CBS Trans, LLC	\$	201	\$	(163,457)			\$	163,256	\$	-
Bank of the San Juans - HCA Winery Acquisiton, LLC & LODGE Ent.	\$	178	\$	(137,678)			\$	137,500	\$	-
Bank of the San Juans - JDNC Investments	\$	150	\$	(240,150)			\$	240,000	\$	-
Bank of the San Juans - 1516 Main Street/Maddi Lu's Pizza	\$	60	\$	(43,810)			\$	43,750	\$	-
Bank of the San Juans - 1516 Main Street/Maddi Lu's Pizza	\$	189	\$	(136,689)			\$	136,500	\$	-
Bank of the San Juans - Nanci Kezar dba Tailored West	\$	19	\$	(20,019)			\$	20,000	\$	-
Bank of the San Juans - Orkney West Properties, LLC	\$	40	\$	(69,040)			\$	69,000	\$	-
Bank of the San Juans - R&B Restaurants	\$	81	\$	(96,331)			\$	96,250	\$	-
Bank of the San Juans - Skydive Colorado Parachute Club	\$	12	\$	(12,012)			\$	12,000	\$	-
Bank of the San Juans - Tanner Properties	\$	101	\$	(81,601)			\$	81,500	\$	-
CACHE Bank & Trust - Tack House	\$	20					\$	25,000	\$	25,020
Colorado Business Bank - 2 LBS, LLC	\$	553	\$	(120,553)			\$	120,000	\$	-
Colorado Business Bank - Gibson Properties, LLC	\$	836	\$	(545,836)			\$	545,000	\$	-
Colorado Business Bank - Intertech Medical	\$	609	\$	(400,609)			\$	400,000	\$	-
Colorado Business Bank - KCI Properties of Vail	\$	781	\$	(233,281)	\$	(1,198)	\$	232,500	\$	-
Colorado Business Bank - Partners In Trucking	\$	234	\$	(190,234)			\$	190,000	\$	-
Colorado Business Bank - PrecisionWorks MFG, LLC	\$	360	\$	(100,360)			\$	100,000	\$	-
Colorado Business Bank - RDP Barricade Co.	\$	2,606	\$	(422,606)			\$	420,000	\$	-
Citywide Banks - Castle Keystone, LLC	\$	867	\$	(100,867)			\$	100,000	\$	-
Citywide Banks - El Zarco, LLC 3 Margaritas	\$	689	\$	(113,189)			\$	112,500	\$	-
Commerce Bank - 5280 Suites	\$	733	\$	(500,733)	\$	(2,500)	\$	500,000	\$	-
Colorado National Bank - DC Sound	\$	212	\$	(200,212)	\$	(1,000)	\$	200,000	\$	-
Del Norte Bank - Boogie's Restaurant, LLC	\$	317					\$	58,750	\$	59,067
Del Norte Bank - Harding Dental Group	\$	137	\$	(25,137)			\$	25,000	\$	-
Eastern Colorado Bank - Smelkers Diesel Shop, LLC	\$	-	\$	-	\$	-	\$	30,000	\$	30,000
Eastern Colorado Bank - Barnes Family Chiropractic	\$	1,879	\$	(33,230)	\$	(940)	\$	80,000	\$	47,709
Eastern Colorado Bank - Henschel's Meat Processing	\$	613	\$	(34,363)			\$	33,750	\$	0
Eastern Colorado Bank - Continuum Coffee	\$	-	\$	-			\$	25,000	\$	25,000
Eastern Colorado Bank - Ice N Easy, LLC	\$	20	\$	-			\$	25,000	\$	25,020
FirstBank - Gattopardo Bianco LLC	\$	(10)					\$	245,000	\$	244,990
FirstBank - Blue Skies Facilities, LLC	\$	1					\$	60,250	\$	60,251
FirstBank - Ridge Street Dental, LLC	\$	5,000	\$	421	\$	(105,421)	\$	100,000	\$	-
CCA Funds at First Colo National Bank & High Country Bank	\$	10					\$	8,400	\$	8,410
First Colorado National Bank - NFRIA-WSERC Conservation Center	\$	212					\$	15,000	\$	15,212
FMS Bank - Meadowlark Optics	\$	2,827	\$	(395,409)	\$	(283)	\$	421,250	\$	28,385
First Southwest Bank - Colorado Mushroom Farm, LLC	\$	3,938	\$	(250,000)	\$	(2,500)	\$	500,000	\$	251,438
First Southwest Bank - GECKO	\$	78	\$	(25,076)			\$	25,000	\$	2
First Southwest Bank - Mountain Brook, LLC							\$	43,232	\$	43,232
Frontier Bank - Morlan, Doug & Jennifer	\$	191	\$	(37,691)			\$	37,500	\$	-
Fowler State Bank - The Bunkhouse General Store	\$	127	\$	(25,127)			\$	25,000	\$	-
Guaranty Bank & Trust - SDI of Fort Collins #1							\$	43,750	\$	43,750
Guaranty Bank & Trust - SDI of Loveland #2							\$	49,000	\$	49,000
Guaranty Bank & Trust - BRI Investments, LLC							\$	115,000	\$	115,000
Guaranty Bank & Trust - Boulder Nonlinear Systems, Inc.							\$	212,500	\$	212,500
Guaranty Bank & Trust - 1104 Bridge, LLC	\$	-					\$	143,741	\$	143,741
Guaranty Bank & Trust - T & R Properties, LLC	\$	-					\$	66,187	\$	66,187
Guaranty Bank & Trust - Usburgs Leasing, LLC	\$	-					\$	103,000	\$	103,000
Guaranty Bank & Trust - Rebound Sports and Physical Therapy, PC	\$	(12)					\$	116,250	\$	116,238
Guaranty Bank & Trust - 13-49 Group, LLC	\$	(12)					\$	105,000	\$	104,988
Guaranty Bank & Trust - Renaissance Insurance Group	\$	(12)					\$	17,102	\$	17,090

Gunnison Bank and Trust - Basecamp, LLC/Majestic Theater	\$	649		\$	(432)	\$	21,600	\$	21,817
Gunnison Bank and Trust Bahama Bucks Mallows 5	\$	22				\$	77,101	\$	77,123
Gunnison Bank & Trust/Crested Butte Bank - Paradox Footwear	\$	341				\$	25,000	\$	25,341
Gunnison Bank and Trust Crested Butte - Molly Eldridge Red Lady Realty	\$	119				\$	8,750	\$	8,869
Gunnison Bank and Trust - Whetstone Willow	\$	276				\$	49,350	\$	49,626
Gunnison Bank & Trust/Crested Butte Bank - Colorado Freeskier	\$	33		\$	(12,533)	\$	12,500	\$	-
Gunnison Bank & Trust/Crested Butte Bank - Electronic Solutions, LLC	\$	22		\$	(7,522)	\$	7,500	\$	-
Gunnison Bank and Trust - CBTV	\$	165		\$	(37,665)	\$	37,500	\$	-
Gunnison Bank and Trust - Integrated Design Solutions	\$	38		\$	(18,788)	\$	18,750	\$	-
Gunnison Bank and Trust - LeFave, LLC	\$	1,821		\$	(211,035)	\$	210,000	\$	-
Gunnison Bank and Trust - Mountain Earth, LTD	\$	44		\$	(15,044)	\$	15,000	\$	-
Gunnison Bank and Trust - PIE Zan's, LLC	\$	33		\$	(11,033)	\$	11,000	\$	-
Grand Valley Bank - Petesah Pies, LLC	\$	45	\$	-		\$	20,000	\$	20,045
Grand Valley Bank - Cars & Repairs	\$	70		\$	(18,170)	\$	18,100	\$	-
Grand Valley Bank - LK Survey	\$	5		\$	(4,005)	\$	4,000	\$	-
Grand Valley Bank - R E, LLC	\$	103		\$	(35,103)	\$	35,000	\$	-
Great Western Bank - Lyric Cinema Cafe	\$	21				\$	250,000	\$	250,021
Great Western Bank - Highlands Industrial, LLC	\$	2		\$	(184,002)	\$	184,000	\$	0
Great Western Bank - FM Harvey, Inc.	\$	6				\$	46,250	\$	46,256
Great Western Bank - Summit Entertainment of Northern Colo.	\$	176		\$	(221,639)	\$	221,463	\$	-
High Country Bank - Hubbud Brewing, LLC	\$	97				\$	207,537	\$	207,634
High Country Bank - Mo Burrito, LLC	\$	11				\$	36,117	\$	36,128
High Country Bank - Mariposa Window & Door, Inc.	\$	31				\$	73,750	\$	73,781
Integrity Bank and Trust - 915 Pinon Ranch, LLC	\$	-				\$	66,375	\$	66,375
Integrity Bank and Trust - 1445 N Union	\$	-				\$	81,000	\$	81,000
KeyBank - The Learning House Foundation for Early Childhood	\$	330		\$	(21,100)	\$	74,750	\$	53,713
McCook National Bank - Gas Ops Leak Detected (GOLD) LLC	\$	656		\$	(46,156)	\$	45,500	\$	-
McCook National Bank - Gas Ops Leak Detected (GOLD) LLC	\$	44		\$	(3,544)	\$	3,500	\$	-
McCook National Bank - Gas Ops Leak Detected (GOLD) LLC	\$	415				\$	22,855	\$	23,270
Mountain View Bank of Commerce - WC2, LLC	\$	-				\$	86,250	\$	86,250
Mountain View Bank of Commerce - 2025 York Street, LLC	\$	1,662		\$	(59,662)	\$	58,000	\$	-
Mountain View Bank of Commerce - 4 Less Auto Repair, LLC	\$	829				\$	42,000	\$	42,829
Mountain View Bank of Commerce - Legacy Plow & Trailer, Inc.	\$	1,106				\$	71,250	\$	72,356
Mountain View Bank of Commerce - Reunion 18335 E 103rd	\$	257				\$	37,500	\$	37,757
Mountain View Bank of Commerce - 5280 Enterprises, Inc	\$	116		\$	(30,841)	\$	30,725	\$	-
Mountain View Bank of Commerce - 700 Billings	\$	912		\$	(30,912)	\$	30,000	\$	-
Mountain View Bank of Commerce - ESG, LLC	\$	1,305		\$	(44,305)	\$	43,000	\$	-
Mountain View Bank of Commerce - Woodguys, LLC	\$	926		\$	(58,751)	\$	57,825	\$	-
Peoples National Bank - K A Chambers	\$	-				\$	239,500	\$	239,500
Peoples National Bank - Forest Ridge Senior Living I	\$	204				\$	300,000	\$	300,204
Peoples National Bank - Forest Ridge Senior Living II	\$	204				\$	300,000	\$	300,204
Peoples National Bank - Forest Ridge Properties	\$	851				\$	1,250,000	\$	1,250,851
Pikes Peak National Bank - Red Leg Brewing						\$	81,250	\$	81,250
Rawlins National Bank - Tinkermill	\$	267				\$	250,000	\$	250,267
Sunflower Bank, N.A.-Forest Ridge Senior Living I				\$	(250,000)	\$	250,000	\$	-
Sunflower Bank, N.A.-Forest Ridge Properties	\$	379		\$	(1,250,379)	\$	1,250,000	\$	-
Sunflower Bank, N.A.-Forest Ridge Senior Living II	\$	-	\$	-	(350,000)	\$	350,000	\$	-
Sunflower Bank, N.A.-Majestic Valley Pellets, LLC	\$	25	\$	-	(60,025)	\$	60,000	\$	-
Silicon Valley Bank- PaySimple, Inc.				\$	(500,000)	\$	500,000	\$	-
Silicon Valley Bank- PaySimple, Inc.	\$	5,191		\$	(1,005,191)	\$	1,000,000	\$	-
Timberline Bank - San Juan Investments, LLC						\$	250,000	\$	250,000
Verus Bank of Commerce -Alteo Ltd	\$	132				\$	250,000	\$	250,132
Verus Bank of Commerce - Economy Propane	\$	187		\$	(62,187)	\$	62,000	\$	-
Wells Fargo - Accion/Cachitos Daycare Center, LLC	\$	-				\$	69,300	\$	69,300
Wells Fargo - Accion/Compass Technology Group	\$	-				\$	12,500	\$	12,500
Wells Fargo - CEF - Pooled Account II & L Concepts Cranelli's, Performance Window Tint, Integrated Computer Consulting, Simply Data, Blooming Beets, Georgia Boys BBQ, Brewjacket, Inc)	\$	(588)		\$	(126,812)	\$	175,181	\$	47,781
Wells Fargo - Accion/Euro Crepes, LLC	\$	-				\$	12,500	\$	12,500
Wells Fargo - Accion/Funnels, LLC	\$	-	\$	-		\$	17,600	\$	17,600
Wells Fargo - Accion/Funnels, LLC	\$	(975)		\$	(15,875)	\$	16,250	\$	-
Wells Fargo - Accion/Hatch Bistro, Inc.	\$	-				\$	10,000	\$	10,000
Wells Fargo - Accion/Rositas Mexican Restaurant	\$	-				\$	7,500	\$	7,500
Wells Fargo - CEF - Knottle Tie Co.	\$	-				\$	25,250	\$	25,250
Wells Fargo - Washington Trust Bank - Lucky Fins	\$	-				\$	75,000	\$	75,000
Wells Fargo - Accion/New Images Salon, LLC	\$	(67)		\$	(6,183)	\$	6,250	\$	-
Wells Fargo - Accion/Alpine Machine	\$	-				\$	15,000	\$	15,000

Wells Fargo - Accion/Travel Recon, LLC	\$ -				\$ 8,750	\$ 8,750	
Wells Fargo - Accion/Dr Randy Chiropractor, LLC	\$ -				\$ 11,520	\$ 11,520	
Wells Fargo - Accion/Wellmind of Littleton, LLC	\$ -				\$ 9,000	\$ 9,000	
Wells Fargo - Accion/Colorado Environmental Resources, LLC	\$ -				\$ 14,000	\$ 14,000	
Wells Fargo - CEF/EZ Electrical Solutions, LLC	\$ -				\$ 10,200	\$ 10,200	
Wells Fargo - Accion/R Farmer Enterprises, Inc	\$ -				\$ 10,000	\$ 10,000	
Wells Fargo - Accion/Heavy Heshin' Trucking, LLC	\$ -				\$ 11,250	\$ 11,250	
Wells Fargo - CEF -JPAR Freedom/Nurse Next Door	\$ -				\$ 25,000	\$ 25,000	
Wells Fargo - Accion/Eagle's Nest Contracting, LLC	\$ -				\$ 10,000	\$ 10,000	
Wells Fargo - Accion/Wine and Whay, LLC	\$ -			\$ (124)	\$ 11,800	\$ 11,676	
Wells Fargo - Accion/Face Logic LLC	\$ -				\$ 16,250	\$ 16,250	
Wells Fargo - Accion/Flex-Able Food Trucks, LLC	\$ -	\$ -			\$ 10,000	\$ 10,000	
Wells Fargo - Accion/Health As...LLC	\$ -	\$ -			\$ 38,880	\$ 38,880	
Wells Fargo - Accion/NG Machining	\$ -				\$ 11,250	\$ 11,250	
Wells Fargo - Accion/The Trading Post, Ltd	\$ -				\$ 11,850	\$ 11,850	
Wells Fargo - Accion/Winden Transport LLC	\$ -				\$ 13,770	\$ 13,770	
Wells Fargo - CEF -Denver Handmade Homemade	\$ -				\$ 15,000	\$ 15,000	
Windsor State Bank - Jitter Bean	\$ 435	\$ -	\$ -		\$ 60,500	\$ 60,935	
Yampa Valley Bank - Peretzler Inc. dba Craelli's Pizzeria	\$ 2	\$ (31,410)	\$ (92)		\$ 31,500	\$ 0	
Wells Fargo - Accion/American Pride Crane	\$ (344)	\$ (24,656)			\$ 25,000	\$ -	
Wells Fargo - Accion/American Pride Crane II	\$ (379)	\$ (42,121)			\$ 42,500	\$ 0	
Wells Fargo - Accion/Colorado Xplorer	\$ (374)	\$ (19,626)			\$ 20,000	\$ (0)	
Wells Fargo - Accion/DTC Print Brokers, Inc.	\$ (208)	\$ (12,292)			\$ 12,500	\$ (0)	
Wells Fargo - Accion/Ferney Colorado	\$ (590)	\$ (23,160)			\$ 23,750	\$ (0)	
Wells Fargo - CEF - Living Design Studios, Inc.	\$ (320)	\$ (34,680)			\$ 35,000	\$ (0)	
Wells Fargo - Accion/Landlocked Ales, LLC	\$ (213)	\$ (34,787)			\$ 35,000	\$ 0	
Wells Fargo - Accion/Mesob Ethiopian	\$ (368)	\$ (14,632)			\$ 15,000	\$ (0)	
Wells Fargo - Accion/Rhino Creek, Inc.	\$ (884)	\$ (14,116)			\$ 15,000	\$ (0)	
Wells Fargo - Accion/Rocky Mountain Snowplowing	\$ (85)	\$ (8,665)			\$ 8,750	\$ (0)	
Wells Fargo - Accion/Riviera GWS, LLC	\$ -	\$ (43,750)	\$ (240)		\$ 43,750	\$ -	
Wells Fargo - Accion/Shredly, LLC	\$ (456)	\$ (12,044)			\$ 12,500	\$ 0	
Wells Fargo - Accion/The Rosie's Company, LLC	\$ -	\$ (12,000)			\$ 12,000	\$ -	
Wells Fargo - Capital West Bank - PM Harvey	\$ (478)	\$ (92,072)			\$ 92,550	\$ 0	
Wells Fargo - Region 10/Western Culture Farmstead & Creamery	\$ -	\$ -			\$ 19,000	\$ 19,000	
Wray State Bank - Camelot Camel Dairy, LLC	\$ -	\$ (10,000)			\$ 10,000	\$ -	
Wray State Bank - Wellstone Industries	\$ -	\$ (20,000)			\$ 20,000	\$ -	
Yampa Valley Bank - Northwest Pawn	\$ 200	\$ (67,700)			\$ 67,500	\$ (0)	
Wells Fargo - CEF - Pooled Account (I & L Concepts Cranelli's, Performance Window Tint, Integrated Computer Consulting, Simply Data, Blooming Beets, Georgia Boys BBQ, Brewjacket, Inc)	\$ -	\$ (175,181)			\$ 175,181	\$ -	
Total	\$ 5,000	\$ 61,910	\$ -	\$ (13,899,268)	\$ (34,438)	\$ 23,724,048	\$ 9,878,527

CCA Funds							300000
CCR Funds							45000
		CCA Funds					
		used					
High Country Bank - CCA Account	\$ (10,958)	\$ 0					
First Colorado Bank	\$ (1,700)						
	\$ (12,658)						\$ (12,658)

homeownership



rental housing



business finance



colorado housing and finance authority
annual financial report

December 31, 2017 and 2016



*financing the places where
people live and work*

COLORADO HOUSING AND FINANCE AUTHORITY – Annual Financial Report

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executive letter (unaudited)



**Message from Cris White,
Executive Director and CEO
March 22, 2018**

CHFA's focus on our mission to strengthen Colorado by investing in affordable housing and economic development was as strong as ever in 2017. CHFA made a \$2.4 billion direct investment into our mission last year. This investment not only directly supported CHFA's customers as outlined below but was also estimated to spur \$4.7 billion in economic activity throughout Colorado.

Overall in 2017, CHFA supported:

- 8,256 Colorado households in obtaining home purchase loans, mortgage refinance loans, or mortgage credit certificates;
- the development or preservation of 63 affordable rental housing projects, supporting a total of 6,322 rental housing units; and
- 445 businesses with our capital access and business finance programs, which combined supported 4,270 jobs.

Homeownership

CHFA invested \$1.9 billion in first mortgage home loans in 2017, setting a new record for highest annual production. Additionally, enrollment in statewide CHFA-sponsored homebuyer education classes reached an all-time high in 2017, with 13,224 households served. This is reflective of Colorado's growing need for affordable homeownership. In 2017, Colorado home prices grew by more than 9.5%, bringing the median sales price to \$339,500, which is a 48.0% increase over the last five years.

Rental housing

CHFA invested \$366.8 million in multifamily loans and awarded \$54.2 million in federal and state Low Income Housing Tax Credits to support the development or preservation of affordable rental housing properties. This investment translates to 6,322 units to be developed or preserved throughout Colorado and a new record of most units supported annually by CHFA. The need for CHFA's resources to support affordable rental housing continued to be significant in 2017. The median rent reached \$1,319 in the third quarter, which is a 23.0% increase of the average median over the last five years.

Business finance

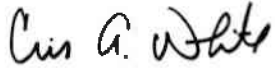
CHFA reached its highest volume in business finance loan production in 2017, investing \$85.7 million in businesses and nonprofits throughout Colorado. In addition, Colorado's Cash Collateral Support (CCS) program, administered by CHFA, was extended through 2020, resulting in \$8.0 million made available to qualified businesses. Private sector lending leveraged through the CCS program totaled \$22.9 million in 2017.

Community Impact Fund

CHFA's Community Impact Fund (CIF) continued to be a key resource used in 2017 to help fulfill CHFA's mission. In 2017, \$56.6 million was contributed to CIF, and the total available balance at the end of the year was \$143.7 million. More than \$51.0 million in CIF resources were deployed as down payment assistance loans to 3,587 home buyers in 2017. Over \$3.0 million in CIF resources supported 965 affordable rental housing units in 2017, of which 471 will be new, and 494 will be preserved. In addition, \$12.3 million in CIF has been committed to support future projects. CIF is

on track to continue to be a flexible source of funding that further supports CHFA's affordable housing and community development investment throughout Colorado.

We are pleased to reflect on a year of great accomplishments and look forward to continuing our efforts towards making an impact throughout Colorado.



Cris A. White
Executive Director and CEO



independent auditor's report





RSM US LLP

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 years ended December 31, 2017 and 2016, 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the 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.

Opinion

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, 2017 and 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

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 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 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 22, 2018, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's 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 22, 2018



management's discussion
and analysis (unaudited)





Management's Discussion and Analysis
(unaudited)

This section of the Colorado Housing and Finance Authority's (the Authority) annual financial report presents management's discussion and analysis of the financial position and results of operations as of and for the years ended December 31, 2017, 2016, and 2015. 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 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 economy 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. As a self-sustaining organization, the Authority's operating revenues come from loan and investment income, program administration fees, loan servicing fees 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. The Authority 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.

The Authority also participates in the Federal Home Loan Mortgage Corporation (Freddie Mac) Whole Loan Commitment Program. Freddie Mac is a Government-Sponsored Enterprise with a public mission to provide liquidity, stability and affordability to the nation's housing market. The Authority is a Freddie Mac Seller/Servicer, selling whole loans to Freddie Mac for cash.

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. Net position is unrestricted when there are no external limits on its use. The



unrestricted net position is, however, formally designated for specific purposes by the Authority's Board of Directors each year.

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. These programs are explained in greater detail below.

Programs

General programs – Insured and uninsured single family and multifamily loans have been made by the Authority using funds in its General Fund designated as the Community Impact Fund (CIF). Within the CIF resides the Authority's Housing Opportunity Fund or "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. The Authority also makes loans to support its single family program, including down payment assistance loans, within the fund. All HOF loans must conform to standard Authority diligence processes and underwriting criteria, unless waived in accordance with the Authority's standard process, and are secured by either first or second mortgages on real estate. Loan terms on HOF loans may range up to 40 years.

Single Family 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, under certain programs, provide loans directly to individual borrowers. The Authority presently acquires mortgage loans under its Non-Qualified Single Family Mortgage Program (taxable) and its Qualified Single Family Mortgage Program. During 2017 the Authority reinstated its Qualified Single Family Program for tax-exempt lending purposes. Loans made under the qualified program are subject to certain income and purchase price limits. The Authority permits eligible borrowers under its Non-Qualified Single Family Mortgage Program to meet certain income limits which are generally somewhat higher than the limits permitted for a Qualified Single Family Mortgage Program. There is no limit imposed by the Authority 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 all such mortgage loans must meet any applicable loan limit. Proceeds of a mortgage loan under the Non-Qualified Single Family Mortgage Program can be used under the Authority's refinancing programs to refinance existing Mortgage Loans.

Multifamily Lending programs – The multifamily lending programs provide financing to sponsors of affordable rental housing properties. Financing options include 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. The mortgages originated under the multifamily loan programs include a combination



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of insured and uninsured mortgages. The Authority is a Tier I lender under FHA's Section 542(c) of the Housing and Community Development Act of 1992, as amended, which provides insurance on multifamily loans and is a credit enhancement mechanism available only to qualified housing and finance agencies acting as the mortgage lender.

Business Finance programs – The Authority originates uninsured loans as part of its direct business loan programs, including the Direct Loan Program, the Non-Profit Real Estate Loan Program, the U.S. Small Business Administration 504 Program, the Rural Loan Program, and the Rural Development Loan Program (RDLP). These business loans must meet certain economic development or job creation/retention objectives and are made to Colorado businesses to provide long-term, fixed rate financing for real estate and equipment. The uninsured direct business loans are generally secured by a first lien on the assets financed, are made in amounts up to 90% of the lesser of cost or appraised value of the collateral, are fully amortizing over terms of up to thirty years for real estate loans and seven years for equipment, and generally require guarantees from principals of the business having a 20% 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 utilized the USDA Rural Development guarantee programs.



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Financial Highlights

The following financial highlights section refers to the Authority's consolidated financial statements. The reader of this management's discussion and analysis section is encouraged to also review the Authority's combining schedules within the supplemental information section of this 2017 financial report.

Condensed Summary of Net Position

(in thousands of dollars)

As of December 31,	2017	2016	2015
Assets			
Cash	\$ 159,957	\$ 161,081	\$ 144,488
Investments	704,495	537,674	602,402
Loans receivable, net	1,023,103	1,039,324	1,165,675
Loans receivable held for sale	149,694	128,425	48,762
Capital assets, net	14,194	4,441	5,544
Other assets	47,934	58,317	42,455
Total assets	2,099,377	1,929,262	2,009,326
Deferred outflows of resources			
Accumulated increase in fair value of hedging derivatives	81,942	95,952	120,171
Pension contributions and investment earnings	7,404	6,507	2,558
Refundings of debt	3,657	5,741	7,584
Total deferred outflows of resources	93,003	108,200	130,313
Liabilities			
Bonds, notes payable and short-term debt	1,466,672	1,340,147	1,514,701
Derivative instruments and related borrowings	92,156	118,072	158,786
Net pension liability - proportionate share	32,535	25,185	19,395
Other liabilities	177,601	184,462	102,687
Total liabilities	1,768,964	1,667,866	1,795,569
Deferred inflows of resources			
Accumulated decrease in fair value of hedging derivatives	6,367	4,830	3,843
Pension investment differences	49	296	193
Total deferred inflows of resources	6,416	5,126	4,036
Net position			
Investment in capital assets	14,194	4,441	5,543
Restricted primarily by bond indentures	160,817	155,022	142,115
Unrestricted	241,989	205,007	192,376
Total net position	\$ 417,000	\$ 364,470	\$ 340,034



Statement of Net Position

Total investments comprise 33.6% of the Authority's total assets. Total investments as of December 31, 2017 were \$704.5 million, an increase of \$166.8 million, or 31.0%, compared to the amount outstanding as of December 31, 2016. This increase was primarily the result of the Authority retaining MBS as investments on its balance sheet, as opposed to selling these in the secondary market at a premium. These new MBS were pledged as collateral for bonds issued by the Authority during the year.

In 2016, total cash and investments decreased \$48.1 million, or 6.4% when compared to 2015. This was primarily the result of payments made against interest rate swap agreements and scheduled payments of principal and interest on bonds outstanding.

Total loans receivable, including loans held for sale, net of allowances for loan losses, make up 55.9% of the Authority's total assets, and represents the Authority's largest asset class. These loan balances as of December 31, 2017 were \$1.2 billion; an increase of \$5.0 million, or 0.4%, compared to the amount outstanding as of December 31, 2016. This increase over the prior year was the result of larger Loans Held for Sale balances reported at year-end. During 2017 the Authority continued to sell the majority of its single family loan production through four vehicles: sales of Ginnie Mae and Fannie Mae mortgage backed securities or by direct sale to Fannie Mae or Freddie Mac. During 2017, \$1.4 billion in loans were sold in the to-be-announced (TBA) market through the issuance and sale of Ginnie Mae securities, of which \$188.3 million were placed into taxable and tax-exempt MBS-backed bond structures. Loans totaling \$408.2 million were either pooled and swapped for Fannie Mae mortgage backed securities and sold for a premium, or sold directly to Fannie Mae. Additionally, \$69.7 million in loans were sold directly to Freddie Mac.

In 2016, net loans receivable decreased by \$46.7 million, or 3.8% when compared to 2015. This was the result of loan repayments occurring without a corresponding increase in new loans retained, as the Authority continued in 2016 to sell all of its single family loan production through the TBA market.

While it has been the Authority's practice to pool loans into mortgage backed securities and sell them in the secondary market for a gain, the Authority continued the practice of purchasing and retaining the mortgage servicing rights (MSRs) to these loans. Additionally, the Authority continued the practice of servicing the whole loans it retains in its loan portfolio. The loans serviced by the Authority include both single family and commercial loans.

Servicing Portfolio (gross, in thousands)	2017	2016	2015
GNMA - securities sold	\$ 2,728,478	\$ 1,918,340	\$ 1,492,919
FNMA - loans and securities sold	810,904	539,041	411,540
FHLMC - loans sold	86,743	25,732	-
Balance sheet loans (single family/multifamily/business)	1,178,609	1,167,810	1,222,260
Total Servicing Portfolio	\$ 4,804,734	\$ 3,650,923	\$ 3,126,719



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Total loan portfolio delinquencies improved in 2017 when compared to the prior year. Overall, total single family past due loans decreased from 9.8% in 2016, to 8.7% in 2017. The Authority saw a similar trend in the multifamily program during the same period. The tables below present the Authority's delinquency ratios by portfolio. These delinquency figures are calculated using industry best practices and are reported on the Authority's entire servicing portfolio, including loans that were sold, but the mortgage servicing rights were retained, as well as loans the Authority maintains as assets on its balance sheet.

Single Family Portfolio Delinquency	2017	2016	2015
Current	91.3%	90.2%	89.3%
30 day	4.9%	5.2%	5.5%
60 day	1.4%	1.4%	1.6%
90 day	1.3%	1.9%	2.0%
Foreclosure	1.1%	1.4%	1.6%
Total past due	8.7%	9.9%	10.7%

Multifamily Portfolio Delinquency	2017	2016	2015
Current	99.2%	98.9%	99.3%
30 Day	0.0%	1.1%	0.4%
60 Day	0.8%	0.0%	0.4%
90 Day	0.0%	0.0%	0.0%
Foreclosure	0.0%	0.0%	0.0%
Total past due	0.8%	1.1%	0.7%

Business Finance Portfolio Delinquency	2017	2016	2015
Current	98.1%	98.3%	97.6%
30 Day	0.6%	1.1%	1.6%
60 Day	1.3%	0.6%	0.4%
90 Day	0.0%	0.0%	0.4%
Foreclosure	0.0%	0.0%	0.0%
Total past due	1.9%	1.7%	2.4%

Total deferred outflows as of December 31, 2017 were \$93.0 million, a decrease of \$15.2 million, or 14.0%, compared to the amount outstanding as of December 31, 2016. Deferred outflows for 2016 decreased \$22.1 million, or 17.0%, from those reported in 2015. These decreases were the result of an increase in market interest rates.

As of December 31, 2017, bonds, notes payable and short-term debt were \$1.5 billion, an increase of \$126.5 million, or 9.4%, compared to the balance at December 31, 2016. This increase is a direct result of several 2017 Multifamily and Single Family bond issuances, the proceeds of which were used to finance mortgage loans for the Single Family and



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Multifamily programs. The Authority's debt transactions followed best execution analysis and were part of the Authority's annual plan of finance. Debt activity detail for 2017 occurred as follows:

- On May 18, 2017, the Authority issued \$13.6 million in tax exempt, Federally Insured Multifamily Pass Through, Series 2017-I Bonds to fund the construction and permanent loan for Woodlands Apartment Project.
- On June 15, 2017, the Authority issued \$14.1 million in tax exempt, Federally Insured Multifamily Pass Through, Series 2017-II Bonds to fund the construction and permanent loan for Peakview Trails Apartment Project.
- On Jul 19, 2017, the Authority issued \$71.8 million in Federally Taxable, Single Family Mortgage Bonds Series 2017-A & B to fund the acquisition of single family loans securitized as Ginnie Mae MBS and to refund certain Single Family Mortgage Bonds.
- On August 10, 2017, the Authority issued \$9.4 million in tax exempt, Federally Insured Multifamily Pass Through, Series 2017-III Bonds to fund the construction and permanent loan for Windmill Ranch Apartments Project.
- On August 10, 2017, the Authority issued \$8.0 million in tax exempt, Multifamily/Project Bonds, Series 2017-A Bonds to fund the construction and permanent loan for Windmill Ranch Apartments Project
- On August 24, 2017, the Authority issued \$26.0 million in tax exempt, Federally Insured Multifamily Pass Through, Series 2017-IV Bonds to fund the construction and permanent loan for Sierra Vista Apartments Project.
- On August 30, 2017, the Authority issued \$50.2 million in Federally Taxable, Homeownership Class I Series 2017-AA bonds to fund the acquisition of single family loans securitized as Ginnie Mae MBS.
- On October 31, 2017, the Authority issued \$80.4 million in Federally Taxable and Tax Exempt, Single Family Mortgage Bonds Series 2017-C, D & E to fund the acquisition of single family loans securitized as Ginnie Mae MBS and to refund certain Single Family Mortgage Bonds.
- On December 21, 2017, the Authority issued \$99.8 million in Tax Exempt Homeownership Class I Series 2017-BB Convertible Option Bonds to preserve Private Activity Bonding Authority.

During 2016, total liabilities decreased \$127.7 million, or 7.1%, from the prior year. Bonds, notes payable and short-term debt decreased \$174.6 million, or 11.5% from 2015, primarily due to scheduled bond payments and additional unscheduled redemptions. Also in 2016, derivative instruments and related borrowings decreased \$40.7 million, or 25.6%, from the prior year due to an increase in market interest rates and a reduction in termination value.

The Authority's net position as of December 31, 2017 was \$417.0 million, an increase of \$52.5 million, or 14.4%, compared to the balance at December 31, 2016. Net position as a percent of total assets increased from 18.9% as of December 31, 2016 to 19.9% as of December 31, 2017.



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

For the years ended December 31,	2017	2016	2015
Interest income and expense:			
Interest on loans receivable	\$ 55,777	\$ 63,648	\$ 72,283
Interest on investments	17,068	14,472	23,667
Interest on debt	(56,033)	(53,367)	(72,616)
Net interest income	16,812	24,753	23,334
Other operating income (loss):			
Gain on sale of loans	106,788	86,527	50,065
Investment derivative activity gain	3,143	2,651	1,569
Net increase (decrease) in the fair value of investments	5,950	(5,032)	(13,123)
Other revenues	41,110	29,504	26,766
Total other operating income	156,991	113,650	65,277
Total operating income	173,803	138,403	88,611
Operating expenses:			
Salaries and related benefits	27,515	22,207	18,647
General operating	92,395	90,306	51,872
Depreciation	684	932	1,109
Provision for loan losses	698	(180)	525
Total operating expenses	121,292	113,265	72,153
Net operating income	52,511	25,138	16,458
Nonoperating expenses:			
Federal grant receipts	137,126	129,405	120,224
Federal grant payments	(137,126)	(129,405)	(120,224)
Gain (loss) on sale of capital assets	19	(702)	-
Total nonoperating income and expenses, net	19	(702)	-
Change in net position	52,530	24,436	16,458
Net position:			
Beginning of year	364,470	340,034	340,229
Restatement due to GASB 68	-	-	(16,653)
End of year	\$ 417,000	\$ 364,470	\$ 340,034



Revenues, Expenses and Changes in Net Position

As reflected in the Statement of Revenues, Expenses and Changes in Net Position, the change in net position in 2017 was \$28.1 million or 115.0% more than the results at December 31, 2016. The increase in net position compared to the prior year was primarily composed of the following:

- A \$7.9 million decrease in net interest income. This decrease is primarily the result of lower interest on loans receivable. Loan receivable balances continued to decline from the prior year, which eliminated the interest revenue earned on those loans. Additionally, interest on debt increased over the prior year as a result of the issuance of new single family and multifamily revenue bonds.
- A \$43.3 million increase in other operating income as a result of the following:
 - \$20.3 million increase in gain on sale of loans. This change was driven by an increase in the amount of single family loans being pooled into mortgage backed securities and sold through the TBA market at a premium. During 2017 the Authority experienced a 51.7% increase in the amount of loans sold when compared to 2016. Similarly, the Authority experienced a 66.5% increase in single family loan sales when compared to 2015. This growth in single family loan sale volumes is depicted in the table below.

Single Family Loans Sold (in thousands)	2017	2016	2015
GNMA	\$ 1,444,972	\$ 972,252	\$ 573,837
FNMA	408,157	269,039	186,918
FHLMC	69,746	25,455	-
Total Single Family Loans Sold	\$ 1,922,875	\$ 1,266,746	\$ 760,755

- \$0.5 million increase in investment derivative activity
- \$11.0 million increase in fair value of investments
- \$11.6 million increase in loan servicing and other revenues. As the size of the Authority's servicing portfolio has grown, so have the associated revenues that are generated by servicing those loans. Additionally, the Authority saw an increase the revenues received from the Low Income Housing Tax Credit (LIHTC) and conduit bond programs the Authority administers.
- An \$8.0 million increase in operating expenses due to pension accounting adjustments and increases in down payment assistance grants provided to borrowers by the authority.

During 2016, total operating income increased by \$49.8 million in 2016, or 56.2%, compared to 2015. The following contributed to the increase:

- Interest income decreased by \$17.8 million in 2016 as a result of higher loan prepayments without a corresponding increase in new loan production retained.
- Interest expense related to debt decreased by \$19.2 million due to lower outstanding balances and reducing interest through actions to restructure debt.
- Gain on sale of loans increased \$36.5 million due to increased loan activity related to the down payment assistance grant program offered in 2016.
- The fair value of investments and investment derivative activity collectively increased by \$9.2 million due primarily to changes in market rates during 2016.
- Other revenues increased \$2.7 million due to higher servicing fee income collected.

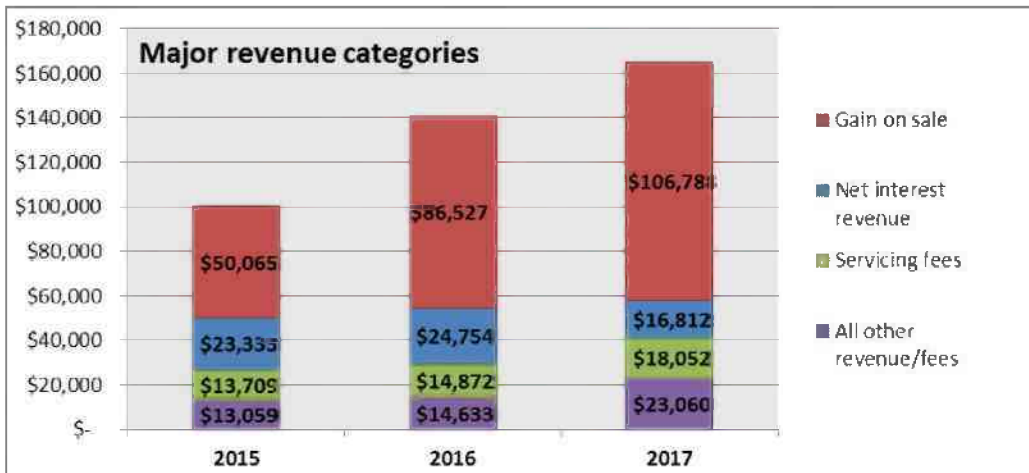


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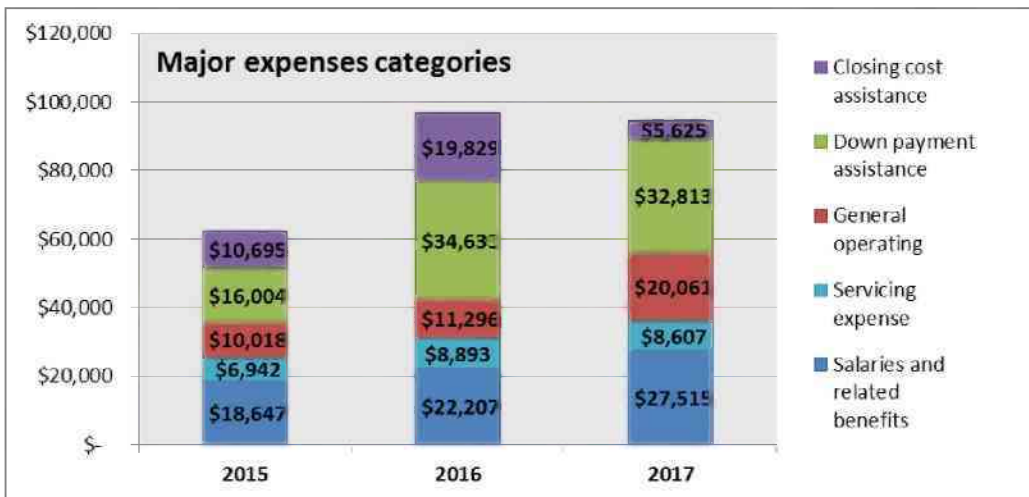
Total operating expenses in 2016 increased \$41.1 million, or 57.0%, compared to 2015. The increase was primarily due to expenses related to the down payment assistance program that began in 2015.

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

A review of select revenue and expense accounts depicts the growth the Authority has experienced over the past few years. Much of this growth is the result of increases in the Authority's single family loan production volume, the majority of which is ultimately sold for a premium in the secondary market.



Gain on sale represents the gain recognized on the sale of single family loans in the secondary market at a premium. The all other revenues/fees category is primarily made up of PBCA, LIHTC and conduit transaction fees.



Amounts reported in salaries and related benefits include entries related to GASB Statement No. 68 pension expense. These amounts totaled \$6.2 million, \$1.9 million and \$0.4 million for fiscal years, 2017, 2016 and 2015 respectively.



Economic Factors and Next Year's Budget

The 2018 Budget was developed to provide desired products and services while maintaining financially responsible practices. While the Authority has been able to keep pace with the significant increase in loan volume, we remain cautious about the state economy over the next several years.

During 2018, the Authority's consolidated net interest revenue is projected to increase over amounts reported as of December 31, 2017. The Authority's loan portfolios are projected to increase in size in 2018 due to the continued efforts to add loans and investment securities to the balance sheet. Related debt is also projected to increase in 2018, but the result should be a net increase to net interest revenue overall. A contributor to this change is that the Authority anticipates adding over \$300 million in new loans and investment securities to the balance sheet as a result of single family and multifamily lending operations.

Pressure on tax credit equity pricing and strong demand for affordable rental housing throughout the State are increasing the need for multifamily financing products and services. This being the case, the Authority is working to enhance its product offerings and increase its presence and visibility within the multifamily financing space. We believe this will result in an increase in the pipeline of multifamily loans the Authority finances in the years to come. The Authority also expects business finance production to continue to generate fee income through the Authority's lending activities.

Securitizing single family loan production and selling the securities for their market premiums is projected to continue to be the major single family program model in 2018. The budget reflects a 'purchase and sell' model for 85% of the \$2.0 billion in budgeted single family loan production. The remaining 15% is budgeted to be bond-financed in an effort to continue rebuilding the Authority's loan portfolio, providing future net interest revenue. The 2018 budget projects single family production to increase when compared to the 2017 results, as demand for the Authority's down payment assistance (DPA) in the form of grants and second mortgages remains high.

The Authority's operating expenses are projected to increase slightly over amounts reported for 2017. This slight increase will reside primarily within the Authority's salaries and related benefit categories and is due to budgeted merit increases, modest staffing increases, and increases in health insurance premium expense.

Certain of the matters contained in this management's discussion and analysis about our future performance, including, without limitation, future revenues, earnings, strategies, prospects, consequences and all other statements that are not purely historical constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements are subject to risks and uncertainties, which could cause actual results to differ materially from those anticipated. Such statements are based on management's beliefs as well as assumptions made by and information currently available to management.

Readers are cautioned not to place undue reliance on these forward-looking statements in making any investment decisions with regards to our securities. Forward-looking statements made in this discussion apply only as of the date of these financial statements. While we may elect to update forward-looking statements from time to time, we specifically disclaim any obligation to do so, even in light of new information or future events, unless otherwise required by applicable laws.

Requests for Information

This financial report is designed to provide a general overview of the Authority's finances. Questions concerning the information provided in this report or other financial information should be addressed to the Controller/Director of Accounting at Colorado Housing and Finance Authority, 1981 Blake Street, Denver, Colorado 80202 (303-297-2432 or toll free, 800-877-2432).



basic financial statements



Colorado Housing and Finance Authority

Statement of Net Position

As of December 2017 and 2016

(in thousands of dollars)

	2017	2016
Assets		
Current assets:		
Cash		
Restricted	\$ 112,427	\$ 117,993
Unrestricted	47,530	43,088
Investments (partially restricted, see note 2)	331,787	291,336
Loans receivable (partially restricted, see note 3)	34,104	34,644
Loans receivable held for sale	149,694	128,425
Other current assets	12,677	25,792
Total current assets	688,219	641,278
Noncurrent assets:		
Investments (partially restricted, see note 2)	372,708	246,338
Loans receivable, net (partially restricted, see note 3)	988,999	1,004,680
Capital assets, net	14,194	4,441
Other assets	35,257	32,525
Total noncurrent assets	1,411,158	1,287,984
Total assets	2,099,377	1,929,262
Deferred outflows of resources		
Accumulated increase in fair value of hedging derivatives	81,942	95,952
Pension contributions and investment earnings	7,404	6,507
Refundings of debt	3,657	5,741
Total deferred outflows of resources	93,003	108,200
Liabilities		
Current liabilities:		
Short-term debt	92,785	61,005
Bonds payable	117,380	46,947
Notes payable	104	103
Other current liabilities	161,927	172,899
Total current liabilities	372,196	280,954
Noncurrent liabilities:		
Bonds and notes payable	1,256,403	1,232,092
Derivative instruments	71,043	91,385
Hybrid instrument borrowing	21,113	26,687
Net pension liability - proportionate share	32,535	25,185
Other liabilities	15,674	11,563
Total noncurrent liabilities	1,396,768	1,386,912
Total liabilities	1,768,964	1,667,866
Deferred inflows of resources		
Accumulated decrease in fair value of hedging derivatives	6,367	4,830
Pension investment differences	49	296
Total deferred inflows of resources	6,416	5,126
Net position		
Investment in capital assets	14,194	4,441
Restricted primarily by bond indentures	160,817	155,022
Unrestricted	241,989	205,007
Total net position	\$ 417,000	\$ 364,470

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 2017 and 2016

(in thousands of dollars)

	2017	2016
Interest income and expense:		
Interest on loans receivable	\$ 55,777	\$ 63,648
Interest on investments	17,068	14,472
Interest on debt	(56,033)	(53,367)
Net interest income	16,812	24,753
Other operating income (loss):		
Gain on sale of loans	106,788	86,527
Investment derivative activity gain	3,143	2,651
Net increase (decrease) in the fair value of investments	5,950	(5,032)
Other revenues	41,110	29,504
Total other operating income	156,991	113,650
Total operating income	173,803	138,403
Operating expenses:		
Salaries and related benefits	27,515	22,207
General operating	92,395	90,306
Depreciation	684	932
Provision for loan losses	698	(180)
Total operating expenses	121,292	113,265
Net operating income	52,511	25,138
Nonoperating income and expenses:		
Federal grant receipts	137,126	129,405
Federal grant payments	(137,126)	(129,405)
Gain (loss) on sale of capital assets	19	(702)
Total nonoperating income and expenses	19	(702)
Change in net position	52,530	24,436
Net position:		
Beginning of year	364,470	340,034
End of year	\$ 417,000	\$ 364,470

See accompanying notes to basic financial statements.

Colorado Housing and Finance Authority
Statement of Cash Flows

For the years ended December 2017 and 2016

(in thousands of dollars)

	2017	2016
Cash flows from operating activities:		
Principal payments received on loans receivable		
and receipts from dispositions of other real estate owned	\$ 665,834	\$ 974,533
Interest payments received on loans receivable	56,699	64,917
Payments for loans receivable	(2,091,449)	(1,405,172)
Receipts from sales of Ginnie Mae securities	1,527,338	614,840
Receipts from rental operations	4	17
Receipts from other revenues	41,241	29,774
Payments for salaries and related benefits	(19,740)	(15,675)
Payments for goods and services	(99,834)	(91,997)
All other, net	8,216	11,143
Net cash provided by operating activities	88,309	182,380
Cash flows from noncapital financing activities:		
Net increase (decrease) in short-term debt	31,780	(16,500)
Proceeds from issuance of bonds	374,281	106,041
Settlement of pension liability	-	(3,847)
Receipts from federal grant programs	137,906	129,941
Payments for federal grant programs	(137,127)	(129,405)
Principal paid on bonds	(281,824)	(264,573)
Principal paid on notes payable	(102)	(103)
Interest rate swap activity, net	(1,651)	(1,946)
Interest paid on short-term debt	(1,118)	(504)
Interest rate swap settlements	(34,827)	(44,674)
Interest paid on bonds	(22,240)	(18,159)
Interest paid on notes payable	(11)	(10)
Net cash provided by (used in) noncapital financing activities	65,067	(243,739)
Cash flows from capital and related financing activities:		
Purchase of capital assets	(10,419)	(530)
Net cash used in capital and related financing activities	(10,419)	(530)
Cash flows from investing activities:		
Proceeds from maturities and sales of investments	2,548,640	2,140,154
Purchase of investments	(2,709,511)	(2,080,462)
Income received from investments	16,790	14,943
Net cash provided by (used in) capital and related financing activities	(144,081)	74,635
Net increase (decrease) in cash	(1,124)	12,746
Cash at beginning of year	161,081	148,335
Cash at end of year	\$ 159,957	\$ 161,081
Restricted	\$ 112,427	\$ 117,993
Unrestricted	47,530	43,088
Cash, end of year	\$ 159,957	\$ 161,081

Continued on the next page

Colorado Housing and Finance Authority

Statement of Cash Flows *(continued)*

For the years ended December 2017 and 2016

(in thousands of dollars)

	2017	2016
Reconciliation of operating income to net cash provided by operating activities:		
Net operating income	\$ 52,511	\$ 25,138
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	684	932
Amortization and fair value adjustments of service release premiums	25,290	15,657
Proportionate share of net pension expense	6,207	1,943
Amortization of derivatives related borrowings	(5,573)	(10,912)
Provision for loan losses	698	(180)
Interest on investments	(17,068)	(14,472)
Interest on debt	61,607	64,279
Unrealized gain on investment derivatives	(3,143)	(2,651)
Unrealized (gain) loss on investments	(5,950)	5,032
(Gain) loss on sale of REO	88	(59)
Gain on sale of loans receivable held for sale	(106,788)	(86,527)
Changes in assets and liabilities:		
Loans receivable and other real estate owned	76,345	118,313
Accrued interest receivable on loans and investments	922	1,269
Other assets	8,158	(22,570)
Accounts payable and other liabilities	(5,679)	87,188
Net cash provided by operating activities	\$ 88,309	\$ 182,380

See accompanying notes to basic financial statements.



notes to basic
financial statements





1) Organization and Summary of Significant Accounting Policies

(a) Authorizing Legislation and Reporting Entity

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

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

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

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

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

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

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

Multifamily/Business Program – The Multifamily/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 multifamily and business (sometimes referred to as project) bond issues include loans made for the purchase, construction or rehabilitation of multifamily 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



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

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 – Amounts related to Single Family and Multifamily/Business Programs are considered restricted and are detailed in the supplemental schedules. 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. Investment amounts related to Single Family and Multifamily/Business Programs are considered restricted and are detailed in the supplemental schedules.

Loans Receivable – Mortgage loans receivable are reported at their unpaid principal balance net of an allowance for estimated loan losses. Loans related to Single Family and Multifamily/Business Programs are considered restricted and are detailed in the supplemental schedules.

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.



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

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

Capital Assets – Capital assets are defined by the Authority as assets with an initial, individual cost of \$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 \$31.6 million and \$29.2 million were outstanding at December 31, 2017 and 2016, respectively. Included in these amounts are mortgage servicing rights of \$31.6 million and \$24.4 million as of December 31, 2017 and 2016, 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 fair market value adjustments of \$7.7 million and \$4.1 million on mortgage servicing rights as of December 31, 2017 and 2016, respectively. The adjustments are reported in general operating expense on the Statement of Revenues, Expenses and Changes in Net Position.

Bonds – Bonds payable are general and 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.

The Authority has variable rate demand bonds that 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 to five 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, 2017, the Authority had executed 120 forward sales transactions with a \$406.0 million notional amount with seven counterparties with concentrations and ratings (Standard and Poor's/Moody's Investors Service) as shown in note 8. The forward sales will all settle by March 20, 2018. These contracts are considered investment derivative instruments and carry a fair value of \$2.3 million as of December 31, 2017.

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 multifamily 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 totaled \$66 thousand per year through 2016.



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(tabular dollar amounts are in thousands)

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 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, 2017, GASB issued Statement No. 80, *Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14*, was applicable to the Authority. 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*. As of December 31, 2017 there were no component units being reported within the Authority's financial statements.

GASB issued Statement No. 82, *Pension Issues an amendment of GASB Statements No. 67, No. 68, and No.73*. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements No. 67 and No. 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. This Statement clarifies that payments made by an employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contributions for purposes of Statement No. 67 and as employee contributions for the purposes of Statement No. 68. It also requires that an employer's expense and expenditures for those amounts be recognized in the period for which the contribution is assessed and classified in the same manner as the employer classifies similar compensation other than pensions (for example, as salaries and wages or as fringe benefits). This statement has not impacted the way the Authority reports its pension liability, per the requirements of GASB Statement No. 68.

Future Accounting Principles – 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



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

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. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. An exception to that requirement is provided for a business-type activity that normally expects to hold custodial assets for three months or less. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria. As the Authority does not currently participate in fiduciary activities subject to this Statement, no impact to Authority's financial statements is anticipated at this time. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. The financial impact of the applicability of Statement No. 84 on the Authority's financial statements has not yet been determined.

GASB issued Statement No. 86 *Certain Debt Extinguishment Issues*, which is effective for reporting periods beginning after June 15, 2017. The primary object of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources – resources other than the proceeds of refunding debt – are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to the financial statements for debt that is defeased in substance. This Statement will be applicable to the Authority in 2018; however, the financial impact of the applicability of Statement No. 86 on the Authority's financial statements has not yet been determined.

GASB issued Statement No. 87 *Leases*, which is effective for reporting periods beginning after December 15, 2019. The objective of this Statement is to better meet the informational needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of a governments' financial statements by requiring the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow or resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. This Statement will be applicable to the Authority in 2020; however, the financial impact of the applicability of Statement No. 87 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, 2017 and 2016, the Authority had unrestricted cash of \$47.5 million and \$43.1 million, respectively.

Restricted cash as of December 31, 2017 and 2016 was as follows:

Summary of Restricted Cash	2017	2016
Customer escrow accounts	\$ 99,565	\$ 101,524
Payments in process	9,112	12,454
Administered program deposits	3,750	4,015
Total fair value	\$ 112,427	\$ 117,993

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, cash deposits belonging to the Authority may not be returned. 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 \$99.6 million and \$101.5 million held in a fiduciary capacity as of December 31, 2017 and 2016, 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.

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 Statutes. 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.

General Program investments of \$38.3 million include investments pledged as of December 31, 2017 as follows: \$25.9 million in Ginnie Mae securities pledged as collateral to the Federal Home Loan Bank of Topeka (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 \$715 thousand, \$552 thousand and \$282 thousand, respectively; each pledged as collateral for the RDLP notes payable and \$328 thousand of investments pledged as collateral for private placement bonds.



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

General Program investments of \$22.5 million include investments pledged as of December 31, 2016 as follows: a \$9 million overnight deposit pledged to the FHLB line of credit and Colorado Local Government Liquid Asset Trust (COLOTRUST) investments of RDLP, RDLP II and RDLP V in the amounts of \$856 thousand, \$740 thousand and \$262 thousand, respectively; each pledged as collateral for the RDLP notes payable and \$98 thousand of investments pledged as collateral for private placement bonds.

All Single Family and Multifamily/Business Program investments, which total \$666.1 million and \$515.2 million as of December 31, 2017 and 2016, respectively, are restricted under bond indentures or other debt agreements, or otherwise pledged as collateral for borrowings. These amounts are detailed in the supplemental schedules.

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.

As of December 31, 2017, the Authority had the following investment maturities:

Investment Type	Investment Maturities (In Years)				Total
	Less Than 1	1-5	6-10	More Than 10	
External investment pool	\$ 7,629	\$ -	\$ -	\$ -	\$ 7,629
Investment agreements - uncollateralized	49,294	-	-	16,977	66,271
Money market mutual fund	212,223	-	-	-	212,223
Repurchase agreement	5,944	-	-	4,506	10,450
U.S. government agencies	25,932	25,161	-	325,351	376,444
U.S. Treasury	30,765	532	-	181	31,478
Total	\$ 331,787	\$ 25,693	\$ -	\$ 347,015	\$ 704,495

As of December 31, 2016, 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	\$ 8,831	\$ -	\$ -	\$ -	\$ 8,831
External investment pool	50,010	-	-	22,830	72,840
Investment agreements - uncollateralized	96,483	-	-	-	96,483
Money market mutual fund	9,000	-	-	-	9,000
Repurchase agreement	8,539	-	-	4,506	13,045
State & political subdivision obligations	393	-	-	-	393
U.S. government agencies	117,910	25,947	-	192,500	336,357
U.S. Treasury	170	555	-	-	725
Total	\$ 291,336	\$ 26,502	\$ -	\$ 219,836	\$ 537,674



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

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	2017		2016	
	Rating	Total	Rating	Total
External investment pool	AAAm	\$ 7,629	AAAm	\$ 8,831
Investment agreements - uncollateralized	AA+/A1	580	AA+/A1	1,983
Investment agreements - uncollateralized	AA-/A1	2,395		-
Investment agreements - uncollateralized	A/A2	7,628	A/A2	13,419
Investment agreements - uncollateralized	A+/Aa2	5,500	A+/Aa2	5,500
Investment agreements - uncollateralized		-	AA-/Aa3	3,339
Investment agreements - uncollateralized	AA/Aa2	15,680	AA/Aa2	15,487
Investment agreements - uncollateralized	AA+/Aa2	34,488	AA+/Aa2	33,112
Money market mutual fund	AAAm/Aaa	212,223	AAAm/Aaa	96,483
Overnight deposit		-	Not Rated	9,000
Repurchase agreements	AA+/Aaa	10,450	AA+/Aaa	13,045
State and political subdivision obligations		-	AAA/Aaa	393
U.S. government agencies	AA+/Aaa	376,444	AA+/Aaa	336,357
U.S. Treasury	AA+/Aaa	31,478	AA+/Aaa	725
Total		\$ 704,495		\$ 537,674

Of the investments in securities issued by state and political subdivisions, 100% are rated AAA as of December 31, 2017 and 2016. 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, 2017 and 2016, 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, 2017 and 2016.

Issuer	2017	2016
FHLB	2.84%	19.67%
FHLMC	10.59%	15.29%
GNMA	36.84%	17.56%
Goldman Sachs	18.00%	5.70%
Invesco	5.27%	7.77%
IXIS	4.79%	7.80%
Mass Mutual	4.90%	6.16%
Wells Fargo	6.85%	12.25%

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.

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

Loans receivable and loans receivable held for sale at December 31, 2017 and 2016 consisted of the following:

	2017	2016
General Fund	\$ 291,945	\$ 236,464
Single Family Fund	332,207	418,446
Multifamily/Business Fund:		
Multifamily/Project	395,617	456,321
Multifamily Pass Through	170,297	74,579
Total Multifamily/Business Fund	565,914	530,900
Less intercompany loans, included in Multifamily/Project above	(11,394)	(11,679)
Total loans receivable	1,178,672	1,174,131
Payments in process	(773)	(762)
Allowance for loan losses	(5,102)	(5,620)
Total loans receivable, net	\$ 1,172,797	\$ 1,167,749

Loans in the Single Family Program and the Multifamily/Business Program in the table above are grouped based on the related bond type (see note 6 for additional information). Amounts related to these programs are considered restricted and are detailed in the supplemental schedules.

General Program loans include single family, multifamily 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 and



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

Freddie Mac, 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, 2017 was comprised of \$331.2 million of FHA insured loans, \$13.3 million of VA guaranteed loans, \$15.2 million of RD guaranteed loans and \$72.5 million of conventional insured loans with the balance of \$132.5 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, 2016 was comprised of \$376.5 million of FHA insured loans, \$18.9 million of VA guaranteed loans, \$18.5 million of RD guaranteed loans and \$68.4 million of conventional insured loans with the balance of \$112.0 million made up of uninsured conventional and second mortgage loans.

The Authority is exposed to operational risk, which makes it subject to loss or repurchase of insured FHA loans if specific guidelines are not met. As of both December 31, 2017 and 2016, the Authority recorded a reserve of \$202 thousand, for claim refunds to be paid to the U.S. Department of Housing and Urban Development (HUD).

As of December 31, 2017 and 2016, single family mortgage loans with pending foreclosure actions have aggregate principal balances of approximately \$5.3 million and \$6.9 million, respectively. As of December 31, 2017 and 2016, the aggregate principal balance of single family mortgage loans delinquent 91 days or greater was approximately \$24.7 million and \$31.9 million, respectively.

The Multifamily/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, 2017, approximately \$320.6 million, or 69.5%, of the commercial loan balances are not covered by insurance. The insured loans were comprised of \$252.7 million of Section 542(c) risk share loans, which are 50% insured, and \$790 thousand of Section 221(d) new construction and rehabilitation loans, which are 99% insured.

As of December 31, 2016, approximately \$306.7 million, or 72.2%, of the commercial loan balances are not covered by insurance. The insured loans were comprised of \$203.2 million of Section 542(c) risk share loans, which are 50% insured, and \$3.4 million of Section 221(d) new construction and rehabilitation loans, which are 99% insured.

As of December 31, 2017 and 2016, there were no commercial loans with pending foreclosure actions. As of both December 31, 2017 and 2016, there were no commercial loans delinquent 91 days or greater.



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

Activity in the allowance for loan loss for the years ended December 31, 2017 and 2016 was as follows:

	<u>2017</u>	<u>2016</u>
Beginning balance	\$ 5,620	\$ 6,731
Provision	698	(179)
Net charge-offs		
Single Family	(1,177)	(714)
Multifamily/Business	(39)	(218)
Ending balance	<u>\$ 5,102</u>	<u>\$ 5,620</u>

The Authority services loans that it securitizes as Ginnie Mae mortgage-backed securities and sells. As of December 31, 2017 and 2016, these loans totaled \$2.7 billion and \$1.9 billion, respectively.

The Authority services loans on the behalf of others, primarily for Fannie Mae and Freddie Mac, which are not reported on the Statement of Net Position. As of December 31, 2017 and 2016, these outstanding loan balances were \$897.6 million and \$564.8 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, 2017 and 2016, as summarized below:

Single Family Program Loans:	2017	2016
Aggregate recorded balance	\$ 44,031	\$ 46,768
Number of loans	373	386
Gross interest revenue if receivables had been current	\$ 2,410	\$ 2,619
Interest revenue included in changes in net position	\$ 1,629	\$ 1,801
Multifamily/Business Program Loans:	2017	2016
Aggregate recorded balance	\$ 16,824	\$ 18,971
Number of loans	17	19
Gross interest revenue if receivables had been current	\$ 987	\$ 1,126
Interest revenue included in changes in net position	\$ 714	\$ 961



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

(4) Capital Assets

Capital asset activity for the year ended December 31, 2017 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Nondepreciable capital assets:				
Land	\$ 1,573	\$ -	\$ -	\$ 1,573
Construction in progress	475	10,419	(10,766)	128
Total nondepreciable capital assets	2,048	10,419	(10,766)	1,701
Depreciable capital assets:				
Cost:				
Computer equipment/software	7,870	549	-	8,419
Furniture and equipment	247	1,722	-	1,969
Buildings and related improvements	5,149	8,495	-	13,644
Total depreciable capital assets	13,266	10,766	-	24,032
Less accumulated depreciation:				
Computer equipment/software	(7,489)	(339)	-	(7,828)
Furniture and equipment	(207)	(55)	-	(262)
Buildings and related improvements	(3,177)	(272)	-	(3,449)
Total accumulated depreciation	(10,873)	(666)	-	(11,539)
Total depreciable capital assets, net	2,393	10,100	-	12,493
Total capital assets, net	\$ 4,441	\$ 20,519	\$ (10,766)	\$ 14,194



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

Capital asset activity for the year ended December 31, 2016 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Nondepreciable capital assets:				
Land	\$ 1,573	\$ -	\$ -	\$ 1,573
Construction in progress	-	475	-	475
Total nondepreciable capital assets	1,573	475	-	2,048
Depreciable capital assets:				
Cost:				
Computer equipment/software *	15,196	55	(7,381)	7,870
Furniture and equipment	1,116	-	(869)	247
Buildings and related improvements	8,042	-	(2,893)	5,149
Total depreciable capital assets	24,354	55	(11,143)	13,266
Less accumulated depreciation:				
Computer equipment/software *	(14,359)	(510)	7,380	(7,489)
Furniture and equipment	(919)	(77)	789	(207)
Buildings and related improvements	(5,105)	(345)	2,273	(3,177)
Total accumulated depreciation	(20,383)	(932)	10,442	(10,873)
Total depreciable capital assets, net	3,971	(877)	(701)	2,393
Total capital assets, net	\$ 5,544	\$ (402)	\$ (701)	\$ 4,441

* Includes capital lease

(5) Short-Term Debt

The Authority has agreements with the FHLB 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 \$839.8 million. As of December 31, 2017 and 2016, the Authority had \$92.8 million and \$61.0 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 and sale of Ginnie Mae and Fannie 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 \$50.0 million. Amounts drawn under the agreement bear interest fixed at 1.5% per annum above the one week or one-month LIBOR rate. This line of credit agreement terminates on October 2, 2018. The Authority pays an unused line fee at the rate of 0.2% 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, 2017 and 2016, there were no outstanding balances.



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

Short-term debt activity for the years ended December 31, 2017 and 2016 was as follows:

	2017	2016
Beginning balance	\$ 61,005	\$ 77,505
Additions	5,350,885	4,817,491
Reductions	(5,319,105)	(4,833,991)
Ending balance	\$ 92,785	\$ 61,005

(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 Multifamily/Business bonds are used for funding of single family, multifamily and business loans. Long-term debt of the General Program (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, 2017 and 2016 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, 2017, these rates ranged from 1.35% to 2.14%. At December 31, 2016, these rates ranged from 0.57% to 1.32%.



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

Outstanding Bonds at December 31, 2017 and 2016:

Description and due date	Interest rate (%)	2017	2016
Bonds payable:			
General Fund (prior to 2011, all General Fund bonds carry the Authority's general obligation pledge):			
Multifamily/Business Finance:			
Guaranteed Loan Participation Purchase Bonds: (* principal and interest payable monthly)			
2011 Series A*	2018 - 2031	2.92	\$ 364
2012 Series A*	2018 - 2025	2.84	\$ 4,187
Total Guaranteed Loan Participation Purchase Bonds		3,936	4,613
Taxable Rental Project Revenue Bonds: (* principal and interest payable monthly)			
2000 Series A	2018 - 2020	6.15	1,592
2002 Series AV*	2018 - 2022	5.55	979
2003 Series AV*	2018 - 2024	5.19	546
2004 Series A*	2018 - 2024	4.90	5,026
Total Taxable Rental Project Revenue Bonds		8,143	11,920
Total Multifamily/Business Finance		12,079	16,533
Total General Fund		12,079	16,533
Single Family Fund:			
Single Family Mortgage Bonds:			
2001 Series AA	2018 - 2038	Variable	59,660
2002 Series A	2018 - 2021	Variable	6,575
2002 Series B	2018 - 2021	Variable	19,000
2002 Series C	2018 - 2022	Variable	15,740
2003 Series B	2018 - 2028	Variable	23,830
2006 Series A	2018 - 2036	Variable	26,560
2006 Series B	2018 - 2036	Variable	47,900
2007 Series A	2018 - 2037	Variable	33,235
2007 Series B	2018 - 2038	Variable	43,360
2008 Series A	2018 - 2038	Variable	48,810
2011 Series AA	2018 - 2029	3.40 - 5.00	5,685
2012 Series A	2018 - 2021	Variable	10,180
2013 Series AA	2018 - 2041	2.80	16,420
2013 Series B	2018 - 2036	Variable	22,290
2014 Series A	2018 - 2027	1.69 - 3.53	25,575
2015 Series A	2018 - 2031	1.47 - 4.00	50,230
2015 Series B	2018 - 2026	1.41 - 3.37	13,090
2017 Series A	2018 - 2047	3.00	51,524
2017 Series B	2018 - 2044	1.60 - 3.05	20,430
2017 Series AA	2018 - 2047	3.03	49,969
2017 Series CDE	2018 - 2048	Variable and 1.10 - 4.00	80,390
2017 Series BB	2018 - 2057	2.14	99,800
Total Single Family Mortgage Bonds			770,253
Total Single Family Fund			691,080

Table continued on following page.



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

Description and due date	Interest rate (%)	2017	2016	
Multifamily/Business Fund:				
Multifamily/Project Bonds: (* principal and interest payable quarterly on some of the bonds)				
2000 Series A	2018 - 2030	Variable	5,480	8,225
2000 Series B*	2017 - 2017	Variable	-	2,710
2002 Series C	2018 - 2032	Variable	15,045	15,675
2003 Series A	2018 - 2033	Variable	26,225	31,560
2004 Series A	2018 - 2034	Variable	11,230	15,140
2005 Series A	2018 - 2036	Variable	17,215	18,605
2005 Series B	2018 - 2040	Variable	12,015	14,295
2006 Series A	2018 - 2036	Variable	33,480	36,930
2007 Series B	2018 - 2038	Variable	47,135	49,905
2008 Series A	2018 - 2029	Variable	17,210	21,440
2008 Series B	2018 - 2052	Variable	150,950	153,245
2008 Series C	2018 - 2038	Variable	13,035	14,300
2009 Series A	2018 - 2041	Variable & 4.45 - 5.40	17,610	24,945
2012 Series A	2018 - 2051	2.75 - 4.50	10,045	10,190
2012 Series B	2018 - 2054	2.55 - 4.20	16,805	17,025
2013 Series A	2018 - 2023	Variable	2,675	3,670
2013 Series I	2018 - 2044	3.20	18,012	24,262
2016 Series A	2018 - 2041	1.21 - 4.00	11,375	11,725
2016 Series I	2018 - 2056	1.05 - 3.45	12,500	12,500
2016 Series II	2018 - 2056	0.90 - 3.00	18,000	18,000
2016 Series III	2018 - 2052	3.10	3,492	7,500
2016 Series IV	2018 - 2056	2.20 - 3.13	12,365	12,365
2016 Series V	2018 - 2045	3.40	42,975	43,951
2017 Series I	2018 - 2057	1.05 - 3.85	13,577	-
2017 Series II	2018 - 2057	1.15 - 3.76	14,100	-
2017 Series III	2018 - 2057	3.75	9,400	-
2017 Series A	2018 - 2019	1.55	7,950	-
2017 Series IV	2018 - 2057	3.64	26,000	-
Total Multifamily/Project Bonds			585,901	568,163
Total Multifamily/Business Fund			585,901	568,163
Total bonds payable			\$ 1,368,233	\$ 1,275,776
Premiums classified as bonds payable				
Bond premiums (unamortized)			4,687	2,297
Bonds payable			\$ 1,372,920	\$ 1,278,073
Notes payable			967	1,069
Bonds and notes payable			\$ 1,373,887	\$ 1,279,142
Current:				
Bonds payable			\$ 117,380	\$ 46,947
Notes payable			104	103
Noncurrent:				
Bonds and notes payable			1,256,403	1,232,092
Total			\$ 1,373,887	\$ 1,279,142



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

A breakdown of bonds payable as of December 31, 2017 and 2016, by fixed and variable interest rates, follows in the table below. Certain of the Authority's variable rate debt has been hedged by entering into pay fixed/receive variable rate interest rate swap agreements as further described in note 8. Such debt is referred to in the table as synthetic fixed rate debt.

Description	2017	2016
Fixed rate debt	\$ 508,164	\$ 326,652
Synthetic fixed rate debt	572,909	784,889
Unhedged variable rate debt	287,160	164,235
Total	\$ 1,368,233	\$ 1,275,776

Also included in the table of bonds and notes payable outstanding are certain Single Family and Multifamily/Project bonds, which carry the Authority's general obligation pledge. These general obligation bonds are presented in the following table as of December 31, 2017 and 2016:

Description	2017	2016
General Fund Program Bonds	\$ 8,143	\$ 11,920
Single Family Mortgage Bonds, Class III	-	4,585
Multifamily/Project Bonds, Class I	151,605	164,220
Multifamily/Project Bonds, Class II	17,210	17,210
Total	\$ 176,958	\$ 197,935



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. If the liquidity agreements expire or the renewal or replacement efforts are unsuccessful for the liquidity agreements and the bonds are mandatorily redeemed, the bond's principal portion of the debt service requirements, as presented on page 46, would increase by the respective amounts for the respective years as presented in the following schedule of providers and maturities as of December 31, 2017. During 2017 and 2016, the Authority renewed or replaced expiring liquidity facilities of \$0 and \$399.8 million, respectively. Liquidity fees for the years ended December 31, 2017 and 2016 were \$3.4 million and \$4.0 million, respectively.

A schedule of providers and maturities is presented below, as of December 31, 2017:

Liquidity Expiration	Bank of America ⁽¹⁾	FHLB ⁽²⁾	Royal Bank of Canada ⁽³⁾	Sumitomo MBC ⁽⁴⁾	Grand Total
2018	\$ 34,740	\$ 334,985	\$ -	\$ 875	\$ 370,600
2019	-	72,955	75,650	-	148,605
2020	-	74,460	-	-	74,460
2021	-	-	-	38,785	38,785
Total	\$ 34,740	\$ 482,400	\$ 75,650	\$ 39,660	\$ 632,450

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 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 the first 60 days following the purchase date, the "Base Rate", for any day, a per annum rate to the highest of (i) prime rate plus 2.00%, (ii) the Federal Fund Rate plus 3.00%, (iii) the One Month LIBOR Rate plus 3.00%, (iv) the SIFMA Rate plus 3.00%, and (v) six and one-half percent (6.50%), then from and after the ninety-first (91st) day, the Base Rate plus 1.00% per annum.
 (b) Term out provisions: repayments due 366 days following the Purchase date in quarterly installments to the fifth anniversary of purchase date.



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, 2017:

Description	Beginning			Ending		Current	Noncurrent
	Balance	Additions	Reductions	Balance			
Bonds payable	\$ 1,275,776	\$ 374,281	\$ (281,824)	\$ 1,368,233	\$ 116,981	\$ 1,251,252	
Bond premiums - unamortized	2,297	2,622	(232)	4,687	399	4,288	
Total bonds payable	1,278,073	376,903	(282,056)	1,372,920	117,380	1,255,540	
Notes payable	1,069	-	(102)	967	104	863	
Unearned revenue	3,267	1,050	(462)	3,855	257	3,598	
Other liabilities	8,633	4,081	(388)	12,326	250	12,076	
Total other liabilities	11,900	5,131	(850)	16,181	507	15,674	
Total	\$ 1,291,042	\$ 382,034	\$ (283,008)	\$ 1,390,068	\$ 117,991	\$ 1,272,077	

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, 2016:

Description	Beginning			Ending		Current	Noncurrent
	Balance	Additions	Reductions	Balance			
Bonds payable	\$ 1,434,309	\$ 106,041	\$ (264,574)	\$ 1,275,776	\$ 46,863	\$ 1,228,913	
Bond premiums - unamortized	1,715	776	(194)	2,297	84	2,213	
Total bonds payable	1,436,024	106,817	(264,768)	1,278,073	46,947	1,231,126	
Notes payable	1,172	-	(103)	1,069	103	966	
Arbitrage rebate payable	499	5	(504)	-	-	-	
Unearned revenue	2,902	791	(426)	3,267	218	3,049	
Other liabilities	4,066	5,076	(509)	8,633	119	8,514	
Total other liabilities	7,467	5,872	(1,439)	11,900	337	11,563	
Total	\$ 1,444,663	\$ 112,689	\$ (266,310)	\$ 1,291,042	\$ 47,387	\$ 1,243,655	



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, 2017, using rates in effect as of December 31, 2017, are as follows:

Years Ending December 31,	General Fund		Single Family		Multifamily / Business		Notes Payable	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$ 661	\$ 529	\$ 38,168	\$ 15,923	\$ 78,152	\$ 8,368	\$ 104	\$ 10
2019	598	488	38,908	16,225	85,907	8,055	105	9
2020	333	451	39,243	15,654	61,227	7,820	90	8
2021	-	441	38,853	15,030	61,322	7,791	57	7
2022	979	436	27,359	14,365	61,357	7,760	58	6
2023 - 2027	9,144	624	130,635	62,842	8,780	35,755	228	22
2028 - 2032	364	43	89,830	49,732	30,880	33,352	132	14
2033 - 2037	-	-	112,190	40,912	38,075	30,310	138	7
2038 - 2042	-	-	22,705	34,068	10,470	27,301	55	-
2043 - 2047	-	-	101,999	31,214	66,012	20,619	-	-
2048 - 2052	-	-	30,565	11,290	9,142	14,475	-	-
2053 - 2057	-	-	99,798	11,213	74,577	11,286	-	-
Total	\$ 12,079	\$ 3,012	\$ 770,253	\$ 318,468	\$ 585,901	\$ 212,892	\$ 967	\$ 83

(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, these conduit bonds were fully redeemed during 2017. The bonds are payable solely from amounts received by the trustees. 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, 2017 and 2016, the aggregate principal amount of conduit debt outstanding totaled \$488.5 million and \$942.6 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 payments required by the swap, assuming that the current forward rates implied by the yield curve are the market's best



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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. Deemed termination activity for the year ended December 31, 2017 was as follows:

Deemed Terminations	Amount
April 01	\$ 75
May 01	11,110
June 07	595
June 23	4,395
July 19	25,000
October 01	4,120
October 31	12,555
November 01	23,535
Total deemed terminations	\$ 81,385

On October 5, 2017, in anticipation of a refunding of certain single family bonds, the Authority entered into an amended and restated swap confirmation affecting an existing interest rate swap agreement totaling \$40.0 million that was considered an effective interest rate hedge. Under the terms of the restated confirmation, the notional amount of the swap will be reduced to \$25.0 million on May 1, 2018 with a new on-market fixed payer rate, a change to the floating rate received, and amended par optional termination rights. The amended swap will remain an effective interest rate hedge.

On November 1, 2017, the Authority entered into a \$50.0 million forward starting interest rate swap agreement effective May 1, 2019 to replace portions of existing interest rate swap agreements that are considered effective interest rate hedges of certain single family bonds. In conjunction with entering into the forward starting swap, notice of par optional terminations effective May 1, 2019 was given to the counterparty of the swaps to be replaced. The forward starting swap was identified as a qualified hedge.



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Deemed termination activity for the year ended December 31, 2016 was as follows:

Deemed Terminations	Amount
February 08	\$ 27,040
April 01	5,965
April 04	4,965
May 01	12,095
August 19	80
October 01	1,000
November 01	12,555
December 12	1,565
December 14	12,430
Total deemed terminations	\$ 77,695

A summary of interest rate swaps for the years ended December 31, 2017 and 2016 was as follows:

Summary of Interest Rate Swaps	2017	2016
	Fair Value	Fair Value
Par optional termination right with trigger	\$ 5,990	\$ 15,230
Par optional termination right	4,252	9,518
Trigger	4,607	7,287
Plain	58,472	61,728
Total fair value	\$ 73,321	\$ 93,763

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, 2017, are shown in the table below. 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



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other significant transactions with these counterparties outside of these swap agreements, such that the aggregate amount of liabilities included in the master netting arrangements is equal to the net fair value of the swaps.

Outstanding Swaps at December 31, 2017 and 2016:

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/Mood's	2017 Fair Value **	Change in Fair Value	2016 Fair Value **
Single Family:												
Investment derivatives (includes overhedged portion of interest rate swaps):												
2001AA-1 ****	15,000	12/1/2009	11/1/2038	4.4850%	Trigger, SIFMA + .15% or 68% LIBOR	***	11/1/2019	all remaining	A / A1	(575)	(90)	(485)
2002A-3 ****	145	12/4/2008	11/1/2021	4.7490%	Trigger, SIFMA + .05% or 68% LIBOR				A / A1	8	8	-
2002C-3 ****	9,040	12/4/2008	5/1/2022	4.4220%	Trigger, SIFMA + .15% or 68% LIBOR				A / A1	607	182	425
2006A-3	14,630	1/18/2006	11/1/2036	4.3129%	Trigger, SIFMA + .15% or 68% LIBOR	***	5/1/2019	13,829	A+ / Aa3	481	(207)	688
2006B-2	-	7/26/2006	11/1/2034	4.1951%	Trigger, SIFMA + .05% or 68% LIBOR	***	5/1/2019	-	A+ / Aa3	-	(42)	42
2006B-3	31,745	7/26/2006	11/1/2036	4.5445%	Trigger, SIFMA + .15% or 68% LIBOR	***	5/1/2019	29,851	A+ / Aa3	1,146	522	624
2006C-2 (C)	-	12/20/2006	11/1/2017	4.2884%	Trigger, SIFMA + .05% or 68% LIBOR	***			A+ / Aa3	-	(152)	152
2006C-2 (D)	340	12/20/2006	11/1/2034	4.2884%	Trigger, SIFMA + .05% or 68% LIBOR	***	11/1/2019	all remaining	A+ / Aa3	16	(12)	28
2007A-2	32,850	5/9/2007	11/1/2037	4.1530%	Trigger, SIFMA + .15% or 68% LIBOR	***	5/1/2019	31,272	A+ / Aa3	1,015	(812)	1,827
2007B-2	4,900	10/18/2007	5/1/2038	4.5075%	Trigger, SIFMA + .15% or 68% LIBOR	***	5/1/2019	4,728	A+ / Aa3	175	175	-
2012A-1 ****	11,980	12/2/2008	11/1/2021	4.1600%	Trigger, SIFMA + .05% or 68% LIBOR				A / A1	(208)	(208)	-
2012A-2 (SPV)	15,000	6/4/2008	5/1/2038	4.4140%	85% LIBOR + .10%	***	5/1/2018	all remaining	AA- / Aa2	165	126	39
Total	135,630									2,830	(510)	3,340
Hedging derivatives:												
2001AA-2 ****	38,785	12/4/2008	5/1/2031	4.6000%	Trigger, SIFMA + .05% or 68% LIBOR				A / A1	3,236	(881)	4,117
2001AA-3	875	12/2/2008	5/1/2018	5.5260%	Trigger, SIFMA + .05% or 68% LIBOR				A / A1	7	(132)	139
2002A-3 ****	6,575	12/4/2008	11/1/2021	4.7490%	Trigger, SIFMA + .05% or 68% LIBOR				A / A1	145	(194)	339
2002B-3 ****	19,000	12/4/2008	11/1/2021	4.5060%	Trigger, SIFMA + .05% or 68% LIBOR				A / A1	469	(508)	977
2002C-3 ****	16,930	12/4/2008	5/1/2022	4.4220%	Trigger, SIFMA + .15% or 68% LIBOR				A / A1	343	(943)	1,286
2003B-2	8,715	10/29/2008	5/1/2028	4.9380%	LIBOR + .05%	***	11/1/2018	8,050	AA- / A1	218	(332)	550
2006A-3	25,370	1/18/2006	11/1/2036	4.3129%	Trigger, SIFMA + .15% or 68% LIBOR	***	5/1/2019	23,981	A+ / Aa3	1,122	(727)	1,849
2006B-2	16,700	7/26/2006	11/1/2034	4.1951%	Trigger, SIFMA + .05% or 68% LIBOR	***	5/1/2019	16,700	A+ / Aa3	710	(498)	1,208
2006B-3	31,200	7/26/2006	11/1/2036	4.5445%	Trigger, SIFMA + .15% or 68% LIBOR	***	5/1/2019	29,339	A+ / Aa3	1,560	(2,168)	3,728
2006C-2 (D)	20,870	12/20/2006	11/1/2034	4.2884%	Trigger, SIFMA + .05% or 68% LIBOR	***	11/1/2019	all remaining	A+ / Aa3	(1,756)	(296)	(1,460)
2007A-2	33,235	5/9/2007	11/1/2037	4.1530%	Trigger, SIFMA + .15% or 68% LIBOR	***	5/1/2019	31,638	A+ / Aa3	1,517	(609)	2,126
2007B-1	-	11/1/2007	11/1/2026	5.5800%	LIBOR + .05%	***	11/1/2017		A+ / Aa3	-	(951)	951
2007B-2	43,360	10/18/2007	5/1/2038	4.5075%	Trigger, SIFMA + .15% or 68% LIBOR	***	5/1/2019	41,819	A+ / Aa3	1,940	(1,376)	3,316
2007B-3 ****	-	12/2/2008	5/1/2038	4.4050%	Trigger, SIFMA + .15% or 68% LIBOR	***	11/1/2017		A / A1	-	(638)	638
2008A-1	12,460	6/4/2008	5/1/2038	5.4450%	LIBOR + .05%	***	11/1/2018	all remaining	A+ / Aa3	363	(516)	879
2008A-2	34,470	6/4/2008	11/1/2027	4.5960%	LIBOR + .05%	***	5/1/2018	33,105	AA- / Aa2	338	(1,189)	1,527
2012A-1 ****	-	12/2/2008	11/1/2021	4.1600%	Trigger, SIFMA + .05% or 68% LIBOR				A / A1	-	148	(148)
2012A-2 (SPV)	25,000	6/4/2008	5/1/2038	4.4140%	85% LIBOR + .10%	***	5/1/2018	all remaining	AA- / Aa2	274	77	197
Total	333,545									10,486	(11,733)	22,219
Total Single Family	469,175									13,316	(12,243)	25,559

Table continued on following page.



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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	2017 Fair Value **	Change in Fair Value	2016 Fair Value **
Multifamily:												
Investment derivatives (includes overhedged portion of interest rate swaps):												
2002A-1 ****	5,155	11/21/2008	10/1/2022	5.1000%	SIFMA + .15%				A / A1	448	(212)	660
2002C-2 ****	43,945	11/21/2008	10/1/2032	5.1240%	Trigger, SIFMA + .15% or 68% LIBOR	***	4/1/2018	42,939	A / A1	365	(1,875)	2,240
2002C-4 ****	27,415	11/21/2008	10/1/2032	5.0440%	Trigger, SIFMA + .05% or 68% LIBOR	***	4/1/2018	26,785	A / A1	(599)	(1,074)	475
2005B-2 (B)	2,645	9/1/2006	10/1/2038	4.5270%	SIFMA + .15%	***	10/1/2021	2,324	A+ / Aa3	255	(82)	337
2007B-2 (A) ****	-	12/3/2008	10/1/2036	4.2870%	SIFMA + .15%	***	10/1/2017		A / A1	-	(30)	30
2007B-2 (C) ****	-	12/3/2008	4/1/2038	4.4695%	SIFMA + .15%	***	10/1/2017		A / A1	-	(75)	75
2007B-2 (D) ****	4,320	12/3/2008	4/1/2028	4.6510%	SIFMA + .15%	***	4/1/2023	3,835	A / A1	575	(124)	699
2007B-3 (A) ****	-	12/3/2008	10/1/2037	4.2970%	SIFMA + .05%	***	10/1/2017		A / A1	-	(12)	12
2007B-3 (C) ****	-	12/3/2008	4/1/2038	4.8805%	SIFMA + .05%	***	10/1/2017		A / A1	-	(64)	64
2008A-2 ****	6,560	12/3/2008	4/1/2043	4.4540%	SIFMA + .15%	***	4/1/2019	6,340	A / A1	228	54	174
2008C-3 ****	3,370	12/3/2008	10/1/2038	4.3400%	SIFMA + .05%	***	4/1/2019	3,231	A / A1	119	(109)	228
2009A-1 ****	8,150	6/24/2009	10/1/2041	4.7900%	SIFMA + .05%	***	4/1/2024	3,608	A / A1	1,332	596	736
2013A ****	2,430	11/21/2008	10/1/2023	6.0350%	SIFMA + .05%				A / A1	326	(19)	345
Total	103,990									3,049	(3,026)	6,075
Hedging derivatives:												
2000A-1 ****	5,480	11/21/2008	10/1/2020	5.2350%	SIFMA + .05%				A / A1	210	(249)	459
2002C-2 ****	16,785	11/21/2008	10/1/2032	5.1240%	Trigger, SIFMA + .15% or 68% LIBOR	***	4/1/2018	16,401	A / A1	(1,128)	486	(1,614)
2002C-4 ****	-	11/21/2008	10/1/2032	5.0440%	Trigger, SIFMA + .05% or 68% LIBOR	***	4/1/2018	-	A / A1	-	-	-
2003A ****	9,890	11/21/2008	10/1/2023	6.0350%	SIFMA + .05%				A / A1	40	(63)	103
2005B-2 (B)	2,500	9/1/2006	10/1/2038	4.5270%	SIFMA + .15%	***	10/1/2021	2,196	A+ / Aa3	184	(42)	226
2006A-1 ****	5,535	12/3/2008	4/1/2027	5.7100%	LIBOR + .05%	***			A / A1	(597)	(226)	(371)
2006A-1 (F)	9,455	12/1/2006	10/1/2036	5.3420%	LIBOR + .05%	***	4/1/2021	8,040	A+ / Aa3	839	(404)	1,243
2007B-1 ****	9,185	12/3/2008	4/1/2038	5.8400%	LIBOR + .05%	***	4/1/2022	all remaining	A / A1	(458)	(479)	21
2007B-1 (G)	6,920	10/1/2007	4/1/2028	5.2200%	LIBOR + .05%	***	10/1/2022	6,190	A+ / Aa3	857	(146)	1,003
2007B-2 (A) ****	-	12/3/2008	10/1/2036	4.2870%	SIFMA + .15%	***	10/1/2017		A / A1	-	39	(39)
2007B-2 (B) ****	-	12/3/2008	4/1/2038	4.5350%	SIFMA + .15%	***	10/2/2017		A / A1	-	7	(7)
2007B-2 (C) ****	-	12/3/2008	4/1/2038	4.4695%	SIFMA + .15%	***	10/1/2017		A / A1	-	(7)	7
								Up to:				
							1) 4/1/2018	1) 3,070				
2008A-1 ****	11,345	12/3/2008	4/1/2029	5.1300%	LIBOR + .05%	***	2) 4/1/2019	2) 7,350	A / A1	(369)	(320)	(49)
2008A-2 ****	-	12/3/2008	4/1/2043	4.4540%	SIFMA + .15%	***	4/1/2019	-	A / A1	-	(158)	158
2008B (a) ****	106,730	12/3/2008	10/1/2044	5.1722%	LIBOR				AA- / A1	38,826	(2,011)	40,837
2008B (b) ****	44,220	12/3/2008	3/1/2047	5.2071%	LIBOR				AA- / A1	18,825	(656)	19,481
2008C-3 ****	3,410	12/3/2008	10/1/2038	4.3400%	SIFMA + .05%	***	4/1/2019	3,269	A / A1	103	(64)	167
2009A-1 ****	5,055	6/24/2009	10/1/2041	4.7900%	SIFMA + .05%	***	4/1/2024	7,507	A / A1	(174)	(835)	661
2013A ****	2,675	11/21/2008	10/1/2023	6.0350%	SIFMA + .05%				A / A1	(202)	(45)	(157)
Total	239,185									56,956	(5,173)	62,129
Total Multifamily	343,175									60,005	(8,199)	68,204
Total	\$812,350									\$ 73,321	\$ (20,442)	\$ 93,763

(*) 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.



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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, 2017 and 2016, 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. Since the time of contract execution, certain counterparty ratings were lowered due to the national recession.

At December 31, 2017, the Authority had executed 35 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)
20	\$ 289,035	35.58%	A / A1
10	289,180	35.60%	A+ / Aa3
2	74,470	9.17%	AA- / Aa2
3	159,665	19.65%	AA- / A1
35	\$ 812,350	100.00%	

At December 31, 2016, the Authority had executed 43 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)
26	\$ 388,005	39.99%	A- / A1
10	304,115	31.35%	A+ / A1
3	162,600	16.76%	AA- / Aa3
2	77,070	7.94%	AA- / Aa2
2	38,415	3.96%	A+ / Aa3
43	\$ 970,205	100.00%	

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 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.



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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, 2017 and 2016, 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, 2017 and 2016, swaps with a fair value of \$69.1 million and \$81.4 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, 2017 and 2016, the ratings of bonds subject to collateral requirements exceed the levels specified in the swap agreements.



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Swap Payments – Using interest rates as of December 31, 2017, 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
2018	\$ 42,570	\$ 9,814	\$ 24,309	\$ 76,693
2019	43,360	9,247	23,030	75,637
2020	44,705	8,682	21,716	75,103
2021	46,335	8,089	20,394	74,818
2022	34,715	7,531	19,068	61,314
2023-2027	170,260	31,394	80,318	281,972
2028-2032	189,990	20,523	52,399	262,912
2033-2037	160,835	10,407	25,986	197,228
2038-2042	47,250	4,299	10,134	61,683
2043-2047	32,330	1,181	2,701	36,212
Total	\$ 812,350	\$ 111,167	\$ 280,055	\$ 1,203,572

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, 2017 and 2016 was as follows:

	2017	2016
Beginning balance	\$ 26,687	\$ 37,599
Reductions	(5,574)	(10,912)
Ending balance	\$ 21,113	\$ 26,687



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The following table sets forth as of December 31, 2017, 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
2018	\$ 3,715
2019	2,880
2020	2,444
2021	1,984
2022	1,594
2023-2027	5,436
2028-2032	2,434
2033-2037	532
2038-2042	85
2043-2047	9
Total	\$ 21,113

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 of certain single family loans to be securitized and later sold. The contracts offset potential changes in interest rates between the time of the loan reservation and the securitization and sale 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, 2017, were as follows:

Count	Par	Exposure	Original Sales		12/31/17		Counterparty Rating (S&P / Moody's)
			Price		Premium	Fair Value	
23	\$ 97,000	23.90%	\$ 101,855		\$ 101,554	\$ (301)	A+ / Aa3
14	34,000	8.40%	35,712		35,550	(162)	A / A1
7	7,000	1.70%	7,434		7,399	(35)	AA- / Aa2
23	94,000	23.20%	99,201		98,575	(626)	A- / Baa1
1	45,000	11.10%	47,925		47,173	(752)	AA+ / Aaa
27	67,000	16.50%	70,462		70,200	(262)	BBB+ / A3
25	62,000	15.20%	64,975		64,835	(140)	AA- / Aa2
120	\$ 406,000	100.00%	\$ 427,564		\$ 425,286	\$ (2,278)	



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The outstanding forward contracts, summarized by counterparty as of December 31, 2016, were as follows:

Count	Par	Exposure	Original Sales		12/31/16		Counterparty Rating (S&P / Moody's)
			Price	Premium	Fair Value		
31	\$ 72,000	18.80%	\$ 76,453	\$ 75,598	\$ (855)	A+ / A1	
18	\$ 46,000	12.00%	\$ 48,646	\$ 48,130	\$ (516)	A- / A1	
7	13,000	3.40%	13,612	13,531	(81)	AA- / Aa2	
10	68,000	17.70%	72,041	71,864	(177)	A- / Baa1	
18	68,000	17.70%	72,342	72,086	(256)	A+ / A3	
30	117,000	30.40%	124,316	123,823	(493)	AA- / Aa2	
114	\$ 384,000	100.00%	\$ 407,410	\$ 405,032	\$ (2,378)		

Summary

A summary of derivative instruments activity for the years ended December 31, 2017 and 2016 is as follows:

	2017				2016			
	Hedging	Investments			Hedging	Investments		
	Swaps	Swaps	Forwards	Total	Swaps	Swaps	Forwards	Total
Fair value, beginning	\$ 83,365	\$ 10,398	\$ (2,378)	\$ 91,385	\$ 110,629	\$ 10,364	\$ 194	\$ 121,187
Settlements	(20,363)	(8,890)	2,378	(26,875)	(25,679)	(8,084)	(194)	(33,957)
Change in fair value	4,440	4,371	(2,278)	6,533	(1,585)	8,118	(2,378)	4,155
Fair value, ending	\$ 67,442	\$ 5,879	\$ (2,278)	\$ 71,043	\$ 83,365	\$ 10,398	\$ (2,378)	\$ 91,385

(9) Debt Refundings

On July 19, 2017, the Authority issued Federally Taxable Single Family Mortgage 2017 Series A Bonds in the aggregate principal amount of \$52.0 million. Proceeds totaling \$27.7 million of the bonds were used to refund a portion of the Authority's Taxable Single Family Mortgage 2007 Series B-1 and 2007 Series B-3 Bonds. The refunding resulted in a reduction of the projected interest rate on the refunded bonds, including the associated interest rate swaps outstanding on the refunded bonds.

On July 19, 2017, the Authority issued Federally Taxable Single Family Mortgage 2017 Series B-1 and 2017 Series B-2 Bonds in the aggregate principal amount of \$20.9 million. The entire proceeds of the bonds were used to refund a portion of the Authority's Taxable Single Family Mortgage 2007 Series B-1 Bonds. The refunding resulted in a reduction of the projected interest rate on the refunded bonds, including the associated interest rate swaps outstanding on the refunded bonds.

On October 31, 2017, the Authority issued Single Family Mortgage 2017 Series D and 2017 Series E Bonds in the aggregate principal amount of \$30.4 million. The entire proceeds of the bonds were used to refund a portion of the Authority's Single Family Mortgage 2012 Series A-2 Bonds. The refunding resulted in a reduction of the projected interest rate on the refunded bonds, including any associated interest rate swaps outstanding on the refunded bonds as well as any swaps entered into in connection with the refunding bonds.



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On December 14, 2016, the Authority issued Federally Taxable, Federally Insured Multifamily Pass-Through, Series 2016-V Bonds in the aggregate principal amount of \$44.0 million. The entire proceeds of the bonds were used to defease (refund) portions of the Multifamily/Project Bonds 2002 Series C-2, 2002 Series C-4, 2004 Series A-1, 2005 Series A-1, 2005 Series A-3 and 2005 Series B-1. The refunding resulted in a reduction of the projected interest rate on the refunded bonds, including the associated interest rate swaps outstanding on the refunded bonds.

(10) Fair Value Measurement

The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the assets and liabilities and gives the highest priority to Level 1 measurements and the lowest priority to Level 3 measurements. These measurements are described as follows:

Level 1 – Unadjusted quoted prices for identical instruments in active markets.

Level 2 – Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs are observable.

Level 3 – Valuations derived from valuation techniques in which significant inputs are unobservable.

The Authority has the following recurring fair value measurements as of December 31, 2017:

	12/31/2017	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
Money market mutual funds	\$ 212,223	\$ 212,223	\$ -	\$ -
U.S. government agencies	376,444	55,239	321,205	-
U.S. Treasuries	31,478	181	31,297	-
Total investments by fair value level		<u>\$ 267,643</u>	<u>\$ 352,502</u>	<u>\$ -</u>
Other investments not subject to the leveling hierarchy				
Investment agreements - uncollateralized	66,271			
Repurchase agreements	10,450			
External investment pools	7,629			
Total investments	<u>\$ 704,495</u>			
Derivative instruments				
Forward sale agreements	\$ (2,278)	\$ -	\$ (2,278)	\$ -
Hedging and investment derivatives	73,321	-	73,321	-
Total derivative instruments	<u>\$ 71,043</u>	<u>\$ -</u>	<u>\$ 71,043</u>	<u>\$ -</u>



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Investments and derivative instruments classified as Level 2 are valued using either bid evaluation or a matrix-based pricing technique. Bid evaluations are typically based on market quotations, yields, maturities, call features and ratings. Matrix pricing is used to value securities based on a securities' relationship to benchmark quoted prices.

As of December 31, 2017 the Authority held investments totaling \$76.7 million that were not subject to the leveling hierarchy. These investments consisted of private, guaranteed investment contracts categorized as either investment agreements or repurchase agreements. Additionally, the Authority held investments in an external governmental investment pool totaling \$7.6 million which were not subject to the leveling hierarchy.

(11) Restricted and Unrestricted Net Position

The amounts restricted for the Single Family bond programs and the Multifamily/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 multifamily/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 Multifamily/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, 2017 and 2016, 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, 2017 and 2016:

	2017	2016
Designations:		
Housing lending program	\$ 170,191	\$ 127,367
Commerical lending program	6,821	7,482
General operating and working capital reserves	28,837	23,624
Debt reserves	36,140	46,534
Total general programs unrestricted net position	\$ 241,989	\$ 205,007

(12) 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.

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.

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



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to contribute 8% of their PERA-includable salary. The employer contribution requirements are summarized in the table below:

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

¹Rates 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. Employer contributions recognized by the LGDTF from the Authority were \$1.9 million and \$1.6 million for the years ended December 31, 2017 and 2016, respectively.

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

At December 31 2017, the Authority reported a liability of \$32.5 million for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015. Standard update procedures were used to roll forward the total pension liability to December 31, 2016. The Authority's proportion of the net pension liability was based on the Authority's contributions to the LGDTF for the calendar year 2016 relative to the total contributions of participating employers to the LGDTF.

At December 31, 2016, the Authority's proportion was 2.4%, which was an increase of 0.1% from its proportion measured as of December 31, 2015.



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For the year ended December 31, 2017, the Authority recognized pension expense of \$6.2 million. At December 31, 2017, 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	\$ 308	\$ -
Change of assumptions or other inputs	1,229	49
Net difference between projected and actual earnings on pension plan investments	2,949	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	866	-
Contributions subsequent to the measurement date	2,052	n/a
Total	\$ 7,404	\$ 49

The \$2.1 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, 2018. 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
2018	\$ 3,119
2019	1,321
2020	833
2021	30
2022	-
Thereafter	-



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Actuarial assumptions – The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial cost method, 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%
Discount rate	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

Based on the 2016 experience analysis and the October 28, 2016 actuarial assumptions workshop, revised economic and demographic assumptions were adopted by PERA's Board on November 18, 2016 and effective as of December 31, 2016. These revised assumptions shown below were reflected in the roll-forward calculation of the total pension liability from December 31, 2015 to December 31, 2016:

Actuarial cost method	Entry age
Price inflation	2.40%
Real wage growth	1.10%
Wage inflation	3.50%
Salary increases, including wage inflation	3.50% - 10.45%
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25%
Discount Rate	7.25%
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07	2.00%
PERA benefit structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve



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Mortality rates used in the December 31, 2015 valuation 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. Active member mortality was based upon the same mortality rates but adjusted to 55% of the base rate for males and 40% of the base rate for females. For disabled retirees, the RP-2000 Disabled Mortality Table (set back 2 years for males and set back 2 years for females) was assumed.

The actuarial assumptions used in the December 31, 2015 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.

As a result of the 2016 experience analysis and the October 28, 2016 actuarial assumptions workshop, revised economic and demographic actuarial assumptions including withdrawal rates, retirement rates for early reduced and unreduced retirement, disability rates, administrative expense load, and pre- and post-retirement and disability mortality rates were adopted by PERA's Board on November 18, 2016 to more closely reflect PERA's actual experience. As the revised economic and demographic assumptions are effective as of the measurement date, December 31, 2016, these revised assumptions were reflected in the total pension liability roll-forward procedures.

Healthy mortality assumptions for active members reflect the RP-2014 White Collar Employee Mortality Table, a table specifically developed for actively working people. To allow for an appropriate margin of improved mortality prospectively, the mortality rates incorporate a 70% factor applied to male rates and a 55% factor applied to female rates.

Healthy, post-retirement mortality assumptions reflect the RP-2014 Healthy Annuitant Mortality Table, adjusted as follows:

Males: Mortality improvement projected to 2018 using the MP-2015 projection scale, a 73% factor applied to rates for ages less than 80, a 108% factor applied to rates for ages 80 and above, and further adjustments for credibility.

Females: Mortality improvement projected to 2020 using the MP-2015 projection scale, a 78% factor applied to rates for ages less than 80, a 109% factor applied to rates for ages 80 and above, and further adjustments for credibility.

For disabled retirees, the mortality assumption was changed to reflect 90% of the RP-2014 Disabled Retiree Mortality Table.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in presentations to PERA's Board on October 28, 2016. As a result of the October 28, 2016 actuarial assumptions workshop and the November 18, 2016 PERA Board meeting, the economic assumptions changed, effective December 31, 2016, as follows:

Investment rate of return assumption decreased from 7.50% per year, compounded annually, net of investment expenses to 7.25% per year, compounded annually, net of investment expenses.

Price inflation assumption decreased from 2.80% per year to 2.40% per year.

Real rate of investment return assumption increased from 4.70% per year, net of investment expenses, to 4.85% per year, net of investment expenses.

Wage inflation assumption decreased from 3.90% per year to 3.50% per year.

Several factors were considered in evaluating the long-term rate of return assumption for the LGDTF, including long-term historical data, estimates inherent in current market data, and 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 by



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the investment consultant 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 November 18, 2016 adoption of the current long-term expected rate of return by the PERA Board, 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	30 Year Expected Geometric Real rate of Return *
U.S. Equity – Large Cap	21.20%	4.30%
U.S. Equity – Small Cap	7.42%	4.80%
Non U.S. Equity – Developed	18.55%	5.20%
Non U.S. Equity – Emerging	5.83%	5.40%
Core Fixed Income	19.32%	1.20%
High Yield	1.38%	4.30%
Non U.S. Fixed Income - Developed	1.84%	0.60%
Emerging Market Debt	0.46%	3.90%
Core Real Estate	8.50%	4.90%
Opportunity Fund	6.00%	3.80%
Private Equity	8.50%	6.60%
Cash	1.00%	0.20%
Total	100.00%	

* In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected rate of return assumption of 7.25%.

Discount rate – The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

- Updated economic and demographic actuarial assumptions adopted by PERA's Board on November 18, 2016.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%.
- Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date, including current and estimated future AED and 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. Additionally, estimated employer contributions included reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.



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- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. As the ad hoc post-retirement benefit increases financed by the AIR are defined to have a present value at the long-term expected rate of return on plan investments equal to the amount transferred for their future payment, AIR transfers to the fiduciary net position and the subsequent AIR benefit payments have no impact on the Single Equivalent Interest Rate (SEIR) determination process when the timing of AIR cash flows is not a factor (i.e., the plan's fiduciary net position is not projected to be depleted). When AIR cash flow timing is a factor in the SEIR determination process (i.e., the plan's fiduciary net position is projected to be depleted), AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the end of the month.

Based on the above assumptions and methods, 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 of 7.25% on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25%.

As of the prior measurement date, the long-term expected rate of return of 7.50% on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination did not use the municipal bond index rate, and therefore, the discount rate was 7.50%, 0.25% higher compared to the current measurement date.

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 7.25%, 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 (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

	1.0% Decrease (6.25%)	Current Discount Rate (7.25%)	1.0% Increase (8.25%)
Proportionate share of the net pension liability \$	47,971	\$ 32,535	\$ 19,752

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.

(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.



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, 2017 and 2016, program members contributed \$1.1 million and \$1.2 million, respectively, and the Authority recognized expense of \$441 thousand and \$430 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.

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, 2017 and 2016, program members contributed \$63 thousand and \$76 thousand, 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.

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, 2017 and 2016, the Authority's contributions to the HCTF were \$153 thousand and \$144 thousand, respectively, equal to their required contributions for each year.

(13) Risk Management

The Authority's Legal and Risk Management function consists of Legal Operations, Internal Audit, Regulatory Compliance and Information Security and Privacy. The Authority embraces the Three Lines of Defense Model to enterprise risk management, in which senior management and the board of directors can look to (a) operating management, (b) the risk and compliance functions and (c) internal audit testing to appropriately manage risk. The Enterprise Risk Management (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



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

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.

(14) Related-Party Transactions

As of the year ended December 31, 2017, the Authority had allocated Federal and State Low Income Housing Tax Credits in the amount of \$7.4 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 three outstanding loans with the FCHA. As of December 31, 2017 and 2016, the unpaid principal balance on the loans was \$4.2 million and \$4.3 million, respectively. The Executive Director of the FCHA is a member of the Authority's Board.

As of the year ended December 31, 2017, the Authority had allocated Federal Low Income Housing Tax Credits in the amount of \$3.6 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, 2017 and 2016, the unpaid principal balance on the loans totaled \$4.9 million and \$5.1 million, respectively. The Executive Director of the GJHA is a member of the Authority's Board.

As of the year ended December 31, 2017, the Authority has four outstanding loans with the Housing Authority of the City of Loveland (HACL). As of December 31, 2017 and 2016, the unpaid principal balance on the loans totaled \$5.7 million and \$5.8 million, respectively. The Executive Director of the HACL was a member of the Authority's Board at the time these loans were made.

(15) Commitments and Contingencies

The Authority had outstanding commitments to make or acquire single family and multifamily/business loans of \$282.7 million and \$33.6 million, respectively, as of December 31, 2017. The Authority had outstanding commitments to make or acquire single family and multifamily/business loans of \$55.3 million and \$28.5 million, respectively, as of December 31, 2016.

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 \$39.3 million and \$35.4 million of these loans in 2017 and 2016, 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



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

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 \$492 thousand and \$201 thousand of these loans in 2017 and 2016, respectively. The Authority did not have any repurchase obligations as of December 31, 2017.

The Authority also participates in the Whole Loan Sales program with Freddie Mac. Through the consideration of Whole Loan Sales to Freddie Mac, the Authority receives cash for mortgages. Whole Loans Sales are serviced by the Authority in a Schedule/Actual remittance method. Under the Schedule/Actual method if a borrower fails to make a timely payment on a mortgage loan, the Authority must advance its own funds to ensure that the interest is current. The Authority assesses the overall risk of loss on loans that it may be required to repurchase and repurchases the loans as necessary. The Authority did not repurchase any Freddie Mac loans in 2017 or 2016. The Authority did not have any repurchase obligations as of December 31, 2017.



required supplemental
information (unaudited)



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>	<u>2015</u>	<u>2016</u>
Proportion of the net pension liability	2.16%	2.29%	2.41%
Proportionate share of net pension liability	\$ 19,360	\$ 25,185	\$ 32,535
Covered-employee payroll	\$ 11,857	\$ 12,984	\$ 14,091
Proportionate share of the net pension liability as a percentage of its covered-employee payroll	163.28%	193.97%	230.89%
Plan fiduciary net position as a percentage of the total pension plan liability	80.72%	76.87%	73.65%

* 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>	<u>2015</u>	<u>2016</u>
Contractually required contribution	\$ 1,504	\$ 1,646	\$ 1,787
Contributions in relation to the contractually required contribution	1,504	1,646	1,787
Contribution deficiency	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 11,857	\$ 12,984	\$ 14,091
Contributions as a percentage of covered-employee payroll	12.68%	12.68%	12.68%

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



supplemental information



colorado housing and finance authority



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

As of December 31, 2017

(with summarized financial information for December 31, 2016)

(in thousands of dollars)

	General Programs	Single Family	Multifamily/ Business	Eliminations	2017	Summarized 2016
Assets						
Current assets:						
Cash (Note 2)						
Restricted	\$ 112,427	\$ -	\$ -	\$ -	\$ 112,427	\$ 117,993
Unrestricted	47,530	-	-	-	47,530	43,088
Investments (Note 2)	33,884	186,926	110,977	-	331,787	291,336
Loans receivable (Note 3)	4,672	11,027	18,785	(380)	34,104	34,644
Loans receivable held for sale (Note 3)	149,694	-	-	-	149,694	128,425
Accrued interest receivable	3,155	3,218	1,694	(37)	8,030	8,321
Other assets	4,623	1	23	-	4,647	17,471
Due (to) from other programs	(17,465)	13,632	3,833	-	-	-
Total current assets	338,520	214,804	135,312	(417)	688,219	641,278
Noncurrent assets:						
Investments (Note 2)	4,469	320,967	47,272	-	372,708	246,338
Loans receivable, net (Note 3)	135,484	319,772	544,757	(11,014)	988,999	1,004,680
Capital assets - nondepreciable (Note 4)	1,701	-	-	-	1,701	2,048
Capital assets - depreciable, net (Note 4)	12,493	-	-	-	12,493	2,393
Other real estate owned, net	163	226	400	-	789	1,470
Other assets	34,468	-	-	-	34,468	31,055
Total noncurrent assets	188,778	640,965	592,429	(11,014)	1,411,158	1,287,984
Total assets	527,298	855,769	727,741	(11,431)	2,099,377	1,929,262
Deferred outflows of resources						
Accumulated increase in fair value of hedging derivatives	-	21,481	60,461	-	81,942	95,952
Pension contributions and investment earnings	7,404	-	-	-	7,404	6,507
Refundings of debt	-	2,022	1,635	-	3,657	5,741
Total deferred outflows of resources	7,404	23,503	62,096	-	93,003	108,200
Liabilities						
Current liabilities:						
Short-term debt (Note 5)	92,785	-	-	-	92,785	61,005
Bonds payable (Note 6)	661	38,505	78,214	-	117,380	46,947
Notes payable (Note 6)	104	-	-	-	104	103
Accrued interest payable	132	4,431	5,329	(37)	9,855	10,747
Federally assisted program advances	647	-	-	-	647	1,111
Accounts payable and other liabilities	107,198	404	43,823	-	151,425	161,041
Total current liabilities	201,527	43,340	127,366	(37)	372,196	280,954
Noncurrent liabilities:						
Bonds payable (Note 6)	11,418	735,702	508,420	-	1,255,540	1,231,126
Derivative instruments	(2,278)	13,316	60,005	-	71,043	91,385
Derivatives related borrowing	-	11,029	10,084	-	21,113	26,687
Net pension liability - proportionate share	32,535	-	-	-	32,535	25,185
Notes payable (Note 6)	12,257	-	-	(11,394)	863	966
Other liabilities (Note 6)	15,674	-	-	-	15,674	11,563
Total noncurrent liabilities	69,606	760,047	578,509	(11,394)	1,396,768	1,386,912
Total liabilities	271,133	803,387	705,875	(11,431)	1,768,964	1,667,866
Deferred inflows of resources						
Accumulated decrease in fair value of hedging derivatives	-	2,592	3,775	-	6,367	4,830
Pension investment differences	49	-	-	-	49	296
Total deferred inflows of resources	49	2,592	3,775	-	6,416	5,126
Net position						
Investment in capital assets, net of related debt	2,800	-	-	11,394	14,194	4,441
Restricted primarily by bond indentures	7,337	73,293	80,187	-	160,817	155,022
Unrestricted (Note 11)	253,383	-	-	(11,394)	241,989	205,007
Total net position	\$ 263,520	\$ 73,293	\$ 80,187	\$ -	\$ 417,000	\$ 364,470

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, 2017

(with summarized financial information for the year ended December 31, 2016)

(in thousands of dollars)

	General Program	Single Family	Multifamily/ Business	Eliminations	2017	Summarized 2016
Interest income and expense:						
Interest on loans receivable	\$ 10,284	\$ 18,783	\$ 27,160	\$ (450)	\$ 55,777	\$ 63,648
Interest on investments	480	12,988	3,600	-	17,068	14,472
Interest on debt	(2,310)	(28,209)	(25,964)	450	(56,033)	(53,367)
Net interest income	8,454	3,562	4,796	-	16,812	24,753
Other operating income (loss):						
Loan servicing income	24,278	-	(25)	-	24,253	19,473
Gain on sale of loans	106,788	-	-	-	106,788	86,527
Investment derivative activity gain (loss)	(100)	78	3,165	-	3,143	2,651
Net increase (decrease) in the fair value of investments	1,170	4,714	66	-	5,950	(5,032)
Other revenues	12,109	1,261	3,487	-	16,857	10,031
Total other operating income	144,245	6,053	6,693	-	156,991	113,650
Total operating income	152,699	9,615	11,489	-	173,803	138,403
Operating expenses:						
Salaries and related benefits	27,515	-	-	-	27,515	22,207
General operating	87,895	2,974	1,526	-	92,395	90,306
Depreciation	684	-	-	-	684	932
Provision for losses	569	198	(69)	-	698	(180)
Total operating expenses	116,663	3,172	1,457	-	121,292	113,265
Net operating income	36,036	6,443	10,032	-	52,511	25,138
Nonoperating income and expenses:						
Federal grant receipts	137,126	-	-	-	137,126	129,405
Federal grant payments	(137,126)	-	-	-	(137,126)	(129,405)
Gain (loss) on sale of capital assets	19	-	-	-	19	(702)
Total nonoperating income and expenses, net	19	-	-	-	19	(702)
Income before transfers	36,055	6,443	10,032	-	52,530	24,436
Transfers from (to) other programs	11,988	2,281	(14,269)	-	-	-
Change in net position	48,043	8,724	(4,237)	-	52,530	24,436
Net position:						
Beginning of year	215,477	64,569	84,424	-	364,470	340,034
End of year	\$ 263,520	\$ 73,293	\$ 80,187	\$ -	\$ 417,000	\$ 364,470

colorado housing and finance authority



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

For the year ended December 31, 2017

(with summarized financial information for the year ended December 31, 2016)

(in thousands of dollars)

	General Program	Single Family	Multifamily/ Business	Eliminations	2017	Summarized 2016
Cash flows from operating activities:						
Principal payments received on loans receivable & receipts from dispositions of other real estate owned	\$ 550,134	\$ 112,508	\$ 3,477	\$ (285)	\$ 665,834	\$ 974,533
Interest payments received on loans receivable	10,502	19,452	27,183	(451)	56,699	64,917
Payments for loans receivable	(2,026,531)	(26,597)	(38,321)	-	(2,091,449)	(1,405,172)
Receipts from sales of Ginnie Mae securities	1,527,338	-	-	-	1,527,338	614,840
Receipts from rental operations	4	-	-	-	4	17
Receipts from other revenues	36,515	1,264	3,452	-	41,241	29,774
Payments for salaries and related benefits	(19,740)	-	-	-	(19,740)	(15,675)
Payments for goods and services	(85,966)	(2,769)	(11,099)	-	(99,834)	(91,997)
All other, net	8,216	-	-	-	8,216	11,143
Net cash provided by (used in) operating activities	472	103,838	(15,295)	(733)	88,309	182,380
Cash flows from noncapital financing activities:						
Net increase (decrease) in short-term debt	31,780	-	-	-	31,780	(16,500)
Proceeds from issuance of bonds	-	303,254	71,027	-	374,281	103,041
Receipts from federal grant programs	137,903	-	-	-	137,906	129,941
Payments for federal grant programs	(137,127)	-	-	-	(137,127)	(129,405)
Principal paid on bonds	(4,454)	(224,081)	(53,289)	-	(281,824)	(234,573)
Principal paid on notes payable	(102)	-	-	-	(102)	(103)
Interest rate swap activity, net	-	(1,523)	(128)	-	(1,651)	(1,945)
Interest paid on short-term debt	(1,118)	-	-	-	(1,118)	(504)
Interest rate swap settlements	-	(19,290)	(15,537)	-	(34,827)	(44,674)
Interest paid on bonds	(685)	(8,821)	(12,734)	-	(22,240)	(18,159)
Interest paid on notes payable	(11)	-	-	-	(11)	(10)
Transfers to (from) other programs	(2,431)	4,384	(1,953)	-	-	-
Net cash provided by (used in) noncapital financing activities	23,758	53,923	(12,814)	-	65,067	(239,892)
Cash flows from capital and related financing activities:						
Purchase of capital assets	(10,419)	-	-	-	(10,419)	(530)
Principal paid on capital-related debt	(285)	-	-	285	-	-
Interest paid on capital-related debt	(451)	-	-	451	-	-
Net cash provided by (used in) capital and related financing activities	(11,155)	-	-	736	(10,419)	(530)
Cash flows from investing activities:						
Proceeds from maturities and sales of investments	1,492,890	765,994	289,753	-	2,548,640	2,140,154
Purchase of investments	(1,507,533)	(933,455)	(235,490)	-	(2,709,511)	(2,080,452)
Income received from investments	477	12,670	3,643	-	16,790	14,943
Net cash provided by (used in) investing activities	(14,199)	(157,791)	27,909	-	(144,081)	74,635
Net increase (decrease) in cash	(1,124)	-	-	-	(1,124)	16,593
Cash at beginning of year	161,081	-	-	-	161,081	144,488
Cash at end of year	\$ 159,957	\$ -	\$ -	\$ -	\$ 159,957	\$ 161,081
Restricted	\$ 112,427	\$ -	\$ -	\$ -	\$ 112,427	\$ 117,993
Unrestricted	47,530	-	-	-	47,530	43,088
Cash, end of year	\$ 159,957	\$ -	\$ -	\$ -	\$ 159,957	\$ 161,081

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, 2017

(with summarized financial information for the year ended December 31, 2016)

(in thousands of dollars)

	General Program	Single Family	Multifamily/ Business	Eliminations	2017	Summarized 2016
Reconciliation of operating income to net cash provided by (used in) operating activities:						
Net operating income	\$ 36,036	\$ 6,443	\$ 10,032	\$ -	\$ 52,511	\$ 25,138
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation expense	684	-	-	-	684	932
Amortization and fair value adjustments of service release premiums	25,290	-	-	-	25,290	15,657
Proportionate share of net pension expense	6,207	-	-	-	6,207	1,943
Amortization of imputed debt associated with swaps	-	(3,676)	(1,897)	-	(5,573)	(10,912)
Provision for losses	569	198	(69)	-	698	(180)
Interest on investments	(480)	(12,988)	(3,600)	-	(17,068)	(14,472)
Interest on debt	2,310	31,886	27,861	(450)	61,607	64,279
Unrealized (gain) loss on investment derivatives	100	(78)	(3,165)	-	(3,143)	(2,651)
Unrealized (gain) loss on investments	(1,170)	(4,714)	(66)	-	(5,950)	5,032
(Gain) loss on sale of REO	15	72	1	-	88	(59)
Gain on sale of loans	(106,788)	-	-	-	(106,788)	(86,527)
Changes in assets and liabilities:						
Loans receivable and other real estate owned	25,636	85,839	(34,845)	(285)	76,345	118,313
Accrued interest receivable on loans and investments	218	679	26	(1)	922	1,269
Other assets	8,125	29	4	-	8,158	(22,570)
Accounts payable and other liabilities	3,720	178	(9,577)	-	(5,679)	87,188
Net cash provided by (used in) operating activities	\$ 472	\$ 103,868	\$ (15,295)	\$ (736)	\$ 88,309	\$ 182,380

colorado housing and finance authority



Colorado Housing and Finance Authority
 Schedule of Adjusted Net Worth
 At December 31, 2017
(in thousands of dollars)

A.	Adjusted net worth calculation:		
	Net position per statement of net position at end of reporting period		\$ 417,000
	Less:		
	Itemized unacceptable assets		
	1. Other assets	\$ 39,115	
	2.		
	3.		
	Total unacceptable assets	39,115	
	Adjusted net worth		\$ 377,885
B.	Required net worth calculation:		
	Unpaid principal balance (UPB) of securities outstanding (Note: number of pools = 530)		\$ 2,728,478
	Plus:		
	Outstanding balance of available commitment authority and pools funded		252,127
	Total outstanding portfolio, commitment authority and pools funded		\$ 2,980,605
	Required net worth		\$ 12,932
C.	Excess net worth (Adjusted net worth - required net worth)		\$ 364,953

colorado housing and finance authority



Colorado Housing and Finance Authority
Schedule of Other Assets
At December 31, 2017
(in thousands of dollars)

A.	Accrued interest income	\$	8,030
B.	Deferred debt cost of issuance		-
C.	Other real estate owned		789
	Total other asset included in adjusted net worth	\$	<u>8,819</u>
D.	Other assets excluded from adjusted net worth		<u>39,115</u>
	Total current and noncurrent other assets	\$	<u><u>47,934</u></u>

colorado housing and finance authority



Colorado Housing and Finance Authority
 Liquid Asset Requirement Calculation for Issuers
 At December 31, 2017
 (in thousands of dollars)

A. Liquid asset calculation:

Required net worth (Schedule of Adjusted Net Worth, section B) \$ 12,932

Acceptable liquid assets

- 1. Unrestricted cash \$ 47,530
- 2.
- 3.
- 4.
- 5.
- 6. _____

Total liquid assets \$ 47,530

B. Required liquid asset:

Single family issuer liquidity requirement \$ 2,728
 (Greater of \$1 million or 0.10% of outstanding
 single family securities)

Meets requirements?
Yes / No

colorado housing and finance authority



Colorado Housing and Finance Authority
 Capital Requirement Calculation for Issuer
 At December 31, 2017
 (in thousands of dollars)

A. Capital requirement for depository institutions: not applicable to CHFA

Tier 1 capital	\$ _____	
Total capital	\$ _____	
Risk-based assets	\$ _____	
Total assets	\$ _____	
Tier 1 capital/total assets		_____ %
Tier 1 capital/risk-based assets		_____ %
Total capital/risk-based assets		_____ %
		Meets requirement?
5% of tier 1 capital/total assets	\$ _____	Yes / No
6% of tier 1 capital/risk-based assets	\$ _____	Yes / No
10% of total capital/risk-based assets	\$ _____	Yes / No

B. Capital requirement for nondepository institutions:

Total adjusted net worth	\$ 377,885	
Total assets	\$ 2,099,377	
		Meets requirement?
Total adjusted net worth/total assets	18.00 %	<u>Yes</u> / No

colorado housing and finance authority



Colorado Housing and Finance Authority
 Schedule of Insurance Requirement
 At December 31, 2017
(in thousands of dollars)

A.	Identification of affiliated Ginnie Mae Issuers	
	Affiliated Ginnie Mae issuers:	None
B.	Required insurance calculation:	
	Servicing portfolio:	
	Ginnie Mae	\$ 2,728,478
	Fannie Mae	810,904
	Freddie Mac	86,743
	Conventional (other)	1,178,609
	Total servicing portfolio	\$ 4,804,734
	Required fidelity bond coverage	\$ 5,330
	Required mortgage servicing errors and omissions coverage	\$ 5,330
C.	Verification of insurance coverage:	
	Fidelity bond coverage at end of reporting period	\$ 10,000
	Mortgage servicing errors and omissions coverage at end of reporting period	\$ 10,000
D.	Excess insurance coverage:	
	Fidelity bond coverage	\$ 4,670
	Required mortgage servicing errors and omissions coverage	\$ 4,670
E.	Policies contain the required elements	
	Fidelity bond coverage	Yes No
	Mortgage servicing errors and omissions coverage	Yes No

The Authority certifies that it is in good standing with FHA, Fannie Mae and Freddie Mac, and has not been the subject of any adverse actions.



HUD reporting





RSM US LLP

**Independent Auditor’s Report on Compliance With Requirements
That Could Have a Direct and Material Effect on the Major HUD Program
and on Internal Control Over Compliance Based on an Audit
in Accordance With the *Consolidated Audit Guide for Audits of HUD Programs***

To the Board of Directors
Colorado Housing and Finance Authority

Report on Compliance for the Major HUD Program

We have audited Colorado Housing and Finance Authority (the Authority)’s compliance with the compliance requirements described in the *Consolidated Audit Guide for Audits of HUD Programs* (the Audit Guide) that could have a direct and material effect on the Authority’s major U.S. Department of Housing and Urban Development (HUD) program for the year ended December 31, 2017. The Authority’s major HUD program and the related direct and material compliance requirements are as follows:

Name of Major HUD Program	Direct and Material Compliance Requirements
Government National Mortgage Association issuers of mortgage-backed securities	<ul style="list-style-type: none"> • Federal financial reports • Eligibility to issue mortgage-backed securities • Review of custodial documents • Review of monthly accounting reports and quarterly submissions • Securities marketing and trading practices • Adjusted net worth • Capital, liquid asset and insurance requirement

Management’s Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its HUD programs.

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for the Authority’s major HUD program based on our audit of the compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the Audit Guide. Those standards and the Audit Guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on a major HUD program occurred. An audit includes examining, on a test basis, evidence about the Authority’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major HUD program. However, our audit does not provide a legal determination of the Authority’s compliance.

Opinion on the Major HUD Program

In our opinion, based on our audit, the Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the major HUD program for the year ended December 31, 2017.

Report on Internal Control Over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the requirements that could have a direct and material effect on the major HUD program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major HUD program and to test and report on internal control over compliance in accordance with the Audit Guide, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a compliance requirement of a HUD program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement of a HUD program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a compliance requirement of a HUD program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Audit Guide. Accordingly, this report is not suitable for any other purpose.

RSM US LLP

Denver, Colorado
March 22, 2018



RSM US LLP

**Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial
Statements Performed in Accordance With
Government Auditing Standards**

Independent Auditor's Report

The Board of Directors
Colorado Housing and Finance Authority

We have audited, in accordance with the 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, the financial statements of the Colorado Housing and Finance Authority (the Authority) as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated March 22, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

RSM US LLP

Denver, Colorado
March 22, 2018



With respect to its programs, services, activities, and employment practices, Colorado Housing and Finance Authority does not discriminate on the basis of race, color, religion, sex, age, national origin, disability, or any other protected classification under federal, state, or local law. Requests for reasonable accommodation, the provision of auxiliary aids, or any complaints alleging violation of this nondiscrimination policy should be directed to the Nondiscrimination Coordinator, 1.800.877.2432, CHFA, 1981 Blake Street, Denver, Colorado 80202-1272, available weekdays 8:00am to 5:00pm.



We are pledged to the letter and spirit of U.S. policy for the achievement of equal housing opportunity throughout the Nation. We encourage and support an affirmative advertising and marketing program in which there are no barriers to obtaining housing because of race, color, religion, sex, handicap, familial status or national origin.

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