COLORADO HOUSING AND FINANCE AUTHORITY
ANNUAL FINANCIAL REPORT
For the Year Ended December 31, 2006
(With Summarized Financial Information for 2005)

CHFA colorado housing and finance authority

financing the places where people live and work

Prepared by:
Finance Division

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colorado housing and finance authority

financing the places where people live and work

INTRODUCTORY SECTION

The Colorado Housing and Finance Authority (the "Authority") is a public enterprise that finances affordable housing, business and economic growth opportunities for residents and businesses of Colorado. Its dual mission is to provide financial opportunities for affordable, decent and accessible housing for lower- and moderate-income Coloradoans, and to strengthen the state's economic development by financing the growth of Colorado-owned 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 of Colorado. The proceeds are loaned to eligible borrowers, including Colorado-owned small and medium-sized businesses, primarily through private lending institutions across the state under the sound fiscal practices of the Authority. The Authority has provided home ownership, affordable multi-family housing or Colorado-owned business financing in every Colorado county.

As a self-sustaining organization, the Authority's operating revenues come from loan and program administration fees, interest charges and investment income. The Authority receives no tax dollars, and its net revenues are reinvested in its programs.

An independent 11-member Board of Directors governs the Authority. The Board includes a member of the Colorado General Assembly, the state auditor, a member of the governor's cabinet and eight individuals appointed by the governor and confirmed by the State Senate.

BOARD OF DIRECTORS

Joseph A. Garcia……………………………………………………………………………………………Board Chair
Michele Dressel……………………………………………………………………………………..Board Chair Pro Tem
Rick Grice…………………………………………………………………………………………Board Secretary/Treasurer
John Blumberg……………………………………………………………………………………………Board Member
M. Michael Cooke…………………………………………………………………………………………Board Member
John (Jay) Davidson ………………………………………………………………………………………Board Member
Senator Jim Isgar…………………………………………………………………………………………Board Member
Dr. Nancy McCallin…………………………………………………………………………………………Board Member
Eric Moore……………………………………………………………………………………………………Board Member
Joel Rosenstein………………………………………………………………………………………………Board Member
Sally Symanski…………………………………………………………………………………………………Board Member

Clifton
Gunderson LLP
Certified Public Accountants & Consultants

Independent Auditor's Report

Board of Directors
Colorado Housing and Finance Authority
Denver, Colorado

We have audited the accompanying financial statements of the business-type activities and each major fund of Colorado Housing and Finance Authority as of and for the year ended December 31, 2006 which collectively comprise Colorado Housing and Finance Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Colorado Housing and Finance Authority's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Hyland Park Centre Corporation, Tanglewood Oaks Apartments Corporation, and Village of Yorkshire Corporation, blended component units, which represent 5.7%, 1.8%, and 4.9%, respectively of the assets, net assets, and revenues of the General Fund. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinions, insofar as they relate to the amounts included for Hyland Park Centre Corporation, Tanglewood Oaks Apartments Corporation, and Village of Yorkshire Corporation, are based solely on the reports of such other auditors. The prior year summarized comparative information has been derived from the Authority's December 31, 2005 basic financial statements and, in our report dated March 3, 2006, we expressed unqualified opinions on the basic financial statements.

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

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and each major fund of Colorado Housing and Finance Authority as of December 31, 2006, and the respective changes in financial position and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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In accordance with *Government Auditing Standards*, we have also issued our report dated March 29, 2007 on our consideration of Colorado Housing and Finance Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

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

Clifton Gunderson LLP

Greenwood Village, CO
March 29, 2007.

This section of the Colorado Housing and Finance Authority's (the "Authority") annual financial report presents management's discussion and analysis of the financial position and results of operations at and for the fiscal year ended December 31, 2006. This analysis should be read in conjunction with the Authority's financial statements and accompanying notes.

Financial Highlights

- Net assets as of December 31, 2006, were $261.0 million, an increase of $18.2 million, or 7.5%, compared to net assets of $242.9 million as of December 31, 2005, strengthening the Authority's capital position. Net assets as a percent of total assets decreased slightly from 8.20% as of December 31, 2005, to 7.93% as of December 31, 2006.

- As reflected in the Statement of Revenues, Expenses and Changes in Net Assets, the increase in net assets of $18.2 million for 2006 represents a $2.9 million, or 18.7%, increase compared to the increase in net assets for 2005 of $15.3 million. This $2.9 million increase was primarily due to a negative provision for loan losses, discussed in more detail below, partially offset by a reduction in the fair value of long-term investments. Profitability, as measured by return on average net assets, was 7.22% in 2006 compared to 6.52% in 2005. Return on average net assets adjusted for the loan provision, fair value adjustment and certain other nonrecurring items was 6.68% for 2006 and 6.53% for 2005.

- Total net loans receivable as of December 31, 2006, were $2.5 billion, an increase of $387.0 million, or 18.4%, compared to the amount outstanding as of December 31, 2005.

- The increase in loans receivable was funded by an increase in debt. As of December 31, 2006, debt outstanding was $3.0 billion, an increase of $308.5 million, or 11.6%, compared to the balance at December 31, 2005.

Overview of the Financial Statements

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

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

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

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

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

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

Analysis of Financial Activities

Statement of Net Assets

The following table presents condensed information about the financial position of the Authority as of December 31, 2006, and 2005, and changes in the balances of selected items during the fiscal year ended December 31, 2006.

As of December 31, (in thousands)	2006	2005	$ Change	% Change
Assets				
Current assets	$ 625,280	$ 674,717	$ (49,437)	-7.3%
Noncurrent assets:				
Investments	185,265	181,735	3,530	1.9%
Loans receivable, net	2,409,656	2,035,553	374,103	18.4%
Capital assets, net	41,183	39,883	1,300	3.3%
Other assets	32,291	28,857	3,434	11.9%
Total noncurrent assets	2,668,395	2,286,028	382,367	16.7%
Total assets	$ 3,293,675	$ 2,960,745	$ 332,930	11.2%
Liabilities				
Current liabilities	$ 222,242	$ 336,333	$ (114,091)	-33.9%
Noncurrent liabilities:				
Bonds and notes payable, net	2,800,033	2,373,247	426,786	18.0%
Other liabilities	10,355	8,312	2,043	24.6%
Total noncurrent liabilities	2,810,388	2,381,559	428,829	18.0%
Total liabilities	3,032,630	2,717,892	314,738	11.6%
Net assets:				
Invested in capital assets, net of related debt	9,134	7,831	1,303	16.6%
Restricted by bond indentures	114,920	93,609	21,311	22.8%
Unrestricted	136,991	141,413	(4,422)	-3.1%
Total net assets	261,045	242,853	18,192	7.5%
Total liabilities and net assets	$ 3,293,675	$ 2,960,745	$ 332,930	11.2%

Total loans receivable increased $387.0 million, or 18.4%, during the current year, of which the noncurrent portion of the increase was $374.1 million. This increase is largely due to new loan purchases and originations of approximately $601.3

million, offset by loan repayments and prepayments that resulted in total principal reductions of $219.4 million. This growth in loans receivable was funded by use of bond proceeds, discussed below. The increase in loans includes a single loan in the amount of $116.6 million (net of a $2.0 million discount) for the construction of housing for military service members stationed at Fort Carson Army Base in Colorado Springs, Colorado. Excluding the effect of this loan, total loans grew $270.4 million, or 12.8%, compared to the amount outstanding at December 31, 2005.

Current liabilities decreased $114.1 million, or 33.9%, compared to 2005. This decrease was the result of a reduction in the amount borrowed under the Authority's line of credit with the Federal Home Loan Bank, primarily related to the Authority's private activity bond volume cap preservation program. Noncurrent bonds and notes payable increased $426.8 million, or 18.0%, compared to December 31, 2005, as a result of various new bond issues. Excluding the effect of the debt issued to fund the Fort Carson loan discussed above, noncurrent bonds and notes payable increased $308.2 million, or 13.0%, compared to the prior year-end. Additional information on the Authority's debt activities is provided under "Debt Administration".

Statement of Revenues, Expenses and Changes in Net Assets

The following table presents condensed statements of revenues, expenses and changes in net assets for the years ended December 31, 2006, and 2005, and the change from the prior year.

For the years ended December 31, (in thousands)	2006	2005	$ Change	% Change
Operating revenues:				
Interest on loans receivable	$ 121,839	$ 111,337	$ 10,502	9.4%
Investment income	34,384	30,628	3,756	12.3%
Net increase (decrease) in the fair value of investments	(2,468)	788	(3,256)	-413.2%
Rental income	11,638	10,902	736	6.8%
Other revenues	15,449	14,097	1,352	9.6%
Total operating revenues	180,842	167,752	13,090	7.8%
Operating expenses:				
Interest on debt	134,364	120,371	13,993	11.6%
Salaries and related benefits	12,721	11,322	1,399	12.4%
General operating	15,426	15,485	(59)	-0.4%
Other interest expense	1,845	1,848	(3)	-0.2%
Depreciation	2,651	2,679	(28)	-1.0%
Provision for losses	(4,357)	715	(5,072)	-709.4%
Total operating expenses	162,650	152,420	10,230	6.7%
Total operating income	18,192	15,332	2,860	18.7%
Nonoperating revenues and expenses, net	-	-	-	0.0%
Change in net assets	18,192	15,332	2,860	18.7%
Net assets:				
Beginning of year, as restated	242,853	227,521	15,332	6.7%
End of year	$ 261,045	$ 242,853	$ 18,192	7.5%

Interest earned on loans of $121.8 million, interest income on investments of $34.4 million and interest expense on debt of $134.4 million are the primary components of total revenues and expenses of the Authority.

Total operating revenues were $180.8 million in 2006, an increase of $13.1 million, or 7.8%, compared to 2005. Interest on loans climbed $10.5 million, or 9.4%, over the 2005 amount. This increase is primarily the result of increased loan volumes. Investment income increased $3.8 million, or 12.3%, compared to the prior year. This increase was due to increases in yields earned on investments, approximately 73% of which are short-term in nature. The $1.4 million, or 9.6%, increase in other revenues was primarily the result of increased levels of loan servicing income. The Authority services in excess of 99% of its loans receivable, for which it receives a monthly fee.

Partially offsetting these increases in operating revenues was a decrease in the fair value of investments of $2.5 million in 2006 compared to an increase in fair value of $0.8 million in 2005. This decrease was the result of increases in market rates for similar securities.

Total operating expenses of $162.7 million for 2006 increased $10.2 million, or 6.7%, compared to 2005. The rise was largely attributable to a $14.0 million, or 11.6%, increase in interest expense on debt. This increase was due to a 5% increase in average bond volumes from 2005 to 2006, increases in rates on unhedged variable rate debt and increases in rates paid under the Authority's line of credit with the Federal Home Loan Bank.

Partially offsetting this increase was a negative provision for losses on loans and other real estate owned of $4.4 million in 2006 compared to a positive provision of $0.7 million for 2005. During 2006 the Authority updated its methodology for determining the adequacy of its allowance for loan losses, taking into consideration historic losses, specific reviews of certain loans, and current economic conditions, among other factors. As a result of this analysis, the Authority determined that it could reduce its allowance for loan losses, resulting in the negative provision.

Capital Assets

Capital assets, net of accumulated depreciation, as of December 31, 2006, totaled $41.2 million, an increase of $1.3 million compared to the amount as of December 31, 2005. The majority of this investment in capital assets is related to the Authority's ownership of 16 apartment complexes that provide housing to lower and moderate income families. The only significant activity during 2006 was implementation of a new software application related to single family loan origination and the acquisition of a new rental property.

As of December 31, 2006, the Authority was in negotiations with various parties to sell as many as 12 of its 16 apartment complexes. The sales of these properties are expected to close during 2007. Net proceeds will be used for various purposes, including the possible purchase of new rental properties.

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

Debt Administration

As of December 31, 2006, the Authority had $3.0 billion in bonds and notes payable outstanding and $8.2 million outstanding under borrowing agreements with the Federal Home Loan Bank. This debt is secured by various assets and, in certain cases, the general obligation pledge of the Authority. The ratings on the debt of the Single Family Fund and the Multi-Family/Business Fund range from A1 to Aaa by Moody's Investors Service (Moody's) and A+ to AAA by Standard & Poor's (S&P), depending on the underlying collateral. The ratings on the general obligation debt of the Authority are A1/A+ by Moody's and S&P, respectively. There were no changes in ratings during 2006.

In 2006 the Authority issued $868.0 million in debt related to its lending programs. Of this amount, $620.0 million was issued pursuant to the Authority's single family lending program and is reflected in the Single Family Fund, $232.3 million was for the multi-family/business lending program and is reflected in the Multi-Family/Business Fund and $15.7 million was issued in the form of private placements of debt to finance single family and business loans – reflected in the General Fund. Partially offsetting these new debt issues were maturities of short-term debt related to the Authority's private activity bond volume cap preservation program, scheduled debt payments, early redemptions and refundings of various debt issues.

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

Colorado Housing and Finance Authority
Statement of Net Assets

December 31, 2006

(with summarized financial information for December 31, 2005)

(in thousands of dollars)

	General Fund	Single Family	Multi-Family/ Business	Eliminations	2006	2005
Assets						
Current assets:						
Cash	$ 26,365	$ -	$ -	$ -	$ 26,365	$ 24,024
Investments	52,713	338,742	99,391	-	490,846	554,138
Loans receivable	6,757	51,957	25,417	(1,040)	83,091	70,191
Accrued interest receivable	2,460	11,958	6,060	(267)	20,211	18,840
Deferred debt financing costs, net	20	611	251	-	882	694
Federally assisted program advances	-	-	-	-	-	838
Other assets	3,885	-	-	-	3,885	5,992
Due to (from) other funds	(21,180)	17,859	3,321	-	-	-
Total current assets	71,020	421,127	134,440	(1,307)	625,280	674,717
Noncurrent assets:						
Investments	4,524	99,879	80,862	-	185,265	181,735
Loans receivable, net	195,965	1,506,749	737,102	(30,160)	2,409,656	2,035,553
Capital assets - non-depreciable	8,545	-	-	-	8,545	7,991
Capital assets - depreciable, net	32,638	-	-	-	32,638	31,892
Other real estate owned, net	-	1,923	-	-	1,923	4,005
Deferred debt financing costs, net	357	10,998	4,527	-	15,882	12,491
Other assets	14,486	-	-	-	14,486	12,361
Total noncurrent assets	256,515	1,619,549	822,491	(30,160)	2,668,395	2,286,028
Total assets	$ 327,535	$ 2,040,676	$ 956,931	$ (31,467)	$ 3,293,675	$ 2,960,745
Liabilities						
Current liabilities:						
Short-term debt	$ 8,200	$ -	$ -	$ -	$ 8,200	$ 120,405
Bonds payable, current portion	75	162,005	5,702	-	167,782	173,910
Notes payable, current portion	108	-	-	-	108	107
Accrued interest payable	1,009	14,936	10,682	(267)	26,360	23,688
Federally assisted program advances	899	-	-	-	899	838
Accounts payable and other liabilities	18,093	506	294	-	18,893	17,385
Total current liabilities	28,384	177,447	16,678	(267)	222,242	336,333
Noncurrent liabilities:						
Bonds payable, net	107,017	1,795,303	891,858	-	2,794,178	2,371,168
Notes payable	37,055	-	-	(31,200)	5,855	2,079
Other liabilities	8,954	444	957	-	10,355	8,312
Total noncurrent liabilities	153,026	1,795,747	892,815	(31,200)	2,810,388	2,381,559
Total liabilities	181,410	1,973,194	909,493	(31,467)	3,032,630	2,717,892
Net assets						
Invested in capital assets, net of related debt	9,134	-	-	-	9,134	7,831
Restricted by bond indentures	-	67,482	47,438	-	114,920	93,609
Unrestricted	136,991	-	-	-	136,991	141,413
Total net assets	146,125	67,482	47,438	-	261,045	242,853
Total liabilities and net assets	$ 327,535	$ 2,040,676	$ 956,931	$ (31,467)	$ 3,293,675	$ 2,960,745

The accompanying notes are an integral part of these statements

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

For the year ended December 31, 2006

(with summarized financial information for the year ended December 31, 2005)

(in thousands of dollars)

	General Fund	Single Family	Multi-Family/ Business	Eliminations	2006	2005
Operating revenues:						
Interest on loans receivable	$ 12,449	$ 72,233	$ 39,326	$ (2,169)	$ 121,839	$ 111,337
Investment income	3,061	20,323	11,000	-	34,384	30,628
Net increase (decrease) in the fair value of investments	(137)	(1,130)	(1,201)	-	(2,468)	788
Rental income	11,638	-	-	-	11,638	10,902
Loan servicing income	8,543	-	-	-	8,543	7,826
Section 8 administration fees	4,622	-	-	-	4,622	3,976
Other revenues	2,284	-	-	-	2,284	2,295
Total operating revenues	42,460	91,426	49,125	(2,169)	180,842	167,752
Operating expenses:						
Interest on debt	9,663	83,680	43,190	(2,169)	134,364	120,371
Salaries and related benefits	12,721	-	-	-	12,721	11,322
General operating	14,732	502	192	-	15,426	15,485
Other interest expense	1,845	-	-	-	1,845	1,848
Depreciation	2,651	-	-	-	2,651	2,679
Provision for losses	(1,050)	443	(3,750)	-	(4,357)	715
Total operating expenses	40,562	84,625	39,632	(2,169)	162,650	152,420
Total operating income	1,898	6,801	9,493	-	18,192	15,332
Nonoperating revenues and expenses:						
Federal grant receipts	95,061	-	-	-	95,061	92,479
Federal grant payments	(95,061)	-	-	-	(95,061)	(92,479)
Total nonoperating revenues	-	-	-	-	-	-
Income before transfers	1,898	6,801	9,493	-	18,192	15,332
Transfers from (to) other funds	6,179	(899)	(5,280)	-	-	-
Change in net assets	8,077	5,902	4,213	-	18,192	15,332
Net assets:						
Beginning of year, as restated	138,048	61,580	43,225	-	242,853	227,521
End of year	$ 146,125	$ 67,482	$ 47,438	$ -	$ 261,045	$ 242,853

The accompanying notes are an integral part of these statements

Colorado Housing and Finance Authority

Statement of Cash Flows

For the year ended December 31, 2006

(with summarized financial information for the year ended December 31, 2005)

(in thousands of dollars)

	General Fund	Single Family	Multi-Family/ Business	Eliminations	2006	2005
Cash flows from operating activities:						
Principal payments received on loans receivable & recetips from dispositions of other real estate owned	$ 11,867	$ 164,747	$ 42,759	$ 33	$ 219,406	$ 292,254
Interest payments received on loans receivable	12,930	73,732	38,729	(2,167)	123,224	114,234
Payments for fundings of loans receivable	(441,462)	(9)	(159,846)	-	(601,317)	(482,934)
Receipt (payment) for loan transfers between funds	450,235	(418,640)	(31,595)	-	-	-
Receipts from rental operations	11,609	-	-	-	11,609	10,880
Receipts from other revenues	15,191	-	-	-	15,191	14,057
Payments for salaries and related benefits	(12,510)	-	-	-	(12,510)	(11,294)
Payments for goods and services	(17,084)	(502)	(192)	-	(17,778)	(12,912)
All other, net	2,207	10	-	-	2,217	(3,781)
Net cash provided (used) by operating activities	32,983	(180,662)	(110,145)	(2,134)	(259,958)	(79,496)
Cash flows from noncapital financing activities:						
Proceeds from issuance of short-term debt	3,767,804	-	-	-	3,767,804	4,805,225
Proceeds from issuance of bonds	15,265	616,615	229,851	-	861,731	594,366
Proceeds from issuance of notes payable	3,884	-	-	-	3,884	-
Receipts from federal grant programs	97,311	-	-	-	97,311	91,372
Payments for federal grant programs	(96,412)	-	-	-	(96,412)	(91,372)
Principal paid on short-term debt	(3,880,009)	-	-	-	(3,880,009)	(4,783,765)
Principal paid on bonds	(8,588)	(305,885)	(134,195)	-	(448,668)	(522,423)
Principal paid on notes payable	(71)	-	-	(33)	(104)	(4,695)
Interest paid on short-term debt	(3,708)	-	-	-	(3,708)	(2,475)
Interest paid on bonds	(5,459)	(82,352)	(41,644)	1,817	(127,638)	(115,788)
Interest paid on notes payable	(13)	-	-	-	(13)	(14)
Transfers (to) from other funds	1,383	(160)	(1,223)	-	-	-
Net cash provided (used) by noncapital financing activities	(108,613)	228,218	52,789	1,784	174,178	(29,569)
Cash flows from capital and related financing activities:						
Purchase of capital assets	(3,167)	-	-	-	(3,167)	(3,042)
Principal paid on capital-related debt	(786)	-	-	-	(786)	(6,044)
Interest paid on capital-related debt	(2,195)	-	-	350	(1,845)	(1,848)
Net cash provided (used) by capital and related financing activities	(6,148)	-	-	350	(5,798)	(10,934)
Cash flows from investing activities:						
Proceeds from maturities and sales of investments	1,805,848	1,366,381	1,662,792	-	4,835,021	5,061,787
Purchase of investments	(1,724,199)	(1,433,857)	(1,614,167)	-	(4,772,223)	(4,970,232)
Income received from investments	2,470	19,920	8,731	-	31,121	29,999
Net cash provided (used) by investing activities	84,119	(47,556)	57,356	-	93,919	121,554
Net increase in cash	2,341	-	-	-	2,341	1,555
Cash at beginning of year	24,024	-	-	-	24,024	22,469
Cash at end of year	$ 26,365	$ -	$ -	$ -	$ 26,365	$ 24,024

The accompanying notes are an integral part of these statements

Continued on the next page.

Colorado Housing and Finance Authority
Statement of Cash Flows *(continued)*
For the year ended December 31, 2006

(with summarized financial information for the year ended December 31, 2005)

(in thousands of dollars)

	General Fund	Single Family	Multi-Family/ Business	Eliminations	2006	2005
Reconciliation of operating income to net cash provided (used) by operating activities:						
Operating income	$ 1,898	$ 6,801	$ 9,493	$ -	$ 18,192	$ 15,332
Adjustments to reconcile operating income to net cash provided (used) by operating activities:						
Depreciation expense	2,651	-	-	-	2,651	2,679
Provision for losses	(1,050)	443	(3,750)	-	(4,357)	715
Gain on sale of investment	-	-	(370)	-	(370)	-
Loss on disposition of capital assets	-	-	-	-	-	292
Amortization/accretion of premiums and discounts on investments, net	(584)	(240)	(1,965)	-	(2,789)	(1,131)
Amortization of deferred loan fees/costs, net	(498)	1,874	(133)	-	1,243	3,156
Amortization of premiums on bonds	-	(3,027)	(43)	-	(3,070)	(3,736)
Amortization of bond issuance costs	18	2,276	662	-	2,956	2,974
Accretion of capital appreciation term bonds	-	354	-	-	354	422
Amortization of service release premiums	1,802	-	-	-	1,802	2,077
(Increase) decrease in fair value of investments	137	1,130	1,201	-	2,468	(788)
Income received from investments	(2,470)	(19,920)	(8,731)	-	(31,121)	(29,999)
Interest paid on bonds, notes and short-term debt	11,375	82,352	41,644	(2,167)	133,204	120,125
Changes in assets and liabilities:						
Loans receivable and other real estate owned	21,798	(254,311)	(148,482)	33	(380,962)	(189,720)
Accrued interest receivable	(321)	(375)	(678)	2	(1,372)	189
Other assets	(5,082)	11	(2)	-	(5,073)	(4,558)
Accrued interest payable	116	1,663	895	(2)	2,672	1,726
Accounts payable and federally assisted programs	3,193	307	114	-	3,614	749
Net cash provided (used) by operating activities	$ 32,983	$ (180,662)	$ (110,145)	$ (2,134)	$ (259,958)	$ (79,496)

The Authority defines cash and cash equivalents as cash deposits.

The accompanying notes are an integral part of these statements

(1) Organization and Summary of Significant Accounting Policies

(a) Authorizing Legislation and Reporting Entity

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

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

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

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

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

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

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

Financial Statement Presentation – The Authority's financial statements include a classified Statement of Net Assets, a Statement of Revenues, Expenditures and Changes in Net Assets formatted to report operating and nonoperating revenues and expenses, a Statement of Cash Flows presented using the direct method and notes to the financial statements. The Authority's financial statements present its funds in separate columns. Summarized financial information for 2005 has been presented in the accompanying financial statements in order to provide an understanding of changes in the Authority's financial position, results of operations and cash flows on an entity-wide basis. However, the summarized financial information is not intended to present the financial position, results of operations or cash flows in accordance with accounting principles generally accepted in the United States of America.

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

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

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

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

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

(c) Summary of Significant Accounting Policies

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

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

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

Capital Assets – The Authority's capital assets consist of two components. Corporate capital assets include those capital assets other than those used in its Rental Acquisition Program (RAP) activities. The Authority commenced its RAP operations in 1988 when the Board authorized the acquisition, rehabilitation and operation of multi-family properties to provide affordable housing to lower and moderate income families. The Authority has acquired and rehabilitated these properties with a combination of funds, including (1) general obligation and multi-family bond proceeds, (2) seller-carry notes, and (3) contributions from the General Fund. As a policy matter, the Authority sells these properties from time to time to qualified non-profit sponsors. As of December 31, 2006, the Authority owned a total of 16 RAP projects, including its three component units, containing 1,598 units.

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

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

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

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

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

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

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

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

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

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

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

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

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

(2) Cash and Investments

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

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

As of December 31, 2006, the Authority had the following investments:

	Investment Maturities (In Years)					
Investment Type	Less Than 1	1-5	6-10	More Than 10	Total	2005
Money market mutual fund	$ 6,258	$ -	$ -	$ -	$ 6,258	$ 15,350
External investment pool	35,314	-	-	-	35,314	28,241
Certificate of deposit	-	-	-	-	-	84,390
Repurchase agreement	1,042	-	-	-	1,042	263
U.S. Treasury	-	-	2,758	546	3,304	3,512
U.S. Government agencies	59,005	15,056	18,018	47,363	139,442	177,111
State & political subdivision obligations	-	-	-	10,623	10,623	10,761
Investment agreements - uncollateralized	378,224	-	-	78,604	456,828	388,506
Investment agreements - collateralized	11,003	-	-	12,297	23,300	27,739
Total	$ 490,846	$ 15,056	$ 20,776	$ 149,433	$ 676,111	$ 735,873

Interest Rate Risk – The Authority manages interest rate risk in the General Fund by generally limiting the maximum maturity date of an investment to seven years. Of the General Fund's $57,237,000 in investments, 92% have maturities of less than one year.

In the Single Family and Multi-Family/Business Funds, the Authority matches maturities to anticipated cash flows. Of the $148,888,000 in investments with a maturity of more than ten years held by these funds, 98% are debt service reserves.

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

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

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

The rating for the repurchase agreements in the above table is the rating of the underlying securities. 96% of the investments in securities issued by state and political subdivisions are rated AAA.

Investment agreements meet the requirements of the rating agency providing the rating on the related debt issue, and of the Board's investment policy. Investment agreements generally provide for collateralization of balances in the event of a rating agency downgrade of the institution below certain rating requirements.

As of December 31, 2006, the Authority had invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST), an investment vehicle established for local governmental entities in Colorado to pool funds available for investment. COLOTRUST is reflected in the above tables as an external investment pool. The State Securities Commissioner administers and enforces all State statutes governing COLOTRUST. COLOTRUST operates similar to a money market fund and each share's fair value is $1.00.

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

Issuer	Total	General Fund	Single Family	Multi-Family/ Business
Federal Home Loan Bank		7.2%		8.3%
Freddie Mac		7.2%		
Fannie Mae	14.1%	27.2%		34.5%

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

Custodial Credit Risk - Cash Deposits – In the case of cash deposits, custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. At December 31, 2006, the Authority's cash deposits had a carrying amount of $26,365,000 and a bank balance of $27,313,000. All deposit accounts were either covered by the Federal Deposit Insurance Corporation or collateralized in accordance with the Public Deposit Protection Act.

Included in cash deposits are escrow deposits in the amount of $15,335,000 held in a fiduciary capacity. These escrow deposits are primarily held for the payment of property taxes and insurance on behalf of the Authority's mortgagors.

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

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

Loans receivable at December 31, 2006, and 2005, consist of the following:

	2006	2005
General Fund	$ 211,075	$ 237,765
Single Family Fund:		
Program Senior and Subordinate	119,523	146,239
Mortgage	1,432,852	1,149,545
Total Single Family Fund loans	1,552,375	1,295,784
Multi-Family/Business Fund:		
Insured Mortgage Revenue	126,497	173,907
Multi-Family/Project	615,668	417,494
Total Multi-Family/Business Fund loans	742,165	591,401
Total loans receivable	2,505,615	2,124,950
Payments in process	(228)	(3,583)
Deferred cash assistance expense	8,705	10,136
Deferred fee income	(9,968)	(7,572)
Allowance for loan losses	(11,377)	(18,187)
Total loans receivable, net	$ 2,492,747	$ 2,105,744

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

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

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

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

Activity in the allowance for loan losses for the year ended December 31, 2006, was as follows:

Beginning Balance	Provision	Net Charge-offs	Ending Balance
$ (18,187)	$ 4,500	$ 2,310	$ (11,377)

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

Other real estate owned of $1,923,000 as of December 31, 2006, consisted entirely of foreclosures of single-family residences. Activity in the allowance for losses on other real estate for the year ended December 31, 2006, was as follows:

Beginning Balance	Provision	Net Charge-offs	Ending Balance
$ -	$ (143)	$ 143	$ -

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

Capital assets activity for the year ended December 31, 2006, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Non-depreciable capital assets:				
Land	$ 7,529	$ 68	$ -	$ 7,597
Construction in progress	462	2,548	(2,062)	948
Total non-depreciable capital assets	7,991	2,616	(2,062)	8,545
Depreciable capital assets:				
Cost:				
Computer equipment/software	2,259	447	-	2,706
Office equipment	3,505	1,700	-	5,205
Furniture amd fixtures	3,660	536	-	4,196
Buildings	41,584	714	-	42,298
Total depreciable capital assets	51,008	3,397	-	54,405
Less accumulated depreciation:				
Computer equipment/software	(1,583)	(532)	-	(2,115)
Office equipment	(2,949)	(368)	-	(3,317)
Furniture amd fixtures	(1,964)	(349)	-	(2,313)
Buildings	(12,620)	(1,402)	-	(14,022)
Total accumulated depreciation	(19,116)	(2,651)	-	(21,767)
Total depreciable capital assets, net	31,892	746	-	32,638
Total capital assets, net	$ 39,883	$ 3,362	$ (2,062)	$ 41,183

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

As discussed in Note 1(c), the Authority's capital assets consist of two components, corporate capital assets and RAP capital assets. Summary capital assets activity for these two components for the year ended December 31, 2006, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Corporate activities:				
Cost	$ 11,699	$ 2,751	$ -	$ 14,450
Accumulated depreciation	(4,145)	(929)	-	(5,074)
Net	7,554	1,822	-	9,376
RAP activities:				
Cost	47,300	1,200	-	48,500
Accumulated depreciation	(14,971)	(1,722)	-	(16,693)
Net	32,329	(522)	-	31,807
Total capital assets, net	$ 39,883	$ 1,300	$ -	$ 41,183

Summary financial information for the Authority's RAP activities as of December 31, 2006, and for the year then ended is provided below:

As of December 31, 2006	
Property, net of accumulated depreciation of $16,693	$ 31,807
Total assets	$ 40,332
Total liabilities	$ 28,057
Net assets	$ 12,274

For the year ended December 31, 2006	
Rental income	$ 11,638
Other revenues	142
General operating expenses	(6,839)
Depreciation expense	(1,722)
Interest expense	(1,845)
Operating income	$ 1,374

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

(5) Short-term Debt

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

The Authority also has a revolving, unsecured, commercial bank line of credit agreement for borrowings of up to $30,000,000. Amounts drawn under the agreement bear interest fixed at 0.55% per annum above the London Interbank Offered Rate. This line of credit agreement terminates on July 25, 2007. The Authority pays an unused line fee at the rate of 0.15% per annum, payable in arrears on the last day of each calendar quarter until the Maturity Date, and on the Maturity Date. The fee is based upon the amount by which the daily average of the aggregate principal amount of the borrowings outstanding is less than the line of credit.

The Authority additionally has an agreement with a commercial bank for a secured line of credit authorizing borrowings of up to $10,000,000. The Authority borrows an amount based on the prior month's average daily balance of custodial funds held in a non-interest bearing account at the bank. Amounts drawn under this agreement bear interest fixed at .5% per annum, and are invested with the bank in money market instruments. The line of credit agreement terminates on August 1, 2007. There are no commitment fees associated with this agreement.

Short-term debt activity for the year ended December 31, 2006, was as follows:

Beginning Balance	Additions	Reductions	Ending Balance
$ 120,405	$ 3,767,804	$ 3,880,009	$ 8,200

(6) Long-term Liabilities

The Authority issues bonds and notes payable to finance its lending programs. Proceeds from long-term debt of the Single Family and Multi-Family/Business Funds are used for funding of single family, multi-family and business loans. Long-term debt of the General Fund (including notes payable) is used to finance single family and business loans related to various private placements, the Authority's RAP activities and for general corporate purposes. The aggregate principal amounts of bonds and notes payable outstanding as of December 31, 2006, and 2005, are shown in the table on the following pages. Interest is payable semi-annually unless otherwise noted. Interest rates on variable debt are reset on a weekly basis by the remarketing agents.

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

Descripton and due date		Interest rate (%)	2006	2005
Bonds payable:				
General Fund:				
General Obligation Bonds:				
1992 Series A	2007-2030	9.125	$ 3,160	$ 3,190
1998 Series A	2007-2017	4.65 to 5.25	1,135	1,210
Total General Obligation Bonds			4,295	4,400
Single Family:				
Taxable Mortgage Revenue Bonds: (* *principal and interest payable monthly*)				
2000 Series A*	2007-2020	6.914	1,496	1,549
2000 Series B*	2007-2020	6.675	166	436
2001 Series AP*	2007-2021	6.135	1,893	2,265
2001 Series AV*	2007-2021	6.625	388	705
2002 Series AP*	2007-2022	5.662	604	936
2004 Series A*	2007-2034	4.95	1,690	1,840
2004 Series B*	2007-2035	4.98	3,824	4,470
2004 Series CV*	2007-2035	5.14	2,488	2,840
2005 Series A *	2007-2035	5.17	9,881	10,249
2005 Series B*	2007-2036	5.32	9,522	10,100
2006 Series A*	2007-2036	5.92	10,670	-
Total Single Family			42,622	35,390
Multi-Family/Business Finance:				
ACCESS Program Bonds:				
1995 Series A	2007-2015	7.67	288	362
Guaranteed Loan Participation Purchase Bonds: *(* principal and interest payable monthly)*				
1999 Series A	2007-2024	5.71	745	1,198
2000 Series A	2007-2025	6.755	244	281
2003 Series A*	2007-2023	5.004	3,217	3,996
2004 Series A*	2007-2024	4.62	4,121	4,529
2004 Series B*	2007-2024	4.88	8,178	9,103
2005 Series A*	2007-2025	4.81	3,544	4,176
2006 Series A*	2007-2026	5.98	4,969	-
Total Guaranteed Loan Participation Purchase Bonds			25,018	23,283
Project Loan Participation Purchase Bonds: *(* principal and interest payable monthly)*				
2004 Series AP*	2007-2024	4.90	6,840	7,948
Taxable Rental Project Revenue Bonds: *(* principal and interest payable monthly)*				
2000 Series A	2007-2020	6.152	4,655	4,918
2002 Series AV*	2007-2022	5.55	6,484	6,571
2003 Series AV*	2007-2024	5.19	3,844	3,892
2004 Series A*	2007-2024	4.90	13,046	13,216
Total Taxable Rental Project Revenue Bonds			28,029	28,597
Total Multi-Family/Business Finance			60,175	60,190
Total General Fund			107,092	99,980

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

Descripton and due date		Interest rate (%)	2006	2005
Single Family Fund:				
Single Family Program Senior and Subordinate Bonds:				
1994 Series B		6.125 to 7.50	-	420
1995 Series D	2007-2026	5.625 to 7.375	795	1,410
1996 Series A	2007-2027	5.50 to 7.40	860	1,570
1996 Series B	2007-2027	7.45 to 7.65	695	1,390
1996 Series C	2007-2027	7.10 to 7.55	635	1,760
1997 Series A	2007-2027	7.00 to 7.25	1,585	3,170
1997 Series B	2007-2028	5.15 to 7.00	1,365	2,480
1997 Series C	2007-2028	6.75 to 6.875	1,830	2,910
1998 Series A	2007-2029	6.50 to 6.60	5,270	7,285
1998 Series B	2007-2029	5.50 to 6.55	5,416	7,145
1998 Series C	2007-2029	5.15 to 5.625	6,084	7,586
1998 Series D	2007-2029	6.125 to 6.35	6,950	9,060
1999 Series A	2007-2030	6.05 to 6.45	8,045	10,695
1999 Series B	2007-2029	4.875 to 6.80	6,470	8,300
1999 Series C	2007-2031	5.25 to 7.20	8,665	11,155
2000 Series A	2007-2031	5.75 to 7.50	3,810	5,015
2000 Series B	2007-2031	5.35 to 7.25	4,390	5,520
2000 Series C	2007-2031	5.70 to 8.40	4,375	6,175
2000 Series D	2007-2032	5.40 to 6.90	5,910	7,120
2000 Series E	2007-2032	5.375 to 7.00	4,525	5,835
2001 Series A	2007-2032	5.00 to 6.50	8,215	11,110
2001 Series B	2007-2033	5.00 to 6.80	10,750	14,370
2001 Series C	2007-2033	4.875 to 6.60	14,735	18,470
Total Single Family Program Senior and Subordinate Bonds			111,375	149,951
Single Family Mortgage Bonds:				
2001 Series AA	2007-2041	Variable & 5.25	131,840	131,840
2002 Series A	2007-2032	Variable & 4.55 to 5.65	67,500	73,740
2002 Series B	2007-2032	Variable & 4.80 to 5.40	100,035	116,295
2002 Series C	2007-2036	Variable & 4.40 to 4.95	129,180	142,550
2003 Series A	2007-2032	Variable & 4.75 to 5.15	55,860	65,665
2003 Series B	2007-2033	Variable & 5.00	165,050	182,710
2003 Series C	2007-2032	Variable & 5.00	98,405	114,230
2004 Series A	2007-2034	Variable & 5.25	107,600	116,875
2004 Series B	2007-2034	Variable & 5.25	91,315	97,870
2005 Series A	2007-2035	Variable & 5.25	95,430	124,395
2005 Series B	2007-2036	Variable & 4.60 to 5.22	175,940	318,500
2006 Series A	2007-2036	Variable & 3.43 to 5.00	180,260	-
2006 Series B	2007-2036	Variable & 3.85 to 5.10	279,270	-
2006 Series C	2007-2036	Variable & 4.625	160,000	-
Total Single Family Mortgage Bonds			1,837,685	1,484,670
Total Single Family Fund			1,949,060	1,634,621

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

Descripton and due date		Interest rate (%)	2006	2005
Multi-Family/Business Fund:				
Multi-Family Housing Insured - Mortgage Revenue Bonds:				
1996 Series A	2007-2037	6.00 to 6.40	2,485	20,945
1996 Series B		5.75 to 8.00	-	8,410
1996 Series C	2007-2038	6.10 to 6.40	7,900	14,660
1997 Series A	2007-2038	5.10 to 7.125	6,190	10,340
1997 Series B	2007-2038	4.90 to 7.25	16,195	22,495
1997 Series C	2007-2039	5.00 to 6.75	23,785	25,240
1998 Series A	2007-2039	5.35 to 6.70	15,735	19,790
1998 Series B	2007-2040	5.45 to 7.00	7,140	7,170
1999 Series A	2007-2041	4.35 to 6.65	30,105	33,320
1999 Series B	2007-2041	5.25 to 5.85	5,345	5,390
1999 Series C	2007-2041	5.25 to 7.10	15,915	16,070
2002 Series AA	2007-2030	Variable	41,640	59,820
Total Multi-Family Housing Insured - Mortgage Revenue Bonds			172,435	243,650
Multi-Family/Project Bonds: *(* principal and interest payable quarterly on some of the bonds)*				
2000 Series A	2007-2032	Variable & 6.15	48,025	64,070
2000 Series B*	2007-2042	Variable & 5.90 to 6.10	30,455	30,710
2001 Series A	2007-2043	4.05 to 5.65	26,215	26,565
2002 Series A	2007-2042	Variable & 4.20 to 5.70	26,245	33,010
2002 Series B		Variable	-	6,495
2002 Series C	2007-2042	Variable & 3.20 to 5.30	136,840	140,020
2003 Series A	2007-2033	Variable	42,370	45,255
2004 Series A	2007-2045	Variable & 2.30 to 4.80	85,080	87,095
2005 Series A	2007-2040	Variable	72,010	96,250
2005 Series B	2007-2040	Variable	33,160	33,370
2006 Series A	2007-2041	Variable	113,700	-
2006 Series B	2007-2044	Variable	118,600	-
Total Multi-Family/Project Bonds			732,700	562,840
Total Multi-Family/Business Fund			905,135	806,490
Total bonds payable			2,961,287	2,541,091
Notes payable:				
Annual payments, 2007-2011		6.125	3,884	-
Monthly payments, 2007-2014		4.50	627	650
Annual payments, 2007-2020		1.00	628	671
No payments, principal forgiven annually, 2007-2024		0.00	222	234
Annual payments, 2007-2025		1.00	602	631
Total notes payable			5,963	2,186
Total bonds and notes payable			2,967,250	2,543,277
Deferred premiums			8,706	11,776
Deferred losses on refunding amounts			(8,033)	(7,789)
Total bonds and notes payable, net			$ 2,967,923	$ 2,547,264

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

A breakdown of bonds payable as of December 31, 2006, and 2005 by fixed and variable interest rates follows in the table below. Certain of the Authority's variable rate debt has been converted to fixed rate debt by entering into pay fixed/receive variable rate interest rate swap agreements as further described in Note 7. Such debt is referred to in the table as synthetic fixed rate debt.

Description	2006	2005
Fixed rate debt	$ 890,902	$ 935,536
Synthetic fixed rate debt *	1,823,650	1,344,355
Variable rate debt	246,735	261,200
Total	$ 2,961,287	$ 2,541,091

** Includes certain interest rate swaps effective in January 2007.*

Included in certain of the bond issues shown in the previous table are capital appreciation term bonds. The principal amounts of these bonds appreciate based on semiannual compounding of the original principal balances at the interest rates specified. The appreciated balances of these bonds at maturity, and as reflected in the accompanying Statement of Net Assets at December 31, 2006, and 2005, are as follows:

		Appreciated Balances		
Description and due date	Interest Rate (%)	Maturity	2006	2005
Single Family Program Senior and Subordinate Bonds:				
1998 Series B - 2025-2029	5.50	$ 6,053	$ 2,011	$ 1,904
1998 Series C - 2020-2029	5.625	12,265	4,589	4,341

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

Description	2006	2005
Single Family Program Subordinate Bonds	$ 2,020	$ 3,050
Single Family Mortgage Bonds, Class III	75,875	91,330
Multi-Family/Project Bonds, Class I	202,265	149,760
Multi-Family/Project Bonds, Class III	52,405	20,300
Total	$ 332,565	$ 264,440

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

Long-term liability activity for the year ended December 31, 2006, was as follows:

Description	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable	$ 2,541,091	$ 867,970	$ 447,774	$ 2,961,287	$ 167,782
Notes payable	2,186	3,884	107	5,963	108
Unamortized premium	11,776	-	3,070	8,706	-
Deferred losses on refunding	(7,789)	(674)	(430)	(8,033)	-
Total bonds and notes payable	2,547,264	871,180	450,521	2,967,923	167,890
Arbitrage rebate payable	1,075	640	314	1,401	-
Compensated absences	493	752	657	588	115
Deferred income	2,656	521	264	2,913	194
Other long-term liabilities	4,358	1,813	409	5,762	-
Total long-term liabilities	$ 2,555,846	$ 874,906	$ 452,165	$ 2,978,587	$ 168,199

Bonds and notes payable sinking fund installments and maturities subsequent to December 31, 2006, using rates in effect as of that date are as follows:

Year Ending	General Fund		Single Family		Multi-Family/Business		Notes Payable	
December 31,	Principal	Interest	Principal *	Interest	Principal	Interest	Principal	Interest
2007	$ 75	$ 5,420	$ 162,005	$ 83,996	$ 5,702	$ 44,469	$ 108	$ 278
2008	80	5,803	5,210	85,803	5,688	44,315	110	276
2009	85	5,800	5,220	85,504	6,039	44,053	112	274
2010	209	5,796	6,865	85,189	6,324	43,766	114	272
2011	239	5,782	11,160	84,801	6,646	43,460	4,000	270
2012-2016	1,741	28,601	282,105	399,552	48,231	211,497	944	90
2017-2021	5,789	27,685	292,182	330,942	51,460	199,505	402	16
2022-2026	57,639	19,018	207,051	277,844	91,140	182,850	173	3
2027-2031	3,160	11,409	262,754	227,116	145,742	159,608	-	-
2032-2036	38,075	8,443	676,226	125,680	296,905	115,486	-	-
2037-2041	-	-	50,000	12,094	109,118	53,850	-	-
2042-2046	-	-	-	-	132,140	20,798	-	-
Total	$ 107,092	$ 123,757	$ 1,960,778	$ 1,798,521	$ 905,135	$ 1,163,657	$ 5,963	$ 1,479

* Includes $11.7 million of future accretion of principal value on capital appreciation bonds.

The Authority has issued certain conduit bonds, the proceeds of which were made available to various developers and corporations for rental housing and commercial purposes. As of December 31, 2006, the amount outstanding on these bonds was $392,765,000. The bonds are payable solely from amounts received by the trustees from the revenue earned by the developers and corporations. Loan and corresponding debt service payments are generally guaranteed by irrevocable direct-pay letters of credit, or other credit enhancement arrangements. The faith and credit of the Authority is not pledged for the payment of the principal or interest on the bonds. Accordingly, these obligations are excluded from the Authority's financial statements.

(7) Interest Rate Swap Agreements

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

Summary of Swap Transactions - The key terms, including the fair values and counterparty credit ratings of the outstanding swaps as of December 31, 2006, are shown in the table on the following pages. The notional amounts of the swaps match the principal amounts of the associated debt. Except as discussed under amortization risk below, the authority's swap agreements contain scheduled reductions to outstanding notional amounts that are expected to approximately follow scheduled or anticipated reductions in the associated bonds payable.

Risk Disclosure

Credit Risk: All of the Authority's swaps rely upon the performance of the third parties who serve as swap counterparties, and as a result the Authority is exposed to credit risk - i.e., the risk that a swap counterparty fails to perform according to its contractual obligations. The appropriate measurement of this risk at the reporting date is the fair value of the swaps, as shown in the column labeled "Fair Value" in the table on the following page. The Authority is exposed to credit risk in the amount of any positive net fair value exposure to each counterparty. As of December 31, 2006, the Authority was exposed to a total of $3,135,000 of credit risk to 2 counterparties. To mitigate credit risk, the Authority maintains strict credit standards for swap counterparties. All swap counterparties must be rated in the AA or higher category by either Moody's Investors Service (Moody's) or Standard & Poor's (S&P) at the time the contract is entered into.

The Authority has executed 72 swap transactions with 8 counterparties of which 40 swaps, representing approximately 52% of the notional amount of swaps outstanding, are held with 2 separate Aaa/AAA rated (Moody's and S&P respectively) special purpose vehicles, which are bankruptcy remote, both of which are affiliates of the same parent company (28% of the notional amount outstanding are held with the special purpose vehicle with a continuation structure and 24% are held with the special purpose vehicle with a terminating structure). The bankruptcy-remote nature of these special purpose vehicles makes them bankruptcy remote from each other, as well as from their parent company. Thus they should be viewed as discrete credits. Of the remaining 32 swaps, the Authority holds 13 swaps, approximately 18% of the notional amount outstanding, with a single counterparty rated Aa/AA. An additional 11 swaps, approximately 14% of the notional amount outstanding, are with another single counterparty rated Aa/AA. The remaining 8 swaps, approximately 16% of the notional amount outstanding, are held with 4 counterparties, 2 of which are rated Aaa/AAA (one of which operates as a special purpose vehicle with a terminating structure), and 2 of which are rated in the AA category by both Moody's and S&P.

Additionally, the Authority has entered into 10 letter agreements (agreements to enter into a swap contract on a future date) with 2 counterparties for a notional amount of $48,175,000. The fair value of these swaps as of December 31, 2006, was a negative $557,000. As of December 31, 2006, the bonds relating to these future swap contracts had not been issued.

Basis Risk: The Authority is exposed to basis risk when the variable interest rate paid to the holders of its variable rate demand obligations (VRDO's) is not equivalent to the variable interest rate received from its counterparties on the related swap agreements. When exposed to basis risk, the net interest expense incurred on the combination of the swap agreement and the associated variable rate debt may be higher or lower than anticipated. The Authority's tax-exempt variable-rate bond interest payments are substantially equivalent to the Bond Market Association Municipal Swap Index (BMA) rate (plus a trading spread). For the swaps in which the Authority is receiving its actual VRDO rate from the counterparty, the Authority is not exposed to basis risk. For the swaps in which the Authority can only receive a rate indexed on BMA, it is only exposed to basis risk to the extent that the Authority's bonds diverge from their historic trading relationship with BMA. Certain tax-exempt swaps, as indicated in the table on the following pages, contain tax risk language where in the occurrence of a tax event as described in the underlying contracts, the Authority would receive an alternative variable rate pegged at a percentage of the London Interbank Offered Rate (LIBOR). For those tax-exempt swaps containing

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

Associated Bond Issue	Current Notional Amount	Effective Date	Termination Date	Fixed Rate Paid	Variable Rate Received *	Embedded Options	Optional Termination Date, at Par	Optional Termination Amount	Counterparty Rating Moody's/S&P	Fair Value **
Single Family:										
2001 Series AA1	27,075	10/04/01	11/01/13	5.290%	VRDO's Rate				Aaa/AAA	$ (183)
2001 Series AA2	46,840	10/04/01	05/01/31	4.600%	VRDO's Rate, with tax event language				Aaa/AAA	(3,452)
2002 Series A1	25,035	04/25/02	11/01/13	5.499%	VRDO's Rate				Aaa/AAA	(284)
2002 Series A3	19,090	04/25/02	11/01/21	4.749%	VRDO's Rate				Aaa/AAA	(1,403)
2002 Series B1	13,020	10/24/02	05/01/22	5.529%	VRDO's Rate				Aaa/AAA	(303)
2002 Series B2	30,045	07/18/02	11/01/13	5.285%	VRDO's Rate				Aaa/AAA	(154)
2002 Series B3	40,000	07/18/02	11/01/21	4.506%	VRDO's Rate, with tax event language				Aaa/AAA	(2,265)
2002 Series C1	29,290	10/24/02	11/01/32	5.350%	VRDO's Rate	Par optional termination right	11/01/17	21,765	Aaa/AAA	394
2002 Series C2	39,090	10/24/02	11/01/11	4.362%	VRDO's Rate				Aaa/AAA	594
2002 Series C3	40,000	10/24/02	05/01/22	4.422%	VRDO's Rate, with tax event language				Aaa/AAA	(1,724)
2003 Series A1	7,800	08/01/03	05/01/11	3.390%	LIBOR plus .05%				Aaa/AAAt	263
2003 Series A1	12,680	02/26/03	11/01/11	4.008%	LIBOR plus .05%				Aaa/AAAt	295
2003 Series A2	20,000	02/26/03	11/01/21	4.160%	BMA plus .05%, with tax event language				Aaa/AAAt	(583)
2003 Series B1	38,945	08/01/03	11/01/26	4.851%	LIBOR plus .05%	Par optional termination right	05/01/15	27,305	Aaa/AAAt	1,642
2003 Series B2	43,050	08/01/03	05/01/12	3.665%	LIBOR plus .05%				Aaa/AAAt	1,400
2003 Series B3	60,000	07/09/03	11/01/26	4.384%	BMA plus .15%	Par optional termination right	05/01/15	43,170	Aaa/AAAt	(1,410)
2003 Series C1	43,485	12/03/03	05/01/12	4.033%	LIBOR plus .05%				Aaa/AAA	1,055
2003 Series C2	40,000	11/13/03	11/01/26	4.595%	BMA plus .15%	Par optional termination right	05/01/15	28,780	Aaa/AAAt	(1,560)
2004 Series A1	35,085	09/01/04	05/01/12	4.460%	LIBOR plus .05%				Aaa/AAA	556
2004 Series A2	50,000	07/28/04	11/01/26	4.369%	Trigger, BMA plus .15% or 68% LIBOR	Par optional termination right	05/01/15	35,970	Aa2/AA	(2,005)
2004 Series B1	30,670	12/01/04	05/01/12	4.052%	LIBOR plus .05%				Aa2/AA+	759
2004 Series B2	40,000	11/01/04	11/01/26	4.122%	Trigger, BMA plus .15% or 68% LIBOR	Par optional termination right	05/01/15	28,780	Aa2/AA	(802)
2005 Series A1	36,870	05/01/05	05/01/13	4.356%	LIBOR plus .05%				Aa2/AA+	765
2005 Series A2	40,000	03/16/05	11/01/27	4.071%	Trigger, BMA plus .15% or 68% LIBOR	Par optional termination right	05/01/15	32,290	Aa2/AA	(644)
2005 Series B2	80,000	05/01/05	05/01/34	4.169%	Trigger, BMA plus .15% or 68% LIBOR	Par optional termination right	05/01/15	48,650	Aa2/AA	(2,109)
2006 Series A1	19,560	03/01/06	11/01/13	5.161%	LIBOR plus .05%		01/00/00		Aa2/AA-	(28)
2006 Series A3	40,000	01/18/06	11/01/36	4.313%	Trigger, BMA plus .15% or 68% of LIBOR	Par optional termination right	05/01/19	37,810	Aa1/AA	(1,387)
2006 Series B1	60,000	11/01/06	11/01/14	5.669%	LIBOR plus .05%		01/00/00		Aa2/AA-	(1,255)
2006 Series B2	49,325	07/26/06	11/01/34	4.195%	Trigger, BMA plus .05% or 68% of LIBOR	Par optional termination right	05/01/19	16,700	Aa1/AA	(1,793)
2006 Series B3	62,945	07/26/06	11/01/36	4.545%	Trigger, BMA plus .15% or 68% of LIBOR	Par optional termination right	05/01/19	59,190	Aa1/AA	(3,748)
2006 Series C1	60,000	01/02/07	11/01/14	5.314%	LIBOR plus .05%		01/00/00		Aa2/AA-	(468)
2006 Series C2	14,140	12/20/06	05/01/16	4.288%	Trigger, BMA plus .05% or 68% of LIBOR	Par optional termination right	05/01/12	7,050	Aa1/AA	(565)
2006 Series C2	10,605	12/20/06	11/01/16	4.288%	Trigger, BMA plus .05% or 68% of LIBOR	Par optional termination right	11/01/12	5,300	Aa1/AA	(442)
2006 Series C2	10,605	12/20/06	11/01/17	4.288%	Trigger, BMA plus .05% or 68% of LIBOR	Par optional termination right	11/01/13	5,300	Aa1/AA	(473)
2006 Series C2	35,350	12/20/06	11/01/34	4.288%	Trigger, BMA plus .05% or 68% of LIBOR	Par optional termination right	11/01/19	21,210	Aa1/AA	(1,373)
Total Single Family	1,250,600									(22,690)
Multi-Family/Business:										
2000 Series A1	12,750	03/21/00	10/01/20	5.235%	VRDO's Rate, with tax event language				Aaa/AAA	(1,553)
2000 Series A1	17,030	03/21/00	04/01/25	5.225%	VRDO's Rate, with tax event language				Aaa/AAA	(1,700)
2000 Series A2	11,545	02/01/00	04/01/15	5.800%	VRDO's Rate				Aaa/AAA	(1,200)
2000 Series B1	6,730	10/19/00	07/01/20	7.390%	LIBOR plus .25%				Aaa/AAAt	(846)
2002 Series A1	9,410	01/29/03	10/01/22	5.100%	VRDO's Rate				Aaa/AAA	(1,051)
2002 Series AA	31,640	07/03/02	10/01/23	6.068%	VRDO's Rate				Aaa/AAA	(5,367)
2002 Series AA	10,000	10/01/05	04/28/08	3.345%	BMA plus .05%				Aaa/AAA	29
2002 Series C1	10,525	04/01/03	10/01/32	6.129%	VRDO's Rate	Par optional termination right	As of: 1) 10/1/12 2) 4/1/15 3) 4/1/18	Up to: 1) 4,375 2) 6,575 3) all remaining	Aaa/AAA	(372)
2002 Series C2	70,715	10/01/03	10/01/32	5.124%	VRDO's Rate, with tax event language	Par optional termination right	04/01/18	59,340	Aaa/AAA	(7,063)
2002 Series C4	31,960	10/01/03	10/01/32	5.044%	VRDO's Rate, with tax event language	Par optional termination right	04/01/18	26,785	Aaa/AAA	(2,958)
2003 Series A1	23,760	10/01/03	04/01/26	4.555%	LIBOR plus .05%	Par optional termination right	10/01/09	16,576	Aaa/AAAt	1,878
2004 Series A1	48,695	11/01/04	10/01/25	5.528%	LIBOR plus .05%	Par optional termination right	10/01/14	all remaining	Aa2/AA	15
2004 Series A2	10,785	09/22/04	04/01/45	4.884%	BMA plus .15%	Par optional termination right	10/01/19	all remaining	Aa2/AA	(566)
2005 Series A1 (A)	5,145	08/01/05	10/01/35	5.820%	LIBOR plus .05%	Par optional termination right	04/01/15	all remaining	Aa2/AA	(26)
2005 Series A1 (B)	3,300	08/01/05	10/01/20	5.205%	LIBOR plus .05%				Aa2/AA	7
2005 Series A1 (C)	10,805	08/01/05	10/01/25	5.712%	LIBOR plus .05%	Par optional termination right	04/01/15	all remaining	Aa2/AA	(42)
2005 Series A1 (D)	4,590	08/01/05	10/01/25	5.573%	LIBOR plus .05%	Par optional termination right	10/01/11	all remaining	Aa2/AA	35
2005 Series A2	21,560	07/01/05	04/01/36	4.285%	BMA plus .05%	Par optional termination right	04/01/15	all remaining	Aa2/AA	(339)
2005 Series A3 (A)	6,800	04/13/05	04/01/40	4.656%	BMA plus .15%	Par optional termination right	10/01/20	all remaining	Aa2/AA	(307)
2005 Series A3 (B)	6,805	10/01/05	04/01/32	4.480%	BMA plus .15%	Par optional termination right	04/01/15	all remaining	Aa2/AA	(122)
2005 Series B1	15,110	03/01/06	04/01/36	5.235%	LIBOR plus .05%	Par optional termination right	10/01/15	11,125	Aa1/AA	338
2005 Series B2 (A)	3,675	01/02/06	10/01/40	4.735%	BMA plus .15%	Par optional termination right	10/01/15	3,305	Aa1/AA	(100)
2005 Series B2 (B)	6,225	09/01/06	10/01/38	4.527%	BMA plus .15%	Par optional termination right	10/01/21	4,520	Aa1/AA	(206)

Table continued on following page.

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

Associated Bond Issue	Current Notional Amount	Effective Date	Termination Date	Fixed Rate Paid	Variable Rate Received *	Embedded Options	Optional Termination Date, at Par	Optional Termination Amount	Counterparty Rating Moody's/S&P	Fair Value **
Multi-Family/Business (continued):										
2006 Series A1	5,350	12/01/06	04/01/27	5.715%	LIBOR plus .05%	Par optional termination right	04/01/17	3,380	Aaa/AAAt	(113)
2006 Series A1	2,000	02/01/07	04/01/23	5.400%	LIBOR plus .05%				Aaa/AAAt	(29)
2006 Series A1	8,360	01/01/07	04/01/27	6.002%	LIBOR plus .05%	Par optional termination right	As of: 1) 10/1/11 2) 10/1/16	Up to: 1) 1,795 2) 1,355	Aaa/AAAt	(431)
2006 Series A1	4,950	01/01/07	04/01/27	5.728%	LIBOR plus .05%	Par optional termination right	As of: 1) 10/1/11 2) 10/1/16	Up to: 1) 1,045 2) 1,565	Aaa/AAAt	(153)
2006 Series A1	7,635	12/01/06	04/01/27	6.020%	LIBOR plus .05%	Par optional termination right	04/01/22	2,795	Aaa/AAAt	(382)
2006 Series A1	12,175	12/01/06	10/01/36	5.342%	LIBOR plus .05%	Par optional termination right	04/01/21	8,040	Aa1/AA	108
2006 Series A2	5,195	11/01/06	04/01/28	4.341%	BMA plus .15%	Par optional termination right	10/01/16	3,540	Aaa/AAAt	(87)
2006 Series A2	9,750	12/01/06	10/01/41	4.999%	BMA plus .15%	Par optional termination right	04/01/24	7,670	Aaa/AAAt	(773)
2006 Series A2	12,725	11/01/06	04/01/39	4.626%	BMA plus .15%	Par optional termination right	10/01/16	10,880	Aaa/AAAt	(322)
2006 Series A2	3,100	12/01/06	04/01/26	4.740%	BMA plus .15%	Par optional termination right	04/01/24	2,670	Aaa/AAAt	(227)
2006 Series A3	2,550	11/01/06	10/01/36	4.504%	BMA plus .05%	Par optional termination right	10/01/16	2,150	Aaa/AAAt	(64)
2006 Series A3	935	11/01/06	04/01/27	3.995%	BMA plus .05%				Aaa/AAAt	(11)
2006 Series B1	107,500	11/29/06	10/01/44	5.172%	LIBOR				Aaa/AAAt	(151)
2006 Series B2	11,100	11/29/06	10/01/44	5.172%	LIBOR				Aaa/AAAt	(16)
Total Multi-Family/Business	572,885									(24,167)
Total	$ 1,823,485									$ (46,857)

* VRDO indicates a Variable Rate Demand Obligation and is the actual rate paid to bondholders. BMA is the Bond Market Association Municipal Swap Index. LIBOR is the London Interbank Offered Rate.

** The fair value of the outstanding swaps are presented for informational purposes only and do not impact the financial statements. All fair values have been calculated using the mark-to-market or par value method and include the valuation of any related embedded option. Additionally, eight of the tax-exempt swap agreements contain language which transfer the risk of a tax event to the Authority. The fair value of these swaps would decrease an additional $3,510,000 if a tax event had occurred on the valuation date.

tax event language for which the Authority could receive a variable-rate payment other than actual or BMA, the Authority would then be negatively exposed to basis risk should the relationship between LIBOR and BMA converge. Certain tax-exempt swaps, as indicated in the table above, contain a trigger feature in which the Authority receives a rate indexed on BMA should LIBOR be less than a predetermined level (the trigger level), or a rate pegged at a percentage of LIBOR should LIBOR be equal to or greater than the predetermined trigger level. For these swaps, the Authority would be negatively exposed to basis risk during the time period it is receiving the rate based on a percentage of LIBOR should the relationship between LIBOR and BMA converge.

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

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

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

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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, 2006, the Authority is not exposed to rollover risk.

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

Swap Payments and Associated Debt - Using interest rates as of December 31, 2006, debt service requirements of the Authority's outstanding variable-rate debt and net swap payments are as follows. As rates vary, variable rate interest rate payments on the bonds and net swap payments will change.

Year Ending December 31,	Principal	Interest	Swaps, Net	Total
2007	$ 87,335	$ 80,343	$ 3,804	$ 171,482
2008	106,840	78,780	4,028	189,648
2009	96,525	73,362	4,723	174,610
2010	92,870	68,270	5,253	166,393
2011	88,670	63,418	5,707	157,795
2012-2016	414,270	258,666	27,910	700,846
2017-2021	364,605	169,498	17,667	551,770
2022-2026	245,340	103,644	10,403	359,387
2027-2031	136,570	60,500	5,879	202,949
2032-2036	129,100	28,773	1,594	159,467
2037-2041	38,800	11,663	82	50,545
2042-2046	22,560	2,170	(22)	24,708
Total	$ 1,823,485	$ 999,087	$ 87,028	$ 2,909,600

(8) Debt Refundings

On October 4, 2006, the Authority issued its Multi-Family/Project Bonds 2006 Series A, in the aggregate principal amount of $113,700,000. A portion of the proceeds of the bonds and other surpluses were used to refund its outstanding Multi-Family Housing Insured Mortgage Revenue Bonds 1996 Series A, 1996 Series B, and 1996 Series C, in the amount of $26,000,000. Included in the refunding bond issue are variable rate bonds with interest during 2006 ranging from a weekly weighted average high of 4.238% which could result in a decrease in aggregate debt service requirement of $9,868,000 and an approximate economic gain to the Authority of $4,762,000, to a weekly weighted average rate low of 3.695% which could result in a decrease in aggregate debt service requirement of $10,161,000 and an approximate economic gain to the Authority of $5,028,000. The Multi-Family/Project Bonds 2006 Series A also refunded $8,875,000 of the Multi-Family/Project Bonds 2000 Series A and $5,120,000 of the Multi-Family/Project Bonds 2002 Series A. This was a variable rate to variable rate refunding, thus there was no change in the debt service requirement or an economic impact of the refunding of these two series. In accordance with GASB Statement No. 23, *Accounting and Financial Reporting for Refundings of Debt Reported by Proprietary Activities*, $674,000 was deferred and is being amortized over the estimated life of the old debt.

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

(9) Restricted Net Assets

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

Assets of the Single Family and Multi-Family/Business Funds are pledged for payment of principal and interest on the applicable bonds. In addition, certain assets are further restricted by bond resolutions for payment of interest on and/or principal of bonds in the event that the related debt service funds and other available monies are insufficient. Such assets are segregated within the Single Family and Multi-Family/Business Funds and are held in cash or investments. At December 31, 2006, these assets were at least equal to the amounts required to be restricted.

The Authority's Board of Directors (the "Board") has designated certain amounts of the unrestricted net assets of the General Fund as of December 31, 2006, for various purposes, as indicated in the following table. These designations of net assets are not binding, and can be changed by the Board.

Appropriations for loan programs:	
Housing Opportunity loans	$ 47,119
Housing loans	445
Business finance loans	10,083
Total appropriations	57,647
Designations:	
General obligation bonds	15,820
General operating and working capital	45,871
Unrealized appreciation of investments	575
Single and multi-family bonds	17,078
Total designations	79,344
Total General Fund unrestricted net assets	$ 136,991

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(10) Interfund Receivables, Payables and Transfers

The composition of interfund balances as of December 31, 2006, is as follows:

	Due to Fund			
Due From Fund	General	Single Family	Multi-Family/ Business	Total
General	$ -	$ 17,513	$ 4,643	$ 22,156
Single Family	275	-	-	275
Multi-Family/Business	701	621	-	1,322
Total	$ 976	$ 18,134	$ 4,643	$ 23,753

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

The following table summarizes the Authority's transfers for the year ended December 31, 2006:

	Transfers In			
Transfers Out	General	Single Family	Multi-Family/ Business	Total
General	$ -	$ 582	$ 457	$ 1,039
Single Family	1,481	-	-	1,481
Multi-Family/Business	5,737	-	-	5,737
Total	$ 7,218	$ 582	$ 457	$ 8,257

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

(11) Retirement Plans

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

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

Colorado Revised Statutes assign the authority to establish Trust and Health Fund benefit provisions to the State Legislature. PERA issues a publicly available annual financial report that includes financial statements and required supplementary information for the Trust and the Health Fund. That report may be obtained by writing to PERA at P.O. Box

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5800, Denver, Colorado 80217-5800, by calling PERA at 303-832-9550 or 1-800-759-PERA (7372) or from PERA's web site at www.copera.org.

Plan members and the Authority are required to contribute to the Trust at rates set by Colorado Statutes. A portion of the Authority's contribution (1.1% from January 1, 2004 to June 30, 2004 and 1.02% thereafter) is allocated for the Health Fund. Member contributions to the Health Fund are not required.

The contribution rate for members and the Authority's contributions to the Trust and Health Fund, which equaled the Authority's required contributions for each year, were as follows:

	2006	2005	2004
Contribution rate of covered salary:			
Members	8.00%	8.00%	8.00%
Authority:			
Trust	9.48%	8.98%	8.94%
Health Fund *	1.02%	1.02%	1.06%
Total contribution rate	10.50%	10.00%	10.00%
Contributions by the Authority:			
Trust	$ 890	$ 743	$ 708
Health Fund	96	84	84
Total contributions	$ 986	$ 827	$ 792

** 2004 rate is the average rate for the full year.*

An additional benefit offered to eligible Authority employees through PERA is a Voluntary Investment Program, established under Section 401(k) of the Internal Revenue Code. Participants invest a percentage of their annual gross salaries up to the annual IRS limit of their gross salaries. The Authority contributes 1% of each participating employee's salary as part of the 401(k) match and, in addition to the 1% contribution, the Authority matches half of the employee's 401(k) contribution up to 5% of the participating employee's gross salary. The Authority's match is a maximum of 3.5%, which includes the 1% contribution. Contributions by the Authority for the years ended December 31, 2006, and 2005 were $262,000 and $234,000, respectively. Contributions by participating employees for the year ended December 31, 2006, was $599,000.

Included in bonds and notes payable are bonds payable to PERA of $38,155,000 at December 31, 2006, that carry the Authority's general obligation pledge.

Until December 31, 2006, the Authority also offered a deferred compensation plan for the purpose of providing retirement income for employees. The plan was terminated effective December 31, 2006. This defined contribution plan was qualified under Section 457 of the Internal Revenue Code. The Authority did not contribute to this plan.

(12) Risk Management

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

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(13) Commitments and Contingencies

The Authority had outstanding commitments to make or acquire single family and multi-family/business loans of $87,202,000 and $77,569,000, respectively, as of December 31, 2006.

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

(14) Restatement

Beginning net assets for the various funds as reflected on the Statement of Revenues, Expenses and Changes in Net assets reflect retroactive adjustments related to interfund receivables and payables. During 2006 it was determined that certain interfund receivables and payables arising in prior years represented amounts transferred from one fund to another but not reflected as such. Most of these transfers were related to transfers of cash, loans and investments between the funds for various reasons for which repayment was not expected. As a result, retroactive adjustments were applied to the December 31, 2005, net assets as follows:

	General Fund	Single Family	Multi-Family/ Business	Total
Net assets at December 31, 2005, as originally stated	$ 149,244	$ 59,683	$ 33,926	$ 242,853
Transfers (to) from other funds	(11,196)	1,897	9,299	-
Net assets at December 31, 2005, as restated	$ 138,048	$ 61,580	$ 43,225	$ 242,853