
COLORADO HOUSING AND FINANCE AUTHORITY
ANNUAL FINANCIAL REPORT
For the Year Ended December 31, 2007
(With Summarized Financial Information for 2006)



Prepared by:
Finance Division

COLORADO HOUSING AND FINANCE AUTHORITY – Annual Financial Report

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colorado housing and finance authority



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 increase the availability of affordable, decent and accessible housing for lower- and moderate-income Coloradoans, and to strengthen the state’s economic development through its programs.

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 provides 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 is comprised of a member of the Colorado General Assembly, the state auditor, an executive director of a principal department of the state government appointed by the governor, and eight individuals appointed by the governor and confirmed by the State Senate.

BOARD OF DIRECTORS

Michele Dressel	Board Chair
Rick Grice	Board Chair Pro Tem
Joel S. Rosenstein	Board Secretary/Treasurer
John Blumberg	Board Member
Joseph A. Garcia	Board Member
Roxanne Huber	Board Member
John (Jay) Davidson	Board Member
Rosemary Marshall	Board Member
Eric C. Moore	Board Member
Nancy McCallin	Board Member
Sally Symanski	Board Member

Independent Auditor's Report

Board of Directors
Colorado Housing and Finance Authority
Denver, Colorado

We have audited the accompanying financial statements of the business-type activities and each major fund of Colorado Housing and Finance Authority as of and for the year ended December 31, 2007, which collectively comprise Colorado Housing and Finance Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Colorado Housing and Finance Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from Colorado Housing and Finance Authority's December 31, 2006 basic financial statements and, in our report dated March 29, 2007, we expressed unqualified opinions on the basic financial statements.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and each major fund of Colorado Housing and Finance Authority as of December 31, 2007, and the respective changes in financial position and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2008 on our consideration of Colorado Housing and Finance Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

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

Clifton Henderson LLP

Greenwood Village, Colorado
March 27, 2008

This section of the Colorado Housing and Finance Authority’s (the “Authority”) annual financial report presents management’s discussion and analysis of the financial position and results of operations at and for the fiscal year ended December 31, 2007. This analysis should be read in conjunction with the Authority’s financial statements and accompanying notes.

Financial Highlights

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

Overview of the Financial Statements

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

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

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

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

investing activities. The statement provides information regarding the sources and uses of cash and the change in the cash balance during the reporting period.

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

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

Analysis of Financial Activities

Statement of Net Assets

The following table presents condensed information about the financial position of the Authority as of December 31, 2007, and 2006, and changes in the balances of selected items during the fiscal year ended December 31, 2007.

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

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

million, offset by loan repayments and prepayments that resulted in total principal reductions of \$212.6 million. This growth in loans receivable was primarily funded by use of bond proceeds, discussed below, in addition to the use of proceeds from sales and maturities of short-term investments

Current liabilities decreased \$85.2 million, or 38.3%, compared to 2006. This decrease was due to the maturity of \$157.7 million of short-term bonds related to the Authority’s private activity bond volume cap preservation program, partially offset by an increase of \$56.3 million in the amount borrowed under the Authority’s line of credit with the Federal Home Loan Bank. Noncurrent bonds and notes payable increased \$365.1 million, or 13.0%, compared to December 31, 2006, as a result of various new bond issues. Additional information on the Authority’s debt activities is provided under “Debt Administration”.

Statement of Revenues, Expenses and Changes in Net Assets

The following table presents condensed statements of revenues, expenses and changes in net assets for the years ended December 31, 2007, and 2006, and the change from the prior year.

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

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

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

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

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

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

Reflected in nonoperating revenues and expenses are \$6.7 million in gains on the sales of various apartment complexes owned by the Authority, discussed in more detail below in “Capital Assets”.

Capital Assets

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

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

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

Debt Administration

As of December 31, 2007, the Authority had \$3.2 billion in bonds and notes payable outstanding and \$64.5 million outstanding under borrowing agreements with the Federal Home Loan Bank. This debt is secured by various assets and, in certain cases, the general obligation pledge of the Authority. The ratings on the debt of the Single Family Fund and the Multi-Family/Business Fund range from A1 to Aaa by Moody’s Investors Service (Moody’s) and A+ to AAA by Standard & Poor’s (S&P), depending on the underlying collateral. The ratings on the general obligation debt of the Authority are A1/A+ by Moody’s and S&P, respectively. There were no changes in ratings during 2007.

In 2007 the Authority issued \$558.8 million in debt related to its lending programs. Of this amount, \$395.0 million was issued pursuant to the Authority’s single family lending program and is reflected in the Single Family Fund, \$150.8 million was for the multi-family/business lending program and is reflected in the Multi-Family/Business Fund and \$13.0 million was issued in the form of private placements of debt to finance single family and business loans – reflected in the General Fund. Partially offsetting these new debt issues were maturities of short-term debt related to the Authority’s private activity bond volume cap preservation program, scheduled debt payments, early redemptions and refundings of various debt issues.

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

Colorado Housing and Finance Authority
Statement of Net Assets

December 31, 2007

(with summarized financial information for December 31, 2006)

(in thousands of dollars)

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

The accompanying notes are an integral part of these statements

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

For the year ended December 31, 2007

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

(in thousands of dollars)

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

The accompanying notes are an integral part of these statements

Colorado Housing and Finance Authority
Statement of Cash Flows

For the year ended December 31, 2007

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

(in thousands of dollars)

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

The accompanying notes are an integral part of these statements

Continued on the next page.

Colorado Housing and Finance Authority

Statement of Cash Flows (continued)

For the year ended December 31, 2007

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

(in thousands of dollars)

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

The Authority defines cash and cash equivalents as cash deposits.

The accompanying notes are an integral part of these statements

(1) Organization and Summary of Significant Accounting Policies

(a) Authorizing Legislation and Reporting Entity

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

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

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

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

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

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

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

Financial Statement Presentation – The Authority's financial statements include a classified Statement of Net Assets, a Statement of Revenues, Expenses and Changes in Net Assets formatted to report operating and nonoperating revenues and expenses, a Statement of Cash Flows presented using the direct method and notes to the financial statements. The Authority's financial statements present its funds in separate columns. Summarized financial information for 2006 has been presented in the accompanying financial statements in order to provide an understanding of changes in the Authority's financial position, results of operations and cash flows on an entity-wide basis. However, the summarized financial information is not intended to present the financial position, results of operations or cash flows in accordance with accounting principles generally accepted in the United States of America.

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

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

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

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

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

(c) Summary of Significant Accounting Policies

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

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

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

Capital Assets – The Authority's capital assets consist of two components. Corporate capital assets include those capital assets other than those used in its Rental Acquisition Program (RAP) activities. The Authority commenced its RAP operations in 1988 when the Board authorized the acquisition, rehabilitation and operation of multi-family properties to provide affordable housing to lower and moderate income families. The Authority has acquired and rehabilitated these properties with a combination of funds, including (1) general obligation and multi-family bond proceeds, (2) seller-carry notes, and (3) contributions from the General Fund. As a policy matter, the Authority sells these properties from time to time to qualified non-profit sponsors. As of December 31, 2007, the Authority owned a total of 10 RAP projects, including its three component units, containing 1,232 units.

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

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

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

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

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

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

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

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

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

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

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

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

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

(2) Cash and Investments

For General Fund investments, the Authority is authorized by means of a Board-approved investment policy to invest in notes, bonds and other obligations issued or guaranteed by the U.S. government and certain governmental agencies. Additionally, the Authority is permitted to invest, with certain restrictions as to concentration of risk, collateralization levels,

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

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

Investment Type	Investment Maturities (In Years)				Total	2006
	Less Than 1	1-5	6-10	More Than 10		
Money market mutual fund	\$ 2,011	\$ -	\$ -	\$ -	\$ 2,011	\$ 6,258
External investment pool	42,999	-	-	-	42,999	35,314
Repurchase agreement	327	-	-	-	327	1,042
U.S. Treasury	-	-	2,612	565	3,177	3,304
U.S. Government agencies	92,211	136	18,456	49,003	159,806	139,442
State & political subdivision obligations	-	-	-	10,541	10,541	10,623
Investment agreements - uncollateralized	356,903	-	-	-	356,903	456,828
Investment agreements - collateralized	6,612	-	-	-	6,612	23,300
Total	\$ 501,063	\$ 136	\$ 21,068	\$ 60,109	\$ 582,376	\$ 676,111

Interest Rate Risk – The Authority manages interest rate risk in the General Fund by generally limiting the maximum maturity date of an investment to seven years. Of the General Fund's \$65,446,000 in investments, 93% have maturities of less than one year.

In the Single Family and Multi-Family/Business Funds, the Authority matches maturities to anticipated cash flows. Of the \$59,543,000 in investments with a maturity of more than ten years held by these funds, 94% are debt service reserves.

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

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

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

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

As of December 31, 2007, the Authority had invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST), an investment vehicle established for local governmental entities in Colorado to pool funds available for investment. COLOTRUST is reflected in the above tables as an external investment pool. The State Securities Commissioner administers and enforces all State statutes governing COLOTRUST. COLOTRUST operates similar to a money market fund and each share's fair value is \$1.00.

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

Issuer	Total	General Fund	Single Family	Multi-Family/ Business
Freddie Mac	9.5%	9.4%	10.5%	8.2%
Fannie Mae	15.5%	19.3%	8.4%	24.9%

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

Custodial Credit Risk - Cash Deposits – In the case of cash deposits, custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. At December 31, 2007, the Authority's cash deposits had a carrying amount of \$30,955,000 and a bank balance of \$31,695,000. All deposit accounts were either covered by the Federal Deposit Insurance Corporation or collateralized in accordance with the Public Deposit Protection Act.

Included in cash deposits are escrow deposits in the amount of \$23,228,000 held in a fiduciary capacity. These escrow deposits are primarily held for the payment of property taxes and insurance on behalf of the Authority's mortgagors.

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

Loans receivable at December 31, 2007, and 2006, consist of the following:

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

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

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

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

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

Activity in the allowance for loan losses for the year ended December 31, 2007, was as follows:

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

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

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

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

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

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

As discussed in Note 1(c), the Authority's capital assets consist of two components, corporate capital assets and RAP capital assets. Summary capital assets activity for these two components for the year ended December 31, 2007, was as follows:

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

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

As of December 31, 2007	
Property, net of accumulated depreciation of \$12,901	\$ 21,258
Total assets	\$ 26,692
Total liabilities	\$ 17,628
Net assets	\$ 9,064
For the year ended December 31, 2007	
Rental income	\$ 10,882
Gains on sales of properties	6,659
Other revenues	135
General operating expenses	(6,268)
Depreciation expense	(1,515)
Interest expense	(1,588)
Operating income	\$ 8,305

(5) Short-term Debt

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

The Authority also has a revolving, unsecured, commercial bank line of credit agreement for borrowings of up to \$30,000,000. Amounts drawn under the agreement bear interest fixed at 0.55% per annum above the London Interbank Offered Rate. This line of credit agreement terminates on July 25, 2008. The Authority pays an unused line fee at the rate of 0.15% per annum, payable in arrears on the last day of each calendar. The fee is based upon the amount by which the daily average of the aggregate principal amount of the borrowings outstanding is less than the line of credit.

The Authority additionally has an agreement with a commercial bank for a secured line of credit authorizing borrowings of up to \$10,000,000. The Authority borrows an amount based on the prior month’s average daily balance of custodial funds held in a non-interest bearing account at the bank. Amounts drawn under this agreement bear interest fixed at .75% per annum, and are invested with the bank in money market instruments. The line of credit agreement terminates on August 1, 2008. There are no commitment fees associated with this agreement.

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

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

(6) Long-term Liabilities

The Authority issues bonds and notes payable to finance its lending programs. Proceeds from long-term debt of the Single Family and Multi-Family/Business Funds are used for funding of single family, multi-family and business loans. Long-term debt of the General Fund (including notes payable) is used to finance single family and business loans related to various private placements, the Authority’s RAP activities and for general corporate purposes. The aggregate principal amounts of bonds and notes payable outstanding as of December 31, 2007, and 2006, are shown in the table on the following pages. Interest is payable semi-annually unless otherwise noted. Interest rates on variable debt are reset on a weekly basis by the remarketing agents.

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

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

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

A breakdown of bonds payable as of December 31, 2007, and 2006 by fixed and variable interest rates follows in the table below. Certain of the Authority's variable rate debt has been converted to fixed rate debt by entering into pay fixed/receive variable rate interest rate swap agreements as further described in Note 7. Such debt is referred to in the table as synthetic fixed rate debt.

Description	2007	2006
Fixed rate debt	\$ 696,509	\$ 890,902
Synthetic fixed rate debt	2,194,640	1,823,650
Variable rate debt	287,340	246,735
Total	\$ 3,178,489	\$ 2,961,287

Included in certain of the bond issues shown in the previous table are capital appreciation term bonds. The principal amounts of these bonds appreciate based on semiannual compounding of the original principal balances at the interest rates specified. The appreciated balances of these bonds at maturity, and as reflected in the accompanying Statement of Net Assets at December 31, 2007, and 2006, are as follows:

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

Also included in the table of bonds and notes payable outstanding are certain Single Family and Multi-Family/Project bonds which carry the Authority's general obligation pledge. These bonds are presented in the following table as of December 31, 2007, and 2006:

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

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

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

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

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

* Includes \$11.3 million of future accretion of principal value on capital appreciation bonds.

The Authority has issued certain conduit bonds, the proceeds of which were made available to various developers and corporations for rental housing and commercial purposes. As of December 31, 2007, the amount outstanding on these bonds was \$455,812,000. The bonds are payable solely from amounts received by the trustees from the revenue earned by the developers and corporations. Loan and corresponding debt service payments are generally guaranteed by irrevocable direct-pay letters of credit, or other credit enhancement arrangements. The faith and credit of the Authority is not pledged for the payment of the principal or interest on the bonds. Accordingly, these obligations are excluded from the Authority's financial statements.

(7) Interest Rate Swap Agreements

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

Summary of Swap Transactions - The key terms, including the fair values and counterparty credit ratings of the outstanding swaps as of December 31, 2007, are shown in the table on the following pages. The notional amounts of the swaps match the principal amounts of the associated debt. Except as discussed under amortization risk below, the authority's swap agreements contain scheduled reductions to outstanding notional amounts that are expected to approximately follow scheduled or anticipated reductions in the associated bonds payable.

Risk Disclosure

Credit Risk: All of the Authority's swaps rely upon the performance of the third parties who serve as swap counterparties, and as a result the Authority is exposed to credit risk - i.e., the risk that a swap counterparty fails to perform according to its contractual obligations. The appropriate measurement of this risk at the reporting date is the fair value of the swaps, as shown in the column labeled "Fair Value" in the table on the following page. The Authority is exposed to credit risk in the amount of any positive net fair value exposure to each counterparty. As of December 31, 2007, the Authority was exposed to no credit risk with any of its counterparties. To mitigate credit risk, the Authority maintains strict credit standards for swap counterparties. All swap counterparties must be rated in the AA or higher category by either Moody's Investors Service (Moody's) or Standard & Poor's (S&P) at the time the contract is entered into.

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

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

Basis Risk: The Authority is exposed to basis risk when the variable interest rate paid to the holders of its variable rate demand obligations (VRDO's) is not equivalent to the variable interest rate received from its counterparties on the related swap agreements. When exposed to basis risk, the net interest expense incurred on the combination of the swap agreement and the associated variable rate debt may be higher or lower than anticipated. The Authority's tax-exempt variable-rate bond interest payments are substantially equivalent to the Bond Market Association Municipal Swap Index (BMA, now known as SIFMA) rate (plus a trading spread). For the swaps in which the Authority is receiving its actual VRDO rate from the counterparty, the Authority is not exposed to basis risk. For the swaps in which the Authority can only receive a rate indexed on BMA, it is only exposed to basis risk to the extent that the Authority's bonds diverge from their historic trading relationship with BMA. Certain tax-exempt swaps, as indicated in the table on the following pages, contain tax risk language where in the occurrence of a tax event as described in the underlying contracts, the Authority would receive an alternative variable rate pegged at a percentage of the London Interbank Offered Rate (LIBOR). For those tax-exempt
(text continued on page 29)

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

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

Table continued on following page.

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

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

** The fair value of the outstanding swaps are presented for informational purposes only and do not impact the financial statements. All fair values have been calculated using the mark-to-market or par value method and include the valuation of any related embedded option. Additionally, eight of the tax-exempt swap agreements contain language which transfer the risk of a tax event to the Authority. The fair value of these swaps would decrease an additional \$8,830,000 if a tax event had occurred on the valuation date.

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

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

Termination Risk: The Authority's swap agreements do not contain any out-of-the-ordinary termination events that would expose it to significant termination risk. In keeping with market standards, the Authority or the counterparty may terminate each swap if the other party fails to perform under the terms of the contract. In addition, the swap documents allow either

party to terminate in the event of a significant loss of creditworthiness. The Authority views the likelihood of such events to be remote at this time. If at the time of the termination a swap has a negative value, the Authority would be liable to the counterparty for a payment equal to the fair value of such swap.

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

Rollover Risk: The Authority is exposed to rollover risk only on swaps that mature or may be terminated at the counterparty's option prior to the maturity of the associated debt. As of December 31, 2007, the Authority is not exposed to rollover risk.

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

Swap Payments and Associated Debt - Using interest rates as of December 31, 2007, debt service requirements of the Authority's outstanding variable-rate debt and net swap payments are as follows. As rates vary, variable rate interest rate payments on the bonds and net swap payments will change.

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

(8) Debt Refundings

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

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

(9) Restricted Net Assets

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

Assets of the Single Family and Multi-Family/Business Funds are pledged for payment of principal and interest on the applicable bonds. In addition, certain assets are further restricted by bond resolutions for payment of interest on and/or principal of bonds in the event that the related debt service funds and other available monies are insufficient. Such assets are segregated within the Single Family and Multi-Family/Business Funds and are held in cash or investments. At December 31, 2007, these assets were at least equal to the amounts required to be restricted.

The Authority’s Board of Directors (the “Board”) has designated certain amounts of the unrestricted net assets of the General Fund as of December 31, 2007, for various purposes, as indicated in the following table. These designations of net assets are not binding, and can be changed by the Board.

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

(10) Interfund Receivables, Payables and Transfers

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

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

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

The following table summarizes the Authority's transfers for the year ended December 31, 2007:

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

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

(11) Retirement Plans

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

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

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

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

Plan members and the Authority are required to contribute to the Trust at rates set by Colorado Statutes. A portion of the Authority's contribution is allocated for the Health Fund. Member contributions to the Health Fund are not required.

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

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

Contributions by the Authority:

Trust	\$ 1,010	\$ 890	\$ 743
Health Fund	103	96	84
Total contributions	\$ 1,113	\$ 986	\$ 827

An additional benefit offered to eligible Authority employees through PERA is a Voluntary Investment Program, established under Section 401(k) of the Internal Revenue Code. Participants invest a percentage of their annual gross salaries up to the annual IRS limit of their gross salaries. The Authority contributes 1% of each participating employee's salary as part of the 401(k) match and, in addition to the 1% contribution, the Authority matches half of the employee's 401(k) contribution up to 5% of the participating employee's gross salary. The Authority's match is a maximum of 3.5%, which includes the 1% contribution. Contributions by the Authority for the years ended December 31, 2007, and 2006 were \$302,000 and \$262,000, respectively. Contributions by participating employees for the year ended December 31, 2007, was \$797,000.

Included in bonds and notes payable are bonds payable to PERA of \$36,155,000 at December 31, 2007, that carry the Authority's general obligation pledge.

(12) Risk Management

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

(13) Commitments and Contingencies

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

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