COLORADO HOUSING AND FINANCE AUTHORITY
ANNUAL FINANCIAL REPORT
(With Independent Auditors' Report Thereon)
December 31, 2014 and 2013

chfa

Prepared by:
Accounting Division

COLORADO HOUSING AND FINANCE AUTHORITY – Annual Financial Report

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EXECUTIVE LETTER
(UNAUDITED)

Message from Cris White,
Executive Director and CEO
March 26, 2015

In 2014, CHFA celebrated our 40 year anniversary and more than $10 billion invested into Colorado's economy since our inception. While we acknowledged our past accomplishments, we also worked hard throughout the year to further improve operations and financially strengthen the position of the organization for another 40+ years of success. These efforts led to an effective year in production and community impact.

Overall in 2014, CHFA supported:

- 3,462 Colorado households in obtaining home purchase loans, mortgage refinance loans, or mortgage credit certificates;

- the development or preservation of 26 affordable rental housing projects, supporting a total of 2,197 rental housing units; and

- 396 businesses with our capital access and business lending programs, which combined supported 4,414 jobs in Colorado.

CHFA made a $505 million direct investment, in total, into our mission last year. The economic activity estimated to occur as a result of this investment is $690 million.

In celebration of CHFA's 40th anniversary, we created an essay contest to recognize our home mortgage customers, and launched our inaugural *David W. Herlinger Direct Effect Awards*, which honor CHFA's nonprofit partners. Our essay contest entitled, *Home is Where My Story Starts*sm asked CHFA's home mortgage customers to describe how homeownership got their story started in a new way for a chance to win a free home mortgage payment for a month, or $1,000 applied to the CHFA mortgage—whichever was greater. More than 100 entries were received, and CHFA's panel of judges chose 12 winners. The creation of the *David W. Herlinger Direct Effect Awards* recognized nonprofit organizations whose missions aligned with CHFA's work to support affordable homeownership, the development or preservation of affordable rental housing, and growth investment in Colorado businesses. Nearly 100 applications were received, and four nonprofit organizations were chosen to receive $10,000 each to aid in advancing their missions.

Throughout 2014, CHFA's Home Finance division underwent a thorough operational efficiency review in an effort to be better business partners to lenders and better serve CHFA's mission. Changes such as streamlining review processes, increasing loan file review process transparency, and significantly reducing the number of loan files suspended were all implemented in 2014. Additionally, we expanded eligibility criteria for borrowers by removing purchase price limits and other tax-exempt overlays. These efforts better aligned CHFA with the industry, an outcome we will continue to work toward in 2015 and beyond.

CHFA's Community Development division achieved many successes in 2014 in both business and rental finance. In December 2014, the U.S. Treasury Department released a report detailing how the State Small Business Credit Initiative (SSBCI) has helped small businesses grow and create jobs, naming Colorado as a top state in fund deployment. Colorado was reported as the fourth state to deploy the most SSBCI funds by percentage of allocation. Additionally, as of December 2014, CHFA had nearly fully deployed $2.5 million in Colorado Credit Reserve (CCR), originally authorized by the Colorado General Assembly in 2009 to help small businesses access capital. To date, CCR has impacted more than 1,200 businesses, which support nearly 11,000 jobs.

To further our impact on the affordable rental housing market, CHFA worked with state leaders to support the renewal of the State Low Income Housing Tax Credit (LIHTC) program. The bill, HB 14-1017 sponsored by State Senator Jessie Ulibarri and Representative Crisanta Duran, authorizes CHFA to competitively award $5 million of state LIHTC in both 2015 and

2016 to support the development and preservation of affordable rental housing. The bill also authorizes CHFA to allocate State LIHTC above the $5 million cap to support developments in counties impacted by natural disasters.

CHFA's outreach efforts in 2014 resulted in exciting developments aligned with our mission and priorities. We were proud to co-sponsor a new program called the Pathways Home Supportive Housing Toolkit. Participants of the program receive tools they need to develop permanent supportive housing in their community. By the fall of 2014, the program already produced its first successful project, Pathways Village. The project will be a 40-unit affordable housing development for homeless families and individuals on the Western Slope. This is the first development of its kind in the region. Based on 2014 outreach, we anticipate that an additional 12 developments proposing to construct 200 new permanent supportive housing units will be seeking support from CHFA within the next three years.

The past year was truly a success for CHFA. We met and exceeded several goals, including reaching $497 million in loan production. CHFA was also able to contribute approximately $5 million to our Housing Opportunities Fund (HOF), providing a flexible source of funding for affordable housing development. Stronger earnings, a renewed ability to fund HOF, and a robust production pipeline were key factors contributing to CHFA's financial success in 2014. With this momentum, we look forward to strengthening our effect on Colorado in 2015.

Cris A. White

Cris A. White
Executive Director and CEO

MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)

This section of the Colorado Housing and Finance Authority's (the Authority) annual financial report presents management's discussion and analysis of the financial position and results of operations as of and for the years ended December 31, 2014 and 2013. This information is being presented to provide additional information regarding the activities of the Authority and to meet the disclosure requirements of Government Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*.

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

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

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

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

Overview of the Financial Statements

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

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

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

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

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

During 2013, the Authority implemented GASB No. 65, *Items Previously Reported as Assets and Liabilities*, which is effective for financial statements for periods beginning after December 15, 2012. This Statement establishes accounting standards to reclassify certain items that were previously reported as assets and liabilities, as deferred outflows or inflows on the Statement of Net Position. This Statement also recognizes certain items that were previously reported as assets and liabilities as outflows or inflows of resources on the Statement of Revenues, Expenses and Changes in Net Position. Accounting changes adopted to conform to the provisions of this statement were applied retroactively by restating the basic financial statements for all prior periods presented.

Debt Activity

In November 2014, the Authority issued $55.4 million in Federally Taxable Single Family Program Class I, 2014 Series A Bonds to refund outstanding variable rate bonds into fixed rate bonds in order to take advantage of favorable interest rates. The 2014 Series A refunding transaction allowed the Authority to lock in historically low fixed interest rates ahead of the May 1, 2015 optional termination date of the swap agreements associated with the variable rate debt. The swap agreements were left outstanding and the required payments will be made until May 1, 2015 when the swaps will terminate at no cost to the Authority.

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

Financial Highlights

- Total cash and investments as of December 31, 2014 were $834.1 million, a decrease of $23.4 million, or 2.7%, compared to the amount outstanding as of December 31, 2013. The decrease was primarily the result of payments made against interest rate swap agreements and scheduled payments of principal and interest on bonds outstanding.

- Total net loans receivable as of December 31, 2014 were $1.4 billion, a decrease of $199.8 million, or 12.3%, compared to the amount outstanding as of December 31, 2013. Loan repayments occurred without a corresponding increase in new loans retained as the Authority continued in 2014 to sell all of its single family loan production through three vehicles: sales of Ginnie Mae and Fannie Mae mortgage backed securities or by direct sale to Fannie Mae. During 2014, $259.4 million in loans were sold through the issuance and sale of Ginnie Mae securities, $175.6 million in loans were pooled and swapped for Fannie Mae mortgage backed securities, which were subsequently sold, and $3.7 million in loans were sold directly to Fannie Mae.

- Total deferred outflows as of December 31, 2014 were $142.1 million, an increase of $10.7 million, or 8.1%, compared to the amount outstanding as of December 31, 2013, reflecting a decrease in market interest rates.

- As of December 31, 2014, bonds, notes payable and short-term debt were $1.9 billion, a decrease of $259.2 million, or 12.3%, compared to the balance at December 31, 2013. Payments of loans, together with available cash, have been used to reduce bond balances.

- Net position as of December 31, 2014 was $340.2 million, an increase of $36.5 million, or 12.0%, compared to the balance at December 31, 2013, increasing the Authority's capital position. Net position as a percent of total assets increased from 12.0% as of December 31, 2013 to 14.7% as of December 31, 2014.

- As reflected in the Statement of Revenues, Expenses and Changes in Net Position, the change in net position was $32.9 million or 922.5% greater than the results at December 31, 2013. The increase in the change in net position compared to prior year was primarily composed of the following:
  - A $3.3 million increase in net interest income as a result of lower bond expenses and loans receivable outstanding.
  - A $31.6 million increase in other operating income is a result of the following:
    - $326 thousand decrease in real estate owned rental income
    - $752 thousand increase in gain on sale of loans
    - $2.8 million increase in investment derivative activity
    - $28.4 million increase in fair value of investments
    - $44 thousand decrease in loan servicing and other revenues
  - A $1.9 million increase in operating expenses due primarily to an increase in mortgage servicing rights expense related to fair value adjustments and an offsetting decrease in provision for loan losses.

Analysis of Financial Activities

Condensed Summary of Net Position
(in thousands of dollars)

For the years ended December 31,	2014	2013	2012
Assets			
Cash	**$ 118,512**	$ 110,726	$ 156,431
Investments	**715,558**	746,775	800,929
Loans receivable, net	**1,385,457**	1,591,990	1,917,912
Loans receivable held for sale	**44,463**	37,733	29,967
Capital assets, net	**6,363**	7,055	8,110
Other assets	**42,460**	47,172	50,199
Total assets	**2,312,813**	2,541,451	2,963,548
Deferred Outflows			
Accumulated increase in fair value of hedging derivatives	**129,664**	115,435	233,514
Refundings of debt	**12,472**	16,010	15,844
Total deferred outflows	**142,136**	131,445	249,358
Liabilities			
Bonds, notes payable and short-term debt	**1,856,112**	2,115,267	2,528,667
Derivative instruments and related borrowings	**181,616**	184,069	312,524
Other liabilities	**72,378**	66,109	70,060
Total liabilities	**2,110,106**	2,365,445	2,911,251
Deferred Inflows			
Accumulated decrease in fair value of hedging derivatives	**4,614**	3,716	1,489
Net position:			
Investment in capital assets	**6,363**	7,055	8,110
Restricted primarily by bond indentures	**139,680**	112,717	114,910
Unrestricted	**194,186**	183,963	177,146
Total net position	**$ 340,229**	$ 303,735	$ 300,166

Comparison of Years Ended December 31, 2014 and 2013

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

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

Comparison of Years Ended December 31, 2013 and 2012

Total assets decreased $422.1 million, or 14.2%, from the prior year. Total cash and investments decreased $99.9 million, or 10.4% as a result of several factors, including payments made against interest rate swap agreements, scheduled payments of principal and interest on bonds outstanding and an unscheduled refunding of high cost fixed rate bonds in an effort to generate interest savings. Net loans receivable, including loans receivable held for sale, decreased by $318.2 million, or 16.3%, as a result of loan repayments occurring without a corresponding increase in new loans retained as the Authority continued in 2013 to sell all of its single family loan production through three vehicles: sales of Ginnie Mae and Fannie Mae mortgage backed securities or by direct sale to Fannie Mae. Deferred outflows decreased $117.9 million, or 47.3%, from the prior year, reflecting an increase in market interest rates.

Total liabilities decreased $545.8 million, or 18.7%, from the prior year. Bonds, notes payable and short-term debt decreased $413.4 million, or 16.3% from the prior year, primarily due to scheduled bond payments and additional unscheduled redemptions. Derivative instruments and related borrowings decreased $128.5 million, or 41.1%, from the prior year due to an increase in market interest rates.

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

For the years ended December 31,	2014	2013	2012
Interest income and expense:			
Interest on loans receivable	**$ 83,347**	$ 96,000	$ 113,322
Interest on investments	**21,522**	22,200	23,291
Interest on debt	**(80,603)**	(97,193)	(120,805)
Net interest income	**24,266**	21,007	15,808
Other operating income (loss):			
Rental income	**32**	358	2,675
Gain on sale of loans	**23,846**	23,094	25,103
Investment derivative activity loss	**(3,194)**	(6,005)	(13,820)
Net increase (decrease) in the fair value of investments	**8,790**	(19,574)	3,590
Other revenues	**22,739**	22,783	21,760
Total other operating income	**52,213**	20,656	39,308
Total operating income	**76,479**	41,663	55,116
Operating expenses:			
Salaries and related benefits	**16,977**	16,505	17,836
General operating	**24,489**	18,763	19,950
Depreciation	**1,197**	1,655	2,722
Provision for loan losses	**(2,698)**	1,176	9,106
Total operating expenses	**39,965**	38,099	49,614
Net operating income	**36,514**	3,564	5,502
Nonoperating expenses:			
Federal grant receipts	**116,944**	111,929	112,954
Federal grant payments	**(116,944)**	(111,929)	(112,954)
Gain (loss) on sale of capital assets	**(20)**	5	39,154
Total nonoperating income and expenses, net	**(20)**	5	39,154
Change in net position	**36,494**	3,569	44,656
Net position:			
Beginning of year	**303,735**	300,166	255,510
End of year	**$ 340,229**	$ 303,735	$ 300,166

Comparison of Years Ended December 31, 2014 and 2013

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

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

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

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

Comparison of Years Ended December 31, 2013 and 2012

Total operating income decreased by $13.5 million in 2013, or 24.4%, compared to 2012. The following contributed to the decrease:

- Interest income decreased by $18.4 million in 2013 as a result of higher loan prepayments without a corresponding increase in new loan production retained.
- Interest expense related to debt decreased by $23.6 million due to lower outstanding balances and reducing interest through actions to restructure debt.
- Investment derivative activity increased $7.8 million due to a novation transaction completed during the fourth quarter of 2012.
- The fair value of investments decreased by $23.2 million due primarily to market interest rates during 2013.

Total operating expenses decreased $11.5 million in 2013, or 23.2%, compared to 2012. The decrease was primarily due to a decrease in general operating costs related to streamlining of operating expenses and lower provision for loan losses.

Total nonoperating revenues and expenses, net, decreased by $39.1 million, or approximately 100%, compared to 2012. The decrease is due to the gain on sale of certain properties sold during 2012 that were owned by the Authority.

Subsequent Events

During the fourth quarter of 2014, the Authority began an effort to reduce long-term interest expense by refunding outstanding variable rate bonds within the Single Family Indenture. Effective February 5, 2015, $137.1 million in single family variable rate bonds were partially redeemed with the balance refunded into fixed rate bonds in the amount of $99.8 million, ahead of the May 1, 2015 optional termination date of the swap agreements associated with the variable rate debt. The swap agreements were left outstanding and the required payments will be made until May 1, 2015 when the swaps will terminate at no cost to the Authority. This action will result in long-term economic savings to the Authority of approximately $10.2 million.

The Authority's management has evaluated other subsequent events through March 26, 2015. No other events have occurred which warrant disclosure or adjustments to the financial statement amounts presented.

INDEPENDENT AUDITORS' REPORT

KPMG LLP
Suite 800
1225 17th Street
Denver, CO 80202-5598

Independent Auditors' Report

The Board of Directors
Colorado Housing and Finance Authority:

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Colorado Housing and Finance Authority (the Authority) as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

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 of the Colorado Housing and Finance Authority as of December 31, 2014 and 2013, and the respective changes in financial position, and cash flows thereof for the years then ended, in accordance with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages 4–11 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The supplementary information included in Schedules 1–8 and the executive letter are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information included in Schedules 1–8 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information included in Schedules 1–8 is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 26, 2015 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

KPMG LLP

Denver, Colorado
March 26, 2015

BASIC FINANCIAL STATEMENTS

Colorado Housing and Finance Authority
Statement of Net Position
For the years ended December 2014 and 2013
(in thousands of dollars)

	2014	2013
Assets		
Current assets:		
Cash		
Restricted	$ 77,734	$ 66,637
Unrestricted	40,778	44,089
Investments (partially restricted, see note 2)	454,893	466,867
Loans receivable (partially restricted, see note 3)	90,645	90,799
Loans receivable held for sale	44,463	37,733
Other current assets	17,481	19,745
Total current assets	725,994	725,870
Noncurrent assets:		
Investments (partially restricted, see note 2)	260,665	279,908
Loans receivable, net (partially restricted, see note 3)	1,294,812	1,501,191
Capital assets, net	6,363	7,055
Other assets	24,979	27,427
Total noncurrent assets	1,586,819	1,815,581
Total assets	2,312,813	2,541,451
Deferred Outflows		
Accumulated increase in fair value of hedging derivatives	129,664	115,435
Refundings of debt	12,472	16,010
Total deferred outflows	142,136	131,445
Liabilities		
Current liabilities:		
Short-term debt	61,805	42,380
Bonds payable	134,731	158,300
Notes payable	103	1,120
Other current liabilities	67,725	60,955
Total current liabilities	264,364	262,755
Noncurrent liabilities:		
Bonds and notes payable	1,659,473	1,913,467
Derivative instruments	132,217	117,534
Hybrid instrument borrowing	49,399	66,535
Other liabilities	4,653	5,154
Total noncurrent liabilities	1,845,742	2,102,690
Total liabilities	2,110,106	2,365,445
Deferred Inflows		
Accumulated decrease in fair value of hedging derivatives	4,614	3,716
Net position		
Investment in capital assets	6,363	7,055
Restricted primarily by bond indentures	139,680	112,717
Unrestricted	194,186	183,963
Total net position	$ 340,229	$ 303,735

See accompanying notes to basic financial statements.

Colorado Housing and Finance Authority
Statement of Revenues, Expenses and Changes in Net Position
For the years ended December 2014 and 2013
(in thousands of dollars)

	2014	2013
Interest income and expense:		
Interest on loans receivable	**$ 83,347**	$ 96,000
Interest on investments	**21,522**	22,200
Interest on debt	**(80,603)**	(97,193)
Net interest income	**24,266**	21,007
Other operating income (loss):		
Rental income	**32**	358
Gain on sale of loans	**23,846**	23,094
Investment derivative activity loss	**(3,194)**	(6,005)
Net increase (decrease) in the fair value of investments	**8,790**	(19,574)
Other revenues	**22,739**	22,783
Total other operating income	**52,213**	20,656
Total operating income	**76,479**	41,663
Operating expenses:		
Salaries and related benefits	**16,977**	16,505
General operating	**24,489**	18,763
Depreciation	**1,197**	1,655
Provision for loan losses	**(2,698)**	1,176
Total operating expenses	**39,965**	38,099
Net operating income	**36,514**	3,564
Nonoperating income and expenses:		
Federal grant receipts	**116,944**	111,929
Federal grant payments	**(116,944)**	(111,929)
Gain on sale of capital assets	**(20)**	5
Total nonoperating income and expenses	**(20)**	5
Change in net position	**36,494**	3,569
Net position:		
Beginning of year	**303,735**	300,166
End of year	**$ 340,229**	$ 303,735

See accompanying notes to basic financial statements.

Colorado Housing and Finance Authority
Statement of Cash Flows
For the years ended December 2014 and 2013
(in thousands of dollars)

	2014	2013
Cash flows from operating activities:		
Principal payments received on loans receivable and receipts from dispositions of other real estate owned	$ 393,256	$ 506,211
Interest payments received on loans receivable	84,711	95,597
Payments for loans receivable	(449,679)	(502,009)
Receipts from sales of Ginnie Mae securities	283,226	341,606
Receipts from rental operations	32	285
Receipts from other revenues	23,314	21,515
Payments for salaries and related benefits	(16,712)	(16,548)
Payments for goods and services	(23,954)	(19,509)
All other, net	7,614	366
Net cash provided by operating activities	301,808	427,514
Cash flows from noncapital financing activities:		
Net increase (decrease) in short-term debt	19,425	(29,095)
Proceeds from issuance of bonds	55,435	133,028
Proceeds from issuance of notes payable	76	-
Receipts from federal grant programs	119,626	110,468
Payments for federal grant programs	(116,944)	(111,929)
Principal paid on bonds	(332,950)	(510,475)
Interest rate swap activity, net	(3,117)	1,005
Principal paid on notes payable	(1,120)	(5,517)
Interest paid on short-term debt	(147)	(135)
Interest rate swap settlements	(72,965)	(79,951)
Interest paid on bonds	(21,885)	(37,460)
Interest paid on notes payable	(73)	(296)
Net cash used in noncapital financing activities	(354,639)	(530,357)
Cash flows from capital and related financing activities:		
Purchase of capital assets	(542)	(599)
Proceeds from the disposal of capital assets	16	4
Net cash used in capital and related financing activities	(526)	(595)
Cash flows from investing activities:		
Proceeds from maturities and sales of investments	4,320,867	2,916,886
Purchase of investments	(4,280,897)	(2,882,304)
Income received from investments	21,173	23,151
Net cash provided by investing activities	61,143	57,733
Net increase (decrease) in cash	7,786	(45,705)
Cash at beginning of year	110,726	156,431
Cash at end of year	$ 118,512	$ 110,726
Restricted	$ 77,734	$ 66,637
Unrestricted	40,778	44,089
Cash, end of year	$ 118,512	$ 110,726

Continued on the next page

Colorado Housing and Finance Authority
Statement of Cash Flows *(continued)*
For the years ended December 2014 and 2013
(in thousands of dollars)

	2014	2013
Reconciliation of operating income to net cash provided by (used in) operating activities:		
Net operating income	**$ 36,514**	$ 3,564
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	**1,197**	1,655
Amortization and fair value adjustments of service release premiums	**9,087**	3,584
Amortization of deferred loan fees/costs, net	**-**	37
Amortization of derivatives related borrowings	**(15,862)**	(15,158)
Provision for loan losses	**(2,698)**	1,176
Interest on investments	**(21,522)**	(22,200)
Interest on debt	**96,465**	112,350
Unrealized loss on investment derivatives	**3,194**	6,005
Unrealized (gain) loss on investments	**(8,790)**	19,574
Gain on sale of REO	**(616)**	(2,281)
Gain on sale of loans receivable held for sale	**(23,846)**	(23,094)
Changes in assets and liabilities:		
Loans receivable and other real estate owned	**218,331**	344,469
Accrued interest receivable on loans and investments	**1,364**	(403)
Other assets	**3,005**	(3,381)
Accounts payable and other liabilities	**5,985**	1,617
Net cash provided by operating activities	**$ 301,808**	$ 427,514

See accompanying notes to basic financial statements.

NOTES TO BASIC FINANCIAL STATEMENTS

1) Organization and Summary of Significant Accounting Policies

(a) Authorizing Legislation and Reporting Entity

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

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

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

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

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

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

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

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

(b) Basis of Accounting

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

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

(c) Summary of Significant Accounting Policies

Estimates – The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets 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. Significant estimates to the Authority's financial statements include the allowance for loan losses and fair value estimates. Actual results could differ from those estimates.

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

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

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

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

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

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

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

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

Capital Assets – Capital assets are defined by the Authority as assets with an initial, individual cost of $5,000 or greater. Capital assets are depreciated or amortized using the straight-line method over their estimated useful lives, which are 30 years for buildings and from 3 to 10 years for furniture and equipment.

Other Assets – Other assets is primarily made up of mortgage servicing rights. Mortgage servicing rights are amortized over the estimated life of the related loans using the effective interest method. Unamortized costs totaling $19.2 million and $21.3 million were outstanding at December 31, 2014 and 2013, respectively. Included in these amounts are mortgage servicing rights of $13.4 million and $14.2 million as of December 31, 2014 and 2013, respectively, related to loans sold by the Authority for which the Authority retained the mortgage servicing. These mortgage servicing rights are reported at the lower of cost or fair value.

The Authority recorded an impairment loss of $4.6 million during the year ended December 31, 2014 and a net impairment loss reversal of $1.1 million of prior years' impairment loss on mortgage servicing rights during the year ended December 31, 2013. The impairment and related reversal are reported in general operating expense on the Statement of Revenues, Expenses and Changes in Net Position.

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

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

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

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

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

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

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

Derivative Instruments – Forward Sales Contracts – Forward sales of mortgage backed securities within the To-Be-Announced market are utilized to hedge changes in fair value of mortgage loan inventory and commitments to purchase mortgage loans at fixed rates. At December 31, 2014, the Authority had executed 53 forward sales transactions with a $123.0 million notional amount with four counterparties with concentrations and ratings (Standard and Poor's/Moody's Investors Service) as shown in note 8. The forward sales will all settle by March 23, 2015. These contracts are considered investment derivative instruments.

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

Other Liabilities – The major other liabilities are as follows:

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

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

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

New Accounting Principles – GASB issued Statement No. 69, *Government Combinations and Disposals of Government Operations*, which is effective for financial statements for periods beginning after June 15, 2013. The standard was issued to improve the accounting and financial reporting standards related to government combinations and disposals of government operations. These transactions include mergers, acquisitions, and transfers of, or disposals of, government operations. GASB No. 69 is not applicable to the Authority, as the Authority did not engage in any of the combinations or disposals subject to the provisions of Statement No. 69 during 2014.

GASB issued Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, which is effective for financial statements for periods beginning after June 15, 2013. This Statement will enhance comparability of financial statements among governments by requiring consistent reporting by governments which extend or receive nonexchange financial guarantees. This Statement will also address the information disclosed about a government's obligations and risk exposure from extending nonexchange financial guarantees. The result of these changes will allow financial statement users to assess a government's probability of having to repay obligation holders under a nonexchange financial guarantee. This Statement is not applicable to the Authority, as the Authority did not engage in any nonexchange financial guarantees which are subject to the provisions of Statement No. 70 during 2014.

Future Accounting Principles – GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions,* which is effective for financial statements for periods beginning after June 15, 2014. This Statement addresses the accounting and financial reporting for employer pension plans provided to employees by pension plans administered through trusts that have certain characteristics. Statement No. 68 establishes standards for measuring and recognizing liabilities, deferred inflows and outflows of resources, and expenses as they relate to pension plans. More specifically, this Statement details accounting for cost-sharing multiple-employer defined benefit plans, such as the one administered by the Public Employee's Retirement Association of Colorado (PERA) on behalf of the Authority, and will require each employer to recognize pension liabilities based upon the employer's proportionate share of the collective net pension liability of the trust. This Statement also addresses the note disclosure and required supplementary information requirements for reporting the pension liability. This Statement will be applicable to the Authority in 2015, and could have a material impact on the Authority's financial statements as the Authority contributes to both a defined benefit and defined contribution pension plan as administered by the PERA.

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

GASB issued Statement No. 72, *Fair Value Measurement and Application*, which is effective for financial statements for periods beginning after June 15, 2015. This Statement defines fair value and describes how fair value should be measured, what assets and liabilities should be measured at fair value, and what information about fair value should be disclosed in the notes to the financial statements. Under the new statement, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The financial impact of the applicability of Statement No. 72 on the Authority's financial statements has not yet been determined.

(2) Cash and Investments

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

(tabular dollar amounts are in thousands)

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

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

As of December 31, 2013, the Authority had the following investment maturities:

	Investment Maturities (In Years)				
Investment Type	**Less Than 1**	**1-5**	**6-10**	**More Than 10**	**Total**
Certificate of deposit	$ 23,800	$ -	$ -	$ -	$ 23,800
External investment pool	82,612	-	-	-	82,612
Investment agreements - uncollateralized	84,986	-	-	32,385	117,371
Money market mutual fund	238,738	-	-	-	238,738
Repurchase agreement	17,192	-	-	6,740	23,932
State & political subdivision obligations	-	-	-	580	580
U.S. government agencies	18,823	35,969	20,272	183,962	259,026
U.S. Treasury	716	-	-	-	716
Total	$ 466,867	$ 35,969	$ 20,272	$ 223,667	$ 746,775

General Program investments of $65.1 million include investments pledged as of December 31, 2014 as follows: a $29.4 million certificate of deposit and a $28.0 million Federal Home Loan Bank (FHLB) discount note pledged to the FHLB line of credit and Colorado Local Government Liquid Asset Trust (COLOTRUST) investments of Rural Development Loan Program (RDLP), RDLP II and RDLP V in the amounts of $576 thousand, $265 thousand and $29 thousand, respectively; each pledged as collateral for the RDLP notes payable and $364 thousand of investments pledged as collateral for private placement bonds.

General Program investments of $32.8 million include investments pledged as of December 31, 2013 as follows: a $23.8 million certificate of deposit pledged to the FHLB line of credit and COLOTRUST investments of RDLP, RDLP II and RDLP V in the amounts of $465 thousand, $141 thousand and $25 thousand, respectively; each pledged as collateral for the RDLP notes payable and $3.0 million of investments pledged as collateral for private placement bonds.

(tabular dollar amounts are in thousands)

All Single Family and Multi-Family/Business Program investments, which total $650.4 million and $714.0 million as of December 31, 2014 and 2013, respectively, are restricted under bond indentures or other debt agreements, or otherwise pledged as collateral for borrowings.

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

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

	2014		2013	
Investment Type	**Rating**	**Total**	**Rating**	**Total**
Certificate of deposit	Not Rated	$ 29,400	Not Rated	$ 23,800
External investment pool	AAAm	67,648	AAAm	82,612
Investment agreements - uncollateralized	AA+/A1	53,560	AA+/A1	45,652
Investment agreements - uncollateralized	AA/Aa1	35,651	AA+/Aa1	34,496
Investment agreements - uncollateralized	A/A2	20,540	A/A2	22,109
Investment agreements - uncollateralized	A+/Aa2	5,500	AA-/Aa3	9,614
Investment agreements - uncollateralized	AA-/Aa3	4,376	AA-/Aa2	5,500
Money market mutual fund	AAAm/Aaa	132,621	AAAm/Aaa	238,738
Repurchase agreements	AA+/Aaa	25,922	AA/Aaa	19,726
Repurchase agreements	-	-	AA+/Aaa	4,206
State and political subdivision obligations	AAA/Aaa	532	AAA/Aaa	580
U.S. government agencies	AA+/Aaa	339,044	AA+/Aaa	259,026
U.S. Treasury	AA+/Aaa	764	AA+/Aaa	716
Total		$ 715,558		$ 746,775

Of the investments in securities issued by state and political subdivisions, 100% are rated AAA as of December 31, 2014 and 2013. Investment agreements meet the requirements of the rating agency providing the rating on the related debt issue and of the Board's investment policy. The Board's investment policy states that the Authority is empowered to invest in any security that is a revenue or general obligation of any political subdivision. The credit rating at the time of purchase must be rated in one of its two highest rating categories by one or more nationally recognized organizations, which regularly rate such obligations and concentration limits may not exceed more than 20% of the investment portfolio.

As of December 31, 2014 and 2013, the Authority had invested in COLOTRUST, an investment vehicle established for local governmental entities in Colorado to pool funds available for investment. COLOTRUST is reflected in the above tables as an external investment pool. The State Securities Commissioner administers and enforces all State statutes governing COLOTRUST. COLOTRUST operates similarly to a money market fund and each share's fair value is $1.00.

(tabular dollar amounts are in thousands)

Concentration of Credit Risk – The Authority has various maximum investment limits both by type of investment and by issuer to prevent inappropriate concentration of credit risk. The following table provides information on issuers in which the Authority has investments representing more than 5% of its total investments as of December 31, 2014 and 2013.

Issuer	2014	2013
COLOTRUST	9.45%	11.06%
FHLB	10.99%	5.98%
FHLMC	17.71%	7.34%
Fidelity	12.67%	24.49%
FNMA	7.00%	6.31%
GNMA	15.79%	18.23%
IXIS	11.48%	10.78%
Trinity	5.74%	4.75%
Wells Fargo	5.82%	7.33%

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

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

Included in cash deposits are escrow deposits in the amount of $43.0 million and $36.7 million held in a fiduciary capacity as of December 31, 2014 and 2013, respectively. These escrow deposits are primarily held for the payment of property taxes and insurance on behalf of the mortgagors whose loans are owned or serviced by the Authority.

(tabular dollar amounts are in thousands)

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

Loans receivable and loans receivable held for sale at December 31, 2014 and 2013 consisted of the following:

	2014	2013
General Fund	$ 166,490	$ 170,449
Single Family Fund	690,300	854,829
Multi-Family/Business Fund:		
Multi-Family/Project	555,203	589,996
Multi-Family Pass Through	29,461	31,297
Total Multi-Family/Business Fund	584,664	621,293
Less intercompany loans, included in Multi-Family/Project above	(1,904)	(2,330)
Total loans receivable	1,439,550	1,644,241
Payments in process	(682)	(1,203)
Deferred fee income	-	(164)
Allowance for loan losses	(8,948)	(13,151)
Total loans receivable, net	$ 1,429,920	$ 1,629,723

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

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

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

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

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

The single family loan portfolio included in the general and single family programs as of December 31, 2013 was comprised of $598.2 million of FHA insured loans, $43.5 million of VA guaranteed loans, $28.5 million of RD guaranteed loans and $133.1 million of conventional insured loans with the balance of $150.1 million made up of uninsured conventional and second mortgage loans.

(tabular dollar amounts are in thousands)

The Authority is exposed to operational risk, which makes it subject to loss or repurchase of insured FHA loans if specific guidelines are not met. As of December 31, 2014 and 2013, the Authority recorded a reserve of $239 thousand and $275 thousand, respectively, for claim refunds to be paid to the U.S. Department of Housing and Urban Development (HUD).

As of December 31, 2014 and 2013, single family mortgage loans with pending foreclosure actions have aggregate principal balances of approximately $10.7 million and $26.6 million, respectively. As of December 31, 2014 and 2013, the aggregate principal balance of single family mortgage loans delinquent 91 days or greater was approximately $55.6 million and $77.6 million, respectively.

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

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

As of December 31, 2013, approximately $384.1 million, or 72.1%, of the commercial loan balances are not covered by insurance. The insured loans were comprised of $192.0 million of Section 542(c) risk share loans, which are 50% insured, and $22.5 million of Sections 221(d) and 223(f) new construction and rehabilitation loans, which are 99% insured.

As of December 31, 2014 and 2013, commercial loans with pending foreclosure actions have aggregate principal balances of approximately $240 thousand and $0, respectively. As of December 31, 2014 and 2013, commercial loans delinquent 91 days or greater aggregate principal balances were approximately $858 thousand and $408 thousand, respectively.

Activity in the allowance for loan loss for the years ended December 31, 2014 and 2013 was as follows:

	2014	2013
Beginning balance	$ 13,151	$ 17,818
Provision	(1,332)	(507)
Net charge-offs		
Single-family	(2,600)	(3,431)
Multi-family/Business	(271)	(729)
Ending balance	$ 8,948	$ 13,151

The Authority services loans that it securitizes as Ginnie Mae mortgage-backed securities and sells. As of December 31, 2014 and 2013, these loans totaled $1.3 billion.

The Authority services loans on the behalf of others, primarily for Fannie Mae, which are not reported on the Statement of Net Position. As of December 31, 2014 and 2013, these outstanding loan balances were $274.9 million and $105.7 million, respectively.

(tabular dollar amounts are in thousands)

The Authority has granted terms and interest rate concessions to debtors, which are considered troubled debt restructurings, as of December 31, 2014 and 2013, as summarized below:

Single Family Program Loans:	**2014**	**2013**
Aggregate recorded balance	$ 41,982	$ 34,059
Number of loans	324	243
Gross interest revenue if receivables had been current	$ 2,400	$ 2,019
Interest revenue included in changes in net position	$ 1,569	$ 1,323

Multi-Family/Business Program Loans:	**2014**	**2013**
Aggregate recorded balance	$ 14,869	$ 19,437
Number of loans	22	25
Gross interest revenue if receivables had been current	$ 835	$ 1,122
Interest revenue included in changes in net position	$ 931	$ 1,160

(tabular dollar amounts are in thousands)

(4) Capital Assets

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

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

* Includes capital lease

(tabular dollar amounts are in thousands)

Capital asset activity for the year ended December 31, 2013 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Nondepreciable capital assets:				
Land	$ 1,573	$ -	$ -	$ 1,573
Construction in progress	309	569	(602)	276
Total nondepreciable capital assets	1,882	569	(602)	1,849
Depreciable capital assets:				
Cost:				
Computer equipment/software *	13,863	478	(12)	14,329
Furniture and equipment	1,086	50	(19)	1,117
Buildings and related improvements	7,791	105	-	7,896
Total depreciable capital assets	22,740	633	(31)	23,342
Less accumulated depreciation:				
Computer equipment/software *	(11,833)	(1,175)	12	(12,996)
Furniture and equipment	(650)	(122)	19	(753)
Buildings and related improvements	(4,029)	(358)	-	(4,387)
Total accumulated depreciation	(16,512)	(1,655)	31	(18,136)
Total depreciable capital assets, net	6,228	(1,022)	-	5,206
Total capital assets, net	$ 8,110	$ (453)	$ (602)	$ 7,055

* Includes capital lease

(5) Short-Term Debt

The Authority has agreements with the FHLB of Topeka for collateralized borrowings in an amount not to exceed the lending limit internally established by the FHLB, which is 40% of the Authority's total assets, or $925.1 million. As of December 31, 2014 and 2013, the Authority had $61.8 million and $42.4 million of short-term debt outstanding with the FHLB, respectively. Borrowings under these agreements are used to support the Authority's various lending programs, to purchase loans to be sold through the issuance of Ginnie Mae securities and activities related to the Authority's private activity bond volume cap preservation program. Amounts drawn under the agreements bear interest at the same rates charged by the FHLB to its member banks and are collateralized by certain mortgage loans and investments. There are no commitment fees associated with these agreements.

The Authority also has a revolving, unsecured, commercial bank line of credit agreement for borrowings of up to $30.0 million. Amounts drawn under the agreement bear interest fixed at 1.95% per annum above the one week or one-month LIBOR rate. This line of credit agreement terminates on December 18, 2015. The Authority pays an unused line fee at the rate of .020% per annum, payable in arrears on the first business day after each calendar quarter. The fee is based upon the average daily unused amount of the line of credit computed on the basis of a 360-day year. As of December 31, 2014 and 2013, there were no outstanding balances.

(tabular dollar amounts are in thousands)

Short-term debt activity for the years ended December 31, 2014 and 2013 was as follows:

	2014	2013
Beginning balance	$ 42,380	$ 71,475
Additions	3,535,460	2,658,410
Reductions	(3,516,035)	(2,687,505)
Ending balance	$ 61,805	$ 42,380

(6) Bonds, Notes Payable and Other Liabilities

The Authority issues bonds and notes payable to finance its lending programs. Proceeds from long-term debt of the Single Family and Multi-Family/Business bonds are used for funding of single family, multi-family and business loans. Long-term debt of the General Programs (including notes payable) is used to finance single family and business loans. The aggregate principal amounts of bonds and notes payable outstanding as of December 31, 2014 and 2013 are shown in the table on the following pages. Interest is payable semiannually unless otherwise noted. Interest rates on variable rate debt reset on a weekly or monthly basis. At December 31, 2014, these rates ranged from 0.02% to 0.92%. At December 31, 2013, these rates ranged from 0.04% to 1.07%.

(tabular dollar amounts are in thousands)

Descripton and due date		Interest rate (%)	2014	2013
Bonds payable:				
General Fund (prior to 2011, all General Fund bonds carry the Authority's general obligation pledge):				
Multi-Family/Business Finance:				
Guaranteed Loan Participation Purchase Bonds: *(* principal and interest payable monthly)*				
1999 Series A	2015 - 2024	5.71	115	132
2004 Series B*	2015 - 2024	4.88	1,166	3,125
2005 Series A*	2015 - 2025	4.81	301	434
2011 Series A*	2015 - 2031	2.92	938	1,036
2012 Series A*	2015 - 2025	2.84	5,542	5,962
Total Guaranteed Loan Participation Purchase Bonds			8,062	10,689
Project Loan Participation Purchase Bonds: *(* principal and interest payable monthly)*				
2004 Series AP*	2015 - 2024	4.90	300	1,502
Taxable Rental Project Revenue Bonds: *(* principal and interest payable monthly)*				
2000 Series A	2015 - 2020	6.15	3,031	3,128
2002 Series AV*	2015 - 2022	5.55	1,356	3,021
2003 Series AV*	2015 - 2024	5.19	705	3,113
2004 Series A*	2015 - 2024	4.90	8,933	10,214
Total Taxable Rental Project Revenue Bonds			14,025	19,476
Total Multi-Family/Business Finance			22,387	31,667
Total General Fund			22,387	31,667
Single Family Fund:				
Single Family Mortgage Bonds:				
2001 Series AA	2015 - 2038	Variable	89,670	101,840
2002 Series A	2015 - 2021	Variable	13,740	16,335
2002 Series B	2015 - 2021	Variable	23,240	23,240
2002 Series C	2015 - 2022	Variable	27,090	29,555
2003 Series A	2015 - 2030	Variable	4,620	4,620
2003 Series B	2015 - 2028	Variable	86,300	93,790
2003 Series C	2015 - 2032	Variable	39,370	41,825
2004 Series A	2014 - 2032	Variable	-	40,605
2004 Series B	2015 - 2026	Variable	28,450	31,250
2005 Series A	2014 - 2033	Variable	-	36,645
2005 Series B	2015 - 2036	Variable & 4.98 - 5.22	52,540	57,470
2006 Series A	2015 - 2036	Variable	40,975	47,885
2006 Series B	2015 - 2036	Variable	87,520	115,520
2006 Series C	2015 - 2034	Variable	12,395	25,025
2007 Series A	2015 - 2037	Variable & 4.80	73,895	86,945
2007 Series B	2015 - 2038	Variable	119,990	136,370
2008 Series A	2015 - 2038	Variable & 5.00	105,840	110,910
2009 Series A	2015 - 2029	3.60 - 5.50	37,040	46,535
2011 Series AA	2015 - 2029	2.00 - 5.00	22,460	29,295
2011 Series B	2014 - 2014	Variable	-	31,650
2011 Series D	2015 - 2016	Variable	24,130	36,935
2012 Series A	2015 - 2038	Variable	75,080	96,985
2013 Series AA	2015 - 2041	2.80	39,945	48,715
2013 Series B	2015 - 2036	Variable	39,950	39,950
2014 Series A	2015 - 2027	0.33 - 3.53	55,435	-
Total Single Family Mortgage Bonds			1,099,675	1,329,895
Total Single Family Fund			1,099,675	1,329,895

Table continued on following page.

(tabular dollar amounts are in thousands)

Descripton and due date		Interest rate (%)		2014		2013
Multi-Family/Business Fund:						
Multi-Family/Project Bonds: *(* principal and interest payable quarterly on some of the bonds)*						
2000 Series A	2015 - 2030	Variable		17,350		17,350
2000 Series B*	2015 - 2020	Variable		3,770		4,245
2002 Series A	2015 - 2030	Variable		8,800		13,205
2002 Series C	2015 - 2032	Variable		79,650		85,005
2003 Series A	2015 - 2033	Variable		32,840		34,730
2004 Series A	2015 - 2045	Variable		51,395		51,995
2005 Series A	2015 - 2040	Variable		52,925		54,845
2005 Series B	2015 - 2040	Variable		21,130		22,285
2006 Series A	2015 - 2036	Variable		38,750		41,180
2007 Series B	2015 - 2038	Variable		65,480		68,260
2008 Series A	2015 - 2043	Variable		25,850		27,350
2008 Series B	2015 - 2052	Variable		157,505		159,480
2008 Series C	2015 - 2038	Variable		21,665		31,745
2009 Series A	2015 - 2041	Variable & 3.60 - 5.40		29,020		30,035
2012 Series A	2015 - 2051	2.75 - 4.50		10,470		10,500
2012 Series B	2015 - 2054	2.55 - 4.20		17,450		17,450
2013 Series A	2015 - 2023	Variable		7,040		7,610
2013 Series I	2015 - 2044	3.20		29,508		31,343
Total Multi-Family/Project Bonds				670,598		708,613
Total Multi-Family/Business Fund				670,598		708,613
Total bonds payable			$	1,792,660	$	2,070,175
Premiums and losses classified as bonds payable						
Bond premiums (unamortized)				638		659
Bonds payable			$	1,793,298	$	2,070,834
Notes payable				1,009		2,053
Bonds and notes payable			$	1,794,307	$	2,072,887

Bonds and Notes Payable Summary		2014		2013
Current:				
Bonds payable	$	134,731	$	158,300
Notes payable		103		1,120
Noncurrent:				
Bonds and notes payable		1,659,473		1,913,467
Total	$	1,794,307	$	2,072,887

(tabular dollar amounts are in thousands)

A breakdown of bonds payable as of December 31, 2014 and 2013, by fixed and variable interest rates, follows in the table below. Certain of the Authority's variable rate debt has been hedged by entering into pay fixed/receive variable rate interest rate swap agreements as further described in note 8. Such debt is referred to in the table as synthetic fixed rate debt.

Description	2014	2013
Fixed rate debt	$ 297,140	$ 288,990
Synthetic fixed rate debt	1,353,075	1,632,965
Unhedged variable rate debt	142,445	148,220
Total	$ 1,792,660	$ 2,070,175

Also included in the table of bonds and notes payable outstanding are certain Single Family and Multi-Family/Project bonds, which carry the Authority's general obligation pledge. These general obligation bonds are presented in the following table as of December 31, 2014 and 2013:

Description	2014	2013
General Fund Program Bonds	$ 15,907	$ 24,669
Single Family Mortgage Bonds, Class III	41,985	43,650
Multi-Family/Project Bonds, Class I	206,880	224,905
Multi-Family/Project Bonds, Class II	17,710	19,025
Total	$ 282,482	$ 312,249

(tabular dollar amounts are in thousands)

Standby Purchase Agreements provide liquidity support on variable rate bonds that are remarketed weekly. The liquidity/commitment fees vary by agreement and are based on a percentage of the outstanding bond balance, payable monthly or quarterly. During 2014 and 2013, the Authority renewed or replaced expiring liquidity facilities of $302.8 million and $694.9 million, respectively. Liquidity fees for the years ended December 31, 2014 and 2013 were $6.5 million and $7.7 million, respectively.

A schedule of providers and maturities is presented below, as of December 31, 2014:

Liquidity Expiration	Barclays Bank PLC. (1)	FHLB (2)	JP Morgan (3)	Royal Bank of Canada (4)	BNY Mellon (5)	Grand Total
2015	$ 140,945	$ 430,930	$ 72,520	$ 58,285	$ -	$ 702,680
2016	-	295,835	-	127,450	59,670	482,955
Total	$ 140,945	$ 726,765	$ 72,520	$ 185,735	$ 59,670	$ 1,185,635

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

(1) (a) Bank Rate: for the first 30 days following the purchase date, the "Base Rate", which equals the highest of the Fed funds plus 5%, prime rate plus 5% and Three-Month LIBOR plus 5%; then for the period 31-90 days following the purchase date, the Base Rate plus 2.00%; then for the period 91 days and higher following the purchase date, 12%.
(b) Term out provisions: accelerated principal payment due in full on the date, which is three years following the purchase date. Class I/General Obligation Lien.

(2) (a) Bank Rate: One-Month LIBOR plus 2.00% (1.50% for 2003 Series B-3 Bonds).
(b) Term out provisions: repayments due 90 days following purchase date in equal semiannual installments until fifth anniversary of the purchase date. Class I, II/General Obligation lien.

(3) (a) Bank Rate: for the first 90 days following the purchase date, the "Base Rate", which equals the highest of (i) the prime rate plus 1.50%, (ii) the Fed funds rate plus 2.00% and (iii) 7.50%; then for the period 91 days and higher following the purchase date, the Base Rate plus 1.00%.
(b) Term out provisions: repayments due on the first business day of April and October on or following 90 days following purchase date and thereafter on each such dates in equal installments to the fifth anniversary of such purchase date. Class I/General Obligation lien.

(4) (a) Bank Rate: for the first 90 days following the purchase date, the "Base Rate", which equals the highest of (i) the prime rate plus 2.50%, (ii) the Fed funds rate plus 3.00% and (iii) 8.00%; then for the period 91-180 days following the purchase date, the Base Rate plus 1.00%; then for the period 181 days and higher following the purchase date, the Base Rate plus 2.00%.
(b) Term out provisions: repayments due on the first business day of February, May, August or November on or following 90 days following purchase date and thereafter quarterly on each such dates in equal installments to the third anniversary of such purchase date. Class I, II lien.

(5) (a) Bank Rate: for any day, the “Base Rate”, which is the greater of (a) the prime rate in effect for such day and (b) the sum of the Federal Funds Rate in effect for such day plus 1.00%, plus 2.00%.
(b) Term out provisions: with respect to any Bank Bond, the earlier of the fifth anniversary or the related mandatory redemption start date (the first business day of the month next following the earlier of (i) the 90th day following the purchase date of such Bank Bond and (ii) the last day of the purchase period) or the maturity date of such Bank Bond. Class I lien.

(tabular dollar amounts are in thousands)

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

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

The following table presents the detail of bonds, notes payable and certain other liabilities that include current and noncurrent activity for the year ended December 31, 2013:

Description	Beginning Balance	Additions	Reductions	Ending Balance	Current	Noncurrent
Bonds payable	$ 2,447,622	$ 133,028	$ (510,475)	$ 2,070,175	$ 158,250	$ 1,911,925
Bond premiums - unamortized	2,000	-	(1,341)	659	50	609
Total bonds payable	2,449,622	133,028	(511,816)	2,070,834	158,300	1,912,534
Notes payable	7,570	-	(5,517)	2,053	1,120	933
Arbitrage rebate payable	842	810	(926)	726	-	726
Unearned revenue	2,788	177	(371)	2,594	173	2,421
Other liabilities	2,551	12	(489)	2,074	67	2,007
Total other liabilities	6,181	999	(1,786)	5,394	240	5,154
Total	$ 2,463,373	$ 134,027	$ (519,119)	$ 2,078,281	$ 159,660	$ 1,918,621

(tabular dollar amounts are in thousands)

Bonds and notes payable sinking fund installments and contractual maturities subsequent to December 31, 2014, using rates in effect as of December 31, 2014, are as follows:

Years Ending	General Fund		Single Family		Multi-Family		Notes Payable	
December 31,	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2015	$ 147	$ 1,011	$ 61,838	$ 10,531	$ 72,698	$ 2,590	$ 103	$ 10
2016	150	1,002	93,599	10,103	111,437	2,621	104	9
2017	146	993	84,504	9,498	111,532	2,504	105	8
2018	148	984	68,731	8,921	102,643	2,386	106	7
2019	784	961	46,391	8,533	93,639	2,280	107	6
2020 - 2024	14,231	3,675	180,391	36,582	44,190	10,552	337	17
2025 - 2029	5,843	157	182,575	26,609	11,540	9,766	147	3
2030 - 2034	938	55	190,820	12,867	62,270	9,121	-	-
2035 - 2039	-	-	150,880	6,561	9,035	8,319	-	-
2040 - 2044	-	-	39,946	1,957	40,408	6,718	-	-
2045 - 2049	-	-	-	-	6,220	1,734	-	-
2050 - 2054	-	-	-	-	4,986	527	-	-
Total	$ 22,387	$ 8,838	$ 1,099,675	$ 132,162	$ 670,598	$ 59,118	$ 1,009	$ 60

(7) Conduit Debt Obligation

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

As of December 31, 2014 and 2013, the aggregate principal amount of conduit debt outstanding totaled $886.7 million and $935.8 million, respectively.

(8) Derivative Instruments

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

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

The fair values take into consideration the prevailing interest rate environment and the specific terms and conditions of each swap. All fair values were estimated using the zero-coupon discounting method. This method calculates the future payments required by the swap, assuming that the current forward rates implied by the yield curve are the market's best estimate of future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero coupon rate bonds due on the date of each future net settlement payment on the swaps.

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

On January 9, May 1 and November 1, 2014, the Authority partially redeemed from loan repayments and prepayments certain single family bonds subject to existing interest rate swap agreements that were considered effective interest rate hedges. As a result of the redemptions, $38.8 million of the existing swaps were deemed terminated and are no longer effective hedges. The ineffective portions of these swaps are classified as investment derivative instruments.

On August 19, October 1 and November 17, 2014, the Authority redeemed from loan prepayments certain multi-family bonds subject to existing interest rate swap agreements that were considered effective interest rate hedges. As a result of the redemptions, $8.4 million of the existing swaps were deemed terminated and are no longer effective hedges. The ineffective portions of these swaps are classified as investment derivative instruments.

On November 6, 2014, the Authority fully redeemed and refunded with proceeds from fixed rate bonds certain single family bonds subject to existing interest rate swap agreements that were considered effective interest rate hedges. As a result of the redemption and refunding, $72.3 million of the existing swaps were deemed terminated and are no longer effective hedges. The ineffective portions of these swaps are classified as investment derivative instruments.

On June 26, 2013, the Authority refunded certain multi-family bonds that were subject to an existing interest rate swap agreement that was considered an effective interest rate hedge. As a result of the refunding, $7.9 million of the notional amount of existing swap was transferred to the refunding series and deferred outflows related to this hedge in the amount of $1.3 million have been reclassified to deferred refunding loss, which is presented as part of deferred outflows in the basic financial statements. The deferred refunding loss is amortized to interest expense over the life of the new debt using the straight-line method. The interest expense is offset by an equal amount that is accreted to deferred outflows over the remaining life of the respective swap.

On June 26, 2013, the Authority redeemed certain multi-family bonds that were subject to an existing interest rate swap agreement that was considered an effective interest rate hedge. As a result of the redemption, $15.3 million of the notional amount of the existing swap was transferred to a previously issued multi-family bond series.

Between April 1 and November 1, 2013, the Authority utilized loan prepayments to redeem certain multi-family bonds that were subject to existing interest rate swap agreements that were considered effective interest rate hedges. As a result of the redemptions, $20.1 million of the notional amount of the swaps (representing the notional amount in excess of outstanding bonds) were deemed terminated and are no longer effective hedges. The ineffective portions of these swaps are classified as investment derivative instruments.

On May 1 and November 1, 2013, the Authority utilized loan prepayments to partially redeem certain single family bonds that were subject to existing interest rate swap agreements that were considered effective interest rate hedges. As a result of the redemptions, $19.1 million of the notional amount of the swaps (representing the notional amount in excess of outstanding bonds) were deemed terminated and are no longer effective hedges, and $4.0 million of the notional amount of the existing swaps were transferred to a previously issued single family bond series. The ineffective portions of these swaps are classified as investment derivative instruments.

On November 19, 2013, the Authority partially refunded certain single family bonds that were subject to existing interest rate swap agreements that were considered effective interest rate hedges. As a result of the refunding, $40.0 million of the notional amount of the existing swaps were transferred to the refunding series and deferred outflows related to those hedges in the amount of $4.6 million have been reclassified to deferred refunding loss, which is presented as part of deferred outflows in the basic financial statements. The deferred refunding loss is amortized to interest expense over the life of the new debt using the straight-line method. The interest expense is offset by an equal amount that is accreted to deferred outflows over the remaining life of the respective swap.

(tabular dollar amounts are in thousands)

A summary of interest rate swaps for the years ended December 31, 2014, and 2013 was as follows:

Summary of Interest Rate Swaps	2014 Fair Value	2013 Fair Value
Par optional termination right with trigger	$ 23,371	$ 36,996
Par optional termination right	28,804	32,798
Trigger	11,829	9,409
Plain	67,768	39,040
Total fair value	$ 131,772	$ 118,243

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

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

Detail of Outstanding Interest Rate Swaps – The key terms, including the fair values and counterparty credit ratings of the outstanding swaps as of December 31, 2014, are shown in the table below. The notional amounts of the swaps approximate the principal amounts of the associated debt. Except as discussed under amortization risk below, the Authority's swap agreements contain scheduled reductions to outstanding notional amounts that are expected to approximately follow scheduled or anticipated reductions in the associated bonds payable. Based on the standard swap agreement, payments are settled on a net basis.

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

(tabular dollar amounts are in thousands)

Outstanding Swaps at December 31, 2014:

Swap Series	Current Notional Amount	Effective Date	Termination Date	Fixed Rate Paid	Variable Rate Received *	Embedded Options	Optional Termination Date, at Par	Optional Termination Amount	Counterparty Rating S&P/Moody's	2014 Fair Value **	Change in Fair Value	2013 Fair Value **
Single Family:												
Investment derivatives (includes overhedged portion of interest rate swaps):												
2001AA-1 ****	$ 30,000	12/1/2009	11/1/2038	4.4850%	Trigger, SIFMA + .15% or 68% LIBOR	***	1) 11/1/2015 2) 11/1/2017 3) 11/1/2019	Up to: 1) 7,500 2) 15,000 3) all remaining	A / A2	$ 422	$ 684	$ (262)
2002C-3 ****	7,580	12/4/2008	5/1/2022	4.4220%	Trigger, SIFMA + .15% or 68% LIBOR				A / A2	(1,308)	(448)	(860)
2003C-2 ****	685	12/2/2008	11/1/2026	4.5950%	Trigger, SIFMA + .15% or 68% LIBOR	***	5/1/2015	646	A / A2	(10)	(10)	-
2004A-2 (SPV)	38,150	7/28/2004	11/1/2026	4.3685%	65% LIBOR + .10%	***	5/1/2015	35,970	AA- / Aa3	(528)	(528)	-
2004B-2 (SPV)	2,070	11/10/2004	11/1/2026	4.1220%	65% LIBOR + .10%	***	5/1/2015	1,952	AA- / Aa3	(27)	60	(87)
2005A-2 (SPV)	34,130	3/16/2005	11/1/2027	4.0710%	65% LIBOR + .10%	***	5/1/2015	32,290	AA- / Aa3	(440)	(440)	-
2006A-3	2,925	1/18/2006	11/1/2036	4.3129%	Trigger, SIFMA + .15% or 68% LIBOR	***	5/1/2019	2,765	A / A2	(363)	(131)	(232)
2006B-2	16,255	7/26/2006	11/1/2034	4.1951%	Trigger, SIFMA + .05% or 68% LIBOR	***	5/1/2019	5,580	A / A2	(821)	(821)	-
2006B-3	7,820	7/26/2006	11/1/2036	4.5445%	Trigger, SIFMA + .15% or 68% LIBOR	***	5/1/2019	7,353	A / A2	(1,046)	(1,046)	-
2007A-2	21,990	5/9/2007	11/1/2037	4.1530%	Trigger, SIFMA + .15% or 68% LIBOR	***	5/1/2019	19,763	A / A2	(2,522)	(826)	(1,696)
2012A-2 (SPV)	1,740	6/4/2008	5/1/2038	4.4140%	65% LIBOR + .10%	***	1) 5/1/2016 2) 5/1/2018	Up to: 1) 580 2) all remaining	AA- / Aa3	(93)	(81)	(12)
Total	163,345									(6,736)	(3,587)	(3,149)
Hedging derivatives:												
2001AA-2 ****	44,940	12/4/2008	5/1/2031	4.6000%	Trigger, SIFMA + .05% or 68% LIBOR				A / A2	(5,174)	(2,167)	(3,007)
2001AA-3	14,415	12/2/2008	5/1/2018	5.5260%	Trigger, SIFMA + .05% or 68% LIBOR				A / A2	(905)	474	(1,379)
2002A-3 ****	13,740	12/4/2008	11/1/2021	4.7490%	Trigger, SIFMA + .05% or 68% LIBOR				A / A2	(745)	189	(934)
2002B-3 ****	31,170	12/4/2008	11/1/2021	4.5060%	Trigger, SIFMA + .05% or 68% LIBOR				A / A2	(1,759)	397	(2,156)
2002C-3 ****	27,090	12/4/2008	5/1/2022	4.4220%	Trigger, SIFMA + .15% or 68% LIBOR				A / A2	(1,352)	241	(1,593)
2003B-1 ****	28,145	12/2/2008	11/1/2026	4.8510%	LIBOR + .05%	***	5/1/2015	27,305	A / A2	(413)	1,233	(1,646)
2003B-2	12,375	10/29/2008	5/1/2028	4.9380%	LIBOR + .05%	***	11/1/2018	all remaining	AA- / Aa3	(1,212)	223	(1,435)
2003B-3 ****	45,780	12/2/2008	11/1/2026	4.3840%	Trigger, SIFMA + .15% or 68% LIBOR	***	5/1/2015	43,170	A / A2	2,043	1,651	392
2003C-2 ****	29,835	12/2/2008	11/1/2026	4.5950%	Trigger, SIFMA + .15% or 68% LIBOR	***	5/1/2015	28,134	A / A2	1,573	1,176	397
2004A-2 (SPV)	-	7/28/2004	11/1/2026	4.3685%	65% LIBOR + .10%	***	5/1/2015		AA- / Aa3	-	97	(97)
2004B-2 (SPV)	28,450	11/10/2004	11/1/2026	4.1220%	65% LIBOR + .10%	***	5/1/2015	26,828	AA- / Aa3	(28)	(16)	(12)
2005A-2 (SPV)	-	3/16/2005	11/1/2027	4.0710%	65% LIBOR + .10%	***	5/1/2015		AA- / Aa3	-	142	(142)
2005B-2 (SPV)	52,850	7/20/2005	5/1/2034	4.1693%	65% LIBOR + .10%	***	5/1/2015	48,650	AA- / Aa3	3	187	(184)
2006A-3	37,075	1/18/2006	11/1/2036	4.3129%	Trigger, SIFMA + .15% or 68% LIBOR	***	5/1/2019	35,045	A / A2	(3,503)	728	(4,231)
2006B-1	-	11/1/2006	11/1/2014	5.6685%	LIBOR + .05%				A+ / Aa3	-	206	(206)
2006B-2	32,395	7/26/2006	11/1/2034	4.1951%	Trigger, SIFMA + .05% or 68% LIBOR	***	5/1/2019	11,120	A / A2	(2,537)	2,057	(4,594)
2006B-3	55,125	7/26/2006	11/1/2036	4.5445%	Trigger, SIFMA + .15% or 68% LIBOR	***	5/1/2019	51,837	A / A2	(5,790)	2,245	(8,035)
2006C-1	-	1/2/2007	11/1/2014	5.3143%	LIBOR + .05%				A+ / Aa3	-	192	(192)
2006C-2 (A)	7,090	12/20/2006	5/1/2016	4.2884%	Trigger, SIFMA + .05% or 68% LIBOR	***			A / A2	(358)	265	(623)
2006C-2 (B)	5,305	12/20/2006	11/1/2016	4.2884%	Trigger, SIFMA + .05% or 68% LIBOR	***			A / A2	10	(3)	13
2006C-2 (C)	5,305	12/20/2006	11/1/2017	4.2884%	Trigger, SIFMA + .05% or 68% LIBOR	***			A / A2	(490)	168	(658)
2006C-2 (D)	34,645	12/20/2006	11/1/2034	4.2884%	Trigger, SIFMA + .05% or 68% LIBOR	***	11/1/2019	21,210	A / A2	714	245	469
2007A-1	3,745	6/1/2007	5/1/2015	5.1911%	LIBOR + .05%				A+ / Aa3	(62)	406	(468)
2007A-2	48,010	5/9/2007	11/1/2037	4.1530%	Trigger, SIFMA + .15% or 68% LIBOR	***	5/1/2019	43,147	A / A2	(3,532)	1,742	(5,274)
2007B-1	32,490	11/1/2007	11/1/2026	5.5800%	LIBOR + .05%	***	11/1/2017	24,610	A+ / Aa3	(3,285)	1,299	(4,584)
2007B-2	50,000	10/18/2007	5/1/2038	4.5075%	Trigger, SIFMA + .15% or 68% LIBOR	***	5/1/2019	46,545	A / A2	(5,027)	957	(5,984)
2007B-3 ****	37,500	12/2/2008	5/1/2038	4.4050%	Trigger, SIFMA + .15% or 68% LIBOR	***	1) 11/1/2015 2) 11/1/2017	Up to: 1) 25,000 2) all remaining	A / A2	(1,100)	1,394	(2,494)
2008A-1	26,860	6/4/2008	5/1/2038	5.4450%	LIBOR + .05%	***	1) 11/1/2016 2) 11/1/2018	Up to: 1) 26,500 2) all remaining	A+ / Aa3	(2,844)	346	(3,190)
2008A-2	45,955	6/4/2008	11/1/2027	4.5960%	LIBOR + .05%	***	05/01/18	all remaining	AA- / Aa2	(3,823)	683	(4,506)
2012A-1 ****	16,820	12/2/2008	11/1/2021	4.1600%	Trigger, SIFMA + .05% or 68% LIBOR				A / A2	252	(268)	520
2012A-2 (SPV)	58,260	6/4/2008	5/1/2038	4.4140%	65% LIBOR + .10%	***	1) 5/1/2016 2) 5/1/2018	Up to: 1) 39,420 2) all remaining	AA- / Aa3	(317)	(267)	(50)
Total	825,370									(39,661)	16,222	(55,883)
Total Single Family	988,715									(46,397)	12,635	(59,032)

Table continued on following page.

(tabular dollar amounts are in thousands)

Swap Series	Current Notional Amount	Effective Date	Termination Date	Fixed Rate Paid	Variable Rate Received *	Embedded Options	Optional Termination Date, at Par	Optional Termination Amount	Counterparty Rating S&P/Moody's	2014 Fair Value **	Change in Fair Value	2013 Fair Value **
Multi-Family:												
Investment derivatives (includes overhedged portion of interest rate swaps):												
2000A-1 ****	1,720	11/21/2008	10/1/2020	5.2350%	SIFMA + .05%				A / A2	(54)	84	(138)
2002A-1 ****	3,640	11/21/2008	10/1/2022	5.1000%	SIFMA + .15%				A / A2	(555)	(555)	-
2002C-2 ****	10,065	11/21/2008	10/1/2032	5.1240%	Trigger, SIFMA + .15% or 68% LIBOR	***	4/1/2018	8,732	A / A2	(1,199)	378	(1,577)
2002C-4 ****	5,585	11/21/2008	10/1/2032	5.0440%	Trigger, SIFMA + .05% or 68% LIBOR	***	4/1/2018	4,840	A / A2	(669)	108	(777)
2007B-2 (A) ****	1,345	12/3/2008	10/1/2036	4.2870%	SIFMA + .15%	***	10/1/2017	1,153	A / A2	(119)	41	(160)
2007B-3 (B) ****	-	12/3/2008	10/1/2019	4.0967%	SIFMA + .05%	***			A / A2	-	36	(36)
2008C-3 ****	1,990	12/3/2008	10/1/2038	4.3400%	SIFMA + .05%	***	4/1/2019	1,777	A / A2	(225)	(225)	-
2009A-1 ****	4,135	6/24/2009	10/1/2041	4.7900%	SIFMA + .05%	***	1) 10/1/2016 2) 4/1/2024	Up to: 1) 1,964 2) all remaining	A / A2	(307)	172	(479)
Total	28,480									(3,128)	39	(3,167)
Hedging derivatives:												
2000A-1 ****	11,030	11/21/2008	10/1/2020	5.2350%	SIFMA + .05%				A / A2	(1,212)	296	(1,508)
2000A-2 ****	860	11/21/2008	4/1/2015	5.8000%	SIFMA + .05%				A / A2	(8)	75	(83)
2000B-1 (SPV)	3,770	10/19/2000	7/1/2020	7.3900%	Citigroup 3 month + .25%				AA- / A3	(645)	191	(836)
2002A-1 ****	4,085	11/21/2008	10/1/2022	5.1000%	SIFMA + .15%				A / A2	(527)	602	(1,129)
2002C-2 ****	58,330	11/21/2008	10/1/2032	5.1240%	Trigger, SIFMA + .15% or 68% LIBOR	***	4/1/2018	50,608	A / A2	20	1,235	(1,215)
2002C-4 ****	25,320	11/21/2008	10/1/2032	5.0440%	Trigger, SIFMA + .05% or 68% LIBOR	***	4/1/2018	21,945	A / A2	(24)	591	(615)
2003A ****	13,640	11/21/2008	10/1/2023	6.0350%	SIFMA + .05%				A / A2	(223)	(403)	180
2004A-1 (SPV)	-	11/1/2004	10/1/2025	5.5281%	LIBOR + .05%	***			A- / Baa1	-	1,385	(1,385)
2004A-2 (SPV)	10,785	9/22/2004	4/1/2045	4.8840%	SIFMA + .15%	***	10/1/2019	all remaining	A- / Baa1	(1,515)	(256)	(1,259)
2005A-1 (A) (SPV)	4,465	8/1/2005	10/1/2035	5.8200%	LIBOR + .05%	***	4/1/2015	all remaining	A- / Baa1	(64)	247	(311)
2005A-1 (B) (SPV)	2,785	8/1/2005	10/1/2020	5.2050%	LIBOR + .05%				A- / Baa1	(479)	1	(480)
2005A-1 (C) (SPV)	9,280	8/1/2005	10/1/2025	5.7120%	LIBOR + .05%	***	4/1/2015	all remaining	A- / Baa1	(87)	471	(558)
2005A-2 (SPV)	15,215	7/1/2005	4/1/2036	4.2850%	SIFMA + .05%	***	4/1/2015	all remaining	A- / Baa1	(132)	628	(760)
2005A-3 (A) (SPV)	5,910	4/13/2005	4/1/2040	4.6560%	SIFMA + .15%	***	10/1/2020	all remaining	A- / Baa1	(864)	(131)	(733)
2005A-3 (B) (SPV)	5,570	10/1/2005	4/1/2032	4.4800%	SIFMA + .15%	***	4/1/2015	all remaining	A- / Baa1	(53)	224	(277)
2005B-1	11,695	3/1/2006	4/1/2036	5.2350%	LIBOR + .05%	***	10/1/2015	11,125	A / A2	(430)	554	(984)
2005B-2 (A)	3,355	1/2/2006	10/1/2040	4.7350%	SIFMA + .15%	***	10/1/2015	3,305	A / A2	(99)	98	(197)
2005B-2 (B)	5,530	9/1/2006	10/1/2038	4.5270%	SIFMA + .15%	***	10/1/2021	4,520	A / A2	(837)	(206)	(631)
2006A-1 ****	26,510	12/3/2008	4/1/2027	5.7100%	LIBOR + .05%	***	10/1/2016	10,270	A / A2	(913)	187	(1,100)
2006A-1 (F)	10,420	12/1/2006	10/1/2036	5.3420%	LIBOR + .05%	***	4/1/2021	8,040	A / A2	(1,849)	(230)	(1,619)
2007B-1 ****	26,485	12/3/2008	4/1/2038	5.6400%	LIBOR + .05%	***	1) 10/1/2017 2) 4/1/2022	Up to: 1) 14,220 2) 13,205	A / A2	(1,237)	(559)	(678)
2007B-1 (G)	7,255	10/1/2007	4/1/2028	5.2200%	LIBOR + .05%	***	10/1/2022	6,190	A / A2	(1,375)	(358)	(1,017)
2007B-2 (A) ****	1,035	12/3/2008	10/1/2036	4.2870%	SIFMA + .15%	***	10/1/2017	887	A / A2	(22)	(34)	12
2007B-2 (B) ****	1,920	12/3/2008	4/1/2038	4.5350%	SIFMA + .15%	***	10/2/2017	1,780	A / A2	(110)	1	(111)
2007B-2 (C) ****	4,605	12/3/2008	4/1/2038	4.4695%	SIFMA + .15%	***	10/1/2017	4,395	A / A2	(380)	48	(428)
2007B-2 (D) ****	4,540	12/3/2008	4/1/2028	4.6510%	SIFMA + .15%	***	4/1/2023	3,835	A / A2	(808)	(208)	(600)
2007B-3 (A) ****	2,290	12/3/2008	10/1/2037	4.2970%	SIFMA + .05%	***	10/1/2017	2,065	A / A2	(128)	10	(138)
2007B-3 (B) ****	-	12/3/2008	10/1/2019	4.0967%	SIFMA + .05%	***			A / A2	-	37	(37)
2007B-3 (C) ****	2,255	12/3/2008	4/1/2038	4.8805%	SIFMA + .05%	***	10/1/2017	2,205	A / A2	(205)	14	(219)
2008A-1 ****	13,430	12/3/2008	4/1/2029	5.1300%	LIBOR + .05%	***	1) 4/1/2018 2) 4/1/2019	Up to: 1) 3,070 2) all remaining	A / A2	(522)	(2)	(520)
2008A-2 ****	7,150	12/3/2008	4/1/2043	4.4540%	SIFMA + .15%	***	4/1/2019	6,340	A / A2	(704)	(189)	(515)
2008B (a) ****	111,770	12/3/2008	10/1/2044	5.1722%	LIBOR				AA- / Aa3	(43,671)	(19,895)	(23,776)
2008B (b) ****	45,735	12/3/2008	3/1/2047	5.2071%	LIBOR				AA- / Aa3	(20,218)	(9,758)	(10,460)
2008C-3 ****	5,290	12/3/2008	10/1/2038	4.3400%	SIFMA + .05%	***	4/1/2019	4,723	A / A2	(568)	100	(668)
2009A-1 ****	24,450	6/24/2009	10/1/2041	4.7900%	SIFMA + .05%	***	1) 10/1/2016 2) 4/1/2024	Up to: 1) 11,616 2) all remaining	A / A2	(2,244)	(799)	(1,445)
2013A ****	7,040	11/21/2008	10/1/2023	6.0350%	SIFMA + .05%				A / A2	(114)	(170)	56
Total	493,805									(82,247)	(26,203)	(56,044)
Total Multi-Family	522,285									(85,375)	(26,164)	(59,211)
Total	$ 1,511,000									$ (131,772)	$ (13,529)	$ (118,243)

(*) SIFMA is the Securities Industry Financial Markets Association Municipal Swap Index. LIBOR is the London Interbank Offered Rate.
(**) All fair values include the effect of any related embedded option.
(***) Par optional termination right.
(****) Swaps for which cash premiums were received in 2008. The outstanding unamortized balance of the premium is reported on the Statement of Net Position as hybrid instrument borrowings.
(SPV) Counterparty operates as a special-purpose vehicle.

(tabular dollar amounts are in thousands)

Risk Disclosure

Credit Risk: All of the Authority's swaps rely upon the performance of the third parties who serve as swap counterparties, and as a result, the Authority is exposed to credit risk – that is, the risk that a swap counterparty fails to perform according to its contractual obligations. The appropriate measurement of this risk at the reporting date is the fair value of the swaps, as shown in the column labeled "Fair Value" in the outstanding swaps table above. The Authority is exposed to credit risk in the amount of any positive net fair value exposure to each counterparty. As of December 31, 2014 and 2013, the Authority was exposed to minimal credit risk to any of its counterparties. To mitigate credit risk, the Authority maintains strict credit standards for swap counterparties. All swap counterparties must be rated in the AA/Aa or higher category by either Standard & Poor's (S&P) or Moody's Investors Service (Moody's), respectively, at the time the contract is executed.

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

Swap Count	Notional Amount	Concentration	Counterparty Rating (S&P / Moody's)
7	$ 54,010	3.6%	A- / Baa1
44	958,640	63.5%	A / A2
1	45,955	3.0%	AA- / Aa2
3	63,095	4.2%	A+ / Aa3
1	3,770	0.2%	AA- / A3
8	385,530	25.5%	AA- / Aa3
64	$ 1,511,000	100%	

At December 31, 2013, the Authority had executed 68 swap transactions with six counterparties with concentrations and ratings (Standard and Poor's/ Moody's Investors Service) as shown in the following table:

Swap Count	Notional Amount	Concentration	Counterparty Rating (S&P / Moody's)
8	$ 92,315	5.5%	A- / Baa1
46	1,079,335	64.4%	A / A2
1	56,270	3.4%	AA- / Aa2
5	92,705	5.5%	A+ / Aa3
1	4,245	0.3%	AA- / A3
7	351,115	20.9%	AA- / Aa3
68	$ 1,675,985	100%	

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

Basis Risk: The Authority is exposed to basis risk when the variable interest rate paid to the holders of its variable rate demand obligations (VRDOs) is not equivalent to the variable interest rate received from its counterparties on the related swap agreements. When exposed to basis risk, the net interest expense incurred on the combination of the swap agreement and the associated variable rate debt may be higher or lower than anticipated.

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

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

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

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

Rollover Risk: The Authority is exposed to rollover risk only on swaps that mature or may be terminated at the counterparty's option prior to the maturity of the associated debt. As of December 31, 2014 and 2013, the Authority was not exposed to rollover risk.

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

Collateral Requirements: As of December 31, 2014 and 2013, swaps with a fair value of $109.6 million and $90.5 million, respectively, require the Authority to post collateral in the event that the underlying Class I bond rating drops below Aa3 as issued by Moody's Investor Service or AA- as issued by Standard & Poor's. Collateral requirements range up to 100% of the fair value of the swap depending on the bond rating. Over collateralization is required for investments posted in lieu of cash. At December 31, 2014 and 2013, the ratings of bonds subject to collateral requirements exceed the levels specified in the swap agreements.

(tabular dollar amounts are in thousands)

Swap Payments – Using interest rates as of December 31, 2014, debt service requirements of the Authority's outstanding variable rate debt and net swap payments were as follows. As rates vary, variable rate interest rate payments on the bonds and net swap payments will change.

Years Ending December 31,	Principal	Interest	Swaps, Net	Total
2015	$ 90,480	$ 2,793	$ 67,449	$ 160,722
2016	104,665	2,548	63,337	170,550
2017	113,795	2,361	58,765	174,921
2018	69,755	2,241	53,946	125,942
2019	70,775	2,131	50,755	123,661
2020-2024	323,300	8,863	206,034	538,197
2025-2029	267,875	5,918	137,357	411,150
2030-2034	256,865	3,520	80,342	340,727
2035-2039	147,395	1,093	30,355	178,843
2040-2044	52,615	194	10,413	63,222
2045-2047	13,480	26	1,304	14,810
Total	$1,511,000	$ 31,688	$ 760,057	$ 2,302,745

Hybrid Instrument Borrowings – Certain interest rate swaps, as identified on the detailed swap table above, include fixed rates that were off-market at the execution of the interest rate swaps. For financial reporting purposes, these interest rate swaps are considered hybrid instruments and are bifurcated between borrowings, with an aggregate original amount of $98.0 million reflecting the fair value of the instrument at its execution, and an interest rate swap with a fixed rate that was considered at-the-market at execution. Activity for the hybrid instrument borrowings for the years ended December 31, 2014 and 2013 was as follows:

	2014	2013
Beginning balance	$ 66,535	$ 73,233
Additions	-	6,982
Reductions	(17,136)	(13,680)
Ending balance	$ 49,399	$ 66,535

(tabular dollar amounts are in thousands)

The following table sets forth as of December 31, 2014, payments of principal and interest on the hybrid instrument borrowings for the next five years and thereafter. The total payments generally reflect the difference between the stated fixed rate of the hybrid instrument and the at-the-market fixed rate at the execution of the instrument.

Years Ending December 31,	Principal and Interest
2015	$ 9,141
2016	7,181
2017	6,203
2018	4,709
2019	3,760
2020-2024	11,319
2025-2029	5,036
2030-2034	1,719
2035-2039	281
2040-2044	48
2045-2047	2
Total	$ 49,399

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

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

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

(tabular dollar amounts are in thousands)

The outstanding forward contracts, summarized by counterparty as of December 31, 2013, were as follows:

Count	Par	Exposure	Original Sales Price	12/31/13 Premium	Fair Value	Counterparty Rating (S&P / Moody's)
25	$ 49,300	50.4%	$ 52,157	$ 51,788	$ (369)	A / A2
21	48,500	49.6%	51,290	50,950	(340)	AA- / Aa3
46	$ 97,800	100.0%	$ 103,447	$ 102,738	$ (709)	

Summary

A summary of derivative instruments activity for the years ended December 31, 2014 and 2013 is as follows:

	2014				2013			
	Hedging	Investments			Hedging	Investments		
	Swaps	Swaps	Forwards	Total	Swaps	Swaps	Forwards	Total
Fair value, beginning	$ 111,927	$ 6,316	$ (709)	$ 117,534	$ 225,186	$ 13,822	$ 283	$ 239,291
Settlements	(52,245)	(4,857)	709	(56,393)	(62,879)	(1,913)	(283)	(65,075)
Change in fair value	62,226	8,405	445	71,076	(50,380)	(5,593)	(709)	(56,682)
Fair value, ending	$ 121,908	$ 9,864	$ 445	$ 132,217	$ 111,927	$ 6,316	$ (709)	$ 117,534

(9) Debt Refundings

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

On April 30, 2013, the Authority issued its Single Family Program Bonds 2013 Series AA in the aggregate principal amount of $53.6 million. The entire proceeds of the bonds were used to refund the converted Single Family Program Bonds 2009 Series AA. The refunding resulted in a decrease in the aggregate future debt service requirement of approximately $11.5 million and an approximate economic gain to the Authority of $7.2 million.

On June 26, 2013, the Authority issued its Multi-Family Housing Loan Program Bonds 2013 Series I, in the aggregate principal amount of $31.6 million. The entire proceeds of the bonds were used to refund various Multi-Family Housing Insured and Multi-Family Project Bonds. The refunding resulted in a decrease in the aggregate future debt service requirement of approximately $8.0 million and an approximate economic gain to the Authority of $8.2 million.

On June 26, 2013, the Authority issued its Multi-Family Project Bonds 2013 Series A, in the aggregate principal amount of $7.9 million. The entire proceeds of the bonds were used to refund the Multi-Family Housing Insured Bonds 2002 Series AA. The refunding was variable rate to variable rate and did not result in a change to the aggregate future debt service requirement and resulted in an approximate economic loss to the Authority of $215 thousand. In accordance with GASB No.

23, *Accounting and Financial Reporting for Refundings of Debt Reported by Proprietary Activities*, a loss of $1.3 million was deferred and is being amortized over the contractual life of the new debt as an adjustment to interest expense.

On November 19, 2013, the Authority issued its Class II Single Family Bonds 2013 Series B in the aggregate principal amount of $40.0 million. The entire proceeds of the bonds were used to refund a portion of the Class I SF06C-2 Single Family bonds. In order to increase flexibility, the refunding also extended the sinking funds of the bonds resulting in an increase in the aggregate future debt service requirement, including related fees, of approximately $4.8 million and an approximate economic gain to the Authority of $7.7 million. In accordance with GASB No. 23, a loss of $4.6 million was deferred and is being amortized over the contractual life of the new debt as an adjustment to interest expense.

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

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

(10) Restricted and Unrestricted Net Position

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

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

The Board has designated certain amounts of the unrestricted net position of the General Programs as of December 31, 2014 and 2013, for various purposes, as indicated in the following table. These designations of net position are not binding, and can be changed by the Board.

(tabular dollar amounts are in thousands)

Unrestricted Net Position for the years ended December 31, 2014 and 2013:

	2014	2013
Designations:		
Housing loans	$ 74,557	$ 67,955
Commerical loans	14,039	14,462
General operating and working capital	17,561	15,460
Rating agency reserves	28,598	32,885
General obligation bonds	24,011	26,541
Nongeneral obligation bonds	35,420	38,301
Total general programs unrestricted net position	$ 194,186	$ 195,604

(11) Retirement Plans

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

The Authority contributes to the Health Care Trust Fund (Health Fund), a cost-sharing multiple-employer postemployment health care 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 website 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:

	2014	**2013**
Contribution rate of covered salary:		
Members	8.00%	8.00%
Authority:		
Trust	12.68%	12.68%
Health Fund	1.02%	1.02%
Total Authority contribution rate	13.70%	13.70%
Contributions by the Authority:		
Trust	$ 1,506	$ 1,498
Health Fund	121	120
Total Authority contributions	$ 1,627	$ 1,618

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 salary up to the annual Internal Revenue Service limit of their gross salaries. The Authority contributed 1% of each participating employee's salary as part of the 401(k) match, and in addition to the 1% contribution, the Authority matched half of the employee's 401(k) contribution up to 5% of the participating employee's gross salary for a maximum Authority match of 3.5%. Starting in 2012, employees are required to invest a percentage of their annual gross salary to participate in the plan and receive the Authority's 1% contribution and match.

Contributions by the Authority for the years ended December 31, 2014 and 2013 were $367 thousand and $357 thousand, respectively. Contributions by participating employees for the years ended December 31, 2014 and 2013 were $958 thousand and $931 thousand, respectively. All required contributions are paid in full annually.

(12) Risk Management

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

(13) Related-Party Transactions

During the year ended December 31, 2013, the Authority allocated Low Income Housing Tax Credits in the amount of $1.1 million to a housing project in which the Grand Junction Housing Authority (GJHA) is the general partner. The allocated tax credit will be provided annually for each of ten years at this same amount. In addition, the Authority has an outstanding loan with the GJHA. As of December 31, 2014 and 2013, the unpaid principal balance on the loan was $1.6 million and $1.7 million, respectively. The Executive Director of the GJHA is a member of the Authority's Board.

During the year ended December 31, 2014, the Authority allocated Low Income Housing Tax Credits in the amount of $1.5 million to housing projects in which the Housing Authority of the City of Loveland, Colorado (HACL) has an interest as either the developer or a limited partner. The allocated tax credits will be provided annually for each of ten years at this same amount. The Authority has made loan commitments associated with each of these projects totaling $2.9 million. In addition, the Authority has three outstanding loans with the HACL. As of December 31, 2014 and 2013, the unpaid principal balance on the loans totaled $2.5 million and $2.6 million, respectively. The Executive Director of the HACL is a member of the Authority's Board.

(14) Commitments and Contingencies

The Authority had outstanding commitments to make or acquire single family and multi-family/business loans of $79.1 million and $24.3 million, respectively, as of December 31, 2014. The Authority had outstanding commitments to make or acquire single family and multi-family/business loans of $70.5 million and $14.4 million, respectively, as of December 31, 2013.

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

The Authority participates in the Ginnie Mae Mortgage Backed Securities (MBS) Programs. Through the MBS Programs, Ginnie Mae guarantees securities that are issued by the Authority and backed by pools of mortgage loans. If a borrower fails to make a timely payment on a mortgage loan, the Authority must advance its own funds to ensure that the security holders receive timely payment. All loans pooled under the Ginnie Mae MBS Program are either insured by the FHA or are guaranteed by the VA or RD. The Authority assesses the overall risk of loss on loans that it may be required to repurchase and advances funds to repurchase the loans as necessary. Advances are recovered as claims are processed or loans are modified. The Authority repurchased $52.4 million and $60.6 million of these loans in 2014 and 2013, respectively. Claims, recoveries and proceeds from re-pooled, modified loans substantially reimburse the Authority over time.

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

(15) Subsequent Events

During the fourth quarter of 2014, the Authority began an effort to reduce long-term interest expense by refunding outstanding variable rate bonds within the Single Family Indenture. Effective February 5, 2015, $137.1 million in single family variable rate bonds were partially redeemed with the balance refunded into fixed rate bonds in the amount of $99.8 million, ahead of the May 1, 2015 optional termination date of the swap agreements associated with the variable rate debt. The swap agreements were left outstanding and the required payments will be made until May 1, 2015 when the swaps will terminate at no cost to the Authority. This action will result in long-term economic savings to the Authority of approximately $10.2 million.

The Authority's management has evaluated other subsequent events through March 26, 2015. No other events have occurred which warrant disclosure or adjustments to the financial statement amounts presented.

SUPPLEMENTAL INFORMATION
(UNAUDITED)

Colorado Housing and Finance Authority
Combining Schedule - Statement of Net Position
For the year ended December 31, 2014 (unaudited)
(with summarized financial information for December 31, 2013)
(in thousands of dollars)

	General Programs	Single Family	Multi-Family/ Business	Eliminations	2014	Summarized 2013
Assets						
Current assets:						
Cash *(Note 2)*						
Restricted	$ 77,734	$ -	$ -	$ -	**$ 77,734**	$ 66,637
Unrestricted	40,778	-	-	-	**40,778**	44,089
Investments *(Note 2)*	63,166	286,282	105,445	-	**454,893**	466,867
Loans receivable *(Note 3)*	48,466	22,890	19,352	(63)	**90,645**	90,799
Loans receivable held for sale *(Note 3)*	44,463	-	-	-	**44,463**	37,733
Accrued interest receivable	2,442	6,048	3,796	(42)	**12,244**	14,466
Other assets	4,967	198	72	-	**5,237**	5,279
Due (to) from other programs	(34,344)	16,751	17,593	-	**-**	-
Total current assets	247,672	332,169	146,258	(105)	**725,994**	725,870
Noncurrent assets:						
Investments *(Note 2)*	1,948	199,196	59,521	-	**260,665**	279,908
Loans receivable, net *(Note 3)*	71,631	663,804	561,218	(1,841)	**1,294,812**	1,501,191
Capital assets - nondepreciable *(Note 4)*	1,807	-	-	-	**1,807**	1,849
Capital assets - depreciable, net *(Note 4)*	4,556	-	-	-	**4,556**	5,206
Other real estate owned, net	110	2,151	882	-	**3,143**	3,600
Other assets	21,836	-	-	-	**21,836**	23,827
Total noncurrent assets	101,888	865,151	621,621	(1,841)	**1,586,819**	1,815,581
Total assets	349,560	1,197,320	767,879	(1,946)	**2,312,813**	2,541,451
Deferred Outflows						
Accumulated increase in fair value of hedging derivatives	-	47,205	82,459	-	**129,664**	115,435
Refundings of debt	-	10,195	2,277	-	**12,472**	16,010
Total deferred outflows	-	57,400	84,736	-	**142,136**	131,445
Liabilities						
Current liabilities:						
Short-term debt *(Note 5)*	61,805	-	-	-	**61,805**	42,380
Bonds payable *(Note 6)*	147	61,886	72,698	-	**134,731**	158,300
Notes payable *(Note 6)*	103	-	-	-	**103**	1,120
Accrued interest payable	197	8,670	7,059	(42)	**15,884**	17,809
Federally assisted program advances	385	-	-	-	**385**	354
Accounts payable and other liabilities	49,907	626	923	-	**51,456**	42,792
Total current liabilities	112,544	71,182	80,680	(42)	**264,364**	262,755
Noncurrent liabilities:						
Bonds payable *(Note 6)*	22,240	1,038,427	597,900	-	**1,658,567**	1,912,534
Derivative instruments	445	46,397	85,375	-	**132,217**	117,534
Derivatives related borrowing	-	28,676	20,723	-	**49,399**	66,535
Notes payable *(Note 6)*	2,810	-	-	(1,904)	**906**	933
Other liabilities *(Note 6)*	4,165	308	180	-	**4,653**	5,154
Total noncurrent liabilities	29,660	1,113,808	704,178	(1,904)	**1,845,742**	2,102,690
Total liabilities	142,204	1,184,990	784,858	(1,946)	**2,110,106**	2,365,445
Deferred Inflows						
Accumulated decrease in fair value of hedging derivatives	-	4,594	20	-	**4,614**	3,716
Net position						
Investment in capital assets, net of related debt	4,459	-	-	1,904	**6,363**	7,055
Restricted primarily by bond indentures	6,807	65,136	67,737	-	**139,680**	112,717
Unrestricted *(Note 10)*	196,090	-	-	(1,904)	**194,186**	183,963
Total net position	$ 207,356	$ 65,136	$ 67,737	$ -	**$ 340,229**	$ 303,735

See accompanying independent auditors' report.

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

For the year ended December 31, 2014 (unaudited)

(with summarized financial information for the year ended December 31, 2013)

(in thousands of dollars)

	General Program	Single Family	Multi-Family/ Business	Eliminations	**2014**	Summarized 2013
Interest income and expense:						
Interest on loans receivable	$ 6,461	$ 39,894	$ 37,108	$ (116)	**$ 83,347**	$ 96,000
Interest on investments	184	14,947	6,391	-	**21,522**	22,200
Interest on debt	(1,485)	(48,537)	(30,697)	116	**(80,603)**	(97,193)
Net interest income	5,160	6,304	12,802	-	**24,266**	21,007
Other operating income (loss):						
Rental income	32	-	-	-	**32**	358
Loan servicing income	14,773	-	(33)	-	**14,740**	13,343
Section 8 administration fees	27	-	-	-	**27**	4,329
Gain on sale of loans	23,846	-	-	-	**23,846**	23,094
Investment derivative activity gain (loss)	(1,154)	(2,081)	41	-	**(3,194)**	(6,005)
Net increase (decrease) in the fair value of investments	(46)	6,956	1,880	-	**8,790**	(19,574)
Other revenues (losses)	7,354	616	2	-	**7,972**	5,111
Total other operating income (loss)	44,832	5,491	1,890	-	**52,213**	20,656
Total operating income (loss)	49,992	11,795	14,692	-	**76,479**	41,663
Operating expenses:						
Salaries and related benefits	16,977	-	-	-	**16,977**	16,505
General operating	23,060	1,218	211	-	**24,489**	18,763
Depreciation	1,197	-	-	-	**1,197**	1,655
Provision for losses	(1,180)	(394)	(1,124)	-	**(2,698)**	1,176
Total operating expenses	40,054	824	(913)	-	**39,965**	38,099
Net operating income (loss)	9,938	10,971	15,605	-	**36,514**	3,564
Nonoperating income and expenses:						
Federal grant receipts	116,944	-	-	-	**116,944**	111,929
Federal grant payments	(116,944)	-	-	-	**(116,944)**	(111,929)
Gains on sales of capital assets	(20)	-	-	-	**(20)**	5
Total nonoperating income and expenses, net	(20)	-	-	-	**(20)**	5
Income (loss) before transfers	9,918	10,971	15,605	-	**36,494**	3,569
Transfers from (to) other programs	1,851	4,866	(6,717)	-	**-**	-
Change in net position	11,769	15,837	8,888	-	**36,494**	3,569
Net position:						
Beginning of year	195,587	49,299	58,849	-	**303,735**	300,166
End of year	$ 207,356	$ 65,136	$ 67,737	$ -	**$ 340,229**	$ 303,735

See accompanying independent auditors' report.

Colorado Housing and Finance Authority

Combining Schedule - Statement of Cash Flows

For the period ended December 31, 2014 (unaudited)

(with summarized financial information for the year ended December 31, 2013)

(in thousands of dollars)

	General Program	Single Family	Multi-Family/ Business	Eliminations	**2014**	Summarized 2013
Cash flows from operating activities:						
Principal payments received on loans receivable						
& receipts from dispositions of other real estate owned	$ 185,424	$ 163,221	$ 45,038	$ (427)	**$ 393,256**	$ 506,211
Interest payments received on loans receivable	6,591	41,264	36,984	(128)	**84,711**	95,597
Payments for loans receivable	(440,639)	(794)	(8,246)	-	**(449,679)**	(502,009)
Receipts from sales of Ginnie Mae securities	283,226	-	-	-	**283,226**	341,606
Receipts from rental operations	32	-	-	-	**32**	285
Receipts from other revenues	22,728	616	(30)	-	**23,314**	21,515
Payments for salaries and related benefits	(16,712)	-	-	-	**(16,712)**	(16,548)
Payments for goods and services	(22,273)	(1,123)	(558)	-	**(23,954)**	(19,509)
All other, net	7,614	-	-	-	**7,614**	366
Net cash provided by (used in) operating activities	25,991	203,184	73,188	(555)	**301,808**	427,514
Cash flows from noncapital financing activities:						
Net increase (decrease) in short-term debt	19,425	-	-	-	**19,425**	(29,095)
Proceeds from issuance of bonds	-	55,435	-	-	**55,435**	133,028
Proceeds from issuance of notes payable	76	-	-	-	**76**	-
Receipts from federal grant programs	119,626	-	-	-	**119,626**	110,468
Payments for federal grant programs	(116,944)	-	-	-	**(116,944)**	(111,929)
Principal paid on bonds	(9,281)	(285,655)	(38,014)	-	**(332,950)**	(510,475)
Interest rate swap activity, net	-	(2,989)	(128)	-	**(3,117)**	1,005
Principal paid on notes payable	(1,120)	-	-	-	**(1,120)**	(5,517)
Interest paid on short-term debt	(147)	-	-	-	**(147)**	(135)
Interest rate swap settlements	-	(45,011)	(27,954)	-	**(72,965)**	(79,951)
Interest paid on bonds	(1,214)	(13,356)	(7,315)	-	**(21,885)**	(37,460)
Interest paid on notes payable	(73)	-	-	-	**(73)**	(296)
Transfers to (from) other programs	4,788	6,410	(11,198)	-	**-**	-
Net cash provided by (used in) noncapital financing activities	15,136	(285,166)	(84,609)	-	**(354,639)**	(530,357)
Cash flows from capital and related financing activities:						
Purchase of capital assets	(542)	-	-	-	**(542)**	(599)
Proceeds from the disposal of capital assets	16	-	-	-	**16**	4
Principal paid on capital-related debt	(427)	-	-	427	**-**	-
Interest paid on capital-related debt	(128)	-	-	128	**-**	-
Net cash provided by (used in) capital and related financing activities	(1,081)	-	-	555	**(526)**	(595)
Cash flows from investing activities:						
Proceeds from maturities and sales of investments	3,254,179	850,518	216,170	-	**4,320,867**	2,916,886
Purchase of investments	(3,286,623)	(783,237)	(211,037)	-	**(4,280,897)**	(2,882,304)
Income received from investments	184	14,701	6,288	-	**21,173**	23,151
Net cash provided by (used in) investing activities	(32,260)	81,982	11,421	-	**61,143**	57,733
Net increase (decrease) in cash	7,786	-	-	-	**7,786**	(45,705)
Cash at beginning of year	110,726	-	-	-	**110,726**	156,431
Cash at end of year	$ 118,512	$ -	$ -	$ -	**$ 118,512**	$ 110,726
Restricted	$ 77,734	$ -	$ -	$ -	**$ 77,734**	$ 66,637
Unrestricted	40,778	-	-	-	**40,778**	44,089
Cash, end of year	$ 118,512	-	$ -	$ -	**$ 118,512**	$ 110,726

Continued on the next page.

Colorado Housing and Finance Authority

Combining Schedule - Statement of Cash Flows ***(continued)***

For the period ended December 31, 2014 (unaudited)

(with summarized financial information for the year ended December 31, 2013)

(in thousands of dollars)

	General Program	Single Family	Multi-Family/ Business	Eliminations	**2014**	Summarized 2013
Reconciliation of operating income to net cash provided by (used in) operating activities:						
Net operating income	$ 9,938	$ 10,971	$ 15,605	$ -	**$ 36,514**	$ 3,564
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation expense	1,197	-	-	-	**1,197**	1,655
Amortization and fair value adjustments of service release premiums	9,087	-	-	-	**9,087**	3,584
Amortization of deferred loan fees/costs, net	-	-	-	-	**-**	37
Amortization of imputed debt associated with swaps	-	(11,916)	(3,946)	-	**(15,862)**	(15,158)
Provision for losses	(1,180)	(394)	(1,124)	-	**(2,698)**	1,176
Interest on investments	(184)	(14,947)	(6,391)	-	**(21,522)**	(22,200)
Interest on debt	1,485	60,453	34,643	(116)	**96,465**	112,350
Unrealized loss on derivatives	1,154	2,081	(41)	-	**3,194**	6,005
Unrealized (gain) loss on investments	46	(6,956)	(1,880)	-	**(8,790)**	19,574
(Gain) loss on sale of REO	2	(616)	(2)	-	**(616)**	(2,281)
Gain on sale of loans	(23,846)	-	-	-	**(23,846)**	(23,094)
Changes in assets and liabilities:						
Loans receivable and other real estate owned	18,921	163,043	36,794	(427)	**218,331**	344,469
Accrued interest receivable on loans and investments	130	1,370	(124)	(12)	**1,364**	(403)
Other assets	2,902	89	14	-	**3,005**	(3,381)
Accounts payable and other liabilities	6,339	6	(360)	-	**5,985**	1,617
Net cash provided by (used in) operating activities	$ 25,991	$ 203,184	$ 73,188	$ (555)	**$ 301,808**	$ 427,514

See accompanying independent auditors' report.