

NEW ISSUE - Book-Entry Only

In the opinion of Kutak Rock LLP, Bond Counsel, under existing laws, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and continuing compliance with certain covenants, interest on the 2018BB-1 Bonds is excluded from gross income for federal income tax purposes, subject to certain conditions and assumptions described herein under "Tax Matters." In the opinion of Bond Counsel, interest on the 2018BB-1 Bonds is not a specific preference item for purposes of the federal alternative minimum tax imposed on individuals and, for tax years beginning before January 1, 2018, on corporations and is not included in the adjusted current earnings of corporations for purposes of calculating the alternative minimum tax for tax years beginning before January 1, 2018. In the opinion of Bond Counsel, interest on the 2018BB-2 Bonds is included in gross income for federal income tax purposes. Furthermore, in the opinion of Bond Counsel, the 2018BB Bonds, their transfer and the income therefrom, including any profit made on the sale thereof, shall at all times be free from taxation by the State of Colorado or any political subdivision or other instrumentality of the State of Colorado under Colorado laws in effect as of the date of delivery of the 2018BB Bonds.



\$89,478,670
COLORADO HOUSING AND FINANCE AUTHORITY
Homeownership Class I Bonds
(GNMA Securities Monthly Pass-Through Program)
\$46,739,335 Series 2018BB-1 (Non-AMT)
\$42,739,335 Series 2018BB-2 (Federally Taxable)

Dated: Date of Delivery

Due: As shown below

The Colorado Housing and Finance Authority (the "Authority") is offering \$89,478,670 aggregate principal amount of its Homeownership Class I Bonds (GNMA Securities Monthly Pass-Through Program), \$46,739,335 Series 2018BB-1 (Non-AMT) (the "2018BB-1 Bonds") and \$42,739,335 Series 2018BB-2 (Federally Taxable) (the "2018BB-2 Bonds" and, together with the 2018BB-1 Bonds, the "2018BB Bonds"). The 2018BB Bonds are being issued by the Authority pursuant to a Master Indenture of Trust dated as of December 1, 2009, as amended (the "Homeownership Indenture"), and a 2018BB Series Indenture (together with the Homeownership Indenture, the "Indenture"), each between the Authority and Zions Bancorporation, National Association, as Trustee. Proceeds of the 2018BB Bonds, together with other available funds, will be used to finance the purchase of certain mortgage-backed securities guaranteed by the Government National Mortgage Association and backed by mortgage loans (as further described herein, being referred to as the "2018BB GNMA MBS Portfolio") and certain Second Mortgage Loans.

The 2018BB Bonds, when issued, will be registered in the name of Cede & Co., as holder of the 2018BB Bonds and nominee of The Depository Trust Company, New York, New York. One fully registered bond equal to the principal amount of the 2018BB Bonds will be registered in the name of Cede & Co. Individual purchases of the 2018BB Bonds will be made in book-entry form only, and beneficial owners of the 2018BB Bonds will not receive physical delivery of bond certificates representing their interest in the 2018BB Bonds, except as described herein. Upon receipt of payments of principal and interest, DTC is to remit such payments to the DTC participants for subsequent disbursement to the beneficial owners of the 2018BB Bonds. Payments of principal of and interest on the 2018BB Bonds will be made directly to DTC or its nominee, Cede & Co., by the Paying Agent, so long as DTC or Cede & Co. is the sole registered owner. Disbursement of such payments to DTC participants is the responsibility of DTC, and disbursement of such payments to the beneficial owners of the 2018BB Bonds is the responsibility of the DTC participants and the indirect participants, as more fully described herein.

The 2018BB Bonds will be issued in denominations of \$1.00 or any integral multiple thereof and will bear interest at the fixed interest rates shown below. Interest on the 2018BB Bonds will be payable on the first day of each month, commencing on December 1, 2018, on any redemption date (as applicable) and at maturity. Principal of the 2018BB Bonds is payable in the amounts and on the dates shown below, subject to prior redemption.

MATURITY SCHEDULE

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|---|
| \$46,739,335 of 4.20% Class I Bonds, Series 2018BB-1 due November 1, 2048 - Price: 102.935% (CUSIP No. 196479 V48 [†]) |
| \$42,739,335 of 4.50% Class I Bonds, Series 2018BB-2 due November 1, 2048 - Price: 103.214% (CUSIP No. 196479 V55 [†]) |

The 2018BB Bonds are subject to special mandatory redemption prior to maturity on the first day of each month commencing December 1, 2018, without premium or notice, in a principal amount equal to all repayments and prepayments of mortgage principal from the mortgage loans backing the 2018BB GNMA MBS Portfolio, and related Second Mortgage Loans. The 2018BB Bonds are also subject to optional redemption prior to maturity on and after January 1, 2028. For further details, see "Part I – TERMS OF THE 2018BB BONDS."

The Homeownership Indenture provides for three classes of Bonds or other Obligations thereunder – Class I, Class II and Class III Obligations. The 2018BB Bonds are being issued as Class I Bonds which are special, limited obligations of the Authority payable solely from the MBS payments and certain other revenues, assets and moneys pledged under the Homeownership Indenture on an equal and ratable basis with all other Class I Obligations now or hereafter outstanding under the Homeownership Indenture. Additional Bonds or other Obligations may be issued or incurred by the Authority under the Homeownership Indenture in each of the three Classes upon delivery of a Cash Flow Certificate and satisfaction of certain other conditions as set forth in the Homeownership Indenture. **In no event shall the 2018BB Bonds constitute an obligation or liability of the State of Colorado or any political subdivision thereof other than the Authority. The Authority has no taxing power nor does it have the power to pledge the general credit or taxing power of the State of Colorado or any political subdivision thereof (other than the general credit of the Authority, which general credit is not being pledged for the payment of the 2018BB Bonds).**

This cover page contains certain information for quick reference only. It is not a summary of the 2018BB Bonds. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision. Capitalized terms used herein and not defined have the meanings specified in the Indenture. See "SUMMARY OF CERTAIN PROVISIONS OF THE HOMEOWNERSHIP INDENTURE" in Appendix A to this Official Statement.

The 2018BB Bonds are offered when, as and if issued and delivered to the firms listed below (the "Underwriters"), subject to the approval of legality by Kutak Rock LLP, Bond Counsel to the Authority, and certain other conditions. Certain legal matters will be passed on for the Authority by Charles K. Knight, Esq., its General Counsel. The Underwriters are being represented in connection with their purchase of the 2018BB Bonds by their counsel Dorsey & Whitney LLP. CSG Advisors Incorporated is serving as municipal advisor to the Authority in connection with the offering of the 2018BB Bonds. Subject to prevailing market conditions, the Underwriters intend, but are not obligated, to make a market in the 2018BB Bonds. For details of the Underwriters' compensation, see "Part I – UNDERWRITING" herein. It is expected that the 2018BB Bonds will be delivered (through DTC) in New York, New York on or about October 31, 2018.

RBC Capital Markets
BofA Merrill Lynch
Stifel

Barclays
George K. Baum & Company
Wells Fargo Securities

This Official Statement is dated October 18, 2018.

[†] Neither the Authority nor the Underwriters take any responsibility for the accuracy of the CUSIP number, which is being provided solely for the convenience of the owners of the 2018BB Bonds. The CUSIP number is subject to being changed after the issuance of the 2018BB Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of the 2018BB Bonds.

No dealer, broker, salesman or other person has been authorized by the Colorado Housing and Finance Authority or by the Underwriters to give any information or to make any representations, other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. The information in this Official Statement is subject to change without notice, and neither the delivery of this Official Statement nor any sale hereunder, under any circumstances, creates any implication that there has been no change in the affairs of the Authority or otherwise since the date hereof. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the 2018BB Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

The information set forth in this Official Statement has been furnished by the Authority and obtained from other sources believed to be reliable. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information, and it is not to be construed as the promise or guarantee of the Underwriters. This Official Statement contains, in part, estimates and matters of opinion which are not intended as statements of fact, and no representation or warranty is made as to the correctness of such estimates and opinions, or that they will be realized.

All information for investors regarding the Authority and the 2018BB Bonds is contained in this Official Statement. While the Authority maintains an Internet website for various purposes, none of the information on this website is intended to assist investors in making any investment decision or to provide any continuing information (except in the case of the limited information provided in the section entitled "For Investors") with respect to the 2018BB Bonds, the Mortgage Loans, the MBS or any other bonds or obligations of the Authority.

THE PRICE AT WHICH THE 2018BB BONDS ARE OFFERED TO THE PUBLIC BY THE UNDERWRITERS (AND THE YIELD RESULTING THEREFROM) MAY VARY FROM THE INITIAL PUBLIC OFFERING PRICE APPEARING ON THE FRONT COVER HEREOF. IN ADDITION, THE UNDERWRITERS MAY ALLOW CONCESSIONS OR DISCOUNTS FROM SUCH INITIAL PUBLIC OFFERING PRICE TO DEALERS AND OTHERS. IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE 2018BB BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

The 2018BB Bonds have not been approved or disapproved by the Securities and Exchange Commission or any state securities commission nor has the Commission or any state securities commission passed upon the accuracy or adequacy of this Official Statement. Any representation to the contrary is a criminal offense.

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

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE AUTHORITY DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN ITS EXPECTATIONS, OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED, OCCUR.

**This Official Statement is comprised of the front cover page,
Parts I and II and the Appendices.**

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OFFICIAL STATEMENT

\$89,478,670

COLORADO HOUSING AND FINANCE AUTHORITY

Homeownership Class I Bonds

(GNMA Securities Monthly Pass-Through Program)

\$46,739,335 Series 2018BB-1 (Non-AMT)

\$42,739,335 Series 2018BB-2 (Federally Taxable)

PART I

INTRODUCTION

This Official Statement, which includes the front cover page, this Part I, Part II and the Appendices hereto, provides certain information concerning the Colorado Housing and Finance Authority (the “Authority”) and otherwise in connection with the offer and sale by the Authority of its Homeownership Class I Bonds (GNMA Securities Monthly Pass-Through Program), Series 2018BB-1 (Non-AMT) (the “2018BB-1 Bonds”) and its Homeownership Class I Bonds (GNMA Securities Monthly Pass-Through Program), Series 2018BB-2 (Federally Taxable) (the “2018BB-2 Bonds” and, together with the 2018BB-1 Bonds, the “2018BB Bonds”). The 2018BB Bonds are being issued pursuant to the Master Indenture of Trust dated as of December 1, 2009, as amended (the “Homeownership Indenture”), and the 2018BB Series Indenture dated as of October 1, 2018 (the “2018BB Indenture” and, together with the Homeownership Indenture, the “Indenture”), each between the Authority and Zions Bancorporation, National Association (formerly, Zions First National Bank), as Trustee (the “Trustee”). Capitalized terms used herein and not defined have the meanings specified in the Indenture. See “SUMMARY OF CERTAIN PROVISIONS OF THE HOMEOWNERSHIP INDENTURE” in Appendix A to this Official Statement.

This Part I provides a description of the terms of the 2018BB Bonds, the sources and uses of funds in connection with the 2018BB Bonds, certain program assumptions and other matters specifically related to the offering and issuance of the 2018BB Bonds. Part II provides general background information about the Authority, a description of the assets and moneys in the Trust Estate pledged to secure all of the Bonds issued, and which in the future may be issued, under the Homeownership Indenture (including the 2018BB Bonds), certain risks associated with such Bonds and Trust Estate and an overview of the Authority’s Single Family Mortgage Program pursuant to which Mortgage Loans relating to the Trust Estate (either individually or supporting mortgage-backed securities (“MBS”)) have been and will be purchased.

This introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by the information contained in, the entire Official Statement, including the front cover page, this Part I, Part II hereof and the Appendices hereto, and the documents summarized or described herein. A full review should be made of this entire Official Statement. The offering of 2018BB Bonds to potential investors is made only by means of this entire Official Statement. This Official Statement does not constitute a contract between the Authority or the Underwriters, and any one or more owners of the 2018BB Bonds.

Colorado Housing and Finance Authority

The Authority is a body corporate and political subdivision of the State of Colorado (the “State”) established by the Colorado General Assembly for the purposes, among others, of increasing the supply of decent, safe and sanitary housing for low and moderate income families and promoting economic growth and development in the State. In order to achieve its authorized purposes, the Authority currently operates

numerous housing, rental and business finance programs. See “Part II – COLORADO HOUSING AND FINANCE AUTHORITY.” The Authority is governed by a Board of Directors and is authorized to issue its bonds, notes and other obligations in order to provide sufficient funds to achieve its purposes. Proceeds of the 2018BB Bonds may not be used to finance any activities of the Authority other than related to the Single Family Mortgage Program. See “Part II – THE SINGLE FAMILY MORTGAGE PROGRAM.” *For financial information concerning the Authority, see financial statements of the Authority available at www.chfainfo.com/investors.*

Authority for Issuance

The 2018BB Bonds are authorized to be issued pursuant to the Colorado Housing and Finance Authority Act, being Part 7 of Article 4 of Title 29 of the Colorado Revised Statutes, as amended (the “Act”) and the Supplemental Public Securities Act, being Part 2 of Article 57 of Title 11 of the Colorado Revised Statutes. The 2018BB Bonds are being issued and secured under the Indenture.

Purposes of the 2018BB Bonds

Proceeds of the 2018BB Bonds, including the premium thereon, are expected to be used to finance the purchase of approximately \$89,478,670 aggregate principal amount of certain MBS (“Ginnie Mae Certificates”) guaranteed by the Government National Mortgage Association (“GNMA”) as further described herein (the “2018BB GNMA MBS Portfolio”) and to fund certain related Second Mortgage Loans (the “2018BB Second Mortgage Loans”). The Ginnie Mae Certificates included in the 2018BB GNMA MBS Portfolio will be backed by Mortgage Loans originated or purchased by the Authority under its Single Family Mortgage Program (the “2018BB Mortgage Loans”). Other available funds of the Authority will be used to pay accrued interest in connection with the purchase of the 2018BB GNMA MBS Portfolio and costs of issuance in connection with the 2018BB Bonds. See “Part I – SOURCES AND USES OF FUNDS.”

The Authority may use a portion of the proceeds of the 2018BB Bonds, together with proceeds of one more other Series of Bonds or proceeds of bonds of the Authority issued under a separate indenture, to finance the purchase of MBS comprising a portion of the 2018BB GNMA MBS Portfolio. The principal payments and prepayments on the GNMA Certificates purchased with proceeds of the 2018BB Bonds and the other source of funds will be allocated pro rata between the 2018BB Bonds and the other source of funds. Interest payments under the GNMA Certificates purchased with proceeds of the 2018BB Bonds and the other source of funds may be allocated disproportionately.

Description of the 2018BB Bonds

The 2018BB Bonds will be issued in denominations of \$1.00 or any integral multiple thereof. The 2018BB Bonds will bear interest at the fixed interest rates shown on the front cover hereof. Interest on the 2018BB Bonds will be payable on the first day of each month, commencing on December 1, 2018 (the “Initial Interest Payment Date”), on any redemption date (as applicable) and at maturity. Interest on the 2018BB Bonds will be computed on the basis of a 360-day year of twelve 30-day months. Principal of the 2018BB Bonds is payable in the amounts and on the dates as shown on the front cover hereof, subject to prior redemption. The 2018BB Bonds will be issued in fully registered form and registered initially in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”), which will serve as securities depository for the 2018BB Bonds, as described in Appendix C to this Official Statement.

The 2018BB Bonds are subject to mandatory special redemption, in whole or in part, prior to maturity on the first day of each month, commencing on December 1, 2018, without premium or notice, in

a principal amount equal to the repayments and prepayments of the 2018BB Mortgage Loans and the 2018BB Second Mortgage Loans not previously used to redeem 2018BB Bonds. The 2018BB Bonds are also subject to optional redemption, in whole or in part, prior to maturity on or after January 1, 2028. See “Part I – TERMS OF THE 2018BB BONDS – Prior Redemption.” See also “Part II – CERTAIN BONDOWNERS’ RISKS – Considerations Regarding Redemption at Par.”

For a more complete description of the 2018BB Bonds and the Indenture pursuant to which such 2018BB Bonds are being issued, see “Part I – TERMS OF THE 2018BB BONDS” and Appendix A – “SUMMARY OF CERTAIN PROVISIONS OF THE HOMEOWNERSHIP INDENTURE.”

MBS Pledged Under the Indenture

The 2018BB GNMA MBS Portfolio consists of those Ginnie Mae Certificates described in Appendix F hereto. See “PART I – CERTAIN PROGRAM ASSUMPTIONS – Characteristics of 2018BB GNMA MBS Portfolio” for a description of the expected characteristics of the 2018BB GNMA MBS Portfolio.

Proceeds of certain series of Outstanding Bonds were used to finance and refinance an outstanding portfolio of MBS guaranteed by GNMA (the “Outstanding GNMA MBS Portfolio”). The 2018BB GNMA MBS Portfolio and the Outstanding GNMA MBS Portfolio are collectively referred to herein as the “GNMA MBS Portfolio.”

Proceeds of future Bonds may also be used to finance Mortgage Loans directly or indirectly through the purchase of MBS guaranteed by GNMA, Federal National Mortgage Association (“Fannie Mae”) or Federal Home Loan Mortgage Corporation (“Freddie Mac”). See “Part I – CERTAIN PROGRAM ASSUMPTIONS,” “Part II – SECURITY FOR THE OBLIGATIONS” and Appendix G – “THE MORTGAGE-BACKED SECURITIES PROGRAMS.”

Security and Sources of Payment

All Bonds and other Obligations outstanding under the Homeownership Indenture will be secured by and payable from all of the Authority’s rights and interests in and to the revenues, assets and moneys pledged under the Homeownership Indenture, in particular the Revenues, the Mortgage Loans and the MBS (collectively, the “Trust Estate”).

In accordance with the Homeownership Indenture, any Bonds or other Obligations may be outstanding as Class I Obligations, Class II Obligations or Class III Obligations. As of August 1, 2018, the Authority had issued 6 Series of Bonds under the Homeownership Indenture in an original aggregate principal amount of \$374,714,373 of which \$139,866,555 in aggregate principal amount was outstanding, all as Class I Obligations. No Class II Obligations or Class III Obligations are outstanding under the Homeownership Indenture. As of August 1, 2018, \$139,116,869 in aggregate principal amount of MBS, \$2,159,184 in Outstanding Second Mortgage Loans and approximately \$1,154,553 of Investment Securities were pledged under the Homeownership Indenture to secure the Outstanding Bonds and other Obligations.

The 2018BB Bonds are being issued as Class I Obligations pursuant to the Indenture and will be payable and secured by the Trust Estate on parity with other outstanding Class I Obligations as described herein. No 2018BB-1 Bonds or 2018BB-2 Bonds are being issued as Class II Obligations, Class III Obligations or General Obligations. See “Part II – SECURITY FOR THE OBLIGATIONS.”

In no event shall the 2018BB Bonds constitute an obligation or liability of the State or any political subdivision thereof other than the Authority. The Authority has no taxing power nor does it have the power to pledge the general credit or the taxing power of the State or any political subdivision thereof (other than the general credit of the Authority, which general credit is not being pledged for payment of the 2018BB Bonds). GNMA guarantees only the payment of the principal of and interest on the respective MBS when due and does not guarantee the payment of the 2018BB Bonds or any other obligations issued by the Authority.

Investment Considerations

The purchase and ownership of the 2018BB Bonds involve investment risks. Prospective purchasers of the 2018BB Bonds being offered by this Official Statement are urged to read this Official Statement in its entirety. For a discussion of certain such risks relating to the 2018BB Bonds, see “Part II – CERTAIN BONDOWNERS’ RISKS.”

Additional Information

Additional information may be requested from the Authority’s Chief Financial Officer at 1981 Blake Street, Denver, Colorado 80202, phone: (303) 297-2432.

TERMS OF THE 2018BB BONDS

General Terms

Principal Payments. Principal of the 2018BB Bonds is payable in the amounts and on the dates shown on the front cover hereof, subject to prior redemption.

Authorized Denominations. The 2018BB Bonds will be issued in denominations of \$1.00 or any integral multiple thereof.

Interest Rate; Payment of Interest. The 2018BB Bonds will bear interest at the rates shown on the front cover of this Official Statement, computed on the basis of a 360-day year of twelve 30-day months. Interest on the 2018BB Bonds will be payable on the first day of each month commencing on the Initial Interest Payment Date, on any redemption date (as applicable) and at maturity.

Book-Entry System. DTC will act as securities depository for the 2018BB Bonds. The ownership of one fully registered Series Bond for each subseries, in the aggregate principal amount of such subseries, will be registered in the name of Cede & Co., as nominee for DTC. The principal or redemption price of the 2018BB Bonds is payable to Cede & Co. Information concerning the book-entry system provided by DTC is set forth in Appendix C – “BOOK-ENTRY SYSTEM.” **So long as the 2018BB Bonds are registered in the DTC book-entry form described in Appendix C hereto, each Beneficial Owner of a 2018BB Bond should make arrangements with a Participant in DTC to receive notices or communications with respect to matters concerning the 2018BB Bonds.**

No Defeasance. Notwithstanding the provisions of the Homeownership Indenture to the contrary, the 2018BB Bonds shall not be subject to defeasance under the Homeownership Indenture or economic defeasance.

Prior Redemption

Mandatory Special Redemption. Commencing on December 1, 2018, the 2018BB Bonds are subject to mandatory special redemption, in whole or in part, on the first day of each month, without premium, in a principal amount equal to all repayments and prepayments of mortgage principal from the 2018BB Mortgage Loans received by the Trustee with respect to the 2018BB GNMA MBS Portfolio (including participations in the Ginnie Mae Certificates comprising the 2018BB GNMA MBS Portfolio as set forth in Appendix F) and the 2018BB Second Mortgage Loans in the immediately preceding calendar month. The percentages of the amounts of repayments and prepayments from the Ginnie Mae Certificates to be applied to the redemption of each of the subseries of the 2018BB Bonds is set forth in Appendix F. The percentages of the amounts of repayments and prepayments from the 2018BB Second Mortgage Loans to be applied to the redemption of each subseries of 2018BB Bonds will be in proportion to the amount of such 2018BB Second Mortgage Loans originally financed by the respective subseries.

If the 2018BB Bonds are to be redeemed in part upon any such mandatory special redemption, each of the subseries of the 2018BB Bonds then outstanding shall be redeemed in part, pro rata, in proportion to the outstanding principal amount of each such subseries to the outstanding aggregate principal amount of all outstanding 2018BB Bonds of such subseries, notwithstanding any provisions of the Homeownership Indenture requiring selection of 2018BB Bonds by lot. To effect this pro rata redemption while the 2018BB Bonds are held in the DTC book-entry-only system, such mandatory redemption is to be made as a “Pro-Rata Pass-Through Distribution of Principal” by DTC. See Appendix C – “BOOK-ENTRY SYSTEM” for a general description of the DTC book-entry system.

Notwithstanding the provisions of the Homeownership Indenture to the contrary, no notice of redemption will be given to any Owners of the 2018BB Bonds of the date or amount of the mandatory special redemption of any 2018BB Bonds.

Optional Redemption. The 2018BB Bonds shall be subject to redemption prior to maturity at the option of the Authority, in whole or in part, on any date on or after January 1, 2028, from any moneys available to the Authority for that purpose, at a Redemption Price equal to 100% of the principal amount thereof plus accrued interest, if any, thereon to the date of redemption, without premium.

When any 2018BB Bonds are to be so optionally redeemed, the Bond Registrar is to cause notice of such redemption to be mailed by first class mail, or transmitted in such other manner (such as by Electronic Means) as may be customary for the industry as directed in writing by the Authority, not more than 60 days nor less than 25 days (or such shorter period as may be acceptable to the then registered owner of the 2018BB Bonds) prior to the redemption date, to the Owner of each 2018BB Bond to be redeemed at such owner’s address as it appears in the registration records of the Bond Registrar or at such other address as is furnished in writing by such Owner to the Bond Registrar. However, failure to give any such notice to any Owner, or any defect therein, shall not affect the validity of the redemption proceedings for any 2018BB Bond with respect to which no such failure or defect has occurred.

If DTC or its nominee is the registered owner of any 2018BB Bond to be redeemed, notice of redemption will only be given to DTC or its nominee as the registered owner of such 2018BB Bond. Any failure on the part of DTC or failure on the part of a nominee of a Beneficial Owner (having received notice from a DTC Participant or otherwise) to notify the Beneficial Owner of any 2018BB Bond to be redeemed shall not affect the validity of the redemption of such 2018BB Bond. See Appendix C – “BOOK-ENTRY SYSTEM.”

No Purchase in Lieu of Redemption. The Authority shall not exercise its authority pursuant to the Homeownership Indenture to purchase 2018BB Bonds in lieu of mandatory special redemption or in lieu of optional redemption (except as permitted in the 2018BB Indenture).

No Cross-Calls

Notwithstanding anything in the 2018BB Indenture or the Homeownership Indenture to the contrary, the Authority and the Trustee shall not apply any Mortgage Repayments or Prepayments received in respect of the 2018BB Mortgage Loans backing the 2018BB GNMA MBS Portfolio or the 2018BB Second Mortgage Loans to the payment of any Series of Bonds other than the 2018BB Bonds, whether at maturity or pursuant to optional or mandatory special redemption. Similarly, no Mortgage Repayments or Prepayments received in respect of the Mortgage Loans backing any MBS securing any Series of Bonds other than the 2018BB Bonds or Second Mortgage Loans securing any Series of Bonds other than the 2018BB Bonds shall be applied to the mandatory special redemption of the 2018BB Bonds.

No Debt Service Reserve Fund Deposit

No Debt Service Reserve Fund deposit will be made or required in connection with the issuance of the 2018BB Bonds. The Debt Service Reserve Fund Requirement for the 2018BB Bonds, and for all Bonds presently outstanding under the Homeownership Indenture, is zero.

Insurance Limitations and Requirements; Mortgage Loans

The Indenture requires that each Mortgage Loan underlying an MBS in the Trust Estate will be an FHA Insured Mortgage Loan, a VA Mortgage Loan or other Mortgage Loan insured or guaranteed by a Governmental Insurer. See Appendix D hereto. Such Mortgage Loans have been or will be acquired and originated, and are being or will be serviced, as described in “Part II – THE SINGLE FAMILY MORTGAGE PROGRAM.”

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SOURCES AND USES OF FUNDS

The following are the estimated sources and uses of funds relating to the 2018BB Bonds.

| | Estimated Amounts |
|---|--------------------------|
| SOURCES OF FUNDS: | |
| Par amount of 2018BB-1 Bonds | \$46,739,335.00 |
| Premium on 2018BB-1 Bonds ⁽¹⁾ | 1,371,799.48 |
| Par amount of 2018BB-2 Bonds | 42,739,335.00 |
| Premium on 2018BB-2 Bonds ⁽¹⁾ | 1,373,642.23 |
| Other available funds ⁽²⁾ | <u>1,170,000.51</u> |
| TOTAL SOURCES OF FUNDS..... | \$93,394,112.22 |
| USES OF FUNDS: | |
| For deposit to 2018BB subaccount of Acquisition Fund | \$92,224,112.22 |
| For deposit to 2018BB subaccount of Revenue Fund ⁽³⁾ | 365,000.00 |
| For costs of issuance and Underwriters' compensation ⁽⁴⁾ | <u>805,000.00</u> |
| TOTAL USES OF FUNDS..... | \$93,394,112.22 |

-
- (1) Premium on the 2018BB Bonds is expected to be deposited in the 2018BB subaccount of the Acquisition Fund to be used to purchase the 2018BB Second Mortgage Loans.
- (2) Represents certain amounts on deposit under the Homeownership Indenture.
- (3) Certain cash on deposit under the Homeownership Indenture will be transferred to the 2018BB subaccount of the Revenue Fund and will be used to pay any accrued interest due in connection with the acquisition of the 2018BB GNMA MBS Portfolio.
- (4) Certain cash on deposit under the Homeownership Indenture will be transferred to the 2018BB subaccount of the Costs of Issuance Account in the Program Fund and used to pay costs of issuance and Underwriters' compensation relating to the 2018BB Bonds. See "Part I – UNDERWRITING."

CERTAIN PROGRAM ASSUMPTIONS

Generally

As described in "Part I – SOURCES AND USES OF FUNDS," proceeds of the 2018BB Bonds will be used to acquire the 2018BB GNMA MBS Portfolio and the 2018BB Second Mortgage Loans. Proceeds of certain series of Outstanding Bonds were used to finance and refinance the Outstanding GNMA MBS Portfolio which, together with the 2018BB GNMA MBS Portfolio, is referred to as the "GNMA MBS Portfolio." The GNMA MBS Portfolio is part of the Trust Estate pledged under the Homeownership Indenture. The proceeds of Bonds issued under the Homeownership Indenture in the future may be used to finance or refinance Mortgage Loans directly or through the purchase of MBS. The Bonds (including the Outstanding Bonds) and other Obligations issued under the Homeownership Indenture will be secured by the Trust Estate, including, among other moneys, rights and interests, the Revenues derived from the Mortgage Loans and MBS so financed or refinanced. See "Part II – SECURITY FOR THE OBLIGATIONS." Such Revenues are expected by the Authority (based on certain assumptions some of which are described under this caption) to be sufficient to pay the debt service on the Outstanding Bonds.

As required by the Homeownership Indenture and at the request of the Authority, CSG Advisors Inc. has prepared certain cash flow projections giving effect to the issuance of the 2018BB Bonds (the "Cash Flow Statement") which indicate that, after such issuance, the amounts expected to be available in the Trust Estate will be sufficient to pay principal of and interest on the Outstanding Bonds, when due. The Cash Flow Statement uses numerous assumptions, including assumptions discussed under this caption, to calculate the expected receipt of Revenues in the Trust Estate and the expected expenditures to be incurred

in connection with the Outstanding Bonds and the Mortgage Loans held under the Homeownership Indenture. There can be no assurance that any or all of the assumptions made will apply to the Mortgage Loans included in the Trust Estate, or that the Mortgage Loans will perform as assumed in the Cash Flow Statement. To the extent that these assumptions are not met, for example, Mortgage Loans or Ginnie Mae Certificates in the GNMA MBS Portfolio are not paid on a timely basis in accordance with their terms, the moneys available may be insufficient for the payment of debt service on the Outstanding Bonds and operating expenses of the Program.

Security and Source of Payment

Payments on the Ginnie Mae Certificates which will be held in the 2018BB GNMA MBS Portfolio under the Homeownership Indenture, whether from scheduled monthly installments or from Prepayments, are assumed to be the primary source of Revenues for payment of the 2018BB Bonds at the time of delivery of such Bonds. Such Revenues and payments from the 2018BB Second Mortgage Loans, as well as all other Revenues pledged under the Homeownership Indenture, will secure not only the 2018BB Bonds but also Bonds outstanding under the Homeownership Indenture and any future Bonds issued by the Authority under the Homeownership Indenture. The 2018BB Bonds are being issued as Class I Obligations and are not General Obligation Bonds under the Homeownership Indenture. The pass-through rates established in such outstanding Ginnie Mae Certificates, and the interest rates on any Mortgage Loans and MBS which become part of the Trust Estate in the future, must be consistent with the Cash Flow Statement. See Appendix F for further information regarding the Ginnie Mae Certificates to become part of the 2018BB GNMA MBS Portfolio which will secure the Bonds under the Homeownership Indenture. The Authority acts as the servicer of the GNMA MBS Portfolio.

If the Trustee does not receive a payment on such a Ginnie Mae Certificate under the GNMA I Program when due by the close of business on the 17th day of each month, or if the Trustee does not receive a payment on a Ginnie Mae Certificate under the GNMA II Program when due by the close of business on the 22nd day of each month, the Trustee is to immediately notify and demand payment from GNMA. See Appendix G hereto.

Acquisition of 2018BB GNMA MBS Portfolios

Concurrently with issuance of the 2018BB Bonds, proceeds of the 2018BB Bonds will be used to finance the purchase of the 2018BB GNMA MBS Portfolio described in “Characteristics of 2018BB GNMA MBS Portfolio” under this caption and the purchase of the 2018BB Second Mortgage Loans described in “Terms of the 2018BB Second Mortgage Loans” under this caption. The Authority has covenanted to apply payments on the 2018BB Mortgage Loans which back the Ginnie Mae Certificates in the 2018BB GNMA MBS Portfolio and the 2018BB Second Mortgage Loans to pay and redeem the 2018BB Bonds as described in “Part I– TERMS OF THE 2018BB BONDS – Prior Redemption – Mandatory Special Redemption.”

Characteristics of 2018BB GNMA MBS Portfolio

The Authority has an existing pipeline of Mortgage Loans from which it expects to pool the 2018BB Mortgage Loans into Ginnie Mae Certificates. Appendix F sets forth the characteristics of the Ginnie Mae Certificates expected to be acquired as the 2018BB GNMA MBS Portfolio.

Terms of 2018BB Second Mortgage Loans

The Authority intends to use some or all of the proceeds representing premium from the sale of the 2018BB Bonds to fund approximately \$2,745,441.71 in aggregate principal amount of 2018BB Second

Mortgage Loans. The 2018BB Second Mortgage Loans are 0% interest, non-amortizing loans made to provide borrowers down payment and/or closing cost assistance. Repayment of principal of a 2018BB Second Mortgage Loan is due in full upon the sale of the related property, the refinance or payment in full of the Related First Mortgage Loan, the default of the Related First Mortgage Loan, or if the property is no longer the Borrower's principal residence. See "Part II – THE SINGLE FAMILY MORTGAGE PROGRAM – Special Program Features." Repayments and prepayments of principal of the 2018BB Second Mortgage Loans received by or on behalf of the Authority will be applied to the mandatory special redemption of the 2018BB Bonds each month. See "Part I – TERMS OF THE 2018BB BONDS – Prior Redemption."

Weighted Average Lives of 2018BB Bonds

Although the maturity date of the 2018BB Bonds is determined based on the assumption that Prepayments of the Ginnie Mae Certificates in the 2018BB GNMA MBS Portfolio and the 2018BB Second Mortgage Loans will occur at 0% PSA (as defined below), Prepayments will very likely occur. There is no reliable statistical base with which to accurately predict the level of Prepayments and the resulting effect on the average life of the 2018BB Bonds. **It is expected that the 2018BB Bonds will be redeemed (without premium) in substantially greater amounts than would occur if no Prepayments occur. See "Part I – TERMS OF THE 2018BB BONDS – Prior Redemption – Mandatory Special Redemption."**

Repayments and Prepayments of the Ginnie Mae Certificates in the 2018BB GNMA MBS Portfolio and the 2018BB Second Mortgage Loans will be deposited in the 2018BB subaccount of the Class I Special Redemption Account and will be used to redeem 2018BB Bonds prior to maturity in the manner described herein at 100% of the principal amount thereof. See "Part I – TERMS OF THE 2018BB BONDS – Prior Redemption – Mandatory Special Redemption."

Weighted average life refers to the average amount of time that will elapse from the date of issuance of a security until each dollar of principal of such security will be repaid to the investor. The weighted average life of the 2018BB Bonds will be influenced by the rate at which principal on the Ginnie Mae Certificates in the 2018BB GNMA MBS Portfolio and the 2018BB Second Mortgage Loans are paid. Principal payments may be in the form of scheduled payments or prepayments (for this purpose, the term "prepayment" includes prepayments and liquidations due to default or other disposition, including payments on any insurance or guaranty) on the underlying 2018BB Mortgage Loans. Prepayments on single family mortgage loans are commonly measured by a prepayment standard or model. The model used in the following discussion is the model adopted by The Securities Industry and Financial Markets Association (successor to The Bond Market Association, which was previously known as the Public Securities Association) ("PSA") prepayment standard or model (the "PSA Prepayment Model"). The PSA Prepayment Model is based on an assumed rate of prepayment each month of the then unpaid principal balance of the mortgage loan pool. The PSA Prepayment Model assumes an initial prepayment rate of .2% per annum for the first month, increasing by .2% for each month through the next succeeding 29 months of the life of the mortgage loans; thereafter, the PSA Prepayment Model assumes a constant monthly prepayment rate of 6% per annum of the unpaid monthly principal balance for the remaining life of the mortgage loans.

As used in this Official Statement, "0% PSA" assumes no prepayments of principal. "25% PSA" assumes the principal will prepay at a rate .25 times as fast as the prepayment rates for the PSA Prepayment Model. "50% PSA" assumes the principal will prepay at a rate .50 times as fast as the prepayment rates for the PSA Prepayment Model. "75% PSA" assumes the principal will prepay at a rate .75 times as fast as the prepayment rates for the PSA Prepayment Model. "100% PSA" assumes the principal will prepay at a rate equal to the prepayment rates for the PSA Prepayment Model. "150% PSA" assumes the principal will prepay at a rate 1.50 times as fast as the prepayment rates for the PSA Prepayment Model. "200% PSA"

assumes the principal will prepay at a rate 2 times as fast as the prepayment rates for the PSA Prepayment Model. “250% PSA” assumes the principal will prepay at a rate 2.50 times as fast as the prepayment rates for the PSA Prepayment Model. “300% PSA” assumes the principal will prepay at a rate 3 times as fast as the prepayment rates for the PSA Prepayment Model. “400% PSA” assumes the principal will prepay at a rate 4 times as fast as the prepayment rates for the PSA Prepayment Model. “500% PSA” assumes the principal will prepay at a rate 5 times as fast as the prepayment rates for the PSA Prepayment Model.

There is no assurance that prepayment of principal will conform to any level of the PSA Prepayment Model. The rate of principal payments on pools of single-family mortgage loans is influenced by a variety of economic, geographic, social and other factors, including the level of mortgage interest rates and the rate at which homeowners sell their homes or default on their mortgage loans and is likely to vary from month to month. In general, if prevailing interest rates fall significantly, the mortgage loans are likely to be subject to higher prepayment rates than if prevailing rates remain at or above the interest rates on the mortgage loans. Conversely, if interest rates rise, the rate of prepayment would be expected to decrease. Also, the presence of second mortgage loans could decrease the rate of prepayment of the 2018BB Mortgage Loans. Other factors affecting prepayment of mortgage loans include changes in mortgagors’ housing needs, job transfers, natural disasters, unemployment and mortgagors’ net equity in the mortgaged properties. In addition, as homeowners move or default on their mortgage loans, the houses are generally sold and the mortgage loans prepaid, although under certain circumstances mortgage loans may be assumed by a new buyer. See “Part I – TERMS OF THE 2018BB BONDS – Prior Redemption – Mandatory Special Redemption.”

Because of the foregoing factors, plus various additional factors (such as the right of the Authority to optionally redeem the 2018BB Bonds on or after January 1, 2028), redemption of the 2018BB Bonds is very likely to occur earlier, and could occur significantly earlier, than their stated maturity date.

The weighted average lives of the 2018BB Bonds in the table set forth below are computed using the assumptions described above and various additional assumptions, including assumptions that (i) the allocable repayments and prepayments of Ginnie Mae Certificate principal and the 2018BB Second Mortgage Loans will be used to redeem 2018BB Bonds on a timely basis as described herein (see “Part I – TERMS OF THE 2018BB BONDS – Prior Redemption – Mandatory Special Redemption”) and (ii) the 2018BB Bonds will not be optionally redeemed in whole or in part. *There can be no assurance that any of the foregoing assumptions will in fact prove to be correct.*

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Table of Projected Weighted Average Lives for 2018BB Bonds

| PSA Prepayment Model Assumption | Projected Weighted Average Lives of 2018 BB-1 Bonds (in years) | Projected Weighted Average Lives of 2018 BB-2 Bonds (in years) |
|--|---|---|
| 0% | 18.6 | 18.6 |
| 25% | 15.9 | 15.9 |
| 50% | 13.8 | 13.7 |
| 75% | 12.0 | 12.0 |
| 100% | 10.6 | 10.5 |
| 125% | 9.4 | 9.3 |
| 150% | 8.4 | 8.4 |
| 175% | 7.6 | 7.6 |
| 200% | 6.9 | 6.9 |
| 225% | 6.4 | 6.3 |
| 250% | 5.9 | 5.8 |
| 275% | 5.5 | 5.4 |
| 300% | 5.1 | 5.1 |
| 400% | 4.1 | 4.1 |
| 500% | 3.4 | 3.4 |

TAX MATTERS

Federal Tax Matters With Respect to 2018BB-1 Bonds

In the opinion of Bond Counsel, based on existing laws, regulations, rulings and court decisions and assuming, among other matters, compliance with certain covenants and agreements which are intended to assure compliance with Section 103 and applicable provisions of Sections 141 through 150 of the Internal Revenue Code of 1986, as amended (the “Code”), interest on the 2018BB-1 Bonds is excluded from gross income for federal income tax purposes. In the opinion of Bond Counsel, interest on the 2018BB-1 Bonds is not a specific preference item for purposes of the federal alternative minimum tax imposed on individuals and, for tax years beginning before January 1, 2018, on corporations and is not included in the adjusted current earnings of corporations for purposes of calculating the alternative minimum tax for tax years beginning before January 1, 2018. No federal alternative minimum tax applies to corporations for tax years beginning on or after January 1, 2018.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the 2018BB-1 Bonds. The Authority has covenanted and agreed to comply with certain guidelines designed to assure that interest on the 2018BB Bonds will not become includable in gross income for federal income tax purposes. Failure to comply with these covenants and agreements may result in interest on the 2018BB-1 Bonds being included in federal gross income, possibly from the date of issuance of the 2018BB-1 Bonds. The opinion of Bond Counsel assumes compliance with these covenants and agreements. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the 2018BB-1 Bonds may affect the tax status of interest on the 2018BB-1 Bonds.

Section 103(a) of the Code provides that interest on a “qualified mortgage bond” is excluded from gross income for federal income tax purposes. Under Section 143 of the Code, a qualified mortgage bond is a bond which is issued as part of an issue the proceeds of which are used to finance owner-occupied

residences meeting certain requirements relating to loan eligibility, targeted areas, yield restrictions and other matters.

The mortgage loan eligibility requirements of Section 143 of the Code applicable to the 2018BB-1 Bonds are that (1) the residence with respect to which the Mortgage Loan is made is a single-family residence which is located in the State and can reasonably be expected to become the principal residence of the mortgagor within a reasonable time after the Mortgage Loan is made; (2) except in certain limited circumstances, no part of the proceeds are to be used to acquire or replace any existing mortgage; (3) the acquisition cost of the completed residence meets certain limits; (4) with certain exceptions, most notably targeted areas and for certain mortgagors who are qualified veterans, the mortgagor will not have had a present ownership interest in its principal residence during the preceding three years; (5) with certain exceptions, the family income of the mortgagor will not exceed 100%, in the case of a household of less than three persons, and 115%, in the case of a household of three or more persons, of median gross income for the area in which the residence is located or the State, whichever is greater; and (6) the loan will not be assumable unless the requirements of (1), (3), (4) and (5) above are met at the time of the assumption. An issue is treated as meeting the loan eligibility requirements of Section 143 if (1) the issuer in good faith attempted to meet all of the requirements before the loans were executed; (2) 95% or more of the proceeds of the issue used to finance loans was devoted to residences which met all such requirements at the time the loans were executed; and (3) any failure to comply with the loan eligibility requirements is corrected within a reasonable period after such failure is first discovered.

The Code imposes additional nonmortgage loan eligibility requirements relating to the 2018BB-1 Bonds to maintain the exclusion from gross income for federal income tax purposes of interest on the 2018BB-1 Bonds. For example, the Code limits the amount of the costs of issuance which may be paid from the proceeds of the 2018BB-1 Bonds, limits the size of reserve funds established with the proceeds of the 2018BB-1 Bonds and requires earnings on nonmortgage investments in excess of the yield on the 2018BB-1 Bonds to be rebated to the United States. Mortgage Loan principal prepayments and repayments that are received more than 10 years after the date of issuance of the 2018BB-1 Bonds or more than 10 years after the issuance of any prior bonds that are refunded from proceeds of the 2018BB-1 Bonds (or the earliest date in a chain of refundings) must be used to redeem or retire the 2018BB-1 Bonds, and such amounts may not be recycled into new Mortgage Loan originations. Proceeds of the 2018BB-1 Bonds that are deposited into the Acquisition Account must either be used to acquire Mortgage Loans within 42 months of the date of issuance of the 2018BB-1 Bonds or be used to redeem the 2018BB-1 Bonds by such date. The Code also imposes limitations on the yield of the Mortgage Loans allocable to the 2018BB-1 Bonds. The Authority will covenant, in substance, to take such actions as are necessary to comply with such requirements unless, in the opinion of nationally recognized bond counsel, it is not necessary to comply with such requirements in order to assure the exclusion from gross income for federal income tax purposes of interest on the 2018BB-1 Bonds.

The terms and conditions of the Program documents have been designed to meet the requirements of the Code, as applicable. The Authority covenants to meet these requirements and to take all steps necessary to comply with these requirements so long as any 2018BB-1 Bonds issued to finance such Mortgage Loan are outstanding. Noncompliance with the requirements in the Program documents could cause interest on the 2018BB-1 Bonds to become includable in the gross income of the holders thereof retroactively to the date of issue and adversely affect the price of the 2018BB-1 Bonds in the secondary market. The Authority has also covenanted to meet any other applicable federal tax law requirements.

The 2018BB-1 Bonds were sold at an initial public offering price that is greater than the stated amount to be paid at maturity and constitute "Premium Bonds." An amount equal to the excess of the issue price of a Premium Bond over its stated redemption price at maturity constitutes premium on such Premium Bond. An initial purchaser of a Premium Bond must amortize any premium over the term of such Premium

Bond using constant yield principles, based on the purchaser's yield to maturity (or, in the case of a Premium Bond callable prior to its maturity, by amortizing the premium to the call date, based on the purchaser's yield to the call date and giving effect to any call premium). As premium is amortized, the purchaser's basis in such Premium Bond is reduced by a corresponding amount resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Premium Bond prior to its maturity. Even though the purchaser's basis may be reduced, no federal income tax deduction is allowed. Purchasers of a Premium Bond should consult with their tax advisors with respect to the determination and treatment of amortizable premium for federal income tax purposes and with respect to the state and local tax consequences of owning a Premium Bond.

Although Bond Counsel has rendered an opinion that interest on the 2018BB-1 Bonds is excluded from gross income for federal income tax purposes, the accrual or receipt of interest on the 2018BB-1 Bonds may otherwise affect a Bondholder's income tax liability. The nature and extent of these other tax consequences will depend upon the Bondholder's particular tax status and the Bondholder's other items of income or deduction. Bond Counsel expresses no opinion regarding any such consequences. Purchasers of the 2018BB-1 Bonds, particularly purchasers that are corporations (including S corporations and United States branches of foreign corporations), property and casualty insurance companies, banks, thrifts or other financial institutions or recipients of Social Security or Railroad Retirement benefits, taxpayers otherwise entitled to the earned income credit and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax-exempt obligations, are advised to consult their tax advisors as to the tax consequences of purchasing or holding the 2018BB-1 Bonds.

From time to time, there are legislative proposals in Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to above or adversely affect the market value of the 2018BB-1 Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted, it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the 2018BB-1 Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved or whether the 2018BB-1 Bonds or the market value thereof would be impacted thereby. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the 2018BB-1 Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation. In addition, there can be no assurance that legislation, regulatory initiatives or litigation that would adversely affect the exclusion of interest on the 2018BB-1 Bonds from gross income for federal income tax purposes will not be introduced, enacted, announced, proposed, threatened or commenced after the issuance and delivery of the 2018BB-1 Bonds. Under such circumstances, the Authority has no obligation to redeem or to increase the rate of interest paid on the 2018BB-1 Bonds. Each purchaser of the 2018BB-1 Bonds should consult his or her own tax advisor regarding any pending or proposed federal tax legislation, regulatory initiatives or litigation.

As a result of the enactment of the Tax Increase Prevention and Reconciliation Act of 2005, interest on tax-exempt obligations such as the 2018BB-1 Bonds is subject to information reporting in a manner similar to interest paid on taxable obligations. Backup withholding may be imposed on payments made after March 31, 2007 to any bondholder who fails to provide certain required information, including an accurate taxpayer identification number to any person required to collect such information pursuant to Section 6049 of the Code. This reporting requirement does not in and of itself affect or alter the excludability of interest on the 2018BB-1 Bonds from gross income for federal income tax purposes or any other federal tax consequence of purchasing, holding or selling tax-exempt obligations.

Interest on the 2018BB-1 Bonds may be subject to state or local income taxes in jurisdictions other than the State under applicable state or local tax laws. Each purchaser of the 2018BB-1 Bonds should consult his or her own tax advisor with regard to the tax status of the 2018BB-1 Bonds.

Federal Tax Matters With Respect to 2018BB-2 Bonds

General. Under existing laws, regulations, rulings and judicial decisions interest on the 2018BB-2 Bonds is included in gross income for federal income tax purposes.

The following is a summary of certain anticipated federal income tax consequences of the purchase, ownership and disposition of the 2018BB-2 Bonds. The summary is based upon the provisions of the Code, the regulations promulgated thereunder and the judicial and administrative rulings and decisions now in effect, all of which are subject to change or possible differing interpretations. The summary does not purport to address all aspects of federal income taxation that may affect particular investors in light of their individual circumstances or certain types of investors subject to special treatment under the federal income tax laws. Potential purchasers of the 2018BB-2 Bonds should consult their own tax advisors in determining the federal, state or local tax consequences to them of the purchase, holding and disposition of the 2018BB-2 Bonds.

Although there are not any regulations, published rulings or judicial decisions involving the characterization for federal income tax purposes of securities with terms substantially the same as the 2018BB-2 Bonds, Bond Counsel has advised the Agency that the 2018BB-2 Bonds will be treated for federal income tax purposes as evidences of indebtedness of the Agency and not as an ownership interest in the trust estate securing the 2018BB-2 Bonds or as an equity interest in the Agency or any other party, or in a separate association taxable as a corporation. Interest on the 2018BB-2 Bonds is includable in gross income for federal income tax purposes under Code Section 103. Interest on the 2018BB-2 Bonds will be fully subject to federal income taxation. In general, interest paid on the 2018BB-2 Bonds and recovery of accrued market discount, if any, will be treated as ordinary income to a bondholder, and principal payments will be treated as a return of capital. The Code contains special federal income tax rules for “real estate mortgage investment conduits.” The Agency does not intend to treat the arrangement by which the trust estate secures the 2018BB-2 Bonds as a “real estate mortgage investment conduit.”

The 2018BB-2 Bonds will not (a) represent interest in “qualifying real property loans,” within the meaning of Section 593(d) of the Code, (b) constitute “loans secured by an interest in real property,” within the meaning of Section 7701(a)(19)(C)(v) of the Code, (c) constitute “real estate assets” within the meaning of Section 856(c)(5)(B) of the Code, or (d) constitute “Government securities,” within the meaning of Section 851(b)(3)(A)(i) of the Code. Interest on the 2018BB-2 Bonds will not be considered “interest on obligations secured by mortgages on real property or on interests in real property,” within the meaning of Section 856(c)(3)(B) of the Code.

Bond Premium. An investor that acquires a 2018BB-2 Bond for a cost greater than its remaining stated redemption price at maturity and holds such bond as a capital asset will be considered to have purchased such bond at a premium and, subject to prior election permitted by Section 171(c) of the Code, may generally amortize such premium under the constant yield method. Except as may be provided by regulation, amortized premium will be allocated among, and treated as an offset to, interest payments. The basis reduction requirements of Section 1016(a)(5) of the Code apply to amortizable bond premium that reduces interest payments under Section 171 of the Code. Bond premium is generally amortized over the bond’s term using constant yield principles, based on the purchaser’s yield to maturity. Investors of any 2018BB-2 Bond purchased with a bond premium should consult their own tax advisors as to the effect of such bond premium with respect to their own tax situation and as to the treatment of bond premium for state tax purposes.

Market Discount; Original Issue Discount. An investor that acquires a 2018BB-2 Bond for a price less than the adjusted issue price of such bond (or an investor who purchases a 2018BB-2 Bond in the initial offering at a price less than the issue price) may be subject to the market discount rules of Sections 1276 through 1278 of the Code. Under these sections and the principles applied by the Regulations, “market discount” means (a) in the case of a 2018 BB-2 Bond originally issued at a discount, the amount by which the issue price of such bond, increased by all accrued original issue discount (as if held since the issue date), exceeds the initial tax basis of the owner therein, less any prior payments that did not constitute payments of qualified stated interest, and (b) in the case of a 2018BB-2 Bond not originally issued at a discount, the amount by which the stated redemption price of such bond at maturity exceeds the initial tax basis of the owner therein. Under Section 1276 of the Code, the owner of such a 2018BB-2 Bond will generally be required (i) to allocate each principal payment to accrued market discount not previously included in income and, upon sale or other disposition of the bond, to recognize the gain on such sale or disposition as ordinary income to the extent of such cumulative amount of accrued market discount as of the date of sale or other disposition of such a bond or (ii) to elect to include such market discount in income currently as it accrues on all market discount instruments acquired by such owner on or after the first day of the taxable year to which such election applies.

The Code authorizes the Treasury Department to issue regulations providing for the method for accruing market discount on debt instruments the principal of which is payable in more than one installment. Until such time as regulations are issued by the Treasury Department, certain rules described in the legislative history will apply. Under those rules, market discount will be included in income either (a) on a constant interest basis or (b) in proportion to the accrual of stated interest or, in the case of a 2018BB-2 Bond with original issue discount, in proportion to the accrual of original issue discount.

An owner of a 2018BB-2 Bond that acquired such bond at a market discount also may be required to defer, until the maturity date of such bond or its earlier disposition in a taxable transaction, the deduction of a portion of the amount of interest that the owner paid or accrued during the taxable year on indebtedness incurred or maintained to purchase or carry such bond in excess of the aggregate amount of interest (including original issue discount) includable in such owner’s gross income for the taxable year with respect to such bond. The amount of such net interest expense deferred in a taxable year may not exceed the amount of market discount accrued on the 2018BB-2 Bond for the days during the taxable year on which the owner held such bond and, in general, would be deductible when such market discount is includable in income. The amount of any remaining deferred deduction is to be taken into account in the taxable year in which the 2018BB-2 Bond matures or is disposed of in a taxable transaction. In the case of a disposition in which gain or loss is not recognized in whole or in part, any remaining deferred deduction will be allowed to the extent gain is recognized on the disposition. This deferral rule does not apply if the owner elects to include such market discount in income currently as it accrues on all market discount obligations acquired by such owner in that taxable year or thereafter.

Attention is called to the fact that Regulations implementing the market discount rules have not yet been issued. Therefore, investors should consult their own tax advisors regarding the application of these rules as well as the advisability of making any of the elections with respect thereto.

Unearned Income Medicare Contribution Tax. Pursuant to Section 1411 of the Code, as enacted by the Health Care and Education Reconciliation Act of 2010, an additional tax is imposed on individuals earning certain investment income. Holders of the 2018BB-2 Bonds should consult their own tax advisors regarding the application of this tax to interest earned on the 2018BB-2 Bonds and to gain on the sale of a 2018BB-2 Bond.

Sales or Other Dispositions. If an owner of a 2018 BB-2 Bond sells the bond, such person will recognize gain or loss equal to the difference between the amount realized on such sale and such owner's basis in such bond. Ordinarily, such gain or loss will be treated as a capital gain or loss.

If the terms of a 2018 BB-2 Bond were materially modified, in certain circumstances, a new debt obligation would be deemed created and exchanged for the prior obligation in a taxable transaction. Among the modifications that may be treated as material are those that relate to redemption provisions and, in the case of a nonrecourse obligation, those which involve the substitution of collateral. Each potential owner of a 2018BB-2 Bond should consult its own tax advisor concerning the circumstances in which such bond would be deemed reissued and the likely effects, if any, of such reissuance.

Defeasance. The legal defeasance of the 2018BB-2 Bonds may result in a deemed sale or exchange of such bonds under certain circumstances. Owners of such 2018BB-2 Bonds should consult their tax advisors as to the federal income tax consequences of such a defeasance.

Backup Withholding. An owner of a 2018BB-2 Bond may be subject to backup withholding at the applicable rate determined by statute with respect to interest paid with respect to the 2018BB-2 Bonds, if such owner, upon issuance of the 2018BB-2 Bonds, fails to provide to any person required to collect such information pursuant to Section 6049 of the Code with such owner's taxpayer identification number, furnishes an incorrect taxpayer identification number, fails to report interest, dividends or other "reportable payments" (as defined in the Code) properly, or, under certain circumstances, fails to provide such persons with a certified statement, under penalty of perjury, that such owner is not subject to backup withholding.

Foreign Investors. An owner of a 2018BB-2 Bond that is not a "United States person" (as defined below) and is not subject to federal income tax as a result of any direct or indirect connection to the United States of America in addition to its ownership of a 2018BB-2 Bond will generally not be subject to United States income or withholding tax in respect of a payment on a 2018BB-2 Bond, provided that the owner complies to the extent necessary with certain identification requirements (including delivery of a statement, signed by the owner under penalties of perjury, certifying that such owner is not a United States person and providing the name and address of such owner). For this purpose the term "United States person" means a citizen or resident of the United States of America, a corporation, partnership or other entity created or organized in or under the laws of the United States of America or any political subdivision thereof, or an estate or trust whose income from sources within the United States of America is includable in gross income for United States of America income tax purposes regardless of its connection with the conduct of a trade or business within the United States of America.

Except as explained in the preceding paragraph and subject to the provisions of any applicable tax treaty, a 30% United States withholding tax will apply to interest paid and original issue discount accruing on 2018BB-2 Bonds owned by foreign investors. In those instances in which payments of interest on the 2018BB-2 Bonds continue to be subject to withholding, special rules apply with respect to the withholding of tax on payments of interest on, or the sale or exchange of 2018BB-2 Bonds having original issue discount and held by foreign investors. Potential investors that are foreign persons should consult their own tax advisors regarding the specific tax consequences to them of owning a 2018BB-2 Bond.

Tax-Exempt Investors. In general, an entity that is exempt from federal income tax under the provisions of Section 501 of the Code is subject to tax on its unrelated business taxable income. An unrelated trade or business is any trade or business that is not substantially related to the purpose that forms the basis for such entity's exemption. However, under the provisions of Section 512 of the Code, interest may be excluded from the calculation of unrelated business taxable income unless the obligation that gave rise to such interest is subject to acquisition indebtedness. Therefore, except to the extent any owner of a 2018BB-2 Bond incurs acquisition indebtedness with respect to such bond, interest paid or accrued with

respect to such owner may be excluded by such tax-exempt owner from the calculation of unrelated business taxable income. Each potential tax-exempt holder of a 2018 BB-2 Bond is urged to consult its own tax advisor regarding the application of these provisions.

ERISA Considerations. The Employee Retirement Income Security Act of 1974, as amended (“ERISA”), imposes certain requirements on “employee benefit plans” (as defined in Section 3(3) of ERISA) subject to ERISA, including entities such as collective investment funds and separate accounts whose underlying assets include the assets of such plans (collectively, “ERISA Plans”) and on those persons who are fiduciaries with respect to ERISA Plans. Investments by ERISA Plans are subject to ERISA’s general fiduciary requirements, including the requirement of investment prudence and diversification and the requirement that an ERISA Plan’s investments be made in accordance with the documents governing the ERISA Plan. The prudence of any investment by an ERISA Plan in the 2018BB-2 Bonds must be determined by the responsible fiduciary of the ERISA Plan by taking into account the ERISA Plan’s particular circumstances and all of the facts and circumstances of the investment. Government and non-electing church plans are generally not subject to ERISA. However, such plans may be subject to similar or other restrictions under state or local law.

In addition, ERISA and the Code generally prohibit certain transactions between an ERISA Plan or a qualified employee benefit plan under the Code and persons who, with respect to that plan, are fiduciaries or other “parties in interest” within the meaning of ERISA or “disqualified persons” within the meaning of the Code. In the absence of an applicable statutory, class or administrative exemption, transactions between an ERISA Plan and a party in interest with respect to an ERISA Plan, including the acquisition by one from the other of the 2018BB-2 Bonds could be viewed as violating those prohibitions. In addition, Section 4975 of the Code prohibits transactions between certain tax-favored vehicles such as Individual Retirement Accounts and disqualified persons. Section 503 of the Code includes similar restrictions with respect to governmental and church plans. In this regard, the Agency or any dealer of the 2018BB-2 Bonds might be considered or might become a “party in interest” within the meaning of ERISA or a “disqualified person” within the meaning of the Code, with respect to an ERISA Plan or a plan or arrangement subject to Sections 4975 or 503 of the Code. Prohibited transactions within the meaning of ERISA and the Code may arise if the 2018BB-2 Bonds are acquired by such plans or arrangements with respect to which the Agency or any dealer is a party in interest or disqualified person.

In all events, fiduciaries of ERISA Plans and plans or arrangements subject to the above sections of the Code, in consultation with their advisors, should carefully consider the impact of ERISA and the Code on an investment in the 2018BB-2 Bonds. The sale of the 2018BB-2 Bonds to a plan is in no respect a representation by the Agency or the Underwriter that such an investment meets the relevant legal requirements with respect to benefit plans generally or any particular plan. Any plan proposing to invest in the 2018BB-2 Bonds should consult with its counsel to confirm that such investment is permitted under the plan documents and will not result in a non-exempt prohibited transaction and will satisfy the other requirements of ERISA, the Code and other applicable law.

State Tax Matters With Respect to 2018BB Bonds

The 2018BB Bonds, their transfer and the income therefrom, including any profit made on the sale thereof, shall at all times be free from taxation by the State of Colorado or any political subdivision or other instrumentality of the State of Colorado under Colorado laws in effect as of the date of delivery of the 2018BB Bonds.

Bond Counsel will express no other opinion as to any tax consequences regarding the 2018BB Bonds. Owners of the 2018BB Bonds should consult with their own tax advisors as to the tax consequences pertaining to the 2018BB Bonds, such as the consequences of a sale, transfer, redemption or

other disposition of the 2018BB Bonds prior to stated maturity and as to other applications of federal, state, local or foreign tax laws.

UNDERWRITING

The 2018BB Bonds are to be purchased from the Authority by the underwriters listed on the front cover page of this Official Statement (the “Underwriters”). The Underwriters have agreed, subject to certain conditions, to purchase all but not less than all of the 2018BB Bonds at a price equal to \$92,224,111.71 (the par amount of the 2018BB Bonds (\$89,478,670) plus original issue premium of \$2,745,441.71). The Underwriters will be paid a fee of \$593,942.70 (including reimbursement of certain expenses) in connection with the underwriting of the 2018BB Bonds. The initial public offering prices of the 2018BB Bonds may be changed from time to time by the Underwriters.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Under certain circumstances, the Underwriters and their affiliates may have certain creditor and/or other rights against the Authority and its affiliates in connection with such activities. In the course of their various business activities, the Underwriters and their respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the Authority (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the Authority. The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to the clients that they should acquire, long and/or short positions in such assets, securities and instruments.

Wells Fargo Bank, National Association, acting through its Municipal Products Group (“WFBNA”), one of the Underwriters of the 2018BB Bonds, has entered into an agreement (the “WFA Distribution Agreement”) with its affiliate, Wells Fargo Clearing Services, LLC (which uses the trade name “Wells Fargo Advisors”) (“WFA”), for the distribution of certain municipal securities offerings, including the 2018BB Bonds. Pursuant to the WFA Distribution Agreement, WFBNA will share a portion of its underwriting compensation with respect to the 2018BB Bonds with WFA. WFBNA has also entered into an agreement (the “WFSLLC Distribution Agreement”) with its affiliate Wells Fargo Securities, LLC (“WFSLLC”), for the distribution of municipal securities offerings, including the 2018BB Bonds. Pursuant to the WFSLLC Distribution Agreement, WFBNA pays a portion of WFSLLC’s expenses based on its municipal securities transactions. WFBNA, WFSLLC, and WFA are each wholly-owned subsidiaries of Wells Fargo & Company.

Wells Fargo Securities is the trade name for certain securities-related capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wells Fargo Bank, National Association, which conducts its municipal securities sales, trading and underwriting operations through the Wells Fargo Bank, NA Municipal Products Group, a separately identifiable department of Wells Fargo Bank, National Association, registered with the Securities and Exchange Commission as a municipal securities dealer pursuant to Section 15B(a) of the Securities Exchange Act of 1934.

LITIGATION

At the time of the delivery of and payment for the 2018BB Bonds, the Authority will deliver an opinion of its General Counsel, Charles K. Knight, Esq., to the effect that no litigation before any court is pending or, to his knowledge, threatened against the Authority in any way affecting the existence of the Authority or the titles of its officers to their respective offices, or seeking to restrain or to enjoin the issuance, sale or delivery of the 2018BB Bonds, or which would materially adversely affect the financial condition of the Authority, or in any way contesting or affecting the validity or enforceability of the 2018BB Bonds or the Indenture.

RATING

Moody's Investors Service ("Moody's") has assigned the 2018BB Bonds a rating of "Aaa". Such rating reflects only the views of Moody's at the time such rating is given, and is not a recommendation to buy, sell or hold the 2018BB Bonds. The Authority makes no representation as to the appropriateness of such rating. An explanation of the significance of the rating given by Moody's may be obtained from Moody's. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that any such rating will continue for any given period of time or that such rating will not be revised downward, suspended or withdrawn entirely by Moody's if, in its judgment, circumstances so warrant. Any such downward revision, suspension or withdrawal of such rating may have an adverse effect on the marketability or market price of the 2018BB Bonds. The Authority has no obligation to oppose any such revision, suspension or withdrawal of a rating.

MUNICIPAL ADVISOR

The Authority has retained CSG Advisors Incorporated as its municipal advisor (the "Municipal Advisor") in connection with the offering of the 2018BB Bonds. The Municipal Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement. The Municipal Advisor will act as an independent advisory firm and will not be engaged in the business of underwriting, trading or distributing the 2018BB Bonds.

LEGAL MATTERS

In connection with the issuance and sale of the 2018BB Bonds, Kutak Rock LLP, as Bond Counsel to the Authority, will deliver the opinion included as Appendix B hereto. Kutak Rock LLP will also pass upon certain legal matters relating to the 2018BB Bonds as Disclosure Counsel to the Authority. Certain legal matters will be passed upon for the Authority by Charles K. Knight, Esq., its General Counsel. Dorsey & Whitney LLP will pass upon certain matters for the Underwriters.

Neither Kutak Rock LLP nor Dorsey & Whitney LLP have participated in any independent verification of the information concerning the financial condition or capabilities of the Authority contained in this Official Statement.

AVAILABILITY OF CONTINUING INFORMATION

In connection with the issuance of the 2018BB Bonds, the Authority will deliver a Continuing Disclosure Undertaking, in the form attached as Appendix E hereto, by which the Authority will agree to make available by filing with the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System ("EMMA"), in compliance with Rule 15c2-12 of the Securities Exchange Act of 1934

("Rule 15c2-12"), certain annual financial information and audited financial statements, commencing with the fiscal year ending December 31, 2018, and notice of certain events.

CERTAIN RELATIONSHIPS OF PARTIES

RBC Capital Markets, LLC, a subsidiary of Royal Bank of Canada, is acting as one of the Co-Senior Managers for the 2018BB Bonds. RBC Capital Markets, LLC also acts as the remarketing agent for other Authority bonds. Royal Bank of Canada, the parent company of RBC Capital Markets, LLC acts as a counterparty to the Authority under certain agreements described in footnote (8) of the audited 2017 financial statements of the Authority. Royal Bank of Canada has also entered into an investment agreement with the Trustee in connection with the debt service reserve fund relating to the Authority's single-family mortgage bonds, and is the provider of several liquidity facilities in connection with certain Authority bonds.

Barclays Capital Inc., one of the Co-Senior Managers for the 2018BB Bonds, also acts as the remarketing agent for other Authority bonds. Barclays Bank PLC (an affiliate of Barclays Capital Inc.) is acting as a counterparty to the Authority under certain interest rate contracts.

Bank of America, N.A., an affiliate of Merrill Lynch, Pierce, Fenner & Smith Incorporated which is an Underwriter for the 2018BB Bonds, is the provider of certain liquidity facilities and is acting as a counterparty for certain interest rate contracts with the Authority. Merrill Lynch, Pierce Fenner & Smith Incorporated also acts as the remarketing agent for other Authority bonds.

George K. Baum & Company, also an Underwriter for the 2018BB Bonds, acts as the remarketing agent for other Authority bonds.

Stifel, Nicolaus & Company, Inc., which is acting as an Underwriter for the 2018BB Bonds, also acts as a remarketing agent for other Authority bonds.

Wells Fargo Bank, National Association, which is acting as an Underwriter for the 2018BB Bonds, also acts as a counterparty to the Authority for certain interest rate contracts and has made a loan to a borrower in connection with the Authority's multi-family housing program.

NO IMPAIRMENT OF CONTRACT BY THE STATE

Pursuant to the provisions of Section 29-4-731 of the Act, the Authority has included in the Indenture the pledge and agreement of the State of Colorado that the State of Colorado will not limit or alter the rights vested by the Act in the Authority to fulfill the terms of any agreements made with Bond Owners, or in any way impair the rights and remedies of such Owners until the 2018BB Bonds, together with the interest thereon and all costs and expenses in connection with any action or proceedings by or on behalf of such Owners, are fully met and discharged.

LEGALITY FOR INVESTMENT AND SECURITY FOR DEPOSITS

Pursuant to Section 29-4-723 of the Act and Title 24, Article 75, Part 6 of the Colorado Revised Statutes (C.R.S. 24-75-601.1), the 2018BB Bonds are eligible for investment in the State by all banking associations, savings and loan associations, trust companies, investment companies and insurance companies, and all executors, administrators, trustees and other fiduciaries of funds in their control or belonging to them. The Act makes the 2018BB Bonds securities which may properly and legally be deposited with and received by any municipal officer or any agency or political subdivision of the State for any purpose for which the deposit of bonds, notes or obligations of the State is authorized by law.

INDEPENDENT AUDITORS

The most recent financial statements of the Authority, available at www.chfainfo.com/investors, have been audited by RSM US LLP, independent auditors, as stated in their report appearing therein. RSM US LLP has not performed any procedures relating to this Official Statement. See “Part II – COLORADO HOUSING AND FINANCE AUTHORITY – Authority Financial Statements.”

MISCELLANEOUS

This Official Statement speaks only as of its date, and the information contained herein is subject to change. All quotations from, and summaries and explanations of, the statutes, regulations and documents contained herein do not purport to be complete and reference is made to said laws, regulations and documents for full and complete statements of their provisions. Copies, in reasonable quantity, of such laws, regulations and documents, including the Indenture, may be obtained upon request to the Authority and upon payment to the Authority of a charge for copying, mailing and handling, at 1981 Blake Street, Denver, Colorado 80202, Attention: Chief Financial Officer.

The distribution of this Official Statement has been duly authorized by the Authority. Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as an agreement or contract between the Authority and the purchasers or owners of any 2018BB Bonds.

COLORADO HOUSING AND FINANCE AUTHORITY



By /s/ Patricia Hippe
Chief Financial Officer

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PART II

COLORADO HOUSING AND FINANCE AUTHORITY

This Part II provides general background information about the Authority, a description of the assets and moneys in the Trust Estate pledged to secure all of the Bonds issued, and which in the future may be issued, under the Homeownership Indenture (including the 2018BB Bonds), certain risks associated with such Bonds and Trust Estate and an overview of the Authority's Single Family Mortgage Program pursuant to which Mortgage Loans relating to the Trust Estate (either individually or within MBS) have been and will be purchased. For a description of the terms of the 2018BB Bonds, the sources and uses of funds in connection with the 2018BB Bonds, certain program assumptions and other matters specifically related to the offering and issuance of the 2018BB Bonds, see Part I to this Official Statement.

Background

In 1973, upon a finding that there existed in the State a shortage of decent, safe and sanitary housing available within the financial capabilities of low and moderate income families, the Colorado General Assembly established the Colorado Housing Finance Authority, since renamed the Colorado Housing and Finance Authority, as a body corporate and a political subdivision of the State for the purpose of increasing the supply of decent, safe and sanitary housing for such families. The Authority is not an agency of State government and not subject to administrative direction by any department, commission, board, bureau or agency of the State. The Act authorizes the Authority, among other things, to make loans to individuals and sponsors to finance the construction, reconstruction, rehabilitation or purchase of housing facilities for low and moderate income families and to purchase mortgage loans from, and lend moneys to, qualified Mortgage Lenders under terms and conditions which provide for loans to finance housing facilities for low and moderate income families. The Act was amended in 1982 to authorize the Authority to finance project and working capital loans to commercial and industrial enterprises of small and moderate size.

In order to achieve its authorized purposes, the Authority currently operates both Qualified (tax-exempt) and Non-Qualified (taxable) Single Family Mortgage Programs (see "Part II – THE SINGLE FAMILY MORTGAGE PROGRAM") and various rental and business finance programs. The Act authorizes the Authority to issue its bonds, notes and other obligations in order to provide sufficient funds to achieve its purposes as set forth in the Act.

Board of Directors and Management

The Board of Directors of the Authority consists of the Colorado State Auditor, a member of the Colorado General Assembly appointed jointly by the Speaker of the House and the Majority Leader in the Senate, an executive director of a principal department of State government appointed by the Governor of Colorado and eight public members appointed by the Governor with the consent of the Senate. Members of the Board of Directors continue to serve after the end of their respective terms until a successor has been duly appointed and confirmed. The present members of the Board of Directors of the Authority are set forth in the following table:

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Present Board of Directors of the Authority

| Name | Affiliation | End of Current Term |
|---|---|---------------------------------|
| Steven Hutt, Chair ⁽¹⁾ | Executive Director, Denver Employees Retirement Plan; Denver, Colorado | July 1, 2021 |
| Max Tyler, Chair, pro term ⁽²⁾ | Retired; Lakewood, Colorado | July 1, 2019 |
| Julie Brewen, Secretary/Treasurer ⁽³⁾ | Executive Director; Fort Collins Housing Authority dba Housing Catalyst; Fort Collins, Colorado | July 1, 2019 |
| Irving Halter | Executive Director, Colorado Department of Local Affairs; Denver, Colorado | At the pleasure of the Governor |
| Amber L. Hills | President, Lakewood Market FirstBank; Lakewood, Colorado | July 1, 2021 |
| Chris Holbert | State Senate Majority Leader; Parker, Colorado | December 31, 2018 |
| Jody Kole | Executive Director, Grand Junction Housing Authority; Grand Junction, Colorado | July 1, 2021 |
| Jennifer Lopez | Project Manager, Cardinal Capital Management, Inc. | July 1, 2021 |
| Dianne Ray | Colorado State Auditor; Denver, Colorado | Standing |
| Cecilia Sanchez de Ortiz | Retired; Denver, Colorado | July 1, 2019 |
| Paul Washington | Market Director, Rocky Mountain Region, Jones Lang LaSalle, Inc.; Denver, Colorado | July 1, 2021 |

⁽¹⁾ This Board member was elected as Chair of the Board effective March 22, 2018.

⁽²⁾ This Board member was elected as Chair, pro tem, of the Board effective March 22, 2018.

⁽³⁾ This Board member was appointed as Secretary/Treasurer of the Board effective March 22, 2018.

The Authority employs a staff of approximately 177 persons, including persons who have experience and responsibilities in the areas of finance, accounting, law, mortgage loan underwriting, loan servicing, housing development, market analysis, construction, marketing, government relations and asset management. The executive officers and select senior staff of the Authority are as follows:

Cris A. White, Executive Director, was appointed as Executive Director in March 2010, after serving as Chief Operating Officer since February 2002. Mr. White joined the staff in 1988 and served in various capacities until January 1996. He rejoined the staff in September of 1996 as the Director of Asset Management, after serving in the interim as a business development executive with an international equipment and real estate mortgage lender. On February 1, 2001, Mr. White was appointed Deputy Executive Director for Asset Management and Business Support Services and served until his present

appointment. He also continued to serve as Director of Asset Management until December 10, 2001. Mr. White has a Bachelor's Degree in Business Administration from Regis College.

Jaime G. Gomez, Deputy Executive Director and Chief Operating Officer, joined the staff in August 1999. Prior to his appointment as Chief Operating Officer in March 2010, Mr. Gomez served as the Director of Commercial Lending following a corporate reorganization in July 2003 which merged the Authority's Business Finance and Rental Finance Divisions, forming the Commercial Lending Division (now referred to as the Community Development Division). Prior to that position, Mr. Gomez served as the Director of Business Finance. Mr. Gomez is a graduate of the University of Colorado with a degree in Finance. Mr. Gomez has prior experience working in both the public and private sector, including five-and-a-half years as director of finance and business development for the Colorado Office of Economic Development. Mr. Gomez was also designated as a certified bank examiner by the Federal Reserve Board of Governors in February of 1991. Mr. Gomez was appointed as Deputy Executive Director on January 31, 2017.

Charles K. Knight, General Counsel and Assistant Secretary, joined the staff in April 2016, following a nationwide search. Prior to joining the Authority, Mr. Knight served as the founder of Venture Law Advisors, LLC ("Venture") a law firm representing emerging growth companies. Prior to forming Venture, Mr. Knight served as President and Chief Executive Officer of AmeriVest Properties Inc., a publicly held real estate investment trust based in Denver, and held senior executive and legal positions with other public and private companies. Mr. Knight also served on the Board of Directors of the Authority from July 2011 through March 2016. Mr. Knight received a Bachelor's Degree in experimental psychology from the University of California at Santa Barbara and Master of Business Administration and Juris Doctor Degrees from the University of California at Los Angeles. The Authority maintains risk management, internal audit and compliance functions under the Director of Enterprise Risk who reports to the General Counsel.

Patricia Hippe, Chief Financial Officer, joined the staff in October 2011. Prior to joining the Authority, Ms. Hippe spent 16 years at the Minnesota Housing Finance Agency, the first five years as the Finance Director and later as the Deputy Commissioner and Chief Financial Officer. Prior to her work with the Minnesota Housing Finance Agency, Ms. Hippe was the assistant vice president and corporate trust officer for Wells Fargo Bank, formerly known as Norwest Bank, from 1994 to 1995. From 1984 to 1994, Ms. Hippe was the manager of secondary market programs for Higher Education Management and Resources (HEMAR) Management Corporation. In this capacity, she oversaw the daily finance, accounting and secondary market operations of HEMAR's seven affiliate companies which specialized in providing student loan secondary market programs. Ms. Hippe received her Bachelor's Degree in Business Administration from the University of Minnesota, and earned her Master of Business Administration Degree from the University of St. Thomas in St. Paul, Minnesota and has successfully completed exams for Certified Public Accountants (inactive status) and Certified Management Accountants. Ms. Hippe has announced her intention to retire and step down as the Chief Financial Officer of the Authority effective May 3, 2019. The Authority intends to conduct a national search and select its next Chief Financial Officer on or before the date of Ms. Hippe's retirement.

Dan McMahon was named Director of Home Finance on February 5, 2013 after serving as Interim Director of Home Finance since November 27, 2012. Mr. McMahon joined the Authority in March 2000 and most recently served as Manager of Home Finance Loan Production. Mr. McMahon received a Bachelor of Arts Degree and a Master's Degree in Non-Profit Management from Regis University in Denver, Colorado.

Thomas Bryan, Director of Accounting/Controller, joined the staff as Controller in February 2014. Mr. Bryan brought experience in governmental and not-for-profit accounting, having served for four years

as Controller for the City of Centennial and for five years as Accounting Manager for the Town of Parker, Colorado. He graduated with a Bachelor of Science degree in Business and Accounting from the University of Phoenix and earned his Master of Business Administration degree from DeVry University's Keller Graduate School of Management. Mr. Bryan is a Certified Public Accountant with an active license in the State of Colorado and has obtained the designation of Certified Public Funds Investment Manager through the Association of Public Treasurers of the United States and Canada.

Employees and Pension Information

As of August 1, 2018, the Authority had approximately 174 full-time and 3 part-time employees, all of whom were members of the Public Employees' Retirement Association of Colorado ("PERA"). The Authority provides its employees with pension benefits through both a defined benefit and defined contribution plan as administered by PERA. State statutes required the Authority to contribute 12.68% of each participating employee's gross salary to PERA in 2017. In 2017, the Authority's PERA contribution totaled approximately \$2.1 million.

In accordance with generally accepted accounting principles, the Authority recognizes pension liabilities based on its proportionate share of the collective net pension liability of the PERA pension trust. The Authority has no legal obligation to fund any of PERA's unfunded pension liability beyond its required annual contribution to the trust nor does it have any ability to affect funding, benefit, or annual required contribution decisions made by PERA or the General Assembly. For more information with respect to the Authority's participation in PERA, see footnote (12) of the audited 2017 financial statements of the Authority, available at www.chfainfo.com/investors.

Insurance Coverage

The Authority has general liability, public officials, cyber liability, mortgage protection and crime/fidelity insurance coverage.

Authority Financial Statements

The audited 2017 financial statements of the Authority, available at www.chfainfo.com/investors, provide certain financial information about the Authority on a fund accounting basis, including a description of its General Fund. See "Part I – INDEPENDENT AUDITORS." These financial statements are being referenced solely for purposes of providing a general overview for potential purchasers of the financial status of the Authority given that the Authority operates the programs which result in the Mortgage Loans and MBS securing Obligations under the Homeownership Indenture. See "Part II – THE SINGLE FAMILY MORTGAGE PROGRAM." The 2018BB Bonds are limited obligations of the Authority secured by and payable only from the Trust Estate. *The overall financial status of the Authority does not indicate and will not necessarily affect whether amounts will be available in the Trust Estate to pay principal and interest on Bonds when due.*

Authority Policy Regarding Derivatives

The Homeownership Indenture, as well as each of the master indentures relating the Authority's Multi-Family/Project Bonds and its Single Family Mortgage Bonds, permits the Authority to enter into "Derivative Products," which include interest rate exchange or swap contracts, cash flow exchange contracts, forward swaps, interest rate floors, caps or collars and other derivative products. See the definitions in Appendix A and "Part II – SECURITY FOR THE OBLIGATIONS – Derivative Products." No Derivative Products have been entered by the Authority under the Homeownership Indenture as of the date hereof, and the Authority is not entering into any Derivative Products with respect to the

2018BB Bonds. Such Derivative Products are described in footnote (8) of the audited 2017 financial statements of the Authority, available at www.chfainfo.com/investors.

Single Family Mortgage Program

Under the Authority's single family mortgage programs (collectively, the "Single Family Mortgage Program"), the Authority may make mortgage loans for single-family residential dwellings directly to individual borrowers or may purchase such mortgage loans from qualified originating Mortgage Lenders. See "Part II – THE SINGLE FAMILY MORTGAGE PROGRAM – Background."

Under its Qualified Single Family Mortgage Program, the Authority may make mortgage loans to Eligible Borrowers meeting certain income limit requirements, for property meeting all applicable requirements for purchase under the Single Family Program (each an "Eligible Property") not exceeding certain Purchase Price limits, and subject to certain other restrictions imposed, in some cases, by the Code. The Authority permits Eligible Borrowers under its Non-Qualified Single Family Mortgage Program to meet certain income limits which are generally somewhat higher than the limits permitted for the Qualified Single Family Mortgage Program. Except for the CHFA SectionEightSM Homeownership programs, which have prior homeownership restrictions, there is no limit imposed by the Authority on prior home ownership or limit on the purchase price of a residence which may be acquired with the proceeds of a loan under the Non-Qualified Single Family Mortgage Program, although all such mortgage loans must meet applicable loan limits. Proceeds of a mortgage loan under the Non-Qualified Single Family Mortgage Program may also be used under the Authority's refinancing program to refinance existing mortgage loans. In many other respects, the requirements for the Authority's Non-Qualified Single Family Mortgage Program are the same as the requirements for a Qualified Single Family Mortgage Program. See "Part II – THE SINGLE FAMILY MORTGAGE PROGRAM." For certain information regarding the outstanding mortgage loans acquired under the Single Family Mortgage Program, see footnote (3) to the audited 2017 financial statements of the Authority, available at www.chfainfo.com/investors.

A significant number of the Authority's single family mortgage loans include down payment assistance in the form of grants or second mortgage loans to borrowers. See "Part II – THE SINGLE FAMILY MORTGAGE PROGRAM."

Certain Other Programs

In addition to its Single Family Mortgage Program, the Authority offers many other programs and services. For example, the Authority's Community Development Division encompasses the Authority's Low Income Housing Tax Credit allocation unit and the Community Development Lending team, which is comprised of the Multifamily Affordable Housing Lending ("Multifamily Lending") and Business Finance programs.

The Multifamily Lending programs provide financing to sponsors of affordable rental housing properties. Financing options include construction to permanent loans, permanent-only loans, acquisition loans, acquisition/rehabilitation loans and, in certain circumstances, refinancing of existing debt. Other financing structures may be considered, based upon the property characteristics and sub-market due diligence, as well as the demonstrated experience and financial capacity of the sponsor.

The mortgages originated under the Multifamily Lending programs include a combination of insured and uninsured mortgages. The Authority is a Tier I lender under the FHA's Section 542(c) of the Housing and Community Development Act of 1992, as amended. Uninsured multifamily loans have also been made by the Authority using funds from amounts in its General Fund designated as the "Housing Opportunity Fund."

The Authority also originates insured and uninsured loans in connection with its Business Finance programs. These business loans must meet certain economic development or job creation/retention objectives under the Act and are made to small and moderate-size Colorado businesses to provide long-term, fixed rate financing for real estate and equipment.

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

Obligations of the Authority

The Authority has previously incurred, and will in the future incur, obligations under master indentures other than the Homeownership Indenture to provide funds for and otherwise operate the Authority and fund its programs. For information concerning certain of such outstanding obligations, see the audited 2017 financial statements of the Authority, available at www.chfainfo.com/investors. **Except for the Bonds outstanding under the Homeownership Indenture, the revenue bonds described on the Authority's website are secured separately from and are not on parity with the 2018BB Bonds, and are issued and secured under resolutions or indentures of the Authority other than the Homeownership Indenture.**

SECURITY FOR THE OBLIGATIONS

The Mortgage Loans and the Mortgage-Backed Securities

Generally. The Trust Estate pledged under the Homeownership Indenture to secure Obligations issued thereunder includes the right, title and interest of the Authority in the Mortgage Loans and in the MBS acquired by the Authority in order to finance Mortgage Loans. Under the Homeownership Indenture, "MBS" means collectively, the Ginnie Mae Certificates, the Fannie Mae Certificates and the Freddie Mac Certificates. See "Mortgage-Backed Securities" under this caption. "Mortgage Loan" means a permanent loan secured by a Mortgage for the purchase and/or rehabilitation of Residential Housing made to a Borrower by the Authority or an originating Mortgage Lender which is purchased pursuant to a Mortgage Purchase Agreement and which satisfies certain requirements of the Homeownership Indenture. See "Mortgage Loan Requirements" under this caption. The Authority has used proceeds of certain Series of Outstanding Bonds to acquire and refinance Ginnie Mae Certificates, and will also use proceeds of the 2018BB Bonds to acquire Ginnie Mae Certificates and Mortgage Loans. In addition, proceeds of additional Bonds issued in the future by the Authority under the Homeownership Indenture may be used to purchase other MBS or Mortgage Loans directly. All Bonds issued under the Homeownership Indenture will be secured by the Trust Estate which includes all MBS and Mortgage Loans so acquired with proceeds of such Bonds. In the event that only a portion of or interest in an MBS or Mortgage Loan is purchased under the Homeownership Indenture, reference to such an MBS or a Mortgage Loan shall be interpreted and applied to relate to such portion or interest.

Mortgage-Backed Securities. An MBS acquired as part of the Trust Estate can be a Ginnie Mae Certificate, a Fannie Mae Certificate or a Freddie Mac Certificate, or a participation therein. A "Ginnie Mae Certificate" is a mortgage backed security (which may be issued under either the GNMA I Program or the GNMA II Program) bearing interest at a Pass-Through Rate, issued by the Authority registered in the name of the Trustee and guaranteed as to timely payment of principal and interest by GNMA pursuant

to Section 306(g) of Title III of the National Housing Act of 1934 and the regulations promulgated thereunder backed by FHA Insured Mortgage Loans or VA Guaranteed Mortgage Loans. A “Fannie Mae Certificate” is a single pool, guaranteed mortgage, pass-through certificate, issued by Fannie Mae, guaranteed as to timely payment of interest and principal by Fannie Mae and backed by Conventional Mortgage Loans. A “Freddie Mac Certificate” is a mortgage participation certificate issued by Freddie Mac and representing an undivided interest in a pool of Conventional Mortgage Loans identified by a particular alpha numeric number and CUSIP number, guaranteed as to timely payment of principal and interest by Freddie Mac.

For a description of the Ginnie Mae Certificates, including any participations therein, to be acquired into the GNMA MBS Portfolio under the Homeownership Indenture, see Appendix F to this Official Statement. For a description of the GNMA Mortgage-Backed Certificates Program, the Fannie Mae Mortgage-Backed Certificates Program and the Freddie Mac Mortgage-Backed Certificates Program, see Appendix G to this Official Statement.

Mortgage Loan Requirements. Mortgage Loans must be permanent loans secured by a mortgage, deed of trust or other instrument constituting a valid lien on real property in the State and improvements constructed or to be constructed thereon or on a leasehold under a lease having a remaining term, at the time such instrument is acquired by the Authority, of not less than the term for repayment of the Mortgage Loan secured by such instrument. The Mortgage Loans may be secured by a first mortgage on the real property (a “First Mortgage Loan”) or may be originated by the Authority or on behalf of the Authority by the Mortgage Lender and secured by a second mortgage loan on the real property (a “Second Mortgage Loan”). A Second Mortgage Loan will only be originated in connection with a First Mortgage Loan. Each Mortgage Loan must be made in connection with the purchase or refinance of a single-family, owner-occupied dwelling located within the State that qualifies for financing or refinancing by the Authority within the meaning of the Act, the Rules and Regulations of the Program, the relevant provisions of the Code and related regulations (referred herein as “Residential Housing”). A Second Mortgage Loan may be originated for the purpose of assisting Eligible Borrowers with their up-front cash requirements in connection with the purchase of Residential Housing or for closing cost assistance in connection with the financing or refinancing of a mortgage loan. See “Part II – THE SINGLE-FAMILY MORTGAGE PROGRAM – Reservation, Delivery and Acquisition of Mortgage Loans.” A First Mortgage Loan must be the subject of a title insurance policy in an amount at least equal to the outstanding principal amount of such Mortgage Loan and must be made to a Borrower by the Authority or made by an originating Mortgage Lender and purchased by the Authority pursuant to a Mortgage Purchase Agreement. For this purpose, a “Borrower” means the maker of, and any other party obligated on, a Mortgage Loan in connection with the acquisition or rehabilitation of Residential Housing, who is a person or family of “low or moderate income” qualifying as such under the Act and the Rules and Regulations of the Program and, as applicable, in accordance with the Code. The Mortgage Lenders may include certain banks, trust companies, FHA-approved direct endorsement mortgagees, VA-approved automatic lenders, Fannie Mae-approved and/or Freddie-Mac-approved sellers, USDA/RD-approved mortgagees, national banking associations, and credit unions.

First Mortgage Loans are required by the Homeownership Indenture to be subject to mortgage insurance or guaranty to the extent required by any Series Indenture. For information about the insurance requirements under the 2018BB Indenture, see “Part I – TERMS OF THE 2018BB BONDS – Insurance Limitations and Requirements; Mortgage Loans.” The Homeownership Indenture further requires that the buildings on the premises with respect to which each First Mortgage Loan is made are to be insured, as and to the extent required by the Authority to protect its interest and with the Authority designated as the loss payee as its interest may appear, against loss or damage by fire, lightning and other hazards (including flooding in some cases). Each Mortgage Loan must be serviced by a participating lender until it is purchased by the Authority, at which time the servicing is transferred to the Authority (which has entered

an agreement for the subservicing of such Mortgage Loans). See “Part II – THE SINGLE FAMILY MORTGAGE PROGRAM – Servicing of the Mortgage Loans” for a description of the Authority’s subservicing arrangement. In the Homeownership Indenture, the Authority has covenanted to take certain action to protect the interests of the owners of the Bonds in the Mortgage Loans. See Appendix A – “SUMMARY OF CERTAIN PROVISIONS OF THE HOMEOWNERSHIP INDENTURE – Program Covenants; Enforcement of Mortgage Loans, MBS and Servicing Agreements.” In one such covenant, the Authority has agreed to diligently enforce and take or cause to be taken all reasonable steps, actions and proceedings necessary for the enforcement of all terms, covenants and conditions of all Mortgage Loans consistent with sound lending practices and principles and applicable requirements under the Code including the prompt payment of all Mortgage Repayments and all other amounts due the Authority thereunder.

Mortgage Loans. The Mortgage Loans securing the Bonds under the Homeownership Indenture will include Mortgage Loans originated by the Authority, or by Mortgage Lenders and thereafter purchased by the Authority, using amounts on deposit in the Acquisition Account and transferred to the Trustee. Upon transfer of any Mortgage Loans by the Authority to the Trustee, the Trustee is to reimburse the Authority for its costs of purchasing such Mortgage Loans using amounts on deposit in the Acquisition Account. The Mortgage Loans must satisfy the requirements described in “Mortgage Loan Requirements” under this caption. See also Appendix A – “SUMMARY OF CERTAIN PROVISIONS OF THE HOMEOWNERSHIP INDENTURE –Acquisition of Mortgage Loans.” The Mortgage Loans securing the Bonds under the Homeownership Indenture will include any Mortgage Loans acquired using proceeds of additional Bonds which may be issued by the Authority under the Homeownership Indenture as described in “Issuance of Additional Bonds” under this caption. Any additional Mortgage Loans so acquired must meet the requirements required by the Series Indenture relating to such additional Bonds. Proceeds of the 2018BB Bonds are expected to be used to acquire the 2018BB Second Mortgage Loans.

Debt Service Reserve Fund

The Debt Service Reserve Fund Requirement (if any) for each Series of Bonds is established by the Related Series Indenture. See Appendix A – “SUMMARY OF CERTAIN PROVISIONS OF THE HOMEOWNERSHIP INDENTURE – Revenue Fund.”

Liquidity and Credit Enhancement Facilities

No Liquidity Facilities or Credit Enhancement Facilities have been or are being entered by the Authority in connection with Bonds under the Homeownership Indenture. However, the Authority may in the future enter into any Liquidity Facility it deems necessary or desirable with respect to any Adjustable Rate Bonds issued under the Homeownership Indenture, subject to the requirements of the Homeownership Indenture.

Derivative Products

No Derivative Products have been or are being entered by the Authority under the Homeownership Indenture. However, the Authority may in the future enter into any Derivative Product it deems necessary or desirable with respect to any Adjustable Rate Bonds under the Homeownership Indenture, subject to the requirements of the Homeownership Indenture.

CERTAIN BONDOWNERS' RISKS

Limited Security

The Bonds are special limited obligations of the Authority payable by Class priority and *solely* from the Trust Estate (except in the case of Bonds which have been specifically designated as general obligations of the Authority). See “Part II – SECURITY FOR THE OBLIGATIONS.” There is no assurance that the Mortgage Loans and MBS in or expected to be in the Trust Estate will perform in accordance with the assumptions made and that Revenues will be sufficient to pay debt service on the Obligations under the Homeownership Indenture when due. See Appendix A – “SUMMARY OF CERTAIN PROVISIONS OF THE HOMEOWNERSHIP INDENTURE – Revenue Fund.” Additional Bonds, Derivative Products and Liquidity Facilities may be issued by the Authority under the Homeownership Indenture on a parity with each Class of Bonds outstanding, upon satisfaction of certain conditions set forth in the Homeownership Indenture.

Considerations Regarding Redemption at Par

PURSUANT TO THE SPECIAL REDEMPTION PROVISIONS OF THE HOMEOWNERSHIP INDENTURE, THE BONDS MAY BE REDEEMED PRIOR TO THEIR STATED MATURITY FROM ANY MONEYS AND/OR INVESTMENT SECURITIES ON DEPOSIT IN THE RESPECTIVE ACCOUNTS OF THE REDEMPTION FUND, WHICH MAY INCLUDE UNEXPENDED BOND PROCEEDS, EXCESS REVENUES FROM REGULAR LOAN PAYMENTS, VOLUNTARY OR INVOLUNTARY PREPAYMENTS AND AMOUNTS DEPOSITED AS A RESULT OF ANY OTHER EVENT AS DESCRIBED HEREIN. TO THE EXTENT ANY SERIES OF BONDS ARE SUBJECT TO REDEMPTION FROM MORTGAGE LOAN OR MBS PAYMENTS OR PREPAYMENTS, THE TIME OR RATE OF SUCH PAYMENTS OR PREPAYMENTS CANNOT BE PREDICTED.

Delays After Defaults on Mortgage Loans

The Authority anticipates that there will be some delinquent Mortgage Loan payments and foreclosed Mortgage Loans. Any cash assistance to Borrowers in connection with the Mortgage Loans will decrease the Borrower’s equity in the property and, as a result, it is possible that the Mortgage Loans may in the aggregate perform with higher default rates than Mortgage Loans originated without cash assistance. While such defaults on Mortgage Loans in a pool backing the Ginnie Mae Certificates securing a Series of Bonds would not have an impact on Revenues available to pay debt service on the Bonds when due the Authority would be required to advance its funds (but not funds pledged under an indenture to secure bonds) to Ginnie Mae with respect to such defaulted payments on the Mortgage Loans. See footnote (15) of the audited 2017 financial statements of the Authority, available at www.chfainfo.com/investors, for a discussion of the Authority’s obligations to advance its funds to holders of such Ginnie Mae Certificates in the event of a defaulted mortgage loan. Information about historical default rates on portfolios of mortgage loans which secure outstanding bonds of the Authority has been provided by the Authority in its past filings with EMMA. In addition, physical damage to the residences securing the Mortgage Loans may exceed the limits of, or be caused by a peril not insured under, the standard hazard insurance policies insuring such residences, thereby diminishing the value of the Mortgage Loans securing the Bonds.

Other Risks

The remedies available to the owners of the Bonds upon an event of default under the Indenture or other documents described herein are in many respects dependent upon regulatory and judicial actions which often are subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, including specifically Title 11 of the United States Code, the remedies specified by the Indenture

and the various Program documents may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Bonds will be qualified, as to the enforceability of the various legal instruments, by limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally.

THE SINGLE FAMILY MORTGAGE PROGRAM

The Trust Estate which secures Bonds under the Indenture will include Mortgage Loans, as described in “Part II – SECURITY FOR THE OBLIGATIONS.” The following sections describe requirements for the Mortgage Loans which are based on requirements in the Act or derive from general policies and limits established by the Authority for qualification of Mortgage Lenders, Servicers, Borrowers and Eligible Properties as well as basic requirements for Mortgage Loans (with noted exceptions). As indicated, certain requirements described below relate only to Mortgage Loans made as a part of a Qualified Single Family Mortgage Program. A number of the procedures described below may not apply to the Zero Interest First Mortgage Loans. *It is expected that there will be variations in particular cases and that the policies and procedures of the Authority will be modified from time to time consistent with the Act, the Indenture and any procedures applicable to the Mortgage Loans.*

Background

Until 2009, the Authority funded the purchase of Mortgage Loans made as part of its Qualified Single Family Mortgage Program and Non-Qualified Single Family Mortgage Program through the issuance of fixed rate and variable rate bonds under the single family mortgage program master indenture. In 2009, the Authority transitioned to funding the purchase of FHA insured or VA or Rural Housing Service guaranteed single family mortgage loans through the securitization and sale of the loans as Ginnie Mae Certificates, or through a pass-through bond issued under a separate indenture. The Authority later transitioned to also funding the purchase of conventional loans including through the sale of whole mortgage loans and/or MBS to Fannie Mae and Freddie Mac.

The premium income earned from the Authority’s sale of mortgage-backed securities has comprised a significant share of the Authority’s annual revenues in recent years. The Federal Reserve has signaled an intent to reduce its investment in mortgages, which may reduce the premiums that can be earned by the Authority. The Authority has no ability to predict the extent or impact of the Federal Reserve’s actions.

The Authority is permitted by the Homeownership Indenture to use repayments of Mortgage Loans, or to issue additional Bonds, to fund the purchase of new, individual Mortgage Loans that are not held within an MBS.

Communication of Program Information

The Authority communicates information on its website (www.chfainfo.com) and through subscription Internet services regarding changes to policies and procedures for First Mortgage Loans under the Program. Interest rates available to participating Mortgage Lenders on the Authority’s loan reservation and tracking system, HomeConnectionsm, or by email, may change daily. The Authority also makes available on the website a guide to Mortgage Lenders setting forth requirements for the Program and information relating to the reservation procedures as more fully described in “Seller’s Guide” under this caption (the “Seller’s Guide”). The Seller’s Guide describes each Program’s parameters and information necessary for Mortgage Lenders to determine the eligibility of Applicants, residences and Mortgage Loans under the Program. The Seller’s Guide and all programmatic information is incorporated by reference into

the Mortgage Purchase Agreement entered into between the Authority and each respective participating Mortgage Lender for eligible Mortgage Loans. See “Mortgage Purchase Agreements” under this caption.

Reservation, Delivery and Acquisition of Mortgage Loans

The Seller’s Guide references and incorporates a description of reservation procedures by which a Mortgage Lender may reserve Mortgage Loan funds. Reservations may be made on a continuous basis without regard to the availability of proceeds from a specific Series of Bonds. The reservation procedures require a Mortgage Lender to have taken a loan application from an Applicant who has entered into a purchase contract with the seller of a residence or to have taken an application from an Applicant who intends to refinance his or her existing mortgage loan as part of a refinance program. The Mortgage Lender must use HomeConnectionsm to reserve funds. Prior to closing the Mortgage Loan, the Mortgage Lender may deliver to the Authority further documentation in order for the Authority to review the eligibility of the Applicant and the residence. The Mortgage Lender must then close the Mortgage Loan and deliver to the Authority the complete Mortgage Loan closing documents within specified time frames.

In connection with a First Mortgage Loan originated by a Mortgage Lender in the Single Family Mortgage Program, a Borrower may request and obtain, under eligible Mortgage Loan programs, down payment assistance in the form of a Second Mortgage Loan or a grant (“CHFA DPA Grant”), the proceeds of which may, subject to program guidelines, be used to fund up-front cash requirements of the applicable First Mortgage Loan, including payment of the origination fee, closing costs, initial required escrow deposits and/or all or a portion of a down payment. See “Special Program Features” under this caption for further description of these offerings. First Mortgage Loans are offered at varying interest rates with or without down payment assistance. In addition, the Authority requires a Borrower to make a cash contribution using funds other than the proceeds of a Second Mortgage Loan or CHFA DPA Grant. The cash contribution is not required to be from the Borrower’s own funds. The Authority or the Trustee will acquire First Mortgage Loans from the Mortgage Lenders with available funds of the Authority at a price sufficient, in some cases, to pay additional lender fees. The Authority or the Trustee will also use available funds to reimburse Mortgage Lenders for any related down payment assistance funded by such Mortgage Lenders on behalf of the Authority in connection with such First Mortgage Loans.

In order to satisfy the requirements of the Code in connection with certain tax-exempt Bonds, the Authority is required by the Indenture to make an amount available for the acquisition of First Mortgage Loans on “targeted area residences” within the meaning of Section 143 of the Code (“Targeted Area Residences”) until a date at least one year after the date on which the proceeds of the Series of Bonds or amounts exchanged therefor are first made available for the acquisition of such First Mortgage Loans.

Eligibility Requirements

Residency Requirements. In the case of Mortgage Loans made in a Qualified Single Family Mortgage Program, Mortgage Loans must be made only to Applicants who have not had a present ownership interest in a principal residence during the three-year period prior to the date of execution of each respective Mortgage which secures each such Mortgage Loan (the “First Time Homebuyer Requirement”). Mortgage Loans in a Non-Qualified Single Family Mortgage Program, and Mortgage Loans made to qualified veterans or in Targeted Areas, will not be subject to this requirement. Each Applicant must also intend to occupy the Eligible Property as his or her principal place of residence.

Income Limits. An Applicant may be a Borrower for purposes of a Mortgage Loan only if such Applicant has a current income or Gross Annual Household Income, as applicable, which does not exceed the limits set forth in the Seller’s Guide and supplemental documentation. Income limits determined by the Authority may be amended by the Authority from time to time without notice to Bondowners. For

reservations made on or after March 14, 2016, the Authority now accepts qualifying income for purposes of meeting the Authority's income guidelines for many of its Non-Qualified Single Family Mortgage Programs. For these programs, the Authority will defer to the income calculation requirements of the underlying loan program (for example, Fannie Mae, Freddie Mac, FHA, VA, and RD). The Authority requires household income for purposes of meeting the Authority's income guidelines for its Qualified Single Family Mortgage Programs as well as for the CHFA SectionEightsm Homeownership program.

Credit Scores for Originated Mortgage Loan Applicants. Applicants for Mortgage Loans originated under most programs under the Single Family Mortgage Program with a credit score must meet a minimum credit score requirement of 620 and Borrowers with no credit scores are permitted, subject to program guidelines. Under CHFA Advantage, one of CHFA's Non-Qualified Single Family Mortgage Programs, Borrowers with a credit score must have a credit score of 680 or above and Borrowers with no credit scores are permitted, subject to program guidelines.

Homebuyer Education Requirement. Applicants for Mortgage Loans originated under most programs under the Single Family Mortgage Program are required by the Authority (at the Authority's expense) to attend a homebuyer education class. Homebuyer education classes are intended to give Applicants a clearer understanding, among other things, of their debt obligations. Homebuyer education classes are offered statewide and at no cost to the Borrower by Authority-approved housing counseling agencies and housing authorities under contract with the Authority ("participating agencies"). Homebuyer education certificates are only valid for twelve months from the date of the certificate through the date of the purchase contract. Pursuant to its contracts with such participating agencies, the Authority will pay up to certain amounts for the classroom education. Homebuyer education is also available online from certain of the participating agencies at a cost of generally \$99 to be paid by the Borrower.

Additional Eligibility Requirements for Tax Exempt Mortgage Loans

Purchase Price Limitations. In the case of Mortgage Loans made in a Qualified Single Family Mortgage Program, the Purchase Price of an Eligible Property financed in connection with such a Mortgage Loan may not exceed certain Purchase Price limits as established by the Authority in accordance with the Code. The Authority establishes Purchase Price limits for Eligible Properties subject to IRS requirements, with no differentiation between new and existing residences, based on the county in which such Eligible Property is located. These limits presently range from \$271,000 to \$453,100. Certain of these Purchase Price limits are somewhat lower than those permitted by the Code in order to better serve persons and families of lower income. Purchase Price limits determined by the Authority may be amended by the Authority from time to time without notice to Bondowners. In addition to the proceeds of a First Mortgage Loan, an Eligible Property may be financed with amounts received and secured by a second mortgage encumbering the property. For other Mortgage Loans and in certain jurisdictions, the Authority has established or may establish higher Purchase Price limits, not in excess of 90% (110% in the case of Targeted Area Residences) of the applicable average area purchase price, determined in accordance with the Code, with respect to previously occupied or new single family residences, as the case may be, for the statistical area in which the Eligible Property is located. For Mortgage Loans reserved on or after March 16, 2015, the Authority removed Purchase Price limits from its Non-Qualified Single Family Mortgage Loan Programs.

The term "Purchase Price" means that cost of acquiring an Eligible Property from the seller as a completed residential unit, including: (i) all amounts paid, either in cash or in kind, by the Eligible Borrower (or a related party or for the benefit of the Eligible Borrower) to the seller (or a related person or for the benefit of the seller) as consideration for the Eligible Property, (ii) the purchase price of the land and (iii) if the Eligible Property is incomplete, the reasonable cost of completing it (to the extent that the builder thereof normally completes work on similar residences which he or she builds, and so that

occupancy thereof is legally permitted); but exclusive of (A) usual and reasonable settlement or financing costs (but only to the extent that such amounts do not exceed the usual and reasonable costs which would be paid by the Borrower where financing is not provided through the proceeds of qualified mortgage bonds the interest on which is excluded from the gross income of the recipient for federal income tax purposes), (B) the value of services performed by the Eligible Borrower or members of his or her family in completing the Eligible Property, (C) the value of any income-producing component of the Eligible Property, (D) the value of all items of personal property included in the Eligible Property and (E) the cost of land if owned by the Eligible Borrower for at least two years prior to the commencement of construction.

Mortgage Purchase Agreement

Each Mortgage Lender approved by the Authority to participate in the Authority's Single Family Mortgage Program has executed a Mortgage Purchase Agreement. Additional Mortgage Lenders may become eligible to participate and, if approved by the Authority, will enter into a Mortgage Purchase Agreement. Purchases of Mortgage Loans by the Authority from Mortgage Lenders are made pursuant to Mortgage Purchase Agreements, which incorporate by reference the terms and provisions of the Seller's Guide. The Authority may have recourse against Mortgage Lenders upon violation of the terms of the Mortgage Purchase Agreement and/or Seller's Guide. A reservation of Mortgage Loan funds is for a specific Applicant, residence, Mortgage Loan amount and interest rate. The Seller's Guide provides that an origination fee may be charged to a Borrower. Mortgage Lenders may also receive additional payments from the Authority such as a servicing release premium and early purchase premium, if applicable, each in the amounts specified by the Authority from time to time.

The Authority reserves the right to modify or otherwise change its procedures under the Program from time to time on the basis of its experience in order to meet changed conditions. To the extent that such modifications or changes are made, the Authority will be governed by the Act and by the covenants contained in the Indenture.

Seller's Guide

Each Mortgage Purchase Agreement (applicable only to Mortgage Loans other than Zero Interest First Mortgage Loans) incorporates by reference the Seller's Guide, including all of the terms, conditions, representations and warranties therein. The Seller's Guide describes the procedures for reservation, loan delivery and acquisition, and contains representations, warranties, covenants and agreements of the Mortgage Lender to the Authority, certain of which relate to: (i) the legality and validity of the Mortgage Loans and related documents; (ii) the existence and conveyance to the Authority of a valid lien (subject only to current taxes and assessments not yet due and payable, and encumbrances permitted by the Authority) on the Eligible Property, located in the State and held in fee simple; (iii) the absence of delinquencies with respect to payments on each Mortgage Loan; (iv) the absence of defaults under each Mortgage Loan; (v) the Mortgage Lender's right to sell each Mortgage Loan to the Authority; (vi) the existence and validity of hazard insurance on the Eligible Property acceptable to the Authority and compliance with applicable insurer, guarantor, investor and/or any other legal requirements; (vii) compliance by the Mortgage Lender with all requirements relating to the sale, insurance or guaranty of the Mortgage Loan; (viii) compliance with the applicable requirements of the Code; and (ix) the requirement that any insurance or guaranty will inure to the benefit of the Authority. The Authority has the right to decline to purchase any Mortgage Loan offered to it if, in the reasonable opinion of the Authority, the Mortgage Loan does not conform to the requirements of the Act or the Seller's Guide. See "Mortgage Purchase Agreement" under this caption.

The Seller's Guide may be amended or supplemented by the Authority from time to time without notice to the owners of the Bonds.

Early Payoff Penalty

If a Mortgage Loan is refinanced within 180 days of purchase by the Authority, other than through one of the Authority's refinancing programs, regardless of whether the participating Mortgage Lender had any direct or indirect influence or involvement in promoting or soliciting such refinancing, then upon notice by the Authority the participating Mortgage Lender must reimburse the Authority for all lender premiums paid by the Authority to the participating Mortgage Lender in connection with the Mortgage Loan.

Servicing of the Mortgage Loans

Since 1997, the Authority has retained all mortgage servicing rights related to purchased single-family mortgage loans and has serviced such mortgage loans, including the Mortgage Loans, through an internal loan servicing department. Following a detailed review of its loan servicing function in 2012, the Authority determined that the Authority and its customers would benefit from the infrastructure, advanced technology and economies of scale offered by an external subservicer. As a result, in November 2012 the Authority entered into a Subservicing Agreement with Dovenmuehle Mortgage, Inc. ("DMI") pursuant to which DMI serves as subservicer for the Authority's single family mortgage loan portfolio (including the Mortgage Loans). The Mortgage Loans were transitioned to DMI in the first quarter of 2013. DMI is experienced at subservicing mortgage loan portfolios for housing finance agencies and other investors, with expertise in tax exempt bond finance structures and the unique mission perspective of housing finance agencies. The engagement of DMI has assisted the Authority in lowering its long-term costs and improving delinquency and default management. DMI was selected from a pool of six nationally recognized candidates. The Authority continues to retain mortgage servicing rights and actively oversees the activities of DMI through a core group of internal loan servicing employees.

Loss Mitigation

For Mortgagors in default, the Authority actively seeks alternatives to foreclosure. The Authority through its subservicer DMI follows the loss mitigation procedures of the relevant Mortgage Loan insurer, guarantor or investor. The Authority, through DMI, refers all Mortgagors in default to HUD-approved counseling agencies for assistance. From time to time, HUD evaluates loss mitigation efforts by loan servicers. HUD assigns a tier ranking of one to four, with one being the highest ranking. DMI's most recent ranking as a loan servicer is Tier 1. See APPENDIX D "INSURANCE AND GUARANTEE PROGRAMS; FORECLOSURE- FHA Insurance."

Hazard Insurance

Each Mortgagor must maintain a hazard insurance policy covering against loss caused by fire and hazards included within the terms of the policy.

In general, the standard form of fire and extended coverage policy covers physical damage to or destruction of a residence by fire, lightning, smoke, windstorm and hail, riot, strike and civil commotion, subject to the conditions and exclusions particularized in each policy. Although the policies relating to the Mortgage Loans may be underwritten by different insurers and therefore will not contain identical terms and conditions, the basic terms thereof are dictated by Colorado law. Most policies typically do not cover any "physical damage" resulting from the following: war, revolution, governmental actions, earthquake, floods (unless in an applicable zone where flood insurance is required) and other water-related causes, nuclear reactions, wet or dry rot, vermin, rodents, insects or domestic animals, theft and, in certain cases, vandalism. The foregoing list is merely indicative of certain kinds of uninsured risks and is not intended to be all-inclusive or address damage covered in specialty insurance policies.

Most hazard insurance policies typically contain a “coinsurance” clause which will require the Mortgagor at all times to carry insurance of a specified percentage (generally 80% to 90%) of the full replacement value of the improvements on the residence in order to recover the full amount of any partial loss. If the purchased coverage falls below the specified percentage, the insurer’s liability in the event of partial loss may be insufficient to restore fully the damage to the Eligible Property.

Special Program Features

Borrower Premium. In 2014, the Authority implemented a Borrower Premium option on some of its Programs which provides Borrowers an opportunity to finance all, or a portion, of their closing costs through an increased interest rate. The Borrower Premium option is accomplished in the form of a credit to the Borrower. Mortgage Lenders are reimbursed for the credit to the Borrower of 1 percent, 2 percent or, if applicable, 3 percent of the total First Mortgage Loan amount at the time the Authority purchases the loan. Such credit is for payment of Borrower settlement charges.

Zero Interest First Mortgage Loans. Proceeds of certain Bonds may in the future be used to acquire as Mortgage Loans certain loans referred to as “Zero Interest First Mortgage Loans.” Zero Interest First Mortgage Loans are loans which have been made by a non-profit organization to Borrowers in principal amounts equal to the cost of construction of the dwelling, with no interest. The Borrowers are expected to contribute a certain minimum number of required hours of “sweat equity” into the construction of the dwelling in lieu of a down payment. The annual repayment obligation of Zero Interest First Mortgage Loans is based on a certain percentage of the respective Borrower’s gross annual household income and the respective maturities of the Zero Interest First Mortgage Loans are derived as a result of the repayment terms. The Zero Interest First Mortgage Loans are not insured or guaranteed and do not need to meet any loan-to-value ratios. However, in the event of default, the non-profit organization is generally required to substitute the defaulted Zero Interest First Mortgage Loan with a comparable performing Zero Interest First Mortgage Loan or notify the Authority to commence the foreclosure process. If the non-profit organization is unable to find a comparable performing Zero Interest First Mortgage Loan, the Authority may, from time to time, agree to accept from the non-profit organization, the unpaid principal balance of the defaulted Zero Interest First Mortgage Loan. Zero Interest First Mortgage Loans are purchased by the Authority, and they may have cash assistance or a second mortgage loan from other entities. Terms of the Zero Interest First Mortgage Loans may be amended from time to time and the level of such Zero Interest First Mortgage Loans so acquired may be determined by the Authority, to the extent consistent with the then current Cash Flow Statement and Authority Certification required by the related Series Indenture to demonstrate that the Class I Asset Requirement, the Class II Asset Requirement and the Class III Asset Requirement for the particular Series of Bonds will be met after taking into account such terms and level. The Authority charges a small one-time, up-front administrative fee for each Zero Interest First Mortgage Loan.

HomeAccesssm Program. Proceeds of certain Bonds may in the future be used by the Authority to acquire Mortgage Loans originated under the Authority’s HomeAccess Program, which is intended to assist very low-income persons with disabilities or the parents of a child with a disability to achieve homeownership. These Borrowers may receive First Mortgage Loans at current market rates. A Mortgage Loan in the HomeAccess Program will be made only to a Borrower who makes a cash contribution of at least \$750, or \$500 with automatic checking account payments and who meets certain income limits that are generally lower than those established for Borrowers of other First Mortgage Loans. The Authority may provide certain Borrowers under the HomeAccess Program with a Second Mortgage Loan for down payment and closing cost assistance of up to \$25,000. The HomeAccess Second Mortgage Loans bear interest at an annual interest rate of 0%. While the related HomeAccess First Mortgage Loan remains outstanding, monthly payments on HomeAccess Second Mortgage Loans are deferred up to 360 months, otherwise, payment in full is due upon the occurrence of certain triggering events (e.g., payoff of the related HomeAccess First Mortgage Loan, either by voluntary prepayment, acceleration, or foreclosure). Terms of

the Mortgage Loans made under the HomeAccess Program may be amended from time to time and the level of such Mortgage Loans so acquired may be determined by the Authority, to the extent consistent with the then current Cash Flow Statement and Authority Certification required by the related Series Indenture to demonstrate that the Class I Asset Requirement, the Class II Asset Requirement and the Class III Asset Requirement for the particular Series of Bonds will be met after taking into account such terms and level.

CHFA SectionEightsm Homeownership and CHFA SectionEight Homeownership Plus Programs. Proceeds of certain Bonds may in the future be used by the Authority to acquire Mortgage Loans originated under the CHFA SectionEight Homeownership and CHFA SectionEight Homeownership Plus Programs. Under its SectionEight Homeownership Program, the Authority may make 30-year Mortgage Loans to first time homebuyers that meet certain income limit requirements for eligible property subject to certain other restrictions. Persons who receive Housing Assistance Payments from Public Housing Authorities (“PHA”) and who are approved to participate in a PHA’s homeownership programs may be eligible to participate in the CHFA SectionEight Homeownership and the CHFA SectionEight Homeownership Plus Programs. Under the CHFA SectionEight Homeownership Plus Program, the Authority may make Second Mortgage Loans or CHFA DPA Grants to eligible borrowers to finance a down payment and/or closing costs.

CHFA Advantagesm Program. Proceeds of certain Bonds may in the future be used by the Authority to acquire Mortgage Loans originated under the Authority’s CHFA Advantage Program. Under this Program, the Authority may make 30-year fixed interest rate Mortgage Loans to borrowers with a minimum median credit score of 680 and Borrowers with no credit scores are permitted, subject to program guidelines. Such Mortgage Loans originated under the CHFA Advantage Program will be conventional uninsured loans, with a maximum loan to value ratio of 97%. Such Mortgage Loans will not be originated under this Program in conjunction with a Second Mortgage Loan or CHFA DPA Grant.

CHFA Preferredsm and CHFA Preferred Plussm Programs. Proceeds of certain Bonds may in the future be used by the Authority to acquire Mortgage Loans originated under the Authority’s CHFA Preferred and CHFA Preferred Plus Programs. Under these Programs, the Authority may make 30-year fixed interest rate Mortgage Loans to Borrowers with a minimum median credit score of 620 and Borrowers with no credit scores are permitted, subject to program guidelines. Such Mortgage Loans originated under these CHFA Preferred Programs will be conventional insured loans, with a maximum loan to value ratio of 97% and maximum combined loan to value of 105%, as applicable. If the loan to value ratio is 80% or under, mortgage insurance is not required. Under the CHFA Preferred Plus Program, the Authority may make Second Mortgage Loans or CHFA DPA Grants to eligible borrowers to finance a down payment and/or closing costs.

On May 16, 2016, the Authority expanded its existing conventional loan programs, namely CHFA Advantage, CHFA Preferred, and CHFA Preferred Plus, to include Freddie Mac product options.

CHFA FirstStepsm and CHFA FirstStep Plussm Programs. CHFA introduced a new Qualified Single Family Mortgage Program via the CHFA FirstStepsm and CHFA FirstStep Plussm products in 2017. These products are available for purchase loans only. They are restricted to those borrowers who meet the First Time Homebuyer Requirement, to qualified veterans or to those borrowers purchasing homes in a targeted area. Borrowers must meet applicable gross annual household income limits and certain purchase price limits. At the time these products were launched, they were only available for FHA 203(b) mortgage loans; however, the Authority may at a later date expand the loan types that are eligible. The minimum decision credit score for all scored Borrowers is 620 and Borrowers with no credit scores are permitted, subject to program guidelines. CHFA Second Mortgage Loans are available for assistance with down payment, closing costs, and prepaids under the CHFA FirstStep Plussm products.

Second Mortgage Loans. The Authority may use amounts in the Acquisition Account to finance Second Mortgage Loans made in connection with the origination of First Mortgage Loans. Under most programs, Second Mortgage Loans have been and will be originated for up to five percent (5%) of the first mortgage loan amount, with a term of thirty (30) years.

CHFA made some changes to its Second Mortgage Loan program offerings over the last several years. For loan reservations made on or after August 18, 2014, the Authority replaced its interest bearing Second Mortgage Loans with its zero percent interest, non-amortizing Second Mortgage Loans for up to three percent of the original First Mortgage Loan amount. On February 2, 2015, CHFA offered, in place of most of its Second Mortgage Loans, the CHFA DPA Grant for use toward a Borrower's down payment, closing costs and/or prepaid expenses other than closing costs. On March 6, 2017, CHFA began offering a zero percent interest Second Mortgage Loan for up to five percent (5%) of the original First Mortgage Loan amount, thereby providing borrowers down payment assistance in the form of either a second mortgage loan or a grant for down payment assistance.

Generally, Second Mortgage Loans are due in full upon the sale of the property, the refinance of the related First Mortgage Loan, payment in full of the related First Mortgage Loan, default of the related First Mortgage Loan, transfer of title, or if the property is no longer the Borrower's principal residence. Terms may differ for Second Mortgage Loans made under the HomeAccessSM Program. See "Part II – THE SINGLE FAMILY MORTGAGE PROGRAM – Special Program Features – HomeAccessSM Program." The Second Mortgage Loan can be prepaid in full or in part at any time without penalty. The Second Mortgage Loan is not assumable.

The percentage and aggregate amounts available from Bond proceeds for acquisition of such Second Mortgage Loans from time to time must be at levels consistent with the then current Cash Flow Statements and Authority Certification required by the related Series Indenture to demonstrate that the Class I Asset Requirement, the Class II Asset Requirement and the Class III Asset Requirement for the particular Series of Bonds will be met after taking into account such levels for Second Mortgage Loans.

CHFA DPA Grants. CHFA DPA Grants are unsecured, non-repayable grants for use toward a borrower's down payment, closing costs and/or prepaid expenses. As noted above, for Mortgage Loans reserved on or after February 2, 2015, the Authority made available, under certain of its Single Family Mortgage Loan programs, a CHFA DPA Grant in an amount of up to three percent (3%) of the original First Mortgage Loan. As of March 6, 2017, the CHFA DPA Grant was increased to an amount of up to four percent (4%) of the original First Mortgage Loan amount. There is no separate application process for CHFA DPA Grants. To be eligible, the loan applicant need only be approved under one of CHFA's Single Family Mortgage Loan programs that offer CHFA DPA Grants.

Refinancing Programs. Proceeds of Bonds (or amounts exchanged therefor) provide funding for the Authority's mortgage purchase activities under the Single Family Mortgage Program. To the extent permitted by the Code, the Authority may use such proceeds and exchanged amounts to fund mortgage refinancing activities. Under the CHFA FHA Streamline Refinance Program, initiated in September 2012 by the Authority, the Authority may offer fixed interest rate 30-year Mortgage Loans to refinance Mortgage Loans currently in the Authority's single-family mortgage loan portfolios, without an appraisal, homebuyer education, any credit qualification or minimum financial investment. Mortgage Loans will not be originated under this Program in conjunction with a Second Mortgage Loan or CHFA DPA Grant. Under its CHFA Advantage and CHFA Preferred Programs, the Authority also offers fixed interest rate 30-year Mortgage Loans to refinance existing loans. Any such refinancing programs of the Authority may result in the prepayment of outstanding mortgage loans, including the Mortgage Loans, with a corresponding redemption at par of Bonds secured by such Mortgage Loans in accordance with the redemption provisions

of the related Series Indenture. See “Part II – CERTAIN BONDOWNERS’ RISKS – Considerations Regarding Redemption at Par.”

Community Land Trust Program. The Authority may use amounts in the Acquisition Account to acquire First Mortgage Loans with a first lien on residences built on leased ground in connection with a Community Land Trust. The remaining term of the ground leases may not be less than the term for repayment of the Bonds secured by the First Mortgage Loans. The Authority’s purchase of Community Land Trust loans is subject to applicable Single Family Mortgage Loan program guidelines.

Payment of Recapture Tax. The Authority has established a reimbursement program for its Borrowers who were required to pay and who paid a recapture tax pursuant to the Code (the “Recapture Tax”). The Code mandates, under certain circumstances, a “recapture” of some of the subsidy received by a Borrower through borrowing under a Qualified Single Family Mortgage Program or through a mortgage credit certificate. A payment of Recapture Tax may be required if (i) the financed property ceases to be the Borrower’s principal residence in the first full nine years of ownership; (ii) there is a profit on the sale of the home; and (iii) the Borrower’s household income increases significantly (generally more than five percent (5%) per year). Upon receipt of proof that a Borrower of the Authority who was subject to a Recapture Tax actually paid the Recapture Tax to the IRS, the Authority will reimburse the Borrower the amount paid upon satisfaction of certain conditions. The reimbursement will be paid from general funds of the Authority. The Authority has evaluated the risks associated with this reimbursement program and determined that the likelihood is relatively low that a Borrower will be required to pay a Recapture Tax and that the Authority will subsequently have to reimburse such Borrower.

APPENDIX A

SUMMARY OF CERTAIN PROVISIONS OF THE HOMEOWNERSHIP INDENTURE

The following are certain definitions contained in the Homeownership Indenture and summaries or extracts of certain provisions contained in the Homeownership Indenture, and are not to be considered as a full statement thereof. Reference is made to the Homeownership Indenture for full details of all of the terms of the Bonds, the security provisions with respect thereto and the other terms thereof. Copies of the Homeownership Indenture are available from the Underwriters or the Authority.

Definitions

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

“*Accreted Value*” means, with respect to each Compound Interest Bond as of any date of calculation, an amount equal to the sum of (i) the principal amount of such Bond, plus (ii) any interest that has been compounded, i.e., any interest amount that is itself then bearing interest, all determined as of such date.

“*Acquisition Account*” means the Account so designated, which is created and established in the Program Fund by the Master Indenture.

“*Act*” means the Colorado Housing and Finance Authority Act, being Part 7, Article 4, Title 29 of Colorado Revised Statutes.

“*Adjustable Rate Bonds*” means Bonds the interest rate on which is not fixed to maturity. Adjustable Rate Bonds may be designated as Class I, Class II or Class III Bonds as provided in the Related Series Indenture.

“*Aggregate Principal Amount*” means, as of any date of calculation, the principal amount or Accreted Value of the Bonds referred to.

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

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

“*Authority Derivative Payment*” means a payment (including a termination payment, if so provided in the Derivative Product) required to be made by or on behalf of the Authority due to a Reciprocal Payor pursuant to a Derivative Product.

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

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

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

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

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

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

“*Bond Purchase Fund*” means the Fund so designated, which is created and established by a Series Indenture.

“*Bond Registrar*” means the bank, trust company or national banking association, appointed as Bond Registrar under the Master Indenture, and having the duties, responsibilities and rights provided for in the Indenture and its successor or successors, and any other person at any time substituted in its place as Bond Registrar pursuant to the Indenture.

“*Borrower*” means the maker of, and any other party obligated on, a Mortgage Loan in connection with the acquisition or rehabilitation of Residential Housing (or in connection with the refinance of a qualified subprime loan to the extent permitted by Section 143(k)(12) of the Code), who is a person or family of “low or moderate income” qualifying as such under the Act and the Rules and Regulations and, as applicable, in accordance with the Code.

“*Business Day*” means, except as set forth in a Series Indenture, any day (a) on which banks in the cities in which the respective principal offices of the Paying Agent, the Bond Registrar, the Trustee and any Related Credit Facility Provider, Liquidity Facility Provider and Reciprocal Payor are located are not required or authorized by law to be closed and (b) on which the New York Stock Exchange is open. For purposes of this definition, the principal office of a Liquidity Facility Provider shall be the office to which demands for payment are delivered.

“*Cash Flow Statement*” means, with respect to any particular Bonds, a certificate prepared by or on behalf of the Authority setting forth, for the period extending from the date of such certificate to the latest maturity of the Bonds then outstanding, (i) all Revenues expected to be received during such period; (ii) the application of all such Revenues in accordance with this Master Indenture and applicable Series Indentures; (iii) the resulting balances on each Bond Payment Date and Derivative Payment Date, if any; and establishing under all scenarios included in the Cash Flows, that anticipated Revenues will be at least sufficient to pay the principal of and interest on the Obligations when due and all Program Expenses payable under the Indenture when due. Each Cash Flow Statement shall be accompanied by all supporting Cash Flows. Reference to a Cash Flow Statement with respect to a Series shall be taken to mean a Cash Flow

Statement with respect to such Series and any other Series to which it has been linked for Cash Flow Statement purposes.

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

“*Class I Asset Requirement*” with respect to a Series of Bonds, shall have the meaning (if any) set forth in the Related Series Indenture.

“*Class I Bonds*” means the Colorado Housing and Finance Authority Single Family Program Class I Bonds authorized by, and at any time Outstanding pursuant to, the Indenture.

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

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

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

“*Class I Special Redemption Account*” means the Account so designated, which is created and established in the Redemption Fund by the Master Indenture.

“*Class II Asset Requirement,*” with respect to a Series of Bonds, shall have the meaning set forth in the Related Series Indenture.

“*Class II Bonds*” means the Colorado Housing and Finance Authority Single Family Program Class II Bonds authorized by, and at any time Outstanding pursuant to, the Indenture.

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

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

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

“*Class II Special Redemption Account*” means the Account so designated, which is created and established in the Special Redemption Fund by the Master Indenture.

“*Class III Asset Requirement,*” with respect to a Series of Bonds, shall have the meaning set forth in the Related Series Indenture.

“*Class III Bonds*” means the Colorado Housing and Finance Authority Single Family Program Class III Bonds authorized by, and at any time Outstanding pursuant to, the Indenture.

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

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

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

“*Class III Special Redemption Account*” means the Account so designated, which is created and established in the Special Redemption Fund by the Master Indenture.

“*Code*” means the Internal Revenue Code of 1986, as amended, with respect to a Series to the date of initial issuance of such Series, and the regulations of the United States Treasury Department promulgated thereunder.

“*Compound Interest Bonds*” means any Bond of a Series, tenor and maturity so designated in the Related Series Indenture for which certain determinations under the Indenture are made on the basis of Accreted Value rather than principal amount.

“*Confirmation*” means a letter of each Rating Agency then rating a Series confirming that, without regard to any Credit Enhancement Facility, the action proposed to be taken by the Authority will not, in and of itself, result in a lowering, suspension or withdrawal of the ratings then applicable to any Bonds.

“*Conventional Mortgage Loan*” means a Mortgage Loan, other than an FHA Insured Mortgage Loan, a VA Mortgage Loan or other Mortgage Loan insured or guaranteed by a Governmental Insurer, which meets the requirements of Fannie Mae or Freddie Mac, as applicable.

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

“*Costs of Issuance*” means the items of expense payable or reimbursable directly or indirectly by the Authority and other costs incurred by the Authority, all related to the authorization, sale and issuance of Bonds, and Derivative Products or otherwise pursuant to the Indenture, which costs and items of expense shall include, but not be limited to, underwriters’ compensation, initial fees and expenses due to any Credit Facility Provider or Liquidity Facility Provider, printing costs, costs of developing, reproducing, storing and safekeeping documents and other information processing or storage of materials, equipment and software related to the Bonds, filing and recording fees, travel expenses incurred by the Authority in relation to such issuance of Bonds or for the Program, initial fees, charges and expenses (including counsel’s fees and expenses) of the Authority, the Trustee, the Bond Registrar and the Paying Agent, initial premiums with respect to insurance required by the Indenture to be paid by the Authority or by the Trustee, legal fees and charges (including, without limitation, the fees and expenses of Bond Counsel, the Authority’s disclosure counsel, counsel to the underwriter and counsel to the Authority), professional consultants’ fees, accountants’ fees, mortgagor counseling fees, costs of bond ratings, fees and charges for execution, transportation and safekeeping of the Bonds, accrued interest paid in connection with the purchase of any

Investment Securities with the proceeds of Bonds and any other costs, charges and fees in connection with the foregoing.

“*Counsel’s Opinion*” means an opinion signed by an attorney or firm of attorneys (who may be counsel to the Authority or an attorney or firm of attorneys retained by the Authority in other connections) licensed to practice in the state in which such attorney or firm of attorneys maintains an office, selected from time to time by the Authority.

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

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

“*Debt Service Payment*” means, when used with respect to any Bond Payment Date, the sum of the (a) interest, if any, and (b) Principal Installments, if any, due and payable on such date with respect to the Bonds referred to.

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

“*Debt Service Reserve Fund Requirement*,” with respect to each Series of Bonds, shall have the meaning set forth in the Related Series Indenture.

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

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

“*Derivative Payment Date*” means, with respect to a Derivative Product, any date specified in the Derivative Product on which both or either of the Authority Derivative Payment and/or a Reciprocal Payment is due and payable under the Derivative Product.

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

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

or more scheduled and specified Derivative Payment Dates in the amounts set forth in the Derivative Product;

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

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

"Eligible Borrower" means a person or a family qualifying as a mortgagor for a Mortgage Loan under determinations made by the Authority in accordance with the Act.

"Escrow Payment" means all payments made by or on behalf of the obligor of a Mortgage Loan in order to obtain or maintain mortgage insurance or guaranty coverage of, and fire and other hazard insurance with respect to, a Mortgage Loan, and any payments required to be made with respect to such Mortgage Loan for taxes, other governmental charges and other similar charges required to be escrowed under the Mortgage.

"Event of Default" means any of those events defined as Events of Default under "Events of Default" in this Appendix A.

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

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

"Fannie Mae" means Fannie Mae, a corporation organized and existing under the Federal National Mortgage Association Charter Act, 12 U.S.C., Section 1716 et seq., and its successors and assigns.

"Fannie Mae Certificate" means a single pool, guaranteed mortgage pass-through certificate, bearing interest at the Pass-Through Rate, issued by Fannie Mae, guaranteed as to timely payment of interest and principal by Fannie Mae and backed by Conventional Mortgage Loans, which will mature not later than the date set forth in the applicable Series Indenture.

"Fannie Mae Certificate Purchase Price" means the percentage of the principal balance of the applicable pool of Mortgage Loans on record at Fannie Mae on the first day of the month of purchase as set forth in the applicable Series Indenture.

"FHA" means the Federal Housing Administration and any agency or instrumentality of the United States of America succeeding to the mortgage insurance functions thereof.

"FHA Insured Mortgage Loan" means a Mortgage Loan insured by FHA.

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

"Fiduciary Expenses" means the fees and expenses of Fiduciaries, including fees and expenses of Fiduciaries' counsel, but not including Servicing Fees payable to such Persons.

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

“*Freddie Mac*” means the Federal Home Loan Mortgage Corporation or any successor thereto.

“*Freddie Mac Certificate*” means a mortgage participation certificate issued by Freddie Mac and representing an undivided interest in a pool of Conventional Mortgage Loans identified by a particular alphanumeric number and CUSIP number, guaranteed as to timely payment of principal and interest by Freddie Mac and bearing interest at the Pass-Through Rate, which will mature not later than the date set forth in the applicable Series Indenture.

“*Freddie Mac Certificate Purchase Price*” means the percentage of the principal balance of the applicable pool of Mortgage Loans on record at Freddie Mac on the first day of the month of purchase as set forth in the applicable Series Indenture.

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

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

“*General Obligation Bond Default*” means the event specified in the Master Indenture.

“*Ginnie Mae*” means the Government National Mortgage Association, a wholly owned corporate instrumentality of the United States within the Department of Housing and Urban Development, or any successor to its functions.

“*Ginnie Mae Certificate*” means a fully modified, mortgage backed security (which may be issued under either the GNMA I Program or the GNMA II Program) bearing interest at the Pass-Through Rate, issued by the Authority, registered in the name of the Trustee and guaranteed as to timely payment of principal and interest by Ginnie Mae pursuant to Section 306(g) of Title III of the National Housing Act of 1934 and the regulations promulgated thereunder backed by FHA Insured Mortgage Loans, VA Guaranteed Mortgage Loans or other Mortgage Loans insured or guaranteed by an eligible Governmental Insurer, which will mature not later than the date set forth in the applicable Series Indenture.

“*Ginnie Mae Certificate Purchase Price*” means the percentage of the principal balance of the applicable pool of Mortgage Loans on record at Ginnie Mae on the first day of the month of purchase, as set forth in the applicable Series Indenture.

“*Governmental Insurer*” means FHA, VA, the U.S. Department of Housing and Urban Development, the Rural Housing Service (formerly, the Rural Housing and Community Development Service, the successor to the Farmers Home Administration), and any other governmental agency which insures or guarantees mortgage loans that can be backed by a Ginnie Mae Certificate.

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

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

“*Interest Reserve Account*” means the Account so designated, which is created and established within the Debt Service Reserve Fund by the Master Indenture.

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

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

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

“*Investment Securities*” means and includes any of the following securities, if and to the extent the same are at the time legal for investment of the Authority’s funds:

(a) Direct, general obligations, or obligations the timely payment of principal and interest of which are unconditionally guaranteed by, the United States of America;

(b) Obligations, debentures, notes, collateralized mortgage obligations, mortgage backed securities or other evidence of indebtedness issued or guaranteed by any of the following: Federal Farm Credit Banks; Federal Home Loan Bank System; Export-Import Bank of the United States; Federal Land Banks; Fannie Mae (excluding “interest only” mortgage strip securities, and excluding other mortgage strip securities which are valued greater than par); Farmers Home Administration; Freddie Mac (including participation certificates only if they guarantee timely payment of principal and interest); Ginnie Mae (excluding “interest only” mortgage strip securities, and excluding other mortgage strip securities which are valued greater than par); Federal Financing Bank; or Federal Housing Administration; or any other agency or instrumentality of the United States of America (created by an Act of Congress) substantially similar to the foregoing in its legal relationship to the United States of America;

(c) Repurchase agreements, collateralized by Investment Securities described in clause (a) or clause (b) of this definition, with any institution, any registered broker/dealer subject to the Securities Investors’ Protection Corporation jurisdiction or any commercial bank rated by each Rating Agency rating the Class I Bonds sufficiently high to maintain the then current rating on such Bonds by such Rating Agency, and collateralized in such manner to meet all requirements for collateralized repurchase agreements of each Rating Agency rating the Class I Bonds in order to maintain the then current rating on such Bonds by such Rating Agency;

(d) General obligations or revenue obligations (including bonds, notes or participation certificates) of, or “private activity bonds” (within the meaning of the Code) issued by any state of the United States of America or any political subdivision thereof, or any agency or instrumentality of any state of the United States of America or any political subdivision thereof, which obligations are rated by each Rating Agency then rating the Bonds sufficiently high to maintain the then current rating on such Bonds by such Rating Agency, or any money market or short term investment fund investing substantially in or consisting substantially of and secured by obligations described above in this item (d), which fund is rated by each Rating Agency then rating the Bonds sufficiently high to maintain the then current rating on such Bonds by such Rating Agency and which fund, if the

income from such investment is intended to be excluded from gross income for federal income tax purposes, is included in the definition of “tax-exempt bond” set forth in Treasury Regulation § 1.150-1(b);

(e) Any Investment Agreement:

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

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

(h) Shares in the statutory law trust known as the Colorado Local Government Liquid Asset Trust (COLOTRUST), created pursuant to Part 7 of Article 75 of Title 24, Colorado Revised Statutes; and

(i) Units of a money market fund or a money market mutual fund which has a rating from each Rating Agency then rating the Bonds sufficiently high to maintain the then current rating on such Bonds by such Rating Agency;

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

“*Liquidity Facility*” means a letter of credit, standby bond purchase agreement, security bond, reimbursement agreement or other agreement between the Authority and a Liquidity Facility Provider with respect to specified Bonds issued under the Master Indenture.

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

“*Loan Recycling Account*” means the Account so designated which is created and established in the Program Fund by the Master Indenture.

“*MBS*” means, collectively, the Ginnie Mae Certificates, the Fannie Mae Certificates and the Freddie Mac Certificates.

“*Mortgage*” means a mortgage, deed of trust or other instrument creating a lien on real property within the State and improvements constructed or to be constructed thereon or on a leasehold under a lease of such real property having a remaining term, at the time such instrument is acquired by the Authority, of not less than the term for repayment of the Mortgage Loan secured by such instrument.

“*Mortgage Lender*” means a “lender” as defined in the Act and which has been approved by the Authority pursuant to the Rules and Regulations.

“*Mortgage Loan*” means a permanent loan secured by a Mortgage for the purchase or rehabilitation of Residential Housing (or for the refinance of a qualified subprime loan to the extent permitted by Section 143(k)(12) of the Code) made to a Borrower either by the Authority or by an originating Mortgage Lender which is purchased by the Authority pursuant to a Mortgage Purchase Agreement and which loan satisfies the requirements of the Master Indenture.

“*Mortgage Purchase Agreement*” means a written agreement between a Mortgage Lender and the Authority providing for the purchase of a Mortgage Loan by the Authority, including any related invitations to Lenders and commitment agreements, and any documents incorporated by reference therein.

“*Mortgage Repayments*” means, with respect to any Mortgage Loan or the related MBS, the amounts received by or for the account of the Authority as scheduled payments of principal of and interest (if any) on such Mortgage Loan or related MBS by or on behalf of the Borrower to or for the account of the Authority and does not include Prepayments, Servicing Fees or Escrow Payments.

“*Mortgage Revenues*” means all Revenues other than Investment Revenues and Revenues received with respect to a Derivative Product.

“*Obligations*” means, collectively, the Class I Obligations, the Class II Obligations and the Class III Obligations.

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

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

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

“*Participant*” means a broker-dealer, bank or other financial institution from time to time for which the Securities Depository effects book-entry transfers and pledges of securities deposited with the Securities Depository.

“*Pass-Through Rate*” means the rate of interest on an MBS equal to the rate set forth in the applicable Series Indenture.

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

“*Person*” means an individual, partnership, corporation, trust or unincorporated organization or a government or any agency, instrumentality, program, account, fund, political subdivision or corporation thereof.

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

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

“*Program*” means the Authority’s Single Family Program pursuant to which the Authority has determined to finance Mortgage Loans in accordance with the Act, the Rules and Regulations and the Indenture.

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

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

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

“*Rating Agency*” means, at any particular time, any nationally recognized credit rating service designated by the Authority, to the extent any such credit rating service has been requested in writing by the Authority (which request has not been withdrawn in writing by the Authority) to issue a rating on any of the Bonds and such credit rating service has issued and continues to apply a rating on such Bonds at the time in question. The Authority shall at all times have designated at least one such service as a Rating Agency under the Indenture.

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

“*Rebate Requirement*” means the amount of arbitrage profits earned from the investment of gross proceeds of Tax-exempt Bonds in nonpurpose investments described in Section 148(f)(2) of the Code and defined as “Rebate Amount” in Section 1.148-3 of the Treasury Regulations, which is payable to the United States at the times and in the amounts specified in such provisions.

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

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

“*Record Date*,” means, except as otherwise provided in a Series Indenture, with respect to each Bond Payment Date, with respect to Bonds which are not Adjustable Rate Bonds, the Bond Registrar’s close of business on the fifteenth day of the month immediately preceding such Bond Payment Date or, if such date is not a Business Day, the next preceding day which is a Business Day and with respect to Adjustable Rate Bonds, the Bond Registrar’s close of business on the Business Day immediately preceding such Bond Payment Date; and, in the case of each redemption, such Record Date shall be specified by the Bond Registrar in the notice of redemption, provided that such Record Date shall not be less than fifteen calendar days before the transmission of such notice of redemption.

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

“*Redemption Price*” means, when used with respect to a Bond or portion thereof to be redeemed, the principal amount or Accreted Value of such Bond or such portion thereof plus the applicable premium, if any, payable upon redemption thereof as determined by the Series Indenture authorizing the Series of Bonds.

“*Related*” (whether capitalized or not) means, with respect to any particular Bond, Class, Series, Series Indenture, Supplemental Indenture, Cash Flow Statement, Fund, Account, Mortgage Loan (or portion thereof), MBS (or portion thereof), moneys, Investment Securities, Mortgage Repayment or

Prepayment, having been created in connection with the issuance of, or having been derived from the proceeds of, or having been reallocated to, or concerning, the same Series, as the case may be.

“*Residential Housing*” or “*Residence*” means a single-family, owner-occupied dwelling located within the State that qualifies for financing by the Authority within the meaning of the Act, the Rules and Regulations and, as applicable, the Code and related regulations.

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

“*Revenues*” means (a) all Mortgage Repayments, Prepayments and, except insofar as such payments may constitute Servicing Fees, any penalty payments on account of overdue Mortgage Repayments, (b) Investment Revenues, (c) revenues received with respect to a Derivative Product and (d) all other payments and receipts received by the Authority with respect to Mortgage Loans and MBS, but shall not include (i) Escrow Payments, (ii) Servicing Fees, unless such fees are specifically pledged to the Trustee, (iii) any commitment, reservation, extension, or application fees charged by the Authority in connection with a Mortgage Loan or Mortgage Purchase Agreement, (iv) any commitment, reservation, extension or application fees charged by a Mortgage Lender in connection with a Mortgage Loan or (v) accrued interest received in connection with the purchase of any Investment Securities.

“*Rules and Regulations*” means the Authority’s Single Family Program Rules and Regulations adopted by the Authority pursuant to the Act, as the same may be amended and supplemented from time to time.

“*Second Mortgage*” means a Mortgage constituting a second lien on real property.

“*Second Mortgage Loan*” means a Mortgage Loan secured by a Second Mortgage.

“*Securities Depository*” means The Depository Trust Company, New York, New York, and its successors and assigns, or any additional or other securities depository designated in a Series Indenture, or (i) if the then Securities Depository resigns from its functions as depository of the Bonds, or (ii) if the Authority discontinues use of the Securities Depository pursuant to the Master Indenture, then any other securities depository which agrees to follow the procedures required to be followed by a securities depository in connection with the Bonds and which is selected by the Authority with the consent of the Trustee.

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

“*Series Indenture*” means a Supplemental Indenture authorizing a Series of Bonds and delivered pursuant to the Master Indenture.

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

“*Servicing Agreement*” means a written agreement between the Authority and a Servicer (other than the Authority) providing for the servicing of Mortgage Loans.

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

“*Short Term Bond Account*” means the Account so designated, which is created and established in the Program Fund in the Master Indenture.

“*Short Term Bonds*” means bonds or notes of the Authority either scheduled to mature in their entirety or be subject to mandatory tender within three years of the date of issuance thereof, the proceeds of which are not immediately available for the purchase of Mortgage Loans or MBS.

“*State*” means the State of Colorado.

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

“*Targeted Area*” means a “targeted area” within the meaning of Section 143 of the Code.

“*Targeted Area Residence*” means a “targeted area residence” within the meaning of Section 143 of the Code.

“*Tax-exempt Bonds*” means Bonds the interest on which is intended to be excluded from gross income of the owner thereof for federal income tax purposes.

“*Trust Estate*” means the property, rights, moneys, securities and other amounts pledged and assigned to the Trustee pursuant to the Granting Clauses of the Master Indenture.

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

“*Unrelated*” (whether capitalized or not) means not “Related,” within the meaning of that term as defined above.

“*VA*” means the Veterans Administration, an agency of the United States, or any successors to its functions.

“*VA Mortgage Loan*” means a Mortgage Loan guaranteed by VA.

Indenture Constitutes a Contract

In consideration of the purchase and acceptance of any and all of the Bonds and any Derivative Products authorized to be issued under the Indenture by those who shall own the same from time to time: the Indenture shall be deemed to be and shall constitute a contract among the Authority, the Trustee, the Bond Registrar, the Paying Agent, and the Owners from time to time of the Obligations; the pledge of certain Funds, Accounts, Revenues and other moneys, rights and interests made in the Indenture and the covenants and agreements set forth in the Indenture to be performed by and on behalf of the Authority shall

be for the equal and ratable benefit, protection and security of the Owners of any and all of the Obligations, all of which regardless of the time or times of their issue or maturity shall be of equal rank without preference, priority or distinction of any of such Obligations over any other thereof, subject to the provisions respecting the priority of certain Classes of Obligations over other Classes of Obligations as set forth in the Master Indenture, and except as expressly provided in or permitted by the Master Indenture and any Series Indenture. Unless otherwise specified in a Series Indenture (in which the Authority may designate one or more Classes of Related Bonds as General Obligation Bonds) the Bonds shall be special limited obligations of the Authority payable solely from the moneys, rights and interest pledged therefor in the Master Indenture. Except as provided in the Master Indenture and in Related Series Indentures with respect to General Obligation Bonds, the Authority shall not be required to advance for such purpose of the Indenture any moneys derived from any source other than the Revenues and other assets pledged under the Indenture. Nevertheless, the Authority may, but shall not be required to, advance for any purpose any moneys of the Authority which may be available for such purpose. Neither the Class I Obligations, the Class II Obligations nor the Class III Obligations shall be in any way a debt or liability or obligation of the State or of any political subdivision thereof (other than the Authority) nor constitute or give rise to a pecuniary liability of the State or of any such political subdivision (other than the Authority with respect to General Obligation Bonds) or be or constitute a pledge of the faith and credit of the State or of any such political subdivision.

Pledge Effected by Indenture

For the payment of the principal or Redemption Price of and interest on the Bonds and the payment of Authority Derivative Payments due and payable on any Derivative Product in accordance with their terms and the provisions of the Indenture the Authority has pledged to the Trustee, and the Owners are hereby granted an express lien on, the Trust Estate. The pledge and lien of the Indenture is created and established in the following order of priority: first, to secure the payment of the principal of and interest on the Class I Obligations in accordance with the terms and the provisions of the Indenture, second, to secure the payment of the principal of and interest on the Class II Obligations in accordance with the terms and the provisions of the Indenture, and third, to secure the payment of the principal of and interest on the Class III Obligations in accordance with the terms and the provisions of the Indenture; provided, however, that moneys and investments held in an Authority Payment Account are pledged solely for the payment of Principal Installments, Redemption Price of, interest on and other amounts payable with respect to General Obligation Bonds of the Related Series and Class with respect to which such account was created and are not pledged to pay principal, Redemption Price of, interest on and other amounts payable with respect to any other Bonds and, provided, further, that moneys and securities held in a subaccount of the Short Term Bond Account may be pledged by the Related Series Indenture solely, or as a first priority, for the payment of the Related Series of Bonds or any portion thereof as set forth in such Series Indenture.

Authorization of Bonds

Upon satisfaction of the conditions contained in the Indenture, Bonds may be issued under the Indenture, without limitation as to amount except as may be provided in the Indenture or by law, from time to time, in one or more Series pursuant to a Series Indenture or Indentures.

Funds and Accounts Established by the Indenture

The following Funds and Accounts are created and established as special trust funds by the Indenture (a) the Program Fund, consisting of (i) the Acquisition Account; (ii) the Short Term Bond Account; (iii) the Cost of Issuance Account; and (iv) the Loan Recycling Account; (b) the Revenue Fund; (c) the Debt Service Reserve Fund, which shall include the Interest Reserve Account; (d) the Class I Debt Service Fund which may include an Authority Payment Account; (e) the Class II Debt Service Fund which

may include an Authority Payment Account; (f) the Class III Debt Service Fund which may include an Authority Payment Account; (g) the Redemption Fund, consisting of (i) the Class I Special Redemption Account; (ii) the Class II Special Redemption Account; and (iii) the Class III Special Redemption Account; (h) the Rebate Fund; and (i) the Excess Earnings Fund.

Subaccounts may be created in all Funds and Accounts described in the Indenture for each Series of Bonds. Except as otherwise provided in the Master Indenture or in a Series Indenture, bond proceeds and other moneys relating to a Series of Bonds shall be deposited in the Related subaccounts created with respect to such Series of Bonds.

Subject to the provisions of any Series Indenture, the Authority may reallocate moneys, investments, Mortgage Loans and MBS (or portions thereof or interests therein) among Series under any of the following circumstances (a) if and to the extent required by the Indenture; (b) if and to the extent necessary to enable the Authority to deliver a Cash Flow Statement with respect to one or more Series; (c) in connection with an Authority Request filed pursuant to the Indenture; and (d) if and to the extent that the aggregate amount of moneys, investments, Mortgage Loans and MBS allocated to any particular Series exceeds the aggregate amount of Outstanding Bonds of such Series.

If the Authority determines to make such a reallocation of moneys, investments, Mortgage Loans and MBS among Series, the Authority shall deliver to the Trustee an Authority Request specifying such reallocations. Upon receipt of such request, the Trustee shall transfer moneys, investments, Mortgage Loans and/or MBS (or portions thereof or interests therein) among subaccounts Related to each Series as requested. Mortgage Loans and MBS (or portions thereof or interests therein) reallocated among Series are not required to meet the requirements of the Series Indenture Related to the Series to which such Mortgage Loans and MBS (or portions thereof or interests therein) are being reallocated, if such Mortgage Loans (or Mortgage Loans Related to such MBS) at the time of their original acquisition or origination by the Authority met the requirements of the Master Indenture and the applicable requirements of the Series Indenture Related to such Mortgage Loans and MBS at the time of their purchase.

Acquisition of Mortgage Loans

No Mortgage Loan shall be made or purchased by the Authority, and no MBS shall be acquired by the Authority with respect to a Mortgage Loan, unless (i) the Mortgage Loan complies with, and is in fulfillment of the purposes of, the Act including the requirement that such Mortgage Loan has been made to an Eligible Borrower, and (ii) except to the extent, if any, that a variance is required as a condition to the insurance or guaranty of such Mortgage Loan, such Mortgage Loan complies with the following conditions:

(a) The Mortgage shall be executed and recorded in accordance with the requirements of existing laws.

(b) The Mortgage (except for any Second Mortgage) is the subject of a title insurance policy in an amount at least equal to the outstanding principal amount of the Mortgage Loan, insuring that the Mortgage constitutes a valid lien, subject only to liens for taxes and assessments and Permitted Liens and Encumbrances on the real property with respect to which the Mortgage Loan is secured ; provided, however, that the Authority may finance a Mortgage Loan prior to the issuance of such title insurance policy so long as there shall have been issued by the title insurance company a commitment therefor in customary form. As used in the Master Indenture, "Permitted Liens and Encumbrances" means liens, encumbrances, reservations, easements and other imperfections of title normally acceptable to any governmental or private insurer insuring or guaranteeing such Mortgage Loan and to prudent mortgage lenders, or which, in the judgment of

the Authority, shall not materially impair the use or value of the premises or as to which appropriate steps, in the judgment of the Authority, have been taken to secure the interest of the Authority.

(c) The Mortgage Loan is subject to such mortgage insurance or guaranty as may be required by the Related Series Indenture; provided, however, that (i) the Authority may finance a Mortgage Loan prior to actual issuance of the policy of mortgage insurance or guaranty so long as: (1) there shall have been issued by the mortgage insurer a commitment in customary form to issue mortgage insurance with respect to such Mortgage Loan to the extent referred to above; and (2) the Mortgage Loan satisfies all other requirements under this caption; and (ii) no Mortgage Loan subject to any particular type of mortgage insurance (such as private mortgage insurance or a United States Department of Veterans Affairs (“VA”) guaranty) shall be purchased by the Authority if such purchase would result in the aggregate amount of Mortgage Loans subject to such particular type of mortgage insurance exceeding any applicable limitation set forth in the Related Series Indenture.

(d) Either (i) the Mortgage Loan requires escrow payments with respect to all taxes, assessments, prior liens, insurance premiums and other charges, to the extent actually charged or assessed, and in case of default in the payment thereof when the same shall be due and payable, it shall be lawful for the Authority to pay the same or any of them (in which event the moneys paid by the Authority in discharge of taxes, assessments, prior liens, insurance premiums and other charges and prior liens shall be added to the amount of the Mortgage Loan and secured by the Mortgage payable on demand with interest (if applicable) at the rate applicable under the Mortgage Loan from and after maturity, from time of payment of the same); or (ii) reasonable alternative arrangements for the payment of such taxes, assessments, prior liens, insurance premiums and other charges are made which are satisfactory to the Authority.

(e) The Residential Housing (and other buildings on the premises) with respect to which the Mortgage Loan is made is insured, as and to the extent required by the Authority to protect its interest and with the Authority designated as the loss payee as its interest may appear, against loss or damage by (i) fire, lightning and other hazards, with a uniform standard extended coverage endorsement; and (ii) flooding, if the Residential Housing is located in an area designated by or on behalf of the Government as having specific flood hazards; and the Borrower is obligated to reimburse the Mortgage Lender or the Authority for any premiums paid for insurance made by or on behalf of the Mortgage Lender or the Authority on the Borrower’s default in so insuring.

(f) If Mortgage Loans are acquired by the Authority and held temporarily in its general fund prior to transfer to the Trust Estate, such Mortgage Loans may be transferred to the Trust Estate if such loans satisfied the Indenture and Program requirements as of the date of purchase into the Authority’s general fund.

(g) The Mortgage Loan is secured by a Mortgage, the terms of which, in light of the applicable law in effect at the time such Mortgage is executed, are reasonably designed to assure the ability of the Authority to satisfy applicable requirements, if any, under Section 143 of the Code as in effect or as otherwise applicable with respect to such Mortgage Loan.

Unexpended Moneys

Any moneys deposited in the Acquisition Account that the Authority certifies from time to time will not be used to purchase Mortgage Loans or MBS in accordance with the Master Indenture and the Related Series Indenture shall be withdrawn by the Trustee on the date specified in the Related Series Indenture or such other date or dates on or after such date as may be specified by the Authority, and

transferred to the Related subaccount of the Redemption Fund for application in accordance with the Related Series Indenture; provided, however, that such transfer or transfers may be made on a later date as to all or any part of such moneys, if the Authority shall have filed with the Trustee an Authority Request specifying a later date or dates for such withdrawal, and certifying that such Authority Request is consistent with the most recently filed Cash Flow Statement and the Related Series Indenture.

Cost of Issuance Account

Upon the issuance, sale and delivery of Bonds, the Trustee shall deposit in the Related subaccount of the Cost of Issuance Account such moneys, if any, as shall be specified in the Related Series Indenture. Moneys in such Account shall be used to pay Costs of Issuance and for no other purpose. Any excess remaining upon payment of all Related Costs of Issuance shall be transferred by the Trustee to the Authority or to the Related subaccount in the Acquisition Account.

Revenue Fund

The Authority shall pay all Revenues or cause all Revenues to be paid to the Trustee at least once each month. Except as otherwise provided in the Indenture or in a Series Indenture, all Revenues Related to each Series of Bonds shall be deposited by the Trustee in the Related subaccount of the Revenue Fund amounts transferred thereto from the Related subaccount of the Loan Recycling Account, from the Related subaccount of the Class I Debt Service Fund, from the Related subaccount of the Debt Service Reserve Fund, from the Related subaccount of the Class I Special Redemption Account, from the Related subaccount of the Class II Special Redemption Account, from the Related subaccount of the Class III Special Redemption Account, from the Related subaccount of Class II Debt Service Fund, from the Related subaccount of the Class III Debt Service Fund, from the Related subaccount of the Rebate Fund, and from the Related subaccount of the Excess Earnings Fund, each such transfer being pursuant to the Master Indenture. There may also be deposited in the Revenue Fund, at the option of the Authority, any other moneys of the Authority, unless required to be otherwise applied as provided by the Indenture.

Promptly upon receipt of interest on a Mortgage Loan with respect to which moneys were withdrawn from the Acquisition Account to pay for interest accrued on such Mortgage Loan at the time of purchase from a Mortgage Lender, the Trustee shall withdraw from the Related subaccount of the Revenue Fund and transfer to the Related subaccount of the Acquisition Account an amount equal to such accrued interest paid. Alternatively, accrued interest on Mortgage Loans at the time of purchase may be paid from the Related subaccount of the Revenue Fund as the Authority shall direct in an Authority Request.

The Trustee shall pay or transfer from the Related subaccount of the Revenue Fund (i) directly to the Fiduciaries, all Fiduciary Expenses, when and as payable and (ii) to the Authority or to its order reasonable and necessary Program Expenses, respectively, only to the extent, if any, provided in the following paragraphs.

On the last Business Day prior to each Bond Payment Date or Derivative Payment Date or more frequently if required by a Series Indenture, or on the other dates specifically provided below, the Trustee shall withdraw from each subaccount of the Revenue Fund and deposit into the Related subaccounts of the following Funds or Accounts and shall pay to the following parties the following amounts, in the following order of priority, the requirements of each such Fund, Account or party (including the making up of any deficiencies in any such Fund or Account resulting from lack of Revenues sufficient to make any earlier required deposit) at the time of deposit to be satisfied, and the results of such satisfaction being taken into account, before any payment or transfer is made subsequent in priority:

(a) On each August 1, into the Related accounts of the Rebate Fund, an amount to be calculated by the Authority which, when added to the amount already within such respective accounts, will equal the Rebate Requirement Related to the Tax-Exempt Bonds of each respective Series, as determined by the Authority;

(b) On each August 1, into the Related accounts of the Excess Earnings Fund, an amount to be calculated by the Authority which, when added to the amount already within such respective accounts, will equal the amount determined by the Authority to be required to be on deposit therein;

(c) Into the Related subaccount of the Class I Debt Service Fund (x) the amount, if any, needed to increase the amount in such subaccount to include the aggregate amount of interest becoming due and payable on such Bond Payment Date or Derivative Payment Date upon all Class I Bonds of the Related Series then Outstanding and any Authority Derivative Payment secured on a parity with the Class I Bonds and unpaid as of such date; plus (y) the amount, if any, needed to increase the amount in such subaccount to include the aggregate amount of Principal Installments becoming due and payable on the Outstanding Related Class I Bonds on such Bond Payment Date, provided however, that if such Bond Payment Date is not a date for the payment of a Principal Installment on Related Class I Bonds, such transfer shall include an amount that, if made in substantially equal installments on each subsequent Bond Payment Date to and including the next Bond Payment Date that is a date for the payment of a Principal Installment on Related Class I Bonds, will equal the amount of the Principal Installments becoming due and payable on Outstanding Related Class I Bonds on the next following Bond Payment Date;

(d) Into each Unrelated subaccount of the Class I Debt Service Fund, after making any transfer into such subaccount required by the Master Indenture, on a proportionate basis with all other such Unrelated subaccounts or as otherwise directed by Authority Request, any deficiency in such subaccount resulting from the lack of moneys sufficient to make the deposit required by paragraph (c) above as of such date;

(e) At the election of the Authority evidenced by an Authority Certificate filed with the Trustee, but subject to the requirements of the Master Indenture, or (2) the Related subaccount of the Class I Special Redemption Account, or any combination of (1) and (2) above at the election of the Authority evidenced by an Authority Certificate filed with the Trustee, the amount, if any, needed to ensure that the Class I Asset Requirement (if any) of the Related Series of Bonds will be met on such Bond Payment Date following such transfer;

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

(g) Into the Related subaccount of the Class II Debt Service Fund (x) the amount, if any, needed to increase the amount in such subaccount to include the aggregate amount of interest becoming due and payable on such Bond Payment Date or Derivative Payment Date upon all Class II Bonds of the Related Series then Outstanding and any Authority Derivative Payment secured on a parity with the Class II Bonds and unpaid as of such date; plus (y) the amount, if any, needed to increase the amount in such subaccount to include the aggregate amount of Principal Installments becoming due and payable on Outstanding Related Class II Bonds on such Bond Payment Date, provided however, that if such Bond Payment Date is not a date for the payment of a Principal Installment on Related Class II Bonds, such transfer shall include an amount that, if

made in substantially equal installments on each subsequent Bond Payment Date to and including the next Bond Payment Date that is a date for the payment of a Principal Installment on Related Class II Bonds, will equal the amount of the Principal Installments becoming due and payable on Outstanding Related Class II Bonds on the next following Bond Payment Date;

(h) Into each Unrelated subaccount of the Class II Debt Service Fund, after making any transfer into such subaccount required by the Master Indenture, on a proportionate basis with all other such Unrelated subaccounts or as otherwise directed by Authority Request, any deficiency in such subaccount resulting from the lack of moneys sufficient to make the deposit required by paragraph (g) above as of such date;

(i) Into the Related subaccount of the Debt Service Reserve Fund, the amount, if any, needed to increase the amount in such subaccount (including the Related Interest Reserve Account), together with the available amount of any Qualified Surety Bond therein, to the Debt Service Reserve Fund Requirement of the Related Series of Bonds;

(j) Into each Unrelated subaccount of the Debt Service Reserve Fund, on a proportionate basis with all other such Unrelated subaccounts or as otherwise directed by Authority Request, any deficiency in such subaccount resulting from the lack of Related Revenues sufficient to make the deposit required by paragraph (i) above as of such date;

(k) Into (1) the Related subaccount of the Loan Recycling Account, at the election of the Authority evidenced by an Authority Certificate filed with the Trustee, but subject to the requirements of the Master Indenture, or (2) the Related subaccount of the Class II Special Redemption Account, or any combination of (1) and (2) above at the election of the Authority evidenced by an Authority Certificate filed with the Trustee, the amount, if any, needed to ensure that the Class II Asset Requirement of the Related Series of Bonds will be met on such Bond Payment Date following such transfer;

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

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

(n) To the Authority, the amount of any reasonable and necessary Fiduciary Expenses with respect to Unrelated Series of Bonds, on a proportionate basis with all other Unrelated Series of Bonds or as otherwise directed by Authority Request, any deficiency resulting from the lack of moneys sufficient to make the deposit required by subsection (M) above as of such date; provided however, that in no event shall the aggregate of all Fiduciary Expenses with respect to such Unrelated Series of Bonds paid directly to Fiduciaries or to the Authority under this paragraph (n) exceed any limitation set forth in the applicable Series Indentures for any period;

(o) Into the Related subaccount of the Class III Debt Service Fund (x) the amount, if any, needed to increase the amount in such subaccount to the aggregate amount of interest becoming due and payable on such Bond Payment Date or Derivative Payment Date upon all Class III Bonds of the Related Series then Outstanding and any Authority Derivative Payment secured on a parity with the Class III Bonds and unpaid as of such date; plus (y) the amount, if any, needed to increase the amount in such subaccount to include the aggregate amount of Principal Installments required to be paid for the Outstanding Related Class III Bonds on such Bond Payment Date, provided however, that if such Bond Payment Date is not a date for the payment of a Principal Installment on Related Class III Bonds, such transfer shall include an amount that, if made in substantially equal installments on each subsequent Bond Payment Date to and including the next Bond Payment Date that is a date for the payment of a Principal Installment on Related Class III Bonds, will equal the amount of the Principal Installments becoming due and payable on Outstanding Related Class III Bonds on the next following Bond Payment Date;

(p) Into each Unrelated subaccount of the Class III Debt Service Fund, after making any transfer into such subaccount required by the Master Indenture, on a proportionate basis with all other such Unrelated subaccounts or as otherwise directed by Authority Request, any deficiency in such subaccount resulting from the lack of moneys sufficient to make the deposit required by paragraph (o) above as of such date;

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

(r) To the Authority, the amount of any reasonable and necessary Program Expenses with respect to Unrelated Series of Bonds, on a proportionate basis with all other Unrelated Series of Bonds or as otherwise directed by Authority Request, any deficiency resulting from the lack of moneys sufficient to make the deposit required by paragraph (q) above as of such date, provided, however, that in no event shall the aggregate of such amounts paid to the Authority, plus amounts paid to the Authority with respect to such Series of Bonds pursuant to paragraphs (m) and (n) above and plus all Fiduciary Expenses with respect to such Series of Bonds paid directly to Fiduciaries exceed any limitations set forth in the applicable Series Indenture;

(s) Into (1) the Related subaccount of the Loan Recycling Account, at the election of the Authority evidenced by an Authority Certificate filed with the Trustee, but subject to the requirements of the Master Indenture, or (2) the Related subaccounts of the Redemption Fund, or any combination of (1) and (2) above at the election of the Authority evidenced by an Authority Certificate filed with the Trustee, the amount, if any, necessary to satisfy the Class III Asset Requirement of the Related Series of Bonds, calculated as of such next succeeding Bond Payment Date and giving effect to such transfer;

(t) Into each Unrelated subaccount of the Redemption Fund, on a proportionate basis with all other such Unrelated subaccounts or as otherwise directed by Authority Request, the additional amount, if any, necessary (after the deposits required by paragraph (s) above for the Related Series of Bonds) to satisfy the Class III Asset Requirement of such Unrelated Series of Bonds, calculated as of such next succeeding Bond Payment Date and giving effect to such transfer, which amount shall be allocated to the applicable subaccount of the Class I Special Redemption

Account, the Class II Special Redemption Account and the Class III Special Redemption Account on the basis of the relative ratios represented by the Aggregate Principal Amount Outstanding of the applicable Class I Bonds, Class II Bonds and Class III Bonds, respectively, to the Aggregate Principal Amount of all applicable Class I, Class II, and Class III Bonds Outstanding (for purposes of this paragraph (t), “applicable” means Related to such Unrelated Series); and

(u) Upon Authority Request, to the Related subaccount of the Loan Recycling Account, in order to finance or refinance Mortgage Loans (directly or through the acquisition of MBS), to the extent permitted by the applicable Series Indenture.

The Authority may direct the Trustee to make any of the above transfers more frequently than on the last Business Day prior to Bond Payment Dates or Derivative Payment Dates, in amounts proportionate to the frequency of transfers so directed.

Subject to any limitations or requirements specified in the Related Series Indenture, following such transfers, the balance, if any, in each subaccount of the Revenue Fund, or such lesser amount thereof as shall be requested by the Authority, shall be paid to the Authority for the payment of Program Expenses or for any other purpose free and clear of the lien and pledge of the Indenture upon receipt of an Authority Request made within 30 days of such Bond Payment Date. Any amount in each subaccount of the Revenue Fund not so paid to the Authority shall be transferred to the Related subaccounts of the Redemption Fund and allocated among the Related subaccounts of the Class I Special Redemption Account, the Class II Special Redemption Account and the Class III Special Redemption Account as provided in paragraph (s) above or shall be retained in the Revenue Fund or transferred and allocated as set forth in an Authority Request, subject in each case to any limitations or requirements specified in the Related Series Indenture.

Prior to, but as close as practicable to, the latest date on which the Trustee would be permitted to give notice of a redemption to occur on a Bond Payment Date from amounts deposited in the Redemption Fund pursuant to this section, the Trustee shall calculate the amounts then on deposit in each subaccount of the Revenue Fund which would be transferred to the Related subaccounts of the Class I Debt Service Fund, the Class II Debt Service Fund and the Class III Debt Service Fund, and the Related subaccounts of the Redemption Fund, in accordance with the priorities and provisions of such subsection. Such amounts may be withdrawn from such subaccount of the Revenue Fund for application on or prior to the next succeeding Bond Payment Date (A) upon receipt of an Authority Request, to the purchase in lieu of redemption in accordance with the Indenture of Related Class I Bonds, Class II Bonds or Class III Bonds in amounts determined in accordance with this section, (B) to the payment of accrued interest on Bonds being purchased pursuant to the Indenture or redeemed pursuant to the Indenture, or (C) to the redemption of Related Class I Bonds, Class II Bonds and Class III Bonds on such Payment Date in the amounts determined in accordance with this section.

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

Class I Debt Service Fund

Amounts in each subaccount of the Class I Debt Service Fund shall be used and withdrawn by the Trustee solely for transfer to the Paying Agent (i) on each Bond Payment Date and Derivative Payment Date for the purpose of paying the interest and Principal Installments on the Related Class I Bonds and any

Authority Derivative Payment secured on a parity with the Related Class I Bonds as the same shall become due and payable (including accrued interest on any Class I Bonds purchased or redeemed prior to maturity pursuant to the Indenture), or (ii) on each purchase date for the purpose of paying the purchase price of Related Class I Bonds purchased in lieu of redemption by Related Class I Sinking Fund Installments.

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

Debt Service Reserve Fund

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

On or prior to each Bond Payment Date, the Trustee shall calculate the amount of the Debt Service Reserve Fund Requirement for each Series of Bonds as of the next succeeding Bond Payment Date and shall determine the amount, if any, which will then be in the Related subaccount of the Debt Service Reserve Fund (other than amounts attributable to accrued, but unrealized interest purchased on Investment Securities) in excess of such Requirement, shall notify the Authority of such excess amount and shall, unless otherwise instructed by an Authority Request, transfer such excess amount from the Related subaccount of the Debt Service Reserve Fund, other than the Related subaccount of the Interest Reserve Account therein, to the Related subaccount of the Revenue Fund.

On the last Business Day prior to each Bond Payment Date or more frequently if required by a Series Indenture, and in each case in conjunction with the transfers, deposits and payments to be made pursuant to the Indenture, the Trustee shall transfer from each subaccount of the Debt Service Reserve Fund (including from the Interest Reserve Account as provided below) to the specified subaccounts of other Funds or Accounts the following amounts (from any cash, Investment Securities or Qualified Surety Bonds therein), in the following order of priority, the requirements of each such transfer to be satisfied, and the results of such satisfaction being taken into account, before any payment or transfer is made subsequent in priority:

(a) In the event that the amount transferred to any subaccount of the Class I Debt Service Fund pursuant to the Indenture is insufficient to pay the interest and Principal Installments, if any, due on Related Class I bonds on the next succeeding Bond Payment Date, the Trustee shall transfer first from the Related subaccount of the Interest Reserve Account, and then if and to the extent necessary from the Related subaccount of the Debt Service Reserve Fund, to such subaccount of the Class I Debt Service Fund the amount of such insufficiency.

(b) In the event that the amount transferred to a subaccount of the Class I Debt Service Fund pursuant to the Indenture is insufficient to pay the interest and Principal Installments, if any, and other amounts, if any, due on Related Class Bonds on the next succeeding Bond Payment Date, the Trustee shall transfer from Unrelated subaccounts in the Debt Service Reserve Fund on a

proportionate basis or as otherwise directed by Authority Request, first from subaccounts of the Interest Reserve Account, and then if and to the extent necessary from subaccounts of the Debt Service Reserve Fund, to such subaccount of the Class I Debt Service Fund the amount of such insufficiency.

(c) In the event that the amount transferred to any subaccount of the Class II Debt Service Fund pursuant to the Indenture is insufficient to pay the interest and Principal Installments, if any, due on Related Class II Bonds on the next succeeding Bond Payment Date, the Trustee shall transfer first from the Related subaccount of the Interest Reserve Account, and then if and to the extent necessary from the Related subaccount of the Debt Service Reserve Fund, to such subaccount of the Class II Debt Service Fund the amount of such insufficiency.

(d) In the event that the amount transferred to any subaccount of the Class II Debt Service Fund pursuant to the Indenture is insufficient to pay the interest and Principal Installments, if any, due on Related Class II Bonds on the next succeeding Bond Payment Date, the Trustee shall transfer from Unrelated subaccounts in the Debt Service Reserve Fund, on a proportionate basis or as otherwise directed by Authority Request, first from subaccounts of the Interest Reserve Account, and then if and to the extent necessary from subaccounts in the Debt Service Reserve Fund, to such subaccount of the Class II Debt Service Fund, the amount of such insufficiency.

(e) In the event that the amount transferred to any subaccount of the Class III Debt Service Fund pursuant to the Indenture is insufficient to pay the interest and Principal Installments, if any, due on Related Class III Bonds on the next succeeding Bond Payment Date, the Trustee shall transfer first from the Related subaccount of the Interest Reserve Account and then if and to the extent necessary from the Related subaccount of the Debt Service Reserve Fund to such subaccount of the Class III Debt Service Fund the amount of such insufficiency; provided, however, that no such transfer may result in (A) the amount on deposit in the Related subaccount of the Debt Service Reserve Fund being reduced to an amount less than any minimum deposit specified in the Related Series Indenture or (B) a failure to meet the Related Class II Asset Requirement.

(f) In the event that the amount transferred to any subaccount of the Class III Debt Service Fund pursuant to the Indenture is insufficient to pay the interest and Principal Installments, if any, due on Related Class III Bonds on the next succeeding Bond Payment Date, the Trustee shall transfer from Unrelated subaccounts in the Debt Service Reserve Fund on a proportionate basis or as otherwise directed by Authority Request, first from subaccounts in the Interest Reserve Account, and then if and to the extent necessary from subaccounts in the Debt Service Reserve Fund, to such subaccount of the Class III Debt Service Fund the amount of such insufficiency; provided, however, that no such transfer may result in (A) the amount on deposit in a subaccount of the Debt Service Reserve Fund being reduced to an amount less than any minimum deposit specified in the Related Series Indenture or (B) a failure to meet the Related Class II Asset Requirement.

Class II Debt Service Fund

Amounts in each subaccount of the Class II Debt Service Fund shall be used and withdrawn by the Trustee for transfer to the Paying Agent (i) on each bond Payment Date and Derivative Payment Date for the purpose of paying first the interest and then Principal Installments on the Related Class II Bonds and any Authority Derivative Payment secured on a parity with the Related Class II Bonds as the same become due and payable (including accrued interest on any such Class II Bonds redeemed or purchased prior to

maturity pursuant to the Indenture), or (ii) on each purchase date for the purpose of paying the purchase price of Related Class II Bonds purchased in lieu of redemption by Class II Sinking Fund Installments.

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

Class III Debt Service Fund

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

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

Application of Authority Payment Accounts

If, following transfers made pursuant to the Indenture, there are not sufficient moneys to pay all interest or any other required payment due and payable on any General Obligation or to pay any Principal Installment on any General Obligation, the Trustee shall immediately notify the Authority in writing of the amount of such insufficiency and shall request from the Authority an immediate deposit of legally available funds equal to such insufficiency. The Authority shall pay to the Trustee (from the Authority's other general revenues or moneys legally available therefor, subject only to agreements made or to be made with holders of notes, bonds or other obligations pledging particular revenues or moneys for the payment thereof) for deposit in the Related subaccounts of the Authority Payment Account the amount of such insufficiency. If the amount provided by the Authority is less than the amount of such insufficiency, any shortfall shall be allocated pro rata among the holders of the Related General Obligation Bonds in proportion to the amounts then due and payable on such Bonds.

Amounts deposited with the Trustee by the Authority pursuant to the preceding paragraph shall be deposited into the respective subaccounts of the Authority Payment Accounts for the General Obligation Bonds for which such amounts are provided. Amounts in such subaccounts shall only be used to pay interest or Principal Installments due and payable on the Related General Obligation Bonds and may not be transferred to any Debt Service Fund for Bonds which are not General Obligation Bonds or to any other Fund or Account for any reason.

Redemption Fund

Moneys deposited in the subaccounts of the Redemption Fund shall be applied by the Trustee to the purchase or applied by the Paying Agent (if directed by the Trustee) to the redemption of Bonds in accordance with the provisions of the Indenture and each Related Series Indenture.

Except as set forth in the Indenture or in the Related Series Indenture, moneys deposited in a subaccount of the Class I Special Redemption Account pursuant to the Indenture or pursuant to the Related

Series Indenture, shall be applied to the extent practicable by the Paying Agent on the earliest practicable date to redeem Related Class I Bonds. Any amounts remaining in such Class I Special Redemption Account after all Class I Bonds of the Related Series have been paid shall be transferred to the Related subaccount of the Revenue Fund.

Except as set forth in the Indenture or in the Related Series Indenture, moneys deposited in a subaccount of the Class II Special Redemption Account pursuant to the Indenture or pursuant to the Related Series Indenture shall be applied to the extent practicable by the Paying Agent on the earliest practicable date to redeem Related Class II Bonds. Any amounts remaining in such Class II Special Redemption Account after all Class II Bonds of the Related Series have been paid shall be transferred to the Related subaccount of the Revenue Fund.

Except as set forth in the Indenture or in the Related Series Indenture, moneys deposited in a subaccount of the Class III Special Redemption Account pursuant to the Indenture or pursuant to the Related Series Indenture shall be applied to the extent practicable by the Paying Agent on the earliest practicable date to redeem Related Class III Bonds. Any amounts remaining in such Class III Special Redemption Account after all Class III Bonds of the Related Series have been paid shall be transferred to the Revenue Fund.

Notwithstanding anything contained in the Indenture to the contrary, the Authority may by the delivery of an Authority Request to the Trustee at any time prior to the transmission of notices of redemption, instruct the Trustee to transfer moneys on deposit in a subaccount of an Account in the Redemption Fund to another subaccount of the same Account in the Redemption Fund to be applied as provided in the Indenture to the redemption of the same Class of Bonds of a different Series. Each such Authority Request (i) shall certify that it is consistent with the most recently filed Related Cash Flow Statement (which may, if necessary, link the Related Series) and not prohibited by or contrary to any limitation or requirement of the Related Series Indenture and (ii) shall be accompanied by evidence of the satisfaction of all Asset Requirements for the Related Series.

In addition, notwithstanding anything contained in the Indenture to the contrary, the Authority may by the delivery of an Authority Request to the Trustee at any time prior to the giving of notice of redemption, instruct the Trustee to transfer moneys on deposit in a subaccount of an Account in the Redemption Fund to a Related or an Unrelated subaccount of the Acquisition Account to be applied as provided in the Indenture. Each such Authority Request (i) shall certify that it is consistent with the most recently filed Related Cash Flow Statement and not prohibited by or contrary to any limitation or requirement of the Related Series Indenture and (ii) shall be accompanied by evidence of the satisfaction of all Asset Requirements for the Related Series.

Excess Earnings Fund

All amounts in a subaccount of the Excess Earnings Fund, including all investment earnings thereon, shall remain therein until transferred or paid by the Trustee to such other Fund or the United States Department of the Treasury or for such other purpose, as the Authority shall specify, upon receipt by the Trustee of (a) an Authority Request directing the Trustee to so transfer or pay a specified amount, and (b) a written opinion of Bond Counsel to the effect that any such transfer or payment, upon satisfaction of any conditions set forth in such opinion (e.g., forgiveness of indebtedness on all or a portion of the Mortgage Loans), would not cause interest on such Bonds to be includable in the gross income of the Owners thereof for federal income tax purposes. Upon receipt of an opinion of Bond Counsel that the balance in a subaccount of the Excess Earnings Fund is in excess of the amount required to be included therein, such excess shall be transferred to the Revenue Fund. Moneys in a subaccount of the Excess Earnings Fund may be used to purchase Mortgage Loans or MBS in the Related subaccount of the Acquisition Account or the

Loan Recycling Account, at a purchase price equal to the unpaid balances of the principal amounts of such Mortgage Loans or MBS plus accrued interest, if any, thereon, and any unamortized premium, and any such Mortgage Loans or MBS so purchased shall be credited to such subaccount of the Excess Earnings Fund. Mortgage Loans or MBS in a subaccount of the Excess Earnings Fund may be exchanged for Mortgage Loans or MBS in the Related subaccount of the Acquisition Account or the Loan Recycling Account having an aggregate principal balance not less than the aggregate principal balance of such Mortgage Loans or MBS in such subaccount of the Excess Earnings Fund, upon receipt by the Trustee of an Authority Request specifying the Mortgage Loans or MBS to be so exchanged. If, on the final maturity of all of a Series, there is a balance in a subaccount of the Excess Earnings Fund which is allocated to payments related to such Series, and the Trustee has not received directions meeting the requirements of the preceding sentence for the disposition of such balance, the Trustee shall obtain an opinion of Bond Counsel as to the purposes, if any, to which such balance may be applied without adversely affecting the federal income tax status of interest on such Bonds, and shall thereafter dispose of such balance in accordance with such opinion. Records of the calculation of Excess Earnings and the Excess Earnings Fund shall be retained by the Authority until six years after the retirement of all of the Bonds of the Related Series.

Rebate Fund

To the extent required by the Indenture, all of the amounts on deposit in the Related subaccounts of the Funds and Accounts with respect to Tax-exempt Bonds and all amounts pledged to Debt Service Payments on the Related Series of Tax-exempt Bonds pursuant to the Indenture, (i) shall be invested in compliance with the procedures established by the Related Series Indentures and Authority Certificates delivered in connection therewith, and (ii) to the extent required by such Authority Certificates, the investment earnings thereon shall be deposited from time to time into the Related subaccount of the Rebate Fund for timely payment of the Related Rebate Requirement. Amounts on deposit in the Rebate Fund shall not be subject to the lien and pledge of the Indenture to the extent such amounts constitute the Rebate Requirement. The Authority shall verify or cause to be verified at least annually from the date of delivery of each Series of Tax-exempt Bonds that (i) all requirements of this section have been met on a continuing basis, (ii) the proper amounts are deposited into each subaccount of the Rebate Fund, and (iii) the timely payment of the Rebate Requirement from each subaccount of the Rebate Fund has been made. Upon receipt of an opinion of Bond Counsel that the balance in any subaccount of the Rebate Fund is in excess of the amount required to be included therein, such excess shall be transferred to the Revenue Fund. Records of the determinations made with respect to the above covenant and each subaccount of the Rebate Fund shall be retained by the Authority until six years after the retirement of all of the Bonds of the Related Series.

Investment of Moneys Held by the Trustee

Moneys in all Funds and Accounts held by the Trustee shall be invested to the fullest extent possible in Investment Securities, in accordance with directions given to the Trustee in an Authority Request or Certificate; provided that the maturity date or the date on which such Investment Securities may be redeemed at the option of the holder thereof shall coincide as nearly as practicable with (but in no event later than) the date or dates on which moneys in the Funds or Accounts for which the investments were made will be required for the purposes thereof.

Amounts credited to any Fund or Account may be invested, together with amounts credited to one or more other Funds or Accounts, in the same Investment Security or Investment Securities, provided that each such investment complies in all respects with the provisions of this section as they apply to each Fund or Account for which the joint investment is made, the Trustee maintains separate records for each Fund and Account and such investments are accurately reflected therein and amounts credited to the Rebate Fund and the Excess Earnings Fund may be invested together with amounts credited to any other Fund or Account. The maturity date or the date on which Investment Securities may be redeemed at the option of

the holder thereof shall coincide as nearly as practicable with (but in no event shall be later than) the date or dates on which moneys in the Funds or Accounts for which the investments were made will be required for the purposes provided in the Indenture.

Except as otherwise specifically provided in the Indenture, the income or interest earned by, or gain to, all Funds and Accounts due to the investment thereof shall be transferred by the Trustee upon receipt thereof to the Related subaccount of the Revenue Fund, in accordance with the Indenture except that no such transfer shall be made from, and such income, interest or gain (as described above) shall be retained in, the Debt Service Reserve Fund, unless after giving effect to the transfer the amount therein at least equals the aggregate Debt Service Reserve Fund Requirement.

Program Covenants

The Authority covenants in the Indenture that:

(a) It shall use and apply the proceeds of the Bonds and other moneys deposited in the Acquisition Account and any moneys deposited in the Loan Recycling Account for the purposes provided in the Indenture and consistent with sound banking practices and principles shall do all such acts and things necessary to receive and collect Revenues and shall diligently enforce, and take all steps, actions and proceedings reasonably necessary in the judgment of the Authority for the enforcement of all terms, covenants and conditions of Mortgage Loans and MBS.

(b) It will comply with the terms and provisions of any applicable Mortgage Purchase Agreements or Servicing Agreements in connection with making, purchasing and servicing Mortgage Loans.

(c) It shall file with the Trustee with each direction to purchase Mortgage Loans, a schedule of Mortgage Loans to be made or purchased by the Trustee identifying the same by reference to the Authority loan number, the party (if applicable) from whom the Mortgage Loan will be purchased, the name of the Borrower, the principal amount due on the Mortgage Loan and the date through which interest has been paid by the Borrower, the interest rate (if any) on the Mortgage Loan and the term of the Mortgage Loan.

(d) It shall maintain an account for each Mortgage Lender having entered into a Mortgage Purchase Agreement with the Authority and shall record therein a description of each Mortgage Loan purchased from such Mortgage Lender.

(e) The terms of each Mortgage Purchase Agreement shall be reasonably designed to assure that each Mortgage Loan financed in whole or in part with the proceeds of Tax-exempt Bonds and purchased by the Authority pursuant thereto or serviced thereunder meets applicable requirements, if any, under Section 143 of the Code as in effect or as otherwise applicable with respect to such Mortgage Loan.

Enforcement of Mortgage Loans, MBS and Servicing Agreements

The Authority shall enforce diligently and take or cause to be taken all reasonable steps, actions and proceedings necessary for the enforcement of all terms, covenants and conditions of all Mortgage Loans and MBS consistent with sound lending practices and principles and applicable requirements under the Code, including the prompt collection of all Mortgage Repayments and all other amounts due the Authority thereunder. The Authority shall not without good cause release the obligations of any Borrower under any Mortgage Loan or of the Servicer under the Servicing Agreement, and to the extent permitted by law, at all

times shall defend, enforce, preserve and protect the rights and privileges of the Authority, the Trustee and the Owners under or with respect to all Mortgage Loans and MBS, the obligations evidencing such Mortgage Loans and the agreements securing such Mortgage Loans and MBS and the Servicing Agreement relating thereto; provided, however, that nothing in this section shall be construed to prevent the Authority from: (i) settling a default on any Mortgage Loan on such terms as the Authority shall determine to be in the best interests of the Authority and the Owners; (ii) releasing any Borrower, Servicer or any other Person from, or waiving, any of such Person's obligations under the respective Mortgage Loan, any agreement with respect to security therefor or Servicing Agreement to the extent necessary to comply with the provisions of the Indenture or to the extent required by the governmental or private insurer or guarantor, if any, of such Mortgage Loan; or (iii) releasing any mortgagor in connection with an assumption of a Mortgage Loan as permitted in accordance with the requirements of any governmental or private insurer or guarantor.

Whenever it shall be necessary in order to protect and enforce the rights of the Authority under a Mortgage Loan and to protect and enforce the rights and interests of the Trustee and Owners under the Indenture, the Authority shall take necessary actions to realize on any applicable mortgage insurance on such Mortgage Loan and to collect, sell or otherwise dispose of the property secured by the Mortgage and, if the Authority deems such to be advisable, shall bid for and purchase the property secured by the Mortgage at any sale thereof and take possession of such property. As an alternative to foreclosure proceedings, the Authority may take such other action as may be appropriate to acquire and take possession of the mortgaged property, including without limitation, acceptance of a conveyance in lieu of foreclosure.

The Authority shall request payment of governmental insurance or guaranty benefits in cash and not in debentures of such governmental insurer or guarantor in any case where, under government regulations, it is permitted to request such debentures as payment with respect to a defaulted Mortgage Loan, provided that the Authority may request payment in debentures if it files with the Trustee a Cash Flow Statement. The Authority shall take all necessary actions so as to receive payment from any governmental insurer or guarantor of the maximum amount of insurance or guaranty benefits on the earliest possible date.

Assignment or Disposition of Mortgage Certificates or Mortgage Loans

Following the acquisition of a Mortgage Loan by the Trustee, the Authority shall not sell, assign, transfer, pledge or otherwise dispose of or encumber any Mortgage Loan or any of the rights of the Authority with respect to any Mortgage Loan or arising out of the Mortgage or the other obligations evidencing or securing any Mortgage Loan except a Mortgage Loan in default, unless the Authority determines that such sale, assignment, transfer or other disposition would not have a material adverse effect on the ability of the Authority to pay the principal of and interest on the Outstanding Bonds. No Bonds shall be redeemed from the proceeds of the sale of Mortgage Loans, other than Mortgage Loans in default, except in accordance with the optional redemption provisions with respect to such Bonds.

Cash Flow Statement

The Authority shall file Cash Flow Statements at such times as may be required pursuant to the provisions of the Indenture. Whenever an event occurring or action to be taken under the Indenture is required to be "consistent with" a Cash Flow Statement, such event or action must be substantially the same as, or within the range of, the events or actions that were projected or assumed by such Cash Flow Statement to occur or be taken. For any Cash Flow Statement delivered after the issuance of the Related Series, the projections or assumptions as to future results of operation of the Program may include the scenarios covered by, and the material assumptions made in connection with, the Cash Flow Statement delivered in

connection with the issuance of such Series, if the actual results of operation of the Program have not materially deviated from such projections or assumptions. Projections and assumptions may include, but are not limited to, the following: (a) the range of Mortgage Loan and MBS terms and the terms of purchase thereof; (b) the maximum assumed delay in receipt of Mortgage Loan payments after scheduled due dates; (c) the range of rates of prepayment of Mortgage Loans and MBS; (d) the extent to which amounts from the Redemption Fund may or may not be transferred to the Program Fund; (e) the range of periods of time that amounts may be on deposit in Program Fund before transfer to the Redemption Fund; (f) the investment return on amounts invested under the Indenture other than in Mortgage Loans and MBS; and (g) the order of redemption of Bonds.

Creation of Liens

The Authority shall not issue any bonds or other evidences of indebtedness, other than the Bonds, secured by a pledge of the Revenues or of the moneys, securities, rights and interests pledged or held or set aside by the Authority or by any Fiduciary under the Indenture and shall not create or cause to be created, other than by the Indenture, any lien or charge on the Revenues or such moneys, securities, rights or interests; provided, however, that nothing in the Indenture shall prevent the Authority from issuing (i) evidences of indebtedness secured by a pledge of Revenues to be derived after the pledge of the Revenues provided in the Indenture shall be discharged and satisfied as provided in the Master Indenture; or (ii) notes, bonds or other obligations of the Authority not secured under the Indenture; or (iii) notes or bonds or other obligations which are general obligation of the Authority under the Act.

Events of Default

Each of the following events is an “Event of Default” under the Indenture:

(a) The Authority shall fail to pay any Principal Installment of any Class I Bond when and as the same shall become due and payable, whether at maturity or by call for redemption or otherwise;

(b) The Authority shall fail to pay any installment of interest on any Class I Bond when and as the same shall become due and payable or shall fail to make any payment due under any other Class I Obligation when and as the same shall become due and payable;

(c) The Authority shall fail to pay any Principal Installment or interest on any Class II Bond or to make any payment due under any other Class II Obligations when and as the same shall become due and payable, provided that sufficient moneys for such payment are available in the Class II Debt Service Fund;

(d) The Authority shall fail to pay any Principal Installment or interest on any Class III Bond or to make any payment due under any other Class III Obligations when and as the same shall become due and payable, provided that sufficient moneys for such payment are available in the Class III Debt Service Fund;

(e) The Authority shall fail to perform or observe any other covenant, agreement or condition on its part contained in the Indenture (except the requirement that the Authority pay amounts to the Trustee from its other revenues, moneys or assets in connection with General Obligation Bonds), or in the Bonds and such failure shall continue for a period of 60 days after written notice thereof to the Authority by the Trustee or to the Authority and to the Trustee by the Owners of not less than 10% in Aggregate Principal Amount of the Bonds Outstanding; or

(f) The Authority shall file a petition seeking a composition of indebtedness under the federal bankruptcy laws, or under any other applicable law or statute of the United States of America or of the State.

Remedies

Upon the occurrence of an Event of Default, the Trustee may, and upon the written request of the Owners of a majority in Aggregate Principal Amount of Outstanding Bonds following an Event of Default described in paragraphs (a), (b), (c), or (d) under the caption “Events of Default” above and 100% in Aggregate Principal Amount of Outstanding Bonds following an Event of Default described in paragraphs (e) or (f) under the caption “Events of Default” above, shall give 30 days’ notice in writing to the Authority of its intention to declare all Outstanding Obligations immediately due and payable. At the end of such 30-day period the Trustee may, and upon such written request of Owners of a majority (except with respect to an Event of Default described under paragraphs (e) and (f) under the caption “Events of Default” above to the extent provided in the following paragraph) in Aggregate Principal Amount of Outstanding Bonds shall, by notice in writing to the Authority, declare all Obligations Outstanding immediately due and payable; and such Obligations shall become and be immediately due and payable, anything in the Bonds, any Derivative Product or the Indenture to the contrary notwithstanding. In such event, there shall be due and payable on the Bonds an amount equal to the total principal amount of all such Bonds, plus all interest which will accrue thereon to the date of payment.

Notwithstanding the preceding paragraph, following an Event of Default described in paragraphs (e) or (f) under the caption “Events of Default” above (except for a failure which in the opinion of Bond Counsel, could adversely affect the exclusion from gross income for federal income tax purposes of interest on any Tax-exempt Bonds), the Trustee shall not declare all Obligations Outstanding immediately due and payable unless the Trustee is so directed by the written request of Owners of 100% in Aggregate Principal Amount of Outstanding Bonds.

At any time after the Outstanding Obligations shall have been so declared to be due and payable and before the entry of final judgment or decree in any suit, action or proceeding instituted on account of such default, or before the completion of the enforcement of any other remedy under the Indenture, the Trustee may (and at the direction of the Owners of a majority in Aggregate Principal Amount of the Outstanding Bonds, shall) annul such declaration and its consequences with respect to any Obligations not then due by their terms if (i) moneys shall have been deposited in the Revenue Fund sufficient to pay all matured installments of interest and principal or Redemption Price (other than principal then due only because of such declaration) of all Outstanding Obligations; (ii) moneys shall have been deposited with the Trustee sufficient to pay the charges, compensation, expenses, disbursements, advances and liabilities of the Trustee; (iii) all other amounts then payable by the Authority under the Indenture shall have been paid or a sum sufficient to pay the same shall have been deposited with the Trustee; and (iv) every Event of Default known to the Trustee (other than a default in the payment of the principal of such Bonds then due only because of such declaration) shall have been remedied to the satisfaction of the Trustee. No such annulment shall extend to or affect any subsequent Event of Default or impair any right consequent thereon.

Upon the occurrence and continuance of any Event of Default, the Trustee may, and upon the written request of the Owners of a majority in Aggregate Principal Amount of the Bonds Outstanding, together with indemnification of the Trustee to its satisfaction therefor, shall, proceed forthwith to protect and enforce its rights and the rights of the Owners of the Obligations under the Act, the Bonds, any Derivative Product and the Indenture by such suits, actions or proceedings as the Trustee, being advised by counsel, shall deem expedient.

Regardless of the happening of an Event of Default, the Trustee, if requested in writing by the Owners of a majority in Aggregate Principal Amount of the Bonds then Outstanding, shall, upon being indemnified to its satisfaction therefor, institute and maintain such suits and proceedings as it may be advised shall be necessary or expedient (i) to prevent any impairment of the security under the Indenture by any acts which may be unlawful or in violation of the Indenture; or (ii) to preserve or protect the interests of the Owners, provided that such request is in accordance with law and the provisions of the Indenture and, in the sole judgment of the Trustee, is not unduly prejudicial to the interests of the Owners of Bonds not making such request.

During the continuance of an Event of Default, the Trustee shall, except as otherwise specifically provided in any Series Indenture with respect to the Related Series of Bonds, apply, or cause the Paying Agent to apply, all moneys and securities held in any Fund or Account (except the Rebate Fund, the Excess Earnings Fund, the Bond Purchase Fund, the Short Term Bond Account and, with respect to any Bonds that are not General Obligation Bonds, any Authority Payment Account) (moneys and securities in the Short Term Bond Account and an Authority Payment Account are to be applied only to the payment of interest and Principal Installments of Bonds with respect to which such moneys and securities have been pledged), Revenues, payments and receipts and the income therefrom as follows and in the following order:

(a) To the payment of the reasonable and proper Fiduciary Expenses;

(b) To the payment of the interest and Principal Installments then due and payable on the Class I Bonds and all Authority Derivative Payments secured on a parity with the Class I Bonds, subject to the provisions of the Master Indenture; as follows:

(i) Unless the Aggregate Principal Amount of all of the Class I Bonds shall have become or have been declared due and payable:

FIRST, to the payment to the persons entitled thereto of all installments of interest then due and payable on the Class I Bonds and all Authority Derivative Payments secured on a parity with the Class I Bonds in the order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon to the persons entitled thereto, without any discrimination or preference; and

SECOND, to the payment to the persons entitled thereto of the unpaid Principal Installments of any Class I Bonds which shall have become due and payable, whether at maturity or by call for redemption, in the order of their due dates, and if the amounts available shall not be sufficient to pay in full all the Class I Bonds due and payable on any date, then to the payment thereof ratably, according to the amounts of Principal Installments due on such date, to the persons entitled thereto, without any discrimination or preference.

(ii) If the Aggregate Principal Amount of all of the Class I Bonds shall have become or have been declared due and payable, to the payment of the principal and interest then due and unpaid upon the Class I Bonds and all Authority Derivative Payments secured on a parity with the Class I Bonds and, if the amount available shall not be sufficient to pay in full such principal and interest and Authority Derivative Payments, then to the payment of principal and interest and Authority Derivative Payments without any preference or priority ratably, according to the aggregate amounts due to the Person entitled thereto;

(c) To the payment of the Principal Installments of and interest then due on the Class II Bonds and all Authority Derivative Payments secured on a parity with Class II Bonds in accordance with the provisions of subsection (ii) above as if such subsection referred to the Class II Bonds rather than the Class I Bonds.

(d) To the payment of the Principal Installments of and interest then due on the Class III Bonds and all Authority Derivative Payments secured on a parity with the Class III Bonds in accordance with the provisions of subsection (ii) above as if such subsection referred to the Class III Bonds rather than the Class I Bonds.

(e) To the payment of the amounts required for reasonable and necessary Program Expenses.

No remedy by the terms of the Indenture conferred upon or reserved to the Trustee or the Owners of the Bonds is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under the Indenture or existing at law or in equity or by statute (including the Act) on or after the date of adoption of the Indenture.

Majority Owners of the Bonds Control Proceedings

If an Event of Default shall have occurred and be continuing, notwithstanding anything in the Indenture to the contrary, the Owners of a majority in Aggregate Principal Amount of Bonds then Outstanding shall have the right, at any time, by an instrument in writing executed and delivered to the Trustee, to direct the method and place of conducting any proceeding to be taken in connection with the enforcement of the terms and conditions of the Indenture or for the appointment of a receiver or to take any other proceedings under the Indenture, provided that such direction is in accordance with law and the provisions (in particular, those relating to the priority of the Class I Obligations over Class II, and Class III Obligations and Class II Obligations over Class III Obligations) of the Indenture (including indemnity to the Trustee as provided in the Master Indenture) and, in the sole judgment of the Trustee, is not unduly prejudicial to the interests of Owners of the Bonds not joining in such direction and provided further that nothing in this section shall impair the right of the Trustee in its discretion to take any other action under the Indenture which it may deem proper and which is not inconsistent with such direction by Owners of the Bonds.

Individual Owner Action Restricted

(a) Except as provided in the Master Indenture, no Owner of any Bond shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of the Indenture or for the execution of any trust under the Indenture or for any remedy under the Indenture unless: (i) an Event of Default has occurred under paragraphs (a), (b), (c) or (d) under the caption "Events of Default" in this summary, as to which the Trustee has actual notice, or as to which the Trustee has been notified in writing; and (ii) the Owners of a majority in Aggregate Principal Amount of Bonds Outstanding shall have made written request to the Trustee to proceed to exercise the powers granted in the Indenture or to institute such action, suit or proceeding in its own name; and (iii) such Owners shall have offered the Trustee indemnity as provided in the Master Indenture; and (iv) the Trustee shall have failed or refused to exercise the powers in the Indenture granted or to institute such action, suit or proceedings in its own name for a period of 60 days after receipt by it of such request and offer of indemnity.

(b) No one or more Owners of Bonds shall have any right in any manner whatsoever to affect, disturb or prejudice the security of the Indenture or to enforce any right under the

Indenture except in the manner in the Indenture provided and for the respective benefit of the Owners of all Bonds Outstanding.

General Obligation Bond Default

If the Authority shall fail to pay interest on any General Obligation Bond when due or shall fail to pay any Principal Installment on any General Obligation Bond when due, provided that such failure shall not constitute an Event of Default under the Master Indenture, such failure shall be a “General Obligation Bond Default” under the Indenture. A General Obligation Bond Default shall not constitute an Event of Default under the Indenture and shall not affect the priority of the lien and pledge granted to Owners of Bonds under the Indenture.

Upon the occurrence of a General Obligation Bond Default, the Trustee may and, upon the written request of the Owners of a majority in Aggregate Principal Amount of Outstanding General Obligation Bonds shall, give 30 days’ notice in writing to the Authority of its intention to declare the Aggregate Principal Amount of all General Obligation Bonds Outstanding immediately due and payable. At the end of such 30-day period the Trustee may, and upon such written request of Owners of a majority in Aggregate Principal Amount of Outstanding General Obligation Bonds shall, by notice in writing to the Authority, declare the Aggregate Principal Amount of all General Obligation Bonds Outstanding immediately due and payable; and the Aggregate Principal Amount of such General Obligation Bonds shall become and be immediately due and payable. In such event, there shall be due and payable on the General Obligation Bonds an amount equal to the total principal amount of all such Bonds, plus all interest which will accrue thereon to the date of payment.

At any time after the Aggregate Principal Amount of the General Obligation Bonds shall have been so declared to be due and payable and before the entry of final judgment or decree in any suit, action or proceeding instituted on account of such default, or before the completion of the enforcement of any other remedy under the Indenture, the Trustee may (and, at the direction of the Owners of a majority in Aggregate Principal Amount of the Outstanding General Obligation Bonds, shall) annul such declaration and its consequences with respect to any General Obligation Bonds not then due by their terms if (i) moneys shall have been deposited in the Related Authority Payment Account sufficient to pay all matured installments of interest and principal or Redemption Price (other than principal then due only because of such declaration) of all Outstanding General Obligation Bonds; and (ii) moneys shall have been deposited with the Trustee sufficient to pay the charges, compensation, expenses, disbursements, advances and liabilities of the Trustee. No such annulment shall extend to or affect any subsequent General Obligation Bond Default or impair any right consequent thereon.

Upon the occurrence and continuance of a General Obligation Bond Default, the Trustee may, and upon the written request of the Owners of a majority in Aggregate Principal Amount of the General Obligation Bonds Outstanding, together with indemnification of the Trustee to its satisfaction therefor, shall, proceed forthwith to protect and enforce the rights of the Owners of the General Obligation Bonds under the Act, the General Obligation Bonds and the Indenture by such suits, actions or proceedings as the Trustee, being advised by counsel, shall deem expedient and consistent with the limitations specified in subsection (c) below, including but not limited to: (a) Suit upon all or any part of the General Obligation Bonds; (b) Civil action to enjoin any acts or things which may be unlawful or in violation of the rights of the Owners of General Obligation Bonds; and (c) Enforcement of any other right of the Owners of the General Obligation Bonds conferred by law or by the Indenture.

Regardless of the happening of a General Obligation Bond Default, the Trustee, if requested in writing by the Owners of a majority in Aggregate Principal Amount of the General Obligation Bonds then Outstanding, shall, upon being indemnified to its satisfaction therefor, institute and maintain such suits and

proceedings as it may be advised shall be necessary or expedient (i) to prevent any impairment of the security under the Indenture by any acts which may be unlawful or in violation of the Indenture; or (ii) to preserve or protect the interests of the Owners of the General Obligation Bonds, provided that such request is in accordance with law and the provisions of the Indenture and, in the sole judgment of the Trustee, is not unduly prejudicial to the interests of the Owners of General Obligation Bonds not making such request.

The rights and remedies of Owners of General Obligation Bonds upon the occurrence of a General Obligation Bond Default shall be limited to the enforcement of the Authority's general obligation covenant with respect thereto and to the disbursement of amounts available to Owners of General Obligation Bonds from time to time in the Related Debt Service Fund, the Related Special Redemption Account and the Related Debt Service Reserve Fund after provision is made for, and after taking into account the rights of, Owners of Bonds other than General Obligation Bonds as provided in the Indenture. The exercise of remedies upon the occurrence of a General Obligation Bond Default shall not in any manner affect, disturb or prejudice the security and rights of such Owners of Bonds under the Indenture.

Majority Owners Control Proceedings

If a General Obligation Bond Default shall have occurred and be continuing, notwithstanding anything in the Indenture to the contrary, the Owners of a majority in Aggregate Principal Amount of General Obligation Bonds then Outstanding shall have the right, at any time, by an instrument in writing executed and delivered to the Trustee, to direct the method and place of conducting any proceeding to be taken in connection with the enforcement of the terms and conditions of the Indenture or to take any other proceedings under the Indenture, provided that such direction is in accordance with law and the provisions (in particular, those relating to the priority of the Class I Obligations over Class II Obligations and Class III Obligations and of the Class II Obligations over Class III Obligations) of the Indenture (including indemnity to the Trustee as provided in the Master Indenture) and, in the sole judgment of the Trustee, is not unduly prejudicial to the interests of Owners of the Bonds not joining in such direction and provided further that nothing in this Section shall impair the right of the Trustee in its discretion to take any other action under the Indenture which it may deem proper and which is not inconsistent with such direction by Owners of the Bonds.

Individual Owner Action Restricted

(a) No Owner of any General Obligation Bond shall have any right to institute any suit, action or proceeding in equity or at law for any remedy under the Master Indenture unless: (i) a General Obligation Bond Default has occurred as to which the Trustee has actual notice, or as to which the Trustee has been notified in writing; and (ii) the Owners of a majority in Aggregate Principal Amount of General Obligation Bonds Outstanding shall have made written request to the Trustee to proceed to exercise the powers granted in the Master Indenture or to institute such action, suit or proceeding in its own name; and (iii) such Owners shall have offered the Trustee indemnity as provided in the Master Indenture; and (iv) the Trustee shall have failed or refused to exercise the powers in the Indenture granted or to institute such action, suit or proceedings in its own name for a period of 60 days after receipt by it of such request and offer of indemnity.

(b) No one or more Owners of General Obligation Bonds shall have any right in any manner whatsoever to affect, disturb or prejudice the security of the Indenture or to enforce any right under the Indenture except in the manner in the Indenture provided and for the respective benefit of the Owners of all General Obligation Bonds Outstanding.

Supplemental Indentures Effective Upon Filing With the Trustee

For any one or more of the following purposes, and at any time or from time to time, a Supplemental Indenture may be executed and delivered by the Authority which, upon the filing with the Trustee of a copy thereof, shall be fully effective in accordance with its terms:

(a) To add to the covenants and agreements of the Authority in the Indenture, other covenants and agreements to be observed by the Authority which are not contrary to or inconsistent with the Indenture as theretofore in effect;

(b) To add to the limitations and restrictions in the Indenture, other limitations and restrictions to be observed by the Authority which are not contrary to or inconsistent with the Indenture as theretofore in effect;

(c) To confirm, as further assurance, any pledge under, and the subjection to any lien or pledge created or to be created by the Indenture of the Revenues or of any other moneys, securities or funds;

(d) To modify any provisions of the Indenture in any respect whatever, provided that the modification, in the sole judgment of the Authority, is reasonably necessary to assure that the interest on Tax-exempt Bonds remains excludable from the gross income of the owners thereof for federal income tax purposes; or

(e) To provide for the issuance of Bonds pursuant to the Indenture and to provide for the terms and conditions pursuant to which such Bonds may be issued, paid or redeemed.

Supplemental Indentures Effective Upon Consent of Trustee

For any one or more of the following purposes and at any time or from time to time, a Supplemental Indenture may be executed and delivered by the Authority and the Trustee, which upon the filing with the Trustee of a copy thereof and the filing with the Trustee and the Authority of an instrument in writing made by the Trustee consenting thereto, shall be fully effective in accordance with its terms:

(a) To cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in the Indenture, or to insert such provisions clarifying matters or questions arising under the Indenture as are necessary or desirable, provided such action shall not adversely affect the interest of the Owners hereunder and are not contrary to or inconsistent with the Indenture theretofore in effect;

(b) To grant to or confer upon the Trustee for the benefit of the Owners any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the Owners or the Trustee;

(c) To add to the covenants and agreements of the Authority in the Indenture other covenants and agreements thereafter to be observed by the Authority;

(d) To surrender any right, power or privilege reserved to or conferred upon the Authority by the terms of the Indenture, provided that the loss of such right, power or privilege shall not adversely impair the Revenues available to pay the Outstanding Bonds;

(e) To include as pledged revenues or money under, and subject to the provisions of, the Indenture any additional revenues or money legally available therefor;

(f) To provide for additional duties of the Trustee in connection with the Mortgage Loans and the MBS;

(g) To modify any of the provisions of the Indenture in any respect whatever; provided, however, that (i) such modification shall be, and be expressed to be, effective only after all Bonds of any Series Outstanding at the date of the execution by the Authority of such Supplemental Indenture shall cease to be Outstanding, and (ii) such Supplemental Indenture shall be specifically referred to in the text of all Bonds of any Series authenticated and delivered after the date of the execution by the Authority of such Supplemental Indenture and of Bonds issued in exchange therefor or in place thereof;

(h) To modify, eliminate and/or add to the provisions of the Indenture to such extent as shall be necessary to effect the qualification of the Indenture under the Trust Indenture Act of 1939, as then amended, or under any similar federal statute hereafter enacted, and to add to the Indenture such other provisions as may be expressly permitted by said Trust Indenture Act of 1939;

(i) Provided the Authority has first obtained a Confirmation, to make the terms and provisions of the Indenture, including the lien and security interest granted herein, applicable to a Derivative Product, and to modify the Indenture with respect to any particular Derivative Product;

(j) Provided the Authority has first obtained a Confirmation, to amend the Indenture to allow for any Bonds to be supported by a Credit Enhancement Facility or Liquidity Facility, including amendments with respect to repayment to such a provider on a parity with any Bonds or Derivative Product and providing rights to such provider under the Indenture, including with respect to defaults and remedies;

(k) To make any change as shall be necessary in order to maintain the rating(s) on any of the Bonds from any Rating Agency; or

(l) To make any other amendment or change that will not materially adversely affect the interest of Owners of Outstanding Bonds.

Powers of Amendment

Any modification or amendment of the Indenture and of the rights and obligations of the Authority and of the Owners of the Bonds, in any particular, may be made by a Supplemental Indenture, with the written consent given as provided in the Master Indenture of the Owners of a majority in Aggregate Principal Amount of the Bonds Outstanding at the time such consent is given. No such modification or amendment shall permit a change in the terms of redemption or maturity of the principal of any Outstanding Bonds or of any installment of interest thereon or a reduction in the principal amount or the Redemption Price thereof or in the rate of interest thereon without the consent of the Owners of all such Bonds, or shall reduce the percentages of Bonds the consent of the Owners of which is required to effect any such modification or amendment without the consent of the Owners of all Bonds then Outstanding or shall change the provisions of the Indenture relating to the ability to declare the Aggregate Principal Amount of Bonds to be due and payable without the consent of the Owners of all Bonds then Outstanding or shall materially adversely affect the rights of the Owners of Class II Bonds without the consent of the Owners of a majority in Aggregate Principal Amount of Class II Bonds Outstanding, or shall materially adversely affect the rights of the Owners of Class III Bonds without the consent of the Owners of a majority in

Aggregate Principal Amount of Class III Bonds then Outstanding; or shall change or modify any of the rights or obligations of any Fiduciary without its written assent thereto. If any such modification or amendment will, by its terms not take effect so long as any Bonds of any particular maturity remain Outstanding, the consent of the Owners of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under this section. The Trustee, relying upon a Counsel's Opinion, may determine whether or not in accordance with the foregoing powers of amendment Bonds of any particular maturity would be affected by any modification or amendment of the Indenture, and any such determination shall be binding and conclusive on the Authority and the Owners of the Bonds.

Consent of Owners of Bonds

The Authority at any time may execute and deliver a Supplemental Indenture making a modification or amendment permitted by the provisions of the Master Indenture, to take effect when and as provided in this section. A copy of such Supplemental Indenture (or brief summary thereof or reference thereto in form approved by the Trustee), together with a request to Owners of the Bonds for their consent thereto in form satisfactory to the Bond Registrar, shall be transmitted by the Authority to the registered owners of the Bonds. Such Supplemental Indenture shall not be effective unless and until (i) there shall have been filed with the Trustee (A) the written consents of Owners of the percentages of Outstanding Bonds specified in the Master Indenture and (B) a Counsel's Opinion stating that such Supplemental Indenture has been duly executed and delivered and filed by the Authority in accordance with the provisions of the Indenture, is authorized or permitted by the Indenture, and is valid and binding upon the Authority and enforceable in accordance with its terms, subject to State and federal bankruptcy, insolvency and other similar laws affecting the enforcement of creditors' rights and the availability of equitable remedies and (ii) a notice shall have been transmitted to Owners of the Bonds as provided in this section. Each consent shall be effective only if accompanied by proof of the holding, at the date of such consent, of the Bonds with respect to which such consent is given, which proof shall be such as is permitted by the Master Indenture. A certificate or certificates by the Bond Registrar filed with the Trustee that it has examined such proof and that such proof is sufficient in accordance with the Master Indenture shall be conclusive that the consents have been given by the Owners of the Bonds described in such certificate or certificates of the Bond Registrar. Any such consent shall be binding upon the Owners of the Bonds giving such consent and, anything in the Master Indenture to the contrary notwithstanding, upon any subsequent Owner of such Bonds and of any Bonds issued in exchange therefor (whether or not such subsequent Owner thereof has notice thereof) unless such consent is revoked in writing by the Owner thereof by filing with the Bond Registrar, prior to the time when the written statement of the Bond Registrar provided for in this section is filed, such revocation and, if such Bonds are transferable by delivery, proof that such Bonds are held by the signer of such revocation in the manner permitted by the Master Indenture. The fact that a consent has not been revoked likewise may be proved by a certificate of the Bond Registrar filed with the Trustee to the effect that no revocation thereof is on file with the Bond Registrar. At any time after the Owners of the required percentage of Bonds shall have filed their consent to the Supplemental Indenture, the Bond Registrar shall make and file with the Authority and the Trustee a written statement that the Owners of such required percentage of Bonds have filed such consents. Such written statement shall be conclusive that such consents have been so filed. At any time thereafter, notice stating in substance that the Supplemental Indenture (which may be referred to as a Supplemental Indenture executed and delivered by the Authority on a stated date, a copy of which is on file with the Trustee) has been consented to by the Owners of the required percentage of Bonds and will be effective as provided in this section, may be given to Owners of the Bonds by the Authority by transmitting such notice to Owners of the Bonds (but failure to transmit such notice shall not affect the validity of the Supplemental Indenture when consented to as provided in this section) not more than 90 days after the Owners of the required percentages of Bonds shall have filed their consents to the Supplemental Indenture and the written statement of the Bond Registrar provided for in this section is filed. The Authority shall file with the Trustee proof of the transmission of such notice. A record,

consisting of the papers required or permitted by this section to be filed with the Trustee and the Bond Registrar, shall be proof of the matters therein stated. Such Supplemental Indenture making such amendment or modification shall be deemed conclusively binding upon the Authority, the Fiduciaries and the Owners of all Bonds at the expiration of 30 days after the filing with the Trustee of the proof of the transmission of such last mentioned notice, except in the event of a final decree of a court of competent jurisdiction setting aside such Supplemental Indenture in a legal action or equitable proceeding for such purpose commenced within such 30-day period; provided, however, that any Fiduciary and the Authority during such 30-day period and any such further period during which any such action or proceeding may be pending shall be entitled in their absolute discretion to take such action or to refrain from taking such action, with respect to such Supplemental Indenture as they may deem expedient.

Supplemental Indentures Requiring Consent of Owners of Bonds

At any time or from time to time, the Authority and the Trustee may execute and deliver a Supplemental Indenture subject to consent by the Owners of the Bonds in accordance with and subject to the provisions of the Master Indenture, upon the Trustee's receipt of an opinion of Bond Counsel that such Supplemental Indenture will not adversely affect the exclusion from gross income of interest on Tax-exempt Bonds.

Modifications by Unanimous Consent

The terms and provisions of the Indenture or any Supplemental Indenture and the rights and obligations of the Authority and of the Owners of the Bonds may be modified or amended in any respect upon the issuance and filing by the Authority of a Supplemental Indenture and the consent of the Owners of all Bonds then Outstanding, such consent to be given as provided in the Master Indenture, except that no notice of such consent to Owners of the Bonds shall be required; provided, however, that no such modification or amendment shall change or modify any of the rights or obligations of any Fiduciary without the filing with the Trustee of the written assent thereto of such Fiduciary in addition to the consent of the Owners of the Bonds.

Defeasance

If the Authority shall pay or cause to be paid, or there shall otherwise be paid, (i) to the Owners of all Bonds the principal or Redemption Price, if applicable, and interest due or to become due thereon, at the times and in the manner stipulated therein and in the Indenture (ii) to each Reciprocal Payor, all Authority Derivative Payments then due and (iii) to each Credit Facility Provider, any and all amounts due and owing pursuant to any Credit Enhancement Facility, then the pledge of any Revenues, and other moneys and securities pledged under the Indenture and all covenants, agreements and other obligations of the Authority to the Owners, shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Trustee shall cause an accounting for such period or periods as shall be requested by the Authority to be prepared and filed with the Authority and, upon the request of the Authority, shall execute and deliver to the Authority all such instruments as may be desirable to evidence such discharge and satisfaction, and the Fiduciaries shall pay over or deliver to or upon the order of the Authority all moneys or securities held by them pursuant to the Indenture that are not required for the payment of principal, or Redemption Price, if applicable, of or interest on Bonds not theretofore surrendered to them for such payment or redemption. If the Authority shall pay or cause to be paid, or there shall otherwise be paid, to the Owners of all Outstanding Bonds of a particular Series, the principal or Redemption Price, if applicable, and interest due or to become due thereon, and to each Reciprocal Payor all Reciprocal Payments then due, at the times and in the manner stipulated therein and in the Master Indenture and in the Derivative Product, such Bonds and each Reciprocal Payor shall cease to be entitled to any lien, benefit or security hereunder and all covenants,

agreements and obligations of the Authority to the Owners of such Bonds and to each Reciprocal Payor shall thereupon cease, terminate and become void and be discharged and satisfied.

Bonds or interest installments for the payment or redemption of which moneys shall have been set aside and shall be held in trust by the Trustee or the Paying Agent (through deposit by the Authority of moneys for such payment or redemption or otherwise) at the maturity or redemption date thereof shall be deemed to have been paid within the meaning and with the effect expressed in this section. Outstanding Bonds shall be deemed, prior to the maturity or redemption date thereof, to have been paid within the meaning and with the effect expressed in this section if (i) in case any of said Bonds are to be redeemed on any date prior to their maturity, the Authority shall have given to the Bond Registrar in form satisfactory to it irrevocable instructions to transmit as provided in the Master Indenture notice of redemption of such Bonds on said date; (ii) there shall have been deposited with the Trustee either moneys in an amount sufficient, or Defeasance Securities the principal of and the interest on which when due (whether at maturity or the prior redemption thereof at the option of the holder thereof) will provide moneys in an amount that, together with the moneys, if any, deposited with the Trustee at the same time, shall be sufficient to pay when due the principal or Redemption Price of and interest due and to become due on said Bonds on and prior to the redemption date or maturity date thereof, as the case may be, (iii) in the event said Bonds are not by their terms subject to redemption within the next succeeding 60 days, the Authority shall have given to the Bond Registrar in form satisfactory to it irrevocable instructions to transmit, as soon as practicable, a notice to the Owners of such Bonds that the deposit required by (ii) above has been made with the Trustee and that said Bonds are deemed to have been paid in accordance with this section and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal or Redemption Price of and interest on said Bonds, and (iv) except in the event of a full cash defeasance or a current refunding of less than ninety days to maturity or redemption date, the sufficiency of such moneys or Defeasance Securities shall have been confirmed to the Authority in an opinion signed by a certified public accountant or firm of such accountants duly licensed to practice and practicing as such under the laws of the State, selected by the Authority. Neither Defeasance Securities nor moneys deposited with the Trustee pursuant to this section nor principal or interest payments on any such Defeasance Securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal or Redemption Price, if applicable, of and interest on said Bonds and any bonds or other obligations issued by the Authority the proceeds of which were used to acquire such Defeasance Securities, in whole or in part; provided that no such principal of or interest on such Defeasance Securities shall be applied to the payment of the principal or redemption price of or interest on such bonds or other obligations unless (x) the Trustee shall have received a schedule showing, for each year from the date of deposit of such Defeasance Securities until the redemption date or maturity date of said Bonds, as the case may be, the amount of principal of and interest due on such Defeasance Securities and moneys, if any, deposited with the Trustee at the same time that will be available to pay the principal or Redemption Price of and interest due on said Bonds in each such year, plus the amount of any excess in each such year, and (y) the amount of such principal of or interest on such Defeasance Securities to be so applied to the payment of such bonds or other obligations does not exceed in any year the amount of such excess for, or accumulated and unexpended to, such year. Notwithstanding any other provision of this section, any cash received from such principal or interest payments on such Defeasance Securities deposited with the Trustee, if not then needed for such purpose, to the extent practicable and, in accordance with an opinion of Bond Counsel filed with the Trustee, permitted by Section 103 of the Code, shall be reinvested in Defeasance Securities maturing at times and in amounts sufficient to pay when due the principal or Redemption Price, if applicable, of and interest due and to become due on said Bonds on and prior to such redemption date or maturity date thereof, as the case may be.

Any Authority Derivative Payments are deemed to have been paid and the applicable Derivative Product terminated when payment of all Authority Derivative Payments due and payable to each Reciprocal

Payor under its respective Derivative Product have been made or duly provided for to the satisfaction of each Reciprocal Payor and the respective Derivative Product has been terminated.

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APPENDIX B

FORM OF 2018BB BOND COUNSEL OPINION

_____, 2018

Colorado Housing and Finance Authority
1981 Blake Street
Denver, Colorado 80202

\$89,478,670
Colorado Housing and Finance Authority
Homeownership Class I Bonds
(GNMA Securities Monthly Pass-Through Program)
\$46,739,335 Series 2018BB-1 (Non-AMT)
\$42,739,335 Series 2018BB-2 (Federally Taxable)

Ladies and Gentlemen:

We have acted as bond counsel to the Colorado Housing and Finance Authority (the “Authority”) in connection with the issuance of its Homeownership Class I Bonds, (GNMA Securities Monthly Pass-Through Program) Series 2018BB-1 (the “2018BB-1 Bonds”) in the aggregate principal amount of \$46,739,335 and Homeownership Class I Bonds, (GNMA Securities Monthly Pass-Through Program), Series 2018BB-2 (the “2018BB-2 Bonds” and together with the 2018BB-1 Bonds, the “Bonds”) in the aggregate principal amount of \$42,739,335. In such capacity, we have examined the Authority’s certified proceedings and such other documents and such law of the State of Colorado and of the United States of America as we have deemed necessary to render this opinion letter. The Bonds are authorized and issued pursuant to the Master Indenture of Trust dated as of December 1, 2009, as amended, and as supplemented by the 2018BB Series Indenture dated as of October 1, 2018 (together, the “Indenture”), between the Authority and Zions Bancorporation, National Association (formerly, Zions First National Bank), as trustee (the “Trustee”). Capitalized terms used herein, unless parenthetically defined herein, have the meanings ascribed to them in the Indenture.

The Bonds are dated, mature in the years, in the principal amounts, bear interest at the rates, are subject to redemption prior to maturity and are otherwise in the form described in the Indenture.

It is our opinion as bond counsel that:

1. The Bonds have been duly and validly authorized and issued in accordance with law, and in accordance with the Indenture. The Bonds, together with the interest payable with respect thereto, are legal, valid and binding special, limited obligations of the Authority, payable solely from the Revenues and other assets pledged thereto under the Indenture.

2. The Indenture has been duly authorized by the Authority, duly executed and delivered by authorized officials of the Authority, and, assuming due authorization, execution and delivery by the Trustee, constitutes a valid and binding obligation of the Authority enforceable in accordance with its terms.

3. Under existing laws, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and continuing compliance with certain covenants designed to meet the requirements of the Internal Revenue Code of 1986, as amended (the “Code”), interest on the 2018BB-1

Bonds is excluded from gross income for federal income tax purposes. In addition, interest on the 2018BB-1 Bonds is not a specific preference item for purposes of the federal alternative minimum tax imposed on individuals and, for tax years beginning before January 1, 2018, on corporations and is not included in the adjusted current earnings of corporations for purposes of calculating the alternative minimum tax for tax years beginning before January 1, 2018.

4. Under existing laws, regulations, rulings and judicial decisions interest on the 2018BB-2 Bonds is included in gross income for federal income tax purposes.

5. The Bonds, their transfer and the income therefrom, including any profit made on the sale thereof, shall at all times be free from taxation by the State of Colorado or any political subdivision or other instrumentality of the State of Colorado under Colorado laws in effect as of the date hereof.

The Code establishes certain requirements that must be met subsequent to the issuance of the 2018BB-1 Bonds in order that interest thereon be and remain excluded from gross income for federal income tax purposes. Failure to comply with such requirements could cause the interest on the 2018BB-1 Bonds to be subject to such tax retroactive to the date of issuance of the 2018BB-1 Bonds. The requirements include provisions that restrict the yield and set forth limitations within which the proceeds of the 2018BB-1 Bonds are to be invested, including eligibility requirements for mortgages, and require that certain investment earnings be rebated on a periodic basis to the United States Treasury. The Indenture contains covenants of the Authority to comply with such requirements. The accrual or receipt of interest on the 2018BB-1 Bonds may otherwise affect the federal income tax liability of the recipient. The extent of these other tax consequences will depend on the recipient's particular tax status or other items of income or deduction. We express no opinion regarding any such consequences.

The opinions we have expressed herein as to the treatment of the interest borne by the Bonds for federal income tax purposes is based upon laws, regulations, rulings and decisions in effect on the date hereof. Each purchaser of the Bonds should consult its tax advisor as to the consequences of purchasing, holding or selling the Bonds.

The obligations of the parties, and the enforceability thereof, with respect to the documents described above are subject to the provisions of the bankruptcy laws of the United States of America and other applicable bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect. Certain of the obligations, and the enforcement thereof, contained in the documents described above are also subject to general principles of equity, which may limit the specific enforcement of certain remedies but which do not affect the validity of such documents.

Certain requirements and procedures contained or referred to in the Indenture and other relevant documents may be changed, and certain actions may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents, upon the advice or with the approving opinion of nationally recognized bond counsel. No opinion is expressed as to the Bonds or the interest thereon if any such change occurs or action is taken or omitted upon the advice or approval of counsel other than ourselves.

The scope of our engagement has not extended beyond the examinations and the rendering of the opinions expressed herein. The opinions expressed herein are based upon existing law as of the date hereof and we express no opinion herein as of any subsequent date or with respect to any pending legislation.

Respectfully submitted,

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APPENDIX C

BOOK-ENTRY SYSTEM

The following information in this section regarding DTC and the book entry system is based solely on information provided by DTC. No representation is made by the Authority or the Remarketing Agent as to the completeness or the accuracy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof.

DTC is acting as securities depository for the 2018BB Bonds. The 2018BB Bonds have been issued as fully-registered securities, registered in the name of Cede & Co., DTC's partnership nominee, or such other name as may be requested by an authorized representative of DTC. A fully-registered Bond certificate has been issued for each maturity of the 2018BB Bonds, in the aggregate principal amount of such maturity, and has been deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants (the "Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com. *The Authority, the Trustee, the Underwriters and the Remarketing Agent undertake no responsibility for and make no representation as to the accuracy or the completeness of the content of such material contained on DTC's website as described in the preceding sentence including, but not limited to, updates of such information or links to other Internet sites accessed through the aforementioned website.*

Purchases of 2018BB Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2018BB Bonds on DTC's records. The ownership interest of each actual purchaser of each 2018BB Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2018BB Bonds are to be accomplished by entries made on the books of Direct or Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in 2018BB Bonds, except in the event that use of the book-entry system for the 2018BB Bonds is discontinued.

To facilitate subsequent transfers, all 2018BB Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of 2018BB Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2018BB Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2018BB Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of 2018BB Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2018BB Bonds, such as redemptions, tenders, defaults and proposed amendments to the 2018BB Bond documents. For example, Beneficial Owners of 2018BB Bonds may wish to ascertain that the nominee holding the 2018BB Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Bond Registrar and request that copies of notices be provided directly to them.

As described in this Official Statement in "Part I – TERMS OF THE 2018BB BONDS – Prior Redemption – Mandatory Special Redemption," it is the intention that the allocations for mandatory redemption of the 2018BB Bonds be made by DTC on a pro rata basis in accordance with DTC's "Pro-Rata Pass-Through Distribution of Principal" rules and procedures. If DTC's operational arrangements do not allow for payment of the 2018BB Bonds on a pro-rata pass-through payment distribution of principal basis, then the 2018BB Bonds selected for payment will be made in accordance with DTC's procedures then in effect.

While the 2018BB Bonds are in the book-entry system, redemption notices will be sent to DTC. If less than all of the 2018BB Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in the 2018BB Bonds to be redeemed.

Neither DTC nor Cede (nor any other DTC nominee) will consent or vote with respect to 2018BB Bonds, unless authorized by a Direct Participant in accordance with DTC MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the 2018BB Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the 2018BB Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the Authority or the Trustee, on a payment date in accordance with their respective holdings shown on DTC's records. Payments by Direct and Indirect Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Direct and Indirect Participant and not of DTC, the Trustee, the Paying Agent or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC), is the responsibility of the Trustee or the Authority, disbursement of such payments to Direct Participants shall

be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

A Beneficial Owner shall give notice to elect to have its 2018BB Bonds purchased or tendered, through its Participant, to the Paying Agent, and shall effect delivery of such 2018BB Bonds by causing the Direct Participant to transfer the Participant's interest in the 2018BB Bonds, on DTC's records, to the Paying Agent. The requirement for physical delivery of 2018BB Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the 2018BB Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of such tendered 2018BB Bonds to the Paying Agent's DTC account.

THE AUTHORITY, THE TRUSTEE, AND THE PAYING AGENT SHALL HAVE NO RESPONSIBILITY OR OBLIGATION WITH RESPECT TO THE ACCURACY OF THE RECORDS OF DTC, CEDE & CO. OR ANY DTC PARTICIPANT WITH RESPECT TO ANY OWNERSHIP INTEREST IN THE 2018BB BONDS, THE DELIVERY TO ANY DTC PARTICIPANT OR ANY INDIRECT PARTICIPANT OR ANY OTHER PERSON, OTHER THAN CEDE & CO., AS NOMINEE OF DTC, AS SHOWN ON THE BOND REGISTER, OF ANY NOTICE WITH RESPECT TO THE 2018BB BONDS, INCLUDING ANY NOTICE OF REDEMPTION, THE PAYMENT TO ANY DTC PARTICIPANT OR INDIRECT PARTICIPANT OR ANY OTHER PERSON, OTHER THAN CEDE & CO., AS NOMINEE OF DTC, AS SHOWN ON THE BOND REGISTER, OF ANY AMOUNT WITH RESPECT TO PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON, THE 2018BB BONDS OR ANY CONSENT GIVEN BY CEDE & CO., AS NOMINEE OF DTC. SO LONG AS CERTIFICATES FOR THE 2018BB BONDS ARE NOT ISSUED PURSUANT TO THE INDENTURE AND THE 2018BB BONDS ARE REGISTERED TO DTC, THE AUTHORITY, THE PAYING AGENT, THE REMARKETING AGENT AND THE TRUSTEE SHALL TREAT DTC OR ANY SUCCESSOR SECURITIES DEPOSITORY AS, AND DEEM DTC OR ANY SUCCESSOR SECURITIES DEPOSITORY TO BE, THE ABSOLUTE OWNER OF THE 2018BB BONDS FOR ALL PURPOSES WHATSOEVER, INCLUDING WITHOUT LIMITATION (1) THE PAYMENT OF PRINCIPAL AND INTEREST ON THE 2018BB BONDS, (2) GIVING NOTICE OF REDEMPTION AND OTHER MATTERS WITH RESPECT TO THE 2018BB BONDS, (3) REGISTERING TRANSFERS WITH RESPECT TO THE 2018BB BONDS AND (4) THE SELECTION OF 2018BB BONDS FOR REDEMPTION.

DTC may discontinue providing its services as securities depository with respect to the 2018BB Bonds at any time by giving reasonable notice to the Authority and the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered. The Authority may decide to discontinue use of the system of book-entry transfer through DTC (or a successor depository). In that event, Bond certificates will be printed and delivered.

The information in this Appendix concerning DTC and DTC's book-entry system has been obtained from sources that the Authority believes to be reliable, but neither the Authority nor the Underwriters take any responsibility for the accuracy thereof.

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APPENDIX D

INSURANCE AND GUARANTEE PROGRAMS; FORECLOSURE

The Mortgage Loans are required by the Homeownership Indenture to be subject to mortgage insurance or guaranty to the extent required by any Series Indenture. The following is a description of the various insurance and guarantee programs which may be applicable in connection with certain Mortgage Loans. The following also includes a description of the Colorado foreclosure procedures which may apply to a Mortgage Loan in the case of a Mortgagor default.

FHA Insurance

The National Housing Act (the “NHA”) of 1934, as amended, provides for various FHA mortgage insurance programs. The regulations governing the single family programs under which the FHA-insured Mortgage Loans are insured provide that a Mortgage Loan will be considered to be in default if the Mortgagor fails to make any payment or perform any other obligation under the Mortgage, and such failure continues for a period of thirty days. Insurance benefits are payable to the Mortgagee upon acquisition of title (through foreclosure or otherwise) and conveyance of the Eligible Property to HUD.

HUD requires Mortgagees to explore alternatives to foreclosure. These may include a forbearance, a forbearance with a partial claim, or modification agreement, a pre-foreclosure sale, repayment plan, payment moratorium, HAMP (Home Affordable Modification Plan), or a deed in lieu of foreclosure. Utilization of certain alternatives to foreclosure may result in quicker receipt of the FHA insurance claim because the time required to complete a foreclosure is eliminated. Attempts to utilize alternatives to foreclosure which are unsuccessful may delay receipt of the FHA insurance claim due to a delay in commencement of foreclosure proceedings.

The FHA insurance claim for a Mortgage Loan will be paid in an amount equal to the outstanding principal balance plus allowable interest and, given that DMI (subservicer to the Authority) is ranked as a Tier 1 loan servicer as described in “Part II – THE SINGLE FAMILY MORTGAGE PROGRAM – Servicing of the Mortgage Loans,” approximately seventy-five percent (75%) of the permitted costs and expenses of acquiring title to the Eligible Property. Interest is allowed (except for two months which is disallowed) at the HUD debenture rate which may be less than the Mortgage Loan interest rate.

Payment for insurance claims may include reimbursement to the Mortgagee for tax, insurance, and similar advances made by the Mortgagee, as well as deductions for amounts received or retained by the Mortgagee after default. Under most FHA insurance programs for single-family residences, the Federal Housing Commissioner has the option of paying insurance claims in cash or in debentures. The HUD debenture rate may be less than the interest rate on the Mortgage Loans, and any debentures would mature 20 years after the date of issue, pay interest semiannually and may be redeemable at par at the option of HUD. Current FHA policy, which is subject to change at any time, is to pay insurance claims in cash.

Except in limited circumstances as approved by HUD properties conveyed to HUD upon completion of the foreclosure process or other acquisition of title must be conveyed vacant. In some circumstances it may be necessary to evict a tenant or Mortgagor upon the completion of the foreclosure proceedings before the Eligible Property can be conveyed to HUD and the FHA insurance claim can be filed.

FHA insurance claims may be denied or curtailed in limited circumstances. An FHA insurance claim may be denied if there was fraud in the origination of the Mortgage Loan or if the Mortgagee is unable

to deliver marketable title to HUD. Claims may be curtailed if DMI, as subservicer of the Mortgage Loans, fails to process the foreclosure in accordance with the FHA requirements or fails to adequately protect the Eligible Property. The Authority relies on the warranties and representations of the originating Mortgage Lenders with respect to proper origination of the Mortgage Loans. If an insurance claim is denied or curtailed due to an error of the Mortgage Lender or DMI as subservicer, the Authority may have recourse to such Mortgage Lender or subservicer for reimbursement. See “Part II – THE SINGLE FAMILY MORTGAGE PROGRAM.” The Authority’s ability to collect claims for reimbursement may depend in part on the Mortgage Lender’s or subservicer’s financial condition at the time the claim arises.

VA Guaranty

The Veteran’s Benefits Act of 1957, Public Law 85-857, as amended, permits a veteran (or in certain circumstances a veteran’s spouse) to obtain a mortgage loan guaranty to finance the purchase of a one-to-four unit family dwelling at interest rates permitted by the VA.

The VA expects every realistic alternative to foreclosure which may be appropriate in each case to be explored before a Mortgage Loan is terminated through foreclosure. The VA will frequently request the servicer to pursue alternatives since the results are either reinstatement of the account or a faster termination than would be obtained through foreclosure.

Claims for the payment of a VA guaranty may be submitted when any default of the Mortgagor continues for a period of three months. A guaranty may be paid without the Mortgagee instituting foreclosure proceedings or otherwise acquiring title. A Mortgagee intending to institute foreclosure proceedings must send to the Administrator of Veteran Affairs a Notice of Default and Intention to Foreclose. The guaranty provisions for mortgage loans generally are as follows: (i) for home and condominium loans of \$45,000 or less, 50% of the loan amount is guaranteed; (ii) for home and condominium loans above \$45,000 but not more than \$56,250, \$22,500 of the loan amount is guaranteed; (iii) for home and condominium loans above \$56,250 but not more than \$144,000, the lesser of \$36,000 or 40% of the loan amount is guaranteed; and (iv) for home and condominium loans above \$144,000, the lesser of 25% of the VA county loan limit or 25% of the loan amount is guaranteed. The liability on the guaranty is reduced or increased pro rata with any reduction or increase in the amount of the indebtedness. Notwithstanding the dollar and percentage limitations of the guaranty, a Mortgagee will ordinarily suffer a monetary loss only when the difference between the unsatisfied indebtedness and the proceeds of any foreclosure sale of an Eligible Property is greater than the original guaranty as adjusted. The VA may, at its option and without regard to the guaranty, make full payment to a Mortgagee of unsatisfied indebtedness on a Mortgage upon the Mortgagee’s obtaining title and assigning it to the VA.

In the case of a Mortgage Loan originated by a Mortgage Lender, the Authority relies on the originating Mortgage Lender for proper origination of such Mortgage Loan. If a guaranty claim is denied or curtailed due to the error of the Mortgage Lender or the subservicer, the Authority may have recourse to such Mortgage Lender or subservicer for reimbursement. See “Part II – THE SINGLE FAMILY MORTGAGE PROGRAM.” The Authority’s ability to collect claims for reimbursement may depend in part on the Mortgage Lender’s or subservicer’s financial condition at the time the claim arises.

Rural Housing Service Guarantee

Under the Rural Housing Service’s Rural Housing Loan Guarantee Program, a Mortgagor may obtain a Mortgage Loan guaranteed by the Rural Housing Service (“RHS”) covering mortgage financing of the purchase of an Eligible Property located in an RHS-designated rural area at interest rates permitted by the RHS. The RHS Rural Housing Loan Guarantee program is limited to only certain rural areas of the

State. Mortgagor and Mortgage Loan eligibility for such guarantees is subject to certain income, purchase price and other limitations in addition to the limitations applicable to all Mortgagors and Mortgage Loans.

The amount of the RHS loan guarantee is 90% of the principal amount of the Mortgage Loan. The maximum loss payment under the RHS guarantee will be the lesser of: (i) 90% of the Original Loan Amount or (ii) 100% of any loss equal to or less than 35% of the Original Loan Amount plus 85% of any remaining loss up to 65% of the Original Loan Amount. The Original Loan Amount is defined for these purposes as the original promissory note amount minus any loan funds not actually disbursed to the Mortgagor or on behalf of the Mortgagor at the time the loan was made or thereafter. Loss includes only: (a) principal and interest evidenced by the promissory note; (b) any Mortgage Loan subsidy due and owing; and (c) any principal and interest indebtedness on RHS-approved protective advances for protection and preservation of the Eligible Property. Interest (including any subsidy) is covered by the RHS guarantee to the date of the final loss settlement when the Mortgagee conducts liquidation of the Eligible Property in an expeditious manner in accordance with RHS regulations.

When a Mortgage Loan becomes three payments delinquent, the account may be accelerated and the Mortgagee may proceed with foreclosure of the Mortgage Loan unless extenuating circumstances exist. The RHS requires Mortgagees to explore an acceptable alternative to foreclosure, although incentives are not paid to Mortgagees to implement the alternatives. Acceptable foreclosure alternatives include forbearance, modifications, repayment plan, pre-foreclosure sales and deeds in lieu of foreclosure.

Payment of loss is made within 60 days after the Mortgagee files a claim. A claim must be filed within 45 days after sale of the Eligible Property. Loss is determined by the difference between the unpaid principal balance of the mortgage loan, unpaid interest and advances approved by RHS and net proceeds from the Eligible Property. Normal costs of liquidation are also included in the loss payment. If the Mortgagee acquires title to the Eligible Property through the foreclosure process, the Mortgagee must submit a disposition plan to RHS for RHS concurrence. The Mortgagee has nine months from the date of acquisition to sell the Eligible Property. If the Eligible Property is sold in accordance with the plan, the actual net proceeds from the sale of the Eligible Property will be used to calculate the loss payment. If the Eligible Property is not sold within six months from the acquisition date (which period may be extended for 30 days with RHS approval to permit the closing on an offer received near the end of the six-month period) RHS will obtain a liquidation value appraisal of the Eligible Property which will be used to determine net proceeds for calculation of the loss payment.

If a third party acquires title to the Eligible Property from the foreclosure sale or as a result of a sale by the Mortgagor to cure or avoid a default, the actual sales price from the sale are used to calculate the loss payment. In some circumstances, the Mortgagee may be required to enforce a deficiency judgment against the Mortgagor before the loss payment will be paid. This may substantially delay payment. Any recovery on the mortgage loan by the Mortgagee after receipt of a loss payment must be shared with RHS in proportion to the loss borne by RHS and the Mortgagee.

RHS claims may be denied or curtailed in limited circumstances. A claim may be denied if there was fraud or misrepresentation that the Mortgagee knew about, participated in or condoned. Claims may be curtailed as a result of violation of usury laws, negligent servicing or failure to obtain required collateral.

In the case of a Mortgage Loan originated by a Mortgage Lender, the Authority relies on the originating Mortgage Lender for proper origination of such Mortgage Loan. If a guaranty claim is denied or curtailed due to the error of the Mortgage Lender or the servicer, the Authority may have recourse to such Mortgage Lender or servicer for reimbursement. See "Part II – THE SINGLE FAMILY MORTGAGE PROGRAM." The Authority's ability to collect claims for reimbursement may depend in part on the Mortgage Lender's or servicer's financial condition at the time the claim arises.

Private Mortgage Insurance and Uninsured Mortgage Loans

Private Mortgage Insurance. Under each Series Indenture, the Authority is authorized in certain circumstances to purchase PMI Mortgage Loans which are insured by a private mortgage insurance company approved by the Authority, which is qualified to do business in the State and qualified to provide insurance on mortgages purchased by Freddie Mac or Fannie Mae and which is rated, at the time each PMI Mortgage Loan is made or originated, by the agency then rating the Bonds at certain ratings designated in the Series Indenture.

In general, private mortgage insurance (“PMI”) contracts provide for payment of insurance benefits to a mortgage lender upon the failure of a mortgagor to make any payment or to perform any obligation under the insured mortgage loan and the continuance of such failure for a stated period. Under most PMI policies, the maximum insurable amounts range from 90% to 95% of the appraised value or selling price for owner-occupied dwellings, whichever is lower. Requirements of borrower equity vary according to the percentage of the mortgage to be insured. Certain insurers will credit toward the value of the land to be improved, trade-in property or work equity, a specified percentage of this amount, if at least a minimum cash equity is met and the home is to be owner-occupied. Although there may be variations among insurers, available coverage by private mortgage insurers is generally limited to first mortgage loans or contracts on improved real estate, with amortization over the term of the loan or contract in substantially equal monthly payments, including accruals for taxes and insurance.

The Homeowners Protection Act of 1998 (the “HPA”) provides for cancellation of PMI upon the following: (i) at the homeowners request upon the date on which the principal balance of the mortgage loan is scheduled to reach 80% of the original value of the residence or the principal balance reaches 80% of the original value of the residence, (ii) automatically on the date on which the principal balance of the mortgage loan is scheduled to reach 78% of the original value of the residence, or if the borrower is not then current on his or her mortgage loan payments, on the date on which the mortgagor subsequently becomes current on such payments, or (iii) in any event, on the first day of the month immediately following the date that is the midpoint of the amortization period of the mortgage loan if the mortgagor is then current on his or her mortgage loan payments. The HPA also requires that mortgagors be provided with certain disclosures and notices regarding termination and cancellation of private mortgage insurance.

Under the various policies, delinquencies must be reported to the insurer within a specified period of time after default, and proceedings to recover title are required to be commenced within a specified period of time after default. It is standard practice for private mortgage insurers to require that lending institutions, prior to presenting a claim under the mortgage insurance, acquire and tender to the private mortgage insurer title to the property, free and clear of all liens and encumbrances, including any right of redemption by the mortgagor. When such claim is presented, the private mortgage insurer will normally retain the option to pay the claim in full and take title to the property and arrange for its sale or pay the insured percentage of the claim and allow the insured mortgage lender to retain title to the property.

The amount of loss payable generally includes the principal balance due under the mortgage loan, plus accumulated interest, real estate taxes and hazard insurance premiums which have been advanced, expenses incurred in the preservation of the insured property, and other expenses necessarily incurred in the recovery proceedings, although in no event will the insurer be required to pay an amount which exceeds the coverage under a policy.

Prior to insuring loans for any mortgage lender, the insurer investigates and evaluates such mortgage lender in the areas of (a) quality of appraisal ability, (b) quality of underwriting ability, (c) net worth and quality of assets and (d) ability and past performance of servicing staff and adequacy of servicing procedures.

Uninsured Mortgage Loans. A Series Indenture may also permit the Authority in certain circumstances to make or purchase Uninsured Mortgage Loans which are neither governmentally-guaranteed or insured nor insured by a private mortgage insurance company, as long as certain loan-to-value or other programmatic requirements contained in such Series Indenture are met.

Colorado Foreclosure Law and Procedure

The Mortgage Loans are evidenced by promissory notes and secured by deeds of trust encumbering the mortgaged property. The Colorado form of deed of trust is a unique three-party instrument that involves a public official, known as a public trustee, rather than a private trustee. The parties to a deed of trust are the borrower (i.e., the Mortgagor), the public trustee of the county in which the mortgaged property is located and the Mortgage Lender (generally referred to in a deed of trust as the beneficiary and herein as the Mortgagee). A deed of trust creates a lien on the mortgaged property in favor of the Mortgagee to secure repayment of the debt.

The public trustee's duties are generally limited to foreclosure of deeds of trust, issuance of certificates of purchase and deeds following foreclosure, releases of deeds of trust, and related matters. The public trustee will rarely have notice of a deed of trust until the Mortgagee elects to have the public trustee foreclose the deed of trust. Public trustees do not have discretionary or decision-making authority like judges. Rather, they perform the ministerial and procedural acts necessary to complete foreclosures in accordance with Colorado law.

A mortgagor's failure to perform a material covenant of the deed of trust (like failure to pay taxes or failure to pay the debt) generally constitutes a default entitling the Mortgagee to accelerate the debt and foreclose. To start foreclosure proceedings, the Mortgagee must present to the public trustee (i) the original or, for certain qualified holders (including the Authority), a copy of the promissory note or evidence of debt (or, except as provided in the following sentence with respect to "qualified holders," a lost instruments bond if the note or evidence of debt has been lost), (ii) any modifications to the original evidence of debt and the original endorsements or assignments to the current holder of the original evidence of debt, (iii) the original or copy of the recorded deed of trust together with any modifications or partial releases (and if copies are provided, in some cases they must be certified by the Clerk and Recorder or in other cases accompanied by the certificate of the holder that such holder is a "qualified holder"), (iv) an originally executed Notice of Election and Demand for Sale, and (v) the Combined Notice of Sale and Notice of Rights to Cure or Redeem (the "Combined Notice") and other required notices, certificates and affidavits and mailing list for the notices. Certain types of Mortgagees, which include the Authority, are defined to be "qualified holders" and may commence foreclosure by presenting a copy of the original evidence of debt instead of the original instrument or a bond. If the Mortgagee presents a copy of the evidence of debt, the Mortgagee is liable to a person incurring a loss if the original evidence of debt is subsequently presented for payment. The public trustee must record the Notice of Election and Demand for Sale in the appropriate clerk and recorder's office within 10 business days after receipt of a complete filing.

The public trustee also causes the Combined Notice to be published. The Combined Notice must be published once per week for five successive weeks in a newspaper of general circulation in the county where the mortgaged property is located. Within 20 days after the recording of the Notice of Election and Demand, copies of the Combined Notice must be sent to the borrower, Grantor of the Deed of Trust, Guarantors, and "occupants" as designated by statute and who are listed on a mailing list provided by the Mortgagee's attorney. No more than 60 nor fewer than 45 days prior to the first scheduled date of sale, the public trustee is required to again send the Combined Notice to the persons identified in the preceding sentence as well as to the owner of the property as of the date of recording of the Notice of Election and Demand and each person who appears to have an interest in the property prior to the date of the recording

of the Notice of Election and Demand (if such person's interest in the property may be extinguished by the foreclosure).

The Mortgagee may elect to preserve certain junior interests (like easements or leases) that would otherwise be extinguished by the foreclosure by recording a Notice to Affirm.

A right to redeem inures to certain holders of recorded junior interests that were recorded prior to the recording of the Notice of Election and Demand for Sale. A right to cure inures to the owner of the mortgaged property as of the recording of the Notice of Election and Demand and certain transferees, parties liable on the debt, sureties and guarantors of the debt and holders of an interest junior to the lien being foreclosed that was recorded prior to the recording of the Notice of Election and Demand for Sale.

A public trustee foreclosure sale is scheduled by the public trustee to occur no fewer than 110 days and no more than 125 days after the date of recording the Notice of Election and Demand for Sale for non-agricultural property. For agricultural property the sale is to be scheduled 215 to 230 days after the recording of the Notice of Election and Demand. If it is not evident from the legal description in the deed of trust, the public trustee will determine if the property is agricultural based on certain evidence such as the property being part of a subdivision plat or a written statement of an official that the property was within incorporated city limits. The public trustee shall accept as evidence that the property is agricultural a written statement from the assessor that all of the property is assessed as agricultural property. The sale date may be extended by the Mortgagee from time to time and by the public trustee for other reasons provided by statute.

Prior to the foreclosure sale, the Mortgagee must obtain an Order Authorizing Sale in an appropriate Colorado District Court pursuant to Rule 120 of the Colorado Rules of Civil Procedure. Notice of a Rule 120 hearing must be provided to the persons designated by Rule 120, and in the case of residential property, notice of the hearing must be posted in a conspicuous place on the property not less than 14 days before the date set for the hearing. An order authorizing the public trustee foreclosure sale will be issued if the court determines that venue is proper, there is a reasonable probability that a default has occurred entitling the Mortgagee to foreclose and no interested party is entitled to protection of the Servicemembers' Civil Relief Act of 1940, as amended (the "Relief Act"). The scope of the Rule 120 hearing shall not extend beyond the existence of a default authorizing the exercise of a power of sale under the terms of the deed of trust; consideration by the court of the requirements of the Relief Act; whether the moving party is the real party in interest, and whether the status of any request for a loan modification agreement bars a foreclosure sale as a matter of law.

Mortgagors called to active duty after obtaining a Mortgage Loan are entitled to the benefit of the Relief Act. Under the Relief Act a mortgagor may be granted certain relief from the mortgage obligations during active military service and for one year after the end of the period of military service. Such relief includes: (i) an adjustment of the service member's obligation to preserve the interest of all parties; and (ii) a stay of foreclosure proceedings. Such relief may reduce revenues received by the Authority during such period.

When foreclosure is initiated due to the nonpayment of sums due under the promissory note or deed of trust (such as principal, interest or real estate taxes), parties entitled by statute to cure who wish to exercise such cure rights must preserve the right to cure by filing a Notice of Intent to Cure with the public trustee at least 15 days prior to the date of the foreclosure sale. The Public Trustee is then required to promptly (but no later than 12 calendar days prior to the date of sale) request the amount required to cure the default from the Mortgagee. The Mortgagee must file with the public trustee a statement of the amount needed to cure the foreclosure no later than the earlier of 10 business days after receipt of the request or the eighth business day prior to the foreclosure sale. If these deadlines are not met, the foreclosure will be

postponed thereafter from week to week. The party wishing to cure the default must pay the public trustee all delinquent principal, interest and other amounts due plus the costs and expense of the foreclosure, including attorneys' fees, on or before noon of the day prior to the foreclosure sale to effectuate the cure. After the default is cured the Mortgagee must terminate the foreclosure proceedings. The Mortgagee may, but is not obligated to, accept a cure and terminate the foreclosure proceedings even if the statutory requirements are not met.

If the Mortgage Loan is not cured, the public trustee will sell the mortgaged property at the foreclosure sale to the highest bidder. The foreclosure sale may be continued by the Mortgagee for up to 12 months from the originally designated date in the Combined Notice (such 12-month period does not include any time periods that an automatic stay in bankruptcy or injunction is in effect). Anyone may bid at the sale. There is no obligation for the Mortgagee to bid any amount in excess of the outstanding debt. Any bid by the Mortgagee which is less than the outstanding debt must be at least the Mortgagee's good faith estimate of the fair market value of the mortgaged property (less unpaid taxes, the amount of senior liens and estimated reasonable costs and expenses, net of income, of holding, marketing and selling such property). The failure of the mortgagee to bid a good faith estimate of the fair market value of the mortgaged property will not affect the validity of the foreclosure sale but may be raised as a defense by a person sued on a deficiency. The public trustee will issue a Certificate of Purchase to the successful bidder. Title to the property vests in the holder of the Certificate of Purchase upon the close of business, eight business days after the sale date if no notice of intent to redeem was filed. If a notice of intent to redeem was filed, the title vests upon the expiration of all redemption periods.

Certain holders of recorded junior interests have redemption rights if they timely file a Notice of Intent to Redeem. The most senior junior lienholder may redeem between 15 and 19 business days after the sale date and each subsequent junior lienholder has (in order of priority of the liens) five business days to redeem. To preserve the right to redeem, a junior lienholder must file a notice of intent to redeem and other documents with the public trustee within eight business days after the foreclosure sale. Title to the property will vest in the holder of the Certificate of Purchase upon the close of business eight days after the sale date if no notice of intent to redeem was filed. If a notice of intent to redeem was filed, and no redemption has occurred, the title vests in the holder of the Certificate of Purchase upon the expiration of all redemption periods. The public trustee will issue a deed to the holder of the Certificate of Purchase or the last redeeming junior lienholder, as the case may be. The public trustee confirmation deed will convey the mortgaged property free of all junior interests except junior interests the Mortgagee elected to affirm or which were not sent proper notices of the foreclosure as required by statute. Special rules apply with respect to junior liens which are held by the IRS or other federal agencies. The public trustee's confirmation deed will be junior to the lien for real property taxes and assessments and to all liens and interests, if any, which were senior to the deed of trust foreclosed and possibly to a portion of a lien for unpaid homeowner association dues equal to approximately six months of regular installments.

Judicial foreclosure may be required or advisable in certain circumstances including where there are defects in title, where there is a need to reform the Mortgage Loan documents to correct an error, or where there is a dispute about the priority of the deed of trust. Generally a judicial foreclosure will take substantially longer and be significantly more expensive than a public trustee foreclosure.

In addition to the statutory requirements with respect to a foreclosure in Colorado, other restrictions may be imposed by the Mortgage Loan documents or by the VA, FHA, Rural Housing Service, FNMA/FHLMC, or a private insurer. FNMA/FHLMC, VA, and FHA encourage Mortgage Lenders to avoid foreclosure wherever possible. VA, FHA and Rural Housing Service also have special programs for certain borrowers whose defaults are caused by circumstances outside of their control, as described in "VA Guaranty," "Rural Housing Service Guarantee" and "FHA Insurance" under this caption. Certain loan documents for the Mortgage Loans may incorporate restrictions from the FNMA/FHLMC Colorado

Uniform Security Instrument which require the Mortgagee to give the Mortgagor 30 days' notice prior to accelerating the Mortgage Loan unless the default is violation of the due-on-sale clause.

In the event a Mortgagor files a bankruptcy petition, the foreclosure proceedings are automatically stayed until the Mortgagee is granted relief from stay or the bankruptcy action is dismissed. The Mortgagee may not be granted relief from stay in certain cases. If a bankruptcy petition is filed after all publications of the Combined Notice as required by Colorado law have been completed, the sale date will be automatically postponed week to week for as long as the automatic stay is in effect. Upon obtaining relief from stay or upon dismissal of the bankruptcy, the sale can be held at the next available sale date. If a bankruptcy petition is filed prior to completion of the publication of all of the Combined Notices as required by Colorado law, the remaining notices must be cancelled. If the Mortgagee obtains relief from stay or the bankruptcy is dismissed, the Mortgagee must re-record the Notice of Election and Demand for Sale and all required notices must be given before a foreclosure sale may be held.

APPENDIX E

FORM OF CONTINUING DISCLOSURE UNDERTAKING

This Continuing Disclosure Undertaking (this “Disclosure Certificate”) is executed and delivered by the COLORADO HOUSING AND FINANCE AUTHORITY, a body corporate and political subdivision of the State of Colorado (the “Authority”), in connection with the offering of the Authority’s Homeownership Class I Bonds (GNMA Securities Monthly Pass-Through Program), Series 2018BB-1 (Non-AMT) (the “2018BB-1 Bonds”) and Homeownership Class I Bonds (GNMA Securities Monthly Pass-Through Program), Series 2018BB-2 (Federally Taxable) (the “2018BB-2 Bonds,” and together with the 2018BB-1 Bonds the “the “Series Bonds”). The Series Bonds have been issued pursuant to a Master Indenture of Trust dated as of December 1, 2009, as amended (the “Homeownership Indenture”), and pursuant to a 2018BB Series Indenture dated as of October 1, 2018 (the “2018BB Series Indenture” and, together with the Homeownership Indenture, the “Indenture”), each between the Authority and Zions Bancorporation, National Association (formerly, Zions First National Bank), Denver, Colorado, as trustee. The Authority may issue additional series of bonds under the Homeownership Indenture upon satisfaction of the conditions set forth in the Homeownership Indenture. All bonds and notes issued under the Homeownership Indenture, including the Series Bonds, are referred to herein as the “Bonds.” Capitalized terms used but not defined herein shall have meanings ascribed thereto in the Indenture. The Authority covenants and agrees as follows:

BACKGROUND

1. The Series Bonds have been issued to provide funds to finance or refinance the purchase of mortgage loans under the Authority’s Single Family Mortgage Program (as defined in the Official Statement), to establish necessary reserves, or to otherwise attain the goals of the Authority pursuant to the Colorado Housing and Finance Authority Act.

2. In order to allow the Participating Underwriter (as defined in the Rule defined below) of the Series Bonds to comply with Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities and Exchange Act of 1934 (17 C.F.R. § 240.15c2-12) as amended to the date hereof (the “Rule” or “Rule 15c2-12”), the Authority has agreed to make certain continuing disclosure undertakings for the benefit of owners (including beneficial owners) of the Series Bonds.

3. This Disclosure Certificate is intended to satisfy the requirements of said Rule 15c2-12, as in effect on the date hereof.

AUTHORITY COVENANTS AND AGREEMENTS

Section 1. Definitions.

(a) “*Annual Financial Information*” means the financial information or operating data with respect to the Authority and any loan program financed under the Homeownership Indenture, delivered at least annually pursuant to Sections 2(a) and 2(b) hereof, substantially similar to the type set forth in the Official Statement as described in Exhibit A hereto, including but not limited to such financial information and operating data set forth in Appendix F in the Official Statement.

(b) “*Audited Financial Statements*” means the annual financial statements for the Authority, prepared in accordance with generally accepted accounting principles consistently applied, as in effect from time to time, audited by a firm of certified public accountants.

(c) “EMMA” means the MSRB’s Electronic Municipal Market Access System, with a portal at <http://emma.msrb.org>.

(d) “Events” means any of the events listed in Section 2(d) hereof.

(e) “MSRB” means the Municipal Securities Rulemaking Board. The current address of the MSRB is 1300 I Street, NW, Suite 1000, Washington, D.C. 20005; fax: 202-898-1500.

(f) “Official Statement” means the Official Statement delivered in connection with the offering of the Series Bonds.

(g) “Participating Underwriter” means RBC Capital Markets, LLC, as senior underwriter.

(h) “Rule 15c2-12” means Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934, as amended (17 C.F.R. § 240.15c2-12), as the same may be amended from time to time.

(i) “SEC” means the Securities and Exchange Commission.

Section 2. Provision of Annual Information and Reporting of Events.

(a) Commencing with the fiscal year ending December 31, 2018 and annually while the Series Bonds remain outstanding, the Authority agrees to provide or cause to be provided annually to EMMA (with a copy, upon request, to the Participating Underwriter) the following information:

- (i) Annual Financial Information; and
- (ii) Audited Financial Statements, if prepared.

(b) Such Annual Financial Information shall be provided not later than 240 days after the end of each fiscal year for the Authority (i.e., each December 31). If not provided at the same time as the Annual Financial Information, the Audited Financial Statements will be provided when available.

(c) The Authority may provide Annual Financial Information and Audited Financial Statements by specific reference to other documents, including information reports and Official Statements relating to other debt issues of the Authority, which have been submitted to each repository or repositories as required by Rule 15c2-12; provided, however, that if the document so referenced is a final Official Statement within the meaning of Rule 15c2-12, such final Official Statement must also be available from the MSRB. The Authority shall clearly identify each such other document so incorporated by cross-reference.

(d) (i) At any time the Series Bonds are outstanding, in a timely manner not in excess of ten (10) business days after the occurrence of an event, the Authority shall provide to EMMA notice of the occurrence of any of the following Events with respect to the Series Bonds:

- (A) principal and interest payment delinquencies;

- (B) unscheduled draws on debt service reserves reflecting financial difficulties;
- (C) unscheduled draws on credit enhancements reflecting financial difficulties;
- (D) substitution of credit or liquidity providers, or their failure to perform;
- (E) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Series Bonds, or other material events affecting the tax status of the Series Bonds;
- (F) tender offers;
- (G) defeasances;
- (H) rating changes; and
- (I) bankruptcy, insolvency, receivership, or similar event of the obligated person.

For the purposes of the event identified in paragraph (2)(d)(i)(I) hereof, the event is considered to occur when any of the following occur: (1) the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or (2) the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(ii) At any time the Series Bonds are outstanding, in a timely manner not in excess of ten (10) business days after the occurrence of an event, the Authority shall provide to EMMA notice of the occurrence of any of the following Events with respect to the Series Bonds, if material:

- (A) non-payment related defaults;
- (B) modifications to the rights of the beneficial owners of the Bonds;
- (C) bond calls;
- (D) release, substitution or sale of property securing repayment of the Bonds;

(E) the consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms; and

(F) appointment of a successor or additional trustee or a change in the name of a trustee.

(e) At any time the Series Bonds are outstanding, the Authority shall provide, in a timely manner, to EMMA, with a copy to the Participating Underwriter, notice of any failure of the Authority to timely provide the Annual Financial Information as specified in Sections 2(a) and 2(b) hereof.

Section 3. Method of Transmission. The Authority shall employ such methods of electronic or physical information transmission, and include such identifying information, as is requested or recommended by the MSRB unless otherwise required by law.

Section 4. Enforcement. The obligations of the Authority hereunder shall be for the benefit of the owners (including beneficial owners) of the Series Bonds. The owner or beneficial owner of any Series Bonds is authorized to take action to seek specific performance by court order to compel the Authority to comply with its obligations under this Disclosure Certificate, which action shall be the exclusive remedy available to it or to any other owners or beneficial owners of the Series Bonds; provided, that any owner or beneficial owner of Series Bonds seeking to require the Authority to comply with this Disclosure Certificate shall first provide at least 30 days' prior written notice to the Authority of the Authority's failure, giving reasonable detail of such failure following which notice the Authority shall have 30 days to comply. Any such action shall be brought only in a court of competent jurisdiction in the City and County of Denver, Colorado. Breach of the obligations of the Authority hereunder shall not constitute an Event of Default under the Indenture and none of the rights and remedies provided by the Indenture shall be available to the owners of the Series Bonds or the Trustee therein appointed.

Section 5. Additional Information. Nothing in the Disclosure Certificate shall be deemed to prevent the Authority from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other annual information or notice of occurrence of an event which is not an Event, in addition to that which is required by this Disclosure Certificate; provided that the Authority shall not be required to do so. If the Authority chooses to include any annual information or notice of occurrence of an event in addition to that which is specifically required by this Disclosure Certificate, the Authority shall have no obligation under this Disclosure Certificate to update such information or include such information in any future annual filing or Event filing.

Section 6. Term. This Disclosure Certificate shall be in effect from and after offering and delivery of the Series Bonds and shall extend to the earliest of (i) the date all principal and interest on the Series Bonds shall have been deemed paid or legally defeased pursuant to the terms of the Indenture; (ii) the date that the Authority shall no longer constitute an "obligated person" with respect to the Series Bonds within the meaning of Rule 15c2-12; or (iii) the date on which those portions of Rule 15c2-12 which require this Disclosure Certificate are determined to be invalid by a court of competent jurisdiction in a non-appealable action, have been repealed retroactively or otherwise do not apply to the Series Bonds, the determination of (i), (ii) or (iii) herein to be made in any manner deemed appropriate by the Authority, including by an opinion of counsel experienced in federal securities law selected by the Authority.

Section 7. Amendments and Waivers. Notwithstanding any other provision of the Disclosure Certificate, the Authority may amend this Disclosure Certificate from time to time, and any provision of this Disclosure Certificate may be waived, without the consent of the owners or beneficial owners of the Series Bonds upon the Authority's receipt of an opinion of counsel experienced in federal securities laws to the effect that such amendment or waiver will not adversely affect compliance with Rule 15c2-12. Any Annual Financial Information containing amended operating data or financial information will explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided. If an amendment changes the accounting principles to be followed in preparing financial statements, the Annual Financial Information for the year in which the change is made will present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The Authority shall provide notice of such amendment or waiver to EMMA as required by Rule 15c2-12 and the Participating Underwriter.

Section 8. Beneficiaries. The Disclosure Certificate shall inure solely to the benefit of the Authority, the Participating Underwriter and the owners (including beneficial owners) from time to time of the Series Bonds, and shall create no rights in any other person or entity.

Dated as of October 31, 2018.

COLORADO HOUSING AND FINANCE
AUTHORITY

By _____
Chief Financial Officer

**EXHIBIT A
TO
APPENDIX E**

The Authority's Annual Financial Information shall contain or include by reference tables setting forth the following information, as of the end of the Authority's fiscal year (December 31):

(a) For each maturity of each series of Bonds outstanding under the Homeownership Indenture: (i) the maturity date of such Bonds, Bond type (serial or term), the interest rate on such Bonds, principal redemptions, original aggregate principal amount of such Bonds and the principal amount of such Bonds remaining Outstanding; and (ii) a list of unscheduled redemptions including the date of call, amount and type of call.

(b) During the period for the acquisition of Mortgage Loans with the proceeds of the Series Bonds, the original amount of funds available for the acquisition of Mortgage Loans, the total amount of funds committed by the Authority for individual Mortgage Loans, and the total principal amount of Mortgage Loans purchased by the Authority. This information will not be provided after the period for the acquisition of Mortgage Loans with the proceeds of the Series Bonds.

(c) The amount and type of assets (and, if applicable, the rate and maturity date of such assets) credited to the Acquisition Account, the Revenue Account, the Loan Recycling Account, the Class I Debt Service Fund, the Class II Debt Service Fund, the Class III Debt Service Fund, the Redemption Fund, the Short Term Bond Account and the various subaccounts in each of the above-referenced funds or accounts; and the current amount of assets credited to the Debt Service Reserve Fund and its various subaccounts.

(d) With respect to each Series of Bonds, the outstanding aggregate principal balance of Mortgage Loans, the aggregate number of outstanding Mortgage Loans, the average principal balance per Mortgage Loan, average coupon and weighted average maturity.

(e) With respect to each Series of Bonds, a breakdown of the type of housing, expressed as a percentage of Mortgage Loans outstanding, showing the extent to which: (i) the housing is single family detached, condominium/townhomes or other (specify); (ii) the housing is new construction or existing homes; and (iii) the housing is insured by the FHA, insured by private mortgage insurance, insured by the Rural Housing Service, guaranteed by the VA or uninsured.

(f) With respect to each Series of Bonds, the number of loans financed, the number of loans prepaid in full, the number of loans foreclosed to date, the number of loans outstanding, the number of delinquent 30-90 days, the percentage of total loans delinquent 30-90 days, the number of delinquencies 90 or more days, the percentage of total loans delinquent 90 or more days, the number of loans in foreclosure, the percentage of total loans in foreclosure and the percentage of all loans delinquent.

(g) With respect to each Series of Bonds, the amount of total assets, the amount of total liabilities and the amount of surplus or deficit.

(h) With respect to MBS financed by each Series of Bonds, a breakdown of the type of security, CUSIP number, pool number, weighted average Mortgage Loan rate, pass-through rate, original aggregate principal amount and outstanding aggregate principal amount for each such MBS.

APPENDIX F

THE 2018BB GNMA MBS PORTFOLIO

| CUSIP | Pool Number | Mortgage Loan Rate | Pass-Through Rate | Original Principal Amount | Principal Outstanding as of October 2018¹ | Percentage of Principal Payments Allocable to 2018BB-1 Bonds | Principal Outstanding Allocable to 2018BB-1 Bonds | Percentage of Principal Payments Allocable to 2018BB-2 Bonds | Principal Outstanding Allocable to 2018BB-2 Bonds | Total Participated Principal Amount Allocated to 2018 BB Bonds | Percentage of Interest Payments Allocable to 2018 BB Bonds |
|------------------|--------------------|---------------------------|--------------------------|----------------------------------|---|---|--|---|--|---|---|
| 3617BFTM4 | BD0556 | 5.125% | 4.500% | \$ 9,317,511.00 | \$ 9,294,125.72 | 52.23517% | \$ 4,854,802.37 | 47.76483% | \$ 4,439,323.35 | \$ 9,294,125.72 | 100.00% |
| 3617BFTN2 | BD0557 | 5.122 | 4.500 | 38,846,971.00 | 38,800,827.79 | 52.23517% | 20,267,678.36 | 47.76483% | 18,533,149.43 | 38,800,827.79 | 100.00% |
| 3617BFTW2 | BD0565 | 5.120 | 4.500 | 31,248,087.00 | 31,248,087.00 | 52.23517% | 16,322,491.37 | 47.76483% | 14,925,595.63 | 31,248,087.00 | 100.00% |
| 3617BFTX0* | BD0566 | 5.120 | 4.500 | 10,135,630.00 | 10,135,630.00 | 19.12372% | 1,938,309.58 | 47.76483% | 4,841,266.44 | 6,779,576.02 | 100.00% |
| 3617BFTD4* | BD0548 | 5.125 | 4.500 | 5,029,548.00 | 5,017,381.84 | 66.88855% | 3,356,053.98 | 0.00000% | 0.00 | 3,356,053.98 | 100.00% |
| TOTAL MBS | | 5.122% | 4.500% | \$94,577,747.00 | \$94,496,052.35 | | \$46,739,335.66 | | \$42,739,334.85 | \$89,478,670.51 | |

¹ Based on October 2018 factors published by Bloomberg Finance L.P. on October 6, 2018.

* Beginning on November 1, 2018, 33.11145% of all principal payments received on these Ginnie Mae Certificates is allocable to another funding source.

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APPENDIX G-1

GNMA MORTGAGE-BACKED SECURITIES PROGRAM

The summary of the GNMA Program, Ginnie Mae Certificates and other documents referred to herein does not purport to be comprehensive and is qualified in its entirety by reference to the GNMA Mortgage-Backed Securities Guide (the "GNMA Guide") (copies of which may be obtained from GNMA at the Office of Mortgage-Backed Securities, 451 Seventh Street, S.W., Washington, D.C. 20410, or at <http://www.ginniemae.gov>) and to the Ginnie Mae Certificates and other documents for full and complete statements of their provisions. Neither the Authority nor the Underwriters make any representation with respect to the accuracy or completeness of this summary.

General

Ginnie Mae is a wholly owned corporate instrumentality of the United States within the Department of Housing and Urban Development ("HUD") with its principal office located in Washington, D.C.

Ginnie Mae is authorized by Section 306(g) of Title III of the National Housing Act of 1934, as amended (the "National Housing Act"), to guarantee the timely payment of the principal of, and interest on, securities that are based on and backed by trusts or pools composed of Mortgage Loans insured or guaranteed under the National Housing Act, Title V of the Housing Act of 1949, the Servicemen's Readjustment Act of 1944, as amended, Chapter 37 of Title 38 of the United States Code or Section 184 of the Housing and Community Development Act of 1992 or guaranteed by the United States Department of Agriculture under the Rural Development Program. Section 306(g) further provides that "[t]he full faith and credit of the United States is pledged to the payment of all amounts which may be required to be paid under any guaranty under this subsection." An opinion, dated December 9, 1969, of an Assistant Attorney General of the United States states that such guarantees under Section 306(g) of mortgage-backed certificates are authorized to be made by Ginnie Mae and "would constitute general obligations of the United States backed by its full faith and credit."

There are two GNMA Mortgage-Backed Securities Programs, GNMA I MBS and GNMA II MBS.

Any Ginnie Mae Certificates acquired by the Authority will be a "fully modified pass-through" security (guaranteed by Ginnie Mae pursuant to its GNMA I or GNMA II mortgage-backed securities program) which will require the servicer to pass through to the holder the regular monthly payments on the underlying mortgage loans (less the service fees), whether or not the servicer receives such payments from the Mortgagors on the underlying Mortgage Loans, plus any prepayments or other unscheduled recoveries of principal of the mortgage loans received by the servicer during the previous month. Upon issuance of each Ginnie Mae Certificate, Ginnie Mae will guarantee to the holder of the GNMA Security the timely payment of principal of and interest on the Ginnie Mae Certificate. In order to meet its obligations under such guaranty, Ginnie Mae, in its corporate capacity under Section 306(d) of Title III of the National Housing Act, may issue its general obligations to the United States Treasury Department (the "Treasury") in an amount outstanding at any one time sufficient to enable Ginnie Mae, with no limitations as to amount, to perform its obligations under its guaranty of the timely payment of the principal of and interest on the Ginnie Mae Certificate. The Treasury is authorized to purchase any obligations so issued by Ginnie Mae and has indicated in a letter dated February 13, 1970, from the Secretary of the Treasury to the Secretary of HUD, that the Treasury will make loans to Ginnie Mae, if needed, to implement the aforementioned guaranty.

Under the terms of its guaranty, Ginnie Mae also warrants to the holder of the Ginnie Mae Certificate that, in the event Ginnie Mae is called upon at any time to make payment on its guaranty of the principal of and interest on the Ginnie Mae Certificate, it will, if necessary, in accordance with Section 306(d) of Title III of the National Housing Act, apply to the Treasury for a loan or loans in amounts sufficient to make such payments of principal and interest.

Servicing of the Mortgages

Under contractual agreements entered into by and between the servicer and Ginnie Mae, the servicer is responsible for servicing and otherwise administering the Mortgage Loans underlying the Ginnie Mae Certificates in accordance with generally-accepted practices of the mortgage lending industry and the GNMA Guide. The Authority acts as the Servicer of the GNMA MBS in the Trust Estate which secure the Bonds under the Homeownership Indenture.

The monthly remuneration of the servicer, for its servicing and administrative functions, and the guaranty fee charged by Ginnie Mae, are based on the unpaid principal amount of the Ginnie Mae Certificates outstanding. Each Ginnie Mae I Certificate carries an interest rate that is fixed below the lowest interest rate on the underlying Mortgage Loans because the servicing and guarantee fees are deducted from payments on the Mortgage Loans before the payments are passed through to the owner of the Ginnie Mae Certificate.

It is expected that interest and principal payments on the Mortgage Loans underlying the Ginnie Mae Certificates received by the servicer will be the source of money for payments on the Ginnie Mae Certificates. If such payments are less than the amount then due, the servicer is obligated to advance its own funds to ensure timely payment of all amounts coming due on the Ginnie Mae Certificates. Ginnie Mae guarantees such timely payment in the event of the failure of the servicer to pay an amount equal to the scheduled payments (whether or not made by the Mortgagors on the underlying Mortgage Loans).

The servicer is required to advise Ginnie Mae in advance of any impending default on scheduled payments so that Ginnie Mae, as guarantor, will be able to continue such payments as scheduled on the applicable payment date. If, however, such payments are not received as scheduled, the Trustee has recourse directly to Ginnie Mae.

Default by Servicer

In the event of a default by the servicer, Ginnie Mae will have the right, by letter to the servicer, to effect and complete the extinguishment of the servicer's interest in the Mortgage Loans underlying the Ginnie Mae Certificates, and such Mortgage Loans will thereupon become the absolute property of Ginnie Mae, subject only to the unsatisfied rights of the owner of the Ginnie Mae Certificate. In such event, Ginnie Mae will be the successor in all respects to the servicer with respect to the transaction and the agreements set forth or arranged for in the GNMA Guide.

Payment of Principal and Interest on the Ginnie Mae Certificates

Under the GNMA I MBS Program, the servicer is to make separate payments, by the fifteenth day of each month (or, if the fifteenth day is not a business day, then the next business day), directly to each owner of Ginnie Mae Certificates for each of the Ginnie Mae Certificates held. Under the GNMA II MBS Program, the servicer is to make separate payments by the twentieth day of each month (or, if the twentieth day is not a business day, then the next business day).

Payment of principal of each Ginnie Mae Certificate is expected to commence on the fifteenth day (in the case of GNMA I MBS) and the twentieth day (in the case of GNMA II MBS) of the month following issuance of the Ginnie Mae Certificate.

Each installment on a Ginnie Mae Certificate is required to be applied first to interest and then in reduction of the principal balance then outstanding on the Ginnie Mae Certificate. Interest is to be paid at the specified rate on the unpaid portion of the principal of the Ginnie Mae Certificate. The amount of principal due on the Ginnie Mae Certificate will be in an amount at least equal to the scheduled principal amortization currently due on the Mortgage Loans based on reporting from the issuer. However, payment of principal and interest is to be adjustable as set forth below.

Each of the monthly installments on a Ginnie Mae Certificate is subject to adjustment by reason of any prepayments or other unscheduled recoveries of principal on the underlying Mortgage Loans. In any event, the servicer will pay to the holder of the Ginnie Mae Certificate monthly installments of not less than the interest due on the Ginnie Mae Certificate at the rate specified in the Ginnie Mae Certificate, together with any scheduled installments of principal, whether or not such interest or principal is collected from the Mortgagors, and any prepayments or early recovery of principal. Final payment will be made only upon surrender of the outstanding Ginnie Mae Certificate.

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APPENDIX G-2

FANNIE MAE MORTGAGE-BACKED SECURITIES PROGRAM

The summary of Fannie Mae MBS Program (as defined below), the Fannie Mae Certificates and other documents referred to herein does not purport to be comprehensive and is qualified in its entirety by reference to the Fannie Mae Selling Guide and the Fannie Mae Servicing Guide (collectively, the “Fannie Mae Guides”) and the Fannie Mae Certificates and other documents for full and complete statements of their provisions. Copies of the Fannie Mae Guides, the Fannie Mae Prospectus and Fannie Mae’s most recent annual and quarterly reports and proxy statement are available from Fannie Mae, 3900 Wisconsin Avenue, N.W., Washington, D.C. 20016, (800-237-8627), or at <http://www.fanniemae.com>. Neither the Authority nor the Underwriters makes any representation with respect to the accuracy or completeness of this summary.

General

Federal National Mortgage Association (“Fannie Mae”) is a federally chartered and stockholder-owned corporation organized and existing under the Federal National Mortgage Association Charter Act, as amended (12 U.S.C. § 1716 et seq.). Fannie Mae was originally established in 1938 as a United States government agency to provide supplemental liquidity to the mortgage market and was transformed into a stockholder-owned and privately managed corporation by legislation enacted in 1968. Fannie Mae provides funds to the mortgage market by purchasing mortgage loans from lenders, thereby replenishing their funds for additional lending. Fannie Mae acquires funds to purchase mortgage loans from many capital market investors that may not ordinarily invest in mortgage loans, thereby expanding the total amount of funds available for housing. In addition, Fannie Mae issues mortgage-backed securities primarily in exchange for pools of mortgage loans from lenders.

Although the Secretary of the Treasury has certain discretionary authority to purchase obligations of Fannie Mae, neither the United States nor any agency thereof is obligated to finance Fannie Mae’s obligations or to assist Fannie Mae in any manner.

The Federal Housing Finance Regulatory Reform Act of 2008 (the “Reform Act”) established the Federal Housing Finance Agency (“FHFA”), which assumed the regulatory and oversight duties of Fannie Mae of the Office of Federal Housing Enterprise Oversight and the Department of Housing and Urban Development. In 2008, the Director of FHFA placed Fannie Mae into conservatorship, appointing FHFA as conservator. This conservatorship does not have a specified termination date.

Fannie Mae Mortgage-Backed Securities Program

Fannie Mae has implemented a mortgage-backed securities program pursuant to which Fannie Mae issues securities backed by pools of mortgage loans (the “Fannie Mae MBS Program”). The obligations of Fannie Mae, including its obligations under the Fannie Mae Certificates, are obligations solely of Fannie Mae and are not backed by, or entitled to, the full faith and credit of the United States.

The terms of the Fannie Mae MBS Program are governed by the Fannie Mae Guides, as modified by a pool purchase contract, and, in the case of mortgage loans such as the Mortgage Loans, a 2009 Single-Family Master Trust Agreement dated as of January 1, 2009, as amended from time to time and a supplement thereto to be issued by Fannie Mae in connection with each pool. The Fannie Mae MBS Program is further described in a prospectus issued by Fannie Mae (the “Fannie Mae Prospectus”). The Fannie Mae Prospectus is updated from time to time. A Fannie Mae Prospectus Supplement may not be

available as to Fannie Mae Certificates acquired pursuant to the Program. The Authority does not and will not participate in the preparation of the Fannie Mae Prospectus, annual reports, quarterly reports, proxy statements or any other documents issued by Fannie Mae.

Fannie Mae Certificates

Any Fannie Mae Certificate acquired by the Authority will represent a fractional undivided interest in a specified pool of Mortgage Loans purchased by Fannie Mae from the servicer and identified in records maintained by Fannie Mae. The Mortgage Loans backing each Fannie Mae Certificate will bear interest at a specified rate per annum, and each Fannie Mae Certificate will bear interest at a lower rate per annum (the “pass-through rate”). The difference between the interest rate on the conventional mortgage loans and the pass-through rate on the Fannie Mae Certificate will be collected by the servicer and used to pay the servicer’s servicing fee and Fannie Mae’s guaranty fee. Fannie Mae will guarantee to the registered holder of the Fannie Mae Certificates that it will distribute amounts representing scheduled principal and interest at the applicable pass-through rate on the Mortgage Loans in the pools represented by such Fannie Mae Certificates, whether or not received, and the full principal balance of any foreclosed or other finally liquidated Mortgage Loan, whether or not such principal balance is actually received.

THE OBLIGATIONS OF FANNIE MAE UNDER SUCH GUARANTEES ARE OBLIGATIONS SOLELY OF FANNIE MAE AND ARE NOT BACKED BY, NOR ENTITLED TO, THE FAITH AND CREDIT OF THE UNITED STATES. IF FANNIE MAE WERE UNABLE TO SATISFY SUCH OBLIGATIONS, DISTRIBUTIONS TO THE TRUSTEE, AS THE REGISTERED HOLDER OF FANNIE MAE CERTIFICATES, WOULD CONSIST SOLELY OF PAYMENTS AND OTHER RECOVERIES ON THE UNDERLYING MORTGAGE LOANS AND, ACCORDINGLY, MONTHLY DISTRIBUTIONS TO THE TRUSTEE AS THE HOLDER OF FANNIE MAE CERTIFICATES, WOULD BE AFFECTED BY DELINQUENT PAYMENTS AND DEFAULTS ON SUCH MORTGAGE LOANS.

Payments on Mortgage Loans; Distributions on Fannie Mae Certificates

Payments on a Fannie Mae Certificate are made to the owner thereof on the twenty-fifth day of each month (beginning with the month following the month such Fannie Mae Certificate is issued) or, if such twenty-fifth day is not a business day, on the first business day next succeeding such twenty-fifth day. With respect to each Fannie Mae Certificate, Fannie Mae will distribute to the beneficial owner an amount equal to the total of (a) the principal due on the Mortgage Loans in the related pool underlying such Fannie Mae Certificate during the period beginning on the second day of the month prior to the month of such distribution and ending on the first day of such month of distribution, (b) the stated principal balance of any Mortgage Loan that was prepaid in full during the calendar month immediately preceding the month of such distribution (including as prepaid for this purpose any Mortgage Loan repurchased by Fannie Mae because of Fannie Mae’s election to repurchase the Mortgage Loan after it is delinquent, in whole or in part with respect to four consecutive installments of principal and interest; or because of Fannie Mae’s election to repurchase such Mortgage Loan under certain other circumstances as permitted by the Fannie Mae Trust Indenture), (c) the amount of any partial prepayment of a Mortgage Loan received during the calendar month immediately preceding the month of distribution (during the second preceding calendar month, for pools of loans formed from the Fannie Mae portfolio that are serviced on a basis that requires remittance of actual payments to Fannie Mae instead of scheduled payments) and (d) one month’s interest at the pass-through rate on the principal balance of the Fannie Mae Certificate as reported to the holder thereof in connection with the previous distribution (or, respecting the first distribution, the principal balance of the Fannie Mae Certificate on its issue date).

For purposes of distributions, a Mortgage Loan will be considered to have been prepaid in full if, in Fannie Mae's reasonable judgment, the full amount finally recoverable on account of such mortgage loan has been received, whether or not such full amount is equal to the stated principal balance of the mortgage loan. Fannie Mae may, in its discretion, include with any distribution principal prepayments, both full and partial, received during the month prior to the month of distribution, but is under no obligation to do so.

Reduced Guaranty Fees

If Fannie Mae reduces its guaranty fee to an amount that is less than that used in structuring the cash flows for any Bonds, the difference will become part of the Authority's Fee and will not secure such Bonds.

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APPENDIX G-3

FREDDIE MAC MORTGAGE-BACKED SECURITIES PROGRAM

The summary of the Freddie Mac Guarantor Program (as defined below), the Freddie Mac Certificates and other documents referred to herein does not purport to be complete and is qualified in its entirety by reference to Freddie Mac's Single-Family Seller/Servicer Guide (the "Freddie Mac Guide"), Freddie Mac's Mortgage Participation Certificates Offering Circular, any applicable Offering Circular Supplements, Freddie Mac's most recent annual and quarterly reports and proxy statements and any other documents made available by Freddie Mac. Copies of these documents can be obtained by writing or calling Freddie Mac's Investor Inquiry Department at 8200 Jones Branch Drive, McLean, Virginia 22102 (800 336 FMPC), or at <http://www.freddiemac.com>. Neither the Authority nor the Underwriters makes any representation with respect to the accuracy or completeness of this summary.

General

Freddie Mac is a shareholder owned government sponsored enterprise created on July 24, 1970 pursuant to the Federal Home Loan Mortgage Program Operator Act, Title III of the Emergency Home Finance Act of 1970, as amended (the "Freddie Mac Act"). Freddie Mac's statutory mission is (a) to provide stability in the secondary market for residential mortgages, (b) to respond appropriately to the private capital market, (c) to provide ongoing assistance to the secondary market for residential mortgages (including activities relating to mortgages on housing for low- and moderate- income families involving a reasonable economic return that may be less than the return earned on other activities) by increasing the liquidity of mortgage investments and improving the distribution of investment capital available for residential mortgage financing and (d) to promote access to mortgage credit throughout the United States (including central cities, rural areas and underserved areas) by increasing the liquidity of mortgage investments and improving the distribution of investment capital available for residential mortgage financing. Neither the United States nor any agency or instrumentality of the United States is obligated, either directly or indirectly, to fund the mortgage purchase or financing activities of Freddie Mac.

The Federal Housing Finance Regulatory Reform Act of 2008 (the "Reform Act") established the Federal Housing Finance Agency ("FHFA"), which assumed the regulatory and oversight duties of Freddie Mac of the Office of Federal Housing Enterprise Oversight and the United States Department of Housing and Urban Development ("HUD"), with respect to safety, soundness and mission. HUD remains the regulator of Freddie Mac with respect to fair lending matters. In addition, on September 6, 2008, the Director of FHFA placed Freddie Mac into conservatorship, appointing FHFA as conservator. This conservatorship does not have a specified termination date.

Freddie Mac Guarantor Program

Freddie Mac has established a mortgage purchase program pursuant to which Freddie Mac purchases a group of mortgages from a single seller in exchange for a Freddie Mac Certificate representing an undivided interest in a pool consisting of the same Mortgage Loans (the "Guarantor Program"). Each Freddie Mac Certificate is guaranteed by Freddie Mac as to the timely payment of interest and the full and final payment of principal. The obligations of Freddie Mac under its guarantees of the Freddie Mac Certificates are obligations of Freddie Mac only. The Freddie Mac Certificates, including the interest thereon, are not guaranteed by the United States and do not constitute debts or obligations of the United States or any agency or instrumentality of the United States other than Freddie Mac.

The Authority does not and will not participate in the preparation of Freddie Mac's Mortgage Participation Certificate Offering Circular, annual reports, quarterly reports or proxy statements.

Freddie Mac supervises the servicing of Mortgage Loans according to the policies in the Freddie Mac Guide, and in accordance with the PC Master Trust Agreement, dated September 25, 2009, as amended from time to time.

Freddie Mac Certificates

Freddie Mac Certificates will be mortgage participation certificates issued under Freddie Mac's Guarantor Program. Under the Guarantor Program, the annual pass through rate on a Freddie Mac Certificate is established based upon the lowest interest rate on the underlying mortgage loans, minus a minimum servicing fee and the amount of Freddie Mac's management and guarantee fee as agreed upon between the Servicer and Freddie Mac. The lowest interest rate on a mortgage loan in a Certificate Pool will be greater than or equal to the annual pass through rate on the related Freddie Mac Certificate plus a minimum servicing fee and Freddie Mac's management and guarantee fee, and the highest interest rate will not exceed two and one half percentage points above the pass through rate.

Freddie Mac will guarantee to the registered holder of each Freddie Mac Certificate the timely payment of interest by each mortgagor to the extent of the applicable certificate rate on the registered holder's pro rata share of the unpaid principal balance outstanding on the mortgage loans underlying such Freddie Mac Certificate. Freddie Mac also will guarantee to the Trustee or its nominee as the registered holder of such Freddie Mac Certificate full and final payment of principal. Pursuant to its guarantee, Freddie Mac will indemnify the holder of such Freddie Mac Certificate against any diminution in principal by reason of charges for property repairs, maintenance and foreclosure. Freddie Mac may remit the amount due on account of its guarantee of collection of principal at any time after default on an underlying mortgage loan, but not later than (a) 30 days following foreclosure sale, (b) 30 days following payment of the claim by any mortgage issuer, or (c) 30 days following the expiration of any right of redemption, whichever occurs last, but in any event no later than one year after demand has been made upon the mortgagor for accelerated payment of principal.

THE OBLIGATIONS OF FREDDIE MAC UNDER ITS GUARANTEES OF THE FREDDIE MAC CERTIFICATES ARE OBLIGATIONS OF FREDDIE MAC ONLY. THE FREDDIE MAC CERTIFICATES, INCLUDING THE INTEREST THEREON, ARE NOT GUARANTEED BY THE UNITED STATES AND DO NOT CONSTITUTE DEBTS OR OBLIGATIONS OF THE UNITED STATES OR ANY AGENCY OR INSTRUMENTALITY OF THE UNITED STATES OTHER THAN FREDDIE MAC. IF FREDDIE MAC WERE UNABLE TO SATISFY SUCH OBLIGATIONS, DISTRIBUTIONS ON THE FREDDIE MAC CERTIFICATES WOULD CONSIST SOLELY OF PAYMENTS AND OTHER RECOVERIES ON THE UNDERLYING MORTGAGE LOANS AND, ACCORDINGLY, DELINQUENCIES AND DEFAULTS WOULD AFFECT MONTHLY DISTRIBUTIONS ON SUCH FREDDIE MAC CERTIFICATES AND COULD ADVERSELY AFFECT THE PAYMENTS ON THE BONDS.

Holders of Freddie Mac Certificates are entitled to receive their pro rata share of all principal payments on the underlying mortgage loans received by Freddie Mac, including any scheduled principal payments, full and partial repayments of principal and principal received by Freddie Mac by virtue of condemnation, insurance, liquidation or foreclosure, including repayments of principal resulting from acquisition by Freddie Mac of the real property securing the mortgage. Freddie Mac is required to remit each registered Freddie Mac Certificate holder's pro rata share of principal payments on the underlying mortgage loans, interest at the certificate rate and any other sums within 60 days of the date on which such payments are received by Freddie Mac.

Reduced Guaranty Fees

If Freddie Mac reduces its guaranty fee to an amount that is less than that used in structuring the cash flows for any Bonds, the difference will become part of the Authority's Fee and will not secure such Bonds.

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