

**SUPPLEMENT TO DISCLOSURE STATEMENT  
DATED AUGUST 10, 2017**

relating to

**Colorado Housing and Finance Authority  
Multifamily Tax Exempt Mortgage-backed Securities  
(M-TEMS) (Holly Park Apartments Project) Series 2017A (FN)**

*General.* Capitalized terms used in this Supplement have the meanings given to such terms in the Disclosure Statement referred to above. **This Supplement supplements and updates the information contained in “DESCRIPTION OF CERTIFICATES – Optional Exchange of Certificates for MBS” and “APPENDIX I – SUPPLEMENT TO DISCLOSURE STATEMENT – TERM SHEET” of the Disclosure Statement referred to above.**

**DESCRIPTION OF CERTIFICATES – Optional Exchange of Certificates for MBS**

The information under the heading “DESCRIPTION OF CERTIFICATES - Optional Exchange of Certificates for MBS” is hereby amended and restated as follows:

Optional Exchange of Certificates for MBS. A beneficial owner of the Certificates may file with the Trustee a written request to exchange the Certificates for a proportional principal amount of the MBS securing such Certificates from the Trust Estate, provided, that (i) the proportional principal amount of the MBS will be, when delivered, in an amount equal to \$1,000 or a multiple of \$1.00 in excess thereof, and (ii) to the extent the acquisition, development, construction or rehabilitation of the Project is funded in part from the sale of low-income housing tax credits as described in Section 42 of the Code, the Trustee has received evidence that the Project has been placed in service for low income housing tax purposes and the Project is at the time of such request complete and placed in service by the Borrower as evidenced by final approval by Commerce City for the Project delivered by the Borrower to the Trustee accompanied by a letter from the Borrower confirming that the Project is placed in service for purposes of Section 42 of the Code. Such written request must be delivered to the Trustee at least five Business Days prior to the exchange date and must be in the form attached to the Indenture as an exhibit or such other form as may be approved by the Trustee (the “**Request Notice**”). Upon receipt, the Trustee shall immediately notify the Issuer and the Borrower of such Request Notice. The Issuer shall then have the option of either (i) directing the Trustee to deliver to the beneficial owner of the Certificates their proportional interest in the MBS based upon their proportional interest in the Certificate, or (ii) redeeming the beneficial owner’s Certificates for an amount equal to the Cash Value, defined as follows:

Cash Value = original face amount x MBS Factor x (1 + Redemption Premium (R) + (Initial Offering Premium (I) x MBS Factor))

Where R = 5% if the exchange occurs during the first five years from the Settlement Date;

= 4% during the sixth year;

= 3% during the seventh year;

= 2% during the eighth year;

= 1% during the ninth year; and

= 0% thereafter

and I = initial offering price - 100%

The Issuer shall notify the Trustee of its decision whether to exchange or redeem within four Business Days of being notified by the Trustee of the Request Notice, and immediately upon receiving the Issuer’s decision, the

Trustee shall notify such beneficial owner and the Borrower of the Issuer's decision. Failure of the Issuer to notify the Trustee of a decision within such four Business Day period shall be deemed a decision by the Issuer to exchange. In the event that the Issuer elects (or is deemed to have elected) to deliver a proportionate share of the MBS in lieu of redeeming the Certificates for Cash Value, after validating the exchange request, the Trustee shall transfer and deliver to such requesting owner the Trustee's beneficial ownership interest in the MBS to the extent of the Certificate holder's proportionate share promptly following (i) delivery to the Trustee (via DTC withdrawal or Deposit/Withdrawal At Custodian ("DWAC")) of the Certificates being exchanged, (ii) payment by the requesting owner of the Trustee's exchange fee (\$1,000 as of the date of the Indenture) with respect to such Certificates, and (iii) any costs and expenses incurred by the Issuer. Such MBS will be in book-entry form. Transfers of the MBS will be made in accordance with current market practices, including the applicable provisions of the Securities Industry and Financial Markets Association ("SIFMA")'s *Uniform Practices for the Clearance and Settlement of Mortgage Backed Security and Other Related Securities*. Upon receipt of such Certificates from the requesting beneficial owner, the Trustee will promptly cancel the Certificates being exchanged, which will not be reissued. The MBS delivered in such an exchange will not be exchangeable for Certificates.

The MBS delivered in such an exchange will also be subject to any applicable disclosure requirements concerning pass-through certificates that have been issued in connection with the multifamily mortgage lending program of a governmental housing finance agency and financed by tax-exempt obligations. All such disclosure requirements, as well as any disclosure requirements associated with any transfer of Certificates following a redemption for Cash Value, shall be the sole and exclusive responsibility of the Borrower, and the Issuer shall have no responsibility therefor.

**Interest on such MBS is not excludable from gross income for federal income tax purposes. Owners of the Certificates should consult their own tax advisors concerning that and other tax consequences of any exchange of a Certificate for the MBS.**

## APPENDIX I

On August 22, 2017, Colorado Housing and Finance Authority (the "Issuer"), the Borrower (as defined below) and Stifel, Nicolaus & Company, Incorporated (the "Original Purchaser") entered into a Transaction for the delivery of the above-captioned certificates (the "Certificates") with the following terms and characteristics:

**The Borrower:** The Borrower is MHMP 12 Holly Park East and West LP, a Colorado limited partnership (the "Borrower"). The Borrower is a single purpose entity formed to acquire, rehabilitate and operate the Project. The Borrower's general partner is MHMP 12 Holly Park East and West GP LLC, a Colorado limited liability company (the "General Partner").

**The Project:** Holly Park Apartments, a 168-unit residential rental housing facility consisting of 14 three-story residential building and 342 parking spaces for tenant use in Commerce City, Colorado with the following address: 5524 East 60th Avenue, Commerce City Colorado 80022 (the "Project").

**Tax Credits:** Simultaneously with the issuance of the Certificates, the Borrower expects to admit NAHT Strong Families Fund 2015, Limited Partnership, a Delaware limited partnership (the "Limited Partner"), to the Borrower as a limited partner with a 99.99% limited partner ownership interest in the Borrower. The funding of the federal low income housing tax credit equity by the Limited Partner is expected to total approximately \$14,168,464. The funding levels and the timing of the funding are subject to numerous adjustments and conditions that could result in the amounts funded and/or the timing or even occurrence of the funding varying significantly from the projections set forth above and no representation is made as to the availability of such funds.

**The Contractor:** The general contractor for the project is expected to be Interstate Restoration, LLC (the "General Contractor"). Based out of Fort Worth, Texas, the General Contractor was formed in 2007 and is a Colorado licensed contractor. Since inception, the General Contractor has rehabilitated over 15,000 units with contracts totaling over \$800 million. The General Contractor currently has projects under construction with a value of over \$90 million. This presently includes 300 units of rehabilitation. The General Contractor has a single bonding capacity of \$25 million and an aggregate bonding program of \$35 million.

Property Management: Mercy Housing Management Group, Inc. (the “Property Manager”) will manage the Project following the acquisition and rehabilitation of the Project by the Borrower. The Property Manager presently manages approximately 16,000 affordable housing units in 19 states, including Arizona, California, Colorado, Georgia, Idaho, Illinois, Iowa, Kansas, Kentucky, Mississippi, Missouri, Nebraska, North Carolina, Ohio, South Carolina, Tennessee, Utah, Wisconsin, and Washington. The Property Manager has 34 years of experience managing affordable housing supported by various federal, state and local subsidies including HUD, tax-exempt obligations and federal low income housing tax credits.

20 Year HAP Contract for 99.4% (167 units) of Project Rental Units. Pursuant to the provisions of Section 8 of the United States Housing Act of 1937, as amended (the “U.S. Housing Act”), the United States of America acting through the Department of Housing and Urban Development (“HUD”) and/or various contract administrators (the “Administrators”) has entered into Housing Assistance Payments Contract (the “HAP Contract”) with the seller of the Project, which will be assigned to the Borrower upon receiving the consent to such assignment from HUD in connection with the closing of the Certificates. Subject to the terms of the HAP Contract, the Borrower is entitled to receive certain payments from HUD (“HAP Payments”) with respect to substantially all of the Project units (the “Section 8 Units”) occupied by low-income families eligible to receive rental assistance under Section 8 of the U.S. Housing Act.

The amount of the HAP Payment equals the difference between (a) rents permitted by the HAP Contract (“Contract Rents”) for Section 8 Units and (b) that portion of the rent paid by tenants, up to the maximum aggregate annual amount established by the HAP Contract (which amount may be exceeded under certain circumstances and may be increased or decreased by HUD pursuant to the HAP Contract). The tenant-paid portion of Contract Rents is limited to 30% of the tenant’s adjusted gross income. Contract Rents are established by HUD and are adjusted at least annually.

The HAP Contract will have a term of twenty (20) years and is thus scheduled to expire after the maturity of the Certificates or earlier upon the Borrower’s default under the HAP Contracts. Contract Rents are subject to annual appropriation from the United States Congress. Any failure to so appropriate or upon early termination of the HAP Contract due to a default by the Borrower thereunder could result in a significant reduction in revenue for the Project and a default under the Mortgage Loan that could result in an acceleration of the MBS and prepayment of the Certificates at par with no prepayment premium.

Continuing Disclosure. The Borrower shall, or shall cause the Dissemination Agent to, not later than six months after the end of the Borrower’s fiscal year, commencing with a report for the fiscal year ending December 31, 2017, provide to the Municipal Securities Rulemaking Board (the “MSRB”) an Annual Report which is consistent with the requirements of Section 4 of the Continuing Disclosure Agreement.

#### **No Acceleration or Early Redemption Upon Loss of Tax Exemption on the Certificates**

The Borrower has covenanted and agreed, pursuant to, among other documents, the Regulatory Agreement and Declaration of Restrictive Covenants dated as of August 1, 2017 between the Issuer and the Borrower (the “Regulatory Agreement”), to comply with the provisions of the Code relating to the exclusion from gross income for federal income tax purposes of the interest payable on the Certificates. In particular, the Borrower is required to rent at least forty percent (40%) of the Project apartment units to certain qualified tenants whose income does not exceed sixty percent (60%) of the area average median income where the Project is located. Under the Regulatory Agreement (Extended Use Agreement) between the Issuer and the Borrower which will be executed by the Borrower and the Issuer in connection with the Project being placed in service (the “Tax Credit Regulatory Agreement”), the Borrower has agreed to rent 149 of the Project apartment units to certain qualified tenants whose income does not exceed 50% of the average median income where the Project is located and 19 of the Project apartment units to certain qualified tenants whose income does not exceed 60% of the average median income where the Project is located during the tax credit period. The Borrower’s failure to comply with such provisions will not constitute a default under the Mortgage Loan and will not give rise to a redemption or acceleration of the Certificates and is not the basis for an increase in the rate of interest payable on the Certificates, nor will the Borrower’s failure to comply with the Regulatory Agreement give rise to a prepayment or acceleration of amounts due under the MBS, unless directed by Fannie Mae in its sole discretion. Consequently, interest on the Certificates may become includable in gross income for purposes of federal income taxation retroactive to the date of issuance

of the Certificates by reason of the Borrower's failure to comply with the requirements of federal tax law, and there is no assurance that either the Issuer, the Trustee or the Certificate holders will have remedies available to them to mitigate the adverse economic effects to the Certificate holders of such inclusion by reason of the Borrower's noncompliance.

#### **No Exchange of Certificates for MBS Until Project Placed in Service**

The Project is a low income housing tax credit project and the Certificates must remain outstanding until the Project is placed in service for the Project to qualify for low income housing tax credits under Section 42 of the Code. Therefore a beneficial owner of the Certificates may not exchange its Certificates for a proportionate share of the underlying MBS until the Trustee has received a certificate of completion of the improvements to the Project that will qualify the Project as placed in service for tax credit purposes. The Project is expected to be placed in service no later than September 30, 2018.

#### **Payment for the Project**

The estimated Project cost is approximately \$45,300,000. The purchase price for the Project will be satisfied with the proceeds of the Mortgage Loan and equity contribution from the Borrower from various sources. An amount equal to the payment of interest accrued on the Certificates to the Initial Mandatory Redemption Date (as such date may be extended under the Indenture) will be funded from Mortgage Loan proceeds and deposited under the Indenture and applied to the payment of interest which will become due on the Certificates on the Mandatory Redemption Date, if applicable.

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## Term Sheet

**\$15,351,000**  
**SETTLEMENT DATE August 22, 2017**  
**Multifamily Tax-Exempt Mortgage-backed Securities (M-TEMS) (Holly Park Apartments Project) Series 2017A (FN)**

**FANNIE MAE MULTIFAMILY POOL NUMBER AN6646**  
**M-TEMS CUSIP 196479 C23**

### POOL STATISTICS (AS OF SETTLEMENT DATE)

<b>TAX-EXEMPT M-TEMS ISSUE INFORMATION</b>	
<i>(Information provided by Issuer for this Supplement to Disclosure Statement)</i>	
M-TEMS ISSUER NAME	Colorado Housing and Finance Authority ("CHFA")
M-TEMS ISSUE SERIES	Multifamily Tax-Exempt Mortgage-backed Securities (M-TEMS) (Holly Park Apartments Project) Series 2017A (FN)
M-TEMS ISSUE PAR	\$15,351,000
M-TEMS CERTIFICATE DATED DATE	August 1, 2017
M-TEMS CERTIFICATE MATURITY DATE	September 1, 2035
M-TEMS ISSUE TAX STATUS	Excludable from gross income for federal tax purposes and state tax purposes, and not an item of tax preference for Federal AMT. See "TAX MATTERS" in the Disclosure Statement.
M-TEMS ISSUE CUSIP	196479 C23
COLLATERAL FOR THE M-TEMS ISSUE	Fannie Mae DUS MBS (see pool info below)
M-TEMS ISSUE CREDIT RATING	S&P "AA+", expected
M-TEMS SETTLEMENT DATE	August 22, 2017
M-TEMS PAYMENT DATES	One business day later than payment on underlying Fannie Mae MBS <sup>1</sup>
M-TEMS FIRST PAYMENT DATE	September 26, 2017
M-TEMS FINAL PAYMENT DATE	September 26, 2035
ALL OTHER M-TEMS ISSUE TERMS	Same as underlying MBS
M-TEMS PREPAYMENT TERMS	Par call if MBS not delivered by M-TEMS Initial Mandatory Redemption Date thereafter same as underlying MBS

<sup>1</sup> There shall be no further accrual of interest from the M-TEMS Certificate Maturity Date to the M-TEMS Final Payment Date. Because of this lag in payment of principal and interest inherent in the payment terms of the M-TEMS Certificate and the one Business Day lag in payment, the effective yield on the Certificates will be lower than the M-TEMS Net Pass-Through Rate on the M-TEMS Certificate.

M-TEMS NET PASS THROUGH RATE	2.80%
M-TEMS OFFERING PRICE	100%
M-TEMS ORIGINAL PURCHASER COMPENSATION	\$115,132.50 plus \$5,000.00 for certain fees and Expenses, and reimbursed by the Borrower in the amount of \$71,638.00 for the deposit to the Negative Arbitrage Account established under the Indenture.
M-TEMS ORIGINAL PURCHASER	Stifel, Nicolaus & Company, Incorporated
M-TEMS INITIAL MANDATORY REDEMPTION	The date on which the M-TEMS will be redeemed at par plus accrued interest if the MBS is not delivered to the Trustee by one day before the INITIAL M-TEMS MANDATORY REDEMPTION DATE, as may be extended under the Indenture
M-TEMS EXCHANGE FEATURE	The holder of an M-TEMS certificate has the option of requesting that their M-TEMS Certificates be exchanged for a like amount of the par amount of the MBS upon five days' notice after the Property has been placed in service for low income housing tax credit purposes estimated to be 24 months. CHFA has the option of honoring the exchange request or instead paying the holder a cash value amount equal to the par amount outstanding of the M-TEMs plus a redemption premium starting at 5% par amount outstanding for the first five years after Settlement declining at 1% a year thereafter plus a portion of the holder's initial premium paid (if any) which declines over time.
M-TEMS INITIAL MANDATORY REDEMPTION DATE	60 days after M-TEMS Settlement Date, which may be extended in accordance with terms of the Indenture, but in no event later than two years after the M-TEMS Settlement Date (the "Final Mandatory Redemption Date")
M-TEMS TRUSTEE	U.S. Bank National Association
M-TEMS REMAINING TERM TO MATURITY (MONTHS)	216 months, plus, if the Settlement Date occurs other than on the first day of the month, the number of days from the Settlement Date to the last day of the month in which the Settlement Date occurs.
<b>UNDERLYING FANNIE MAE POOL STATISTICS (AS OF ISSUE DATE)</b> <i>(Information provided by Lender for this Supplement to Disclosure Statement)</i>	
NOTE RATE	3.89%
ISSUANCE PASS-THROUGH RATE	2.80%
POOL ISSUANCE UPB	\$15,351,000
POOL MATURITY DATE	September 1, 2035
REMAINING TERM TO MATURITY (MONTHS)	216
NUMBER OF LOANS	1
POOL SETTLEMENT DATE	September 15, 2017
POOL SECURITY FUNDS TRANSFER TYPE	Fed Wire
TRANSACTION TYPE	DUS
POOL FIRST PAYMENT DATE	October 25, 2017

POOL FINAL PAYMENT DATE	September 25, 2035
SECURITY TYPE	MBS
SELLER NAME	Bellwether Enterprise Mortgage Investments, LLC
SERVICER NAME	Bellwether Enterprise Mortgage Investments, LLC
POOL NUMBER	AN6646
% OF INITIAL POOL BALANCE	100%
<b>MULTIFAMILY SCHEDULE OF LOAN INFORMATION</b>	
<i>(Information provided by Lender for this Supplement to Disclosure Statement)</i>	
FANNIE MAE LOAN NUMBER	TBD
LOAN MATURITY DATE	September 1, 2035
TIER	2
TIER DROP ELIGIBLE	No
LIEN PRIORITY	First
MAXIMUM LTV	90%
MINIMUM DSCR	1.15x
BALLOON	Yes
OTHER DEBT	Yes, subordinate bonds that are not secured by the Project.
ORIGINAL NOTE RATE	3.89%
ORIGINAL UPB	\$15,351,000
ISSUANCE UPB	\$15,351,000
PREPAYMENT PREMIUM OPTION	Yield Maintenance – CMT as defined in the Fannie Mae Multifamily MBS Prospectus
PREPAYMENT PREMIUM TERM (MONTHS)	210
PREPAYMENT PREMIUM END DATE	February 28, 2035
FIRST LOAN PAYMENT DATE	September 1, 2017
ORIGINAL AMORTIZATION TERM (MONTHS)	35 years (420 months)
INTEREST TYPE	Fixed
INTEREST ACCRUAL METHOD	Actual/360
INTEREST ONLY END DATE	None
INTEREST ONLY TERM (MONTHS)	None
NOTE DATE	August 22, 2017
LOAN PURPOSE	Refinance/Rehabilitation
<b>MULTIFAMILY SCHEDULE OF LOAN INFORMATION</b>	
<b>COLLATERAL INFORMATION</b>	
<i>(Information provided by Lender for this Supplement to Disclosure Statement)</i>	
PROPERTY NAME	Holly Park
PROPERTY STREET ADDRESS:LINE 1	5524 East 60th Avenue
PROPERTY CITY	Commerce City
PROPERTY STATE	Colorado
PROPERTY ZIP CODE	80022

MSA	Denver-Aurora-Lakewood, CO Metropolitan Statistical Area
YEAR BUILT	Holly Park East: 1968 Holly Park West: 1971
PHYSICAL OCCUPANCY	87.5% (as of 05/19/2017)
UNDERWRITTEN ECONOMIC OCCUPANCY	90%
PROPERTY TYPE	Multifamily
LAND OWNERSHIP RIGHTS	Fee Simple
SEISMIC RISK	The Project does not meet any Fannie Mae tests that require any mitigants for seismic risk.
TERRORISM INSURANCE COVERAGE	Terrorism Insurance is compliant with Fannie Mae Guidelines
TOTAL NUMBER OF UNITS	168 (Holly Park East: 72 units, Holly Park West: 96 units)
AFFORDABLE HOUSING TYPE	Low Income Housing Tax Credit ("LIHTC") (168 units); Project Based Section 8 HAP Contract (167 units)
TAXES CURRENTLY ESCROWED	Yes
PROPERTY OWNER	MHMP 12 Holly Park East and West LP
SPONSOR	Mercy Housing, Inc.
PROPERTY MANAGER	Mercy Housing Management Group Inc.
PROPERTY MANAGER EXPERIENCE	The Property Manager presently manages approximately 16,000 affordable housing units in 19 states, including Arizona, California, Colorado, Georgia, Idaho, Illinois, Iowa, Kansas, Kentucky, Mississippi, Missouri, Nebraska, North Carolina, Ohio, South Carolina, Tennessee, Utah, Wisconsin, and Washington. The Property Manager has 34 years of experience managing affordable housing supported by various federal, state and local subsidies including HUD, tax-exempt obligations and federal low income housing tax credits.
<b>MULTIFAMILY SCHEDULE OF LOAN INFORMATION</b>	
<b>CRA INFORMATION</b>	
<i>(Information provided by Lender for this Supplement to Disclosure Statement)</i>	
UNITS AT OR BELOW 50% OF MEDIAN INCOME	149
UNITS AT OR BELOW 60% OF MEDIAN INCOME	100% (168 units)
UNITS WITH INCOME OR RENT RESTRICTION %	100% (168 units)
AGE RESTRICTED INDICATOR	No
TAX ABATEMENT	No
TAX CREDIT INVESTOR	Initially NHT Equity, LLC and subsequently transferred to NAHT Strong Families Fund 2015, Limited Partnership
REGULATORY AGREEMENTS OVERSEER	CHFA
REGULATORY AGREEMENT SET-ASIDES	LIHTC – the Tax Credit Regulatory Agreement limits the tenants to 149 tenants whose income is at or below 50% or less of AMI and to 19 tenants whose income is at or below 60% of AMI for an initial 15 year compliance period and an additional 40 year



	<p>compliance period.</p> <p>Under the Regulatory Agreement the Borrower is required to rent at least 40% of the Project apartment units to certain qualified tenants whose income does not exceed 60% of the area AMI where the Project is located. Additionally, at least 75% of the completed units in the Project (including the 40% set aside units) shall be restricted to tenants whose income is at or below 100% AMI. 167 units will be under a 20 year Section 8 HAP Contract.</p> <p>Under the HUD Use Agreement, the Borrower is required to rent at least 71 units to very low income tenants (persons or families whose income are more than 50% AMI) and 1 non-revenue unit classified as very low income.</p> <p>Under the Retention, Recapture and Land Use Restriction Agreement, Commercial Federal Bank requires that 71 be rented to families whose annual income is 50% or less of AMI.</p>
LIHTC LOW INCOME HOUSING TAX CREDIT ELIGIBILITY	<p>The Project has applied for and received an allocation of 4% LIHTC in the State of Colorado which require the property to do a certain amount of rehabilitation and limits the income of the tenants to families making 60% or less of AMI. Under the Tax Credit Regulatory Agreement, the project must have tax exempt financing for over 50% of project cost in order to be eligible for LIHTC.</p>

*In the opinion of Sherman & Howard L.L.C., Bond Counsel, assuming continuous compliance with certain covenants and representations described herein, interest on the Certificates (except for interest on any Certificate for any period during which it is held by a “substantial user” of any facilities financed with the Certificates or a “related person” as such terms are used in Section 147(a) of the Internal Revenue Code of 1986, as amended to the date of delivery of the Certificates (the “Tax Code”)) is excluded from gross income under federal income tax laws pursuant to Section 103 of the Tax Code; further, interest on the Certificates is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code. In addition, in the opinion of Bond Counsel, the Certificates, their transfer and the income therefrom shall at all times be free from taxation by the State of Colorado under Colorado law in effect on the date of delivery of the Certificates. See “TAX MATTERS” herein.*

**COLORADO HOUSING AND FINANCE AUTHORITY**  
**Multifamily Tax-Exempt Mortgage-backed Securities**  
**(M-TEMS<sup>SM\*</sup>) (Holly Park Apartments Project) Series 2017A (FN)**

**Maturity Date: September 1, 2035<sup>†</sup>**

The Colorado Housing and Finance Authority Multifamily Tax-Exempt Mortgage-backed Securities, (M-TEMS) (Holly Park Apartments Project) Series 2017A (FN) (the “**Certificates**”) will be issued under and pursuant to an Indenture of Trust, dated as of August 1, 2017 (the “**Indenture**”), between the Colorado Housing and Finance Authority (the “**Issuer**”) and U.S. Bank National Association, a national banking association, as trustee (the “**Trustee**”).

The Certificates are issuable only as fully registered certificates without coupons and will be registered in the name of Cede & Co., as nominee of The Depository Trust Company (“**DTC**”), New York, New York. DTC will act as securities depository of the Certificates. Individual purchases will be made in book-entry form only, in the denominations of \$1.00 and integral multiples of \$1.00 in excess thereof. Purchasers will not receive certificates representing their interest in Certificates purchased.

The Certificates will be issued to finance the acquisition and rehabilitation of a low and moderate income multifamily rental housing facility through the purchase by the Trustee of a single mortgage pass-through certificate (the “**MBS**”) guaranteed as to timely payment of principal and interest by the Federal National Mortgage Association, if and when issued. The aggregate principal amount, aggregate face amount (if different), maturity date, interest rate and delivery date for the Certificates shall be as set forth in the Indenture and shall be described, together with the initial reoffering price, if applicable, in a Supplement to this Disclosure Statement delivered by the Issuer in connection with the sale of the Certificates.

Simultaneously with the issuance of the Certificates, the Issuer is issuing its Multifamily Housing Draw Down Bonds (Holly Park Apartments) Series 2017B in the principal amount of \$7,500,000 (the “**Series B Bonds**”), the proceeds of which will be used to make a loan to the Borrower to finance a portion of the acquisition, rehabilitation and equipping of the Project. The Series B Bonds are not secured by the Project and any payment obligations of the Borrower with respect to the Series B Bonds are subordinate to the Certificates. The Series B Bonds are not being offered pursuant to this Disclosure Statement. Closing on the Certificates is contingent on the closing of the Series B Bonds.

Interest on the Certificates is payable on the Business Day following receipt of an interest payment under the MBS and principal on the Certificate is payable on the Business Day following receipt of a principal payment or repayment under the MBS. Principal and interest on the Certificates are payable by the Trustee to DTC, which will be responsible for remitting such principal and interest to its Participants, which will be responsible for remitting such principal and interest to the Beneficial Owners of the Certificates, as described under “APPENDIX F – BOOK-ENTRY SYSTEM” herein.

**THE CERTIFICATES ARE SPECIAL, LIMITED OBLIGATIONS OF THE ISSUER PAYABLE, AS TO PRINCIPAL, PREMIUM, IF ANY, AND INTEREST SOLELY FROM THE TRUST ESTATE AND OTHER FUNDS AND MONEYS AND SECURITY PLEDGED AND ASSIGNED UNDER THE INDENTURE. THE CERTIFICATES SHALL CONSTITUTE A VALID CLAIM OF THE OWNER OR OWNERS THEREOF AGAINST THE TRUST ESTATE AND OTHER FUNDS AND MONEYS AND SECURITY PLEDGED AND ASSIGNED UNDER THE INDENTURE, WHICH ARE PLEDGED TO SECURE THE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON THE CERTIFICATES, AND WHICH SHALL BE USED FOR NO OTHER PURPOSE EXCEPT AS EXPRESSLY AUTHORIZED IN THE INDENTURE. THE CERTIFICATES SHALL NOT BE A DEBT OR INDEBTEDNESS OF THE STATE OF COLORADO (THE “STATE”) OR ANY POLITICAL SUBDIVISION THEREOF (INCLUDING THE ISSUER), AND NEITHER THE STATE NOR ANY POLITICAL SUBDIVISION THEREOF SHALL BE LIABLE THEREON, NOR IN ANY EVENT SHALL THE CERTIFICATES BE PAYABLE OUT OF ANY FUNDS OR PROPERTIES OTHER THAN THOSE OF THE ISSUER PLEDGED UNDER THE INDENTURE. THE CERTIFICATES SHALL NOT CONSTITUTE AN INDEBTEDNESS OR A MULTIPLE FISCAL-YEAR FINANCIAL OBLIGATION WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION. NEITHER THE STATE NOR ANY POLITICAL SUBDIVISION THEREOF (EXCEPT THE ISSUER FROM THE SOURCES IDENTIFIED IN THE INDENTURE) SHALL BE LIABLE FOR PAYMENT OF THE CERTIFICATES NOR IN ANY EVENT SHALL PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THE CERTIFICATES BE PAYABLE OUT OF ANY FUNDS OR ASSETS OTHER THAN THOSE PLEDGED TO THAT PURPOSE BY THE ISSUER IN THE INDENTURE. THE ISSUER HAS NO TAXING POWER.**

The Certificates are offered when, as and if received by Stifel, Nicolaus & Company, Incorporated (the “**Original Purchaser**”), subject to the approval of legality by Sherman & Howard L.L.C., Denver, Colorado, Bond Counsel. Certain legal matters will be passed upon for the Original Purchaser by its counsel, Eichner Norris & Neumann PLLC, Washington, D.C.

**STIFEL**

Dated: August 10, 2017

\* This is a proprietary Service Mark of Stifel.

† Preliminary; Subject to change.

*No dealer, broker, salesman or other person has been authorized by the Issuer or the Original Purchaser to give any information or to make any representations other than those contained in this Disclosure 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. This Disclosure Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Certificates by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.*

*References to web site addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such web sites and the information or links contained therein are not incorporated into, and are not part of, this Disclosure Statement.*

*The information set forth herein has been obtained from the Issuer and other sources which are believed to be reliable, but it is not guaranteed as to accuracy or completeness and is not to be construed as a representation by the Original Purchaser. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Disclosure Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer or any other parties described herein since the date as of which such information is presented.*

*In connection with this offering, the Original Purchaser may over-allot or effect transactions which stabilize or maintain the market price of the Certificates offered hereby at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.*

*The Original Purchaser has provided the following sentence for inclusion in this Disclosure Statement. The Original Purchaser has reviewed the information in this Disclosure Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Original Purchaser does not guarantee the accuracy or completeness of such information.*

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**DISCLOSURE STATEMENT**  
**of**  
**COLORADO HOUSING AND FINANCE AUTHORITY**  
**relating to its**

**Multifamily Tax-Exempt Mortgage-backed Securities**  
**(M-TEMS) (Holly Park Apartments Project) Series 2017A (FN)**

This Disclosure Statement (which includes the cover page and appendices hereto) provides certain information in connection with the issuance and sale of the Multifamily Tax-Exempt Mortgage-backed Securities (M-TEMS) (Holly Park Apartments Project) Series 2017A (FN) (the “**Certificates**”) issued by the Colorado Housing and Finance Authority (the “**Issuer**”). The Certificates will be issued pursuant to the Colorado Housing and Finance Authority Act, being part 7 of article 4 of title 29, Colorado Revised Statutes, as amended (the “**Act**”), the Supplemental Public Securities Act, being Part 2 of Article 57 of Title 11, Colorado Revised Statutes (the “**Supplemental Act**”), and that certain resolution of the Issuer adopted on June 29, 2017 (the “**Resolution**”) and secured by an Indenture of Trust, dated as of August 1, 2017 (the “**Indenture**”), between the Issuer and U.S. Bank National Association, as trustee (the “**Trustee**”). Pursuant to the Indenture and the Financing Agreement, dated as of August 1, 2017 (the “**Financing Agreement**”), among the Issuer, the Trustee, and MHMP 12 Holly Park East and West LP, a Colorado limited partnership (the “**Borrower**”), the Issuer is issuing the Certificates to provide financing for a certain low and moderate income multifamily rental housing facility known as Holly Park Apartments (the “**Project**”) in the State of Colorado (the “**State**”), as further described in a Supplement to this Disclosure Statement, by using the proceeds thereof to provide financing for the MBS (as defined below) guaranteed by the Federal National Mortgage Association (“**Fannie Mae**”).

**IN CONNECTION WITH THE OFFERING OF CERTIFICATES THE ISSUER WILL DELIVER A SUPPLEMENT TO THIS DISCLOSURE STATEMENT SPECIFYING THE SERIES DESIGNATION, DELIVERY DATE, FORM OF THE MBS (AS DEFINED BELOW), INTEREST RATE, EXPECTED PRINCIPAL AMOUNT AND THE CUSIP NUMBERS OF THE CERTIFICATES OFFERED, WHICH SUPPLEMENT THE ISSUER WILL AMEND PRIOR TO THE DELIVERY OF SUCH CERTIFICATES WITH AN AMENDMENT SPECIFYING THE ACTUAL PRINCIPAL AMOUNT OF SUCH CERTIFICATES DELIVERED AND IDENTIFYING THE POOL NUMBER AND CUSIP NUMBER OF THE MBS. SEE APPENDIX I - SUPPLEMENT TO DISCLOSURE STATEMENT – TERM SHEET HERETO. THIS DISCLOSURE STATEMENT, AS SUPPLEMENTED AND AMENDED, SHALL CONSTITUTE THE “DISCLOSURE STATEMENT” OF THE ISSUER FOR THE CERTIFICATES AND MUST BE READ BY PURCHASERS OF THE CERTIFICATES IN ITS ENTIRETY.**

All capitalized terms used in this Disclosure Statement that are defined in the Indenture shall have the respective meanings set forth in the Indenture. See “APPENDIX C - SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Definitions of Certain Terms.”

**INTRODUCTION**

The Issuer, the Borrower and Stifel, Nicolaus & Company, Incorporated (the “**Original Purchaser**”) have entered into a Securities Purchase Agreement (the “**Purchase Agreement**”), pursuant to which the Issuer will agree to sell the Certificates to the Original Purchaser. The Certificates will be issued to finance the Project through the purchase of a single mortgage pass-through certificate (the “**MBS**”) guaranteed as to principal and interest by Fannie Mae, if and when issued. The MBS will not be available for purchase on the date of issuance of the Certificates (the “**Settlement Date**”) but is expected to be available for acquisition by the Trustee prior to the Initial Mandatory Redemption Date, as specified in the SUPPLEMENT TO DISCLOSURE STATEMENT – TERM SHEET in APPENDIX I hereto. The MBS will be backed by an eighteen-year, fixed-rate mortgage loan (the “**Mortgage Loan**”) secured by a mortgage constituting a first lien on the Project. The Mortgage Loan will be made to the Borrower as mortgagor and owner of the Project on the Settlement Date. See “THE MORTGAGE LOAN,” “APPENDIX A – FANNIE MAE MORTGAGE-BACKED SECURITIES PROGRAM.”

Prior to the date of delivery by Fannie Mae of the MBS (the “**MBS Delivery Date**”), the Certificates will be cash collateralized with (i) the proceeds of the Certificates equal to the principal amount thereof deposited with the Trustee in the Certificate Proceeds Fund established under the Indenture and (ii) proceeds of the Mortgage Loan and accrued interest paid on the Certificates deposited with the Trustee in the Revenue Fund established under the Indenture in an amount equal to the interest at the pass-through rate expected on the MBS from the Certificate Dated Date (as specified in the SUPPLEMENT TO DISCLOSURE STATEMENT – TERM SHEET in APPENDIX I) to, but not including, the Initial Mandatory Redemption Date (collectively, the “**Cash Collateral**”). Upon delivery of the MBS, the Cash Collateral will be used by the Trustee to purchase the MBS which will then secure the payment of the Certificates. On or prior to the Settlement Date, Fannie Mae will enter into a commitment with the Fannie Mae approved lender (the “**Lender**”) of the Mortgage Loan to deliver the MBS to the Trustee for purchase. The commitment to deliver the MBS is subject to the satisfaction of certain requirements and preconditions and does not extend to the benefit of any other third party, including the beneficial owners of the Certificates, the Issuer or the Trustee. No representations or assurances can be provided as to whether or not such conditions can or will be satisfied.

The transaction entered into under the Purchase Agreement will provide for the issuance and sale to the Original Purchaser of the Certificates in a specified principal amount, with a specified interest rate, on a specified date and at a specified price. The delivery of the Certificates is subject to the satisfaction of a number of conditions set forth in the Purchase Agreement.

Simultaneously with the issuance of the Certificates, the Issuer is issuing its Multifamily Housing Draw Down Bonds (Holly Park Apartments) Series 2017B in the principal amount of \$7,500,000 (the “**Series B Bonds**”), the proceeds of which will be used to make a loan to the Borrower to finance a portion of the acquisition, rehabilitation and equipping of the Project. The Series B Bonds are not secured by the Project and any payment obligations of the Borrower with respect to the Series B Bonds are subordinate to the Certificates. The Series B Bonds are not being offered pursuant to this Disclosure Statement. Closing on the Certificates is contingent on the closing of the Series B Bonds.

The face amount of the Certificates will equal the face amount of the MBS, which is equal to the original aggregate principal amount of the Mortgage Loan. The principal amount of the Certificates will equal from time to time the then-current principal amount of the MBS, which will equal from time to time the product of the original aggregate principal amount of the Mortgage Loan and the then-applicable factor posted by Fannie Mae as the Mortgage Loan amortizes or is prepaid (the “**Related Factor**”). With respect to the MBS guaranteed by Fannie Mae (“**Fannie Mae Certificates**”), Related Factors will be published by Fannie Mae. As of the date of this Disclosure Statement, factors for mortgage-pass through certificates guaranteed by Fannie Mae are posted at <https://mbsdisclosure.fanniemae.com/PoolTalk2/index.html>.

The interest rate on each Certificate will equal the interest rate (the “**Pass-Through Rate**”) on the MBS. Payments on the MBS will be remitted to the Trustee. Interest on the Certificates is payable on the Business Day following receipt of an interest payment under the MBS and principal on the Certificates is payable on the Business Day following receipt of a principal payment or repayment under the MBS.

The Certificates are special, limited obligations of the Issuer, payable solely from and secured by the pledge pursuant to the Indenture of the revenues from the MBS (the “**MBS Revenues**”) and the funds pledged therefor under the Indenture. See “SECURITY FOR AND SOURCES OF PAYMENT OF THE CERTIFICATES.”

**THE CERTIFICATES ARE SPECIAL, LIMITED OBLIGATIONS OF THE ISSUER PAYABLE, AS TO PRINCIPAL, PREMIUM, IF ANY, AND INTEREST SOLELY FROM THE TRUST ESTATE AND OTHER FUNDS AND MONEYS AND SECURITY PLEDGED AND ASSIGNED UNDER THE INDENTURE. THE CERTIFICATES SHALL CONSTITUTE A VALID CLAIM OF THE OWNER OR OWNERS THEREOF AGAINST THE TRUST ESTATE AND OTHER FUNDS AND MONEYS AND SECURITY PLEDGED AND ASSIGNED UNDER THE INDENTURE, WHICH ARE PLEDGED TO SECURE THE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON THE CERTIFICATES, AND WHICH SHALL BE USED FOR NO OTHER PURPOSE EXCEPT AS EXPRESSLY AUTHORIZED IN THE INDENTURE. THE CERTIFICATES SHALL NOT BE A DEBT OR INDEBTEDNESS OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF (INCLUDING THE ISSUER), AND NEITHER THE STATE NOR ANY POLITICAL SUBDIVISION THEREOF SHALL BE LIABLE THEREON, NOR**

**IN ANY EVENT SHALL THE CERTIFICATES BE PAYABLE OUT OF ANY FUNDS OR PROPERTIES OTHER THAN THOSE OF THE ISSUER PLEDGED UNDER THE INDENTURE. THE CERTIFICATES SHALL NOT CONSTITUTE AN INDEBTEDNESS OR A MULTIPLE FISCAL-YEAR FINANCIAL OBLIGATION WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION. NEITHER THE STATE NOR ANY POLITICAL SUBDIVISION THEREOF (EXCEPT THE ISSUER FROM THE SOURCES IDENTIFIED IN THE INDENTURE) SHALL BE LIABLE FOR PAYMENT OF THE CERTIFICATES NOR IN ANY EVENT SHALL PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THE CERTIFICATES BE PAYABLE OUT OF ANY FUNDS OR ASSETS OTHER THAN THOSE PLEDGED TO THAT PURPOSE BY THE ISSUER IN THE INDENTURE. THE ISSUER HAS NO TAXING POWER.**

Descriptions, certain definitions and final terms of the Certificates, the Borrower, the Project, the Mortgage Loan and the MBS, are included in the SUPPLEMENT TO DISCLOSURE STATEMENT – TERM SHEET in APPENDIX I hereto. All summaries or descriptions herein of documents and agreements are qualified in their entirety by reference to such documents and agreements and all summaries herein of the Certificates are qualified in their entirety by reference to the Indenture and the provisions with respect thereto included in the aforesaid documents and agreements. Copies of the Indenture and the Financing Agreement are available for inspection at the office of the Issuer. The Borrower will provide certain information on an ongoing basis to the Municipal Securities Rulemaking Board (the “MSRB”). For a description of the Borrower’s undertaking with respect to ongoing disclosure, see “CONTINUING DISCLOSURE” herein.

### **THE ISSUER**

*The following information has been provided by the Issuer for use herein. While the information is believed to be reliable, none of the Trustee, the Original Purchaser, nor any of their respective counsel, members, officers or employees makes any representations as to the accuracy or sufficiency of such information.*

The Colorado Housing and Finance Authority is a body corporate and political subdivision of the State of Colorado 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 Issuer currently operates numerous housing, rental and business finance programs. The Issuer 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 Certificates may not be used to finance any activities of the Issuer other than related to the Project, as described herein.

The Certificates are special, limited obligations of the Issuer as described in “SECURITY AND SOURCES OF PAYMENT OF CERTIFICATES” herein. See also “APPENDIX C - SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Special, Limited Obligations of the Issuer.”

THE ISSUER NEITHER HAS NOR ASSUMES ANY RESPONSIBILITY AS TO THE ACCURACY OR COMPLETENESS OF ANY INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT, ALL OF WHICH (EXCEPT AS CONTAINED UNDER THE CAPTION “THE ISSUER” AND UNDER THE CAPTION “NO LITIGATION – THE ISSUER”), HAS BEEN FURNISHED BY OTHERS. THE ISSUER HAS NOT PARTICIPATED IN THE PREPARATION OF THIS OFFICIAL STATEMENT.

### **DESCRIPTION OF THE CERTIFICATES**

General. The Certificates may be issued in the denominations of \$1.00 and integral multiples of \$1.00 in excess thereof. Each Certificate will receive a designation indicating its Series. The Certificates are issuable only as fully registered certificates without coupons and will be registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”), New York, New York. DTC will act as securities depository for the Certificates. Individual purchases will be made in book-entry form only. Purchasers will not receive certificates representing their interest in the Certificates purchased. See “APPENDIX F – BOOK-ENTRY SYSTEM.”

The Certificates will be dated and have a final maturity date and a final payment date on the respective dates identified in the SUPPLEMENT TO DISCLOSURE STATEMENT – TERM SHEET attached hereto as APPENDIX I. The Certificates will bear interest from their dated date at the Pass-Through Rate set forth in the Supplement to this Disclosure Statement.

Principal and interest will be payable for the Certificates on the Business Day following the receipt by the Trustee of a payment of principal or interest, as applicable, on the MBS and will be in amounts equal to the payments received by the Trustee under the MBS, as described in the following paragraphs.

On the first Business Day following receipt of a payment representing interest under a MBS, the Trustee will pay to the Certificate holders of record as of the applicable record date the amount so received as a payment of interest on the Certificates. All payments of interest with respect to the Certificates will be paid to the Certificate holders in proportion to the principal amount of each Certificate owned by each such owner as set forth on the records of the Trustee at the close of business on the last day of the calendar month prior to the calendar month in which such payment occurs (the “**Record Date**”).

On the first Business Day following receipt of principal payments or repayments under a MBS, the Trustee will pay to the Certificate holders of record as of the applicable record date the amount so received as a payment of principal on the Certificates. All payments of principal with respect to the Certificates will be paid to the Certificate holders in proportion to the principal amount of each Certificate owned by each such owner as set forth on the records of the Trustee at the close of business on the Record Date.

So long as Cede & Co. or another nominee designated by DTC is the registered owner of the Certificates, principal and interest on the Certificates are payable by the Trustee to DTC, which will be responsible for remitting such principal and interest to its Participants, which will be responsible for remitting such principal and interest to the Beneficial Owners of the Certificates. See “APPENDIX F – BOOK-ENTRY SYSTEM.”

Fannie Mae Certificate Payments. If and when a Fannie Mae Certificate is issued, payments on a Fannie Mae Certificate will be made on the 25th day of each month (beginning with the month following the month such Fannie Mae Certificate is issued), or, if such 25th day is not a Business Day, on the first Business Day next succeeding such 25th day. With respect to each Fannie Mae Certificate, Fannie Mae will distribute to the Trustee an amount equal to the total of (i) the principal due on the Mortgage Loan 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, (ii) the stated principal balance of any Mortgage Loan that was prepaid in full during the calendar month next preceding the month of such distribution (including as prepaid for this purpose at Fannie Mae’s election any 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), (iii) the amount of any partial prepayment of a Mortgage Loan received in the calendar month next preceding the month of distribution, and (iv) one month’s interest at the pass-through rate on the principal balance of the Fannie Mae Certificate as reported to the Trustee (assuming the Trustee is the registered holder) 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 distribution, 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. See also “APPENDIX A – FANNIE MAE MORTGAGE-BACKED SECURITIES PROGRAM.”

Transfer of Certificates. While DTC is securities depository for book-entry Certificates, the transfer of beneficial ownership of Certificates shall take place as described in “APPENDIX F – BOOK-ENTRY SYSTEM.” If DTC were to terminate its status as securities depository for the Certificates and, as a result, Certificates were no longer book-entry securities, no transfer of a Certificate will be made unless made upon the records of the Issuer kept for that purpose at the corporate trust office of the Trustee, by the registered owner of the Certificate or by its attorney duly authorized in writing, upon surrender thereof together with a written instrument of transfer satisfactory to the Trustee. Upon the transfer of any such Certificate, the Issuer shall issue and the Trustee shall authenticate and deliver to and in the name of the transferee a new fully registered Certificate, of the same series, aggregate principal amount, interest rate, maturity and other terms as the surrendered Certificate.



At all times, the Issuer and the Trustee may deem and treat the person in whose name any Certificate shall be registered upon the records of the Issuer as the absolute owner of such Certificate, whether such Certificate shall be a book-entry security or not, for the purpose of receiving payment of, or on account of, the principal of and interest on such Certificate and for all other purposes and all such payments so made to any such registered owner or upon his order shall be valid and effectual to satisfy and discharge the liability upon such Certificate to the extent of the sum or sums so paid.

Optional Exchange of Certificates for MBS. A beneficial owner of the Certificates may file with the Trustee a written request to exchange the Certificates for a proportional principal amount of the MBS securing such Certificates from the Trust Estate, provided, that (i) the proportional principal amount of the MBS will be, when delivered, in an amount equal to \$1,000 or a multiple of \$1.00 in excess thereof, and (ii) to the extent the acquisition, development, construction or rehabilitation of the Project is funded in part from the sale of low-income housing tax credits as described in Section 42 of the Code, the Project is at the time of such request complete and placed in service by the Borrower as evidenced by a certificate of occupancy for the Project delivered by the Borrower to the Trustee accompanied by a letter from the Borrower confirming that the Project is placed in service for purposes of Section 42 of the Code. Such written request must be delivered to the Trustee at least five Business Days prior to the exchange date and must be in the form attached to the Indenture as an exhibit or such other form as may be approved by the Trustee (the “**Request Notice**”). Upon receipt, the Trustee shall immediately notify the Issuer of such Request Notice. The Issuer shall then have the option of either (i) directing the Trustee to deliver to the beneficial owner of the Certificates their proportional interest in the MBS based upon their proportional interest in the Certificate, or (ii) redeeming the beneficial owner’s Certificates for an amount equal to the Cash Value, defined as follows:

Cash Value = original face amount x MBS Factor x (1 + Redemption Premium (R) + (Initial Offering Premium (I) x MBS Factor))

Where R = 5% if the exchange occurs during the first five years from the Settlement Date;

= 4% during the sixth year;

= 3% during the seventh year;

= 2% during the eighth year;

= 1% during the ninth year; and

= 0% thereafter

and I = initial offering price - 100%

The Issuer shall notify the Trustee of its decision whether to exchange or redeem within four Business Days of being notified by the Trustee of the Request Notice, and immediately upon receiving the Issuer’s decision, the Trustee shall notify such beneficial owner of the Issuer’s decision. In the event that the Issuer elects to deliver a proportionate share of the MBS in lieu of redeeming the Certificates for Cash Value, after validating the exchange request, the Trustee shall transfer and deliver to such requesting owner the Trustee’s beneficial ownership interest in the MBS to the extent of the Certificate holder’s proportionate share promptly following (i) delivery to the Trustee (via DTC withdrawal or Deposit/Withdrawal At Custodian (“**DWAC**”)) of the Certificates being exchanged, (ii) payment by the requesting owner of the Trustee’s exchange fee (\$1,000 as of the date of the Indenture) with respect to such Certificates, and (iii) any costs and expenses incurred by the Issuer. Such MBS will be in book-entry form. Transfers of the MBS will be made in accordance with current market practices, including the applicable provisions of the Securities Industry and Financial Markets Association (“**SIFMA**”)’s *Uniform Practices for the Clearance and Settlement of Mortgage Backed Security and Other Related Securities*. Upon receipt of such Certificates from the requesting beneficial owner, the Trustee will promptly cancel the Certificates being exchanged, which will not be reissued. The MBS delivered in such an exchange will not be exchangeable for Certificates.

The MBS delivered in such an exchange will also be subject to any applicable disclosure requirements concerning pass-through certificates that have been issued in connection with the multifamily mortgage lending

program of a governmental housing finance agency and financed by tax-exempt obligations. All such disclosure requirements, as well as any disclosure requirements associated with any transfer of Certificates following a redemption for Cash Value, shall be the sole and exclusive responsibility of the Borrower, and the Issuer shall have no responsibility therefor.

**Interest on such MBS is not excludable from gross income for federal income tax purposes. Owners of the Certificates should consult their own tax advisors concerning that and other tax consequences of any exchange of a Certificate for the MBS.**

**No Acceleration or Early Redemption Upon Loss of Tax Exemption on the Certificates.** The Borrower will covenant and agree, pursuant to a Regulatory Agreement and Declaration of Restrictive Covenants between the Issuer, the Trustee and the Borrower (the “**Regulatory Agreement**”), to comply with the provisions of the Code relating to the exclusion from gross income for federal income tax purposes of the interest payable on the Certificates. In particular, the Borrower is required to rent at least forty percent (40%) of the Project apartment units to certain qualified tenants whose income does not exceed sixty percent (60%) of the area average median income where the Project is located. The Borrower’s failure to comply with such provisions will not constitute a default under the Certificates and will not give rise to a redemption or acceleration of the Certificates and is not the basis for an increase in the rate of interest payable on the Certificates. Furthermore, the Borrower’s failure to comply with the Regulatory Agreement will not give rise to a prepayment or acceleration of amounts due under the MBS or the Mortgage, unless directed by Fannie Mae in its sole discretion. Consequently, interest on the Certificates may become includable in gross income for purposes of federal income taxation retroactive to the date of issuance of the Certificates by reason of the Borrower’s failure to comply with the requirements of federal tax law. In such event, a Certificate holder could exercise its option to exchange its Certificate for the MBS as described above under the heading “Optional Exchange of Certificates for MBS,” but will have lost the value of the tax-exemption.

**Mandatory Redemption of Certificates.** The Certificates are subject to mandatory redemption under the Indenture: (a) prior to the MBS Delivery Date, on any Payment Date in an amount equal to the Mortgage Loan amortization scheduled on the first day of the month immediately following such Payment Date, (b) after the MBS Delivery Date: (i) one Business Day after the date principal payments are received pursuant to the MBS and (ii) one Business Day after the date prepayments are received pursuant to the MBS, and (c) in whole on the Mandatory Redemption Date (as such date may be extended under the Indenture) if the MBS Delivery Date has not occurred at least five (5) Business Days prior to such Mandatory Redemption Date, all as further described in APPENDIX C hereto.

**Limited Liability of Issuer.** All pecuniary obligations of the Issuer incurred under the Indenture, including without limitation the obligation to pay the principal of, and interest on, the Certificates, and all pecuniary obligations and liabilities of the Issuer under the Indenture with respect to any of its representations, covenants, agreements and warranties under the Indenture or with respect to the Certificates, are special, limited obligations of the Issuer payable solely from the MBS Revenues and moneys and securities held by the Trustee in funds and accounts pledged to such Certificates under the Indenture. The Certificates are not in any way a debt or liability or obligation of the State or of any political subdivision thereof and do not create or constitute any indebtedness, liability or obligation of the State or of any such political subdivision or be or constitute a pledge of the faith and credit of the State or any such political subdivision, but all Certificates are payable solely from MBS Revenues pledged or available for their payment as authorized in the Indenture and the Act. Neither the faith and credit nor the taxing power of the State or of any political subdivision thereof is pledged to the payment of the principal of or interest on the Certificates.

No recourse shall be had for any claim based upon any obligation, representation, warranty, covenant or agreement arising under the Indenture against any past, present or future director, officer, employee, or agent of the Issuer or the Trustee or any successor, under any rule of law or equity, statute or constitution or by the enforcement of any assessment of penalty or otherwise, and all such liability of any such director, officer, employee, or agent as such is expressly waived and released as a condition of and in consideration for the execution of the Indenture and the purchase of any interest in the Certificates (or any interest therein) by the Original Purchaser or any holders thereof.

## THE MORTGAGE LOAN

The Indenture authorizes the Issuer to issue the Certificates to finance a portion of the cost of the acquisition, rehabilitation and equipping of the Project through the acquisition of the MBS and to pay certain additional costs related thereto. The Certificates will be secured initially by the Cash Collateral held by the Trustee in an amount equal to the principal of and interest on the Certificates from the Certificate Dated Date to the Mandatory Redemption Date and then by the MBS, if issued. Fannie Mae is expected to deliver the MBS to the Trustee on the Purchase Date to be purchased by the Trustee with the Cash Collateral on deposit under the Indenture. The Lender has undertaken to certify that the MBS has terms consistent with the Supplement to Disclosure Statement and meets the requirements set forth in the Indenture, on which certification the Trustee may rely and act without further investigation. The Mortgage Loan is to be evidenced by the Mortgage Note, executed by the Borrower in favor of the Lender and secured by the Multifamily Deed of Trust, Assignment of Leases and Rents, Security Agreement and Fixture Filing (the “**Mortgage**”). The Borrower is required under the Mortgage Note to make monthly payments sufficient in the aggregate to pay debt service on the Mortgage Loan.

The ability of the Borrower to pay the Mortgage Loan is dependent on the revenues derived from the Project. Due to the inherent uncertainty of future events and conditions, no assurance can be given that revenues generated by the Project will be sufficient to pay expenses of the Project, including without limitation, debt service on the Mortgage Loan, operating expenses, servicing fees, fees due to Fannie Mae, Trustee fees, and fees owed to the Issuer. The ability of the Project to generate sufficient revenues may be affected by a variety of factors including, but not limited to, completion of repairs to such Project, the maintenance of a sufficient level of occupancy, the ability to achieve increases in rents, the level of operating expenses, project management, adverse changes in applicable laws and regulations, general economic conditions and other factors in the surrounding market area for the Project. The Borrower intends to rent all of the units in the Project to persons or families of moderate and low income and the amount of rent that may be charged for such units may be materially less than market rates. In addition to these factors, other adverse events may occur from time to time which may have a negative impact on the occupancy level and rental income of the Project.

Failure of the Borrower to make payments when due under the Mortgage Loan will result in an event of default under the Mortgage Loan and the Financing Agreement and may result in a mandatory prepayment of all or a portion of the Certificates. The Mortgage Loan will not be accelerated unless directed by Fannie Mae in its sole discretion in which case the Certificates will remain outstanding and will remain secured by the MBS guaranteed as to timely payment of principal and interest by Fannie Mae. See “SECURITY AND SOURCES OF PAYMENT CERTIFICATES” herein.

The Mortgage Loan is a non-recourse obligation of the Borrower with respect to which neither the Borrower nor its partners or members have personal liability and as to which the Borrower and its partners or members have not pledged for the benefit of the Lender any of their respective assets, other than the Project and its rents, profits and proceeds.

## SECURITY FOR AND SOURCES OF PAYMENT OF CERTIFICATES

### Pledge

In order to secure the payment of the principal of and interest on the Certificates, the Issuer has pledged to the trust estate for the Certificates, subject to terms and provisions of the Indenture, the following:

- (i) prior to the Purchase Date, the Cash Collateral, and upon the delivery of the MBS for acquisition by the Trustee, 100% of the beneficial ownership interest in the MBS;
- (ii) an assignment of the MBS Revenues received by the Issuer under or in respect to the MBS; and
- (iii) the moneys and securities from time to time held by the Trustee in the funds and accounts under the terms of the Indenture.

The foregoing pledge is made for the equal and proportionate benefit, security and protection of all present and future owners of the Certificates.

The Certificates will initially be collateralized, in part, by the deposit with the Trustee under the Indenture of the Cash Collateral consisting of (i) the proceeds received from the sale of the Certificates in an amount equal to the original principal amount of the Certificates and interest thereon from the Certificate Dated Date to the Settlement Date and (ii) Eligible Funds provided by the Original Purchaser in an amount equal to accrued interest on the Certificates from the Settlement Date to the Initial Mandatory Redemption Date. The Trustee will use the Cash Collateral to acquire, if and when issued, an MBS, backed by the Mortgage Loan on the Project, and to be issued by Fannie Mae, upon satisfaction of the conditions set forth in the Indenture and upon satisfaction of the conditions precedent to the issuance of the MBS and compliance with the commitment between Fannie Mae and the Lender.

It is anticipated that if the conditions to the issuance of the MBS are satisfied, the MBS will be available for acquisition by the Trustee prior to the First Payment Date as set forth in APPENDIX I – SUPPLEMENT TO DISCLOSURE STATEMENT – TERM SHEET, and in any event prior to the Initial Mandatory Redemption Date, unless the Initial Mandatory Redemption Date is extended as provided in the Indenture. Following the acquisition of MBS by the Trustee, if issued, payments of principal and interest on the Certificates will be payable from a pass through on the immediately following Payment Date on the Certificates of the principal and interest payments received by the Trustee on the MBS.

If the MBS is not acquired by the Trustee prior to the Initial Mandatory Redemption Date (as such date may be extended pursuant to the Indenture) the Certificates will be redeemed at a redemption price of the offering price (as set forth in APPENDIX I – SUPPLEMENT TO DISCLOSURE STATEMENT – TERM SHEET), plus interest accrued on the Certificates to the Business Day preceding such Initial Mandatory Redemption Date (as such date may be extended pursuant to the Indenture), from the Cash Collateral held by the Trustee under the Indenture.

## **TAX MATTERS**

### **Federal Tax Treatment of Interest on Certificates**

In the opinion of Sherman & Howard L.L.C., Bond Counsel, assuming continuous compliance with certain covenants described below, interest on the Certificates (except for interest on any Certificate for any period during which it is held by a “substantial user” of any facilities financed with the Certificates or a “related person” as such terms are used in Section 147(a) of the Internal Revenue Code of 1986, as amended to the date of delivery of the Certificates (the “Tax Code”)) is excluded from gross income under federal income tax laws pursuant to Section 103 of the Tax Code; further, interest on the Certificates is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code.

The Tax Code imposes several requirements which must be met with respect to the Certificates in order for the interest thereon to be excluded from gross income and alternative minimum taxable income. Certain of these requirements must be met on a continuous basis throughout the term of the Certificates. These requirements include: (a) limitations as to the use of proceeds of the Certificates; (b) limitations on the extent to which proceeds of the Certificates may be invested in higher yielding investments; and (c) a provision, subject to certain limited exceptions, that requires all investment earnings on the proceeds of the Certificates above the yield on the Certificates to be paid to the United States Treasury.

The Issuer will covenant and represent in the Indenture that it will not take any action or omit to take any action with respect to the Certificates, the proceeds thereof, any other funds of the Issuer or any facilities financed with the proceeds of the Certificates if such action or omission would cause the interest on the Certificates to lose its exclusion from gross income for federal income tax purposes under Section 103 of the Tax Code. The Borrower will make similar covenants and representations in the Borrower's loan documents. Bond Counsel's opinion as to the exclusion of interest on the Certificates from gross income is rendered in reliance on these covenants, and assumes continuous compliance therewith. The failure or inability of the Issuer or the Borrower to comply with these requirements could cause the interest on the Certificates to be included in gross income from the date of issuance. Bond Counsel's opinion also is rendered in reliance upon certifications of the Issuer and other

certifications and representations furnished to Bond Counsel. Bond Counsel has not undertaken to verify such certifications or representations by independent investigation.

The Tax Code contains numerous provisions which may affect an investor's decision to purchase the Certificates. Owners of the Certificates should be aware that the ownership of tax-exempt obligations by particular persons and entities, including, without limitation, financial institutions, insurance companies, recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, foreign corporations doing business in the United States and certain "subchapter S" corporations may result in adverse federal tax consequences. Under Section 3406 of the Tax Code, backup withholding may be imposed on payments on the Certificates made to any Owner who fails to provide certain required information, including an accurate taxpayer identification number, to certain persons required to collect such information pursuant to the Tax Code. Backup withholding may also be applied if the Owner underreports "reportable payments" (including interest and dividends) as defined in Section 3406, or fails to provide a certificate that the Owner is not subject to backup withholding in circumstances where such a certificate is required by the Tax Code.

Bond Counsel's opinion relates only to the exclusion of interest on the Certificates from gross income, alternative minimum taxable income and Colorado taxable income as described herein and will state that no opinion is expressed regarding other federal or Colorado tax consequences arising from the receipt or accrual of interest on or ownership of the Certificates. Owners of the Certificates should consult their own tax advisors as to the applicability of these consequences.

#### **IRS Audit Program**

The Internal Revenue Service (the "Service") has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the Service, interest on such tax-exempt obligations is includable in the gross income of the owners thereof for federal income tax purposes. No assurances can be given as to whether or not the Service will commence an audit of the Certificates. If an audit is commenced, the market value of the Certificates may be adversely affected. Under current audit procedures, the Service will treat the Issuer as the taxpayer and the Certificate holders may have no right to participate in such procedures. The Issuer has covenanted in the Indenture not to take any action or omit to take any action that would cause the interest on the Certificates to lose its exclusion from gross income under the Tax Code. None of the Issuer, the Original Purchaser or Bond Counsel is responsible for paying or reimbursing any Registered Owner or Beneficial Owner for any audit or litigation costs relating to the Certificates.

#### **Colorado Tax Treatment of Certificates**

In the opinion of Bond Counsel, the Certificates, their transfer and the income therefrom is free from taxation by the State of Colorado under Colorado law in effect as of the date of delivery of the Certificates.

#### **Other**

Bond Counsel's opinion relates only to the exclusion of interest on the Certificates to the extent described above from gross income and from alternative minimum taxable income under federal income tax laws, and the exclusion of the Certificates from certain State of Colorado taxation as described above, and will state that no opinion is expressed regarding other federal or state tax consequences arising from the receipt or accrual of interest on or ownership or disposition of the Certificates. Owners of the Certificates should consult their own tax advisors as to the applicability of these consequences.

The opinions expressed by Bond Counsel are based on existing law as of the delivery date of the Certificates. No opinion is expressed as of any subsequent date nor is any opinion expressed with respect to pending or proposed legislation. Amendments to the federal and state tax laws may be pending now or could be proposed in the future which, if enacted into law, could adversely affect the value of the Certificates, the exclusion of interest on the Certificates from gross income or from alternative minimum taxable income under federal income tax laws and the exclusion of the Certificates from certain Colorado taxation as described above, or any combination thereof from

the date of issuance of the Certificates or any other date, or which could result in other adverse tax consequences. In addition, future court actions or regulatory decisions could affect the market value of the Certificates. Certificate holders are advised to consult with their own advisors with respect to such matters

## NO LITIGATION

The Issuer. There is no proceeding or litigation of any nature now pending or threatened restraining or enjoining the issuance, sale, execution or delivery of the Certificates, or in any way contesting or affecting the validity of the Certificates, any proceedings of the Issuer taken with respect to the issuance or sale thereof, the pledge or application of any money or security provided for the payment of the Certificates, the existence or powers of the Issuer relating to the Certificates or the title of any officers of the Issuer to their respective positions.

The Borrower. There is no legal action, suit, proceeding, investigation or inquiry at law or in equity, before or by any court, agency, arbitrator, public board or body or other entity or person, pending or, to the best knowledge of the Borrower, threatened against or affecting the Borrower or any member of the Borrower, in their respective capacities as such, nor, to the knowledge of the Borrower, any basis therefor, (i) which would restrain or enjoin the issuance or delivery of the Certificates, the use of the Disclosure Statement in the marketing of the Certificates or the collection of revenues pledged under or pursuant to the Indenture or (ii) which would in any way contest or affect the organization or existence of the Borrower or the entitlement of any officer of the Borrower to its position or (iii) which would contest or have a material and adverse effect upon (A) the due performance by the Borrower of the transactions contemplated by the Disclosure Statement, (B) the validity or enforceability of the Certificates or any other agreement or instrument to which the Borrower is a party and that is used or contemplated for use in the consummation of the transactions contemplated hereby and thereby, (C) the exclusion from gross income for federal income tax purposes of the interest on the Certificates or (D) the financial condition or operations of the Borrower, (iv) which contests in any way the completeness or accuracy of the Disclosure Statement or (v) which questions the power or authority of the Borrower to carry out the transactions on its part contemplated by the Disclosure Statement, or the power of the Borrower to own or operate the Project. The Borrower is not subject to any judgment, decree or order entered in any lawsuit or proceeding brought against it that would have such an effect.

## ORIGINAL PURCHASE

Stifel, Nicolaus & Company, Incorporated (the “**Original Purchaser**”), a “participating underwriter” as defined in 15c2-12 and an “underwriter” as defined in Section 2(a)(11) of the Securities Act of 1933, as amended, has entered into the Purchase Agreement to purchase all of the Certificates, if any of the Certificates are to be purchased, at a price equal to the principal amount thereof. The Purchase Agreement provides that the Original Purchaser will receive compensation for its services from the Borrower as specified in APPENDIX I – SUPPLEMENT TO DISCLOSURE STATEMENT – TERM SHEET. The obligation of the Original Purchaser to pay for the Certificates is subject to certain terms and conditions set forth in the Purchase Agreement. The Borrower has agreed to indemnify the Original Purchaser and the Issuer as to certain matters in connection with the Certificates.

The Original Purchaser may offer and sell the Certificates that it purchases to certain dealers including dealer banks and dealers depositing the Certificates into investment trusts and others at a price lower than the public offering price stated in the SUPPLEMENT TO DISCLOSURE STATEMENT – TERM SHEET in APPENDIX I hereto. The offering price of the Certificates may be changed from time to time by the Original Purchaser.

The Original Purchaser does not guarantee a secondary market for the Certificates and is not obligated to make any such market in the Certificates. No assurance can be made that such a market will develop or continue. Consequently, investors may not be able to resell Certificates should they need or wish to do so for emergency or other purposes.

## RATING

S&P Global Ratings (“**S&P**”) has assigned a rating to the Certificates as set forth on the cover page hereof. An explanation of the significance of such rating may be obtained from S&P. The rating of the Certificates reflect only the views of S&P at the time such rating was given, and neither the Issuer, the Borrower nor the Original

Purchaser makes any representation as to the appropriateness of the rating. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by S&P, if in its judgment, circumstances so warrant. Any such downward revision or withdrawal of the rating may have an adverse effect on the market price of the Certificates.

### **CONTINUING DISCLOSURE**

The Borrower will enter into a Continuing Disclosure Agreement, dated as of August 1, 2017 (the “Continuing Disclosure Agreement”), with Digital Assurance Certification LLC, acting as Dissemination Agent, pursuant to which the Borrower will agree to provide ongoing disclosure pursuant to the requirements of Rule 15c2-12 of the Securities and Exchange Commission (the “**Rule**”). Financial statements will be provided at least annually to the Municipal Securities Rulemaking Board (the “**MSRB**”) and notices of certain events will be issued pursuant to the Rule. Information will be filed with the MSRB through its Electronic Municipal Market Access (“**EMMA**”) system, unless otherwise directed by the MSRB. A form of the Continuing Disclosure Agreement is attached hereto as APPENDIX E.

A failure by the Borrower to comply with the provisions of the Continuing Disclosure Agreement will not constitute a default under the Financing Agreement (although Holders will have any available remedy at law or in equity for obtaining necessary disclosures). Nevertheless, such a failure to comply is required to be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Certificates in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Certificates.

The Borrower has not previously been subject to the continuing disclosure requirements of the Rule.

### **THE TRUSTEE**

*The information under this heading has been provided solely by the Trustee and is believed to be reliable, but has not been verified independently by the Issuer or the Original Purchaser. No representation whatsoever as to the accuracy, adequacy or completeness of such information is made by the Issuer or the Original Purchaser.*

The Issuer has appointed U.S. Bank National Association as Trustee under the Indenture. The Trustee is a national banking association organized and existing under the laws of the United States of America, having all of the powers of a bank, including fiduciary powers, and is a member of the Federal Deposit Insurance Corporation and the Federal Reserve System.

The Trustee is to carry out such duties as are assigned to it under the Indenture, the Financing Agreement, and the other Financing Documents. Except for the contents of this section, the Trustee has not reviewed or participated in the preparation of this Disclosure Statement and assumes no responsibility for the nature, contents, accuracy or completeness of the information set forth in this Disclosure Statement or for the recitals contained in the Indenture or the Certificates (except for the certificate of authentication on each Certificate), or for the validity, sufficiency, or legal effect of any of such documents.

Furthermore, the Trustee has no oversight responsibility, and is not accountable, for the use or application by the Issuer of any of the Certificates authenticated or delivered pursuant to the Indenture or for the use or application of the proceeds of such Certificates by the Issuer. The Trustee has not evaluated the risks, benefits, or propriety of any investment in the Certificates and makes no representation, and has reached no conclusions, regarding the value or condition of any assets or revenues pledged or assigned as security for the Certificates, the technical or financial feasibility of the expected uses of proceeds of the Certificates or the investment quality of the Certificates, about all of which the Trustee expresses no opinion and expressly disclaims the expertise to evaluate.

### **ADDITIONAL INFORMATION**

Any statements in this Disclosure Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Disclosure Statement is not to be construed as a contract or agreement between the Issuer and the purchasers or holders of any of the Certificates.

This Disclosure Statement has been deemed final in accordance with the Rule. The execution and delivery of this Disclosure Statement has been duly authorized by the Borrower.

[Remainder of page intentionally left blank]



This Disclosure Statement has been duly authorized, executed and delivered by the Borrower.

**MHMP 12 HOLLY PARK EAST AND WEST LP,**  
a Colorado limited partnership

By: MHMP 12 Holly Park East and West GP LLC,  
a Colorado limited liability company,  
its General Partner

By: Mercy Housing Mountain Plains,  
a Colorado nonprofit corporation,  
its Manager

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

## APPENDIX A

### FANNIE MAE MORTGAGE-BACKED SECURITIES PROGRAM

*This summary of the Fannie Mae Mortgage Backed Securities Program, the Fannie Mae Certificates and the documents referred to herein does not purport to be comprehensive and is qualified in its entirety by reference to the Fannie Mae Selling MBS Prospectus for Guaranteed Mortgage Pass-Through Certificates (Multifamily Residential Mortgage Loans) dated August 1, 2014 (the “Fannie Mae MBS Prospectus”) which can be found at [http://www.fanniemae.com/syndicated/documents/mbs/mbspros/MF\\_August\\_1\\_2014.pdf](http://www.fanniemae.com/syndicated/documents/mbs/mbspros/MF_August_1_2014.pdf) and the Form of Prospectus Supplement for MBS Certificate dated the date of issue of the MBS attached hereto as APPENDIX H.*

General ..... Fannie Mae is a government-sponsored enterprise that was chartered by the U.S. Congress in 1938 under the name “Federal National Mortgage Association” to support liquidity and stability in the secondary mortgage market, where existing mortgage loans are purchased and sold. The address of its principal office is 3900 Wisconsin Avenue NW, Washington, DC 20016; the telephone number is 202-752-7000.

Fannie Mae has been under conservatorship since September 6, 2008. The conservator, the Federal Housing Finance Agency, succeeded to all rights, titles, powers and privileges of Fannie Mae and of any shareholder, officer or director of the company with respect to the company and its assets. For additional information on the conservatorship, see “**FANNIE MAE — Regulation and Conservatorship**” in the Fannie Mae MBS Prospectus.

Fannie Mae’s regulators include the Federal Housing Finance Agency, the U.S. Department of Housing and Urban Development (“HUD”), the Securities and Exchange Commission (the “SEC”), and the U.S. Department of the Treasury (the “Treasury”). The Office of Federal Housing Enterprise Oversight, the predecessor of the Federal Housing Finance Agency, was Fannie Mae’s safety and soundness regulator prior to enactment of the Federal Housing Finance Regulatory Reform Act of 2008.

On September 7, 2008, Fannie Mae entered into a senior preferred stock purchase agreement with the Treasury pursuant to which Fannie Mae issued to it one million shares of senior preferred stock and a warrant to purchase, for a nominal price, shares of common stock equal to 79.9% of the outstanding common stock of Fannie Mae. **Nevertheless, Fannie Mae alone is responsible for making payments under its guaranty. The Mortgage-backed Security if issued by Fannie Mae and acquired by the Trustee and payments of principal and interest on the Mortgage-backed Security will not be guaranteed by the United States and do not constitute a debt or obligation of the United States or any of its agencies or instrumentalities other than Fannie Mae.**

Description of Mortgage-backed Security ..... The Mortgage-backed Security if issued by Fannie Mae and acquired by the Trustee will represent a pro rata undivided beneficial ownership interest in the Mortgage Loan. See “MORTGAGE LOAN” in the Disclosure Statement. Fannie Mae will issue the Mortgage-backed Security in book-entry form on the book-entry system of the U.S. Federal Reserve Bank.

Relationship of M-TEMS Certificates, Pass-Through Certificate and Mortgage Loan..... The payment and other obligations of the Issuer with respect to the M-TEMS Certificates are intended to be, and shall be, independent of the payment and other obligations of the issuer or maker of the Mortgage Note (as hereinafter defined) and the Pass-Through Certificate, if issued by Fannie Mae and acquired by the Trustee, even though the principal amount of all three instruments is expected to be identical, except in the case of a default with respect to one or more of the instruments.

Distribution Date ..... The “Distribution Date” is the 25th day of each month which is the date designated for payments to the Trustee as holder of the Mortgage-backed Security, if issued. If that day is not a Business Day, payments will be made on the next Business Day. The first Distribution Date for the Mortgage-backed Security will occur in the month following the month in which the Mortgage-backed Security is issued.

Interest ..... On each Distribution Date, Fannie Mae will pass through on the Mortgage-backed Security, if issued, one month’s interest at the “Pass-Through Rate”. Interest on the Mortgage-backed Security shall be calculated on an “Actual/360” basis. “Actual/360” means a computation of interest accrual on the basis of a three hundred sixty (360) day year and the actual number of calendar days during the applicable month, calculated by multiplying the unpaid principal balance of the Mortgage-backed Security by the Pass-Through Rate, dividing the product by three hundred sixty (360), and multiplying the quotient obtained by the actual number of days elapsed in the applicable month.

Because Fannie Mae’s guaranty requires it to supplement amounts received by the trust as required to permit timely payment of interest, the amount of interest distributed to certificateholders on a Distribution Date will not be affected by any loss mitigation measure, taken with respect to, or other loan modification made to, the Mortgage Loan while it remains in the trust.

As described under the caption “**MATERIAL FEDERAL INCOME TAX CONSEQUENCES**” which can be found at [http://www.fanniemae.com/syndicated/documents/mbs/mbspros/MF\\_August\\_1\\_2014.pdf](http://www.fanniemae.com/syndicated/documents/mbs/mbspros/MF_August_1_2014.pdf) – **FORM OF PROSPECTUS SUPPLEMENT FOR MBS CERTIFICATE** herein, the Mortgage-backed Security and payments on the Mortgage-backed Security, including interest payments thereon, are subject to federal income taxation. Such interest payments only become excluded from gross income for federal income tax purposes and excluded from taxation by the State, to the extent described elsewhere herein, when applied by the Trustee to pay interest due on the M-TEMS Certificates. See “TAX MATTERS” in the Disclosure Statement herein.

Principal ..... Fannie Mae will receive collections on the Mortgage Loan on a monthly basis. The period Fannie Mae uses to differentiate between collections in one month and collections in another month is called the due period. The due period is the period from and including the second calendar day of the preceding month in which the Distribution Date occurs to and including the first calendar day of the month in which the Distribution Date occurs.

On each Distribution Date, Fannie Mae will pass through principal of the Mortgage-backed Security, if issued, as follows:

- the aggregate amount of the scheduled principal due on the Mortgage Loan in the pool during the related due period; and
- the aggregate amount of the unscheduled principal payments specified below;
- the stated principal balance of the Mortgage Loan as to which prepayment in full was received during the calendar month immediately preceding the month in which that Distribution Date occurs;

- the stated principal balance of the Mortgage Loan if it was purchased from the pool during the calendar month immediately preceding the month in which that Distribution Date occurs; and
- the amount of any partial prepayments on the Mortgage Loan that were received during the calendar month immediately preceding the month in which that Distribution Date occurs.

Because Fannie Mae’s guaranty requires it to supplement amounts received by the trust as required to permit timely payment of the principal amounts specified above, the amount of principal distributed to certificateholders on a Distribution Date will **not** be affected by any loss mitigation measure, taken with respect to, or other loan modification made to, the Mortgage Loan while it remains in the trust.

Fannie Mae may treat a prepayment in full received on the first Business Day of a month as if the prepayment were received on the last Business Day of the preceding month. Fannie Mae passes through these prepayments on the Distribution Date in the same month in which the prepayment actually was received. For example, if a prepayment on the Mortgage Loan in full is actually received on the first Business Day of July, it would be treated as if it had been received on the last Business Day of June and, therefore, would be passed through on July 25 (or the next Business Day, if July 25 is not a Business Day).

The Mortgage Loan permits the reamortization of principal after a permitted voluntary prepayment or an involuntary prepayment caused by the receipt of proceeds from insurance or condemnation. A reamortization of the Mortgage Loan will cause a change in the rate at which principal is passed through to holders of the Pass-Through Certificate.

Monthly Related Factors ..... On or about the fourth Business Day of each month, Fannie Mae publishes the monthly related factor for each issuance of its Certificates. If an investor multiplies the monthly related factor by the original principal balance of the Mortgage-backed Security, the investor will obtain the current principal balance of the Mortgage-backed Security, after giving effect to the monthly principal payment to be passed through on the Distribution Date in that month. The most current related factor is generally available in Fannie Mae’s Multifamily Securities Locator Service application on Fannie Mae’s Web site at <http://www.fanniemae.com>.

Guaranty ..... Fannie Mae guarantees to each trust that on each Distribution Date it will supplement amounts received by the trust as required to permit payments on the Mortgage-backed Security in an amount equal to:

- the aggregate amounts of scheduled and unscheduled principal payments described in “—Principal” above, and
- an amount equal to one month’s interest on the Mortgage-backed Security, as described in “—Interest” above.

In addition, Fannie Mae guarantees to the related trust that it will supplement amounts received by the trust as required to make the full and final payment of the unpaid principal balance of the related certificates on the Distribution Date in the month of the maturity date specified in the prospectus supplement. Fannie Mae’s guaranty runs directly to the trust and not directly to certificateholders. Certificateholders have limited rights to bring proceedings directly against Fannie Mae to enforce its guaranty. See **“THE TRUST DOCUMENTS—Certificateholders’ Rights Upon a Guarantor Event of Default”** in the Fannie Mae MBS Prospectus. While Fannie Mae is in the current conservatorship, the conservator does not have the right to repudiate Fannie Mae’s guaranty on the Mortgage-backed Security. However, if Fannie Mae is placed into receivership, or if Fannie Mae emerges from conservatorship and is then again placed into conservatorship, the receiver or conservator, as applicable, will have the right to repudiate Fannie Mae’s guaranty on the Mortgage-backed Security. See **“RISK FACTORS—RISKS RELATING TO CREDIT—Fannie Mae Credit Factors”** in the Fannie Mae MBS Prospectus.

Under certain circumstances, certificateholders have certain limited rights to bring proceedings against the Treasury if Fannie Mae fails to pay under its guaranty. The total amount that may be recovered from the Treasury is subject to limits imposed in the senior preferred stock purchase agreement. For a description of certificateholders’ rights to proceed against the Treasury, see **“FANNIE MAE—Certificateholders’ Rights Under the Senior Preferred Stock Purchase Agreement”** in the Fannie Mae MBS Prospectus.

Optional Prepayment Premium .....	The Mortgage Loan provides for payment of a prepayment premium on the Mortgage Loan, based on a yield maintenance formula, if the Borrower elects to prepay the Mortgage Loan prior to the fifteenth (15 <sup>th</sup> ) year after the Mortgage-backed Security is issued. See “APPENDIX I – SUPPLEMENT TO DISCLOSURE STATEMENT” herein. As set forth in the form of MBS Prospectus Supplement attached as APPENDIX H hereto, the Trustee, as holder of the Mortgage-backed Security would receive a portion of that payment, as further described in the MBS Prospectus Supplement under <b>“Voluntary Prepayment of the Mortgage Loan - Calculation of Total Yield Maintenance Prepayment Premiums.”</b> Any premium received by the Trustee will be passed through to Certificateholders. <b>Fannie Mae does not guarantee to any trust the payment of any prepayment premiums.</b>
Business Day .....	For the Mortgage-backed Security, if issued, any day other than a Saturday or Sunday, a day when the fiscal agent or paying agent is closed, a day when the Federal Reserve Bank of New York is closed, or a day when the Federal Reserve Bank is closed in a district where a certificate account is located if the related withdrawal is being made from that certificate account.
Trust Agreement .....	If issued, the Mortgage-backed Security will be issued pursuant to the Multifamily Master Trust Agreement effective as of October 1, 2010, as supplemented by an issue supplement for that issuance. Certain pertinent provisions of the trust agreement in the Fannie Mae MBS Prospectus will apply. The trust agreement may be found on Fannie Mae’s Web site: <a href="http://www.fanniemae.com">http://www.fanniemae.com</a>
Paying Agent .....	The Federal Reserve Bank of New York currently serves as Fannie Mae’s paying agent for certificates such as the Mortgage-backed Security.

The Mortgage Loan ..... The Mortgage Loan backing the Mortgage-backed Security is secured by a first mortgage lien, is in the original principal amount of the Mortgage-backed Security; bears interest at a rate of \_\_\_\_% per annum; amortizes over a period and has a balloon maturity as set forth in the SUPPLEMENT TO DISCLOSURE STATEMENT attached hereto as “APPENDIX I”.

[Remainder of page intentionally left blank]

**APPENDIX B**  
**PROPOSED FORM OF OPINION OF BOND COUNSEL**

*Upon the issuance of the Certificates, Sherman & Howard L.L.C., Denver, Colorado, Bond Counsel for the Certificates issued by the Issuer, proposes to issue an opinion in substantially the following form:*

August \_\_, 2017

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

Colorado Housing and Finance Authority  
Multifamily Tax-Exempt Mortgage-backed Securities  
(M-TEMS) (Holly Park Apartments Project) Series 2017A (FN)

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 Multifamily Tax-Exempt Mortgage-backed Securities (M-TEMSSM) (Holly Park Apartments Project) Series 2017A (FN) in the principal amount of \$\_\_\_\_\_ (the “Certificates”). 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 Certificates are authorized and issued pursuant to an Indenture of Trust dated as of August 1, 2017 (the “2017A Indenture”) between the Authority and U.S. Bank National Association, as Trustee. Capitalized terms used herein, unless parenthetically defined herein, have the meanings ascribed to them in the 2017A Indenture.

Regarding questions of fact material to our opinions, we have relied upon the Authority’s certified proceedings and other representations and certifications of officials of the Authority, the Borrower, public officials and others furnished to us, without undertaking to verify the same by independent investigation.

Based upon such examination, it is our opinion as bond counsel that:

1. The Certificates constitute valid and binding special, limited obligations of the Authority, payable solely from the Trust Estate and other assets pledged thereto under the 2017A Indenture.

2. The 2017A Indenture and the Loan Agreement dated as of August 1, 2017 (the “2017A Loan Agreement”) between the Authority and the Borrower, and the Regulatory Agreement and Declaration of Restrictive Covenants, dated as of August 1, 2017 (the “Regulatory Agreement”), by and among the Authority, the Trustee and the Borrower, have been duly authorized by the Authority, duly executed and delivered by the authorized officials of the Authority, and, assuming due authorization, execution and delivery by the other parties thereto (where applicable), constitute the valid and binding obligations of the Authority enforceable in accordance with their respective terms.

3. Interest on the Certificates, except for interest on any Bond for any period during which it is held by a “substantial user” of facilities financed with the Bonds or a “related person” as such terms are used in Section 147(a) of the Internal Revenue Code of 1986, as amended to the date hereof (the “Tax Code”), is excluded from gross income under federal income tax laws pursuant to Section 103 of the Tax Code; further, interest on the Certificates is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code. The opinions expressed in this paragraph assume continuous compliance with the covenants and continued accuracy of the representations of the Authority, the Borrower and others contained in the Authority’s certified proceedings and in certain other documents or certain other certifications furnished to us.

4. The Certificates, their transfer and the income therefrom shall at all times be free from taxation by the State of Colorado under Colorado law in effect as of the date hereof.

The opinions expressed in this opinion letter are subject to the following:

The obligations of the Authority pursuant to the Certificates, the 2017A Indenture, the 2017A Loan Agreement, and the Regulatory Agreement may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, and by equitable principles, whether considered at law or in equity.

In rendering the foregoing opinions, we are not passing upon (i) the organization or existence of the Borrower; (ii) the power of the Borrower to authorize, execute and deliver the 2017A Loan Agreement or the Regulatory Agreement or any other project loan document or to perform its obligations under any such instrument; (iii) the due authorization, execution and delivery by, the binding effect upon and the enforceability against, the Borrower of the 2017A Loan Agreement or the Regulatory Agreement or any other project loan document, or (iv) the security afforded by the 2017A Loan Agreement or any other project loan document.

In this opinion letter issued in our capacity as bond counsel, we are opining only upon those matters set forth herein, and we are not opining upon the accuracy, adequacy or completeness of the Disclosure Statement or any other statements made in connection with any offer or sale of the Certificates or upon any federal or state tax consequences arising from the receipt or accrual of interest on or the ownership or disposition of the Certificates, except those specifically addressed herein.

This opinion letter is issued as of the date hereof and we assume no obligation to revise or supplement this opinion letter to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Respectfully submitted,



## APPENDIX C

### SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

*The following is a summary of certain provisions of the Indenture which are not described elsewhere in the Disclosure Statement. This summary does not purport to be comprehensive, and reference should be made to the Indenture for a full and complete statement of its provisions.*

#### Definitions

**“Act”** means the Colorado Housing and Finance Authority Act, being part 7 of article 4 of title 29, Colorado Revised Statutes, as amended.

**“Authorized Officer”** means (a) the Executive Director, the Chief Financial Officer and the Chief Operating Officer of the Issuer, and each of them without the other, and such additional person or persons, if any, duly designated by the Issuer in writing to act on its behalf, and (b) any Vice President or Assistant Vice President of the Trustee having regular responsibility for corporate trust matters.

**“Bankruptcy Code”** means the Federal Bankruptcy Code, Title 11 of the United States Code.

**“Beneficial Owner”** means the purchaser of a beneficial interest in the Certificates.

**“Bond Counsel”** means an attorney at law or a firm of attorneys of recognized expertise in the field of federal income tax matters relating to municipal securities selected by the Issuer and acceptable to the Trustee.

**“Borrower”** means MHMP 12 Holly Park East and West LP, a Colorado limited partnership, or any of its permitted successors or assigns, as owner of the Project.

**“Business Day”** means, with respect to the MBS and the Certificates, any day other than a Saturday or Sunday, a day when the fiscal agent or paying agent for the MBS is closed, a day when the Federal Reserve Bank of New York is closed, or a day when the Federal Reserve Bank is closed in a district where a certificate account is located if the related withdrawal is being made from that certificate account, and, with respect to the Certificates, any such day that is also a day on which the Trustee is open for business.

**“Certificate”** or **“Certificates”** means the Multifamily Tax-Exempt Mortgage-backed Securities (M-TEMS) (Holly Park Apartments Project) Series 2017A (FN) in the principal amount of \$15,314,000 authorized under and secured by the Indenture and issued pursuant to the Indenture.

**“Certificate Dated Date”** means August 1, 2017.

**“Certificate holder”** or **“holder”** **“owner”** of any Certificate or any similar term shall mean the person in whose name any Certificate is registered.

**“Certificate Maturity Date”** means the date set forth in SUPPLEMENT TO DISCLOSURE STATEMENT – TERM SHEET hereto, subject to final payment of principal with respect to the MBS which will be passed through to the Certificate holders on the 26th day following the Certificate Maturity Date.

**“Certificate Proceeds Fund”** means the fund so designated which is established and created pursuant to the Indenture.

**“Code”** means the United States Internal Revenue Code of 1986, as amended, and in force and effect on the date of the Indenture.

**“Costs of Issuance Fund”** means the fund of that name which is established and created pursuant to the Indenture.

**“Costs of Issuance Deposit”** shall mean the amount deposited on the Settlement Date into the Costs of Issuance Fund.

**“Eligible Funds”** means (i) the proceeds of the Certificates or any other amounts received by the Trustee from the Original Purchaser of the Certificates, (ii) moneys drawn on a letter of credit, (iii) any amounts received by the Trustee representing advances to the Borrower (or an affiliate) of funds from other third parties representing loans or grants of money earmarked for the Project; (iv) any other amounts for which the Trustee has received an Opinion of Counsel to the effect that the use of such amounts to make payments on the Certificates would not violate Section 362(a) of the Bankruptcy Code (or that relief from the automatic stay provisions of such Section 362(a) would be available from the bankruptcy court) or be avoidable as preferential payments under Section 547 or 550 of the Bankruptcy Code should the Borrower become a debtor in proceedings commenced under the Bankruptcy Code; (v) any payments held by the Trustee for a continuous period of 123 days, provided that no act of bankruptcy has occurred during such period; and (vi) investment income derived from the investment of the money described in (i) through (v) above.

**“Event of Default”** means any of the events specified in the Indenture.

**“Extension Deposit”** means the deposit of Eligible Funds described in the Indenture.

**“Fannie Mae”** means the Federal National Mortgage Association, a body corporate created and existing under the laws of the United States of America (12 U.S.C. § 1717(a)), and any successor thereto.

**“Fannie Mae Certificate”** means a guaranteed mortgage pass-through Fannie Mae mortgage backed security issued by Fannie Mae in book-entry form, recorded in the name of the Trustee or its nominee, guaranteed as to timely payment of principal of and interest by Fannie Mae, and backed by the Mortgage Loan.

**“Financing Agreement”** means the Financing Agreement dated as of August 1, 2017 among the Issuer, the Borrower and the Trustee.

**“Financing Documents”** means the Indenture, the Financing Agreement, the Regulatory Agreement, the Securities Purchase Agreement, and the Tax Certificate.

**“Fund”** or **“Account”** means a fund or account created by or pursuant to the Indenture.

**“Government Obligations”** means direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of Treasury), and obligations on which the full and timely payment of principal and interest is unconditionally guaranteed by the United States of America.

**“Indenture”** means the Indenture of Trust and any amendments or supplements made in accordance with its terms, including each applicable Supplemental Indenture.

**“Initial Mandatory Redemption Date”** means the date set forth in APPENDIX I - SUPPLEMENT TO DISCLOSURE STATEMENT – TERM SHEET hereto.

**“Issuer”** means the Colorado Housing and Finance Authority, a body corporate and political subdivision of the State.

**“Lender”** means Bellwether Enterprise Mortgage Investments, LLC, a Maryland limited liability company.

**“Mandatory Redemption Date”** means the date on which the Certificates are subject to mandatory redemption pursuant to the Indenture, including the Initial Mandatory Redemption Date, as such date may be extended pursuant to the Indenture.

**“MBS”** means the Fannie Mae Certificate delivered pursuant to the Indenture that is pledged by the Issuer to the Trustee pursuant to the Indenture.

**“MBS Dated Date”** means the 1st day of the month in which the MBS is delivered.

**“MBS Delivery Date”** means the date on which the Trustee receives the MBS backed by the Mortgage Loan, which will occur not less than five days after the Trustee receives written notice of such date from the Lender.

**“MBS Factor”** means the applicable factor posted by Fannie Mae on the MBS from time to time as the Mortgage Loan amortizes.

**“MBS Purchase Price”** means the principal amount outstanding on the Mortgage Loan as of the MBS Delivery Date plus accrued interest on the MBS from the MBS Dated Date to the Delivery Date at the Pass-Through Rate.

**“MBS Revenues”** means all payments made under and pursuant to the MBS.

**“Moody’s”** means Moody’s Investors Service, Inc., a Delaware corporation, and its successors and assigns, or if it is dissolved or no longer assigns credit ratings, then any other nationally recognized statistical rating agency, designated by Fannie Mae, as assigns credit ratings.

**“Mortgage”** means the instrument securing the Mortgage Loan.

**“Mortgage Loan”** means, with respect to the interest bearing loan for multifamily housing relating to the Certificates, the Mortgage Note evidencing such loan and the Mortgage securing such loan.

**“Mortgage Loan Documents”** means, collectively, the Mortgage Note, the Mortgage, the Multifamily Loan and Security Agreement and all other documents, agreements and instruments evidencing, securing or otherwise relating to the Mortgage Loan, as each such document, agreement or instrument may be amended, supplemented or restated from time to time. Neither the Financing Agreement nor the Regulatory Agreement is a Mortgage Loan Document and neither document is secured by the Mortgage.

**“Mortgage Note”** means the instrument evidencing obligation to repay an interest-bearing loan for multifamily housing relating to the Certificates.

**“Multifamily Loan and Security Agreement”** means the Multifamily Loan and Security Agreement dated August \_\_, 2017 executed by the Borrower and the Lender.

**“Negative Arbitrage Deposit”** means Eligible Funds in the amount set forth in the Indenture to be deposited on the Settlement Date into the Negative Arbitrage Account and as otherwise set forth in the Indenture.

**“Negative Arbitrage Account”** means the Negative Arbitrage Account of the Revenue Fund which is established and created pursuant to the Indenture.

**“Original Issue Price”** means the price of \$15,314,000 paid upon the issuance of the Certificates.

**“Original Purchaser”** means Stifel, Nicolaus & Company, Incorporated, as underwriter of the Certificates.

**“Outstanding”** or **“outstanding”** means, when used with respect to the Certificates as of any date, all Certificates theretofore authenticated and delivered under the Indenture, except:

- (a) any Certificate cancelled by the Trustee or delivered to the Trustee for cancellation;

(b) any Certificate for the payment or redemption of which either (i) moneys equal to the principal amount or Redemption Price thereof, as the case may be, with interest to the date of maturity or redemption date, or (ii) specified types of Permitted Investments or moneys in the amounts, of the maturities and otherwise as described and required under the provisions of the Indenture, shall have theretofore been deposited with the Trustee in trust (whether upon or prior to maturity or the redemption date of such Certificate) and, except in the case of a Certificate to be paid at maturity, as to which a redemption notice shall have been given or provided for in accordance with the Indenture, and

(c) any Certificate in lieu of or in exchange for which another Certificate shall have been authenticated and delivered pursuant to the Indenture.

**“Participants”** means a member of, or a participant in, the Depository.

**“Pass-Through Rate”** will be \_\_\_\_% per annum.

**“Payment Date”** (i) the 26th day of the month following the month of the Settlement Date and the 26th day of each month thereafter, or the next succeeding Business Day if such 26th day is not a Business Day until the MBS Delivery Date and (ii) after the MBS Delivery Date, the Business Day immediately after the date of receipt by the Trustee of interest received on the MBS. The payment of interest on a Payment Date shall relate to the interest accrued during the preceding calendar month. There shall be no further accrual of interest from the Certificate Maturity Date to the final Payment Date.

**“Permitted Investments”** means any of the following investments which at the time are legal investments for moneys of the Issuer which are then proposed to be invested therein and each of which investments must mature or be guaranteed to be able to be tendered at a price of par at such time or times as to enable timely disbursements to be made from the fund in which such investment is held or allocated in accordance with the terms of the Indenture: (a) Government Obligations; and (b) to the extent permitted in the Indenture, shares or units in any money market mutual fund rated “AAAm” by S&P (or if S&P is not the Rating Agency or a new rating scale is implemented, the equivalent rating category given by the Rating Agency for that general category of security) (including mutual funds of the Trustee or its affiliates or for which the Trustee or an affiliate thereof serves as investment advisor or provides other services to such mutual fund and receives reasonable compensation therefor) registered under the Investment Company Act of 1940, as amended, whose investment portfolio consist solely of direct obligations of the government of the United States of America.

**“Project”** means acquisition, rehabilitation, renovation and equipping of an approximately 168-unit rental housing project (presently expected to consist of 36 one-bedroom units, 85 two-bedroom units, 24 three-bedroom units, and 23 four bedroom units in 14 three-story buildings) on an approximately 9.03 acre site, located at 5524 East 60th Avenue, in Commerce City, Colorado, on the site described in the Mortgage, financed with the proceeds of the Certificates.

**“Rating Agency”** Moody’s, S&P or any other nationally recognized securities rating agency rating the Certificates, or such rating agency’s successors or assigns.

**“Record Date”** means the close of business on the last day of the calendar month prior to the calendar month in which a payment occurs.

**“Redemption Price”** when used with respect to a Certificate or portion thereof redeemed pursuant to the Indenture, means the principal amount of the MBS or portion prepaid, plus premium, if any, paid and interest received pursuant to the MBS as provided in the Indenture, and with respect to a Certificate or portion thereof redeemed pursuant to the Indenture, means the principal amount thereof to be redeemed plus interest thereon as provided in the Indenture to be paid from amounts in the Revenue Fund.

**“Regulations”** means the Income Tax Regulations promulgated or proposed under the Code by the Department of the Treasury, as the same may hereafter be amended, including without limitation regulations promulgated by the Department of the Treasury to implement the requirements of Section 148 of the Code.

**“Regulatory Agreement”** means the Regulatory Agreement and Declaration of Restrictive Covenants relating to the Project, dated as of August 1, 2017, by and among the Issuer, the Trustee and the Borrower, as it may be amended, supplemented or restated from time to time.

**“Rehabilitation Fund”** means the Fund created and so designated in the Indenture.

**“Resolution”** means the resolution of the Issuer adopted on June 29, 2017, authorizing the issuance and sale of the Certificates.

**“Revenue Fund”** means the Revenue Fund which is established and created pursuant to the Indenture.

**“Securities Purchase Agreement”** means the Securities Purchase Agreement, dated August \_\_, 2017, between the Original Purchaser, the Issuer and the Borrower.

**“Servicer”** means the Lender or any person, corporation, mortgage company, bank, trust company, association or agency who will originate or service the Mortgage Loan for and on behalf of Fannie Mae.

**“Settlement Date”** means August \_\_, 2017.

**“State”** means the State of Colorado.

**“Substitute Depository”** means a securities depository appointed as successor to DTC under the Indenture.

**“Supplemental Act”** means the Supplemental Public Securities Act, being Part 2 of Article 57 of Title 11, Colorado Revised Statutes.

**“Supplemental Indenture”** means any indenture supplemental to or amendatory of the Indenture, executed and delivered by the Issuer and effective in accordance with the Indenture.

**“Tax Certificate”** means, together, the Federal Tax Exemption Certificates, each dated the Certificate Dated Date, executed and delivered by the Issuer and the Borrower on the Certificate Dated Date.

**“Trust Estate”** means all the property, rights, moneys, securities and other amounts pledged and assigned to the Trustee pursuant to the granting clauses of the Indenture.

**“Trustee”** means U.S. Bank National Association, a national banking association.

## **Authorization, Transfer and Registration, and Terms of Certificates**

### Authorization for Indenture and Certificates.

The Certificates of the Issuer are authorized by the Indenture to be issued in an aggregate principal amount set forth in the Indenture and shall be issued subject to the terms, conditions and limitations established in the Indenture as provided therein. The Certificates shall be issued initially as Book Entry Certificates. The Certificates may be executed by or on behalf of the Issuer, authenticated by the Trustee and delivered or caused to be delivered by the Trustee to the original purchasers thereof upon compliance with the requirements set forth in the Indenture.

### Special, Limited Obligation of Certificates.

The Certificates are special, limited obligations of the Issuer, payable solely from the Trust Estate under the Indenture. Neither the Issuer, any of its members, the State, nor any political subdivision thereof (except the Issuer, to the limited extent set forth in the Indenture) nor any public agency shall in any event be liable for the payment of the principal of, premium (if any) or interest on the Certificates or for the performance of any pledge, obligation or agreement of any kind whatsoever except as set forth in the Indenture, and none of the Certificates or any of the

Issuer's agreements or obligations shall be construed to constitute an indebtedness of or a pledge of the faith and credit of or a loan of the credit of or a moral obligation of any of the foregoing within the meaning of any constitutional or statutory provision whatsoever. The Issuer has no taxing power.

The Issuer shall not be liable for payment of the principal of, Redemption Price or interest on the Certificates or any other costs, expenses, losses, damages, claims or actions of any conceivable kind on any conceivable theory, under or by reason of or in connection with the Indenture, the Certificates or any other documents, except only to the extent amounts are received for the payment thereof from the Borrower.

No recourse shall be had for the payment of the principal of, or interest on any Certificate or for any claim based thereon or upon any obligation, covenant or agreement in the Indenture contained, against, the Issuer, any past, present or future member of its governing body, its officers, attorneys, accountants, financial advisors, agents or staff or the officers, attorneys, accountants, financial advisors, agents or staff of any successor public entity, as such, either directly or through the Issuer or any successor public entity, under any rule of law or penalty or otherwise, and all such liability of the Issuer, any member of its governing body and its officers, attorneys, accountants, financial advisors, agents and staff is hereby, and by the acceptance of the Certificates, expressly waived and released as a condition of, and in consideration for, the execution of the Indenture and the issuance of the Certificates.

#### Execution of Certificates.

The Certificates shall be signed by, or bear the facsimile or manual signature of, the Authorized Officer of the Issuer and attested to by the manual or facsimile signature of the Trustee, and its corporate seal (or a facsimile thereof) shall be impressed, imprinted, engraved or otherwise reproduced thereon. In case any one or more of the officers of the Issuer who shall have signed any of the Certificates or whose signature appears on any of the Certificates shall cease to be such officer before the Certificates so signed shall have been actually authenticated or delivered or caused to be delivered by the Trustee or issued by the Issuer, such Certificates may, nevertheless, be authenticated and issued and, upon such authentication, delivery and issue, shall be as binding upon the Issuer as if the persons who signed such Certificates or whose signatures appear on any of the Certificates had not ceased to hold such offices until such delivery. Any Certificate may be signed on behalf of the Issuer by such persons as at the actual time of execution of the Certificates shall be duly authorized or hold the proper office in the Issuer, although at the date of issuance and delivery of the Certificates such persons may not have been so authorized or have held such office.

Certificates Mutilated, Destroyed, Stolen or Lost. If any Certificate shall become mutilated, the Issuer, at the expense of the owner of such Certificate shall execute, and the Trustee shall thereupon authenticate and deliver, a new Certificate of like tenor in exchange and substitution for the Certificate so mutilated, but only upon surrender to the Trustee of the Certificate so mutilated. Every mutilated Certificate so surrendered to the Trustee shall be cancelled by it and delivered to, or upon the order of, the Issuer. If any Certificate shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee and, if such evidence shall be satisfactory to it and indemnity satisfactory to the Trustee shall be given, the Issuer, at the expense of the owner of such Certificate, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Certificate of like tenor. The Trustee may require payment of a sum not exceeding the actual cost of preparing each new Certificate authenticated and delivered under this section and of the expenses which may be incurred by the Issuer and the Trustee in the premises. Any Certificate authenticated and delivered under the provisions of this section in lieu of any Certificate alleged to be lost, destroyed or stolen shall constitute an original additional contractual obligation on the part of the Issuer whether or not the Certificate so alleged to be lost, destroyed or stolen shall be at any time enforceable by anyone, and shall be equally and proportionately entitled to the benefits of the Indenture with all other Certificates secured by the Indenture. If any such Certificate shall have matured, or is about to mature, instead of issuing a new Certificate the Trustee may pay the same without surrender thereof upon receipt of the aforementioned indemnity.

#### Registration, Transfer and Exchange of Certificates; Persons Treated as Owners.

The Issuer shall cause books for the registration, transfer and exchange of the Certificates as provided in this Indenture to be kept by the Trustee. At reasonable times and under reasonable regulations established by the

Trustee, said books may be inspected and copied by the Issuer or by owners (or a designated representative thereof) of a majority in aggregate principal amount of the Certificates then Outstanding.

The registration of each Certificate is transferable by the registered owner thereof in person or by its attorney duly authorized in writing at the designated corporate trust office of the Trustee. Upon surrender for registration of transfer of any Certificate at such office, the Trustee shall authenticate and deliver in the name of the transferee or transferees a new Certificate of the same maturity or maturities and authorized denomination for the same aggregate principal amount. Certificates to be exchanged shall be surrendered at said designated corporate trust office of the Trustee, and the Trustee shall authenticate and deliver in exchange therefore a Certificate of equal aggregate principal amount of the same maturity and authorized denomination.

All Certificates presented for registration of transfer, exchange or payment (if so required by the Issuer or the Trustee) shall be accompanied by a written instrument or instruments of transfer or authorization for exchange, in form and with guaranty of signature satisfactory to the Trustee, duly executed by the registered owner or by its duly authorized attorney.

The Issuer and the Trustee shall not be required (i) to issue, register the transfer of or exchange any Certificates during a period beginning at the Trustee's opening of business on the applicable Record Date and ending at the Trustee's close of business on the applicable Payment Date; or (ii) to register the transfer of or exchange any Certificate selected, called or being called for redemption as provided in the Indenture. No charge shall be made to any Certificate holder for the privilege of registration of transfer as provided in the Indenture, but any Certificate holder requesting any such registration of transfer shall pay any tax or governmental charge required to be paid therefor.

New Certificates delivered upon any registration of transfer or exchange shall be valid obligations of the Issuer, evidencing the same debt as the Certificates surrendered, shall be secured by the Indenture and shall be entitled to all of the security and benefits hereof to the same extent as the Certificates surrendered.

The person in whose name any Certificate is registered shall be deemed the owner thereof by the Issuer and the Trustee, and any notice to the contrary shall not be binding upon the Issuer or the Trustee. Notwithstanding anything in the Indenture to the contrary, to the extent the Certificates are Book Entry Certificates, the provisions of the Indenture shall govern the exchange and registration of Certificates.

## **Redemption**

**Mandatory Redemption from Principal Payments or Prepayments.** The Certificates are subject to mandatory redemption in the amounts and one Business Day after the dates (i) principal payments are received pursuant to the MBS at a price equal to 100% of the principal amount received pursuant to the MBS, plus interest received pursuant to the MBS, (ii) prepayments are received with respect to the MBS, at a price equal to 100% of the principal amount received pursuant to the MBS, plus interest and premium, if any, received pursuant to the MBS, or (iii) prior to the MBS Delivery Date, redemption is otherwise required on any Payment Date in an amount equal to the Mortgage Loan amortization scheduled on the first day of the month of such Payment Date from amounts on deposit in the Certificate Proceeds Fund. Notwithstanding the notice requirements under the Indenture, no prior notice shall be a prerequisite to the effectiveness of any redemption as provided for in the Indenture, which redemption shall occur and be effective irrespective of whether the Trustee fulfills its obligation to provide such the notice with respect to clause (ii) of this heading required by the heading "Notice of Redemption" below.

**Mandatory Redemption Upon Failure to Purchase the MBS.** The Certificates are subject to mandatory redemption in whole on the Mandatory Redemption Date (as such date may be extended pursuant to the Indenture) at a redemption price equal to the Original Issue Price plus interest accrued but unpaid from the last Payment Date (or Settlement Date if no Payment Date has occurred) to the Mandatory Redemption Date if the MBS Delivery Date has not occurred at least five (5) Business Days prior to such Mandatory Redemption Date.

**Notice of Redemption.** When the Trustee shall receive notice of a prepayment under clause (ii) under the heading "Mandatory Redemption from Principal Payments or Prepayments" above, that the MBS will be prepaid,

the Trustee, in accordance with the provisions of the Indenture, shall use commercially reasonable efforts to give at least five (5) Business Days' notice, in the name of the Issuer, of the redemption of the Certificates, which notice shall specify the following: (i) the maturity and principal amounts of the Certificates to be redeemed; (ii) the CUSIP number, if any, of the Certificates to be redeemed; (iii) the date of such notice; (iv) the issuance date for such Certificates; (v) the interest rate on the Certificates to be redeemed; (vi) the redemption date; (vii) any conditions to the occurrence of the redemption; (viii) the place or places where amounts due upon such redemption will be payable; (ix) the Redemption Price; (x) the Trustee's name and address with a contact person and a phone number; and (xi) that on the redemption date, the Redemption Price shall be paid. Neither the giving of such notice by the Trustee nor the receipt of such notice by the Certificate holders shall be a condition precedent to the effectiveness of any such redemption.

The Certificates to be (i) redeemed and exchanged pursuant to the Indenture will be selected in accordance with the operational arrangements of DTC or any successor Substitute Depository, and any partial prepayments pursuant thereto shall be made in accordance with the "Pro Rata Pass-Through Distributions of Principal" procedures of DTC or comparable procedures of any successor Substitute Depository.

In the event that the MBS has not been purchased by the Trustee ten (10) Business Days prior to the Mandatory Redemption Date (as such date may be extended under the Indenture), the Trustee shall provide written notice to the Borrower and the Issuer of such non-purchase.

Payment of Redemption Price. With respect to any redemption pursuant to the heading "Mandatory Redemption from Principal Payments or Prepayments" above, notice having been given in the manner provided in the heading "Notice of Redemption" above (or not required to be given as a result of a redemption pursuant to clauses (i) or (ii) under the heading "Mandatory Redemption from Principal Payments or Prepayments" above), and all conditions to the redemption contained in such notice, if applicable, having been met, the Certificates so called for redemption shall become due and payable on the redemption date so designated at the Redemption Price specified in the heading "Mandatory Redemption from Principal Payments or Prepayments" above, and upon presentation and surrender thereof at the offices specified in such notice, together with, in the case of Certificates presented by other than the registered owner, a written instrument of transfer duly executed by the registered owner or its duly authorized attorney; provided, however, that so long as the Certificates are registered in the name of the Depository, payment for such redeemed Certificates shall be made in accordance with the Representation Letter of the Issuer. If, on the redemption date, moneys for the redemption of all the Certificate or the Certificates to be redeemed, together with all accrued interest on such Certificates, which shall equal all interest accrued on the MBS to the redemption date, shall be held by the Trustee so as to be available therefor on said date and if notice of redemption shall have been given as aforesaid, then, from and after the redemption date, interest on the Certificates so called for redemption shall cease to accrue.

Extension of Mandatory Redemption Date. At any time prior to the date on which notice of redemption pursuant to the Indenture, as described under the heading "Notice of Redemption" above must be given pursuant to the Indenture, as described under "Redemption" above, the Borrower may extend the Mandatory Redemption Date by (i) depositing Eligible Funds for the credit of the Negative Arbitrage Account of the Revenue Fund in an amount, taking into account amounts already on deposit therein, sufficient to pay the interest on the Certificates to the extended Mandatory Redemption Date (the "Extension Deposit"), (ii) delivering to the Trustee and the Rating Agency a cash flow projection establishing the sufficiency of the Extension Deposit, and (iii) delivering to the Trustee confirmation by the Rating Agency of the then-current rating on the Certificates. Extension Deposits shall continue to be made by the Borrower until the MBS Delivery Date occurs or the Borrower declines to make an Extension Deposit resulting in the extraordinary redemption pursuant to the Indenture; provided, however, the Mandatory Redemption Date may not be extended to (i) a date that is later than the second anniversary of the Certificate Dated Date and (ii) a date that is later than the 90th day following the Settlement Date unless prior to any extension beyond such date there shall be filed with the Trustee and the Issuer an opinion of Bond Counsel to the effect that such extension will not adversely affect the exclusion of interest on the Certificates from gross income for Federal income tax purposes.



## **Delivery of MBS**

The MBS shall be registered in the name of the Trustee or its designee. The obligation of the Trustee to purchase the MBS on the MBS Delivery Date shall be subject to satisfaction of the following conditions:

(a) The Trustee shall have received written notification from the Lender upon which the Trustee may rely and act without further investigation certifying that the MBS duly executed by Fannie Mae is available for purchase by the Trustee at the MBS Purchase Price, and meets the following requirements:

(i) the principal amount of the MBS will equal from time to time the then current principal amount of the Certificates, except for principal payments received by the Trustee which have not been remitted to owners of the Certificates;

(ii) the MBS bears interest at the Pass-Through Rate payable on the 25th day of each month, commencing on the 25th day of the month following the month in which the Trustee purchases the MBS, or if any such 25th day is not a Business Day, the next succeeding Business Day, and have a final maturity date, which is the same as the Certificate Maturity Date of the Certificates; and

(iii) the MBS provides that timely payment of principal (whether on any scheduled Payment Date or prior thereto upon any mandatory prepayment of the Mortgage Note or upon any optional prepayment of the Mortgage Note or upon declaration of acceleration following a default thereunder and interest on the MBS) is guaranteed to the record owner of the MBS, regardless of whether corresponding payments of principal and interest on the Mortgage Loan are paid when due; and

(iv) the MBS shall be acquired by the Trustee on behalf of the Issuer, shall be held at all times by the Trustee in trust for the benefit of the Certificate owners and shall be held only in book-entry form through the United States Federal Reserve Bank book-entry system, pursuant to which the MBS shall have been registered on the records of the Federal Reserve Bank in the name of the Trustee. The Trustee shall receive confirmation in writing that the depository is holding the MBS on behalf of, and has identified the MBS on its records as belonging to, the Trustee.

(b) In addition, the Trustee shall not be instructed to disburse any amounts to purchase the MBS unless the Issuer shall have caused the Servicer, or another party competent to make such representations, to certify that each of the following conditions has been or will be satisfied:

(i) The MBS shall be a mortgage pass-through certificate issued by Fannie Mae, together with interest received at the Pass-Through Rate;

(ii) The MBS shall represent the beneficial ownership of the Mortgage Loan;

(iii) The MBS shall be guaranteed by Fannie Mae as to timely payment of interest at the Pass-Through Rate on the unpaid principal balance of the Mortgage Loan, and guaranteed by Fannie Mae as to timely payment of principal in accordance with the terms of the Mortgage Loan;

(iv) The Trustee shall be furnished with (i) the MBS, registered in the name of the Trustee (or its nominee), as Trustee under the Indenture; or (ii) the MBS, credited to the account of the Trustee at a clearing corporation (as defined under and pursuant to the Uniform Commercial Code) which is registered as a clearing agency under the Securities Exchange Act of 1934; so that the Trustee at all times has a first priority perfected security interest in the MBS;

(v) The Trustee shall receive Fannie Mae Form No. 2014 (or any successor forms) with respect to the MBS; and

(vi) The Trustee shall have received the prospectus for the MBS.

Upon purchase of the MBS on the MBS Delivery Date, the Trustee shall post a notification to this effect on the Electronic Municipal Market Access website of the Municipal Securities Rulemaking Board.

### **Pledge of MBS Revenues and Assets**

The pledge and assignment of and the security interest granted in the Trust Estate pursuant to the granting clauses of the Indenture for the payment of the principal of, premium, if any, and interest on the Certificates, in accordance with their terms and provisions, and for the payment of all other amounts due under the Indenture, shall attach, be perfected and be valid and binding as provided in the Indenture.

### **Establishment of Funds**

The Trustee shall establish, maintain and hold in trust the following funds, each of which shall be disbursed and applied only as authorized in the Indenture:

- (a) Revenue Fund, including therein a Negative Arbitrage Account;
- (b) Certificate Proceeds Fund;
- (c) Costs of Issuance Fund;
- (d) Rehabilitation Fund; and
- (e) Rebate Fund

### **Application of Funds on MBS Delivery Date; Application of MBS Revenues**

On the MBS Delivery Date, the Trustee shall remit to the Lender as payment for the MBS, an amount equal to the aggregate principal amount of the MBS (from amounts on deposit in the Certificate Proceeds Fund), plus accrued and unpaid interest on the MBS at the Pass-Through Rate from the first day of the month in which the MBS was delivered (from amounts in the Negative Arbitrage Account of the Revenue Fund). Following the first Payment Date after the MBS Delivery Date, the Trustee shall return any amounts then on deposit in the Negative Arbitrage Account of the Revenue Fund to the Borrower and shall immediately close the Negative Arbitrage Account of the Revenue Fund.

All MBS Revenues shall be deposited by the Trustee, promptly upon receipt thereof, to the Revenue Fund.

### **Initial Deposits**

On the Settlement Date, the Trustee shall make the following deposits:

- (a) The amount set forth in the Indenture, representing accrued interest on the Certificates from the Certificate Dated Date to the Settlement Date, shall be deposited to the Revenue Fund as provided in the Indenture; and
- (b) The Costs of Issuance Deposit shall be deposited to the Costs of Issuance Fund; and
- (c) The Original Issue Price less any accrued interest on the Certificates in an amount set forth in the Indenture, shall be deposited to the Certificate Proceeds Fund pending application to purchase the MBS by the Trustee; and
- (d) The Negative Arbitrage Deposit shall be deposited to the Negative Arbitrage Account of the Revenue Fund.

## **Revenue Fund**

The Trustee shall disburse to the Certificate holders from the Revenue Fund, on each Payment Date an amount equal to the amount of the principal, including prepayments, interest and premium, if any, received on the MBS on or immediately prior to such Payment Date.

(a) If the Trustee does not receive a payment on a Fannie Mae Certificate by 5:00 p.m. Eastern Time on the 25th day of any month, (or the next succeeding Business Day if such day of the month is not a Business Day), the Trustee shall immediately notify Fannie Mae and immediately demand payment under the terms of the guaranty thereof.

(b) There shall be deposited into the Revenue Fund, as and when received, (i) all moneys received by the Trustee representing principal payments or repayments, and premium, if any, under the MBS, together with all other amounts required pursuant to the Indenture to be deposited therein, (ii) accrued interest on the Certificates from the Certificate Dated Date to the Settlement Date, (iii) amounts specified in the Indenture, and (iv) all moneys received by the Trustee representing interest payments under the MBS, to be held therein pending distribution in accordance with the terms of the Indenture.

(c) On the first Business Day following receipt of principal payments or repayments, and premium, if any, under the MBS, the Trustee shall pay to the Certificate holders the amount so received as a payment of principal, and premium, if any, on the Certificates. All payments of principal shall be paid to Certificate holders in proportion to the principal amount of Certificates owned by each Certificate holder as set forth on the records of the Trustee at the close of business on the applicable Record Date.

(d) There shall be deposited into the Negative Arbitrage Account of the Revenue Fund as and when received, (i) the Negative Arbitrage Deposit and (ii) Eligible Funds for the credit of the Negative Arbitrage Account of the Revenue Fund in an amount, taking into account amounts already on deposit therein, sufficient to pay the interest on the Certificates to the extended Mandatory Redemption Date (an “**Extension Deposit**”).

(f) On the first Business Day following receipt of a payment representing interest under the MBS, the Trustee shall pay to the Certificate holders the amount so received as a payment of interest on the Certificates. All payments of interest shall be paid to Certificate holders in proportion to the principal amount of Certificates owned by each Certificate holder as set forth on the records of the Trustee at the close of Business on the applicable Record Date. Interest due and payable on the Certificates prior to payments received by the Trustee under the MBS shall be payable on a Payment Date from funds in the Revenue Fund.

## **Certificate Proceeds Fund**

Amounts deposited in the Certificate Proceeds Fund shall be used by the Trustee on the MBS Delivery Date to pay the MBS Purchase Price in accordance with the Indenture. Any amount remaining in the Certificate Proceeds Fund after payment of the MBS Purchase Price in accordance with the Indenture, or the redemption in whole of the Certificates in accordance with the Indenture, shall be transferred to the Revenue Fund to be disbursed as set forth in the Indenture.

## **Rehabilitation Fund**

Moneys shall be held in the Rehabilitation Fund for reasons of convenience and tax accounting only. The Rehabilitation Fund shall not be part of the Trust Estate. Amounts on deposit in the Rehabilitation Fund shall be disbursed by the Trustee to fund costs of the Project pursuant to requisitions executed by the Borrower (and approved by the Lender) in the form attached to the Indenture as an exhibit. The moneys in the Rehabilitation Fund shall, pending disbursement, be pledged by the Borrower to the Lender until the MBS Delivery Date, and thereafter to Fannie Mae. The Trustee shall hold such funds as custodian for the Lender (and Fannie Mae, as applicable) as the pledgee and not for the Certificate holders.

## **Investment of Funds**

The moneys held by the Trustee shall constitute trust funds for the purposes of the Indenture. Any moneys attributable to each of the Funds under the Indenture shall be invested by the Trustee at the written direction or telephonic direction (promptly confirmed in writing) of the Borrower in Permitted Investments which mature or are redeemable at par on the earlier of (a) 180 days from the date of investment, or (b) the date on which such funds are expected to be needed for the purposes for which they are held. Notwithstanding anything in the Indenture to the contrary, all amounts in the Revenue Fund shall be held uninvested, and all amounts in the Certificate Proceeds Fund shall be invested in Permitted Investments. If the Trustee does not receive written direction or telephonic direction (promptly confirmed in writing) from the Borrower regarding the investment of funds, the Trustee shall invest solely in Permitted Investments consisting of the investments set forth in the Indenture which shall mature or be redeemable at par at the times set forth in the preceding sentence. The Trustee may make any and all such investments through its own banking department or the banking department of any affiliate.

Permitted Investments representing an investment of moneys attributable to any Fund shall be deemed at all times to be a part of such Fund. Such investments shall be sold at the best price obtainable whenever it shall be necessary to do so in order to provide moneys to make any transfer, withdrawal, payment or disbursement from such Fund. In the case of any required transfer of moneys to another such Fund, such investments may be transferred to that Fund in lieu of the required moneys if permitted by the Indenture as an investment of moneys in that Fund.

All Permitted Investments acquired by the Trustee pursuant to the Indenture shall be purchased in the name of the Trustee and shall be held for the benefit of the holders of the Certificates and Fannie Mae pursuant to the terms of the Indenture. The Trustee shall take such actions as shall be necessary to assure that such Permitted Investments are held pursuant to the terms of the Indenture and are subject to the trust and security interest created in the Indenture.

The Trustee shall not be liable or responsible for any loss resulting from any investment made in accordance with the Indenture. The Trustee or its affiliates may act as sponsor, principal or agent in the acquisition or disposition of investments. The Trustee may commingle investments made under the Funds and Accounts established under the Indenture, but shall account for each separately.

In computing for any purpose under the Indenture the amount in any Fund on any date, obligations so purchased shall be valued at the lower of cost or par exclusive of accrued interest, and may be so valued as of any time within four days prior to such date.

The Issuer acknowledges that regulations of the Comptroller of the Currency grant the Borrower the right to receive brokerage confirmations of the security transactions as they occur. The Borrower specifically waives such notification to the extent permitted by law and will receive periodic cash transaction statements that will detail all investment transactions.

## **Particular Covenants**

Payment of Certificates. Subject to the other provisions of the Indenture, the Issuer shall duly and punctually pay or cause to be paid from the MBS Revenues the principal of, premium, if any, and interest on the Certificates, at the dates and places and in the manner described in the Certificates, according to the true intent and meaning thereof solely from amounts available in the Trust Estate. The Certificates are not a general obligation of the Issuer, but are payable solely from the Trust Estate.

The payment and other obligations of the Issuer with respect to the Certificates are intended to be, and shall be, independent of the payment and other obligations of the issuer or maker of the Mortgage Note and the MBS, even though the principal amount of all three instruments is expected to be identical, except in the case of a default with respect to one or more of the instruments.

Tax Covenants. The Issuer shall not take any action that will cause the interest paid on the Certificates to be includable in gross income for federal income tax purposes or to be subject to personal income taxation by the

State. In furtherance of the foregoing covenant, the Issuer particularly covenants and agrees with the holders of the Certificates as follows:

(a) No part of the proceeds of the Certificates or any other funds of the Issuer shall be used by the Issuer at any time directly or indirectly to acquire securities or obligations, the acquisition of which, or which in any other manner, would cause any Certificate to be an arbitrage bond as defined in Section 148 of the Code and any applicable regulations promulgated thereunder.

(b) The Issuer will not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Certificates to be “federally guaranteed” within the meaning of Section 149(b) of the Code and any applicable regulations promulgated thereunder.

Extension of Payment of Certificates. The Issuer shall not directly or indirectly extend or assent to the extension of the maturity of the principal due on any of the Certificates or the time of payment of interest due on the Certificates, and if the time for payment of any such claims for interest shall be extended through any other means, such Certificates or claims for interest shall not be entitled in case of any default hereunder to any payment out of the Trust Estate or the funds (except funds held in trust for the payment of particular Certificates pursuant to the Indenture) held by the Trustee, except subject to the provisions of the Indenture and subject to the prior payment of the principal of all Certificates issued and Outstanding the maturity of which has occurred and has not been extended and of such portion of the accrued interest on the Certificates which is not represented by such extended claims for interest.

If an Extension Deposit has not been made pursuant to the Indenture, such that the balance in the Certificate Proceeds Fund is equal to the Original Issue Price plus interest accrued on the Certificates to the Initial Mandatory Redemption Date (as such date may be extended under the Indenture), then the Certificates shall be subject to mandatory redemption as set forth in the Indenture.

### **Discharge of Indenture**

Defeasance. (a) If all Certificates shall be paid and discharged as provided in this section, then all obligations of the Trustee and the Issuer under the Indenture with respect to all Certificates shall cease and terminate, except only (i) the obligation of the Trustee to pay or cause to be paid to the owners thereof all sums due with respect to the Certificates and to register, transfer and exchange Certificates pursuant to the Indenture, (ii) the obligation of the Issuer to pay the amounts owing to the Trustee under the Indenture from the Trust Estate, and (iii) the obligation of the Issuer to comply with the Indenture. Any funds held by the Trustee at the time of such termination which are not required for payment to Certificate holders or for payment to be made by the Issuer, shall be paid as provided in the Indenture.

Any Certificate or portion thereof in an authorized denomination shall be deemed no longer Outstanding under the Indenture if paid or discharged in any one or more of the following ways:

(i) by well and truly paying or causing to be paid the principal of and interest on such Certificate which have become due and payable; or

(ii) by depositing with the Trustee, in trust, cash which, together with the amounts then on deposit in the Revenue Fund and dedicated to this purpose, is fully sufficient to pay when due all principal of, and premium, if any, and interest on such Certificate to the maturity or earlier redemption date thereof; or

(iii) by depositing with the Trustee, in trust, Government Obligations in such amount as in the written opinion of a certified public accountant will, together with the interest to accrue on such Government Obligations without the need for reinvestment, be fully sufficient to pay when due all principal of, and premium, if any, and interest on such Certificate to the maturity or earlier redemption date thereof, notwithstanding that such Certificate shall not have been surrendered for payment.

(b) Notwithstanding the foregoing, no deposit under clauses (ii) and (iii) of subsection (a) above shall be deemed a payment of such Certificate until the earlier to occur of:

(i) if such Certificate is by its terms subject to redemption within 45 days, proper notice of redemption of such Certificate shall have been previously given in accordance with the Indenture to the holder thereof or, in the event such Certificate is not by its terms subject to redemption within 45 days of making the deposit under clauses (ii) and (iii) of subsection (a) above, the Issuer shall have given the Trustee irrevocable written instructions to mail by first-class mail, postage prepaid, notice to the holder of such Certificate as soon as practicable stating that the deposit required by clauses (ii) or (iii) of subsection (a) above, as applicable, has been made with the Trustee and that such Certificate is deemed to have been paid and further stating such redemption date or dates upon which money will be available for the payment of the principal and accrued interest thereon; or

(ii) the maturity of such Certificate.

(c) The Trustee shall be entitled to receive a report from a nationally recognized accounting firm to provide for the payment of all Certificates to be defeased pursuant to this section.

(d) In addition to the circumstances described in paragraph (a) above, any Certificate or portion thereof in an authorized denomination shall be deemed no longer Outstanding under the Indenture if and to the extent of an exchange of such Certificate or portion thereof for the MBS or an interest therein as provided in under the heading "DESCRIPTION OF THE CERTIFICATES - Optional Exchange of Certificates for MBS" of this Official Statement.

## **Defaults and Remedies**

Events of Default. Each of the following events shall constitute an Event of Default under the Indenture:

(f) Failure by Fannie Mae to pay principal, interest or premium, if any, due under the MBS;

(g) Failure to pay the principal, interest or premium, if any, on the Certificates when the same shall become due; or

(h) Default in the observance or performance of any other covenant, agreement or condition on the part of the Issuer in the Indenture and the continuation of such default for a period of 90 days after written notice to the Issuer from the Trustee or the registered owners of at least 75% in aggregate principal amount of the Certificates Outstanding at such time specifying such default and requiring the same to be remedied.

The Trustee, upon any failure by Fannie Mae to distribute to the Trustee any payment required to be made under the terms of the MBS, shall notify Fannie Mae not later than the next Business Day (all such notices to be promptly confirmed in writing) requiring the failure to be remedied.

The Trustee will immediately notify the Issuer, the Borrower, the Limited Partner, the Certificate holders, the Lender, Fannie Mae, the Borrower and the Limited Partner after an Authorized Officer obtains knowledge or receives notice of the occurrence of an Event of Default or an event which would become an Event of Default with the passage of time or the giving of notice, or both.

## Acceleration; Recession of Acceleration

Upon the occurrence of an Event of Default under paragraph (a) under the heading "Events of Default" above, the Trustee may, and upon the written request of the holders of not less than 75% in aggregate principal amount of the Certificates then Outstanding, which written request shall acknowledge that the amounts due on the MBS cannot be accelerated solely by virtue of acceleration of the Certificates, and upon receipt of indemnity satisfactory to it, shall, by notice in writing delivered to the Issuer, declare the principal of all Certificates then

Outstanding and the interest accrued thereon immediately due and payable, and such principal and interest shall thereupon become and be immediately due and payable. Subject the Indenture, upon the occurrence of an Event of Default under paragraph (b) under the heading “Events of Default” above no action shall be taken by the Trustee, unless an Event of Default has occurred pursuant to paragraph (a) under the heading “Events of Default” above in which event the Trustee shall proceed as provided above. An Event of Default under paragraph (c) under the heading “Events of Default” above shall not give rise to an acceleration pursuant to this section, provided, however, that following such an Event of Default, the holder of 100% of the Certificates then Outstanding may direct the Trustee in writing to transfer the MBS to it or its designee, in which case, the Trustee shall cancel the Certificates upon such release and transfer of the MBS, and upon such transfer, the Certificates will no longer be Outstanding. In the event any payments are received by the Trustee after the transfer of the MBS and cancellation of the Certificates, all such payments shall belong to and be transferred to the owner of the MBS.

The acceleration of the Certificates will not constitute a default under, or by itself cause the acceleration of, the MBS.

If at any time after the Certificates shall have been so declared due and payable, and before any judgment or decree for the payment of the money due shall have been obtained or entered, the Issuer, the Borrower or Fannie Mae, as applicable, shall pay to or deposit with the Trustee a sum sufficient to pay all principal of the Certificates then due (other than solely by reason of such declaration) and all unpaid installments of interest (if any) on all the Certificates then due with interest at the rate borne by the Certificates on such overdue principal and (to the extent legally enforceable) on such overdue installments of interest, and the reasonable expenses of the Trustee shall have been made good or cured or adequate provisions shall have been made therefor, and all other defaults under the Indenture have been made good or cured or waived in writing by the holders of a majority in principal amount of the Certificates then Outstanding, then and in every case, the Trustee on behalf of the holders of all the Certificates shall rescind and annul such declaration and its consequences; but no such rescission and annulment shall extend to or shall affect any subsequent Event of Default, nor shall it impair or exhaust any right or power consequent thereon.

#### Other Remedies; Rights of Certificate holders.

Subject to the Indenture, upon the happening and continuance of an Event of Default, the Trustee in its own name and as trustee of an express trust, on behalf and for the benefit and protection of the holders of all Certificates, may also proceed to protect and enforce any rights of the Trustee and, to the full extent that the holders of such Certificates themselves might do, the rights of such Certificate holders under the laws of the State or under the Indenture by such of the following remedies as the Trustee shall deem most effectual to protect and enforce such rights:

- (a) By pursuing any available remedies under the Financing Agreement, the Regulatory Agreement or the MBS;
- (b) Upon an Event of Default under paragraph (a) under the heading “Events of Default” above only, by realizing or causing to be realized through sale or otherwise upon the security pledged hereunder (including the sale or disposition of the MBS); and
- (c) By action or suit in equity, to enjoin any acts or things which may be unlawful or in violation of the rights of the holders of the Certificates and to execute any other papers and documents and do and perform any and all such acts and things as may be necessary or advisable in the opinion of the Trustee in order to have the respective claims of the Certificate holders against the Issuer allowed in any bankruptcy or other proceeding.

If an Event of Default shall have occurred, and if requested by the holders of not less than 75% in aggregate principal amount of the Certificates then Outstanding, and upon being indemnified to its satisfaction, the Trustee shall be obligated to exercise one or more of the rights and powers conferred by the Indenture as the Trustee, being advised by counsel, shall deem to be in the best interests of the Certificate holders subject to the limitations set forth above and in the Indenture.

No right or remedy by the terms of the Indenture conferred upon or reserved to the Trustee (or to the Certificate holders) is intended to be exclusive of any other right or remedy, but each and every such right and remedy shall be cumulative and shall be in addition to any other right or remedy given to the Trustee or to the Certificate holders under the Indenture, the Financing Agreement, the Regulatory Agreement or the MBS or now or hereafter existing at law or in equity.

No delay or omission to exercise any right or power accruing upon any default or Event of Default shall impair any such right or power or shall be construed to be a waiver of any such default or Event of Default or acquiescence therein and every such right and power may be exercised from time to time as often as may be deemed expedient.

No waiver of any default or Event of Default under the Indenture, whether by the Trustee or by the Certificate holders, shall extend to or shall affect any subsequent default or Event of Default or shall impair any rights or remedies consequent thereon.

#### Waivers of Events of Default.

The Trustee shall waive any Event of Default hereunder and its consequences and rescind any declaration of maturity of principal of, premium, if any, and interest on the Certificates upon the written request of the holders of a majority in aggregate principal amount of all Certificates then Outstanding with respect to which there is an Event of Default; provided, however, that there shall not be waived (a) any default in the payment of the principal amount of any Certificates at the date of maturity specified therein or upon proceedings for mandatory redemption, or (b) any default in the payment when due of the interest or premium, if any, on any such Certificates, unless prior to such waiver or rescission all arrears of interest, with interest (to the extent permitted by law) at the rate borne by the Certificates in respect of which such Event of Default shall have occurred on overdue installments of interest or all arrears of payments of principal or premium, if any, when due (whether at the stated maturity thereof or upon proceedings for mandatory redemption) as the case may be, and all expenses of the Trustee in connection with such monetary default, shall have been paid or provided for, and in case of any such waiver or rescission, the Issuer, the Borrower, the Trustee and the Certificate holders shall be restored to their former positions and rights under the Indenture respectively.

No such waiver or rescission shall extend to any subsequent or other default, or impair any right consequent thereto; and no delay or omission of the Trustee or of any Certificate holders to exercise any right or power accruing upon any Event of Default shall impair any right or power or shall be construed to be a waiver of any such Event of Default, or acquiescence therein.

#### Termination of Proceedings

In case any proceeding taken by the Trustee on account of any Event of Default shall have been discontinued or abandoned for any reason or determined adversely to the Trustee, then in every such case the Issuer, the Borrower, the Trustee and the Certificate holders shall be restored to their former positions and rights under the Indenture, respectively, and all rights, remedies, powers and duties of the Trustee shall continue as though no such proceeding had been taken.

#### **Supplemental Indentures**

Supplemental Indentures Effective upon Acceptance. For any one or more of the following purposes and at any time or from time to time, the Issuer and the Trustee may enter into a Supplemental Indenture which, upon the execution and delivery thereof by an Authorized Officer and by the Trustee, and with the prior written consent of Fannie Mae, but without the necessity of consent of the Certificate holders, shall be fully effective in accordance with its terms:

- (a) To add to the covenants or agreements of the Issuer herein contained other covenants or agreements to be observed by the Issuer or to otherwise revise or amend the Indenture in a manner which are/is not materially adverse to the interests of the Certificate holders;



(b) To add to the limitations or restrictions herein contained other limitations or restrictions to be observed by the Issuer which are not contrary to or inconsistent with the provisions hereof as theretofore in effect;

(c) To surrender any right, power or privilege reserved to or conferred upon the Issuer herein, provided that the surrender of such right, power or privilege is not contrary to or inconsistent with the covenants and agreements of the Issuer contained herein and is not materially adverse to the interests of the Certificate holders;

(d) To confirm, as further assurance, any pledge of the Trust Estate under the Indenture and the subjection to any lien on or pledge of the Trust Estate created or to be created by the Indenture;

(e) To appoint a co-trustee or successor Trustee or successor co-trustee;

(f) To cure any ambiguity, supply any omission or cure or correct any defect or inconsistent provision in the Indenture;

(g) To insert such provisions clarifying matters or questions arising under the Indenture as are necessary or desirable and are not materially adverse to the interests of the Certificate holders; and

(h) To make such changes and modifications that are necessary or desirable to provide for all interest, principal and premium paid with respect to the Certificates are in the exact respective amounts of the payments of interest, principal and premium paid under and pursuant to the MBS.

Supplemental Indentures Requiring Consent of Certificate holders. In addition to those amendments to the Indenture which are authorized under the heading “Supplemental Indentures Effective Upon Acceptance” above, any modification or amendment of the Indenture may be made by a Supplemental Indenture with the written consent, given as hereinafter provided under the heading “Consent of Certificate holders” below, of Fannie Mae and the holders of at least two thirds in aggregate principal amount of the Certificates Outstanding at the time such consent is given; provided, however, that no such modification or amendment shall (a) permit a change in the terms of redemption or maturity of the principal amount of any Outstanding Certificate or an extension of the date for payment of any installment of interest thereon or a reduction in the principal amount of, premium, if any, or the rate of interest on any Outstanding Certificate without the consent of the holder of such Certificate, (b) reduce the proportion of Certificates the consent of the holders of which is required to effect any such modification or amendment or to effectuate an acceleration of the Certificates prior to maturity, (c) permit the creation of a lien on the Trust Estate pledged under the Indenture prior to or on a parity with the lien of the Indenture, (d) deprive the holders of the Certificates of the lien created by the Indenture upon the Trust Estate (except as expressly provided in the Indenture), without (with respect to (b) through (d)) the consent of the holders of all Certificates then Outstanding, or (e) change or modify any of the rights or obligations of the Trustee without the written consent thereto of the Trustee.

Consent of Certificate holders. The Issuer and the Trustee may, at any time, execute and deliver a Supplemental Indenture making a modification or amendment permitted by the provisions under the heading “Supplemental Indentures Requiring Consent of Certificate holders” above, to take effect when and as provided in this section. A copy of such Supplemental Indenture (or brief summary thereof or reference thereto in a form approved by the Trustee), together with a request to Certificate holders for their consent thereto in form satisfactory to the Trustee, shall be mailed by the Trustee to the Certificate holders. Such Supplemental Indenture shall not be effective unless there shall have been filed with the Trustee (a) the written consents of Fannie Mae and the holders of the proportion of Outstanding Certificates specified under the heading “Supplemental Indentures Requiring Consent of Certificate holders” above, and (b) an opinion of Bond Counsel stating that such Supplemental Indenture has been duly and lawfully entered into by the Issuer in accordance with the provisions of the Indenture, is authorized or permitted by the provisions of the Indenture, and, when effective, will be valid and binding upon the Issuer. Each such consent of the Certificate holders shall be effective only if accompanied by proof of the holding, at the date of such consent, of the Certificates with respect to which such consent is given, which proof shall be such as is permitted by the Indenture. A certificate or certificates by the Trustee that it has examined such proof and that such proof is sufficient under the provisions of the Indenture shall be conclusive that the consents have been

given by the holders of the Certificates described in such certificate or certificates. Any such consent shall be binding upon the holder of the Certificates giving such consent and upon any subsequent holder of such Certificates and of any Certificates issued in exchange therefor (whether or not such subsequent holder thereof has notice thereof). At any time after the holders of the required proportion of Certificates shall have filed their consents to such Supplemental Indenture, the Trustee shall make and file with the Issuer a written statement that the holders of such required proportion of Certificates have filed and given such consents. Such written statement shall be conclusive that such consents have been so filed and have been given. Within 90 days after filing such statement, the Trustee shall mail to the Certificate holders a notice stating in substance that such Supplemental Indenture (which may be referred to as a Supplemental Indenture executed by the Issuer on a stated date, a copy of which is on file with the Trustee) has been consented to by the holders of the required proportion of Certificates and will be effective as provided in this section, but failure to mail such notice shall not prevent such Supplemental Indenture from becoming effective and binding as provided in this section. The Trustee shall file with the Issuer proof of the mailing of such notice to the Certificate holders. A record, consisting of the papers required or permitted by this Section to be filed with the Trustee, shall be proof of the matters therein stated. Such Supplemental Indenture making such modification or amendment shall be deemed conclusively binding upon the Issuer, the Trustee and the holders of all Certificates upon the execution thereof and the filing by the Trustee with the Issuer of the statement that the required proportion of Certificate holders have consented thereto.

The Issuer may conclusively rely upon the Trustee's determination that the requirements of this section have been satisfied.

Modification By Unanimous Consent. Notwithstanding anything contained in the foregoing provisions of the Indenture, the terms and provisions of the Indenture and the rights and obligations of the Issuer and the holders of the Certificates under the Indenture, in any particular, may be modified or amended in any respect upon execution and delivery of a Supplemental Indenture by the Issuer and the Trustee making such modification or amendment and the consent to such Supplemental Indenture of Fannie Mae and the holders of all of the Certificates then Outstanding, such consent to be given and proved as provided under the heading "Consent of Certificate holders" above except that no notice to Certificate holders shall be required; provided, however, that no such modification or amendment shall change or modify any of the rights or obligations of the Trustee without the written assent thereto of the Trustee, in addition to the consent of the Certificate holders.

### **Concerning the Trustee**

Trustee. U.S. Bank National Association is appointed by the Indenture as Trustee. The Trustee shall signify its acceptance of the duties and obligations imposed upon it by the Indenture by executing the Indenture.

Responsibility of the Trustee. The recitals of fact in the Indenture and in the Certificates contained shall be taken as the statements of the Issuer and the Trustee assumes no responsibility for the correctness of the same. The Trustee shall not be deemed to make any representations as to the validity or sufficiency of the Indenture or of any Certificates issued under the Indenture or in respect of the security afforded by the Indenture and the Trustee shall incur no responsibility in respect thereof. The Trustee shall, however, be responsible for its representations contained in its certificate on the Certificates. The Trustee shall not be under any responsibility or duty with respect to the issuance of the Certificates for value or the application of any moneys paid to the Issuer. The Trustee shall be under no obligation or duty to perform any act which would require it to expend or risk its own funds or otherwise incur any financial liability in the performance of its duties under the Indenture, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it. The Trustee shall not be liable in connection with the performance of its duties under the Indenture except for its own negligence or willful misconduct.

Compensation. Notwithstanding any provision to the contrary in the Indenture, the Trustee shall be entitled to payment for reasonable fees for its services rendered under the Indenture and the Financing Agreement and reimbursement for all advances, counsel fees and other expenses reasonably made or incurred by the Trustee (including any co-Trustee) in connection with such services which shall be paid from time to time as provided in the Indenture from moneys available therefor and as provided in the Financing Agreement; provided that no such amounts shall be paid to the Trustee from the proceeds of the MBS. Upon an Event of Default under paragraph (a) under the heading "Events of Default" above as a result of a failure by Fannie Mae to make payment under the

MBS, but only upon such an Event of Default, the Trustee shall have a lien upon the Trust Estate for extraordinary fees, charges and expenses incurred by it. The Issuer shall require the Borrower to indemnify and save harmless the Trustee against any liabilities which the Trustee may incur in the exercise and performance of its powers and duties under the Indenture, the Financing Agreement and the Regulatory Agreement which are not due to its own negligence or willful misconduct, and to reimburse the Trustee for any fees and expenses of the Trustee to the extent they exceed funds available under this Indenture for the payment thereof, subject only to the right of the Borrower to contest the reasonableness of any such fees or the necessity for any such expenses. The Trustee shall continue to perform its duties and obligations under the Indenture until such time as its resignation or removal is effective pursuant to the Indenture.

Permitted Acts and Functions. The Trustee may buy, own, hold and sell (including acting as an underwriter in respect of) any Certificates, coupons or notes of the Issuer, whether heretofore or hereafter issued or created; and may engage or be interested in any financial or other transaction with the Issuer, with like effect and with the same rights it would have if it were not the Trustee. The Trustee may act as depositary for, and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Certificate holders or to effect or aid in any reorganization growing out of the enforcement of the Certificates or the Indenture, whether or not any such committee shall represent the owners of a majority in principal amount of the Certificates then outstanding.

Merger or Consolidation. Any corporation or association into which the Trustee may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer its trust business and assets as a whole or substantially as a whole, or any corporation or association resulting from any such conversion, sale, merger, consolidation or transfer to which it is a party, ipso facto shall be and become successor Trustee under the Indenture and vested with all of the title to the Trust Estate and all the trusts, powers, discretions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any instrument or any further act, deed or conveyance on the part of any of the parties to the Indenture, anything in the Indenture to the contrary notwithstanding.

Resignation of Trustee. The Trustee and any successor Trustee may at any time resign from the trusts created by the Indenture by giving 30 days' written notice to the Issuer and Fannie Mae, and such resignation shall only take effect upon the appointment, pursuant to the Indenture, of, and acceptance by, a successor Trustee. The successor Trustee shall give notice of such succession by first class mail, postage prepaid, to each Certificate holder at the address of such Certificate holder shown on the Register.

Removal of Trustee. The Trustee may be removed at any time by an instrument or concurrent instruments in writing delivered to the Trustee and to Fannie Mae, and signed by the Issuer (or if an Event of Default shall have occurred and be continuing, by the owners of a majority in aggregate principal amount of the Certificates then Outstanding, in which event such instrument or instruments in writing shall also be delivered to the Issuer) provided that such removal shall not take effect until the appointment of a successor Trustee by the Issuer (or by the Certificate holders).

Appointment of Successor Trustee.

In case at any time the Trustee or any successor thereto shall resign or shall be removed or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or if a receiver, liquidator or conservator of such Trustee or of its property shall be appointed, or if any public officer shall take charge or control of such Trustee or of its property or affairs, a successor may be appointed by the Issuer with the approval of Fannie Mae (if it is not in default in its obligations under the MBS), or if Fannie Mae does not approve a successor the Issuer proposes to appoint, or if the Issuer is in default under the Indenture, by the holders of a majority in aggregate principal amount of the Certificates then Outstanding, excluding any Certificates held by or for the account of the Issuer, by an instrument or concurrent instruments in writing signed by such Certificate holders, or their attorneys duly authorized in writing, and delivered to such successor Trustee, notification thereof being given to the Issuer, Fannie Mae, the Borrower, the Limited Partner and the predecessor Trustee. If in a proper case no appointment of a successor Trustee shall have been made pursuant to the foregoing provisions of this section within 45 days after the Trustee shall have given to the Issuer written notice as provided in the Indenture or after the occurrence of any other event requiring or authorizing such appointment, the Trustee or any Certificate holder may apply to any court of

competent jurisdiction to appoint a successor. The court may thereupon, after such notice, if any, as such court may deem proper and prescribe, appoint a successor Trustee.

Any Trustee appointed under the provisions of this section shall be a bank, trust company or national banking association, having a designated office within the State, having trust powers, with prior experience as trustee under indentures under which multifamily housing revenue bonds of public agencies or authorities are issued, and having a capital and surplus acceptable to the Issuer and Fannie Mae, willing and able to accept the office on reasonable and customary terms in light of the circumstances under which the appointment is tendered and authorized by law to perform all the duties imposed upon it by the Indenture, if there be such an institution meeting such qualifications willing to accept such appointment.

#### Transfer of Rights and Property to Successor Trustee.

Any successor Trustee appointed under the Indenture shall execute, acknowledge and deliver to its predecessor Trustee, and also to the Issuer and Fannie Mae, an instrument accepting such appointment, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become fully vested with all moneys, estates, properties, rights, powers, duties and obligations of such predecessor Trustee, with like effect as if named in the Indenture as such Trustee, but the Trustee ceasing to act shall nevertheless, on the written request of the Issuer, Fannie Mae or the successor Trustee, execute, acknowledge and deliver such instruments of conveyance and further assurance and do such other things as reasonably may be required for more fully and certainly vesting and confirming in such successor Trustee all the right, title and interest of the predecessor Trustee in and to any properties held by it under the Indenture, and shall pay over, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions set forth in the Indenture. Should any deed, conveyance or instrument in writing from the Issuer be required by such successor Trustee for more fully and certainly vesting in and confirming to such successor Trustee any such moneys, estates, properties, rights, powers and duties, any and all such deeds, conveyances and instruments in writing, on request, and so far as may be authorized by law, shall be executed, acknowledged and delivered by the Issuer.

#### Collection of MBS Payments

The Trustee shall cause the MBS to be registered in the name of the Trustee or in the name of the nominee of the Trustee with such additional recitals as appropriate to indicate that the MBS is to be held by the Trustee in its capacity as Trustee under the Indenture subject to the provisions of the Indenture. In the event the Trustee determines in its discretion that payment by Fannie Mae, directly to DTC for the account of the Certificate holders is desirable, it can, subject to Fannie Mae's consent, designate DTC as the address to which payments under the MBS are to be made; provided that DTC shall have agreed to notify the Trustee in the event that any amount payable under the MBS is not received by such custodian within one Business Day of the date such payment is due. In the event that any amount payable to the Trustee under the MBS is not received by the Trustee within one Business Day of the date such payment is due, or if such payment is to be made directly to the DTC, in the event the Trustee shall receive notice from DTC that such payment has not been received within one Business Day of the date such payment is due, the Trustee shall notify Fannie Mae or (if directed by Fannie Mae) the paying agent for the MBS by telephone (such notification to be immediately confirmed by telegram, telecopy or other means of instantaneous written communication) that such payment has not been received in a timely manner and request that such payment be made by wire transfer of immediately available funds to the account of the Trustee or such custodian, as the case may be.

#### **Miscellaneous Provisions**

No Recourse under Indenture or on Certificates. All covenants, stipulations, promises, agreements and obligations of the Issuer contained in the Indenture shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the Issuer and not of any of its officers or employees or members of its governing body, past, present or future, in his or her individual capacity, and no recourse shall be had for the payment of the principal of, premium, if any, or interest on the Certificates or for any claim based thereon or under the Indenture against any such officer or employee of the Issuer or member of its governing body or any natural person executing the Certificates.

## **APPENDIX D**

### **SUMMARY OF CERTAIN PROVISIONS OF THE FINANCING AGREEMENT**

*The following is a summary of certain provisions of the Financing Agreement which are not described elsewhere in the Disclosure Statement. This summary does not purport to be comprehensive, and reference should be made to the Financing Agreement for a full and complete statement of its provisions.*

#### **Definitions**

Capitalized terms used but not defined herein shall have the means given them in the Indenture and the Financing Agreement.

#### **General Terms of the Financing**

The Issuer has authorized the issuance of the Certificates in the aggregate principal amount set forth in the Financing Agreement and Certificates in such amount shall be issued and Outstanding as of the Settlement Date. The obligations of the Issuer, the Trustee and the Borrower under the Financing Agreement are expressly conditioned upon (i) the issuance, sale and delivery of the Certificates, (ii) receipt by the Trustee of the amounts set forth in the Indenture, and (iii) the making of the Mortgage Loan by the Lender. Neither the Issuer, the Lender, the Trustee nor Fannie Mae shall have any liability for any fees, costs or expenses, including, without limitation, issuance costs relating to the Certificates; all of such fees, costs and expenses shall be paid by the Borrower.

#### **Amount and Source of Mortgage Loan**

The Trustee shall apply the proceeds of the Certificates as provided in the Indenture to secure the Certificates until the MBS Delivery Date and then to finance the Project through the purchase of the MBS. The Borrower accepts the Mortgage Loan from the Lender, upon the terms and conditions set forth in the Financing Agreement, the Mortgage Loan Documents and the Indenture, and subject to the terms and conditions of the Regulatory Agreement. The Issuer has caused the proceeds of the Certificates to be provided to the Trustee for deposit to the Certificate Proceeds Fund. The Borrower acknowledges its obligation to pay all amounts necessary to pay or redeem principal of and interest on the Certificates as provided in the Indenture. The Borrower has made arrangements for the delivery to the Trustee of the MBS and of certain other Eligible Funds as contemplated in the Financing Agreement and the Indenture. Payments on the MBS received by the Trustee shall be credited to amounts due from the Borrower for payment of principal of and interest on the Certificates.

#### **Notification of Prepayment of Mortgage Note**

The Borrower shall notify the Trustee and the Issuer promptly of the receipt of any prepayment of the Mortgage Note, whether upon acceleration, by reason of application of insurance or condemnation proceeds, optional prepayment or otherwise, unless the Lender has received written evidence that the Borrower has notified the Trustee and the Issuer of such prepayment. If such prepayment results in revisions to the amortization schedule, the Borrower shall provide the revised amortization schedule to the Trustee.

#### **Events of Default**

Each of the following shall constitute an event of default under the Financing Agreement, and the term “Event of Default” shall mean, whenever used in the Financing Agreement, any one or more of the following events:

- (i) Failure by the Borrower to pay any amounts due under the Financing Agreement at the times and in the amounts required by the Financing Agreement; or
- (ii) Failure by the Borrower to observe or perform any covenants, agreements or obligations in the Financing Agreement on its part to be observed or performed (other than as provided in clause (i))

above) for a period of thirty (30) days after receipt of written notice specifying such failure and requesting that it be remedied, given to the Borrower by any party to the Financing Agreement; provided, however, that if said failure shall be such that it cannot be corrected within such period, it shall not constitute an Event of Default if the failure is correctable without material adverse effect on the Certificates and if corrective action is instituted by the Borrower within such period and diligently pursued until the failure is corrected, and provided further that any such failure shall have been cured within ninety (90) days of receipt of notice of such failure; or

(iii) Breach of any of the covenants, agreements or obligations of the Borrower under or the occurrence of a default which is continuing under the Regulatory Agreement, including any exhibits to any of the foregoing; or

(iv) The occurrence of an Event of Default caused by the Borrower under and as defined in the Indenture or under any of the other Financing Documents.

Nothing contained in this section is intended to amend or modify any of the provisions of the Mortgage Loan Documents or to bind the Borrower, the Lender or Fannie Mae to any notice and cure periods other than as expressly set forth in the Mortgage Loan Documents.

### **Remedies Upon an Event of Default**

(a) Subject to subsection (d) below, whenever any Event of Default shall have occurred and be continuing, the Issuer or the Trustee may take any one or more of the following remedial steps:

(i) By any suit, action or proceeding, pursue all remedies now or hereafter existing at law or in equity to collect all amounts then due and thereafter to become due under the Financing Agreement, to enforce the performance of any covenant, obligation or agreement of the Borrower under the Financing Agreement (subject to the nonrecourse provisions of the Financing Agreement and the Regulatory Agreement) or to enjoin acts or things which may be unlawful or in violation of the rights of the Issuer or the Trustee.

(ii) Take whatever other action at law or in equity may appear necessary or desirable to enforce any monetary obligation of the Borrower under the Financing Agreement or to enforce any other covenant, obligation or agreement of the Borrower under (1) the Financing Agreement, or (2) the Regulatory Agreement.

(iii) Have access to and inspect, examine, audit and make copies of the books and records and any and all accounts, data and income tax and other tax returns of the Borrower.

(b) The provisions of subsection (a) hereof are subject to the condition that if, after any Event of Default, except a default under the Regulatory Agreement, (i) all amounts which would then be payable under the Financing Agreement by the Borrower if such Event of Default had not occurred and was not continuing shall have been paid by or on behalf of the Borrower, and (ii) the Borrower shall have also performed all other obligations in respect of which it is then in default under the Financing Agreement and shall have paid the reasonable charges and expenses of the Issuer and the Trustee, including reasonable attorney fees and expenses paid or incurred in connection with such default, then and in every such case, such Event of Default may be waived and annulled by the Trustee, but no such waiver or annulment shall extend to or affect any subsequent Event of Default or impair any right or remedy consequent thereon.

(c) Subject to the limitations of the Regulatory Agreement and the Financing Agreement, the Issuer, without the consent of the Trustee, but only after written notice to the Trustee, the Borrower, the Lender and Fannie Mae, may take whatever action at law or in equity may appear necessary or desirable to enforce performance and observance of any Reserved Right of the Issuer; provided that, the Issuer may not (i) terminate the Financing Agreement or cause the Mortgage Loan to become due and payable, (ii) cause the Trustee to declare the principal of all Certificates then Outstanding and the interest accrued thereon to be immediately due and payable, or cause the

Trustee to accelerate, foreclose or take any other action or seek other remedies under the Financing Documents, the Mortgage Loan Documents or any other documents contemplated thereby or by the Financing Agreement to obtain such performance or observance, (iii) cause the acceleration, foreclosure or taking of any other action or the seeking of any remedies under the Mortgage Loan Documents, (iv) initiate or take any action which may have the effect, directly or indirectly, of impairing the ability of the Borrower to timely pay the principal, interest and other amounts due under the Mortgage Loan, or (v) interfere with or attempt to influence the exercise by Fannie Mae of any of its rights under the Financing Documents or the Mortgage Loan Documents.

(d) Except as required to be deposited in the Rebate Fund pursuant to the Tax Certificate any amounts collected pursuant to action taken under this section shall, after the payment of the costs and expenses of the proceedings resulting in the collection of such moneys and of the expenses, liabilities and advances incurred or made by the Trustee, the Issuer, the Lender or Fannie Mae and their respective counsel, be applied in accordance with the provisions of the Indenture. No action taken pursuant to this section shall relieve the Borrower from the Borrower's obligations pursuant to the Financing Agreement.

(e) No remedy conferred upon or reserved to the Issuer or the Trustee in the Financing Agreement is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy now or hereafter existing pursuant to any other agreement at law or in equity or by statute.

(f) Notwithstanding any other provision of the Financing Agreement to the contrary, after the MBS Delivery Date, so long as Fannie Mae is not in default under the MBS, none of the Issuer, the Trustee or any Person under their control shall exercise any remedies or direct any proceedings under the Financing Agreement or the Mortgage Loan Documents, other than to (i) enforce rights under the MBS, (ii) enforce the tax covenants in the Indenture and the Financing Agreement, or (iii) enforce rights of specific performance under the Regulatory Agreement; provided, however, that any enforcement under (ii) or (iii) above shall not include seeking monetary damages.

#### **Notice of Default: Rights To Cure**

The Issuer and the Trustee shall each give notice to the other and to the Limited Partner and the Lender of the occurrence of any Event of Default by the Borrower under the Financing Agreement or under the other Financing Documents of which it has actual knowledge. The Lender and the Limited Partner shall each have the right, but not the obligation, to cure any such default by the Borrower, and upon performance by the Lender or the Limited Partner to the satisfaction of the Issuer and the Trustee of the covenant, agreement or obligation of the Borrower with respect to which an Event of Default has occurred, the parties to the Financing Agreement shall be restored to their former respective positions, it being agreed that the Lender and the Limited Partner shall each have the right to repayment from the Borrower of moneys it has expended and any other appropriate redress for actions it has taken to cure any default by the Borrower; provided that the Borrower's reimbursement obligation shall be non-recourse to the same extent as the underlying obligation is non-recourse to the Borrower.

#### **Amendments**

The Financing Agreement and all other documents contemplated by the Financing Agreement to which the Issuer is a party may be amended or terminated only if permitted by the Indenture, and no amendment to the Financing Agreement shall be binding upon, any party to the Financing Agreement until such amendment is reduced to writing and executed by the parties thereto; provided that no amendment, supplement or other modification to the Financing Agreement or any other Financing Document shall be effective without the prior written consent of Fannie Mae.

#### **Limited Liability of the Issuer**

The Issuer shall not be obligated to pay the principal (or Redemption Price) of or interest on the Certificates, except from the Trust Estate. Neither the faith and credit nor the taxing power of the State or any political subdivision thereof, nor the faith and credit of the Issuer or any member is pledged to the payment of the

principal (or Redemption Price) or interest on the Certificates. The Issuer shall not be liable for any costs, expenses, losses, damages, claims or actions, of any conceivable kind on any conceivable theory, under or by reason of or in connection with the Financing Agreement, the Certificates or the Indenture, except only to the extent amounts are received for the payment thereof from the Borrower under the Financing Agreement.

The Borrower acknowledges that the Issuer's sole source of moneys to repay the Certificates will be provided by the Trust Estate, and agrees that if the payments to be made under the Financing Agreement shall ever prove insufficient to pay all principal (or Redemption Price) and interest on the Certificates as the same shall become due (whether by maturity, redemption, acceleration or otherwise), then upon notice from the Trustee, the Borrower shall pay such amounts as are required from time to time to prevent any deficiency or default in the payment of such principal (or Redemption Price) or interest, including, but not limited to, any deficiency caused by acts, omissions, nonfeasance or malfeasance on the part of the Trustee, the Borrower, the Issuer or any third party, subject to any right of reimbursement from the Trustee, the Issuer or any such third party, as the case may be, therefor.

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**APPENDIX E**  
**FORM OF CONTINUING DISCLOSURE AGREEMENT**

**Colorado Housing and Finance Authority**  
**Multifamily Tax-Exempt Mortgage-backed Securities**  
**(M-TEMS) (Holly Park Apartments Project) Series 2017A (FN)**

This Continuing Disclosure Agreement, dated as of August 1, 2017 (this “Continuing Disclosure Agreement”), is executed and delivered by MHMP 12 Holly Park East and West LP, a Colorado limited partnership (the “Borrower”), and Digital Assurance Certification LLC, as dissemination agent (the “Dissemination Agent”). The above-captioned Certificates (the “Certificates”) are being issued pursuant to a Trust Indenture, dated as of August 1, 2017 (the “Indenture”), between the Colorado Housing and Finance Authority (the “Issuer”) and U.S. Bank National Association, as trustee (the “Trustee”). Pursuant to the Indenture and Financing Agreement, dated as of August 1, 2017, among the Issuer, the Trustee and the Borrower (the “Financing Agreement”), the Dissemination Agent and the Borrower covenant and agree as follows:

**Section 1. Purpose of the Continuing Disclosure Agreement.** This Continuing Disclosure Agreement is being executed and delivered by the Borrower and the Dissemination Agent for the benefit of the holders of the Certificates and in order to assist the Participating Underwriter in complying with the Rule (defined below). The Borrower and the Dissemination Agent acknowledge that the Issuer has undertaken no responsibility with respect to any reports, notices or disclosures provided or required under this Continuing Disclosure Agreement, and has no liability to any person, including any holder of the Certificates or Beneficial Owner, with respect to any such reports, notices or disclosures.

**Section 2. Definitions.** In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Continuing Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“*Annual Report*” shall mean any Annual Report provided by the Borrower pursuant to, and as described in, Sections 3 and 4 of this Continuing Disclosure Agreement.

“*Audited Financial Statements*” means, in the case of the Borrower, the annual audited financial statements prepared in accordance with generally accepted accounting principles, if any.

“*Beneficial Owner*” shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Certificates (including persons holding Certificates through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Certificates for federal income tax purposes.

“*Disclosure Representative*” shall mean the administrator of the Project or his or her designee, or such other person as the Borrower shall designate in writing to the Dissemination Agent from time to time.

“*Dissemination Agent*” shall mean Digital Assurance Certification LLC, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the Borrower and which has filed with the Trustee a written acceptance of such designation.

“*Listed Events*” shall mean any of the events listed in Section 5(a) of this Continuing Disclosure Agreement.

“*MSRB*” means the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934. All documents provided to the MSRB shall be in an electronic format and accompanied by identifying information, as prescribed by the MSRB. Initially, all document submissions to the MSRB pursuant to this Continuing Disclosure Agreement shall use the MSRB’s Electronic Municipal Market Access (EMMA) system at [www.emma.msrb.org](http://www.emma.msrb.org).

“*Participating Underwriter*” means Stifel, Nicolaus & Company, Incorporated, and its successors and assigns.

“*Rule*” means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

**Section 3. Provision of Annual Reports.** (a) The Borrower will, or will cause the Dissemination Agent to, not later than 180 days following the end of the Borrower’s fiscal year, commencing with the fiscal year ending on December 31, 2017, provide to the MSRB an Annual Report which is consistent with the requirements described below. No later than 15 Business Days prior to said date, the Borrower will provide the Annual Report to the Dissemination Agent and the Trustee (if the Trustee is not the Dissemination Agent). In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package and may cross reference other information, provided that the audited financial statements for the prior calendar year of the Borrower may be submitted separately from the balance of the Annual Report.

(b) If by 15 Business Days prior to the date specified in subsection (a) for providing the Annual Report to the MSRB, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent will contact the Disclosure Representative to determine if the Borrower is in compliance with subsection (a).

(c) If the Dissemination Agent is unable to verify that an Annual Report has been provided to the MSRB by the date required in subsection (a), the Dissemination Agent will send in a timely manner a notice to the MSRB in substantially the form attached as Exhibit B to this Continuing Disclosure Agreement.

(d) The Dissemination Agent will file a report with the Borrower and (if the Dissemination Agent is not the Trustee) the Trustee certifying that the Annual Report has been provided pursuant to this Continuing Disclosure Agreement, stating the date it was provided.

**Section 4. Content of Annual Reports.** The Borrower’s Annual Report will contain or incorporate by reference the following:

(a) Financial information with respect to the Project, provided at least annually, of the type included in Exhibit A hereto, which Annual Report may, but is not required to, include Audited Financial Statements. If the Borrower’s Audited Financial Statements are not available by the time the Annual Report is required to be filed, the Annual Report will contain unaudited financial statements in a format similar to the financial statements contained in the final Disclosure Statement, and the Audited Financial Statements will be filed in the same manner as the Annual Report when and if they become available; and

(b) Tables setting forth the following information as of the end of such fiscal year:

(i) The original aggregate principal amount of the Certificates and the aggregate principal amount of the Certificates remaining Outstanding; and

(ii) With respect to the MBS relating to the Certificates, the MBS pool number, the MBS CUSIP number, the original principal amount and the principal amount outstanding of the MBS.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues with respect to which the Borrower is an “Obligated Person” (as defined by the Rule), which have been filed with the MSRB. The Borrower will clearly identify each such other document so incorporated by reference.

Each annual report submitted hereunder shall be in readable portable document format (“PDF”) or other acceptable electronic form.

**Section 5. Reporting of Listed Events.** (a) This Section 5 shall govern the giving of notices of the occurrence of any of the following events (each, a “Listed Event”):

- (i) Principal and interest payment delinquencies;
- (ii) Non-payment related defaults, if material;
- (iii) Unscheduled draws on debt service reserves reflecting financial difficulty;
- (iv) Unscheduled draws on credit enhancements reflecting financial difficulty;
- (v) Substitution of credit or liquidity providers, or their failure to perform;
- (vi) 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 Certificates, or other material events affecting the tax status of the Certificates;
- (vii) Modifications to rights of holders of the Certificates, if material;
- (viii) Certificate calls, if material, and tender offers;
- (ix) Defeasances;
- (x) Release, substitution or sale of property securing repayment of the Certificates, if material;
- (xi) Rating changes;
- (xii) Bankruptcy, insolvency, receivership or similar event of the Borrower. For purposes of this clause (xii), any such event shall be considered to have occurred when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Borrower 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 Borrower, or 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 Borrower;
- (xiii) The consummation of a merger, consolidation, or acquisition involving the Borrower or the sale of all or substantially all of the assets of the Borrower, 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, if material;
- (xiv) Appointment of a successor or additional trustee or paying agent or the change of the name of a trustee or paying agent, if material;
- (xv) Any HAP Contract or other rental assistance or subsidy agreement for the Project has been terminated;
- (xvi) Any Regulatory Agreement with respect to the Project is in default;
- (xvii) The date when the Project is placed in service for purposes of Section 42 of the Internal Revenue Code of 1986, as amended; and

(xviii) The extension of the Initial Mandatory Redemption Date as such date may be extended under the Indenture.

(b) The Dissemination Agent shall, within three (3) Business Days of obtaining actual knowledge of the occurrence of any potential Listed Event, pursuant to subsection (c) of this Section 5 or otherwise, provide the Disclosure Representative with notice (by facsimile transmission confirmed by telephone or by email). While the Dissemination Agent is also the Trustee, the Dissemination Agent shall be deemed to have actual knowledge of those items listed in clauses (i), (iii) (solely with respect to funds held by the Trustee), (iv), (v), (vii), (viii), (ix), (x) and (xiv) above without the Dissemination Agent having received notice of such event. While the Dissemination Agent is not also the Trustee, the Dissemination Agent shall not be deemed to have actual knowledge of any items listed in clauses (i) - (xiv) above without the Dissemination Agent having received written notice of such event. For purposes of providing notice to the Disclosure Representative, the Dissemination Agent shall assume that the unscheduled draws described in clauses (iii) and (iv) reflect financial difficulty.

(c) Whenever the Borrower obtains knowledge of the occurrence of a potential Listed Event, the Borrower shall, within five (5) Business Days of obtaining such knowledge and in any event no more than eight (8) Business Days after the occurrence of such event, determine if such event is in fact a Listed Event that is required by the Rule to be disclosed and provide the Dissemination Agent with notice and instructions pursuant to subsections (d) below.

(d) If the Borrower has determined that a Listed Event is required to be disclosed then the Borrower shall prepare a written notice describing the Listed Event and provide the same to the Dissemination Agent along with instructions to file the same pursuant to subsection (e) below.

(e) If the Dissemination Agent has been provided with a written notice describing a Listed Event pursuant to subsection (c) of this Section 5 or otherwise, and is instructed by the Borrower to report the occurrence of such Listed Event, the Dissemination Agent shall, within two (2) Business Days of its receipt of such written notice and in any event no more than ten (10) Business Days after the occurrence of the Listed Event, file the notice with the MSRB and send a copy to the Borrower.

**Section 6. Amendment; Waiver.** Notwithstanding any other provision of this Continuing Disclosure Agreement, the Borrower and the Dissemination Agent may amend this Continuing Disclosure Agreement (and the Dissemination Agent will agree to any amendment so requested by the Borrower unless such amendment adversely affects its rights, duties, protections, immunities, indemnities or standard of care, as determined by the Dissemination Agent) and any provision of this Continuing Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions described under paragraph (a) under “Provision of Annual Reports,” “Contents of Annual Reports” or paragraph (a) under “Reporting of Listed Events,” it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law or change in the identity, nature or status of an Obligated Person (as defined in the Rule) with respect to the Certificates or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Certificates, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Holders of the Certificates in the same manner as provided in the Indenture for amendments to the Indenture with the consent of Holders or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Certificates.

In the event of any amendment or waiver of a provision of this Continuing Disclosure Agreement, the Borrower will describe such amendment in the next Annual Report and will include, as applicable, a narrative

explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information being presented by the Borrower. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change will be given in the same manner as for a Listed Event under Section 5(f) hereof and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

**Section 7. Default.** In the event of a failure of the Borrower or the Dissemination Agent to comply with any provision of this Continuing Disclosure Agreement, and such failure to comply continues beyond a period of thirty (30) days following written notice to the Borrower, the Borrower or any Holder or Beneficial Owner of the Certificates may, take such actions as may be necessary and appropriate, including seeking, or specific performance by court order, to cause the Borrower or the Dissemination Agent, as the case may be, to comply with its obligations under this Continuing Disclosure Agreement. A default under this Continuing Disclosure Agreement will not be deemed an Event of Default under the Indenture or the Financing Agreement, and the sole remedy under this Continuing Disclosure Agreement in the event of any failure of the Borrower or the Dissemination Agent to comply with this Continuing Disclosure Agreement will be an action to compel performance.

**Section 8. Beneficiaries.** This Continuing Disclosure Agreement will inure solely to the benefit of the Borrower, the Dissemination Agent, the Participating Underwriter and Holders from time to time of the Certificates and will create no rights in any other person or entity.

**Section 9. Additional Information.** Nothing in this Continuing Disclosure Agreement shall be deemed to prevent the Borrower from disseminating any other information, using the means of dissemination set forth in this Continuing Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Continuing Disclosure Agreement. If the Borrower chooses to include any information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is specifically required by this Continuing Disclosure Agreement, the Borrower shall have no obligation under this Continuing Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

**Section 10. Duties, Immunities and Liabilities of Dissemination Agent.** Article IX of the Indenture is hereby made applicable to this Continuing Disclosure Agreement as if this Continuing Disclosure Agreement were (solely for this purpose) contained in the Indenture and the Dissemination Agent shall be entitled to the same protections, limitations from liability and indemnities afforded thereunder. The Dissemination Agent shall have only such duties as are specifically set forth in this Continuing Disclosure Agreement, and the Borrower agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of their rights, obligations, powers and duties hereunder, including the costs and expenses (including reasonable attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the Borrower under this Section shall survive the termination of this Continuing Disclosure Agreement, the resignation or removal of the Dissemination Agent and payment of the Certificates. The Dissemination Agent shall have no duty or obligation to review any information provided to it hereunder and shall not be deemed to be acting in any fiduciary capacity for the Borrower, the holders of the Certificates, or any other party. The Dissemination Agent shall have no liability to the holders of the Certificates or any other party for any monetary damages or financial liability of any kind whatsoever related to or arising from the breach of this Continuing Disclosure Agreement.

The Dissemination Agent agrees to disseminate the information provided to it hereunder in the form delivered by the Borrower. The Dissemination Agent is acting hereunder solely in an agency capacity and as such is merely a conduit for the Borrower, and shall have no liability or responsibility for the form, content, accuracy or completeness of any information furnished hereunder. Any such information may contain a legend to that effect.

The Dissemination Agent shall have no obligation to make disclosure concerning the Certificates, the Project or any other matter except as expressly set out herein.

No provision of this Continuing Disclosure Agreement shall require or be construed to require the Borrower or the Dissemination Agent to interpret or provide an opinion concerning any information disclosed hereunder.

The Annual Report may contain such disclaimer language as the Borrower may deem appropriate. Any information disclosed hereunder by the Dissemination Agent may contain such disclaimer language as the Dissemination Agent may deem appropriate.

The Borrower hereby agrees to compensate the Dissemination Agent for the services provided and the expenses incurred pursuant to this Continuing Disclosure Agreement, in an amount to be agreed upon from time to time hereunder, and to reimburse the Dissemination Agent upon its request for all reasonable expenses, disbursements and advances incurred by the Dissemination Agent hereunder (including any reasonable compensation and expenses of counsel) except any such expense, disbursement or advance that may be attributable to its negligence or willful misconduct.

The Dissemination Agent may consult with counsel of its choice and the written advice of such counsel or any opinion of counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon, it being understood that for purposes of this provision, that such counsel may be counsel to the Borrower.

No provision of this Continuing Disclosure Agreement shall require the Dissemination Agent to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights of powers.

**Section 11. Notices.** Any notices or communications to or among any of the parties to this Continuing Disclosure Agreement may be given at the addresses set forth in the Indenture. Any person may, by written notice to the other persons listed above, designate a different address or telephone number(s) to which subsequent notices of communications should be sent, effective only upon receipt.

**Section 12. Governing Law.** This Continuing Disclosure Agreement shall be governed by the laws of the State of Colorado.

**Section 13. Termination of this Continuing Disclosure Agreement.** The Borrower or the Dissemination Agent may terminate this Continuing Disclosure Agreement by giving written notice to the other party at least 30 days prior to such termination. The Dissemination Agent shall be fully discharged at the time any such termination is effective. The Borrower's and the Dissemination Agent's obligations under this Continuing Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Certificates. If such termination occurs prior to the final maturity of the Certificates, the Borrower shall give notice of such termination in a filing with the MSRB.

**Section 14. Counterparts.** This Continuing Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have caused this Continuing Disclosure Agreement to be executed by their duly authorized representatives as of the date set forth above.

**MHMP 12 HOLLY PARK EAST AND WEST LP,**  
a Colorado limited partnership

By: MHMP 12 Holly Park East and West GP LLC,  
a Colorado limited liability company,  
its General Partner

By: Mercy Housing Mountain Plains,  
a Colorado nonprofit corporation,  
its Manager

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

[Signatures continue on following page]

[Dissemination Agent’s Signature Page to Continuing Disclosure Agreement]

**DIGITAL ASSURANCE CERTIFICATION LLC,**  
as Dissemination Agent

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_



**EXHIBIT A**  
**ANNUAL REPORT**

**Colorado Housing and Finance Authority**  
**Multifamily Tax-Exempt Mortgage-backed Securities**  
**(M-TEMS) (Holly Park Apartments Project) Series 2017A (FN)**  
**CUSIP: \_\_\_\_\_**

Report for Period Ending \_\_\_\_\_

**THE PROJECT**

Name: Holly Park

Address: Commerce City, Colorado

Number of Units:

Number of Units Occupied as of Report Date: \_\_\_\_\_ (excluding \_\_\_\_ manager's units)

**OPERATING HISTORY OF THE PROJECT**

The following table sets forth a summary of the operating results of the Project for fiscal year ended \_\_\_\_\_, as derived from the Borrower's [un]audited financial statements.

Revenues

Operating Expenses<sup>1</sup>

Net Operating Income

Debt Service on the Certificates

Net Operating Income/(Loss)

After Debt Service

The average physical occupancy of the Project for the fiscal year ended [\_\_\_\_] was [\_\_\_\_]% and the average economic occupancy of the Project for the fiscal year ended [\_\_\_\_] was [\_\_\_\_]%.

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<sup>1</sup>Excludes depreciation and other non-cash expenses, includes management fee.

**EXHIBIT B**

**NOTICE OF FAILURE TO  
FILE ANNUAL DISCLOSURE REPORT**

Name of Issuer: Colorado Housing and Finance Authority

Name of Issue: Multifamily Tax-Exempt Mortgage-backed Securities (M-TEMS) (Holly Park Apartments Project) Series 2017A (FN)

Name of Borrower: MHMP 12 Holly Park East and West LP

CUSIP: \_\_\_\_\_

Date of Issuance: August \_\_, 2017

NOTICE IS HEREBY GIVEN that the above-referenced borrower (the “Borrower”) has not provided an Annual Report with respect to the above-named M-TEMS Certificates as required by its Continuing Disclosure Agreement. The undersigned has been informed by the Borrower that it anticipates that Annual Report will be filed by \_\_\_\_\_.

DATED: \_\_\_\_\_

**DIGITAL ASSURANCE CERTIFICATION LLC,**  
as Dissemination Agent

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

cc: Borrower

## **APPENDIX F**

### **BOOK-ENTRY SYSTEM**

*The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Issuer and the Borrower believe to be reliable, but neither the Issuer, the Original Purchaser nor the Borrower take responsibility for the accuracy thereof.*

The Depository Trust Company ("DTC"), New York, New York will act as securities depository for the M-TEMS Certificates. The M-TEMS Certificates will be 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. One fully-registered certificate will be issued for each maturity of the M-TEMS Certificates, each in the aggregate principal amount of such maturity, and will be deposited with DTC or held by the Trustee.

DTC, the world's largest depository, 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 ("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 an S&P Global Ratings' rating of "AA+". The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission.

Purchases of M-TEMS Certificates under the DTC system must be made by or through Direct Participants, which will receive a credit for the M-TEMS Certificates on DTC's records. The ownership interest of each actual purchaser of each M-TEMS Certificate ("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 certificates are to be accomplished by entries made on the records of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in certificates, except in the event that use of the book-entry system for the certificates is discontinued.

To facilitate subsequent transfers, all M-TEMS Certificates 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 M-TEMS Certificates with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the M-TEMS Certificates; DTC's records reflect only the identity of the Direct Participants to whose accounts such M-TEMS Certificates 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 M-TEMS Certificates may wish to take certain steps to augment the transmission to them of

notices of significant events with respect to the M-TEMS Certificates, such as redemptions, tenders, defaults, and proposed amendments to the transaction documents. For example, Beneficial Owners of M-TEMS Certificates may wish to ascertain that the nominee holding the M-TEMS Certificates 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 registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the M-TEMS Certificates within a maturity are being redeemed, the amount of the interest of each Direct Participant in such issue to be redeemed shall be determined on a pro rata basis in accordance with the “Pro Rata Pass Through Distributions of Principal” procedures of DTC.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to M-TEMS Certificates unless authorized by a Direct Participant in accordance with DTC’s Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer 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 M-TEMS Certificates are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the M-TEMS Certificates 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 Issuer, on payable date in accordance with their respective holdings shown on DTC’s records. Payments by 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 Participant and not of DTC or its nominee, or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Issuer, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the M-TEMS Certificates at any time by giving reasonable notice to the Issuer. Under such circumstances, in the event that a successor depository is not obtained, certificates are required to be printed and delivered.

The Issuer may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, the certificates will be printed and delivered.

The information in this section concerning DTC and DTC’s book-entry system has been obtained from sources that the Issuer believes to be reliable, but the Issuer takes no responsibility for the accuracy thereof.

**APPENDIX G**  
**FORM OF NOTICE OF REQUEST TO EXCHANGE**

Colorado Housing and Finance Authority  
Multifamily Tax-Exempt Mortgage-backed Securities  
(M-TEMS) (Holly Park Apartments Project) Series 2017A (FN)

The undersigned Beneficial Owner of Colorado Housing and Finance Authority Multifamily Tax-Exempt Mortgage-backed Securities (M-TEMS) (Holly Park Apartments Project) Series 2017A (FN) ("M-TEMS Certificates"), hereby requests U.S. Bank National Association (the "Trustee") to exchange M-TEMS Certificates in an original face amount equal to \$\_\_\_\_\_ for a like original face amount of the MBS. The undersigned has arranged with its securities dealer (and/or DTC participant) to deliver such M-TEMS Certificates to the Trustee (via DTC withdrawal or DWAC) on or before the business day next succeeding the date hereof (such business day being the "Exchange Date"). Once the DTC DWAC has been verified and approved by the Trustee, the Trustee is hereby requested to deliver free the above referenced original face amount of the MBS using the automated book-entry system maintained by the Federal Reserve Banks acting as depositories for Fannie Mae in accordance with the Beneficial Owner's Fed delivery instructions. The undersigned Beneficial Owner shall pay the Trustee's exchange fee in the amount of \$1,000 by wire transfer on the Exchange Date. If the Exchange Date is subsequent to a Record Date and prior to a corresponding certificate payment date for the M-TEMS Certificates, the Trustee shall wire the applicable principal and interest payments on the M-TEMS Certificates to the undersigned Beneficial Owner using the wire instructions set forth below.

Dated: \_\_\_\_\_

Signature: \_\_\_\_\_

SIGNATURE GUARANTEED:

\_\_\_\_\_

NOTICE: Signature(s) must be guaranteed by a member firm of the New York Stock Exchange or a commercial bank or trust company.

Beneficial Owner's fed delivery instructions:

\_\_\_\_\_

Beneficial Owner's wire instructions:

\_\_\_\_\_

Trustee's wire instructions:

U.S. Bank National Association

ABA:

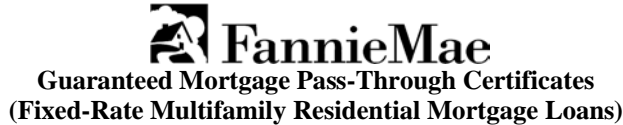
Account:

Account Name:

Attention:

APPENDIX H  
FORM OF PROSPECTUS SUPPLEMENT FOR MBS CERTIFICATE

**Prospectus Supplement**  
**(To Multifamily MBS Prospectus dated August 1, 2014)**



**The Certificates**

We, the Federal National Mortgage Association, or Fannie Mae, will issue the guaranteed mortgage pass-through certificates or MBS certificates. Each issuance of certificates will have its own identification number and will represent the beneficial ownership in a distinct pool of one or more mortgage loans secured by multifamily properties that contain at least five residential units and that are identified in the Schedule of Pool and Loan Information attached to this Prospectus Supplement. You should read the Prospectus for Fannie Mae Guaranteed Mortgage Pass-Through Certificates (Multifamily Residential Mortgage Loans) dated August 1, 2014 (the "Multifamily MBS Prospectus") in addition to this Prospectus Supplement.

**Fannie Mae Guaranty**

We guarantee to the MBS trust that we will supplement amounts received by the MBS trust as required to permit timely payments of principal and interest on the certificates. **We alone are responsible for making payments under our guaranty. The certificates and payments of principal and interest on the certificates are not guaranteed by the United States and do not constitute a debt or obligation of the United States or any of its agencies or instrumentalities other than Fannie Mae.**

**The Mortgage Loan Pool**

- The pool number appearing in the Schedule of Pool and Loan Information identifies the pool into which the mortgage loan covered by the certificates is deposited.
- The mortgage loan is secured by a first lien on a multifamily property that contains at least five residential units.
- The mortgage loan bears interest at a fixed interest rate.
- **The mortgage loan has special characteristics. See page 2 of this Prospectus Supplement.**

**Consider carefully the risk factors beginning on page 12 of the Multifamily MBS Prospectus. Unless you understand and are able to tolerate these risks, you should not invest in the certificates.**

**The certificates are exempt from registration under the Securities Act of 1933, as amended, and are "exempted securities" under the Securities Exchange Act of 1934, as amended. Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved these certificates or determined if this Prospectus Supplement is truthful or complete. Any representation to the contrary is a criminal offense.**

**The date of this Prospectus Supplement is the issue date of the certificates specified in the Schedule of Pool and Loan Information. Settlement is expected to occur no later than the last business day of the month in which the issue date occurs.**

### **SPECIAL CHARACTERISTICS OF THE MORTGAGE LOAN**

The mortgage loan that backs the certificates (the “mortgage loan”) was made to the borrower by an eligible multifamily mortgage lender. The mortgage loan is evidenced by a promissory note (the “mortgage note”) and a multifamily loan and security agreement (the “financing agreement”) containing the loan terms and signed by the borrower. The mortgage note and financing agreement are secured by a security instrument (the “mortgage”) on a multifamily residential property containing five or more residential units (the “mortgaged property”) that is located in Commerce City, Colorado. (The mortgage note, financing agreement, mortgage and other related documents are sometimes collectively referred to as the “mortgage loan documents.”)

The mortgaged property is subject to affordable housing regulatory agreements that impose income restrictions on tenants of the mortgaged property. See **“GENERAL CHARACTERISTICS OF THE MORTGAGED PROPERTY—Affordable Housing Mortgage Loans”** for additional information about income restrictions on affordable housing.

The MBS certificates offered hereby will initially serve as collateral for \$\_\_\_\_\_ Multifamily Tax-Exempt Mortgage-backed Securities (M-TEMS) (Holly Park Apartments Project) Series 2017A (FN) (the “M-TEMS Certificates”) issued by Colorado Housing and Finance Authority (the “Issuer”) pursuant to and secured by an indenture of trust dated as of August 1, 2017 by and between the Issuer and U.S. Bank National Association, as trustee, and will be held as collateral for the M-TEMS Certificates. The mortgage loan documents provide that the mortgage loan is cross-defaulted with certain agreements relating to the M-TEMS Certificates entered into at the time of the issuance of the M-TEMS Certificates, including but not limited to the indenture authorizing the M-TEMS Certificates and any housing regulatory agreements that limit rents, impose income restrictions or otherwise restrict the use of the property.

Because the mortgage loan documents provide that the mortgage loan is cross-defaulted with certain of the agreements relating to the M-TEMS Certificates, a default under any of the cross-defaulted documents may trigger an event of default on the mortgage loan. Accordingly, if Fannie Mae accelerates the mortgage loan as a result of any event of default under the mortgage loan, the mortgage loan will be paid in full, and the stated principal balance of the certificates will be passed through to the holder of the certificates. In this case, no yield maintenance or other prepayment premiums will be payable to the holder of the certificates.

In all cases, if the borrower voluntarily prepays the mortgage loan at any time, yield maintenance or other prepayment premiums will be payable as set forth under **“GENERAL CHARACTERISTICS OF THE MORTGAGE LOAN—Voluntary Prepayment of the Mortgage Loan.”**

### **UPDATES TO DISCLOSURE**

Interest on multifamily mortgage loans backing MBS pools is calculated using either the 30/360 method or the actual/360 method. See **“THE MORTGAGE LOANS—General Characteristics of Multifamily Mortgage Loans—Method for Calculating Interest”** in the Multifamily MBS Prospectus. For pools backed by mortgage loans using the actual/360 method, in the past we converted the actual/360 pass-through rates into the equivalent 30/360 pass-through rates and disclosed the converted 30/360 pass-through rates on the Trading Factor File. In addition, we included a banner on MFSLS and PoolTalk™ describing this calculation.

Beginning with pools issued on March 1, 2017, we began disclosing the actual/360 pass-through rates on the monthly disclosure files including the Trading Factor File, removed references to 30/360 and Actual/360 in MFSLS and PoolTalk™, and removed the MFSLS banners. The pass-through rates for pools backed by loans using the 30/360 method will continue to be disclosed as 30/360 values.

## THE SCHEDULE OF POOL AND LOAN INFORMATION

The Prospectus Supplement for the pool has two parts: this Prospectus Supplement Narrative and a Schedule of Pool and Loan Information. The Schedule of Pool and Loan Information includes a page entitled “Pool Statistics (As of Issue Date)” that provides certain information about the pool and the certificates and a separate “Multifamily Schedule of Loan Information” that provides certain information about the mortgage loan and the mortgaged property.

Terms that are used but not defined in this Prospectus Supplement Narrative or in the Schedule of Pool and Loan Information are defined in the Multifamily MBS Prospectus. Certain terms may be defined differently because the mortgage loan is an affordable housing loan. See “**THE MULTIFAMILY MORTGAGE LOANS—Defined Terms—General Definitions**” and “**—Affordable Housing Loans**” in the Multifamily MBS Prospectus.

As disclosed in “Prepayment Premium Option” on the Multifamily Schedule of Loan Information, the mortgage loan may be voluntarily prepaid. See “**VOLUNTARY PREPAYMENT OF THE MORTGAGE LOAN**” for further information.

## GENERAL CHARACTERISTICS OF THE MORTGAGE LOAN

The mortgage loan has the general characteristics specified below.

### **Underwriting**

The mortgage loan was originated generally to conform to our multifamily product line requirements as described in the Multifamily Selling and Servicing Guide. These requirements may change from time to time. See “**THE MULTIFAMILY MORTGAGE LOANS—DUS Loans—Standard DUS Loans—Underwriting and Servicing**” in the Multifamily MBS Prospectus.

### **Method for Calculation of Interest**

The mortgage loan has a fixed rate of interest throughout its term. Interest on the mortgage loan is calculated under the actual/360 method, disclosed as “Interest Accrual Method” on the Multifamily Schedule of Loan Information.

### **Payments, Amortization and Maturity Date**

The mortgage loan may require monthly payments of interest and principal throughout its term, or it may require monthly payments of interest only during all or a portion of its term. The amount of the monthly payment on the mortgage loan is calculated as follows:

**Full interest-only loan:** The mortgage loan requires payments of interest alone throughout its entire term. Each monthly payment equals an amount sufficient to pay all interest accruing on the mortgage loan. All unpaid principal is payable as a balloon payment due on the stated maturity date of the mortgage note together with any accrued interest.

**Partial interest-only loan:** The mortgage loan requires payments of interest alone during the initial portion of its term that is disclosed as “Interest Only Term (Months)” on the Multifamily Schedule of Loan Information. The interest-only term began on the date the mortgage loan was originated and ends on the date disclosed as “Interest Only End Date” on the Multifamily Schedule of Loan Information.

During the interest-only term, each monthly payment equals an amount sufficient to pay all interest accruing on the mortgage loan. During the remaining term, each monthly payment equals an amount sufficient to pay all interest accruing on the mortgage loan and to amortize the outstanding principal balance over the original amortization term disclosed as “Original Amortization Term (Months)” on the Multifamily Schedule of Loan Information. All unpaid principal is payable as a balloon payment due on the stated maturity date of the mortgage note together with any accrued interest.



***Partially amortizing balloon loan:*** The mortgage loan requires payments of principal and interest throughout its entire term. Each monthly payment equals an amount sufficient to pay all interest accruing on the mortgage loan and to amortize the outstanding principal balance over the original amortization term disclosed as “Original Amortization Term (Months)” on the Multifamily Schedule of Loan Information. All unpaid principal is payable as a balloon payment due on the stated maturity date of the mortgage note together with any accrued interest.

***Fully amortizing loan:*** The mortgage loan requires payments of principal and interest throughout its entire term. Each monthly payment equals an amount sufficient to pay all interest accruing on the mortgage loan and to amortize the outstanding principal balance over the term of the loan. Any unpaid principal is payable on the stated maturity date of the mortgage note together with any accrued interest.

If interest on the mortgage loan is calculated using the actual/360 method, see “**THE MULTIFAMILY MORTGAGE LOANS—General Characteristics of Multifamily Mortgage Loans—Method for Calculating Interest**” in the Multifamily MBS Prospectus, which describes the amortization and balloon payments applicable to loans that use the actual/360 method to calculate interest.

### **Involuntary Prepayment of the Mortgage Loan**

Certain events may result in an involuntary partial prepayment of principal of the mortgage loan.

If casualty insurance proceeds or funds received in connection with a condemnation action affecting the mortgaged property are used to reduce the unpaid principal balance of the mortgage loan, the resulting reduction in the unpaid principal balance may result in certificateholders receiving an early prepayment of principal of the certificates. The borrower would not be required to pay a prepayment premium in this case.

Moreover, if proceeds from casualty insurance or condemnation are used to reduce the unpaid principal balance of the mortgage loan, the loan may permit or require reamortization of the remaining unpaid principal over an amortization period determined at the time of the reamortization. If a reamortization occurs, the amount of principal and interest paid by the borrower each month may be reduced, which may cause a corresponding reduction in the amount of principal and interest passed through to the certificateholders each month, affecting your yield.

If we reduce the unpaid principal balance of the mortgage loan by applying amounts paid by the borrower as interest or charges under the mortgage loan documents that are later determined to be greater than those permitted by applicable law, the resulting reduction in the unpaid principal balance may result in certificateholders receiving an early prepayment of principal of the certificates. The borrower would not be required to pay a prepayment premium in this case.

If we apply collateral or other security to reduce the unpaid principal balance of the mortgage loan, the resulting reduction in the unpaid principal balance may result in certificateholders receiving an early prepayment of principal of the certificates. The borrower would generally be required to pay a prepayment premium in this case. If we collect a prepayment premium when the mortgage loan is not in default, we will pass through your portion, if any, of the prepayment premium. **If we collect a prepayment premium when the mortgage loan is in default, we will not pass through any portion of the prepayment premium to certificateholders.**

For a discussion of reamortization, involuntary prepayments, and the application of proceeds and collateral, see “**YIELD, MATURITY AND PREPAYMENT CONSIDERATIONS—Maturity and Prepayment Considerations—Reamortization of Principal,**” “**—Prepayments of Multifamily Mortgage Loans—Proceeds of Casualty or Condemnation**” and “**—Proceeds from Other Collateral**” and “**—Defaults and Troubled Loans**” in the Multifamily MBS Prospectus.

### **VOLUNTARY PREPAYMENT OF THE MORTGAGE LOAN**

The borrower may voluntarily prepay the mortgage loan in full after giving the lender written notice of the proposed date of the prepayment (the “intended prepayment date”). If the borrower meets the other conditions required by the mortgage loan documents, the borrower may voluntarily prepay the mortgage loan by paying (i) the

amount of principal being prepaid, (ii) all accrued interest to the last calendar day of the month in which the prepayment occurs (the “last day of the month”), (iii) all other sums due to the lender at the time of the prepayment, and (iv) the prepayment premium calculated as described below. The mortgage loan prohibits voluntary partial prepayments at all times.

If we agree to accept a prepayment on any date other than the last day of the month, then, for all purposes (including the accrual of interest and the calculation of the prepayment premium), we deem the prepayment to have been received on the last day of the month, and any prepayment calculation will include interest through the last day of the month in which the prepayment occurs.

### **Prepayment Premiums**

A prepayment premium is payable if the mortgage loan is voluntarily prepaid during one or more specified periods. The prepayment premium may include a yield maintenance premium, a fixed percentage premium, and/or a declining percentage premium.

#### ***Yield Maintenance Prepayment Premiums***

If the prepayment premium includes a yield maintenance premium, the borrower is required to pay the yield maintenance prepayment premium during the period of time (the “yield maintenance period”) disclosed as “Prepayment Premium Term (Months)” on the Multifamily Schedule of Loan Information, which began on the date the mortgage loan was originated and ends on the day before the date specified in the mortgage note (the “yield maintenance end date”) and disclosed as the “Prepayment Premium End Date” on the Multifamily Schedule of Loan Information.

#### ***Calculation of Total Yield Maintenance Prepayment Premiums***

If the borrower voluntarily prepays the mortgage loan before the yield maintenance end date, the yield maintenance prepayment premium equals the **greater** of (a) or (b):

(a) **1% of the amount of principal being prepaid;**

**or**

(b) **the product of the following:**

**(Amount of principal being prepaid) \* (Loan Interest Rate – CMT Yield Rate) \* (Present Value Factor)**

#### **Defined terms:**

***CMT Yield Rate*** the U.S. Treasury constant maturity yield rate (as defined below as “**r**” for use in calculating the **Present Value Factor**) on the 25<sup>th</sup> business day before (A) the intended prepayment date, or (B) the date the lender accelerates the mortgage loan or otherwise accepts a prepayment due to a default under the mortgage note.

***Present Value Factor:*** the result of the following formula:

$$\frac{1 - (1 + r)^{(-n/12)}}{r}$$

[**r** = the yield calculated by interpolating the yields for the immediately longer and shorter term U.S. “Treasury constant maturities” (as published by the Federal Reserve Board in the Federal Reserve Statistical Release: H.15 (519) Selected Interest Rates (the “Fed

Release”) under the heading “U.S. government securities”) closest to the remaining term of the yield maintenance period, as follows (rounded to three decimal places):

$$\frac{(a - b)}{(x - y)} \times (z - y) + b$$

- a* = the yield for the longer U.S. Treasury constant maturity
- b* = the yield for the shorter U.S. Treasury constant maturity
- x* = the term of the longer U.S. Treasury constant maturity
- y* = the term of the shorter U.S. Treasury constant maturity
- z* = “*n*” (as defined for use in calculating the ***Present Value Factor***) divided by 12.

Notwithstanding the foregoing, if “*z*” equals a term reported under the U.S. “Treasury constant maturities” subheading in the Fed Release, the yield for that term will be used, and interpolation will not be necessary.

- n* = the number of months remaining between (A) either of the following: (1) in the case of a voluntary prepayment, the last day of the month during which the voluntary prepayment is made, or (2) in any other case, the date on which the lender accelerates the unpaid principal balance of the mortgage note, and (B) the yield maintenance end date]

If publication of the Fed Release is discontinued by the Federal Reserve Board, we will determine the yield rate from another source that we select.

The borrower must pay a yield maintenance prepayment premium equal to the **greater** of the amount calculated in clause (a) or clause (b). Thus, even if clause (b) results in an amount *less* than 1% of the amount of principal being prepaid, clause (a) still requires the borrower to pay an amount *equal to* 1% of the amount of principal being prepaid. In our sole discretion, we may permit the borrower to pay a yield maintenance prepayment premium equal to the lesser amount calculated in clause (b).

**A PORTION OF ANY YIELD MAINTENANCE PREPAYMENT PREMIUM COLLECTED BY US WILL BE PASSED THROUGH TO CERTIFICATEHOLDERS UNDER THE CONDITIONS SET FORTH IN THIS PROSPECTUS SUPPLEMENT NARRATIVE AND IN THE MULTIFAMILY MBS PROSPECTUS.** See the section of the Multifamily MBS Prospectus entitled “**YIELD, MATURITY AND PREPAYMENT CONSIDERATIONS—Maturity and Prepayment Considerations**” for a discussion of voluntary and involuntary prepayments and the circumstances under which prepayment premiums may be imposed or waived. See also “—*Calculation of Certificateholders’ Share of Yield Maintenance Prepayment Premiums*” below.

**We do not guarantee to the trust the payment of any prepayment premiums.**

*Calculation of Certificateholders’ Share of Yield Maintenance Prepayment Premiums*

If the borrower voluntarily prepays the mortgage loan before the yield maintenance end date, we will determine whether certificateholders will receive a portion of the yield maintenance prepayment premium actually received by us from the servicer of the prepaid loan as follows:

- *First*, we will calculate the total yield maintenance prepayment premium due (the “total premium due”) under each of clause (a) and clause (b) of the formula above, calculate the share of the total premium due that will be retained by us (“our portion”), and determine the actual amount of premium collected from the borrower (the “total premium collected”).

- *Second*, whether the total premium due is the amount calculated under clause (a) or the amount calculated under clause (b), the maximum share of the total premium due that will be passed through to certificateholders (“your portion”) will equal the following:

*(Amount of principal being prepaid) \* (Pass-Through Rate – CMT Yield Rate) \* (Present Value Factor)*

- *Third*, if calculating your portion results in a positive value, we will subtract our portion from the total premium collected and will pass through your portion but only to the extent of the total premium collected that remains after we have deducted our portion. **If the calculation of your portion results in a negative value, we will not pass through any portion of the total premium collected.**

#### ***Prepayment Premiums Payable After Yield Maintenance Period***

The terms of any prepayment premium payable upon a voluntary prepayment of the mortgage loan after the yield maintenance end date are set forth in the mortgage loan documents.

### **GENERAL CHARACTERISTICS OF THE MORTGAGED PROPERTY**

The mortgaged property is a multifamily property that contains at least five residential units. The “Collateral Information” page of the Multifamily Schedule of Loan Information discloses information about the mortgaged property. Earthquake insurance is required if a mortgaged property in a seismically active area presents one or more of the structural risk factors specified in the Multifamily Selling and Servicing Guide. Flood insurance is required if a mortgaged property is located in a Special Flood Hazard Area as designated by the Federal Emergency Management Agency.

#### **Affordable Housing Mortgage Loans**

Affordable housing loans result from efforts made to promote affordable housing. The Multifamily Schedule of Loan Information discloses that the mortgage loan in the pool is a multifamily affordable housing loan. As a result, the mortgaged property is encumbered by housing regulatory agreements that limit rents, impose income limits on tenants or otherwise restrict the use of the property. See “**RISK FACTORS—RISKS RELATING TO YIELD AND PREPAYMENT—Affordable Housing Mortgage Loans**” in the Multifamily MBS Prospectus for a discussion of the possible effect on the mortgage loan of the borrower’s noncompliance with required limitations or restrictions.

The Multifamily Schedule of Loan Information discloses the type of affordable housing property securing the mortgage loan, the percentage of units that are restricted to tenants with annual household incomes equal to the specified percentages of the area median income, and the total percentage of units that require tenants to meet specified household income requirements. This total includes not only the units subject to the household income requirements specified above but also any units subject to higher household income requirements. For further information, see “**THE MULTIFAMILY MORTGAGE LOANS—Affordable Housing Loans**” in the Multifamily MBS Prospectus.

### **UPDATES TO PROSPECTUS**

The following sections replace the indicated portions of the Multifamily MBS Prospectus. Except as modified below, the contents of the Multifamily MBS Prospectus remain unchanged.

#### **Casualty and Condemnation**

The following section replaces in its entirety the section of the Multifamily MBS Prospectus entitled “**YIELD, MATURITY AND PREPAYMENT CONSIDERATIONS—Maturity and Prepayment Considerations—Prepayments of Multifamily Mortgage Loans—Proceeds of Casualty or Condemnation.**”

### *“Proceeds of Casualty or Condemnation Action*

A multifamily mortgage loan may experience an involuntary prepayment, which is the early receipt of all or a portion of the principal of a loan other than as a result of a voluntary prepayment by the borrower or a default on the loan. Many multifamily mortgage loans do not require a borrower to pay a prepayment premium if an involuntary prepayment results from the receipt of casualty insurance proceeds or amounts received in connection with a condemnation action affecting the related mortgaged property.

**Proceeds from Casualty Insurance.** Casualty insurance proceeds generally are not applied against the unpaid principal balance of the related mortgage loan. Instead, these proceeds generally are used to restore or repair the mortgaged property (as long as the mortgage loan is not then in material default) and are not passed through to certificateholders. All or part of the proceeds, however, may be applied against the unpaid principal balance if permitted by the mortgage loan documents. In that case, there will be a full or partial prepayment of principal to certificateholders.

**Proceeds from Condemnation Action.** A condemnation action is any action or proceeding relating to any condemnation, or other taking or conveyance in lieu of a taking, of all or a portion of a mortgaged property. Amounts received in connection with a condemnation action (“condemnation proceeds”) generally are applied against the unpaid principal balance of the related mortgage loan (as long as the loan is not then in material default). If the mortgaged property was affected by the condemnation but continues to operate, all or part of the condemnation proceeds may be used to repair or restore the mortgaged property if that use is permitted by the mortgage loan documents. If condemnation proceeds are applied against the unpaid principal balance, there will be a full or partial prepayment of principal to certificateholders.

Notwithstanding the foregoing, in some cases, we may permit small amounts of casualty insurance proceeds or condemnation proceeds to be paid directly to a borrower. In addition, if a substantial casualty or condemnation action causes a mortgaged property to become unusable, and if the related casualty or condemnation proceeds are sufficient to repay most but not all of the mortgage loan, the borrower may be permitted to prepay the remaining principal without being required to pay a prepayment premium.”

### **Split or Bifurcated Loans**

The following section replaces in its entirety the section of the Multifamily MBS Prospectus entitled “**YIELD, MATURITY AND PREPAYMENT CONSIDERATIONS—Maturity and Prepayment Considerations—*Prepayments of Multifamily Mortgage Loans—Split or Bifurcated Loans.***”

#### *“Split or Bifurcated Loans*

A transaction may be structured as a split loan or a bifurcated loan.

**Split Loans.** A split loan consists of two separate mortgage loans, a senior mortgage loan and a junior mortgage loan, that are underwritten concurrently as a single credit but documented as two separate loans (i.e., separate loan agreements, mortgage notes, and security instruments). Each mortgage loan in a split loan structure may have different loan terms (e.g., maturity date, required prepayment premium), allowing the borrower to pay off a portion of the total debt during the term of the split loan transaction.

**Bifurcated Loans.** A bifurcated loan consists of a single mortgage loan where the aggregate amount of the debt is divided between two separate mortgage notes that have the same (i.e., *pari passu*) payment priority. Each mortgage note is secured by the same security instrument on the same collateral, including the mortgaged property. Each mortgage loan in a bifurcated loan structure may have different loan terms (e.g., maturity date, required prepayment premium), allowing the borrower to pay off a portion of the total debt during the term of the bifurcated loan transaction.”

## **Soft Financing**

The following section replaces in its entirety the section of the Multifamily MBS Prospectus entitled “YIELD, MATURITY AND PREPAYMENT CONSIDERATIONS—Maturity and Prepayment Considerations—Existing and Future Additional Mortgage Liens—Soft Financing Mortgage Liens”:

### *“Soft Financing Mortgage Liens*

Multifamily affordable housing properties often have existing financing in the form of a mortgage loan made to the borrower by a government agency or organization to promote affordable housing. See “**THE MULTIFAMILY MORTGAGE LOANS—Affordable Housing Loans**” for a discussion of multifamily affordable housing loans. The mortgage loan is generally secured by a mortgage on the mortgaged property that is subordinate to the mortgage securing the mortgage.

When a mortgage loan is delivered to us and the related mortgaged property also secures a subordinate mortgage loan initially characterized as soft financing, we review the subordinate mortgage loan to determine if it is likely to have any material adverse effect on the cash flow of the mortgaged property. If we conclude that the subordinate mortgage loan is unlikely to have such an effect, we consider it to be soft financing and typically do not provide disclosure about it or include its terms in calculating the loan-to-value and debt service coverage ratios disclosed for the mortgage loan in the pool.

“Soft” financing generally has more than one of the following characteristics:

- The interest rate on the subordinate mortgage loan is nominal (1% or 2%, for example), or no interest is charged.
- Interest on the subordinate mortgage loan is payable only from surplus, available or excess cash flow from the mortgaged property. (While the definition of surplus, available or excess cash flow (“surplus cash flow”) varies among transactions, it is generally cash flow that remains after paying debt service on the mortgage loan in the trust and operating expenses of the mortgaged property.)
- Unpaid interest on the subordinate mortgage loan either does not accrue or accrues but is still payable only to the extent there is surplus cash flow from the mortgaged property.
- No principal payments are required over the term of the subordinate mortgage loan, or principal payments are payable only from surplus cash flow from the mortgaged property and are not intended to fully amortize the subordinate mortgage loan over its term.
- Failure to make an interest or principal payment due to a lack of surplus cash flow is not a default under the subordinate mortgage loan.
- The term of the subordinate mortgage loan is longer than the term of the mortgage loan in the pool.
- The subordinate mortgage loan is forgiven over time or at its maturity date, or the subordinate mortgage loan is due only upon a sale of the mortgaged property.

Defaults under soft financing loans generally result from a borrower’s failure to comply with the occupancy restrictions imposed on the mortgaged property. See “**RISK FACTORS—RISKS RELATED TO YIELD AND PREPAYMENT—Affordable Housing Mortgage Loans**” for a discussion of defaults.

While soft financing is most commonly seen in connection with multifamily affordable housing loans, soft financing may be present in connection with multifamily mortgage loans that are not multifamily affordable loans.”

## CREDIT RISK RETENTION

The certificates satisfy the requirements of the Credit Risk Retention Rule (12 C.F.R. Part 1234) jointly promulgated by the Federal Housing Finance Agency, the Securities and Exchange Commission and several other federal agencies. In accordance with 12 C.F.R. 1234.8(a), (i) the certificates are fully guaranteed as to timely payment of principal and interest by Fannie Mae and (ii) Fannie Mae is operating under the conservatorship of the Federal Housing Finance Agency with capital support from the United States.

## MATERIAL FEDERAL INCOME TAX CONSEQUENCES

The certificates and payments on the certificates generally are subject to taxation. Therefore, you should consider the tax consequences of holding a certificate before acquiring one. See “**MATERIAL FEDERAL INCOME TAX CONSEQUENCES**” in the Multifamily MBS Prospectus for a discussion of the tax consequences of the purchase, ownership and disposition of the certificates.

## ADDITIONAL INFORMATION ABOUT THIS PROSPECTUS SUPPLEMENT

The disclosure documents for this issuance of certificates are the Multifamily MBS Prospectus and this Prospectus Supplement (which includes this Prospectus Supplement Narrative and the Schedule of Pool and Loan Information), together with any information incorporated into these documents by reference. **In deciding whether to purchase this issuance of certificates in an initial offering, you should rely ONLY on the information in the Multifamily MBS Prospectus, this Prospectus Supplement and any information that we have otherwise incorporated into these documents by reference. We take no responsibility for any unauthorized information or representation.**

You may obtain copies of the Multifamily MBS Prospectus and this Prospectus Supplement by visiting our Web site at [www.fanniemae.com](http://www.fanniemae.com), by calling Fannie Mae at 1-800-2FANNIE (1-800-232-6643), option 2, or by writing to Fannie Mae, Attention: Fixed-Income Securities, 3900 Wisconsin Avenue, NW, Area 2H-3S, Washington, DC 20016. The Prospectus Supplement is typically available on the second business day before the settlement date of the issuance of certificates. We also provide corrections and periodic disclosure regarding mortgage loans and pools through our Multifamily Securities Locator Service™ application or other locations on our Web site. We are providing our Internet address solely for your information. Unless otherwise stated, information appearing on our Web site is not incorporated into any prospectus supplement.

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**APPENDIX I**  
**PRELIMINARY SUPPLEMENT TO DISCLOSURE STATEMENT\***  
**DATED AUGUST 10, 2017**

relating to

**Colorado Housing and Finance Authority**  
**Multifamily Tax Exempt Mortgage-backed Securities**  
**(M-TEMS) (Holly Park Apartments Project) Series 2017A (FN)**

*General.* Capitalized terms used in this Supplement have the meanings given to such terms in the Disclosure Statement referred to above. On August \_\_, 2017, Colorado Housing and Finance Authority (the “Issuer”), the Borrower (as defined below) and Stifel, Nicolaus & Company, Incorporated (the “Original Purchaser”) entered into a Transaction for the delivery of the above-captioned certificates (the “Certificates”) with the following terms and characteristics:

The Borrower: The Borrower is MHMP 12 Holly Park East and West LP, a Colorado limited partnership (the “Borrower”). The Borrower is a single purpose entity formed to acquire, rehabilitate and operate the Project. The Borrower’s general partner is MHMP 12 Holly Park East and West GP LLC, a Colorado limited liability company (the “General Partner”).

The Project: Holly Park Apartments, a 168-unit residential rental housing facility consisting of 14 three-story residential building and 342 parking spaces for tenant use in Commerce City, Colorado with the following address: 5524 East 60th Avenue, Commerce City Colorado 80022 (the “Project”).

Tax Credits: Simultaneously with the issuance of the Certificates, the Borrower expects to admit NAHT Strong Families Fund 2015, Limited Partnership, a Delaware limited partnership (the “Limited Partner”), to the Borrower as a limited partner with a 99.99% limited partner ownership interest in the Borrower. The funding of the federal low income housing tax credit equity by the Limited Partner is expected to total approximately \$14,168,464. The funding levels and the timing of the funding are subject to numerous adjustments and conditions that could result in the amounts funded and/or the timing or even occurrence of the funding varying significantly from the projections set forth above and no representation is made as to the availability of such funds.

The Contractor: The general contractor for the project is expected to be Interstate Restoration, LLC (the “General Contractor”). Based out of Fort Worth, Texas, the General Contractor was formed in 2007 and is a Colorado licensed contractor. Since inception, the General Contractor has rehabilitated over 15,000 units with contracts totaling over \$800 million. The General Contractor currently has projects under construction with a value of over \$90 million. This presently includes 300 units of rehabilitation. The General Contractor has a single bonding capacity of \$25 million and an aggregate bonding program of \$35 million.

Property Management: Mercy Housing Management Group, Inc. (the “Property Manager”) will manage the Project following the acquisition and rehabilitation of the Project by the Borrower. The Property Manager presently manages approximately 16,000 affordable housing units in 19 states, including Arizona, California, Colorado, Georgia, Idaho, Illinois, Iowa, Kansas, Kentucky, Mississippi, Missouri, Nebraska, North Carolina, Ohio, South Carolina, Tennessee, Utah, Wisconsin, and Washington. The Property Manager has 34 years of experience managing affordable housing supported by various federal, state and local subsidies including HUD, tax-exempt obligations and federal low income housing tax credits.

20 Year HAP Contract for 99.4% (167 units) of Project Rental Units. Pursuant to the provisions of Section 8 of the United States Housing Act of 1937, as amended (the “U.S. Housing Act”), the United States of America acting through the Department of Housing and Urban Development (“HUD”) and/or various contract administrators (the “Administrators”) has entered into Housing Assistance Payments Contract (the “HAP Contract”) with the seller of the Project, which will be assigned to the Borrower upon receiving the consent to such assignment from HUD in

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\* Preliminary, subject to change.



connection with the closing of the Certificates. Subject to the terms of the HAP Contract, the Borrower is entitled to receive certain payments from HUD (“HAP Payments”) with respect to substantially all of the Project units (the “Section 8 Units”) occupied by low-income families eligible to receive rental assistance under Section 8 of the U.S. Housing Act.

The amount of the HAP Payment equals the difference between (a) rents permitted by the HAP Contract (“Contract Rents”) for Section 8 Units and (b) that portion of the rent paid by tenants, up to the maximum aggregate annual amount established by the HAP Contract (which amount may be exceeded under certain circumstances and may be increased or decreased by HUD pursuant to the HAP Contract). The tenant-paid portion of Contract Rents is limited to 30% of the tenant’s adjusted gross income. Contract Rents are established by HUD and are adjusted at least annually.

The HAP Contract will have a term of twenty (20) years and is thus scheduled to expire after the maturity of the Certificates or earlier upon the Borrower’s default under the HAP Contracts. Contract Rents are subject to annual appropriation from the United States Congress. Any failure to so appropriate or upon early termination of the HAP Contract due to a default by the Borrower thereunder could result in a significant reduction in revenue for the Project and a default under the Mortgage Loan that could result in an acceleration of the MBS and prepayment of the Certificates at par with no prepayment premium.

Continuing Disclosure. The Borrower shall, or shall cause the Dissemination Agent to, not later than six months after the end of the Borrower’s fiscal year, commencing with a report for the fiscal year ending December 31, 2017, provide to the Municipal Securities Rulemaking Board (the “MSRB”) an Annual Report which is consistent with the requirements of Section 4 of the Continuing Disclosure Agreement.

#### **No Acceleration or Early Redemption Upon Loss of Tax Exemption on the Certificates**

The Borrower has covenanted and agreed, pursuant to, among other documents, the Regulatory Agreement and Declaration of Restrictive Covenants dated as of August 1, 2017 between the Issuer and the Borrower (the “Regulatory Agreement”), to comply with the provisions of the Code relating to the exclusion from gross income for federal income tax purposes of the interest payable on the Certificates. In particular, the Borrower is required to rent at least forty percent (40%) of the Project apartment units to certain qualified tenants whose income does not exceed sixty percent (60%) of the area average median income where the Project is located. Under the Regulatory Agreement (Extended Use Agreement) dated as of the Settlement Date between the Issuer and the Borrower (the “Tax Credit Regulatory Agreement”), the Borrower has agreed to rent 149 of the Project apartment units to certain qualified tenants whose income does not exceed 50% of the average median income where the Project is located and 19 of the Project apartment units to certain qualified tenants whose income does not exceed 60% of the average median income where the Project is located during the tax credit period. The Borrower’s failure to comply with such provisions will not constitute a default under the Mortgage Loan and will not give rise to a redemption or acceleration of the Certificates and is not the basis for an increase in the rate of interest payable on the Certificates, nor will the Borrower’s failure to comply with the Regulatory Agreement give rise to a prepayment or acceleration of amounts due under the MBS, unless directed by Fannie Mae in its sole discretion. Consequently, interest on the Certificates may become includable in gross income for purposes of federal income taxation retroactive to the date of issuance of the Certificates by reason of the Borrower’s failure to comply with the requirements of federal tax law, and there is no assurance that either the Issuer, the Trustee or the Certificate holders will have remedies available to them to mitigate the adverse economic effects to the Certificate holders of such inclusion by reason of the Borrower’s noncompliance.

#### **No Exchange of Certificates for MBS Until Project Placed in Service**

The Project is a low income housing tax credit project and the Certificates must remain outstanding until the Project is placed in service for the Project to qualify for low income housing tax credits under Section 42 of the Code. Therefore a beneficial owner of the Certificates may not exchange its Certificates for a proportionate share of the underlying MBS until the Trustee has received a certificate of completion of the improvements to the Project that will qualify the Project as placed in service for tax credit purposes. The Project is expected to be placed in service no later than September 30, 2018.

**Payment for the Project**

The estimated Project cost is approximately \$45,300,000. The purchase price for the Project will be satisfied with the proceeds of the Mortgage Loan and equity contribution from the Borrower from various sources. An amount equal to the payment of interest accrued on the Certificates to the Initial Mandatory Redemption Date (as such date may be extended under the Indenture) will be funded from Mortgage Loan proceeds and deposited under the Indenture and applied to the payment of interest which will become due on the Certificates on the Mandatory Redemption Date, if applicable.

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**Term Sheet\***

**\$15,314,000\***  
**SETTLEMENT DATE August 15, 2017 estimated**  
**Multifamily Tax-Exempt Mortgage-backed Securities (M-TEMS) (Holly Park Apartments Project) Series 2017A (FN)**

**FANNIE MAE MULTIFAMILY POOL NUMBER \_\_\_\_\_**  
**CUSIP \_\_\_\_\_**

**POOL STATISTICS (AS OF SETTLEMENT DATE)**

<b>TAX-EXEMPT M-TEMS ISSUE INFORMATION</b>	
<i>(Information provided by Issuer for this Supplement to Disclosure Statement)</i>	
M-TEMS ISSUER NAME	Colorado Housing and Finance Authority ("CHFA")
M-TEMS ISSUE SERIES	Multifamily Tax-Exempt Mortgage-backed Securities (M-TEMS) (Holly Park Apartments Project) Series 2017A (FN)
M-TEMS ISSUE PAR	\$15,314,000
M-TEMS CERTIFICATE DATED DATE	August 1, 2017
M-TEMS CERTIFICATE MATURITY DATE	September 1, 2035, estimated
M-TEMS ISSUE TAX STATUS	Excludable from gross income for federal tax purposes and state tax purposes, and not an item of tax preference for Federal AMT. See "TAX MATTERS" in the Disclosure Statement.
M-TEMS ISSUE CUSIP	To Be Determined ("TBD")
COLLATERAL FOR THE M-TEMS ISSUE	Fannie Mae DUS MBS (see pool info below)
M-TEMS ISSUE CREDIT RATING	S&P "AA+", expected
M-TEMS SETTLEMENT DATE	August 15, 2017 estimated
M-TEMS PAYMENT DATES	One business day later than payment on underlying Fannie Mae MBS <sup>1</sup>
M-TEMS FIRST PAYMENT DATE	September 26, 2017, estimated
M-TEMS FINAL PAYMENT DATE	September 26, 2035, estimated
ALL OTHER M-TEMS ISSUE TERMS	Same as underlying MBS
M-TEMS PREPAYMENT TERMS	Par call if MBS not delivered by M-TEMS Initial Mandatory Redemption Date thereafter same as underlying MBS

\* Preliminary, subject to change.

<sup>1</sup> There shall be no further accrual of interest from the M-TEMS Certificate Maturity Date to the M-TEMS Final Payment Date. Because of this lag in payment of principal and interest inherent in the payment terms of the M-TEMS Certificate and the one Business Day lag in payment, the effective yield on the Certificates will be lower than the M-TEMS Net Pass-Through Rate on the M-TEMS Certificate.

M-TEMS NET PASS THROUGH RATE	TBD
M-TEMS OFFERING PRICE	100%
M-TEMS ORIGINAL PURCHASER COMPENSATION	\$ _____
M-TEMS ORIGINAL PURCHASER	Stifel, Nicolaus & Company, Incorporated
M-TEMS INITIAL MANDATORY REDEMPTION	The date on which the M-TEMS will be redeemed at par plus accrued interest if the MBS is not delivered to the Trustee by one day before the INITIAL M-TEMS MANDATORY REDEMPTION DATE, as may be extended under the Indenture
M-TEMS EXCHANGE FEATURE	The holder of an M-TEMS certificate has the option of requesting that their M-TEMS Certificates be exchanged for a like amount of the par amount of the MBS upon five days' notice after the Property has been placed in service for low income housing tax credit purposes estimated to be 24 months. CHFA has the option of honoring the exchange request or instead paying the holder a cash value amount equal to the par amount outstanding of the M-TEMs plus a redemption premium starting at 5% par amount outstanding for the first five years after Settlement declining at 1% a year thereafter plus a portion of the holder's initial premium paid (if any) which declines over time.
M-TEMS INITIAL MANDATORY REDEMPTION DATE	60 days after M-TEMS Settlement Date, which may be extended in accordance with terms of the Indenture, but in no event later than two years after the M-TEMS Settlement Date (the "Final Mandatory Redemption Date")
M-TEMS TRUSTEE	U.S. Bank National Association
M-TEMS REMAINING TERM TO MATURITY (MONTHS)	216 months, plus, if the Settlement Date occurs other than on the first day of the month, the number of days from the Settlement Date to the last day of the month in which the Settlement Date occurs.
<b>UNDERLYING FANNIE MAE POOL STATISTICS (AS OF ISSUE DATE)</b> <i>(Information provided by Lender for this Supplement to Disclosure Statement)</i>	
NOTE RATE	TBD
ISSUANCE PASS-THROUGH RATE	TBD
POOL ISSUANCE UPB	TBD
POOL MATURITY DATE	September 1, 2035, estimated
REMAINING TERM TO MATURITY (MONTHS)	216
NUMBER OF LOANS	1
POOL SETTLEMENT DATE	September 15, 2017, estimated
POOL SECURITY FUNDS TRANSFER TYPE	Fed Wire
TRANSACTION TYPE	DUS
POOL FIRST PAYMENT DATE	October 25, 2017, estimated
POOL FINAL PAYMENT DATE	September 25, 2035, estimated
SECURITY TYPE	MBS

SELLER NAME	Bellwether Enterprise Mortgage Investments, LLC
SERVICER NAME	Bellwether Enterprise Mortgage Investments, LLC
POOL NUMBER	TBD
% OF INITIAL POOL BALANCE	100%
<b>MULTIFAMILY SCHEDULE OF LOAN INFORMATION</b> <i>(Information provided by Lender for this Supplement to Disclosure Statement)</i>	
FANNIE MAE LOAN NUMBER	TBD
LOAN MATURITY DATE	September 1, 2035, estimated
TIER	2
TIER DROP ELIGIBLE	No
LIEN PRIORITY	First
MAXIMUM LTV	90%
MINIMUM DSCR	1.15x
BALLOON	Yes
OTHER DEBT	Yes, subordinate bonds that are not secured by the Project.
ORIGINAL NOTE RATE	TBD
ORIGINAL UPB	\$15,314,000
ISSUANCE UPB	\$15,314,000
PREPAYMENT PREMIUM OPTION	Yield Maintenance – CMT as defined in the Fannie Mae Multifamily MBS Prospectus
PREPAYMENT PREMIUM TERM (MONTHS)	210
PREPAYMENT PREMIUM END DATE	February 28, 2035, estimated
FIRST LOAN PAYMENT DATE	September 1, 2017
ORIGINAL AMORTIZATION TERM (MONTHS)	35 years (420 months)
INTEREST TYPE	Fixed
INTEREST ACCRUAL METHOD	Actual/360
INTEREST ONLY END DATE	None
INTEREST ONLY TERM (MONTHS)	None
NOTE DATE	August 15, 2017 estimated
LOAN PURPOSE	Refinance/Rehabilitation
<b>MULTIFAMILY SCHEDULE OF LOAN INFORMATION</b> <b>COLLATERAL INFORMATION</b> <i>(Information provided by Lender for this Supplement to Disclosure Statement)</i>	
PROPERTY NAME	Holly Park
PROPERTY STREET ADDRESS:LINE 1	5524 East 60th Avenue
PROPERTY CITY	Commerce City
PROPERTY STATE	Colorado
PROPERTY ZIP CODE	80022
MSA	Denver-Aurora-Lakewood, CO Metropolitan Statistical Area

YEAR BUILT	Holly Park East: 1968 Holly Park West: 1971
PHYSICAL OCCUPANCY	87.5% (as of 05/19/2017)
UNDERWRITTEN ECONOMIC OCCUPANCY	90%
PROPERTY TYPE	Multifamily
LAND OWNERSHIP RIGHTS	Fee Simple
SEISMIC RISK	The Project does not meet any Fannie Mae tests that require any mitigants for seismic risk.
TERRORISM INSURANCE COVERAGE	Terrorism Insurance is compliant with Fannie Mae Guidelines
TOTAL NUMBER OF UNITS	168 (Holly Park East: 72 units, Holly Park West: 96 units)
AFFORDABLE HOUSING TYPE	Low Income Housing Tax Credit ("LIHTC") (168 units); Project Based Section 8 HAP Contract (167 units)
TAXES CURRENTLY ESCROWED	Yes
PROPERTY OWNER	MHMP 12 Holly Park East and West LP
SPONSOR	Mercy Housing, Inc.
PROPERTY MANAGER	Mercy Housing Management Group Inc.
PROPERTY MANAGER EXPERIENCE	The Property Manager presently manages approximately 16,000 affordable housing units in 19 states, including Arizona, California, Colorado, Georgia, Idaho, Illinois, Iowa, Kansas, Kentucky, Mississippi, Missouri, Nebraska, North Carolina, Ohio, South Carolina, Tennessee, Utah, Wisconsin, and Washington. The Property Manager has 34 years of experience managing affordable housing supported by various federal, state and local subsidies including HUD, tax-exempt obligations and federal low income housing tax credits.
<b>MULTIFAMILY SCHEDULE OF LOAN INFORMATION</b>	
<b>CRA INFORMATION</b>	
<i>(Information provided by Lender for this Supplement to Disclosure Statement)</i>	
UNITS AT OR BELOW 50% OF MEDIAN INCOME	149
UNITS AT OR BELOW 60% OF MEDIAN INCOME	100% (168 units)
UNITS WITH INCOME OR RENT RESTRICTION %	100% (168 units)
AGE RESTRICTED INDICATOR	No
TAX ABATEMENT	No
TAX CREDIT INVESTOR	Initially NHT Equity, LLC and subsequently transferred to NAHT Strong Families Fund 2015, Limited Partnership
REGULATORY AGREEMENTS OVERSEER	CHFA
REGULATORY AGREEMENT SET-ASIDES	LIHTC – the Tax Credit Regulatory Agreement limits the tenants to 149 tenants whose income is at or below 50% or less of AMI and to 19 tenants whose income is at or below 60% of AMI for an initial 15 year compliance period and an additional 40 year compliance period.

	<p>Under the Regulatory Agreement the Borrower is required to rent at least 40% of the Project apartment units to certain qualified tenants whose income does not exceed 60% of the area AMI where the Project is located. Additionally, at least 75% of the completed units in the Project (including the 40% set aside units) shall be restricted to tenants whose income is at or below 100% AMI. 167 units will be under a 20 year Section 8 HAP Contract.</p> <p>Under the HUD Use Agreement, the Borrower is required to rent at least 71 units to very low income tenants (persons or families whose income are more than 50% AMI) and 1 non-revenue unit classified as very low income.</p> <p>Under the Retention, Recapture and Land Use Restriction Agreement, Commercial Federal Bank requires that 71 be rented to families whose annual income is 50% or less of AMI.</p>
<p>LIHTC LOW INCOME HOUSING TAX CREDIT ELIGIBILITY</p>	<p>The Project has applied for and received an allocation of 4% LIHTC in the State of Colorado which require the property to do a certain amount of rehabilitation and limits the income of the tenants to families making 60% or less of AMI. Under the Tax Credit Regulatory Agreement, the project must have tax exempt financing for over 50% of project cost in order to be eligible for LIHTC.</p>