

**S.E.C. RULE 15c2-12  
ANNUAL REPORT**

The California Housing Finance Agency (the "Issuer") hereby provides its annual report for the fiscal year ended **June 30, 2017** in connection with the following Bonds:

**Bond Issues:**

Affordable Multifamily Housing Revenue Bonds (the "Bonds")

2009 Series A-21 dated December 20, 2011

2009 Series A-22 dated December 20, 2011

**Annual Report:**

The Issuer's "Annual Report" (as defined in the Continuing Disclosure Agreement, dated December 1, 2009 with respect to the Bonds, hereinafter the "Disclosure Agreement") for the fiscal year ended **June 30, 2017** consists of information attached as required under the Annual Reports section of the Disclosure Agreement in compliance with S.E.C. Rule 15c2-12.

**Other Matters:**

This annual report is provided solely for purposes of the Disclosure Agreement. The filing of this report does not constitute or imply any representation (i) that all of the information provided is material to investors, (ii) regarding any other financial or operating information about the Issuer or the Bonds, or (iii) that no changes, circumstances or events have occurred since the end of the fiscal year to which this report relates (other than as contained in this report), or that no other information exists, which may have a bearing on the Issuer's financial condition, the security for the Bonds, or an investor's decision to buy, sell, or hold the Bonds. The information contained in this report has been obtained from sources that are believed to be reliable, but such information is not guaranteed as to accuracy or completeness. No statement in this annual report should be construed as a prediction or representation about future financial performance of the Issuer.

The information provided herein may relate to bonds or other obligations of the Issuer in addition to the ones listed above.

CALIFORNIA HOUSING FINANCE AGENCY

By:

Date: December 15, 2017

Timothy Hsu  
Director of Financing

The following information is being provided in accordance with the Continuing Disclosure Agreement for the bond issues mentioned below.

Affordable Multifamily Housing Revenue Bonds (the "Bonds")

2009 Series A-21

2009 Series A-22

The Issuer's Audited Financial Statements as of **June 30, 2017** are attached as **Appendix A**.

A description of all bonds issued by the Issuer and outstanding under the indenture as of **November 1, 2017** is attached as **Appendix B**. (Please note that this table does not include bonds with \$0 outstanding.)

Bond Reserve Account Balance as of **June 30, 2017** is **\$1,945,105.90**. No amounts on deposit in any Loan Reserve Accounts related to the Bonds.

A schedule of bond redemptions and the source of funds for such redemptions thru **November 1, 2017** is attached as **Appendix C**.

The status of the Indenture's Loan portfolio as of **September 30, 2017**, including the interest rates on the Loans, the principal amount of Loans to be made, purchased or otherwise acquired, including the type of such loans and the principal amount of the current Loan portfolio is attached as **Appendix D**.

There have been no principal prepayments as of **September 30, 2017**.

The status of the Indenture's Mortgage-Backed Securities portfolio as of **June 30, 2017**, including the interest rates on the Mortgage-Backed Securities and the principal amount of the current Mortgage-Backed Securities portfolio is attached as **Appendix E**.

There have been no foreclosures under this indenture. There are no loan delinquencies under this indenture as of **September 30, 2017**.

**CALIFORNIA HOUSING FINANCE FUND  
(California Housing Finance Agency –  
A Component Unit of the State of California)**

**AUDITED FINANCIAL STATEMENTS**

**YEARS ENDED JUNE 30, 2017 AND 2016**



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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
California Housing Finance Fund  
Sacramento, California

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the California Housing Finance Fund (the Fund), which is administered by the California Housing Finance Agency (the Agency), a component unit of the State of California which comprise the statements of net position as of June 30, 2017 and 2016, and the related statements of revenues, expenses and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

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

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

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

***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Fund as of June 30, 2017 and 2016, and the changes in financial position and cash flows for the period then ended in accordance with accounting principles generally accepted in the United States of America.

***Emphasis of Matter***

As discussed in Note 1, the financial statements present only the Fund and do not purport to, and do not, present fairly the financial position of the Agency as of June 30, 2017 and 2016, the changes in its financial position, or its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

***Other Matters***

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-14, Schedule of the Fund's Proportionate Share of the Net Pension Liability on page 57, and the Schedule of Fund Contribution on page 58 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Fund's basic financial statements. The combining program information is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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



Board of Directors  
California Housing Finance Fund

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 7, 2017, on our consideration of the Fund's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Fund's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

**CliftonLarsonAllen LLP**

Baltimore, Maryland  
November 7, 2017

## **CALIFORNIA HOUSING FINANCE FUND**

### **Management Discussion and Analysis (Unaudited)**

**June 30, 2017 and 2016**

#### **OVERVIEW OF THE FINANCIAL STATEMENTS**

Management of the California Housing Finance Agency is pleased to offer readers of the Agency's financial statements this narrative overview and analysis of its basic financial statements for the fiscal years ended June 30, 2017, 2016, with comparative data from the year ended June 30, 2015. Because the intent of this management discussion and analysis ("MD&A") is to look at financial performance as a whole, we suggest that the readers should review the MD&A section in conjunction with the Letter of Transmittal, the Agency's financial statements and notes to the financial statements to further enhance their understanding of the Agency's financial performance. The basic financial statements of California Housing Finance Fund ("Fund") have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP"). GAAP requires the inclusion of three basic financial statements: the statement of net position (balance sheet); the statement of revenues, expenses and changes in net position (income statement); and the statement of cash flows. These required statements offer short-term and long-term financial information about the Fund.

The following MD&A applies only to the activities of the Fund. Operations of the Fund include the issuance of Agency bonds and notes to fund loans to qualified borrowers for single family houses and multifamily developments. The drastic meltdown of the U.S. housing market created an environment of historically low mortgage rates to such a degree that the Fund cannot produce a competitive mortgage rate through the traditional tax-exempt bond market. The Agency issues its own bonds and uses other available monies to provide the funding for loan programs but only if it is determined to be the most economically feasible choice. Recent bond issuances have only been executed for refunding purposes in which the Agency reissues new debt at a lower coupon rate to refund the older, higher-interest debt. Any interest paid to bondholders is generally exempt from both state and federal tax; however, the Agency also issues federally-taxable bonds. The Agency is entirely self-funded and does not draw upon the general taxing authority of the State.

The multifamily conduit issuances of the Agency are designed to facilitate both for-profit and non-profit developers in accessing tax-exempt and taxable bonds for the financing of family and senior affordable and mixed-income housing developments. The goals of the program are to increase and preserve the supply of affordable rental housing, maintain a quality living environment, leverage private sector funds to the greatest extent possible, and to cooperate with local jurisdictions to advance affordable housing goals. Conduit issuances are limited obligations of the Agency, payable solely from the revenues and other funds and money pledged and assigned under the applicable indenture, series indenture, master pledge and assignment, or funding loan agreement. Neither the Agency or the State, nor any political subdivision thereof is obligated in any manner for repayment of the debt. Accordingly, these bonds and notes are not reported as liabilities in the Agency's financial statements. See Note 6 – Long and Short-term Liabilities – Bonds, Notes and Loans Payable and Associated Interest Rate Swaps for more information.

The financial statements present the totals of the programs and accounts of the Fund. The supplemental combining information of the Fund is organized by the following major categories: Homeownership Programs, Multifamily Rental Housing Programs, and Other Programs and Accounts. This supplemental information and additional information for specific programs and accounts is reported after the notes to the financial statements.

Historically, the Homeownership Programs provided low cost mortgage capital through the issuance of home mortgage revenue bonds to a network of approved lenders from whom the Fund purchases previously funded and closed loans secured by single family homes purchased by individual borrowers. Homeownership Programs only include the bond activities of Home Mortgage Revenue Bonds and Residential Mortgage Revenue Bonds. More recently, however, Homeownership Programs has achieved enormous success by participating in the To Be Announced ("TBA") Market Rate Program which does not require the issuance of bonds to fund single family loans. Therefore, the TBA Market Rate Program activities are not recorded within Homeownership Programs but within the Other Programs and Accounts category.

The Multifamily Rental Housing Programs are typically used to directly fund loans to developers and housing sponsors for the construction or acquisition of multifamily rental housing developments. Within the Multifamily Rental Housing Programs, only the bond activities of the Mortgage Loan Purchase Bonds, Multifamily Housing Revenue Bonds III, Affordable Multifamily Housing Revenue Bonds, Multifamily Residential Mortgage Revenue Bonds, and Multifamily Special/Limited Obligation Bonds are recorded. Historically, the Multifamily Housing Revenue Bonds III indenture has participated in the FHA-HFA Multifamily Risk-Sharing Program with the U.S. Department of Housing and Urban Development ("HUD"). This year, the Agency entered into an agreement with the Federal Financing Bank ("FFB") to provide capital for the multifamily loans under the FHA-HFA Multifamily Risk-Sharing Program at a reduced rate without having to issue multifamily housing revenue bonds for the

## Overview of Financial Statements (continued)

permanent loan. Therefore, this year's Multifamily Risk-Sharing Program activities with FFB are not recorded within Multifamily Programs but within the Other Programs and Accounts category.

The Other Programs and Accounts category includes all other non-bond related activities of the Fund. Within this category, the activities of Housing Assistance Trust ("HAT"), Contract Administration Programs ("CAP"), Federal Programs, Loan Servicing and other accounts are reported.

- HAT is a source of funding used to assist in the development of single and multifamily projects through various low-interest loan and technical assistance programs and support the Agency's business operations. Within HAT, the TBA Market Rate Program activities are being reported along with other remaining investments or loans from fully redeemed bond series or loans previously funded by HAT. The TBA Market Rate Program allows for the easy trade of eligible mortgage-backed securities ("MBS") while supporting well-priced, long-termed, fixed-rate mortgages with or without a subordinate loan. The TBA market allows for the sale of securities before they have been finalized or before the mortgages that back the securities have been identified. Because the loans can be sold to investors prior to being finalized, the TBA market allows lender to offer borrowers a predetermined interest rate or rate lock in advance of their loan closing. This protects the borrower from a rate increase while they finalize their loan. The TBA market ensures a steady supply of capital for long-term fixed rate mortgages because the program is viable for lenders, affordable to consumers and attractive for investors. Under the TBA Market Rate Program, there is no balance sheet risk as the Fund does not hold any whole loans mortgages under this program. Once the mortgages are pooled into an MBS, the Fund purchases the MBS pool, immediately sells them to investors that same day and records a gain on sale of securities for the transaction along with other revenues and expenses of the program. Additionally, the Agency uses a credit facility from the Federal Home Loan Bank of San Francisco to purchase a select portfolio of Fannie Mae and Ginnie Mae MBS composed of loans it has originated for low to moderate income homebuyers.
- Historically, CAP included various State-funded programs (Proposition 46 loan programs, Proposition 1C loan programs, Mental Health Services Act Housing Program ("MHSA"), Special Needs Housing Program ("SNHP") and HOME Tenant Based Rental Assistance ("HOME TBRA")), administered for the State or another State Department on a contract basis. Beginning July 1, 2016, only MHSA, SNHP and HOME TBRA remained under CAP. All other programs previously administered for the State were transferred out of the Fund to the State's Home Purchase Assistance Fund ("HPA") and are no longer reported by the Fund. The consolidation of multiple State loan programs into only one fund will help facilitate the operation of downpayment assistance programs in the future. The Agency will continue to perform the loan servicing on all loans transferred into HPA and continue as the administering agency for HPA.
- Federal Programs includes Section 8 Housing Assistance Program, Section 811 Supportive Housing for Person with Disabilities and National Foreclosure Mitigation Counseling Program, and HOME Tenant-Based Rental Assistance Program, a program administered in collaboration with the Department of Housing and Community Development.
- Other accounts maintained by the Agency provide security for the issuance of bonds, identify credit or loan agreements, emergency contingencies and report in-house loan servicing operations. Operating expenses of the Agency's loan and bond programs are paid from an Operating Account. The Agency's programs are operated to be self-supporting.

## FINANCIAL HIGHLIGHTS

- Effective July 1, 2016, per Senate Bill 837, various housing finance assistance programs previously administered by the Fund and reported under Contract Administration Programs, are no longer included in the financial reporting of the Fund. The bill transferred all obligated amounts for the programs discontinued by the bill, and any loan receivables, interest, or other amount accruing to the Agency pursuant to those programs to HPA. The effect of this transfer is explained throughout the MD&A and Notes to the Financial Statements.
- The assets and deferred outflows of resources of the Fund exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$1.4 billion (net position). The \$190.8 million decrease in net position was primarily due to the transfer out of \$374.4 million in assets and liabilities related to Senate Bill 837 offset by the changes in net position prior to the transfer which was \$150.2 million. A decrease in net position can indicate that the financial status of the Fund is deteriorating. However, this decrease in net position was a result of a legislative change and not a result of the financial operations of the Fund.

## **Financial Highlights (continued)**

- Total assets decreased by \$667.6 million to \$4.07 billion. The decrease was primarily due to the transfers of \$381 million in assets related to Senate Bill 837 and increased bond redemption activities. Total liabilities decreased by \$489.3 million to \$2.68 billion primarily as result of bond redemption activities offset by bond issuance activities.
- Operating income was \$110.2 million for FY 2017 compared to \$73.9 million for FY 2016, an increase of \$36.3 million which is primarily due to the \$54.2 million increase of realized gain on the sale of \$1.86 billion in Single Family MBS related to the TBA Market Rate Program and \$23.7 million decrease in program loans interest -net. See Condensed Schedule of Revenues, Expenses and Changes in Net Position for more information.
- The Fund's single family first loan portfolio was 10,842 loans as of June 30, 2017 compared to 12,423 loans as of June 30, 2016. Overall, the single family loan portfolio declined by 1,581 loans (or 12.7%). The overall delinquency ratio of the Fund's single family first loan portfolio improved and is 6.2% (670 delinquent loans) as of June 30, 2017. By comparison, the delinquency ratio for the Agency's single family portfolio was 6.6% (814 delinquent loans) as of June 30, 2016.

## **FINANCIAL ANALYSIS**

### **Statement of Net Position**

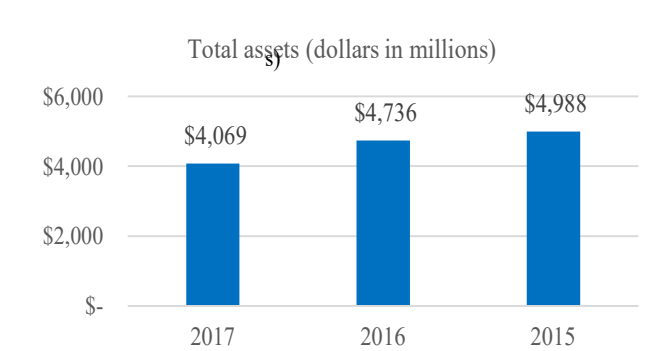
The Statement of Net Position can give readers a snapshot of the fiscal condition of the Fund as of a certain point in time as over time increases or decreases in the Fund's net position are one indicator of whether its financial status is improving, stable, or deteriorating. There are also other indicators that should be considered when reviewing the operational results of the Fund, such as changes in the interest rate environment, bond market, state and federal laws governing the Fund's programs, the tax code, and the real estate market in the State.

**Statement of Net Position (continued)**

Following is a comparison of the Fund's condensed Statement of Net Position as of June 30 (dollars in thousands):

	<b>Condensed Statement of Net Position</b>				
	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>\$ Change</b>	
	<b>2017/2016</b>	<b>2016/2015</b>			
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash and investments	\$ 1,089,121	\$ 1,304,336	\$ 1,180,663	\$ (215,215)	\$ 123,673
Program loans receivable-net	145,639	163,299	131,059	(17,660)	32,240
Other	49,635	68,559	80,408	(18,924)	(11,849)
<b>Total Current assets</b>	<b>1,284,395</b>	<b>1,536,194</b>	<b>1,392,130</b>	<b>(251,799)</b>	<b>144,064</b>
<b>Noncurrent Assets</b>					
Investments	277,722	247,183	288,083	30,539	(40,900)
Program loans receivable-net	2,500,208	2,944,550	3,292,045	(444,342)	(347,495)
Capital assets	652	587	754	65	(167)
Other noncurrent assets	5,652	7,680	14,944	(2,028)	(7,264)
<b>Total Noncurrent Assets</b>	<b>2,784,234</b>	<b>3,200,000</b>	<b>3,595,826</b>	<b>(415,766)</b>	<b>(395,826)</b>
<b>Total Assets</b>	<b>4,068,629</b>	<b>4,736,194</b>	<b>4,987,956</b>	<b>(667,565)</b>	<b>(251,762)</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred Outflows of Resources	25,123	37,995	28,302	(12,872)	9,693
<b>LIABILITIES</b>					
<b>Current Liabilities</b>					
Bonds payable-net	77,762	54,592	53,733	23,170	859
Notes payable	320	1,371	2,048	(1,051)	(677)
Loans payable	79,595	-	-	79,595	-
Other current liabilities	271,586	294,827	279,752	(23,241)	15,075
<b>Total current liabilities</b>	<b>429,263</b>	<b>350,790</b>	<b>335,533</b>	<b>78,473</b>	<b>14,398</b>
<b>Noncurrent Liabilities</b>					
Bonds payable-net	2,018,112	2,529,360	2,860,893	(511,248)	(331,533)
Notes payable	33,037	33,616	52,532	(579)	(18,916)
Other noncurrent liabilities	203,993	259,959	241,443	(55,966)	18,516
<b>Total Noncurrent Liabilities</b>	<b>2,255,142</b>	<b>2,822,935</b>	<b>3,154,868</b>	<b>(567,793)</b>	<b>(331,933)</b>
<b>Total Liabilities</b>	<b>2,684,405</b>	<b>3,173,725</b>	<b>3,490,401</b>	<b>(489,320)</b>	<b>(316,676)</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred Inflows of Resources	8,833	9,164	8,230	(331)	934
<b>NET POSITION</b>					
Net investment in capital assets	652	587	754	65	(167)
Restricted net position	1,399,862	1,590,713	1,516,873	(190,851)	73,840
<b>TOTAL NET POSITION</b>	<b>\$ 1,400,514</b>	<b>\$ 1,591,300</b>	<b>\$ 1,517,627</b>	<b>\$ (190,786)</b>	<b>\$ 73,673</b>

## Assets



Total assets were \$4.1 billion as of June 30, 2017 compared to \$4.7 billion as of June 30, 2016 and \$5 billion in as of June 30, 2015. This represents a decrease of \$667.6 million (or 14.1%) from the prior year and decrease of \$251.8 million (or 5.1%) from June 30, 2015 to June 30, 2016. The decrease in total assets is primarily due to the \$381 million transfer in assets related to Senate Bill 837 and an increase in bond redemption activities from the prior year.

Of the Fund's assets, 98.6% was cash and investments and program loans receivable.

The composition of cash and investments as of June 30 and the changes from the prior year are shown in the table below (dollars in thousands):

	<b>Cash and Investments</b>				
	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>\$ Change</b>	
				<b>2017/2016</b>	<b>2016/2015</b>
Cash	\$ 31,425	\$ 53,978	\$ 41,245	\$ (22,553)	\$ 12,733
Investment agreements	18,797	39,567	43,599	(20,770)	(4,032)
SMIF	1,025,428	1,192,972	1,077,656	(167,544)	115,316
Open Commercial Paper	13,471	17,819	18,163	(4,348)	(344)
Securities	277,722	247,183	288,083	30,539	(40,900)
Total Cash and Investments	<u>\$ 1,366,843</u>	<u>\$ 1,551,519</u>	<u>\$ 1,468,746</u>	<u>\$ (184,676)</u>	<u>\$ 82,773</u>

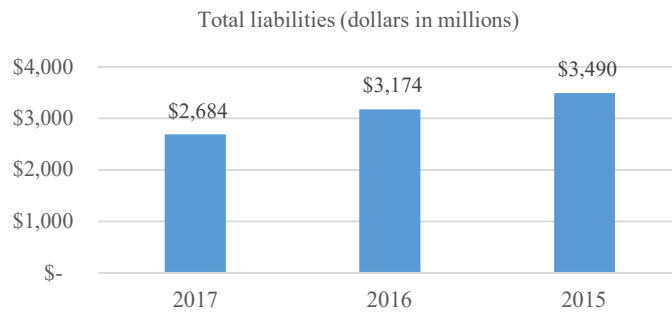
Total cash and investments were \$1.37 billion as of June 30, 2017 compared to \$1.55 billion as of June 30, 2016 and \$1.47 billion as of June 30, 2015. This represents a decrease of \$184.7 million (or 11.9%) from the prior year and increase of \$82.8 million (or 5.6%) from June 30, 2015 to June 30, 2016.

Of the Fund's assets, 33.6% is in the form of cash and investments at June 30, 2017. Approximately \$1.03 billion of the Fund's investments are held in the State's Surplus Money Investment Fund ("SMIF") and earn a variable rate of interest. The amount of funds invested in SMIF decreased by \$167.5 million primarily as a result of bond redemption activities.

## Deferred Outflows

Deferred outflows of Resources decreased by \$12.9 million to \$25.1 million primarily as a result of increase in the accumulated fair value of hedging derivatives.

## Liabilities



Total liabilities were \$2.7 billion as of June 30, 2017 compared to \$3.2 billion as of June 30, 2016 and \$3.5 billion as of June 30, 2015. This represents a decrease of \$489.3 million (or 15.4%) from the prior year and a decrease of \$316.7 million (or 9.1%) from June 30, 2015 to June 30, 2016.

Of the Fund's liabilities, 78.1% is in the form of bond indebtedness compared to 81.4% in the prior year. The Fund's net bonds payable at June 30, 2017 decreased by \$488.1 million from the prior year mainly due to \$713.7 million in bond redemptions, \$50.3 million of scheduled principal maturities less \$278.2 million of new bonds issued. As of June 30, 2017, there was a \$79.6 million loans payable to FHLB which is related to the Single Family TBA Market Rate Program.

Other liabilities decreased by \$79.2 million during fiscal year 2017. As of June 30, 2017 and June 30, 2016, the fair values of interest rate swaps included in other liabilities were in a negative position of \$114.4 million and \$177.1 million, respectively.

Shown below are the amounts of variable and fixed rate indebtedness, by tax status, as of June 30 and the changes from the prior year (dollars in thousands):

	<b>Bonds Payable</b>				
	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>\$ Change</b>	
				<b>2017/2016</b>	<b>2016/2015</b>
<b>Tax-Exempt Bonds</b>					
*Variable Rate	\$ 247,400	\$ 539,770	\$ 756,060	\$ (292,370)	\$ (216,290)
Fixed Rate	619,075	996,190	1,214,305	(377,115)	(218,115)
<b>Total Tax-Exempt Bonds</b>	<b>866,475</b>	<b>1,535,960</b>	<b>1,970,365</b>	<b>(669,485)</b>	<b>(434,405)</b>
<b>Federally Taxable Bonds</b>					
*Variable Rate	332,105	385,175	430,926	(53,070)	(45,751)
Fixed Rate	896,394	659,561	508,675	236,833	150,886
<b>Total Federally Taxable Bonds</b>	<b>1,228,499</b>	<b>1,044,736</b>	<b>939,601</b>	<b>183,763</b>	<b>105,135</b>
<b>Total Bonds Outstanding</b>	<b>\$ 2,094,974</b>	<b>\$ 2,580,696</b>	<b>\$ 2,909,966</b>	<b>\$ (485,722)</b>	<b>\$ (329,270)</b>

\* Certain variable rate bonds have been swapped to a fixed rate (see Note 6 – Long and Short-term Liabilities – Bonds, Notes and Loans Payable and Associated Interest Rate Swaps).

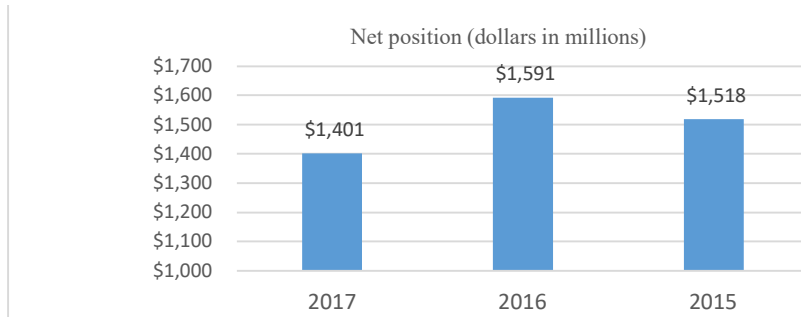
During FY 2017, the Agency issued long-term debt of \$278.2 million in taxable fixed rate bonds. No tax-exempt fixed rate bonds or variable rate bonds were issued.

Federally taxable bonds outstanding increased by \$183.8 million to \$1.23 billion as of June 30, 2017 and represent 58.6% of all bonds outstanding, while tax-exempt bonds outstanding decreased by \$669.5 million to \$866.5 million and represent 41.4% of all bonds outstanding. In FY 2016, federally taxable bonds outstanding increased by \$105.1 million and represented 40.5% of bonds outstanding, while tax-exempt bonds outstanding decreased by \$434.4 million and represented 59.5% of all bonds outstanding.

**Liabilities (continued)**

Multifamily conduit bond issuances are not reported within the Fund. See Note 6 Long and Short-term Liabilities – Bonds, Notes and Loans Payable and Associated Interest Rate Swaps.

**Net Position**



The Fund’s net position is either 1) restricted pursuant to trust agreements with bondholders and the Agency’s enabling legislation or 2) classified as net investment in capital assets. As of June 30, 2017, the total net position of the Fund is \$1.4 billion, a decrease of \$190.8 million from FY 2016 compared to an increase \$73.7 million from FY 2015. The \$190.8 million decrease in net position was primarily due to the transfer out of \$374.4 million in assets and liabilities related to Senate Bill 837 offset by the changes in net position prior to the transfer which was \$150.2 million. A decrease in net position can indicate that the financial status of the Fund is deteriorating. However, this decrease in net position was a result of a legislative change and not a result of the financial operations of the Fund.

Of the \$1.4 billion in total net position, the Fund’s restricted net position is 99.95% of the total.

**Capital Assets**

Of the \$1.4 billion in total net position, the Fund’s capital assets is .05% of the total. The policy of capitalizing assets is described in Note 5 – Capital Assets to the financial statements. The table below shows the Agency’s capital assets and accumulated depreciation as of June 30 and changes from the prior year.

	<b>\$ Change</b>				
	2017	2016	2015	2017/2016	2016/2015
Data processing equipment	\$ 560	\$ 565	\$ 585	\$ (5)	\$ (20)
Office furniture and equipment	726	684	961	42	(277)
Total capital assets	1,286	1,249	1,546	37	(297)
Less: Accumulated depreciation	(634)	(662)	(792)	28	130
Total capital assets, net	\$ 652	\$ 587	\$ 754	\$ 65	\$ (167)

Net capital assets was \$652 thousand as of June 30, 2017. The increase of \$65 thousand from the prior year was primarily due to the addition of office furniture and equipment purchased during the year and accumulated depreciation of the remaining assets.



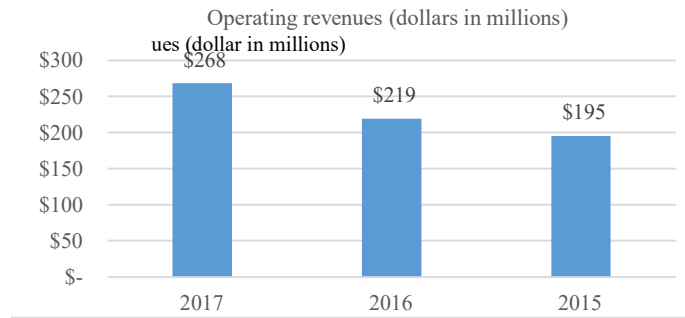
## Statement of Revenues, Expenses, and Changes in Net Position

The statement of revenues, expenses, and changes in net position presents the revenues generated by the Fund, both operating and non-operating revenues, and the expenses incurred through operating and non-operating expenditures, and any other interfund transfers.

Following is a comparison of the Fund's condensed Statement of Revenues, Expenses, and Changes in Fund Net Position for the fiscal years ended June 30 (dollars in thousands):

	<b>Condensed Statement of Revenues, Expenses, and Changes in Net Position</b>				
	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>\$ Change</b>	
				<b>2017/2016</b>	<b>2016/2015</b>
<b>Operating Revenues:</b>					
Interest income - program loans, net	\$ 147,604	\$ 171,278	\$ 194,987	\$ (23,674)	\$ (23,709)
Interest income - Investment, net	14,296	14,436	17,507	(140)	(3,071)
Realized gain on sale of securities	93,765	39,549	9,471	54,216	30,078
Other loan fees	18,592	22,678	17,603	(4,086)	5,075
Other revenues	(6,169)	(28,529)	(44,562)	22,360	16,033
Total Operating Revenues	<u>268,088</u>	<u>219,412</u>	<u>195,006</u>	<u>48,676</u>	<u>24,406</u>
<b>Operating Expenses:</b>					
Interest	64,123	72,288	89,960	(8,165)	(17,672)
Mortgage servicing fees	5,021	6,008	7,312	(987)	(1,304)
Salaries & general expenses	39,796	40,117	39,546	(321)	571
Other expenses	48,989	27,118	13,230	21,871	13,888
Total Operating Expenses	<u>157,929</u>	<u>145,531</u>	<u>150,048</u>	<u>12,398</u>	<u>(4,517)</u>
Operating Income	<u>110,159</u>	<u>73,881</u>	<u>44,958</u>	<u>36,278</u>	<u>28,923</u>
<b>Non-operating revenues and expenses</b>					
Interest - Positive arbitrage	(200)	(189)	(205)	(11)	16
Change in fair value of investments	(11,212)	7,768	(5,357)	(18,980)	13,125
Investment SWAP revenue (fair value)	45,579	(10,625)	22,397	56,204	(33,022)
Prepayment penalty	5,494	8,392	26,949	(2,898)	(18,557)
Other	409	(1,889)	(449)	2,298	(1,440)
Total Non-operating revenues and expenses	<u>40,070</u>	<u>3,457</u>	<u>43,335</u>	<u>36,613</u>	<u>(39,878)</u>
Change in net position before transfers	150,229	77,338	88,293	72,891	(10,955)
Transfers out	(341,015)	(3,665)	(432)	(337,350)	(3,233)
Increase(decrease) in net position	<u>(190,786)</u>	<u>73,673</u>	<u>87,861</u>	<u>(264,459)</u>	<u>(14,188)</u>
Net position at beginning of year	1,591,300	1,517,627	1,478,594	73,673	39,033
Cumulative effect of adoption of GASB 68	-	-	(48,828)	-	48,828
Net position at end of year	<u>\$ 1,400,514</u>	<u>\$ 1,591,300</u>	<u>\$ 1,517,627</u>	<u>\$ (190,786)</u>	<u>\$ 73,673</u>

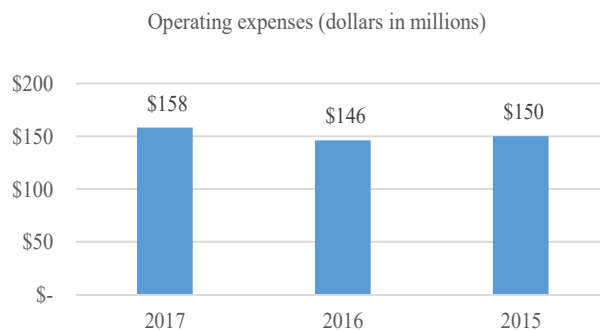
## Operating Revenues



Total operating revenues of the Fund was \$268.1 million for FY 2017 compared to \$219.4 million for FY 2016, an increase of \$48.7 million (or 22.2%) compared to an increase of \$24.4 million (or 12.5%) from FY 2015 to FY 2016. The FY 2017 increase is primarily due to the reasons illustrated below:

- Interest income on program loans - net decreased by \$23.7 million (or 13.8%) as related program loans receivable decreased by \$462 million or 14.9%. In FY 2016, interest income program loans receivable decreased by \$23.7 million as related program receivables decreased by \$315.3 million.
- Gain on sale of securities increased by \$54.2 million to \$93.8 million due to the gain on sale of mortgage-backed securities related to the TBA Market Rate Program. In FY 2016, the gain on sale of securities increased by \$30 million to \$39.5 million due to the TBA Market Rate Program.
- In FY 2017, other revenues increased by \$22.4 million primarily due to the growth in TBA Market Rate Program fee revenue as loan volume in the program significantly increased. Additionally, rising interest rates in the marketplace resulted in a higher return on investment SWAP revenue and the reduction of the notional amount of the SWAPs.
- Other loan fees revenue decreased by \$4.1 million primarily due to a decrease in late fees and re-reservation fees.

## Operating Expenses



Total operating expenses of the Fund were \$157.9 million for FY 2017 compared to \$145.5 million for FY 2016, an increase of \$12.4 million (or 8.5%) compared to decrease of \$4.5 million from FY 2015 to FY 2016. The FY 2017 increase is primarily due to the reasons illustrated below:

## Operating Expenses (continued)

- Expenses increased by \$21.9 million primarily due to an increase in service release fees and hedging costs associated with the high volume of loans in the Single Family TBA Market Rate Program and increase in bad debt expenses associated with allowance for interest receivables.
- Total interest expense decreased by \$8.2 million (or 11.3%) primarily due to the decrease in bond interest expense related to the decrease in bonds payable of \$488.1 million (or 18.9%). Bond interest and swap expenses represent 40.1% of the Fund's total operating expenses. In FY 2016, bond interest expense decreased by \$17.7 million (or 19.6%) due to the related decrease in bonds payable of \$329.3 million (or 11.3%).
- Salaries and general expenses for FY 2017 was \$39.8 million compared to \$40.1 million for FY 2016.

## Non-Operating revenues and expenses

Total non-operating revenues and expenses was \$40.1 million for FY 2017, an increase of \$36.6 million from FY 2016. The increase is primarily due to the increase in Investment SWAP revenue (fair value). The six-year taxable rate used in the fair market valuation process had a significant increase of approximately 1% in FY 2017.

## Change in Net Position before Transfers

Operating income for fiscal year 2017 was \$110.2 million compared to \$73.9 million for fiscal year 2016. Change in net position before transfers was \$150.2 million compared to \$77.3 million for fiscal year 2016.

## Economic Condition and Outlook

The Fund's housing programs are the primary source of income for the Fund. Various economic and regulatory factors such as prevailing economic conditions, mortgage interest rates, investment rates, the demand for housing, the cost of housing and of operating housing programs, the volume of mortgage lending activity in the State and other factors affecting the supply of housing in the State can create significant challenges for the Agency in single family and multifamily housing programs as well as its overall operations.

The Fund's total amount of outstanding indebtedness cannot exceed \$13.1 billion at any time. Additionally, the Fund has an annual resolution approved by the Agency's governing board limiting the taxable bond issuance to \$100 million for Single Family programs. The Multifamily programs limit is set at \$150 million for 501(c)(3) and taxable issues. During the first ten years from the original single family bond issuances, the Fund has the option to use monies from certain repayments and prepayments of mortgage loans to be "recycled" for additional mortgage loans instead of issuing new debt. If the market interest rates on mortgages are lower than the corresponding bond rates, the Fund may redeem bonds in lieu of recycling.

Agency's lending activities have experienced excellent progress during the FY 2017. The revenues generated from the participation in the TBA market rate program accounted for nearly 35% of the agency's total operating revenues during FY 2017 and will continue to have a significant impact on the Agency's operations in FY 2018. The rapid growth is partially attributable to implementation of operational efficiencies, including the change of master servicer which eliminated a backlog of suspended loans that were purchased in the first half of the fiscal year. The volume of single family first mortgage purchases through the TBA market rate program reached over \$1.8 billion and \$133 million in subordinate lending for down payment assistance ("DPA") and/or closing costs. The multifamily lending activities fell short of projected lending activities due to the recent increases in the interest rate environment and the uncertainty of the tax credit markets. During FY 2018, the Agency's pipeline of multifamily loans is expected to surpass FY 2017 based on its composition of new permanent takeout loans that have longer duration and better yields. This is in contrast to FY 2017, when many of the multifamily transactions were portfolio recapitalizations in which yield maintenance concessions have partially offset revenues. Further, we are pleased to report the Fund's successful efforts to strengthen its financial position by expanding credit facilities for both Single Family and Multifamily programs and increasing return on equity by entering into partnerships with Federal Home Loan Bank of San Francisco and Federal Financing Bank.

The U.S. economy, particularly the housing market and low interest rates, have had a significant impact on the Fund's operations during the past several years. The continued increase in interest rates along with future predictions of increasing interest rates have improved the Fund's position, especially in regards to its derivative agreements. The Agency has a significant (although decreasing) interest-rate swap portfolio and fluctuations in interest rates can impact the Agency's collateral posting requirements. In general, higher interest rates will reduce the collateral posting requirements and improve the Agency's liquidity profile; while lower interest rates will increase the collateral posting requirements and limit the Agency's liquidity profile. However, because

## **Economic Condition and Outlook (continued)**

of the significant decrease in the notional amount of the Agency's interest-rate swap portfolio since the housing crisis, the fluctuations in the collateral postings, if any, would be minimal.

In addition to modifying the Agency's lending activities to increase operational revenues, the Agency plans to continue to combat the challenges of the economy by actively reducing its debt costs through both refunding opportunities and early redemption of debt, especially with regards to its variable rate debt.

Another significant factor impacting the Agency's operations is the trend in California home sale prices which continued to increase in FY 2015, FY 2016 and FY 2017. The upward trend in single family home prices has had a positive impact on the Agency's profitability, although if prices trend too high, first-time homebuyers may be unable to afford homes in high-cost areas.

The Agency has primarily three credit ratings that impact its financial results:

- i) CalHFA's issuer credit rating (S&P "A positive outlook"/Moody's "A2 positive outlook")
  - During FY 2017, CalHFA's issuer credit rating with S&P remained "A positive outlook", and Moody's outlook improved from "A2 stable outlook" to "A2 positive outlook".
- ii) Home Mortgage Revenue Bonds (S&P "AA- positive outlook"/Moody's "A1 positive outlook")
  - During FY 2017, CalHFA's Home Mortgage Revenue Bonds S&P's underlying rating's outlook improved from "AA- stable outlook" to "AA- positive outlook" and Moody's underlying rating improved from "A2 stable outlook" to "A1 positive outlook".
- iii) Multifamily Housing Revenue Bonds III (S&P "AA+ stable outlook"/Moody's "A1 stable outlook")
  - During FY 2017, CalHFA's Multifamily Housing Revenue Bonds III rating remained unchanged.

As the Fund moves into fiscal year 2018 and on into the future, the Fund will also continue to search for new methods to expand its Single Family and Multifamily lending activities consistent with State housing needs, work collaboratively with other housing entities and stakeholders to deliver effective innovative housing solutions and prevent avoidable foreclosures by providing assistance to eligible homeowners who have financial hardship and /or significant negative equity.

## **Request for Information**

Questions concerning any of the information presented in this financial report or requests for additional information should be addressed to:

CalHFA Financing Division  
500 Capitol Mall, Suite 1400  
Sacramento, CA 95814  
Phone: 916.326.8650  
Fax: 916.322.1464  
[financing@calhfa.ca.gov](mailto:financing@calhfa.ca.gov)

**CALIFORNIA HOUSING FINANCE FUND**  
**STATEMENTS OF NET POSITION**  
**June 30, 2017 and June 30, 2016**

(Dollars in Thousands)

	<u>2017</u>	<u>2016</u>
	<u>Totals</u>	<u>Totals</u>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents-- (Note 2)	\$ 31,425	\$ 53,978
Investments-- (Note 2)	1,057,696	1,250,358
Current portion - program loans receivable, net of allowance-- (Note 3)	145,639	163,299
Interest receivable:		
Program loans, net	36,664	36,884
Investments	3,001	2,688
Accounts receivable	8,793	10,481
Other assets	1,177	18,506
Total current assets	<u>1,284,395</u>	<u>1,536,194</u>
Noncurrent assets:		
Investments-- (Note 2)	277,722	247,183
Program loans receivable, net of allowance-- (Note 3)	2,500,208	2,944,550
Capital assets	652	587
Other assets	5,652	7,680
Total noncurrent assets	<u>2,784,234</u>	<u>3,200,000</u>
Total assets	<u>4,068,629</u>	<u>4,736,194</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Accumulated decrease in fair value of hedging derivatives	10,051	27,441
Deferred loss on refunding	232	343
Unamortized difference & change related in pension-- (Note 9)	14,840	10,211
Total deferred outflows of resources	<u>25,123</u>	<u>37,995</u>
<b>LIABILITIES</b>		
Current liabilities:		
Bonds payable-- (Note 6)	77,762	54,592
Notes payable-- (Note 6)	320	1,371
Loans payable	79,595	-
Interest payable	32,826	39,690
Due to other government entities, net	2,686	566
Compensated absences-- (Note 1)	2,877	3,473
Deposits and other liabilities	233,197	251,098
Total current liabilities	<u>429,263</u>	<u>350,790</u>
Noncurrent liabilities:		
Bonds payable-- (Note 6)	2,018,112	2,529,360
Notes payable-- (Note 6)	33,037	33,616
Due to other government entities, net	88,547	81,871
Other liabilities	114,353	177,054
Unearned revenues-- (Note 1)	1,093	1,034
Total noncurrent liabilities	<u>2,255,142</u>	<u>2,822,935</u>
Total liabilities	<u>2,684,405</u>	<u>3,173,725</u>
Commitments and contingencies (see notes 11 and 13)		
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred gain on refunding	1,250	-
Unamortized pension, net difference-- (Note 9)	7,583	9,164
Total deferred inflows of resources	<u>8,833</u>	<u>9,164</u>
<b>NET POSITION</b>		
Net investment in capital assets -- (Note 5)	652	587
Restricted by indenture	576,548	531,130
Restricted by statute	823,314	1,059,583
Total net position	<u>\$ 1,400,514</u>	<u>\$ 1,591,300</u>

The accompanying notes are an intergral part of these financial statements.

**CALIFORNIA HOUSING FINANCE FUND**  
**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**Years Ended June 30, 2017 and June 30, 2016**  
(Dollars in Thousands)

	<u>2017</u> <u>Totals</u>	<u>2016</u> <u>Totals</u>
<b>OPERATING REVENUES</b>		
Interest income:		
Program loans, net	\$ 147,604	\$ 171,278
Interest on investment	14,296	14,436
Realized gain on sale of securities	93,765	39,549
Loan commitment fees	1,070	885
Other loan fees	17,522	21,793
Other revenues	(6,169)	(28,529)
Total operating revenues	<u>268,088</u>	<u>219,412</u>
<b>OPERATING EXPENSES</b>		
Interest	64,123	72,288
Amortization of bond discount and bond premium	(874)	(1,300)
Mortgage servicing expenses	5,021	6,008
(Reversal) provision for program loan losses-- (Note 4)	(2,381)	(12,069)
Salaries and general expenses	39,796	40,117
Other expenses	52,244	40,487
Total operating expenses	<u>157,929</u>	<u>145,531</u>
Total operating income	<u>110,159</u>	<u>73,881</u>
<b>NON-OPERATING REVENUES AND EXPENSES</b>		
Interest: positive arbitrage	(200)	(189)
(Decrease) increase in fair value of investments	(11,212)	7,768
Investment SWAP revenue (fair value)-- (Note 6)	45,579	(10,625)
Federal pass-through revenues - HUD/FMC	57,250	60,184
Federal pass-through revenues - HUD/FMC	(57,250)	(60,184)
Prepayment penalty	5,494	8,392
Other	409	(1,889)
Total non-operating income	<u>40,070</u>	<u>3,457</u>
Change in net position before transfers	150,229	77,338
Transfers out-- (Note 12)	(341,015)	(3,665)
(Decrease) increase in net position	(190,786)	73,673
Net position at beginning of year	<u>1,591,300</u>	<u>1,517,627</u>
Net position at end of year	<u>\$ 1,400,514</u>	<u>\$ 1,591,300</u>

The accompanying notes are an integral part of these financial statements.

**CALIFORNIA HOUSING FINANCE FUND  
STATEMENTS OF CASH FLOWS**

**Years Ended June 30, 2017 and June 30, 2016**

(Dollars in Thousands)

	<b>2017</b>	<b>2016</b>
	<b><u>Totals</u></b>	<b><u>Totals</u></b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	\$ 147,702	\$ 168,400
Payments to suppliers	(14,849)	(17,777)
Payments to employees	(32,362)	(28,582)
Other receipts	419,489	318,849
Net cash provided by operating activities	<u>519,980</u>	<u>440,890</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Due from (to) other government entities	12,778	7,275
Other receipts (payments) non-operating	5,789	6,402
Net cash provided by (used for) noncapital financing activities	<u>18,567</u>	<u>13,677</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Proceeds from sales of bonds, notes, and loans	401,164	299,270
Payment of bonds, notes, and loans principal	(95,229)	(67,758)
Early bond redemptions	(713,691)	(580,374)
Interest paid on debt	(70,987)	(80,779)
Interfund transfers	(341,015)	(3,665)
Net cash used for capital and related financing activities	<u>(819,758)</u>	<u>(433,306)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from maturity and sale of investments	2,463,826	2,920,585
Purchase of investments	(2,219,150)	(2,943,307)
Interest on investments, net	13,982	14,194
Net cash provided by (used for) investing activities	<u>258,658</u>	<u>(8,528)</u>
Net (decrease) increase in cash and cash equivalents	(22,553)	12,733
Cash and cash equivalents at beginning of year	53,978	41,245
Cash and cash equivalents at end of year	<u>\$ 31,425</u>	<u>\$ 53,978</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:</b>		
Operating income	\$ 110,159	\$ 73,882
Adjustments to reconcile operating income to net cash provided by operating activities:		
Interest expense on debt	64,123	72,288
Interest on investments	(14,296)	(14,436)
Realized gain on sale of securities	(93,765)	(39,549)
Amortization of bond discount	12	40
Amortization of bond premium	(998)	(1,444)
Amortization of deferred losses on refundings of debt	(11)	104
Loan commitment fees	(1,070)	(885)
Depreciation	192	232
(Reversal) provision for program loan losses	(2,381)	(12,069)
(Reversal) provision for yield reduction payments	(4,067)	(3,383)
Effects of changes in operating assets and liabilities:		
Sale (purchase) of program loans, net	336,391	(171,840)
Collection of principal from program loans, net	128,936	506,318
Interest receivable	220	(2,879)
Accounts receivable	3,080	(764)
Other assets	12,404	9,818
Compensated absences	(596)	(338)
Pension liability	(1,581)	934
Deposits and other liabilities	(17,901)	23,847
Unearned revenue	1,129	1,014
Net cash provided by operating activities	<u>\$ 519,980</u>	<u>\$ 440,890</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Noncash transfer of program loan to REO	<u>\$ 1,324</u>	<u>\$ 7,401</u>

The accompanying notes are an integral part of these financial statements.

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**CALIFORNIA HOUSING FINANCE FUND  
NOTES TO FINANCIAL STATEMENTS  
Fiscal Years Ended June 30, 2017 and 2016**

**Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**a) Organization and Program Descriptions**

The California Housing Finance Agency (“Agency”) was created by the Zenovich-Moscone-Chacon Housing and Home Finance Act (“Act”), as amended, as a public instrumentality and political subdivision of the State of California (“State”), and administers the activities of the California Housing Finance Fund (“Fund”) and the California Housing Loan Insurance Fund (“CaHLIF”). These funds allow the Agency to carry out its purpose of financing the housing needs of persons and families of low and moderate income within the State.

The Agency is authorized to issue its bonds, notes and other obligations to fund loans to qualified borrowers for single family houses and multifamily developments. The Agency has no taxing power and is exempt from federal income taxes and state franchise taxes.

Funding of loan programs on an on-going basis is derived from bond proceeds, credit facilities, interest earned on loans and investments and by participating in the To Be Announced (“TBA”) Market Rate Program. As part of the TBA program, the Agency has agreed to sell on a mandatory delivery basis certain specified Agency mortgage pass-through securities, the repayment of which is guaranteed in full as to principal and interest by Federal National Mortgage Association (“Fannie Mae”) or Government National Mortgage Association (“GNMA”).

**b) Financial Reporting Entity**

In the State’s Comprehensive Annual Financial Report (“CAFR”), CalHFA is designated as a component unit of the State. Component units are organizations that are legally separate from the State, but for which the State is financially accountable, or organizations whose relationship with the State is such that exclusion would cause the State’s financial statements to be misleading. Of the three different types of component units of the State (blended, fiduciary, and discretely presented), CalHFA is considered a discretely presented component unit. Discretely presented component units are legally separate from the primary government (defined as funds, organizations, institutions, agencies, departments, and offices that are not legally separate from the State) and usually provide services to entities and individuals outside the primary government.

The Agency is governed by a Board of Directors which consists of 13 voting members and three non-voting members. Of the 13 voting members, seven are appointed by the Governor, four are ex-officio and two are appointed by the Legislature. The statutory role of the Board is to: 1) enact the annual financing resolutions that permit the issuance of bonds; 2) enact the Agency’s operating budget and business plan; 3) authorize any sale of obligations or securities or other debt obligations and shall approve other major contractual agreements. Any other contractual agreements or debt obligations may be approved by the executive director pursuant to regulations of the Board. Subject to the supervision of the Board, the Agency’s day-to-day operational authority statutorily resides with the Agency’s Executive Director.

Effective July 1, 2013, the Agency shares budgetary appropriation reporting with the Department of Housing and Community Development (HCD). HCD does not have any administrative authority over the California Housing Finance Fund. Pursuant to Health and Safety Code section 51000, expenditures from the California Housing Finance Fund are administered by the Agency and are not subject to the supervision or approval of any other officer or division of state government. Further, pursuant to the Health and Safety Code section 51000.1, no officer or division of state government has the authority to transfer any sums of money from any fund or account of the Agency, except as authorized by the executive director of the Agency or designated trustee pursuant to authority contained in appropriate adopted resolutions pertaining to notes or bonds issued by the Agency.

The Agency may also provide administrative, consulting and technical services in connection with the financing of housing developments; act as a State representative in receiving and allocating federal housing subsidies; and make grants, under certain circumstances, to housing sponsors (providing that grants may not be made with proceeds from the sale of bonds or notes).

The Agency is the administrator of the Home Purchase Assistance Fund (HPA), established by Section 51341 of the Health and Safety Code *et seq.* which is a state general obligation bond program, the funds of which are neither generated nor held within the Fund, and therefore, not included in the accompanying financial statements.

The accompanying financial statements are the financial statements of the Fund and do not include the financial position or the results of operations of CaHLIF which insures loans owned by the Agency and others to finance the acquisition, new construction or rehabilitation of residential structures in California. As of December 31, 2016, the CaHLIF had total assets of \$498 thousand and deficit net position of \$50 million (not covered by this Independent Auditors’ Report).

## Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The accompanying financial statements are the financial statements of the Fund and do not include the financial position or the results of operations of CalHFA Mortgage Assistance Corporation (“CalHFA MAC”) which is a nonprofit public benefit corporation and organized as an entity separate from CalHFA. As of September 30, 2016, CalHFA MAC had total assets of \$257 million and a net position of \$0 (not covered by this Independent Auditors’ Report).

### c) Programs and accounts

The Fund has the following program and accounts:

#### Homeownership Programs

**Home Mortgage Revenue Bonds:** The Home Mortgage Revenue Bonds provided financing for the Agency’s Home Mortgage Program which purchases eligible mortgage loans, secured by trust deeds on newly constructed or existing single family homes, condominiums, planned unit developments and manufactured housing permanently attached to the land and originated and serviced by qualified lending institutions. All mortgage loans purchased under this program are insured either by the Federal Housing Administration (“FHA”), CaHLIF, the Department of Veterans Affairs (“VA”), a private mortgage guaranty insurance policy, or a combination thereof, covering a loss of up to fifty percent (50%), one hundred percent (100%) in the case of a FHA insured loan, of the outstanding principal amount of the mortgage loans. As of June 30, 2017 there were no bonds outstanding under the program.

**Residential Mortgage Revenue Bonds:** The Residential Mortgage Revenue Bonds were issued by the Agency pursuant to a national initiative of the United States Treasury to assist state and local housing finance authorities by the Federal Program. The Bonds, issued as escrow bonds pursuant to the Indenture, were converted to long-term fixed-rate bonds. The Treasury agreed, through government-sponsored agencies, to purchase certain mortgage revenue bonds at rates lower than the prevailing market intended to reduce the costs of funds to issuers to the making or financing of mortgage loans.

#### Multifamily Rental Housing Programs

**Multifamily Loan Purchase Bonds:** On July 26, 2000, the Agency purchased 278 Department of Housing and Urban Development (“HUD”) Section 236 loans with an aggregate unpaid principal balance of approximately \$269 million. The purpose of this transaction was to enhance the ability of the Agency to assist affordable housing sponsors to refinance their projects and extend the period during which the units are offered at affordable rents to very-low-income and lower-income tenants. The Agency expects to provide the financing for many of these transactions. As of June 30, 2017, there was no balance for this bonds.

**Multifamily Housing Revenue Bonds III:** The Multifamily Housing Revenue Bonds III are fixed or variable rate bonds collateralized by GNMA mortgage-backed securities and/or FHA insured loans and/or uninsured loans. The bonds provide financing for multi-unit rental housing developments which are utilized for occupancy by persons and families of low and moderate income. The loans may provide acquisition, construction (both for new construction and rehabilitation), and permanent financing for developments.

**Affordable Multifamily Housing Revenue Bonds:** The Affordable Multifamily Housing Revenue Bonds were issued under the Indenture in connection with the New Issue Bond Program of the HFA Initiative pursuant to the Memorandum of Understanding dated October 19, 2009 among Treasury, the Federal Housing Finance Agency, Fannie Mae and Freddie Mac to facilitate financing for various state and local housing finance agencies to serve homebuyers and low and moderate income renters.

**Multifamily Residential Mortgage Revenue Bonds:** The Residential Mortgage Revenue Bonds were issued by the Agency pursuant to a national initiative of the United States Treasury to assist state and local housing finance authorities by the Federal Program. The Bonds, issued as escrow bonds pursuant to the Indenture, were converted to long-term fixed-rate bonds. The Treasury agreed, through government-sponsored agencies, to purchase certain mortgage revenue bonds at rates lower than the prevailing market intended to reduce the costs of funds to issuers to the making or financing of multifamily loans.

**Special Obligation Multifamily Housing Revenue Bonds and Multifamily Housing Revenue Bonds:** The Special Obligation Multifamily Housing Revenue Bonds and Multifamily Housing Revenue Bonds are secured by FHA risk-share insured mortgage loans. The bonds provide financing for the acquisition and rehabilitation of multifamily affordable residential rental development.

#### Other Programs and Accounts

**Housing Assistance Trust:** The Housing Assistance Trust (“HAT”) is comprised of remaining investments in mortgage loans from fully redeemed bond indentures, and funds to assist in the development of single and multifamily projects through various low-interest loan and technical assistance programs. Also, included within HAT are the TBA Market Rate Program and funds held in trust representing Earned Surplus and Financial Adjustment Factor (“FAF”) Savings from HUD Section 8 projects. Earned

## Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Surplus is to be used in lowering the rents for persons and families of low or moderate income in accordance with state law. FAF Savings are to be used in providing decent, safe, and sanitary housing, which is available for very-low income families and persons qualifying in accordance with federal law.

**Contract Administration Programs:** The Agency administers loan and grant programs for the Mental Health Services Act Housing Program, Special Needs Housing Program and HOME Tenant-Based Rental Assistance. Funding of these programs was appropriated by the legislature or provided by voter authorized State bond programs to other departments and agencies within the State that have contracted with the Agency for this purpose. All monies transferred in accordance with the agreements and for the purposes of the program are considered assets of the Fund. The Fund had net cash transfers out of \$341 million and \$3.7 million for fiscal year 2017 and 2016, respectively. Information regarding detailed transfers is reported in Note 12 – Transfers to Other Funds/Government Agencies.

**Supplementary Bond Security Account:** This account was established exclusively to secure issuances of bonds. This security may be accomplished by creating supplementary reserve accounts to provide for payment of the principal, interest, redemption premiums or sinking fund payments on bonds, or by insuring mortgage loans made with the proceeds of bond issues.

**Emergency Reserve Account:** This account was recently updated in Resolution 17-12 and the purpose of the account is to fund unforeseen expenditures for previously Board authorized obligations, fund necessary administrative and operating expenses for which funds may not otherwise be available and/or to fund the payment of any obligations or commitments previously approved by the Board which are necessary to protect the credit ratings of the Agency and the security interest of holders of the Agency's bonds, notes or other debt instruments, including other financing instruments and obligations associated with the issuance of the Agency's bonds, notes or other debt instruments. To the extent funds are available as determined by the Director of Financing, the Emergency Reserve Account shall be computed and shall be established and funded no later than each June 30<sup>th</sup> at not less than one hundred percent (100%) of the approved operating budget for the upcoming fiscal year, rounded to the nearest million.

**Loan Servicing:** The Agency services nearly all multifamily program loans, approximately 53.3% of the Agency's homeownership program loans in first lien position (as of June 30, 2017), and all junior or subordinate lien homeownership program loans and certain other loans for the California State Teachers' Retirement System and Fannie Mae. Loan servicing agreements require that the Agency hold and maintain escrow and reserve accounts, on behalf of borrowers, that are reported under "Deposits and Other Liabilities."

**Citigroup Global Markets:** The Loan Agreements were made and entered into by and between the Agency and Citibank, N.A., as lender, under the Zenovich-Moscone-Chacon Housing and Home Finance Act. Pursuant to the Loan Agreements, the proceeds of the Agency Loans will be used to retire certain indebtedness of the Agency including to refund and redeem all or a portion of certain Multifamily Rental Housing Bonds of the Agency that were originally issued to finance the Projects, and for other valid purposes of the Agency under the Act. As of June 30, 2017, there were no outstanding loan agreements.

**Federal Programs:** The Agency administers loan and grant programs for HUD Section 8 Housing Assistance Payments, HUD Section 811 Supportive Housing for Persons with Disabilities and HUD National Foreclosure Mitigation Counseling.

**Operating Account:** The Operating Account was established for purposes of depositing funds available to the Agency for payment of operating and administrative expenses of the Agency and financing expenditures not associated with specific bond funds.

**Federal Financing Bank:** The Agency has entered into agreements with the U.S. Treasury and the Department of Housing and Urban Development in order to provide capital for multifamily loans at reduced rates otherwise unavailable in the current market. Under this program, the U.S. Treasury will use the Federal Financing Bank (FFB) to participate in multifamily loans insured under the Federal Housing Administration's HFA Risk-Sharing Program. This program provides permanent financing at very competitive interest rates which helps preserve and increase affordable housing.

**Federal Home Loan Bank:** The Agency was approved for \$100 million in financing availability from the Federal Home Loan Bank of San Francisco (FHLB) in June 2016. The Agency has access to FHLB secured credit line to fund a select portfolio of Fannie Mae and Ginnie Mae mortgage-backed securities composed of single family loans it has originated for low to moderate income homebuyers. The Agency believes that access to FHLB's competitively priced funding will provide the Agency with flexibility in how the Agency raises capital for lending and will expand our lending capacity. It will help the Agency manage its liquidity and lower the costs of capital, which will ultimately help more Californians have a place to call home.

### d) Basis of Presentation and Accounting

The Fund is accounted for as an enterprise fund. Accordingly, the accompanying financial statements have been prepared using the economic resources measurement focus and accrual basis of accounting as required by accounting principles generally

## Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

accepted in the United States of America (hereinafter referred to as “Generally Accepted Accounting Principles”, GAAP). Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied. Under accrual basis of accounting, revenues are recorded when earned, and expenses are recorded when liabilities are incurred.

The Agency follows the business-type accounting requirements of GASB Statement 34, which provides the following sections be included in the annual financial report:

- Management’s discussion and analysis
- Basic financial statements including a statement of net position, statement of revenues, expenses and changes in net position, and a statement of cash flows.
- Notes to basic financial statements
- Required supplementary information including schedules related to pension and other postemployment benefits funding

### e) Recently Adopted Accounting Pronouncements

In June 2015, GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, effective for financial statements for fiscal years beginning after June 15, 2016. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pension (other postemployment benefits or OPEB). This Statement replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, and GASB No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. The Agency adopted GASB 74 for the fiscal year ended June 30, 2017.

In March 2016, GASB also issued Statement No. 82, *Pension Issues – An Amendment of GASB Statements No. 67, No. 68, and No. 73*, effective for reporting periods beginning after June 15, 2016. This statement address the issues regarding (1) the presentation of payroll-related measures, (2) the selection of assumptions and treatment of deviations, and (3) the classification of payments made by employers. The Agency adopted GASB 82 for the fiscal year ended June 30, 2017.

### f) New Accounting Pronouncements to be adopted in the future

In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective for fiscal years beginning after June 15, 2017. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pension (OPEB). The Agency plans to adopt GASB 75 for the periods beginning July 1, 2017.

In November 2016, GASB issued Statement No. 83, *Certain Asset Retirement Obligations*, effective for reporting periods beginning after June 15, 2018. This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations (AROs). This Statement requires that recognition occur when the liability is both incurred and reasonably estimable. The Agency plans to adopt GASB 83 for the periods beginning July 1, 2018.

In January 2017, GASB issued Statement 84, *Fiduciary Activities*, effective for reporting periods beginning after December 15, 2018. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purpose and how those activities should be reported. The Agency believes that GASB 84 will have no effect on the financial statement of the Fund.

In March 2017, GASB issued Statement 85, *Omnibus 2017*, effective for reporting period beginning after June 15, 2017. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits. The Agency plans to adopt GASB 85 for reporting periods beginning July 1, 2017.

In June 2017, GASB issued Statement 86, *Certain Debt Extinguishment Issues*, effective for periods beginning after June 15, 2017. The objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources are placed in an irrevocable trust for the sole purpose of extinguishing debt. The Agency believes that GASB 86 will have no effect on the financial statement of the Fund.

In June 2017, GASB also issued Statement 87, *Leases*, effective for reporting periods beginning after December 15, 2019. This Statement increases the usefulness of governments’ financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The Agency plans to adopt GASB 87 for the reporting periods beginning July 1, 2020.

## Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### g) Use of Estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates are used in determining the fair values of the interest rate swaps. The fair values of the swaps are based on factors such as future interest rates and a discount rate. Actual results could differ materially from those estimates.

### h) Cash and Cash Equivalents:

The Agency considers cash on hand, cash on deposit with financial institutions and cash held in money market funds to be cash and cash equivalents.

### i) Investments:

Investment of funds is restricted by the California Code section 16430 – 16431, Agency's Investment Policy, and various bond resolutions and indentures of the Agency.

GASB No. 72, *Fair Value Measurement and Application* (Statement No. 72), revises and establishes new financial reporting requirements for governments related to fair value measurements. The Agency was already in compliance with the Statement's requirement that investments be measured at fair value.

Investment securities, other than certain non-participating fixed interest investment contracts, are stated at fair value, which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between two market participants at the measurement date. Purchase and sale transactions are recorded on the trade date.

Any monies determined to be in excess of the Funds' immediate needs are swept into the Surplus Money Investment Fund (SMIF), managed by the California State Treasurer for investment. All earnings derived from investments of SMIF are apportioned to the contributing funds as provided in the code. The value of each participating dollar equals the fair value divided by the amortized cost of the SMIF. The funds of the SMIF are invested by the Pooled Money Investment Board. The SMIF is not rated.

### j) Income from Investments

Income from investments is recognized when earned and includes interest, dividends and other income.

### k) Interest Rate Swap Agreements

The Agency enters into interest rate swap agreements with swap counterparties to manage variable interest rate risk exposure resulting from the issuance of variable rate bonds. The interest rate swap agreements provide synthetic fixed rates of interest on the underlying bonds and are accounted for as matched swaps in accordance with settlement accounting. An interest rate swap is considered to be a matched swap if it is linked through designation with an asset or liability that is on the statements of net position, provided that it has the opposite interest characteristics of such Statements of net position item. Under settlement accounting, periodic net cash settlements under the swap agreements are treated as an increase or decrease in interest expense of the related bond liability over the lives of the agreements. While these swap contracts hedge floating rate bonds issued within the HMRB indenture, hedging expenses are a general obligation of the Agency that is often reimbursed with excess revenue transfers from the HMRB indenture. The interest rate swap agreements allow the Agency to manage the interest rate risk associated with variable rate debt.

### l) Program Loans Receivable, net

Loans receivable are carried at their outstanding principal balances, less an allowance for loan losses.

### m) Allowance for Program Loan Losses

The Agency's policy is to charge expenses for estimated probable losses which are established as an allowance for loan losses. The allowance is an amount that management believes will be adequate to absorb losses inherent in existing loans based on evaluations of collectability and prior loss experience. Additional information regarding these calculations can be found in Note 4 to the financial statements. While management uses the best information available to evaluate the adequacy of its allowance, future adjustments to the allowance may be necessary if actual experience differs from the factors used in making the evaluations.

## Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### n) Capital Assets

The capital assets of the Agency includes data processing equipment and office furniture & equipment. Capital assets are depreciated using straight-line method. Depreciation is charged as an expense against the Housing Finance Fund. Information regarding capital assets and accumulated depreciation is reported in Note 5 – Capital Assets to the financial statements.

### o) Other Real Estate Owned (“REO”)

Property acquired by the Agency through foreclosure is recorded at the lower of estimated fair value less estimated selling costs (fair value) or the carrying value of the related loan at the date of foreclosure and is included in “Other Assets” on the accompanying financial statements. At the time the property is acquired, if the fair value is less than the loan amounts outstanding, any difference is charged against the allowance for loan losses. After acquisition, valuations are periodically performed and, if the carrying value of the property exceeds the current fair value, a valuation allowance is established by a charge to operations. Subsequent increases in the fair value may reduce or eliminate the allowance. Operating costs on foreclosed real estate are expensed as incurred. Costs incurred for physical improvements to foreclosed real estate are capitalized if the value is recoverable through future sale.

### p) Bonds Payable, Notes Payable and Loans Payable, net

Bonds Payable are carried at their outstanding principal balances plus unamortized bond premiums and less unamortized bond discounts. Notes and Loans Payable are carried at their outstanding principal balances.

### q) Bond Issuance Costs, Premiums and Discounts

The costs and related fees associated with issuing bonds are recognized in the current period in accordance with GASB No. 65 in the statements of revenues, expenses and changes in net position. Premium and discounts are amortized using straight line method. For debt refunding, the difference between the reacquisition price of the refunded bonds and the net carrying amount of the refunded bonds is deferred.

### r) Compensated Absences

Agency employees accrue vacation or annual leave in varying amounts for each monthly period worked. Employees may accumulate leave time, subject to certain limitations, and upon retirement, termination, or death may be compensated for certain accumulated amounts at their then current rates of pay. The Agency records an expense for all accumulated leave that the Agency would be required to pay if all employees terminated their employment.

### s) Unearned Revenue

Unearned revenue represents the receipt of certain loan fees from lenders and borrowers, which is generally recognized as revenue over the life of the associated loans.

### t) Deferred Outflow and Deferred Inflow of Resources

Deferred outflow of resources is a consumption of net assets by the government that is applicable to a future reporting period, and deferred inflow of resources is an acquisition of net assets by the government that is applicable to future reporting period. The Fund’s deferred outflow of resources include accumulated decrease in fair value of hedging derivatives, deferred loss on refunding, employer contribution difference for pensions, difference between expected and actual experience for pensions and net difference between projected and actual earnings on investments for pensions. Accumulated increase in fair value of hedging derivatives, deferred gain on refunding, net difference between projected and actual earnings on investments for pensions, and change in assumptions for pensions are reported under the Fund’s deferred inflow of resources.

### u) Net Position

Net Position is equal to assets plus deferred outflows of resources less the sum of liabilities plus deferred inflows of resources. Net position is classified as net investment in capital assets or restricted net position. Net investment in capital assets represents investments in office equipment and furniture net of depreciation. Restricted net position represents net position balances under the lien of bond indentures that are therefore pledged to bondholders. State statutes further restrict other net position of the Fund solely for purposes of the Agency and provide for a continuing appropriation of such assets for the benefit of bondholders.

### v) Extinguishment of Debt

The Agency accounts for gains and losses associated with debt refundings by deferring such gains or losses and recognizing them as revenues or expenses over the shorter of the term of the bonds extinguished or the term of the refunding bonds. Gains or losses associated with debt redemptions and maturing principal, other than refundings, are recognized as income or expense at the date of the extinguishment.

## Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### w) Operating Revenues and Expenses

The Fund's operating revenues and expenses are activities classified as core business activities of the Fund. The Fund's primary operating revenue is derived from the TBA Market Rate Program fee revenue and gain on sale of the TBA Market Rate securities, investment of bond proceeds in the loan programs and investment in securities. The Fund's primary expense is interest expense on bonds outstanding. Net interest income is an important measure of performance for the Fund. "Interest income program loans" and "interest income investments-net" are shown as operating revenues in the statements of Revenue, Expenses and Changes in Net Position.

### x) Non-Operating Revenues and Expenses

The Fund's non-operating revenues and expenses include the reporting of HUD's Section 8 Housing Assistance Program and Section 811 Project Rental Assistance Demonstration Program along with the Department of Treasury's National Foreclosure Mitigation Counseling Program within Other Programs and Accounts. Also included in this section are activities not classified as core business activities of the Fund.

### y) Pension

As part of the State, the primary government, the Fund contributes to the Miscellaneous Plan (the "Plan") and it is administered by the California Public Employees' Retirement System ("CalPERS"). The Plan is included in the Public Employees' Retirement Fund A ("PERF A"). PERF is comprised of and reported as PERF A, PERF B, and PERF C for accounting purposes. PERF A is comprised of agent multiple-employer plans, which include State and most public agencies rate plans. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the CalPERS Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Please see Note 9 - Pension to the financial statements for detailed information regarding Pensions.

### z) Reclassification

A reclassification was made to prior year comparative information to conform to current year presentation. The reclassification moved items previously reported as operating revenues and expenses to non-operating revenues and expenses. Please refer to Note 1 – Summary of Significant Accounting Policies paragraphs w) Operating Revenues and Expenses and x) Non-Operating Revenues and Expenses for more information. The reclassification did not affect the net position of changes therein.

## Note 2 – CASH, CASH EQUIVALENTS AND INVESTMENTS

### a) Cash and Cash Equivalents

The Fund utilizes a cash and investment pool maintained by the State Treasurer's Office (STO). The Agency is allowed to withdraw funds from the investment pool, at any time, given that the Agency follows the standard claim schedule process. Each program and account's portion of this pool is included in investments on the statements of net position. In addition, other types of investments are separately held by most of the programs and accounts.

**Cash and Cash Equivalents:** At June 30, 2017 and 2016, all cash and cash equivalents, totaling \$31.4 million and \$54.0 million, respectively, were covered by federal depository insurance or by collateral held by the Agency's agent in the Agency's name.

### b) Investments

**Investments:** Investment of funds is restricted by the Act and the various bond resolutions and indentures of the Agency, generally, to certain types of investment securities, including direct obligations of the U.S. Government and its agencies, the State Treasurer's Pooled Money Investment Account, long term investment agreements which are issued by institutions rated within the top two ratings of a nationally recognized rating service, and other financial instruments. Investments of funds are also made in accordance with the Agency's Investment Policy.

The Agency entered into an U.S. Bank National Association Daily Liquid (open-ended) Commercial Paper (Open CP) agreement with U.S. Bank in March, 2013. The Open CP agreements are unsecured promissory notes issued by U.S. Bank National Association. The Open CP is not insured by Federal Deposit Insurance Corporation ("FDIC") or guaranteed by any governmental agency or authority, or by U.S. Bank. As of June 30, 2017 and 2016 the par value and market value of Open CP agreements were \$13.5 million and \$17.8 million, respectively.

**Note 2 – CASH, CASH EQUIVALENTS AND INVESTMENTS (continued)**

The Agency’s investment measured at amortized cost includes guaranteed investment contracts, investments in surplus money investment fund (SMIF) and Open CP, totaling \$1.06 billion and \$1.25 billion for the fiscal year ended June 30, 2017, and June 30, 2016, respectively.

The Agency is required to post collateral based on the Agency’s current Long Term Debt Ratings assigned by either Standard and Poor’s Rating Group or Moody’s Investor Service, Inc., as set forth in each International Swap Dealers Association, Inc. (“ISDA”) Master Agreement (see Note 6 - Long- and Short-term Liabilities – Bonds, Notes and Loans Payable and Associated Interest Rate Swaps). The total cash and fair market value of investment securities posted as collateral at June 30, 2017 and 2016 was \$128.2 million and \$32.8 million, respectively. As of June 30, 2017, the fair market value amount posted as collateral for Interest Rate SWAPS and FHLB was \$35.7 million and \$92.5 million, respectively.

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described as follows:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Agency has the ability to access.

Level 2 Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly such as:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair market value measurement.

Investments with Fair Value Measurement at June 30, 2017 and 2016 are as follows (dollars in thousands):

	Fair Value Measurements Using							
	6/30/17				6/30/16			
	6/30/17	Level 1	Level 2	Level 3	6/30/16	Level 1	Level 2	Level 3
<b>Investment by fair value level</b>								
U.S. Agency Securities --- GNMA's	\$ 128,042	-	\$ 128,042	-	\$ 117,308	-	\$ 117,308	-
Federal Agency Securities	149,680	-	149,680	-	129,875	-	129,875	-
Total Investments by fair value level	\$ 277,722	-	\$ 277,722	-	\$ 247,183	-	\$ 247,183	-

The Agency measures and records its investments using fair value measurement guidelines established by general accepted accounting principles. As of June 30, 2017, all the securities were using quoted price from similar asset in active markets through Interactive Data Corp (IDC) and are classified in Level 2.

There are many factors that can affect the value of investments. Some, such as credit risk, custodial credit risk, and concentration of credit risk and interest rate risk, may affect both equity and fixed income securities. Equity and debt securities respond to such factors as economic conditions, individual company earnings performance and market liquidity, while fixed income securities are particularly sensitive to credit risks and changes in interest rates. It is the investment policy of the Agency to invest substantially all of its funds in fixed income securities, which limits the Agency’s exposure to most types of risk.

**Credit Risk:** Fixed income securities are subject to credit risk, which is the chance that an issuer will fail to pay interest or principal in a timely manner, or that negative perceptions of the issuer’s ability to make these payments will cause security prices to decline. Certain fixed income securities, including obligations of the U.S. government or those explicitly guaranteed by the U.S. government are not considered to have credit risk.



**Note 2 – CASH, CASH EQUIVALENTS AND INVESTMENTS (continued)**

The credit risk profile for fixed income securities including mortgage backed securities and rated investment agreements at June 30, 2017 and 2016 are as follows (dollars in thousands):

	<u>2017</u> <u>Totals</u>	<u>2016</u> <u>Totals</u>
Fixed income securities:		
U.S. government guaranteed	\$ 277,722	\$ 247,183
Guaranteed interest contracts:		
Rated Aa1/AA-	13,471	17,819
Rated Aa2/AA+	-	799
Rated Aa2/A+	696	2,486
Rated A1+/P1	-	-
Rated A1/AA+	-	-
Rated A1/AA-	3,560	16,519
Rated A2/A	14,541	19,763
Rated A3/NR	-	-
Total fixed income securities	<u>\$ 309,990</u>	<u>\$ 304,569</u>

**Custodial Credit Risk:** Custodial credit risk is the risk that in the event of the failure of the custodian, the investments may not be returned. At June 30, 2017, the Agency did not have any investments exposed to custodial credit. All investments are held by the State of California or by pledging financial institutions in the name of the Agency.

**Concentration of Credit Risk:** Concentration of credit risk is the risk associated with a lack of diversification, such as having substantial investments in a few individual issuers, thereby exposing the Agency to greater risks resulting from adverse economic, political, regulatory, geographic, or credit developments. Investments issued or guaranteed by the U.S. government and investments in external investment pools, such as the commingled funds managed by the Agency are not considered subject to concentration of credit risk. At June 30, 2017, no investments in any one issuer exceed 5% of the net position, except for securities issued by the U.S. government or its agencies.

**Interest Rate Risk:** Interest rate risk is the risk that the value of fixed income securities will decline due to decreasing interest rates. The terms of a debt investment may cause its fair value to be highly sensitive to interest rate changes. At June 30, 2016, the Agency does not have any debt investments that are highly sensitive to changes in interest rates.

Effective duration is the approximate change in price of a security resulting from a 100 basis points (1 percentage point) change in the level of interest rates. It is not a measure of time. The guaranteed interest contracts are valued at par and therefore not subject to interest rate risk. The effective duration for U.S. government guaranteed fixed income securities at June 30, 2017 and 2016 are as follows:

	<u>2017</u>	<u>2016</u>
Fixed income securities:		
U.S. government guaranteed	15.78	15.37

### Note 3 – PROGRAM LOANS RECEIVABLE

Changes in program loans receivable for the years ended June 30, 2017 and 2016 are as follows (dollars in thousands):

	<b>2017</b>	<b>2016</b>
	<b>Totals</b>	<b>Totals</b>
Beginning of year balance	\$ 3,107,849	\$ 3,423,104
Loans purchased/funded	140,254	175,121
Noncash transfers - REO	(1,324)	(7,401)
Amortized principal repayments	(129,523)	(154,839)
Prepayments	(271,257)	(344,078)
Principal Reduction Program	(1,218)	(3,431)
Chargeoffs	(23,824)	241
Unamortized Mortgage Discount	146	150
Transfer to REO- net of write-down	944	7,154
Allowance for loan loss	26,205	11,828
Transfer to HPA - SB 837	(202,405)	-
	<u>\$ 2,645,847</u>	<u>\$ 3,107,849</u>
Current portion	\$ 145,639	\$ 163,299
Noncurrent portion	2,500,208	2,944,550
Total	<u>\$ 2,645,847</u>	<u>\$ 3,107,849</u>

Program loans receivable decreased by \$462 million during FY 2017. Decreases in program loans receivable were primarily due to the transfer of \$202.4 million of program loan receivable to HPA as a result of SB 837, decreases in repayments and prepayments on program loans and \$23.8 million in charge offs.

Loan prepayments decreased by \$72.8 million to \$271.3 million in FY 2017 compared to \$344.1 million in FY 2016.

See Note 12 – Transfers to Other Funds/Government Agencies for detail information regarding SB 837.

### Note 4 – ALLOWANCE FOR PROGRAM LOAN LOSSES

**Single Family:** The Agency’s policy takes into consideration a variety of factors using regression and Marko chain analysis for probable losses which are established as an allowance for loan losses on Single Family loans. These evaluations take into consideration loan status, borrower’s FICO score, current Loan-To-Value ratio (LTV), current FNMA 30/60 reservation rate, reinsurance percentage, housing price index (HPI), and California Seasonably Adjusted Unemployment Rate – as published by California Employment Development Department. As the California housing market and unemployment rates continued to improve in FY 2017, the Fund recorded a decrease of \$8.9 million in allowance for loan loss reserve for Homeownership Programs in FY 2017.

**Multi-Family:** The Agency’s policy in setting loan loss reserves on the Multi-Family Portfolio is determined on a loan level basis. Loan loss reserve calculations take into consideration lien priority, Section 8 Units, Tax credit status, Loan-To-Value ratio (LTV), Debt Service Coverage Ratio (DSCR), occupancy percentage, FHA insurance or FHA-Risk Share Coverage, and delinquency status.

Changes in the allowance for program loan losses for the year ended June 30, 2017 and 2016 are as follows (dollars in thousands):

	<b>Homeownership</b>	<b>Multifamily</b>	<b>Other</b>	<b>2017</b>	<b>2016</b>
	<b>Program</b>	<b>Rental Housing</b>	<b>Program and</b>	<b>Total</b>	<b>Total</b>
		<b>Program</b>	<b>Accounts</b>		
Beginning of year balance	\$ 19,832	\$ 1,601	\$ 83,961	\$ 105,394	\$ 117,222
Provision for program loan losses	(7,816)	(169)	5,604	(2,381)	(12,069)
Charge-offs	(1,061)	-	(22,763)	(23,824)	241
End of year balance	<u>\$ 10,955</u>	<u>\$ 1,432</u>	<u>\$ 66,802</u>	<u>\$ 79,189</u>	<u>\$ 105,394</u>

Total allowance for loan loss reserve decreased \$26.2 million to \$79.2 million in FY 2017. The decrease is primarily due to a transfer of \$22.4 million of allowance for loan loss reserve related to SB 837.

**Note 5 – CAPITAL ASSETS**

The capital assets of the Agency, includes equipment and office furniture, are reported at historical cost. The Agency has established a policy of capitalizing assets with an acquisition cost or established value of \$5,000 or greater. Depreciation on capital assets is computed using the straight-line method over estimated useful lives ranging from one to ten years. Depreciation used by the Agency is charged as an expense against the Agency's General Operating Fund. When assets are retired or otherwise disposed of, the costs and related accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected in operations in the period of disposal.

GASB Statement 42, *Accounting and Financial Reporting for Impairment of Capital Assets and Insurance Recoveries*, establishes accounting and financial reporting standards for impairment of capital assets. A capital asset is considered impaired when its service utility has declined significantly and unexpectedly. CalHFA is required to evaluate prominent events or changes in circumstances. No such events or circumstances were encountered as of June 30, 2017.

The table below show the addition and deduction of the Agency’s capital asset for the year ended June 30, 2017.

	2016	Additions	Deductions	2017
Capital assets being depreciated:				
Data processing equipment	\$ 565	\$ 206	\$ 211	\$ 560
Office furniture and equipment	684	51	9	726
Total capital assets being depreciated	<u>1,249</u>	<u>257</u>	<u>220</u>	<u>1,286</u>
Less: Accumulated depreciation				
Data processing equipment	332	97	211	218
Office furniture and equipment	330	95	9	416
Total accumulated depreciation	<u>662</u>	<u>192</u>	<u>220</u>	<u>634</u>
Capital assets, net of depreciation	<u>\$ 587</u>	<u>\$ 65</u>	<u>\$ -</u>	<u>\$ 652</u>

**Note 6 – LONG- AND SHORT-TERM LIABILITIES – BONDS, NOTES AND LOANS PAYABLE AND ASSOCIATED INTEREST RATE SWAPS**

The Act empowers the Agency, on behalf of the Fund, to issue both federally taxable and tax exempt bonds and notes. Bonds and notes issued by the Agency are not debts of the State but are special and general obligations of the Agency payable solely from and collateralized by the revenues and other assets pledged under the respective indentures. The Act provides the Agency with the authority to have outstanding bonds or notes, at any one time, in the aggregate principal amount of \$13.15 billion excluding refunding issues and certain taxable securities.

The Agency, on behalf of the Fund, as part of its interest rate risk management program, has entered into interest rate swap agreements with various counterparties wherein the Agency has agreed to pay fixed or variable rates of interest and receive floating rate payments.

Bonds payable and the terms, interest rate reset terms, outstanding notional amounts and fair value of associated interest rate swaps as of June 30, 2017 are as follows (dollars in thousands):

**Bonds / Notes**

<b>Bond Issue</b>	<b>Type of Bond</b>	<b>Interest Rate Range</b>	<b>Variable Rate Type *</b>	<b>Reset Term</b>	<b>Final Maturity Date</b>	<b>Original Issuance Amount</b>	<b>Outstanding Fixed</b>	<b>Outstanding Variable</b>	<b>Total</b>
Home Mortgage Revenue Bonds:									
2000 Series J	Tax-Exempt	-	-	-	-	\$ -	\$ -	\$ -	\$ -
2000 Series N	Tax-Exempt	0.785%	VRDO	Weekly	2031	50,000	-	5,795	5,795
2000 Series X-2	Tax-Exempt	-	-	-	-	-	-	-	-
2000 Series Z	Taxable	1.270%	LIBOR 3 mo	Quarterly	2031	102,000	-	28,950	28,950
2001 Series D	Taxable	1.353%	LIBOR 3 mo	Quarterly	2022	112,000	-	35,505	35,505
2001 Series G	Taxable	1.230%	LIBOR 3 mo	Quarterly	2029	105,000	-	28,290	28,290
2001 Series J	Tax-Exempt	-	-	-	-	-	-	-	-
2001 Series K	Taxable	1.327%	LIBOR 3 mo	Quarterly	2032	144,000	\$ -	37,610	37,610
2001 Series N	Tax-Exempt	-	-	-	-	-	-	-	-
2001 Series O	Taxable	-	-	-	-	-	-	-	-
2001 Series S	Taxable	-	-	-	-	-	-	-	-
2001 Series U	Tax-Exempt	-	-	-	-	-	-	-	-
2002 Series B	Tax-Exempt	-	-	-	-	-	-	-	-
2002 Series F	Tax-Exempt	-	-	-	-	-	-	-	-
2002 Series H	Taxable	-	-	-	-	-	-	-	-
2002 Series J	Tax-Exempt	-	-	-	-	-	-	-	-
2002 Series M	Tax-Exempt	-	-	-	-	-	-	-	-
2002 Series P	Tax-Exempt	-	-	-	-	-	-	-	-
2003 Series I	Taxable	1.267%	LIBOR 3 mo	Quarterly	2033	50,000	-	27,415	27,415
2003 Series N	Taxable	1.297%	LIBOR 3 mo	Quarterly	2034	50,000	-	20,660	20,660
2004 Series A	Tax-Exempt	-	-	-	-	-	-	-	-
2004 Series F	Taxable	1.277%	LIBOR 3 mo	Quarterly	2035	50,000	-	33,675	33,675
2004 Series G	Tax-Exempt	-	-	-	-	-	-	-	-
2004 Series I	Tax-Exempt	-	-	-	-	-	-	-	-
2005 Series A	Tax-Exempt	0.786%	VRDO	Weekly	2035	200,000	-	37,915	37,915
2005 Series B	Tax-Exempt	0.785%	VRDO	Weekly	2035	200,000	-	40,075	40,075
2006 Series C	Tax-Exempt	0.785%	VRDO	Weekly	2037	175,000	-	46,620	46,620
2007 Series A	Taxable	5.720%	-	-	2032	90,000	71,180	-	71,180
2007 Series B	Taxable	1.270%	LIBOR 3 mo	Quarterly	2042	40,000	-	40,000	40,000
2007 Series C	Taxable	1.270%	LIBOR 3 mo	Quarterly	2042	20,000	-	20,000	20,000
2007 Series D	Tax-Exempt	4.400%	-	-	2018	76,010	3,310	-	3,310
2007 Series E	Tax-Exempt	4.75% - 4.800%	-	-	2042	193,990	64,650	-	64,650
2007 Series F	Tax-Exempt	4.700%	-	-	2017	48,260	3,505	-	3,505
2007 Series G	Tax-Exempt	4.95% - 5.500%	-	-	2029	201,740	65,615	-	65,615
2007 Series H	Tax-Exempt	-	-	-	-	-	-	-	-
2007 Series I	Tax-Exempt	4.350%	-	-	2017	17,280	1,360	-	1,360
2007 Series K	Tax-Exempt	0.793%	VRDO	Weekly	2038	50,000	-	19,875	19,875
2007 Series M	Taxable	5.835%	-	-	2032	90,000	65,740	-	65,740
2007 Series N	Taxable	1.267%	LIBOR 3 mo	Quarterly	2043	60,000	-	60,000	60,000
2008 Series A	Tax-Exempt	4.25% - 4.500%	-	-	2020	43,475	13,030	-	13,030
2008 Series B	Tax-Exempt	4.800%	-	-	2023	35,960	8,780	-	8,780
2008 Series C	Tax-Exempt	-	-	-	-	-	-	-	-
2008 Series C	Tax-Exempt	-	-	-	-	-	-	-	-
2008 Series C	Tax-Exempt	-	-	-	-	-	-	-	-
2008 Series C	Tax-Exempt	-	-	-	-	-	-	-	-
2008 Series D	Tax-Exempt	-	-	-	-	-	-	-	-
2008 Series D	Tax-Exempt	-	-	-	-	-	-	-	-
2008 Series D	Tax-Exempt	-	-	-	-	-	-	-	-
2008 Series D	Tax-Exempt	-	-	-	-	-	-	-	-
2008 Series D	Tax-Exempt	-	-	-	-	-	-	-	-
2008 Series D	Tax-Exempt	-	-	-	-	-	-	-	-
2008 Series F	Tax-Exempt	-	-	-	-	-	-	-	-
2008 Series H	Taxable	4.950%	-	-	2020	100,000	31,475	-	31,475
2008 Series I	Taxable	-	-	-	-	-	-	-	-
2008 Series K	Tax-Exempt	5.3% - 5.450%	-	-	2028	220,475	46,060	-	46,060
2008 Series L	Tax-Exempt	5.450%	-	-	2033	189,790	34,670	-	34,670
2016 Series A	Taxable	1.35% - 3.8480%	-	-	2036	236,350	229,130	-	229,130
2017 Series A	Taxable	1.475% - 3.6560%	-	-	2029	278,240	278,240	-	278,240
						<b>3,229,570</b>	<b>916,745</b>	<b>482,385</b>	<b>1,399,130</b>

Swaps

Type	Fixed Rate Paid by Agency	Floating Rate Received By Agency	Effective Date	Termination Date	Outstanding Notional/Applicable Amount	Fair Value
Fixed payer	4.9000%	LIBOR @ 65%	5/25/00	8/1/30	\$ 17,765	\$ (2,173)
Fixed payer	4.5100%	LIBOR @ 65%	12/13/00	8/1/31	16,845	(2,458)
Fixed payer	6.8430%					
Fixed payer	6.2150%	3 mo LIBOR+.26%	1/25/01	8/1/19	8,760	(435)
Fixed payer	4.1430%	LIBOR @ 65%	5/31/01	8/1/24	9,930	(326)
Fixed payer	3.9910%	LIBOR @ 65%	7/26/01	8/1/18	1,450	(30)
Fixed payer	6.3600%	3 mo LIBOR+.27%	7/26/01	8/1/20	12,105	(992)
Fixed payer	5.5300%	3 mo LIBOR+.31%	10/10/01	8/1/18	2,290	(39)
Fixed payer	4.1300%	SIFMA less .15%	12/6/01	8/1/32	20,200	(2,301)
Fixed payer	3.8880%	LIBOR @ 65%	4/18/02	8/1/27	26,625	(3,417)
Fixed payer	3.9940%	LIBOR @ 65%	6/6/02	2/1/24	20,450	(1,259)
Fixed payer	3.8630%	LIBOR @ 65%	8/8/02	8/1/32	22,555	(1,738)
Fixed payer	3.7280%	LIBOR @ 65%	10/17/02	8/1/22	18,735	(971)
Fixed payer	3.1480%	LIBOR @ 65%	12/12/02	8/1/22	28,135	(1,332)
Fixed payer	3.0875%	LIBOR @ 60%+.26%	8/1/04	8/1/30	10,415	(612)
Fixed payer	3.6100%	LIBOR @ 60%+.26%	2/1/05	2/1/34	24,625	(2,403)
Fixed payer	3.5600%	LIBOR @ 60%+.26%	8/4/04	2/1/33	7,570	(715)
Fixed payer	3.8040%	LIBOR @ 60%+.26%	4/5/05	8/1/35	37,915	(6,009)
Fixed payer	4.2360%	LIBOR @ 62%+.25%	8/8/07	2/1/38	50,000	(136)
Fixed payer	4.8000%	LIBOR @ 65%	4/6/00	2/1/23	2,225	(377)
Fixed payer	4.1430%	LIBOR @ 65%	5/31/01	8/1/24	9,470	(1,310)
Fixed payer	3.9940%	LIBOR @ 65%	6/6/02	2/1/24	7,005	(992)
Fixed payer	3.8630%	LIBOR @ 65%	8/8/02	8/1/32	7,760	(1,759)
Fixed payer	4.9000%	LIBOR @ 65%	5/25/00	8/1/30	1,680	(589)
Fixed payer	4.1430%	LIBOR @ 65%	5/31/01	8/1/24	2,595	(218)
Fixed payer	3.9910%	LIBOR @ 65%	7/26/01	8/1/18	1,355	(39)
Fixed payer	4.1300%	SIFMA less .15%	12/6/01	8/1/32	3,865	(1,010)
Fixed payer	4.8000%	LIBOR @ 65%	4/6/00	2/1/23	3,890	(249)
Fixed payer	3.8700%	LIBOR @ 65%	11/18/08	8/1/17	425	(1)
Fixed payer	7.1100%	LIBOR	11/18/08	8/1/22	17,600	(2,445)
					394,240	(36,335)



**Bonds / Notes**

<b>Bond Issue</b>	<b>Type of Bond</b>	<b>Interest Rate Range</b>	<b>Variable Rate Type *</b>	<b>Reset Term</b>	<b>Final Maturity Date</b>	<b>Original Issuance Amount</b>	<b>Outstanding Fixed</b>	<b>Outstanding Variable</b>	<b>Total</b>
<b>Residential Mortgage Revenue Bonds</b>									
2009 Series A-5	Tax-Exempt	3.160%	-	-	2041	466,115	147,000.00	-	147,000.00
2009 Series A-6 (MFP)	Tax-Exempt	3.270%	-	-	2030	69,950	48,440.00	-	48,440.00
2010 Series A	Tax-Exempt	3.05% - 4.625%	-	-	2027	24,000	7,385.00	-	7,385.00
2011 Series A	Tax-Exempt	2.85% - 4.750%	-	-	2028	72,000	15,260.00	-	15,260.00
2013 Series A	Taxable	2.900%	-	-	2042	100,210	30,670.00	-	30,670.00
2013 Series B	Taxable	2.900%	-	-	2042	33,550	15,779.00	-	15,779.00
						<u>765,825</u>	<u>264,534</u>	-	<u>264,534</u>
<b>Multifamily Housing Revenue Bonds III:</b>									
2000 Series B	Tax-Exempt	-	-	-	-	-	-	-	-
2000 Series D	Tax-Exempt	-	-	-	-	-	-	-	-
2001 Series D	Tax-Exempt	-	-	-	-	-	-	-	-
2001 Series E	Tax-Exempt	0.770%	VRDO	Weekly	2036	78,735	-	13,970	13,970
2001 Series F	Tax-Exempt	0.789%	VRDO	Weekly	2032	19,040	-	8,580	8,580
2001 Series G	Tax-Exempt	0.818%	VRDO	Weekly	2025	73,975	-	2,275	2,275
2001 Series G	Tax-Exempt	0.818%	VRDO	Weekly	2034	-	-	8,745	8,745
2001 Series G	Tax-Exempt	0.818%	VRDO	Weekly	2034	-	-	6,940	6,940
2002 Series A	Tax-Exempt	-	-	-	-	-	-	-	-
2002 Series A	Tax-Exempt	-	-	-	-	-	-	-	-
2002 Series B	Tax-Exempt	-	-	-	-	-	-	-	-
2002 Series C	Tax-Exempt	-	-	-	-	-	-	-	-
2002 Series C	Tax-Exempt	-	-	-	-	-	-	-	-
2002 Series D	Tax-Exempt	-	-	-	-	-	-	-	-
2002 Series E	Tax-Exempt	-	-	-	-	-	-	-	-
2002 Series E	Tax-Exempt	-	-	-	-	-	-	-	-
2004 Series A	Tax-Exempt	-	-	-	-	-	-	-	-
2004 Series B	Tax-Exempt	-	-	-	-	-	-	-	-
2004 Series B	Tax-Exempt	-	-	-	-	-	-	-	-
2004 Series B	Tax-Exempt	-	-	-	-	-	-	-	-
2004 Series B	Tax-Exempt	-	-	-	-	-	-	-	-
2004 Series B	Tax-Exempt	-	-	-	-	-	-	-	-
2004 Series C	Tax-Exempt	2.268%	Auction	Weekly	2025	13,940	-	3,655	3,655
2005 Series A	Tax-Exempt	-	-	-	-	-	-	-	-
2005 Series B	Tax-Exempt	-	-	-	-	-	-	-	-
2005 Series B	Tax-Exempt	-	-	-	-	-	-	-	-
2005 Series B	Tax-Exempt	-	-	-	-	-	-	-	-
2005 Series D	Tax-Exempt	0.819%	VRDO	Weekly	2038	91,225	-	14,375	14,375
2006 Series A	Tax-Exempt	-	-	-	-	-	-	-	-
2006 Series A	Tax-Exempt	-	-	-	-	-	-	-	-
2006 Series A	Tax-Exempt	-	-	-	-	-	-	-	-
2007 Series B	Tax-Exempt	-	-	-	-	-	-	-	-
2007 Series B	Tax-Exempt	-	-	-	-	-	-	-	-
2007 Series C	Tax-Exempt	-	-	-	-	-	-	-	-
2007 Series C	Tax-Exempt	-	-	-	-	-	-	-	-
2008 Series A	Tax-Exempt	-	-	-	-	-	-	-	-
2008 Series B	Tax-Exempt	0.770%	VRDO	Weekly	2036	104,890	-	8,170	8,170
2008 Series B	Tax-Exempt	0.770%	VRDO	Weekly	2038	-	-	13,325	13,325
2008 Series C	Tax-Exempt	0.780%	VRDO	Weekly	2038	33,390	-	4,950	4,950
2008 Series C	Tax-Exempt	0.779%	VRDO	Weekly	2036	-	-	11,395	11,395
2008 Series C	Tax-Exempt	0.780%	VRDO	Weekly	2038	-	-	740	740
2014 Series A	Tax-Exempt	1.3% - 4.800%	-	-	2049	38,915	24,290	-	24,290
2015 Series A	Taxable	2.379% - 4.050%	-	-	2030	174,180	174,180	-	174,180
						<u>628,290</u>	<u>198,470</u>	<u>97,120</u>	<u>295,590</u>
<b>Affordable Multifamily Housing Revenue Bonds:</b>									
2009 Series A-21	Tax-Exempt	2.320%	-	-	2046	55,990	45,220	-	45,220
2009 Series A-22	Tax-Exempt	2.320%	-	-	2039	36,680	32,860	-	32,860
						<u>92,670</u>	<u>78,080</u>	-	<u>78,080</u>

Swaps

Type	Fixed Rate Paid by Agency	Floating Rate Received By Agency	Effective Date	Termination Date	Outstanding Notional/Applicable Amount	Fair Value
Fixed payer	4.5850%	LIBOR @ 64%	7/12/00	2/1/31	630	(89)
Fixed payer	4.3950%	LIBOR @ 64%	11/16/00	2/1/31	10,050	(2,046)
Fixed payer	4.4520%	SIFMA less .20%	6/28/01	8/1/22	1,340	(115)
Fixed payer	4.7120%	SIFMA less .15%	6/28/01	2/1/36	38,435	(9,255)
Fixed payer	4.0290%	SIFMA less .20%	2/1/02	2/1/32	9,820	(1,427)
Fixed payer	4.2050%	SIFMA less .15%	2/1/02	8/1/36	2,290	(278)
Fixed payer	4.2050%	SIFMA less .15%	2/1/02	8/1/36	31,115	(6,147)
Fixed payer	4.5950%	SIFMA less .15%	2/1/04	2/1/34	7,550	(1,790)
Fixed payer	4.5000%	SIFMA less .15%	8/1/02	8/1/32	12,560	(2,367)
Fixed payer	4.8900%	SIFMA less .15%	2/2/04	2/1/37	9,520	(2,884)
Fixed payer	4.0370%	SIFMA less .20%	2/1/03	2/1/35	17,970	(3,108)
Fixed payer	4.4050%	SIFMA less .15%	2/1/04	2/1/37	13,360	(3,577)
Fixed payer	4.6380%	SIFMA less .15%	8/1/05	8/1/37	11,470	(2,991)
Fixed payer	4.0850%	SIFMA less .20%	2/3/03	2/1/35	9,490	(1,987)
Fixed payer	4.1510%	SIFMA less .15%	2/3/03	2/1/35	12,725	(2,699)
Fixed payer	4.5710%	SIFMA less .15%	11/1/04	8/1/37	34,870	(10,709)
Fixed payer	3.0590%	LIBOR @ 60%+.21%	8/1/04	8/1/34	14,200	(1,380)
Fixed payer	3.6920%	LIBOR @ 60%+.26%	8/1/06	8/1/36	10,490	(888)
Fixed payer	3.3300%	LIBOR @ 60%+.26%	8/1/04	8/1/34	4,320	(177)
Fixed payer	4.9783%	SIFMA less .15%	8/1/06	2/1/39	2,095	(155)
Fixed payer	4.5390%	SIFMA less .15%	8/1/04	8/1/34	9,895	(1,396)
Fixed payer	3.4350%	LIBOR @ 60%+.21%	2/1/05	8/1/25	5,340	(447)
Fixed payer	3.5640%	SIFMA less .20%	7/1/05	8/1/35	1,930	(337)
Fixed payer	3.9540%	SIFMA less .15%	6/15/05	8/1/35	2,215	(236)
Fixed payer	4.0790%	SIFMA less .15%	2/1/07	2/1/37	19,710	(2,421)
Fixed payer	3.9570%	SIFMA less .15%	8/1/07	2/1/38	3,355	(331)
Fixed payer	3.7010%	LIBOR @ 60%+.26%	2/1/06	2/1/38	24,050	(3,821)
Fixed payer	4.042% * HR	97% SIFMA & HR	6/15/06	8/1/27	4,090	(385)
Fixed payer	4.381% * HR	97% SIFMA & HR	6/15/06	8/1/39	7,980	(664)
Fixed payer	4.492% * HR	97% SIFMA & HR	6/15/06	2/1/41	3,665	(384)
Fixed payer	3.9370%	LIBOR @ 64%+.25%	7/12/07	2/1/22	5,045	(784)
Fixed payer	4.2220%	LIBOR @ 64%+.25%	8/1/09	2/1/40	1,240	(69)
Fixed payer	3.7280%	LIBOR @ 63%+.30%	2/1/08	8/1/42	4,690	(423)
Fixed payer	3.9190%	LIBOR @ 63%+.30%	11/1/09	8/1/40	12,485	(1,754)
Fixed payer	3.2950%	LIBOR @ 61%+.24%	11/1/09	8/1/40	9,160	(1,746)
Fixed payer	3.3850%	SIFMA less .15%	8/1/03	8/1/36	23,855	(941)
Fixed payer	4.2950%	SIFMA less .15%	8/1/05	2/1/38	16,425	(1,829)
Fixed payer	3.8830%	LIBOR @ 60%+.26%	12/1/04	8/1/38	7,510	(1,689)
Fixed payer	3.9680%	LIBOR @ 60%+.26%	7/1/05	2/1/36	11,395	(2,406)
Fixed payer	4.0600%	LIBOR @ 60%+.26%	2/1/06	8/1/38	7,790	(1,886)
					436,125	(78,018)

<b>Bonds / Notes</b>									
<b>Bond Issue</b>	<b>Type of Bond</b>	<b>Interest Rate Range</b>	<b>Variable Rate Type <sup>±</sup></b>	<b>Reset Term</b>	<b>Final Maturity Date</b>	<b>Original Issuance Amount</b>	<b>Outstanding Fixed</b>	<b>Outstanding Variable</b>	<b>Total</b>
<b>Special Obligation Multifamily Housing Revenue Bonds (Virginia Terrace):</b>									
2015 Issue A	Tax-Exempt	0.97% - 4.170%	-	-	2057	5,245	3,855	-	3,855
						<u>5,245</u>	<u>3,855</u>	<u>-</u>	<u>3,855</u>
<b>Special Obligation Multifamily Housing Revenue Bonds (Ocean View Senior):</b>									
2015 Issue B	Tax-Exempt	1.12% - 4.170%	-	-	2058	18,075	18,075	-	18,075
						<u>18,075</u>	<u>18,075</u>	<u>-</u>	<u>18,075</u>
<b>Multifamily Housing Revenue Bonds (Maplewood - FHA Risk-Share):</b>									
2016 Issue A	Tax-Exempt	0.9% - 3.250%	-	-	2055	8,600	4,710	-	4,710
						<u>8,600</u>	<u>4,710</u>	<u>-</u>	<u>4,710</u>
<b>Multifamily Housing Revenue Bonds (Woodglen Vista - FHA Risk-Share):</b>									
2016 Issue B	Tax-Exempt	0.7% - 3.800%	-	-	2053	31,000	31,000	-	31,000
						<u>31,000</u>	<u>31,000</u>	<u>-</u>	<u>31,000</u>
						<u>\$ 4,779,275</u>	<u>\$ 1,515,469</u>	<u>\$ 579,505</u>	<u>\$ 2,094,974</u>
									Unamortized discount (83)
									Unamortized premium 983
									<u>Total Bonds \$ 2,095,874</u>

\* VRDO (Variable Rate Demand Obligations) - weekly remarketing



Swaps

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<u>Type</u>	<u>Fixed Rate Paid by Agency</u>	<u>Floating Rate Received By Agency</u>	<u>Effective Date</u>	<u>Termination Date</u>	<u>Outstanding Notional/Applicable Amount</u>	<u>Fair Value</u>
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Total Outstanding Notional and Fair Value	<u>\$</u>	<u>830,365</u>			<u>\$</u>	<u>(114,353)</u>
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Bonds payable and the terms, outstanding notional amounts and fair value of associated interest rate swaps as of June 30, 2016 are as follows (dollars in thousands):

Bonds / Notes										
Bond Issue	Type of Bond	Interest Rate Range	Variable Rate Type*	Reset Term	Final Maturity Date	Original Issuance Amount	Outstanding Fixed	Outstanding Variable	Total	
Home Mortgage Revenue Bonds:										
2000 Series J	Tax-Exempt	-	-	-	-	\$ -	\$ -	\$ -	\$ -	
2000 Series N	Tax-Exempt	0.290%	VRDO	Weekly	2031	50,000	-	8,385.00	8,385	
2000 Series X-2	Tax-Exempt	-	-	-	-	-	-	-	-	
2000 Series Z	Taxable	0.810%	LIBOR 3 mo	Quarterly	2031	102,000	-	28,950.00	28,950	
2001 Series D	Taxable	0.890%	LIBOR 3 mo	Quarterly	2022	112,000	-	35,505.00	35,505	
2001 Series G	Taxable	0.830%	LIBOR 3 mo	Quarterly	2029	105,000	-	28,290.00	28,290	
2001 Series J	Tax-Exempt	-	-	-	-	-	-	-	-	
2001 Series K	Taxable	0.870%	LIBOR 3 mo	Quarterly	2032	144,000	-	37,610.00	37,610	
2001 Series N	Tax-Exempt	-	-	-	-	-	-	-	-	
2001 Series O	Taxable	0.900%	LIBOR 3 mo	Quarterly	2032	126,000	-	35,420.00	35,420	
2001 Series S	Taxable	0.940%	LIBOR 3 mo	Quarterly	2023	80,745	-	6,230.00	6,230	
2001 Series U	Tax-Exempt	-	-	-	-	-	-	-	-	
2002 Series B	Tax-Exempt	-	-	-	-	-	-	-	-	
2002 Series F	Tax-Exempt	-	-	-	-	-	-	-	-	
2002 Series H	Taxable	0.880%	LIBOR 3 mo	Quarterly	2022	70,000	-	11,205.00	11,205	
2002 Series J	Tax-Exempt	0.280%	VRDO	Weekly	2033	103,570	-	15,975.00	15,975	
2002 Series M	Tax-Exempt	-	-	-	-	-	-	-	-	
2002 Series P	Tax-Exempt	-	-	-	-	-	-	-	-	
2003 Series I	Taxable	0.810%	LIBOR 3 mo	Quarterly	2033	50,000	-	27,415.00	27,415	
2003 Series M	Tax-Exempt	0.280%	VRDO	Weekly	2034	150,000	-	28,745.00	28,745	
2003 Series N	Taxable	0.840%	LIBOR 3 mo	Quarterly	2034	50,000	-	20,660.00	20,660	
2004 Series A	Tax-Exempt	-	-	-	-	-	-	-	-	
2004 Series E	Tax-Exempt	0.280%	VRDO	Weekly	2035	129,105	-	26,140.00	26,140	
2004 Series F	Taxable	0.820%	LIBOR 3 mo	Quarterly	2035	50,000	-	33,675.00	33,675	
2004 Series G	Tax-Exempt	-	-	-	-	-	-	-	-	
2004 Series I	Tax-Exempt	-	-	-	-	-	-	-	-	
2005 Series A	Tax-Exempt	0.270%	VRDO	Weekly	2035	200,000	-	49,335.00	49,335	
2005 Series B	Tax-Exempt	0.290%	VRDO	Weekly	2035	200,000	-	51,020.00	51,020	
2005 Series F	Tax-Exempt	0.280%	VRDO	Weekly	2038	180,000	-	48,710.00	48,710	
2006 Series C	Tax-Exempt	0.290%	VRDO	Weekly	2037	175,000	-	56,205.00	56,205	
2006 Series D	Tax-Exempt	4.350% - 4.400%	-	-	2017	20,000	7,550	-	7,550	
2006 Series E	Tax-Exempt	4.875% - 5.050%	-	-	2026	100,000	34,600	-	34,600	
2006 Series F	Tax-Exempt	-	-	-	-	-	-	-	-	
2006 Series F	Tax-Exempt	0.270%	VRDO	Weekly	2041	120,000	-	20,490.00	20,490	
2006 Series I	Tax-Exempt	4.700% - 4.875%	-	-	2041	165,310	49,025	-	49,025	
2006 Series K	Tax-Exempt	4.625% - 4.750%	-	-	2042	267,210	77,080	-	77,080	
2006 Series M	Tax-Exempt	4.625% - 4.700%	-	-	2036	219,815	70,560	-	70,560	
2007 Series A	Taxable	5.720%	-	-	2032	90,000	75,530	-	75,530	
2007 Series B	Taxable	0.810%	LIBOR 3 mo	Quarterly	2042	40,000	-	40,000.00	40,000	
2007 Series C	Taxable	0.810%	LIBOR 3 mo	Quarterly	2042	20,000	-	20,000.00	20,000	
2007 Series D	Tax-Exempt	4.400%	-	-	2018	76,010	3,310	-	3,310	
2007 Series E	Tax-Exempt	4.700% - 5.000%	-	-	2042	193,990	78,780	-	78,780	
2007 Series F	Tax-Exempt	4.700%	-	-	2017	48,260	6,905	-	6,905	
2007 Series G	Tax-Exempt	4.950% - 5.500%	-	-	2042	201,740	71,495	-	71,495	
2007 Series H	Tax-Exempt	-	-	-	-	-	-	-	-	
2007 Series H	Tax-Exempt	0.270%	VRDO	Weekly	2042	100,000	-	27,480.00	27,480	
2007 Series I	Tax-Exempt	4.250% - 4.350%	-	-	2017	17,280	3,965	-	3,965	
2007 Series K	Tax-Exempt	-	-	-	-	-	-	-	-	
2007 Series K	Tax-Exempt	0.280%	VRDO	Weekly	2038	50,000	-	24,265.00	24,265	
2007 Series M	Taxable	5.835%	-	-	2032	90,000	68,660	-	68,660	
2007 Series N	Taxable	0.810%	LIBOR 3 mo	Quarterly	2043	60,000	-	60,000.00	60,000	
2008 Series A	Tax-Exempt	4.250% - 4.500%	-	-	2020	43,475	15,195	-	15,195	
2008 Series B	Tax-Exempt	4.800% - 5.000%	-	-	2028	35,960	10,320	-	10,320	
2008 Series C	Tax-Exempt	-	-	-	-	-	-	-	-	
2008 Series C	Tax-Exempt	-	-	-	-	-	-	-	-	
2008 Series C	Tax-Exempt	-	-	-	-	-	-	-	-	
2008 Series C	Tax-Exempt	-	-	-	-	-	-	-	-	
2008 Series D	Tax-Exempt	-	-	-	-	-	-	-	-	
2008 Series D	Tax-Exempt	0.180%	VRDO	Weekly	2043	1,000,000	-	2,290.00	2,290	
2008 Series D	Tax-Exempt	0.180%	VRDO	Weekly	2043	-	-	1,355.00	1,355	
2008 Series D	Tax-Exempt	0.180%	VRDO	Weekly	2043	-	-	3,865.00	3,865	
2008 Series D	Tax-Exempt	0.180%	VRDO	Weekly	2043	-	-	3,015.00	3,015	
2008 Series D	Tax-Exempt	-	-	-	-	-	-	-	-	
2008 Series D	Tax-Exempt	-	-	-	-	-	-	-	-	
2008 Series F	Tax-Exempt	-	-	-	-	-	-	-	-	
2008 Series H	Taxable	4.950%	-	-	2020	100,000	41,100	-	41,100	
2008 Series I	Taxable	-	-	-	-	-	-	-	-	
2008 Series K	Tax-Exempt	5.300% - 5.550%	-	-	2033	220,475	60,775	-	60,775	
2008 Series L	Tax-Exempt	5.450% - 5.550%	-	-	2038	189,790	52,020	-	52,020	
2016 Series A	Taxable	1.000% - 3.8480%	-	-	2036	236,350	236,350	-	236,350	
						5,783,085	963,220	752,235	1,715,455	

**Swaps**

<b>Type</b>	<b>Fixed Rate Paid by Agency</b>	<b>Floating Rate Received By Agency</b>	<b>Effective Date</b>	<b>Termination Date</b>	<b>Outstanding Notional/Applicable Amount</b>	<b>Fair Value</b>
Fixed payer	4.9000%	LIBOR @ 65%	5/25/00	8/1/30	\$ 17,765	\$ (3,340)
Fixed payer	4.5100%	LIBOR @ 65%	12/13/00	8/1/31	19,710	(3,687)
Fixed payer	6.8430%	3 mo LIBOR	12/13/00	8/1/16	640	(3)
Fixed payer	6.2150%	3 mo LIBOR+26%	1/25/01	8/1/19	12,605	(1,029)
Fixed payer	6.0100%	3 mo LIBOR+26%	4/5/01	2/1/16	1,320	(6)
Fixed payer	4.1430%	LIBOR @ 65%	5/31/01	8/1/24	14,695	(814)
Fixed payer	3.9910%	LIBOR @ 65%	7/26/01	8/1/18	2,715	(130)
Fixed payer	6.3600%	3 mo LIBOR+27%	7/26/01	8/1/20	16,265	(2,009)
Fixed payer	5.5300%	3 mo LIBOR+31%	10/10/01	8/1/18	5,935	(199)
Fixed payer	4.1300%	SIFMA less .15%	12/6/01	8/1/32	23,385	(3,701)
Fixed payer	3.8880%	LIBOR @ 65%	4/18/02	8/1/27	28,460	(5,213)
Fixed payer	3.9940%	LIBOR @ 65%	6/6/02	2/1/24	22,025	(2,272)
Fixed payer	3.8630%	LIBOR @ 65%	8/8/02	8/1/32	27,980	(2,991)
Fixed payer	3.7280%	LIBOR @ 65%	10/17/02	8/1/22	24,165	(1,879)
Fixed payer	3.1480%	LIBOR @ 65%	12/12/02	8/1/22	34,400	(2,560)
Fixed payer	3.0875%	LIBOR @ 60%+26%	8/1/04	8/1/30	12,865	(1,095)
Fixed payer	3.6100%	LIBOR @ 60%+26%	2/1/05	2/1/34	28,930	(3,846)
Fixed payer	3.5600%	LIBOR @ 60%+26%	8/4/04	2/1/33	8,895	(1,143)
Fixed payer	3.8040%	LIBOR @ 60%+26%	4/5/05	8/1/35	49,335	(9,238)
Fixed payer	4.2550%	LIBOR @ 62%+25%	7/27/06	8/1/40	16,000	(51)
Fixed payer	4.1360%	LIBOR @ 62%+25%	7/27/06	2/1/41	60,000	(184)
Fixed payer	4.0480%	LIBOR @ 62%+25%	8/8/07	2/1/31	38,800	(791)
Fixed payer	4.2360%	LIBOR @ 62%+25%	8/8/07	2/1/38	50,000	(1,980)
Fixed payer	3.9870%	LIBOR @ 65%+24%	11/7/07	8/1/32	25,000	(537)
Fixed payer	4.8000%	LIBOR @ 65%	4/6/00	2/1/23	2,225	(542)
Fixed payer	4.1430%	LIBOR @ 65%	5/31/01	8/1/24	9,710	(1,958)
Fixed payer	3.9940%	LIBOR @ 65%	6/6/02	2/1/24	7,005	(1,471)
Fixed payer	3.8630%	LIBOR @ 65%	8/8/02	8/1/32	7,760	(2,508)
Fixed payer	4.9000%	LIBOR @ 65%	5/25/00	8/1/30	1,680	(786)
Fixed payer	4.1430%	LIBOR @ 65%	5/31/01	8/1/24	2,595	(358)
Fixed payer	3.9910%	LIBOR @ 65%	7/26/01	8/1/18	1,355	(94)
Fixed payer	4.1300%	SIFMA less .15%	12/6/01	8/1/32	3,865	(1,456)
Fixed payer	4.8500%	LIBOR @ 65%	11/18/08	2/1/17	4,210	(111)
Fixed payer	4.8000%	LIBOR @ 65%	4/6/00	2/1/23	5,170	(480)
Fixed payer	4.8500%	LIBOR @ 65%	11/18/08	2/1/17	245	(1)
Fixed payer	3.8700%	LIBOR @ 65%	11/18/08	8/1/17	4,165	(60)
Fixed payer	7.1100%	LIBOR	11/18/08	8/1/22	20,695	(4,071)
					612,570	(62,594)



**Bonds / Notes**

<b>Bond Issue</b>	<b>Type of Bond</b>	<b>Interest Rate Range</b>	<b>Variable Rate Type*</b>	<b>Reset Term</b>	<b>Final Maturity Date</b>	<b>Original Issuance Amount</b>	<b>Outstanding Fixed</b>	<b>Outstanding Variable</b>	<b>Total</b>
<b>Residential Mortgage Revenue Bonds</b>									
2009 Series A-5	Tax-Exempt	3.160%	-	-	2041	466,115	202,755	-	202,755
2009 Series A-6 (MFP)	Tax-Exempt	3.270%	-	-	2030	69,950	49,410	-	49,410
2010 Series A	Tax-Exempt	2.700% - 4.625%	-	-	2027	24,000	10,810	-	10,810
2011 Series A	Tax-Exempt	2.450% - 4.750%	-	-	2028	72,000	23,100	-	23,100
2013 Series A	Taxable	2.900%	-	-	2042	100,210	42,834	-	42,834
2013 Series B	Taxable	2.900%	-	-	2042	33,550	20,907	-	20,907
						<u>765,825</u>	<u>349,816</u>	<u>-</u>	<u>349,816</u>
<b>Multifamily Loan Purchase Bonds:</b>									
2000 Issue A	Taxable	Variable	Pass-through	Monthly	2017	269,024	-	215	215
						<u>269,024</u>	<u>-</u>	<u>215</u>	<u>215</u>
<b>Multifamily Housing Revenue Bonds III</b>									
2000 Series B	Tax-Exempt	-	-	-	-	-	-	-	-
2000 Series D	Tax-Exempt	-	-	-	-	-	-	-	-
2001 Series D	Tax-Exempt	-	-	-	-	-	-	-	-
2001 Series E	Tax-Exempt	0.281%	VRDO	Weekly	2036	78,735	-	27,195	27,195
2001 Series F	Tax-Exempt	0.276%	VRDO	Weekly	2032	19,040	-	9,320	9,320
2001 Series G	Tax-Exempt	0.280%	VRDO	Weekly	2025	73,975	-	2,490	2,490
2001 Series G	Tax-Exempt	0.280%	VRDO	Weekly	2036	-	-	9,115	9,115
2001 Series G	Tax-Exempt	0.280%	VRDO	Weekly	2036	-	-	7,215	7,215
2002 Series A	Tax-Exempt	-	-	-	-	-	-	-	-
2002 Series A	Tax-Exempt	-	-	-	-	-	-	-	-
2002 Series B	Tax-Exempt	-	-	-	-	-	-	-	-
2002 Series C	Tax-Exempt	-	-	-	-	-	-	-	-
2002 Series C	Tax-Exempt	-	-	-	-	-	-	-	-
2002 Series D	Tax-Exempt	0.276%	VRDO	Weekly	2033	12,760	-	3,515	3,515
2002 Series E	Tax-Exempt	0.280%	VRDO	Weekly	2037	71,305	-	2,855	2,855
2002 Series E	Tax-Exempt	0.280%	VRDO	Weekly	2037	-	-	11,335	11,335
2003 Series C	Tax-Exempt	1.098%	Auction	35-day	2038	97,295	-	23,705	23,705
2004 Series A	Tax-Exempt	-	-	-	-	-	-	-	-
2004 Series B	Tax-Exempt	-	-	-	-	-	-	-	-
2004 Series B	Tax-Exempt	-	-	-	-	-	-	-	-
2004 Series B	Tax-Exempt	-	-	-	-	-	-	-	-
2004 Series B	Tax-Exempt	-	-	-	-	-	-	-	-
2004 Series C	Tax-Exempt	1.002%	Auction	Weekly	2025	13,940	-	4,000	4,000
2005 Series A	Tax-Exempt	-	-	-	-	-	-	-	-
2005 Series B	Tax-Exempt	-	-	-	-	-	-	-	-
2005 Series B	Tax-Exempt	-	-	-	-	-	-	-	-
2005 Series B	Tax-Exempt	-	-	-	-	-	-	-	-
2005 Series D	Tax-Exempt	0.280%	VRDO	Weekly	2038	91,225	-	14,885	14,885
2006 Series A	Tax-Exempt	-	-	-	-	-	-	-	-
2006 Series A	Tax-Exempt	-	-	-	-	-	-	-	-
2006 Series A	Tax-Exempt	-	-	-	-	-	-	-	-
2007 Series B	Tax-Exempt	-	-	-	-	-	-	-	-
2007 Series B	Tax-Exempt	-	-	-	-	-	-	-	-
2007 Series C	Tax-Exempt	0.280%	VRDO	Weekly	2042	27,970	-	4,770	4,770
2007 Series C	Tax-Exempt	0.280%	VRDO	Weekly	2040	-	-	4,295	4,295
2008 Series A	Tax-Exempt	0.268%	VRDO	Weekly	2040	11,370	-	7,115	7,115
2008 Series B	Tax-Exempt	0.281%	VRDO	Weekly	2036	104,890	-	14,555	14,555
2008 Series B	Tax-Exempt	0.275%	VRDO	Weekly	2038	-	-	8,525	8,525
2008 Series C	Tax-Exempt	0.282%	VRDO	Weekly	2038	33,390	-	5,105	5,105
2008 Series C	Tax-Exempt	0.282%	VRDO	Weekly	2036	-	-	11,760	11,760
2008 Series C	Tax-Exempt	0.282%	VRDO	Weekly	2038	-	-	740	740
2014 Series A	Tax-Exempt	0.850% - 4.800%	-	-	2049	38,915	24,965	-	24,965
2015 Series A	Taxable	2.379% - 4.050%	-	-	2030	174,180	174,180	-	174,180
						<u>848,990</u>	<u>199,145</u>	<u>172,495</u>	<u>371,640</u>

Swaps

Type	Fixed Rate Paid by Agency	Floating Rate Received By Agency	Effective Date	Termination Date	Outstanding Notional/Applicable Amount	Fair Value
Fixed payer	4.5850%	LIBOR @ 64%	7/12/00	2/1/31	765	(134)
Fixed payer	4.3950%	LIBOR @ 64%	11/16/00	2/1/31	10,575	(2,896)
Fixed payer	4.4520%	SIFMA less .20%	6/28/01	8/1/22	1,540	(195)
Fixed payer	4.7120%	SIFMA less .15%	6/28/01	2/1/36	39,980	(13,190)
Fixed payer	4.0290%	SIFMA less .20%	2/1/02	2/1/32	10,610	(2,195)
Fixed payer	4.2050%	SIFMA less .15%	2/1/02	8/1/36	2,505	(439)
Fixed payer	4.2050%	SIFMA less .15%	2/1/02	8/1/36	32,525	(9,054)
Fixed payer	4.5950%	SIFMA less .15%	2/1/04	2/1/34	7,855	(2,574)
Fixed payer	4.5000%	SIFMA less .15%	8/1/02	8/1/32	13,360	(3,506)
Fixed payer	4.8900%	SIFMA less .15%	2/2/04	2/1/37	9,820	(4,038)
Fixed payer	4.0370%	SIFMA less .20%	2/1/03	2/1/35	19,050	(4,669)
Fixed payer	4.4050%	SIFMA less .15%	2/1/04	2/1/37	11,815	(4,300)
Fixed payer	4.6380%	SIFMA less .15%	8/1/05	8/1/37	13,795	(5,040)
Fixed payer	4.0850%	SIFMA less .20%	2/3/03	2/1/35	9,835	(2,944)
Fixed payer	4.1510%	SIFMA less .15%	2/3/03	2/1/35	13,125	(3,966)
Fixed payer	4.5710%	SIFMA less .15%	11/1/04	8/1/37	35,665	(15,115)
Fixed payer	3.0590%	LIBOR @ 60%+.21%	8/1/04	8/1/34	15,270	(2,230)
Fixed payer	3.6920%	LIBOR @ 60%+.26%	8/1/06	8/1/36	10,790	(1,425)
Fixed payer	3.3300%	LIBOR @ 60%+.26%	8/1/04	8/1/34	4,470	(338)
Fixed payer	4.9783%	SIFMA less .15%	8/1/06	2/1/39	10,360	(1,880)
Fixed payer	4.5390%	SIFMA less .15%	8/1/04	8/1/34	2,145	(237)
Fixed payer	3.4350%	LIBOR @ 60%+.21%	2/1/05	8/1/25	5,840	(728)
Fixed payer	3.5640%	SIFMA less .20%	7/1/05	8/1/35	1,990	(527)
Fixed payer	3.9540%	SIFMA less .15%	6/15/05	8/1/35	2,285	(321)
Fixed payer	4.0790%	SIFMA less .15%	2/1/07	2/1/37	20,590	(3,289)
Fixed payer	3.9570%	SIFMA less .15%	8/1/07	2/1/38	3,450	(623)
Fixed payer	3.7010%	LIBOR @ 60%+.26%	2/1/06	2/1/38	25,240	(5,669)
Fixed payer	4.042% * HR	97% SIFMA & HR	6/15/06	8/1/27	4,665	(637)
Fixed payer	4.381% * HR	97% SIFMA & HR	6/15/06	8/1/39	8,205	(1,212)
Fixed payer	4.492% * HR	97% SIFMA & HR	6/15/06	2/1/41	3,755	(686)
Fixed payer	3.9370%	LIBOR @ 64%+.25%	7/12/07	2/1/22	1,475	(125)
Fixed payer	4.2220%	LIBOR @ 64%+.25%	8/1/09	2/1/40	5,230	(1,148)
Fixed payer	3.7280%	LIBOR @ 63%+.30%	2/1/08	8/1/42	4,955	(687)
Fixed payer	3.9190%	LIBOR @ 63%+.30%	11/1/09	8/1/40	12,755	(2,619)
Fixed payer	3.2950%	LIBOR @ 61%+.24%	11/1/09	8/1/40	9,375	(2,640)
Fixed payer	3.3850%	SIFMA less .15%	8/1/03	8/1/36	17,760	(3,023)
Fixed payer	4.2950%	SIFMA less .15%	8/1/05	2/1/38	24,540	(1,749)
Fixed payer	3.8830%	LIBOR @ 60%+.26%	12/1/04	8/1/38	7,705	(2,377)
Fixed payer	3.9680%	LIBOR @ 60%+.26%	7/1/05	2/1/36	11,760	(3,403)
Fixed payer	4.0600%	LIBOR @ 60%+.26%	2/1/06	8/1/38	8,000	(2,632)
					455,430	(114,460)

**Bonds / Notes**

<b>Bond Issue</b>	<b>Type of Bond</b>	<b>Interest Rate Range</b>	<b>Variable Rate Type*</b>	<b>Reset Term</b>	<b>Final Maturity Date</b>	<b>Original Issuance Amount</b>	<b>Outstanding Fixed</b>	<b>Outstanding Variable</b>	<b>Total</b>
<b>Affordable Multifamily Housing Revenue Bonds:</b>									
2009 Series A-21	Tax-Exempt	2.320%	-	-	2046	55,990	46,980	-	46,980
2009 Series A-22	Tax-Exempt	2.320%	-	-	2039	36,680	33,670	-	33,670
						<u>92,670</u>	<u>80,650</u>	<u>-</u>	<u>80,650</u>
<b>Special Obligation Multifamily Housing Revenue Bonds (Virginia Terrace):</b>									
2015 Issue A	Tax-Exempt	0.970% - 4.170%	-	-	2057	5,245	5,245	-	5,245
						<u>5,245</u>	<u>5,245</u>	<u>-</u>	<u>5,245</u>
<b>Special Obligation Multifamily Housing Revenue Bonds (Ocean View Senior):</b>									
2015 Issue B	Tax-Exempt	1.120% - 4.170%	-	-	2058	18,075	18,075	-	18,075
						<u>18,075</u>	<u>18,075</u>	<u>-</u>	<u>18,075</u>
<b>Multifamily Housing Revenue Bonds (Maplewood - FHA Risk-Share):</b>									
2016 Issue A	Tax-Exempt	0.700% - 3.250%	-	-	2035	8,600	8,600	-	8,600
						<u>8,600</u>	<u>8,600</u>	<u>-</u>	<u>8,600</u>
<b>Multifamily Housing Revenue Bonds (Woodglen Vista - FHA Risk-Share):</b>									
2016 Issue B	Tax-Exempt	0.700% - 3.800%	-	-	2033	31,000	31,000	-	31,000
						<u>31,000</u>	<u>31,000</u>	<u>-</u>	<u>31,000</u>
							<u>\$ 1,655,751</u>	<u>\$ 924,945</u>	<u>\$ 2,580,696</u>
									Unamortized discount (148)
									Unamortized premium 3,404
									<u>Total Bonds \$ 2,583,952</u>

Swaps

<u>Type</u>	<u>Fixed Rate Paid by Agency</u>	<u>Floating Rate Received By Agency</u>	<u>Effective Date</u>	<u>Termination Date</u>	<u>Outstanding Notional/Applicable Amount</u>	<u>Fair Value</u>
Total Outstanding Notional and Fair Value					<u>\$ 1,068,000</u>	<u>\$ (177,054)</u>

**Note 6 – LONG- AND SHORT-TERM LIABILITIES – BONDS, NOTES AND LOANS PAYABLE AND ASSOCIATED INTEREST RATE SWAPS (continued)**

*Notes Payable:* The Agency entered into loan agreements with Citibank N.A. on March 1, 2010. The Agency received funds for special bond redemptions in exchange for total notes payable of \$95.1 million. As of June 30, 2017, Citibank Notes were paid off.

Beginning this year, the Agency entered into an agreement with Federal Financing Bank to borrow capital specifically for multifamily loans to support its participation in FHA’s HFA Risk-Sharing Program.

The balance and changes in notes payable for the years ended June 30, 2017 and 2016 are as follows (dollars in thousands):

	<b>2017</b>	<b>2016</b>
	<b>Totals</b>	<b>Total</b>
Beginning of year balance	\$ 34,987	\$ 54,580
CitiBank Notes payable	(34,987)	-
FFB Notes payable	33,534	-
Principal payments	(177)	(19,593)
End of year balance	<u>33,357</u>	<u>34,987</u>
Current portion	320	1,371
Noncurrent portion	<u>33,037</u>	<u>33,616</u>
Total	<u>\$ 33,357</u>	<u>\$ 34,987</u>

The table below provides a summary of note payment requirements for the next five years and in five year increments thereafter (dollars in thousands).

<b>Fiscal Year</b>			
<b>Ending June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2018	\$ 320	\$ 941	\$ 1,261
2019	334	932	1,266
2020	349	922	1,271
2021	365	912	1,277
2022	382	901	1,283
2023-2027	2,182	4,329	6,511
2028-2032	2,721	3,982	6,703
2033-2037	3,395	3,550	6,945
2038-2042	4,236	3,012	7,248
2043-2047	5,289	2,342	7,631
2048-2052	6,605	1,507	8,112
2053-2057	7,179	474	7,653
Total	<u>\$ 33,357</u>	<u>\$ 23,804</u>	<u>\$ 57,161</u>



**Note 6 – LONG- AND SHORT-TERM LIABILITIES – BONDS, NOTES AND LOANS PAYABLE AND ASSOCIATED INTEREST RATE SWAPS (continued)**

**Loans Payable:** Beginning this year, the Agency entered into an agreement with the Federal Home Loan Bank of San Francisco. The Agency has access to \$100 million secured credit line to fund select portfolios of Fannie Mae and Ginnie Mae MBS composed of single family loans it has originated for low to moderate income homebuyers. The FHLB advances can have terms up to one year and terms can be renewed for up to one year at each maturity date.

The table below provides the outstanding Federal Home Loan Bank Advances as of June 30, 2017 (dollars in thousands).

Funding Date	Maturity Date	Current Par	Interest Rate (%)
1/20/2017	7/20/2017	\$ 13,900	0.75
2/16/2017	8/9/2017	8,100	0.76
2/16/2017	8/16/2017	2,900	0.79
3/17/2017	9/18/2017	20,000	1.02
4/10/2017	10/10/2017	8,500	1.06
5/8/2017	5/8/2017	1,100	1.15
5/9/2017	11/9/2017	12,100	1.14
5/16/2017	11/16/2017	4,300	1.13
5/17/2017	11/17/2017	1,245	1.11
6/9/2017	12/11/2017	7,450	1.20
Totals		\$ 79,595	

**Conduit Debt Obligations:** Beginning in 2009, the Agency issued conduit housing revenue debt obligations to provide financial assistance for the acquisition, construction and development of multifamily rental housing. They are limited obligations of the Agency, payable solely from the revenues and other funds and money pledged and assigned under the applicable indenture, series indenture, master pledge and assignment, or funding loan agreement.

The Agency had 59 series of conduit debt obligations aggregating \$700.1 million as of June 30, 2017 and 47 series of conduit debt obligations aggregating \$591.6 million as of June 30, 2016. For the years ended June 30, 2017 and 2016, all the authorized conduit debt obligations were issued. For the years ended June 30, 2017 and 2016, the Agency initially issued \$311.7 million and \$192.8 million in conduit debt obligations, respectively. The aggregate balances as of June 30, 2017 and 2016 include draws from previously issued conduits offset by maturities and redemptions.

The Agency may collect amounts from borrowers for application processing, issuance fees, administration fees, special issuer fees, unearned revenue-prepaid administration fees and California Debt Limit Allocation Committee (CDLAC) performance fees. If the conduit debt obligations are issued, the CDLAC performance fees are returned. For the year ended June 30, 2017, the Agency collected \$388 thousand in issuance fees and \$2.4 million in administration fees. The cumulative balance of unearned revenue – prepaid administrative fees as of June 30, 2017 is \$507 thousand. For the year ended June 30, 2016, the Agency collected \$381 thousand in issuance fees, \$2.3 million in administration fees, and \$68 thousand in special issuer fees. The cumulative balance of unearned revenue – prepaid administrative fees as of June 30, 2016 was \$469 thousand.

**Reconciliation of Bonds Payable:** Changes in bonds payable for the years ended June 30, 2017 and 2016 are as follows (dollars in thousands):

	2017 <u>Totals</u>	2016 <u>Totals</u>
Beginning of year balance	\$ 2,583,952	\$ 2,914,626
New bonds issued	278,240	299,270
Scheduled maturities	(50,270)	(48,166)
Redemptions	(713,691)	(580,374)
Amortized discount	12	40
Amortized premium	(997)	(1,444)
Reclass of refunding premium to deferred gain	(1,372)	-
End of year balance	<u>\$ 2,095,874</u>	<u>\$ 2,583,952</u>
Current portion	\$ 77,762	\$ 54,592
Noncurrent portion	2,018,112	2,529,360
Total	<u>\$ 2,095,874</u>	<u>\$ 2,583,952</u>

**Note 6 – LONG- AND SHORT-TERM LIABILITIES – BONDS, NOTES AND LOANS PAYABLE AND ASSOCIATED INTEREST RATE SWAPS (continued)**

**Variable Rate Debt and Debt Service Requirements:** The Agency’s variable rate debt is typically related to remarketed rates or common indices such as the Securities Industry and Financial Markets Association (“SIFMA”) or the London Inter-Bank Offered Rate (“LIBOR”) and resets periodically. The interest calculations shown in the table below are based on the variable rate in effect at June 30, 2016, and may not be indicative of the actual interest expense that will be incurred by the Fund. As rates vary, variable rate bond interest payments and net swap payments will vary. The table below provides a summary of debt service requirements and net swap payments for the next five years and in five year increments thereafter (dollars in thousands).

Fiscal Year Ending June 30	Fixed/Variable Unswapped		Variable Swapped		Interest Rate Swaps, Net	Total
	Principal	Interest	Principal	Interest		
2018	\$ 69,595	\$ 57,052	\$ 8,165	\$ 1,334	\$ 27,518	\$ 163,664
2019	70,135	59,061	7,180	1,339	24,458	162,173
2020	69,910	57,074	7,425	1,255	22,030	157,694
2021	74,840	54,551	7,945	1,170	19,896	158,402
2022	72,960	52,384	7,985	1,080	17,933	152,342
2023-2027	463,560	216,353	27,305	4,336	68,119	779,673
2028-2032	658,095	121,149	35,660	3,070	42,713	860,687
2033-2037	265,600	42,528	40,985	868	15,352	365,333
2038-2042	145,809	22,464	2,775	28	1,144	172,220
2043-2047	34,320	7,055	-	-	6	41,381
2048-2052	10,380	3,962	-	-	-	14,342
2053-2057	1,140	2,507	-	-	-	3,647
2058-2058	13,205	-	-	-	-	13,205
Total	\$ 1,949,549	\$ 696,140	\$ 145,425	\$ 14,480	\$ 239,169	\$ 3,044,763

As of June 30, 2017, the difference between the gross bonds payable and the net bonds payable was \$0.9 million. This represented the aggregate of the unamortized bond premium and bond discount.

**Letter of Credit Agreements:** The Temporary Credit and Liquidity Program expired December 2015. In order to replace the liquidity provided by this program, the Agency entered into letter of credit agreements in November 2014, May 2015 and July 2015. For the years ended June 30, 2017 and 2016, the Agency had immediately reimbursed the full amount of all the draws on the agreements.

**Objective of the Interest Rate Swaps:** In order to protect against rising rates, the Agency primarily entered into swaps to establish synthetic fixed rates for a like amount of the Agency’s variable rate bond obligations. The majority of the Agency’s interest rate swap transactions are structured for the Agency to pay a fixed interest rate while receiving a variable interest rate (fixed payer swaps) and exceptions are listed under Basis Risk Associated with Interest Rate Swaps. Synthetic fixed rates provide the Agency with a significantly lower fixed cost of funds compared to issuing fixed-rate bonds; however, the increased risks related to the synthetic fixed rates have the effect of increasing costs to the Agency.

**Terms, Fair Value and Credit Risk:** The terms and fair values of the outstanding fixed payer swaps as of June 30, 2017 are summarized in the table at the beginning of this note. The terms and fair values of the outstanding basis swaps are summarized in the table under Basis Risk.

The fair value of the swaps is reported as “Derivative swap asset” within “Other assets” or as “Derivative swap liability” within “Other liabilities” in the statements of net position. The accumulated decrease or increase in the fair value of the effective swaps is reported as “Accumulated decrease in fair value of hedging derivatives” within “Deferred outflow of resources” or “Accumulated increase in fair value of hedging derivatives” within “Deferred inflow of resources” in the statements of net position. Alternatively, the gain or loss on the fair value of the ineffective swaps is reported as “Investment swap revenue” within “Other revenues” in the statements of revenues, expenses and changes in net position.

The Agency did not pay or receive any cash when swap transactions were initiated except for in-substance assignments. For the years ended June 30, 2017 and 2016, no additional swaps were considered investment derivatives because they no longer met the criteria for effectiveness. The following table summarizes the swap fair value activity in the statements of net position as of June 30, 2017 and 2016 and the statements of revenues, expenses and changes in net position for the years ended June 30, 2017 and 2016 (dollars in thousands):

**Note 6 – LONG- AND SHORT-TERM LIABILITIES – BONDS, NOTES AND LOANS PAYABLE AND ASSOCIATED INTEREST RATE SWAPS (continued)**

Statements of Net Position	2017	2016
Derivative swap asset	\$ 508	\$ 241
Accumulated decrease in fair value of hedging derivatives	10,051	27,441
Derivative swap liability	114,353	177,054
Statements of Revenue, Expenses and Changes in Net position		
Investment swap revenue	45,579	(10,625)

Except as discussed under rollover risk, the Agency’s swap agreements contain scheduled reductions to outstanding notional amounts that are expected to approximately follow scheduled or anticipated reductions in the associated “bonds payable” category.

As of June 30, 2017, the Agency has interest rate swap agreements with 10 swap counterparties. All of the Agency’s interest rate swap agreements require the Agency to post collateral if its general obligation credit ratings, as issued by Moody’s and Standard and Poor’s fall below a certain level and if the fair value of the swaps breach a certain threshold. The collateral can be posted in several forms: cash, mortgage-backed securities, or treasury securities. If the Agency does not post collateral, the interest rate swap can be terminated by the counterparty. The cash collateral and securities collateral are reported as “Current assets: Other Assets” and “Noncurrent assets: Investments,” respectively, in the statements of net position. As of June 30, 2017, the Agency posted cash and fair value of mortgage-backed securities as collateral with swap counterparties in the amounts of \$630 thousand and \$35.1 million, respectively. As of June 30, 2016, the Agency posted cash and fair value of mortgage-backed securities as collateral in the amounts of \$18.0 million and \$14.8 million, respectively.

Because interest rates are generally lower than the rates in effect at inception of the swap agreements, the Agency’s fixed payer swap agreements had an aggregate negative fair value of \$114.4 million as of June 30, 2017 and \$177.1 million as of June 30, 2016. Fair values are as reported by the Agency’s dealer counterparties and are estimated using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swaps. The swaps are classified in Level 2 of the fair value hierarchy. Level 2 is described in the Cash, Cash Equivalents and Investments note.

As of June 30, 2017, the Agency’s swap portfolio had an aggregate asset position of \$508 thousand. This represents the maximum loss that would be reported at the reporting date if all counterparties failed to perform as contracted. However, this maximum exposure is eliminated by the applicable counterparty swap liabilities included in the \$114.4 million total. Therefore, the Agency has no net exposure to credit risk.

The following table shows the number of fixed payer swaps and outstanding notional amounts by the counterparties’ respective credit ratings as of June 30, 2017 (dollars in thousands).

<u>Moody's</u>	<u>Standard &amp; Poors</u>	<u>Outstanding Notional Amount</u>	<u>Number of Swap Transactions</u>
Aa2	AA-	\$ 94,410	4
Aa3	A+	169,320	9
Aa3	AA	370,440	31
A1	A+	9,820	1
A1	A	24,625	1
Baa1	BBB+	65,290	6
Baa2	A-	87,300	7
Baa3	BBB	9,160	1
		<u>\$ 830,365</u>	<u>60</u>

**Interest Rate Risk:** The Agency is exposed to interest rate risk on its fixed payer swaps. As the LIBOR or the SIFMA swap index decreases, the Agency’s net payments on the swaps increase.

**Basis Risk:** All of the Agency’s interest rate swaps contain an element of basis risk, the risk that the floating rate component of the swap will not match the floating rate of the underlying bonds. This risk arises because floating rates paid by swap counterparties are based on indices, which consist of market-wide averages, while interest paid on the Agency’s variable rate bonds is specific to individual bond issues.

**Note 6 – LONG- AND SHORT-TERM LIABILITIES – BONDS, NOTES AND LOANS PAYABLE AND ASSOCIATED INTEREST RATE SWAPS (continued)**

Historically, the Agency’s variable rate tax-exempt bonds trade at a slight discount to the SIFMA index. For those swaps associated with tax-exempt bonds for which the Agency receives a variable rate payment based on a percentage of LIBOR, the Agency is exposed to basis risk should the relationship between SIFMA and LIBOR converge.

Multiple swap formulas have been used by the Agency. As of June 30, 2017, the formulas for the swap portfolio utilized the SIFMA, the 1 month LIBOR and the 3 month LIBOR rates. As of June 30, 2017, rates for the SIFMA, the 1 month LIBOR and the 3 month LIBOR were 0.91%, 1.224% and 1.299%, respectively. The swap formulas will continue to be monitored for its effectiveness in case the Agency chooses to enter into any future interest rate swaps. In addition, the Agency holds 6 basis swaps as a means to change the variable rate formula received for 112 million of swap notional amount. These basis swaps changed the variable rate formula received from counterparties from 65% of LIBOR to those described in the following table as of June 30, 2017 (dollars in thousands):

<u>Bond Issue</u>	<u>Variable Rate Paid By Agency</u>	<u>Floating Rate Received By Agency **</u>	<u>Effective Date</u>	<u>Termination Date</u>	<u>Outstanding Notional/Applicable Amount</u>	<u>Fair Value</u>
Home Mortgage Revenue Bonds:						
2000 Series J	LIBOR @ 65%	LIBOR @ 85%-0.019%	2/1/04	8/1/30	19,445	91
2000 Series X-2	LIBOR @ 65%	LIBOR @ 85%-0.019%	2/1/04	8/1/31	16,845	77
2001 Series N	LIBOR @ 65%	LIBOR @ 85%-0.019%	2/1/04	8/1/18	2,805	4
2002 Series B	LIBOR @ 65%	LIBOR @ 85%-0.019%	2/1/04	8/1/27	26,625	151
2002 Series F	LIBOR @ 65%	LIBOR @ 85%-0.019%	2/1/04	2/1/24	27,455	121
2002 Series M	LIBOR @ 65%	LIBOR @ 85%-0.019%	2/1/04	8/1/22	18,735	64
					\$ 111,910	\$ 508

\* The notional amount and the amortization of these swaps mirror the initial 65% of LIBOR swaps, basically overlaying the swaps so that the effective rate received from the counterparties are the rates shown in the table above.

\*\*The variable interest rate received by the counterparties is dependent on the LIBOR interest rate at the time of settlement. The rate shown in the table is the effective rate at June 30, 2017.

**Termination Risk:** Counterparties to the Agency’s interest rate swap agreements have ordinary termination rights that require settlement payments by the Agency or the counterparty based on the fair value of the swap at the date of termination.

**Rollover Risk:** The Agency is exposed to rollover risk on interest rate swaps that are hedges of debt that mature or may be terminated prior to the maturity of the hedged debt. When these swaps terminate, the Agency will be re-exposed to the risks being hedged by the swaps. The fixed payer interest rate swaps’ termination dates and associated debts’ maturities are listed in the previous bonds payable and interest rate swap table.

**Note 6 – LONG- AND SHORT-TERM LIABILITIES – BONDS, NOTES AND LOANS PAYABLE AND ASSOCIATED INTEREST RATE SWAPS (continued)**

**Over Hedged Bonds:** All notional amounts (or “applicable amounts”) of the fixed payer swaps match the principal amounts of the associated debt with the following exceptions as of June 30, 2017 (dollars in thousands):

<u>Bond Issue</u>	<u>Bonds Outstanding</u>	<u>Swap Notional Amount</u>	<u>Unmatched Swap</u>	<u>Fair Value</u>
Home Mortgage Revenue Bonds				
2000 Series J *		\$ 17,765	\$ 17,765	\$ (2,082)
2000 Series X2 *		16,845	16,845	(2,381)
2001 Series J		9,930	9,930	(326)
2001 Series N *		1,450	1,450	(25)
2001 Series O		12,105	12,105	(992)
2002 Series S		2,290	2,290	(39)
2001 Series U		20,200	20,200	(2,301)
2002 Series B *		26,625	26,625	(3,267)
2002 Series F *		20,450	20,450	(1,138)
2002 Series J		22,555	22,555	(1,738)
2002 Series M *		18,735	18,735	(907)
2002 Series P		28,135	28,135	(1,332)
2004 Series A		10,415	10,415	(612)
2004 Series G		24,625	24,625	(2,403)
2004 Series I		7,570	7,570	(714)
2007 Series H		50,000	50,000	(137)
2007 Series H		2,225	2,225	(376)
2008 Series C		9,470	9,470	(1,310)
2008 Series C		7,005	7,005	(992)
2008 Series C		7,760	7,760	(1,760)
2008 Series C		3,890	3,890	(249)
2008 Series D		1,680	1,680	(589)
2008 Series D		2,595	2,595	(219)
2008 Series D		1,355	1,355	(39)
2008 Series D		3,865	3,865	(1,010)
2008 Series F		425	425	(1)
2008 Series I		17,600	17,600	(2,445)
Multifamily Housing Revenue Bonds III				
2000 Series B		630	630	(89)
2000 Series D		10,050	10,050	(2,046)
2001 Series D		1,340	1,340	(115)
2001 Series E	\$ 13,970	38,435	24,465	(5,891)
2001 Series F	8,580	9,820	1,240	(180)
2001 Series G	11,020	33,405	22,385	(4,305)
2001 Series G	6,940	7,550	610	(145)
2002 Series A		12,560	12,560	(2,367)
2002 Series A		9,520	9,520	(2,884)
2002 Series B		17,970	17,970	(3,108)
2002 Series C		13,360	13,360	(3,577)
2002 Series C		11,470	11,470	(2,991)
2002 Series D		9,490	9,490	(1,987)
2002 Series E		12,725	12,725	(2,699)
2002 Series E		34,870	34,870	(10,709)
2004 Series A		14,200	14,200	(1,380)
2004 Series B		10,490	10,490	(888)
2004 Series B		4,320	4,320	(177)
2004 Series B		2,095	2,095	(155)
2004 Series B		9,895	9,895	(1,396)
2004 Series C	3,655	5,340	1,685	(141)
2005 Series A		1,930	1,930	(337)
2005 Series B		2,215	2,215	(236)
2005 Series B		19,710	19,710	(2,421)
2005 Series B		3,355	3,355	(331)
2005 Series D	14,375	24,050	9,675	(1,537)
2006 Series A		4,090	4,090	(385)
2006 Series A		7,980	7,980	(664)
2006 Series A		3,665	3,665	(384)
2007 Series B		5,045	5,045	(784)
2007 Series B		1,240	1,240	(69)
2007 Series C		4,690	4,690	(423)

**Note 6 – LONG- AND SHORT-TERM LIABILITIES – BONDS, NOTES AND LOANS PAYABLE AND ASSOCIATED INTEREST RATE SWAPS (continued)**

<u>Bond Issue</u>	<u>Bonds Outstanding</u>	<u>Swap Notional Amount</u>	<u>Unmatched Swap</u>	<u>Fair Value</u>
Multifamily Housing Revenue Bonds III (continued)				
2007 Series C		12,485	12,485	(1,754)
2008 Series A		9,160	9,160	(1,746)
2008 Series B	8,170	23,855	15,685	(619)
2008 Series B	13,325	16,425	3,100	(345)
2008 Series C	4,950	7,510	2,560	(582)
2008 Series C	740	7,790	7,050	(1,718)
Total	<u>\$ 85,725</u>	<u>\$ 772,295</u>	<u>\$ 686,570</u>	<u>\$ (90,949)</u>

\*Includes Basis Swap.

**Note 7 – NONMORTGAGE INVESTMENT AND MORTGAGE YIELD**

In accordance with Federal law, the Agency is required to rebate to the Internal Revenue Service (“IRS”) the excess of the amount actually earned on all nonmortgage investments (derived from investing the bond proceeds) over the amount that would have been earned had those investments borne a rate equal to the yield on the bond issue, plus any income attributable to such excess. As of June 30, 2017 and 2016, the Fund had liabilities to the IRS totaling \$526.6 thousand and \$441 thousand, respectively and reported in the statements of net position as “Due to IRS” within “Due to other government entities.” For the years ended June 30, 2017 and 2016, the net effects of changes in the liability have been recorded as a decrease and increase, respectively, in “Interest income: Investments” in the statements of revenues, expenses and changes in net position.

Additionally, the Agency has identified all the bond series that were issued as variable rate plans of finance and subject to review and monitoring of mortgage yield excess. As of June 30, 2017 and 2016, the Fund had liabilities to the IRS totaling \$1.5 million and \$5.6 million, respectively and reported in the statements of net position as “Due to IRS” within “Due to other government entities.” For the years ended June 30, 2017 and 2016, the net effects of changes in the liability have been recorded as increases in “Interest income: Program loans” in the statements of revenues, expenses and changes in net position. The Agency will continue to monitor the status of mortgage yield compliance to mitigate further liability.

**Note 8 – EXTINGUISHMENT OF DEBT**

For the year ended June 30, 2017, the Agency issued Home Mortgage Revenue Bonds 2017 Series A on June 30, 2017 and the proceeds were used to refund prior Home Mortgage Revenue Bonds series in a subsequent period as described in Note 18 – Subsequent Events. The refunding’s provided an estimated economic gain of \$32.5 million.

**Note 9 – PENSION PLAN**

**Plan Description, Benefits Provided and Employees Covered:** The Agency contributes to the Public Employees’ Retirement Fund (PERF) administered by the California Public Employees’ Retirement System (“CalPERS”), an agent multiple-employer public employee defined benefit pension plan. The State of California is considered the employer and the Agency is a component of the State. The Agency employees are enrolled in the State Miscellaneous Plan (the “Plan”). The Plan is included in the Public Employee’s Retirement Fund A (“PERF A”) PERF is comprised of and reported as PERF A, PERF B, and PERF C for accounting purposes. CalPERS acts as a common investment and administrative agent for participating public entities within the State and uses the accrual basis of accounting. Benefit provisions and all other requirements are established by state statute. All state agencies are considered collectively to be a single employer, and the actuarial present value of vested and non-vested accumulated plan benefits attribute to the Agency’s employees is determined as Agency’s percentage of the State as a single employer. Similarly, the net assets available for benefits of the Agency employees is determined as the Agency’s percentage of the State. A full description of the pension plan regarding number of employees covered, benefit provisions, assumptions, and membership information are listed in the June 30, 2015 Annual Actuarial Valuation Report. Details of the benefits provided can be obtained in Appendix B of the actuarial valuation report. CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. CalPERS’ annual financial report and the Annual Actuarial Valuation Report may be obtained via the internet at [www.calpers.ca.gov](http://www.calpers.ca.gov) under Forms and Publications.

**Note 9 – PENSION PLAN (continued)**

**GASB 68 Accounting Valuation Reports:** The State requested CalPERS GASB 68 Accounting Valuation Reports for the Plan. Copies of these reports may be obtained from the State Controller’s Office, Division of Accounting and Reporting.

**Contributions:** Generally, full time employees are eligible to participate as members of CalPERS and are eligible to retire at age 50 with at least five years of service or age 55 with at least ten years of service, depending on the plan selected by the employee. Employees hired after January 1, 2013, must be at least age 52 to retire. Annual retirement benefits are determined based on age at retirement, length of membership service, and the amount of earnings based on the highest or last 12 or 36 consecutive months’ average. Health care and dental benefits may be provided to members depending on the date hired and the years of credited service of a member. If members are not fully vested, the health care and dental contributions are prorated based of the years of service.

The Agency’s allocated contribution for the State’s Benefits for Annuitants (Retired) was \$1,860,126 and \$1,868,239 for years ended June 30, 2017 and June 30, 2016. The Fund’s Active Employee Pension Benefit contribution rates were 26.728% (Tier 1), 26.984% (Tier 2), and 25.150% (Tier 1), 25.278% (Tier 2) for the years ended June 30, 2017 and June 30, 2016. The number of Active employees covered by the benefit terms is 223 and 236 for the years ended in June 30, 2017 and June 30, 2016 respectively.

**Pension Liabilities, Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions:** As of June 30, 2017 and 2016, the Fund reported a liability of \$53.2 million and \$47.1 million, respectively in the Due to other government entities section of the financial statement, for its proportionate share of the State’s net pension liability. The net pension liabilities were measured as of June 30, 2016 and 2015 and were based on the Fund’s pensionable compensation as a percentage of the State’s total pensionable compensation. As of June 30, 2016 and 2015, the Fund’s proportionate share was 0.161% and 0.167%, respectively.

For the years ended June 30, 2017 and 2016, the Fund recognized pension expense of negative \$0.4 million and positive \$2.9 million, respectively. As of June 30, 2017 and 2016, the Fund reported deferred outflows of resources and deferred inflows of resources related to pensions for the following sources (dollars in thousands):

	2017		2016	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected and actual experience	\$ 542	\$ 122	\$ 861	\$ -
Differences between projected and actual earnings on pension plan investments	9,647	3,774	4,855	5,884
Differences between Fund contributions and proportionate share of contributions	-	28	-	53
Changes in proportion	-	2,485	-	1,443
Changes of assumptions	-	1,174	-	1,784
Fund contributions subsequent to the measurement date	4,651	-	4,495	-
	<u>\$ 14,840</u>	<u>\$ 7,583</u>	<u>\$ 10,211</u>	<u>\$ 9,164</u>

As of June 30, 2017, the \$4.7 million reported as deferred outflows of resources related to pensions resulting from Fund contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2018. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows (dollars in thousands):

Fiscal year ending June 30:	
2018	(595)
2019	(487)
2020	2,152
2021	1,536

**Note 9 – PENSION PLAN (continued)**

**Actuarial Assumptions:** For the measurement period ended June 30, 2016, the total pension liability was determined by rolling forward the June 30, 2015 total pension liability. The June 30, 2016 total pension liability was based on the following actuarial assumptions:

Inflation	2.75%
Salary increases	Varies by entry age and service
Investment rate of return	7.65%
Post retirement benefit increase	Contract COLA up to 2.75% until purchasing power protection allowance floor on purchasing power applies, 2.75% thereafter

For the measurement period ended June 30, 2015, the total pension liability was determined by rolling forward the June 30, 2014 total pension liability. The June 30, 2015 total pension liabilities were based on the following actuarial assumptions:

Inflation	2.75%
Salary increases	Varies by entry age and service
Investment rate of return	7.65%, net of pension plan investment and administrative expenses; includes inflation
Post retirement benefit increase	Contract COLA up to 2.75% until purchasing power protection allowance floor on purchasing power applies, 2.75% thereafter

For the measurement periods ended June 30, 2016 and 2015, the mortality tables were based on CalPERS' specific data. The tables include 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2015 experience study that can be obtained via the internet at [www.calpers.ca.gov](http://www.calpers.ca.gov) under Forms and Publications.

All other actuarial assumptions used in the June 30, 2015 and 2014 valuations were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increases, mortality and retirement rates. The Experience Study report can be obtained via the internet at [www.calpers.ca.gov](http://www.calpers.ca.gov) under Forms and Publications.

The long term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all of the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.



**Note 9 – PENSION PLAN (continued)**

For the measurement period ended June 30, 2016, the rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. The target allocations were adopted by CalPERS effective July 1, 2015. For the measurement period ended June 30, 2016, the following table reflects long-term expected real rate of returns by asset class:

Asset Class	Target Allocation	Real Return Years 1-10 <sup>1</sup>	Real Return Years 11+ <sup>2</sup>
Global Equity	51%	5.25%	5.71%
Global Fixed Income	20	0.99	2.43
Private Equity	10	6.83	6.95
Real Estate	10	4.50	5.13
Inflation Sensitive	6	0.45	3.36
Infrastructure and Forestland	2	4.50	5.09
Liquidity	1	(0.55)	(1.05)
	100%		

<sup>1</sup>An expected inflation of 2.5% used for this period

<sup>2</sup>An expected inflation of 3.0% used for this period

For the measurement period ended June 30, 2015, the rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. The geometric rates of return are net of administrative expenses. For the measurement period ended June 30, 2015, the following table reflects long-term expected real rate of returns by asset class:

Asset Class	Target Allocation	Real Return Years 1-10 <sup>1</sup>	Real Return Years 11+ <sup>2</sup>
Global Equity	51%	5.25%	5.71%
Global Fixed Income	19	0.99	2.43
Private Equity	10	6.83	6.95
Real Estate	10	4.50	5.13
Inflation Sensitive	6	0.45	3.36
Infrastructure and Forestland	2	4.50	5.09
Liquidity	2	(0.55)	(1.05)
	100%		

<sup>1</sup>An expected inflation of 2.5% used for this period

<sup>2</sup>An expected inflation of 3.0% used for this period

**Discount Rate:** The discount rate used to measure the total pension liability for the measurement periods ended June 30, 2016 and 2015 was 7.65%. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the discount rates used for the current and

**Note 9 – PENSION PLAN (continued)**

previous measurement periods were adequate and the use of the municipal bond rate calculation was not necessary. The current and previous long term expected discount rates used in the current and previous measurement periods were applied to all plans in the Public Employees’ Retirement Fund. The stress test results are presented in a detailed report called “GASB Crossover Testing Report” that can be obtained via the internet at [www.calpers.ca.gov](http://www.calpers.ca.gov) under the GASB 68 section.

**Sensitivity of the Fund’s Proportionate Share of the Net Pension Liability to Changes in Discount Rate:** The following presents the Fund’s proportionate share of the net pension liability as of the June 30, 2016 measurement date, calculated using the discount rate of 7.65%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.65%) or 1 percentage-point higher (8.65%) than the current rate (dollars in thousands):

	Discount Rate – 1% (6.65%)	Current Discount Rate (7.65%)	Discount Rate + 1% (8.65%)
Fund’s net pension liability	\$ 72,371	\$ 53,160	\$ 37,032

The following presents the Fund’s proportionate share of the net pension liability as of the June 30, 2015 measurement date, calculated using the discount rate of 7.65%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.65%) or 1 percentage-point higher (8.65%) than the current rate (dollars in thousands):

	Discount Rate – 1% (6.65%)	Current Discount Rate (7.65%)	Discount Rate + 1% (8.65%)
Fund’s net pension liability	\$ 66,557	\$ 47,125	\$ 30,821

**Pension Plan Fiduciary Net Position:** As of June 30, 2016 and 2015, the Plan’s fiduciary net position was \$66.7 billion and \$68.1 billion, respectively. Detailed information about PERF A’s fiduciary net position is available via the internet at [www.calpers.ca.gov](http://www.calpers.ca.gov) under Forms and Publications.

**Payable to the Pension Plan:** As of June 30, 2017 and 2016, the Fund did not report any payables related to pension contributions.

**Note 10 – OTHER POSTEMPLOYMENT BENEFITS**

Post-retirement health care benefits are also provided to CalHFA employees through the programs sponsored by the State as administered by CalPERS and the California Department of Human Resources (CalHR). State Controller’s Office sets the employer contribution rate based on the annual required contribution (“ARC”) of the employers, an amount actuarially determined in accordance with GAAP. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The Agency’s estimated Net OPEB Obligation (NOO) was \$33.3 million and \$28.7 million for the years ended June 30, 2017 and June 30, 2016, respectively, and was included in the Due To Other Government Entities section of the financial statement. The allocated contribution of OPEB from the Fund was \$2.1 million each for both years ended June 30, 2017 and June 30, 2016. CalPERS issues a publicly available Comprehensive Annual Financial Report (“CAFR”) that includes financial statements and required supplementary information for the OPEB.

As the post-retirement health care plan is sponsored by the state it is considered a single-employer plan. CalHFA is considered a department of the State. Health care and dental benefits may be provided to the members depending on the date hired and the member’s years of credited service. Post-retirement health benefits include medical, prescription drug, and dental benefits, and are currently funded on a pay-as-you-go basis. Employer contributions for health premiums during the 2016-17 fiscal year maintained the 100/90 percent contribution formula established by Government Code. Under this formula, the State uses 100 percent of weighted average premiums of the four largest health benefit plans in order to calculate the maximum amount the State will contribute towards the retiree’s health benefits. The State also contributes 90 percent of this average for the health benefits of each of the retiree’s dependents. The retiree is responsible for paying all health benefit plan costs that exceed the average of the four largest benefit plans. The monthly estimated contribution is \$559 for a single enrollee, \$1,125 for an enrollee and one dependent, and \$1,462 for an enrollee and two or more dependents. Dental care premiums vary by plan and number of dependents. The contribution formulas are subject to approval and amendment by the State Legislature. If members are not fully vested, the health care and dental contributions are prorated based on the years of service.

**Note 10 – OTHER POSTEMPLOYMENT BENEFITS (continued)**

The following table shows the components of the Fund’s allocated annual OPEB cost, the amount actually contributed to the plan and the net OPEB obligation as of and for the year ended June 30, 2017, and the previous two fiscal years (dollars in thousands):

Net OPEB obligation (NOO), June 30, 2014		\$	21,485
Allocated annual OPEB cost (AOC)	\$	5,479	
Fund Allocated contributions	\$	<u>(2,069)</u>	
Net OPEB obligation (NOO), June 30, 2015		\$	24,895
Allocated annual OPEB cost (AOC)	\$	5,894	
Fund Allocated contributions	\$	<u>(2,078)</u>	
Net OPEB obligation (NOO), June 30, 2016		\$	28,711
Allocated annual OPEB cost (AOC)	\$	5,788	
* Transfer In – SB 837		900	
Fund Allocated contributions	\$	<u>(2,064)</u>	
Net OPEB obligation (NOO), June 30, 2017		\$	<u>33,335</u>

\*Beginning July 1, 2016, SB 837 repealed provisions related to the Director of Insurance for CaHLIF. Since the Agency can no longer have staff positions within CaHLIF, the Agency budgets all liabilities for staff positions within the Fund.

**Note 11 – COMMITMENTS**

As of June 30, 2017, the Agency had no outstanding commitments to fund Homeownership Program loans or Multifamily Program loans. As of June 30, 2017, the Agency had no proceeds available from bonds issued to Homeownership Program loans and no proceeds available from bonds issued for Multifamily Program loans.

**Note 12 – TRANSFERS TO OTHER FUNDS/GOVERNMENT AGENCIES**

On June 27, 2016, the Governor approved Senate Bill 837 which discontinued various housing down payment financial assistance programs and authorized the Agency to transfer any obligated amounts from such programs to State general obligation bond program, HPA. The large increase in the Agency’s transfer in/out activity is a result of the above described transaction.

The following transfers were recognized by the Fund for the period ended June 30, 2017 and 2016.

<b>Transfer in/out:</b>	<u>2017</u>	<u>2016</u>
Transfer in - MHSA Counties	\$ 71,908	-
Transfer in - CaHLIF - SB 837	(1,054)	-
Transfer out - HPA - SB 837	(374,438)	-
Transfer out - HAT	-	(496)
Transfer out - HES	-	(888)
Transfer out - MHSA Counties	<u>(37,431)</u>	<u>(2,281)</u>
Total transfer in (out)	<u>\$ (341,015)</u>	<u>(3,665)</u>

**Note 13 – LEASES**

The Agency leases two office locations in California and entered into two separate lease agreements for office space. These leases expire in various years through July 31, 2023. The operating leases have a provision for early termination. The Agency may request an extension, cancellation, termination, surrender, amendment or modification of the lease under pre-agreed terms.

The Base Rent Schedules are as follows (dollar in thousands):

Fiscal years ended June 30	500 Capitol Mall Tower, LLC (Sacramento Office)	Slauson Investors, LLC (Culver City Office)	Total
	Lease ends 7/31/23	Lease ends 2/28/19	
2018	\$ 2,468	\$ 257	\$ 2,725
2019	2,517	154	2,671
2020	2,567	-	2,567
2021	2,619	-	2,619
2022-2023	5,623	-	5,623
Total	\$ 15,794	\$ 411	\$ 16,205

**Note 14 – ARRANGEMENTS WITH CAHLIF**

All operating and administrative expenses of the Agency are initially paid from the Fund including certain operating and administrative expenses in support of mortgage guarantee insurance programs which are reported in CaHLIF. Monthly, the Fund charges CaHLIF for these expenses and is reimbursed from premiums of policies still in force and the remaining amount is used to pay outstanding claims of the CaHLIF.

Effective March 1, 2003, CaHLIF entered into a reinsurance treaty and administrative services agreement with Genworth Mortgage Insurance Corporation (“Genworth”). This agreement cedes to Genworth a 75% quota share of the insurance risk for most loans insured by CaHLIF and provides for certain administrative services to be performed by Genworth. Prior to February 2011, Genworth was paying the full amount of the loss (100%) to the insured and was billing the CaHLIF for its portion of the loss (25%) each month. Effective February 1, 2011, Genworth is paying for their portion of the loss (75%) directly to the insured and the CaHLIF is paying for its portion of the loss (25%) directly to the insured. As of June 30, 2017, there was no cash or investments remaining in CaHLIF to pay outstanding claims. The California Housing Finance Fund has written off foreclosed loans insured by CaHLIF. As of June 30, 2017, the allowance for loan loss reserve amount established under the Homeownership Programs indenture was \$11.0 million.

**Note 15 – RISK MANAGEMENT**

Through its business operations, the Fund is exposed to various risks of loss related to potential loan losses on program mortgages, fire, liability, and employee wrongdoing. To reduce risk of loss on program mortgages, the Fund has various types of mortgage insurance. At June 30, 2017, 50.76% of the Fund’s Single Family Bond Program loans were VA, USDA Rural Development, or FHA guaranteed. Another 3.15% of these loans carry private mortgage insurance. Approximately 47.3% of the multifamily loan portfolio are either federally insured or guaranteed and/or are subject to HUD section 8 rental assistance subsidies.

The Fund is a defendant in various legal proceedings arising in the normal course of business. In the opinion of management and its legal counsel, the ultimate resolution of these proceedings will not have a material adverse effect on the Fund’s financial position. Agency participates in the pool for worker’s compensation insurance through the State of California Compensation Insurance Fund and is bonded against theft in the aggregate amount of \$3.3 million through a private insurance company. The Fund also pays an annual premium for E&O coverage and has a general liability and umbrella policy. There have been no significant settlements in excess of insurance coverage during the past three calendar years.

**Note 16 – LITIGATION**

Certain lawsuits and claims arising in the ordinary course of business have been filed or are pending against the Agency. Based upon information available to the Agency, its review of such lawsuits and claims and consultation with counsel, the Agency believes the liability relating to these actions, if any, would not have a material adverse effect on the Fund’s financial statements.

**Note 17 – RELATED PARTY TRANSACTIONS**

CalHFA MAC entered into an administrative agreement with CalHFA for support services, which include an allocation of CalHFA staff to provide program oversight, administrative and legal support and direct reimbursement for goods and services of outside vendors. Due to its status as a state governmental agency, CalHFA enjoys the benefit of discounts for goods and services with strategic business partners. The administrative agreement enables CalHFA MAC to leverage these discounts by providing for CalHFA to purchase goods and services during program implementation and ongoing operations. CalHFA MAC reimburses CalHFA for these items at the actual cost expended. CalHFA MAC had liabilities to CalHFA of \$112 thousand and \$124 thousand for the fiscal year ended June 30, 2017 and June 30, 2016, respectively. These amounts were comprised of accounts payable and accrued expenses resulting from unbilled vendor invoices for materials and services. Additionally, actual cash reimbursements paid to CalHFA totaled were \$687 thousand and \$689 thousand for fiscal years ended June 30, 2017 and June 30, 2016, respectively.

CalHFA MAC also leases office space from the CalHFA under an operating lease with a term of four years and five months that expires December 31, 2017.

**Note 18 – SUBSEQUENT EVENTS**

On August 1, 2017 the Agency used \$278.24 million of the Home Mortgage Revenue Bonds 2017 Series a refunding bond proceeds to refund a like amount of prior Home Mortgage Revenue Bonds. The debt refundings resulted in a \$519.7 thousand deferred gain. The refundings will decrease the debt service cash flow for the Homeownership Programs by an estimated \$40.9 million. In addition, the refundings provided an estimated economic gain of \$32.5 million.

In September 2017, the Board of Directors approved Resolution 17-21 which increased the secured credit line with Federal Home Loan Bank of San Francisco from \$100 million to \$200 million.

On November 1, 2017 the Agency will be transferring approximately 5,600 first mortgage loans previously serviced by the Agency’s Loan Servicing Division to a sub-servicer, Dovenmuehle Mortgage. The transfer will reduce risk, maximize revenues, and improve staffing efficiencies in the Single Family and Loan Servicing Divisions. As a result, the changes will require the realignment of staffing in the Agency.

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**CALIFORNIA HOUSING FINANCE AGENCY**  
**SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION**

SCHEDULE OF THE FUND'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
Miscellaneous Plan  
Last 3 Measurement Periods Ended June 30  
(Dollar amounts in thousands)

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Funds proportion of the net pension liability	0.161%	0.167%	0.173%
Funds proportionate share of net pension liability	\$ 53,160	\$ 47,125	\$ 43,722
Fund's covered-employee payroll	\$ 17,964	\$ 17,756	\$ 17,256
Fund's proportionate share of net pension liability as a percentage of its covered-employee payroll	295.93%	265.41%	253.38%
Plan fiduciary net position as a percentage of the total pension liability	66.81%	70.68%	73.05%

SCHEDULE OF FUND CONTRIBUTIONS  
Miscellaneous Plan  
Last 3 Measurement Periods Ended June 30  
(Dollar amounts in thousands)

	2016	2015	2014
Contractually required contribution	4,518	4,311	3,627
Contribution in relation to contractually required contribution	(4,518)	(4,311)	(3,627)
Contribution deficiency (excess)	-	-	-
Fimd's covered-employee payroll	17,964	17,756	17,256
Contributions as a percentage of covered-employee payroll	25.15%	24.28%	21.02%

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2015-16 were derived from the June 30, 2014 funding valuation report.

Actuarial Cost Method	Entry Age Normal
Amortization Method/Period	For details, see June 30, 2014 Funding Valuation Report.
Asset Valuation Method	Actuarial Value of Assets. For details, see June 30, 2014 Funding Valuation Report.
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Payroll Growth	3.00%
Investment Rate of Return	7.50 Net Pension Plan Investment and Administrative Expenses; includes Inflation.
Retirement Age	The probabilities of Retirement are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011.
Mortality	The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and Post retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries.



**CALIFORNIA HOUSING FINANCE FUND  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**Note A – PENSION SCHEDULES**

*Changes in Assumptions:* Both amounts reported in the measurement periods ended June 30, 2016 and 2015 reflect a discount rate of 7.65%.

**CALIFORNIA HOUSING FINANCE FUND**  
**STATEMENTS OF NET POSITION**  
**WITH ADDITIONAL COMBINING INFORMATION**  
**June 30, 2017**

(Dollars in Thousands)

	HOMEOWNERSHIP PROGRAMS	MULTIFAMILY RENTAL HOUSING PROGRAMS	OTHER PROGRAMS AND ACCOUNTS	COMBINED TOTALS
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 2,410	\$ 2,966	\$ 26,049	\$ 31,425
Investments	480,069	22,036	555,591	1,057,696
Current portion - program loans receivable, net allowance	50,437	72,904	22,298	145,639
Interest receivable - program loans, net	6,076	3,483	27,105	36,664
Interest receivable - investments	1,101	163	1,737	3,001
Accounts receivable	5,883	8	2,902	8,793
Due (to) from other funds	(1,813)	(596)	2,409	-
Other assets	14	354	809	1,177
Total current assets	<u>544,177</u>	<u>101,318</u>	<u>638,900</u>	<u>1,284,395</u>
Noncurrent assets:				
Investments	105,518	36,361	135,843	277,722
Program loans receivable, net of allowance	1,350,817	627,777	521,614	2,500,208
Capital assets	-	-	652	652
Other assets	5,531	-	121	5,652
Total noncurrent assets	<u>1,461,866</u>	<u>664,138</u>	<u>658,230</u>	<u>2,784,234</u>
Total assets	<u>2,006,043</u>	<u>765,456</u>	<u>1,297,130</u>	<u>4,068,629</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Accumulated decrease in fair value of hedging derivatives	-	10,051	-	10,051
Deferred loss on refunding	-	232	-	232
Unamortized difference & change related in pension	-	-	14,840	14,840
Total deferred outflows of resources	<u>-</u>	<u>10,283</u>	<u>14,840</u>	<u>25,123</u>
<b>LIABILITIES</b>				
Current liabilities:				
Bonds payable	57,227	20,535	-	77,762
Notes payable	-	-	320	320
Loans payable	-	-	79,595	79,595
Interest payable	16,788	10,022	6,016	32,826
Due (from) to other government entities, net	(18)	-	2,704	2,686
Compensated absences	-	-	2,877	2,877
Deposits and other liabilities	969	278	231,950	233,197
Total current liabilities	<u>74,966</u>	<u>30,835</u>	<u>323,462</u>	<u>429,263</u>
Noncurrent liabilities:				
Bonds payable	1,558,980	459,132	-	2,018,112
Notes payable	-	-	33,037	33,037
Due to other government entities, net	2,021	31	86,495	88,547
Other liabilities	-	78,019	36,334	114,353
Unearned revenues	-	-	1,093	1,093
Total noncurrent liabilities	<u>1,561,001</u>	<u>537,182</u>	<u>156,959</u>	<u>2,255,142</u>
Total liabilities	<u>1,635,967</u>	<u>568,017</u>	<u>480,421</u>	<u>2,684,405</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred gain on refunding	1,250	-	-	1,250
Unamortized pension net difference	-	-	7,583	7,583
Total deferred inflows of resources	<u>1,250</u>	<u>-</u>	<u>7,583</u>	<u>8,833</u>
<b>NET POSITION</b>				
Net investment in capital assets	-	-	652	652
Restricted by indenture	368,826	207,722	-	576,548
Restricted by statute	-	-	823,314	823,314
Total net position	<u>\$ 368,826</u>	<u>\$ 207,722</u>	<u>\$ 823,966</u>	<u>\$ 1,400,514</u>

**CALIFORNIA HOUSING FINANCE FUND**  
**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**WITH ADDITIONAL COMBINING INFORMATION**  
**Year Ended June 30, 2017**  
(Dollars in Thousands)

	<b>HOMEOWNERSHIP PROGRAMS</b>	<b>MULTIFAMILY RENTAL HOUSING PROGRAMS</b>	<b>OTHER PROGRAMS AND ACCOUNTS</b>	<b>COMBINED TOTALS</b>
<b>OPERATING REVENUES</b>				
Interest income:				
Program loans, net	\$ 82,826	\$ 42,600	\$ 22,178	\$ 147,604
Interest on investment	6,957	2,039	5,300	14,296
Realized gain on sale of securities	-	-	93,765	93,765
Loan commitment fees	-	-	1,070	1,070
Other loan fees	19	-	17,503	17,522
Other revenues	355	(12,822)	6,298	(6,169)
Total operating revenues	<u>90,157</u>	<u>31,817</u>	<u>146,114</u>	<u>268,088</u>
<b>OPERATING EXPENSES</b>				
Interest	46,878	16,390	855	64,123
Amortization of bond discount and bond premium	(989)	115	-	(874)
Mortgage servicing fees	5,020	-	1	5,021
(Reversal) provision for program loan losses	(7,816)	(169)	5,604	(2,381)
Salaries and general expenses	-	-	39,796	39,796
Other expenses	6,237	3,749	42,258	52,244
Total operating expenses	<u>49,330</u>	<u>20,085</u>	<u>88,514</u>	<u>157,929</u>
Total operating income	<u>40,827</u>	<u>11,732</u>	<u>57,600</u>	<u>110,159</u>
<b>NON-OPERATING REVENUES AND EXPENSES</b>				
Interest: positive arbitrage	(198)	(2)	-	(200)
(Decrease) increase in fair value of investments	(5,149)	(2,870)	(3,193)	(11,212)
Investment SWAP revenue (fair value)	267	20,508	24,804	45,579
Federal pass-through revenues - HUD/FMC			57,250	57,250
Federal pass-through revenues - HUD/FMC			(57,250)	(57,250)
Prepayment penalty		2,626	2,868	5,494
Other	(138)	-	547	409
Total non-operating income	<u>(5,218)</u>	<u>20,262</u>	<u>25,026</u>	<u>40,070</u>
Change in net position before transfers	35,609	31,994	82,626	150,229
Transfers out	-	-	(341,015)	(341,015)
Transfers intrafund	(12,859)	(9,326)	22,185	-
Increase (decrease) in net position	<u>22,750</u>	<u>22,668</u>	<u>(236,204)</u>	<u>(190,786)</u>
Net position at beginning of year	<u>346,076</u>	<u>185,054</u>	<u>1,060,170</u>	<u>1,591,300</u>
Net position at end of year	<u>\$ 368,826</u>	<u>\$ 207,722</u>	<u>\$ 823,966</u>	<u>\$ 1,400,514</u>

**CALIFORNIA HOUSING FINANCE FUND**  
**STATEMENTS OF CASH FLOWS**  
**WITH ADDITIONAL COMBINING INFORMATION**  
**Year Ended June 30, 2017**  
(Dollars in Thousands)

	HOMEOWNERSHIP PROGRAMS	MULTIFAMILY RENTAL HOUSING PROGRAMS	OTHER PROGRAMS AND ACCOUNTS	COMBINED TOTALS
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers	\$ 83,455	\$ 42,712	\$ 21,535	\$ 147,702
Payments to suppliers	(5,256)	(82)	(9,511)	(14,849)
Payments to employees	-	-	(32,362)	(32,362)
Other receipts	326,146	23,982	69,361	419,489
Net cash provided by operating activities	<u>404,345</u>	<u>66,612</u>	<u>49,023</u>	<u>519,980</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Intrafund transfers	(12,859)	(9,326)	22,185	-
Changes in due from (to) other government entities	35	-	12,743	12,778
Other (payment) receipts non-operating	(252)	2,626	3,415	5,789
Net cash (used for) provided by noncapital financing activities	<u>(13,076)</u>	<u>(6,700)</u>	<u>38,343</u>	<u>18,567</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Proceeds from sales of bonds, notes, and loans	278,240	-	122,924	401,164
Payment of bonds, notes, and loans principal	(42,520)	(7,750)	(44,959)	(95,229)
Early bond redemptions	(636,356)	(77,335)	-	(713,691)
Interest paid on debt	(49,075)	(17,306)	(4,606)	(70,987)
Interfund transfers	-	-	(341,015)	(341,015)
Net cash (used for) provided by capital and related financing activities	<u>(449,711)</u>	<u>(102,391)</u>	<u>(267,656)</u>	<u>(819,758)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Proceeds from maturity and sale of investments	1,201,165	280,824	981,837	2,463,826
Purchase of investments	(1,152,952)	(239,609)	(826,589)	(2,219,150)
Interest on investments, net	7,203	2,132	4,647	13,982
Net cash provided by (used for) investing activities	<u>55,416</u>	<u>43,347</u>	<u>159,895</u>	<u>258,658</u>
Net (decrease) increase in cash and cash equivalents	(3,026)	868	(20,395)	(22,553)
Cash and cash equivalents at beginning of year	5,436	2,098	46,444	53,978
Cash and cash equivalents at end of year	<u>\$ 2,410</u>	<u>\$ 2,966</u>	<u>\$ 26,049</u>	<u>\$ 31,425</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:</b>				
Operating income	\$ 40,827	\$ 11,732	\$ 57,600	\$ 110,159
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:				
Interest expense on debt	46,878	16,390	855	64,123
Interest on investments	(6,957)	(2,039)	(5,300)	(14,296)
Realized gain on sale of securities	-	-	(93,765)	(93,765)
Amortization of bond discount	8	4	-	12
Amortization of bond premium	(998)	-	-	(998)
Amortization of deferred losses on refundings of debt	(122)	111	-	(11)
Loan commitment fees	-	-	(1,070)	(1,070)
Depreciation	-	-	192	192
(Reversal) provision for estimated loan losses	(7,816)	(169)	5,604	(2,381)
Provision (reversal) for yield reduction payments	46	(4,113)	-	(4,067)
Effect of changes in operating assets and liabilities:				
Sale (purchase) of program loans, net	9,922	-	326,469	336,391
Collection of principal from program loans, net	322,159	44,020	(237,243)	128,936
Interest receivable	752	112	(644)	220
Accounts receivable	1,332	-	1,748	3,080
Due (from) to other funds	(1,103)	596	507	-
Other assets	(14)	56	12,362	12,404
Compensated absences	-	-	(596)	(596)
Pension liability	-	-	(1,581)	(1,581)
Deposits and other liabilities	(569)	(88)	(17,244)	(17,901)
Unearned revenue	-	-	1,129	1,129
Net cash provided by (used for) operating activities	<u>\$ 404,345</u>	<u>\$ 66,612</u>	<u>\$ 49,023</u>	<u>\$ 519,980</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>				
Noncash transfer of program loan to REO	\$ 1,324	\$ -	\$ -	\$ 1,324

**CALIFORNIA HOUSING FINANCE FUND  
STATEMENTS OF NET POSITION  
HOMEOWNERSHIP PROGRAMS**

**June 30, 2017**

(Dollars in Thousands)

	HOME MORTGAGE REVENUE BONDS	RESIDENTIAL MORTGAGE REVENUE BONDS	RESIDENTIAL MORTGAGE REVENUE BONDS OVER- COLLATERALIZATION	TOTAL HOMEOWNERSHIP PROGRAMS
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 2,406	\$ 1	\$ 3	\$ 2,410
Investments	462,260	15,950	1,859	480,069
Current portion - program loans receivable, net of allowance	43,206	6,293	938	50,437
Interest receivable - program loans, net	5,394	618	64	6,076
Interest receivable - investments	853	243	5	1,101
Accounts receivable	5,610	235	38	5,883
Due (to) from other funds	(2,064)	250	1	(1,813)
Other assets	14	-	-	14
Total current assets	<u>517,679</u>	<u>23,590</u>	<u>2,908</u>	<u>544,177</u>
Noncurrent assets:				
Investments	30,301	75,217	-	105,518
Program loans receivable, net of allowance	1,176,621	163,696	10,500	1,350,817
Capital assets	-	-	-	-
Other assets	4,807	724	-	5,531
Total noncurrent assets	<u>1,211,729</u>	<u>239,637</u>	<u>10,500</u>	<u>1,461,866</u>
Total assets	<u>1,729,408</u>	<u>263,227</u>	<u>13,408</u>	<u>2,006,043</u>
<b>LIABILITIES</b>				
Current liabilities:				
Bonds payable	50,682	6,545	-	57,227
Interest payable	14,332	2,456	-	16,788
Due from other government entities, net	(18)	-	-	(18)
Deposits and other liabilities	919	46	4	969
Total current liabilities	<u>65,915</u>	<u>9,047</u>	<u>4</u>	<u>74,966</u>
Noncurrent liabilities:				
Bonds payable	1,349,431	209,549	-	1,558,980
Due to other government entities, net	2,021	-	-	2,021
Total noncurrent liabilities	<u>1,351,452</u>	<u>209,549</u>	<u>-</u>	<u>1,561,001</u>
Total liabilities	<u>1,417,367</u>	<u>218,596</u>	<u>4</u>	<u>1,635,967</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred gain on refunding	1,250	-	-	1,250
Total deferred inflows of resources	<u>1,250</u>	<u>-</u>	<u>-</u>	<u>1,250</u>
<b>NET POSITION</b>				
Restricted by indenture	310,791	44,631	13,404	368,826
Restricted by statute	-	-	-	-
Total net position	<u>\$ 310,791</u>	<u>\$ 44,631</u>	<u>\$ 13,404</u>	<u>\$ 368,826</u>

**CALIFORNIA HOUSING FINANCE FUND**  
**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**HOMEOWNERSHIP PROGRAM**  
**Year Ended June 30, 2017**  
(Dollars in Thousands)

	HOME MORTGAGE REVENUE BONDS	RESIDENTIAL MORTGAGE REVENUE BONDS	RESIDENTIAL MORTGAGE REVENUE BONDS OVER- COLLATERALIZATION	TOTAL HOMEOWNERSHIP PROGRAMS
<b>OPERATING REVENUES</b>				
Interest income:				
Program loans, net	\$ 73,174	\$ 8,310	\$ 1,342	\$ 82,826
Interest on investment	3,378	3,453	126	6,957
Other loan fees	17	2	-	19
Other revenues	353	2	-	355
Total operating revenues	<u>76,922</u>	<u>11,767</u>	<u>1,468</u>	<u>90,157</u>
<b>OPERATING EXPENSES</b>				
Interest	37,394	9,484	-	46,878
Amortization of bond discount and bond premium	(989)	-	-	(989)
Mortgage servicing fees	4,409	563	48	5,020
(Reversal) provision for program loan losses	(6,989)	(823)	(4)	(7,816)
Other expenses	4,840	1,397	-	6,237
Total operating expenses	<u>38,665</u>	<u>10,621</u>	<u>44</u>	<u>49,330</u>
Total operating income	<u>38,257</u>	<u>1,146</u>	<u>1,424</u>	<u>40,827</u>
<b>NON-OPERATING REVENUES AND EXPENSES</b>				
Interest: positive arbitrage	(198)	-	-	(198)
Increase in fair value of investments	(1,336)	(3,784)	(29)	(5,149)
Investment SWAP revenue (fair value)	267	-	-	267
Other	(117)	(21)	-	(138)
Total non-operating income	<u>(1,384)</u>	<u>(3,805)</u>	<u>(29)</u>	<u>(5,218)</u>
Change in net position before transfers	36,873	(2,659)	1,395	35,609
Transfers intrafund	(4,241)	13,586	(22,204)	(12,859)
Increase (decrease) in net position	32,632	10,927	(20,809)	22,750
Net position at beginning of year	278,159	33,704	34,213	346,076
Net position at end of year	<u>\$ 310,791</u>	<u>\$ 44,631</u>	<u>\$ 13,404</u>	<u>\$ 368,826</u>

**CALIFORNIA HOUSING FINANCE FUND**  
**SUPPLEMENTAL STATEMENTS OF CASH FLOWS -**  
**HOMEOWNERSHIP PROGRAMS**  
**Year Ended June 30, 2017**

(Dollars in Thousands)

	HOME MORTGAGE REVENUE BONDS	RESIDENTIAL MORTGAGE REVENUE BONDS	RESIDENTIAL MORTGAGE REVENUE BONDS OVER- COLLATERALIZATION	TOTAL HOMEOWNERSHIP PROGRAMS
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers	\$ 73,658	\$ 8,382	\$ 1,415	\$ 83,455
Payments to suppliers	(4,626)	(582)	(48)	(5,256)
Other receipts (payments)	279,054	33,620	13,472	326,146
Net cash provided by operating activities	<u>348,086</u>	<u>41,420</u>	<u>14,839</u>	<u>404,345</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Intrafund transfers	(4,241)	13,586	(22,204)	(12,859)
Changes in due from other government entities	35	-	-	35
Other (payment) receipts non-operating	(231)	(21)	-	(252)
Net cash (used for) provided by provided by noncapital financing activities	<u>(4,437)</u>	<u>13,565</u>	<u>(22,204)</u>	<u>(13,076)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Proceeds from sales of bonds, notes, and loans	278,240	-	-	278,240
Payment of bonds, notes, and loans principal	(34,690)	(7,830)	-	(42,520)
Early bond redemptions	(559,875)	(76,481)	-	(636,356)
Interest paid on debt	(40,229)	(8,846)	-	(49,075)
Net cash (used for) provided by capital and related financing activities	<u>(356,554)</u>	<u>(93,157)</u>	<u>-</u>	<u>(449,711)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Proceeds from maturity and sale of investments	985,085	187,720	28,360	1,201,165
Purchase of investments	(978,120)	(153,699)	(21,133)	(1,152,952)
Interest on investments, net	3,526	3,537	140	7,203
Net cash provided by (used for) investing activities	<u>10,491</u>	<u>37,558</u>	<u>7,367</u>	<u>55,416</u>
Net (decrease) increase in cash and cash equivalents	(2,414)	(614)	2	(3,026)
Cash and cash equivalents at beginning of year	4,820	615	1	5,436
Cash and cash equivalents at end of year	<u>\$ 2,406</u>	<u>\$ 1</u>	<u>\$ 3</u>	<u>\$ 2,410</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:</b>				
Operating income (loss)	\$ 38,257	\$ 1,146	\$ 1,424	\$ 40,827
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Interest expense on debt	37,394	9,484	-	46,878
Interest on investments	(3,378)	(3,453)	(126)	(6,957)
Amortization of bond discount	8	-	-	8
Amortization of bond premium	(998)	-	-	(998)
Amortization of deferred losses on refundings of debt	(122)	-	-	(122)
(Reversal) provision for estimated loan losses	(6,989)	(823)	(4)	(7,816)
(Reversal) provision for yield reduction payments	46	-	-	46
Effect of changes in operating assets and liabilities:				
(Purchase) sale of program loans, net	(889)	58	10,753	9,922
Collection of principal from program loans, net	284,622	34,816	2,721	322,159
Interest receivable	606	73	73	752
Accounts receivable	1,108	228	(4)	1,332
Due (from) to other funds	(992)	(116)	5	(1,103)
Other assets	(30)	16	-	(14)
Deposits and other liabilities	(557)	(9)	(3)	(569)
Unearned revenue	-	-	-	-
Net cash provided by (used for) operating activities	<u>\$ 348,086</u>	<u>\$ 41,420</u>	<u>\$ 14,839</u>	<u>\$ 404,345</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>				
Noncash transfer of program loan to REO	<u>\$ 1,429</u>	<u>\$ (105)</u>	<u>\$ -</u>	<u>\$ 1,324</u>

**CALIFORNIA HOUSING FINANCE FUND  
STATEMENTS OF NET POSITION  
MULTIFAMILY RENTAL HOUSING PROGRAMS**

**June 30, 2017**

(Dollars in Thousands)

	<b>MULTIFAMILY LOAN PURCHASE BONDS</b>	<b>MULTIFAMILY HOUSING REVENUE BONDS III</b>	<b>AFFORDABLE MULTIFAMILY HOUSING REVENUE BONDS</b>	<b>MULTIFAMILY RESIDENTIAL MORTGAGE REVENUE BONDS</b>
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ -	\$ 5	\$ -	\$ -
Investments	-	13,631	5,272	3,133
Current portion - program loans receivable, net of allowance	-	21,912	1,201	634
Interest receivable - program loans, net	-	2,774	231	206
Interest receivable - investments	-	44	114	5
Accounts receivable	-	8	-	-
Due to other funds	-	(596)	-	-
Other assets	-	252	44	23
Total current assets	<u>-</u>	<u>38,030</u>	<u>6,862</u>	<u>4,001</u>
Noncurrent assets:				
Investments	-	-	36,361	-
Program loans receivable, net of allowance	-	521,411	49,262	48,638
Capital assets	-	-	-	-
Other assets	-	-	-	-
Total noncurrent assets	<u>-</u>	<u>521,411</u>	<u>85,623</u>	<u>48,638</u>
Total assets	<u>-</u>	<u>559,441</u>	<u>92,485</u>	<u>52,639</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Accumulated decrease in fair value of hedging derivatives	-	10,051	-	-
Deferred loss on refunding	-	232	-	-
Total deferred outflows of resources	<u>-</u>	<u>10,283</u>	<u>-</u>	<u>-</u>
<b>LIABILITIES</b>				
Current liabilities:				
Bonds payable	-	5,550	860	-
Interest payable	-	8,969	302	264
Deposits and other liabilities	-	276	1	1
Total current liabilities	<u>-</u>	<u>14,795</u>	<u>1,163</u>	<u>265</u>
Noncurrent liabilities:				
Bonds payable	-	289,957	77,220	48,440
Due to other government entities, net	-	31	-	-
Other liabilities	-	78,019	-	-
Unearned revenues	-	-	-	-
Total noncurrent liabilities	<u>-</u>	<u>368,007</u>	<u>77,220</u>	<u>48,440</u>
Total liabilities	<u>-</u>	<u>382,802</u>	<u>78,383</u>	<u>48,705</u>
<b>NET POSITION</b>				
Net investment in capital assets	-	-	-	-
Restricted by indenture	-	186,922	14,102	3,934
Restricted by statute	-	-	-	-
Total net position	<u>\$ -</u>	<u>\$ 186,922</u>	<u>\$ 14,102</u>	<u>\$ 3,934</u>



MULTIFAMILY SPECIAL/LIMITED OBLIGATION BONDS	TOTAL MULTIFAMILY RENTAL HOUSING PROGRAMS
\$ 2,961	\$ 2,966
-	22,036
49,157	72,904
272	3,483
-	163
-	8
-	(596)
35	354
<u>52,425</u>	<u>101,318</u>
-	36,361
8,466	627,777
-	-
-	-
<u>8,466</u>	<u>664,138</u>
<u>60,891</u>	<u>765,456</u>
-	10,051
-	232
-	<u>10,283</u>
14,125	20,535
487	10,022
-	278
<u>14,612</u>	<u>30,835</u>
43,515	459,132
-	31
-	78,019
-	-
<u>43,515</u>	<u>537,182</u>
<u>58,127</u>	<u>568,017</u>
-	-
2,764	207,722
-	-
<u>\$ 2,764</u>	<u>\$ 207,722</u>

**CALIFORNIA HOUSING FINANCE FUND**  
**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**MULTIFAMILY PROGRAM**  
**Year Ended June 30, 2017**  
(Dollars in Thousands)

	<b>MULTIFAMILY LOAN PURCHASE BONDS</b>	<b>MULTIFAMILY HOUSING REVENUE BONDS III</b>	<b>AFFORDABLE MULTIFAMILY HOUSING REVENUE BONDS</b>	<b>MULTIFAMILY RESIDENTIAL MORTGAGE REVENUE BONDS</b>
<b>OPERATING REVENUES</b>				
Interest income:				
Program loans, net	\$ 2	\$ 34,697	\$ 2,795	\$ 2,476
Interest on investment	-	637	1,381	16
Other revenues	-	(12,822)	-	-
Total operating revenues	<u>2</u>	<u>22,512</u>	<u>4,176</u>	<u>2,492</u>
<b>OPERATING EXPENSES</b>				
Interest	(1)	11,273	1,823	1,587
Amortization of bond discount and bond premium	-	115	-	-
(Reversal) provision for program loan losses	-	(169)	-	-
Other expenses	-	1,963	997	661
Total operating expenses	<u>(1)</u>	<u>13,182</u>	<u>2,820</u>	<u>2,248</u>
Total operating income	<u>3</u>	<u>9,330</u>	<u>1,356</u>	<u>244</u>
<b>NON-OPERATING REVENUES AND EXPENSES</b>				
Interest: positive arbitrage	-	(2)	-	-
Increase in fair value of investments	-	(59)	(2,811)	-
Investment SWAP revenue (fair value)	-	20,508	-	-
Prepayment penalty	-	2,626	-	-
Other	-	-	-	-
Total non-operating income	<u>-</u>	<u>23,073</u>	<u>(2,811)</u>	<u>-</u>
Change in net position before transfers	3	32,403	(1,455)	244
Transfers intrafund	-	(9,326)	-	-
Increase (decrease) in net position	3	23,077	(1,455)	244
Net position at beginning of year	(3)	163,845	15,557	3,690
Net position at end of year	<u>\$ -</u>	<u>\$ 186,922</u>	<u>\$ 14,102</u>	<u>\$ 3,934</u>

MULTIFAMILY SPECIAL/LIMITED OBLIGATION BONDS	TOTAL MULTIFAMILY RENTAL HOUSING PROGRAMS
\$ 2,630	\$ 42,600
5	2,039
-	(12,822)
<u>2,635</u>	<u>31,817</u>
1,708	16,390
-	115
-	(169)
128	3,749
<u>1,836</u>	<u>20,085</u>
799	11,732
-	(2)
-	(2,870)
-	20,508
-	2,626
<u>-</u>	<u>-</u>
-	20,262
799	31,994
-	(9,326)
<u>799</u>	<u>22,668</u>
1,965	185,054
<u>\$ 2,764</u>	<u>\$ 207,722</u>

**CALIFORNIA HOUSING FINANCE FUND**  
**SUPPLEMENTAL STATEMENTS OF CASH FLOWS -**  
**MULTIFAMILY RENTAL HOUSING PROGRAMS**  
**Year Ended June 30, 2017**

(Dollars in Thousands)

	MULTIFAMILY LOAN PURCHASE BONDS	MULTIFAMILY HOUSING REVENUE BONDS III	AFFORDABLE MULTIFAMILY HOUSING REVENUE BONDS	MULTIFAMILY RESIDENTIAL MORTGAGE REVENUE BONDS
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers	\$ 2	\$ 34,867	\$ 2,786	\$ 2,478
Payments to suppliers	-	(60)	(4)	(4)
Other receipts (payments)	181	18,496	137	(52)
Net cash provided by (used for) operating activities	<u>183</u>	<u>53,303</u>	<u>2,919</u>	<u>2,422</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Intrafund transfers	-	(9,326)	-	-
Other receipts (payments) non-operating	-	2,626	-	-
Net cash provided by (used for) provided by noncapital financing activities	<u>-</u>	<u>(6,700)</u>	<u>-</u>	<u>-</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Payment of bonds, notes, and loans principal	(215)	(6,725)	(810)	-
Early bond redemptions	-	(69,325)	(1,760)	(970)
Interest paid on debt	(3)	(12,237)	(1,834)	(1,592)
Net cash (used for) provided by capital and related financing activities	<u>(218)</u>	<u>(88,287)</u>	<u>(4,404)</u>	<u>(2,562)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Proceeds from maturity and sale of investments	239	258,659	14,834	7,092
Purchase of investments	(204)	(217,707)	(14,732)	(6,966)
Interest on investments, net	-	730	1,383	14
Net cash provided by (used for) investing activities	<u>35</u>	<u>41,682</u>	<u>1,485</u>	<u>140</u>
Net (decrease) increase in cash and cash equivalents	-	(2)	-	-
Cash and cash equivalents at beginning of year	-	7	-	-
Cash and cash equivalents at end of year	<u>\$ -</u>	<u>\$ 5</u>	<u>\$ -</u>	<u>\$ -</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:</b>				
Operating income (loss)	\$ 3	\$ 9,330	\$ 1,356	\$ 244
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Interest expense on debt	(1)	11,273	1,824	1,587
Interest on investments	-	(637)	(1,381)	(16)
Amortization of bond discount	-	4	-	-
Amortization of deferred losses on refundings of debt	-	111	-	-
(Reversal) provision for estimated loan losses	-	(169)	-	-
(Reversal) provision for yield reduction payments	-	(4,113)	-	-
Effect of changes in operating assets and liabilities:				
Collection of principal from program loans, net	181	36,806	1,128	608
Interest receivable	-	170	(9)	2
Due from (to) other funds	-	596	-	-
Other assets	-	20	1	(3)
Deposits and other liabilities	-	(88)	-	-
Unearned revenue	-	-	-	-
Net cash provided by (used for) operating activities	<u>\$ 183</u>	<u>\$ 53,303</u>	<u>\$ 2,919</u>	<u>\$ 2,422</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>				
Noncash transfer of program loan to REO	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

MULTIFAMILY SPECIAL/LIMITED OBLIGATION BONDS	TOTAL MULTIFAMILY RENTAL HOUSING PROGRAMS
\$ 2,579	\$ 42,712
(14)	(82)
<u>5,220</u>	<u>23,982</u>
<u>7,785</u>	<u>66,612</u>
-	(9,326)
-	2,626
<u>-</u>	<u>(6,700)</u>
-	(7,750)
(5,280)	(77,335)
(1,640)	(17,306)
<u>(6,920)</u>	<u>(102,391)</u>
-	280,824
-	(239,609)
<u>5</u>	<u>2,132</u>
<u>5</u>	<u>43,347</u>
870	868
2,091	2,098
<u>\$ 2,961</u>	<u>\$ 2,966</u>
\$ 799	11,732
1,707	16,390
(5)	(2,039)
-	4
-	111
-	(169)
-	(4,113)
5,297	44,020
(51)	112
-	596
38	56
-	(88)
-	-
<u>\$ 7,785</u>	<u>\$ 66,612</u>
<u>\$ -</u>	<u>\$ -</u>

**CALIFORNIA HOUSING FINANCE FUND  
STATEMENTS OF NET POSITION  
OTHER PROGRAMS AND ACCOUNTS**

**June 30, 2017**

(Dollars in Thousands)

	HOUSING ASSISTANCE TRUST	CONTRACT ADMINISTRATION PROGRAMS	SUPPLEMENTAL BOND SECURITY ACCOUNT	EMERGENCY RESERVE ACCOUNT
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 4,217	\$ 266	\$ -	\$ -
Investments	199,848	78,565	5,686	34,365
Current portion - program loans receivable, net of allowance	21,978	-	-	-
Interest receivable - program loans, net	3,772	23,179	-	-
Interest receivable - investments	626	176	13	100
Accounts receivable	520	93	-	115
Due from (to) other funds	10,501	(232)	5,003	-
Other assets	693	-	-	-
Total current assets	<u>242,155</u>	<u>102,047</u>	<u>10,702</u>	<u>34,580</u>
Noncurrent assets:				
Investments	36,100	-	-	7,282
Program loans receivable, net of allowance	283,261	205,316	-	-
Capital assets				
Other assets	121	-	-	-
Total noncurrent assets	<u>319,482</u>	<u>205,316</u>	<u>-</u>	<u>7,282</u>
Total assets	<u>561,637</u>	<u>307,363</u>	<u>10,702</u>	<u>41,862</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Unamortized difference & change related in pension	-	-	-	-
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>LIABILITIES</b>				
Current liabilities:				
Notes payable	-	-	-	-
Loans payable	-	-	-	-
Interest payable	5,741	-	-	-
Due to other government entities, net	(4)	333	-	-
Compensated absences	-	-	-	-
Deposits and other liabilities	5,162	1	-	-
Total current liabilities	<u>10,899</u>	<u>334</u>	<u>-</u>	<u>-</u>
Noncurrent liabilities:				
Notes payable	-	-	-	-
Due to other government entities, net	-	-	-	-
Other liabilities	36,334	-	-	-
Unearned revenues	-	-	-	-
Total noncurrent liabilities	<u>36,334</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>47,233</u>	<u>334</u>	<u>-</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unamortized pension net difference	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET POSITION</b>				
Net investment in capital assets	-	-	-	-
Restricted by indenture	-	-	-	-
Restricted by statute	514,404	307,029	10,702	41,862
Total net position	<u>\$ 514,404</u>	<u>\$ 307,029</u>	<u>\$ 10,702</u>	<u>\$ 41,862</u>

LOAN SERVICING	CITIGROUP GLOBAL MARKETS	FEDERAL PROGRAMS	OPERATING ACCOUNT	FEDERAL FINANCING BANK	FEDERAL HOME LOAN BANK	TOTAL OTHER PROGRAMS AND ACCOUNTS
\$ 20,904	\$ -	\$ 85	\$ 278	\$ 299	\$ -	\$ 26,049
211,832	-	1,049	24,246	-	-	555,591
-	-	-	-	320	-	22,298
30	-	-	-	124	-	27,105
481	-	3	64	-	274	1,737
1,327	-	-	847	-	-	2,902
(2,947)	-	-	507	-	(10,423)	2,409
-	-	-	113	3	-	809
<u>231,627</u>	<u>-</u>	<u>1,137</u>	<u>26,055</u>	<u>746</u>	<u>(10,149)</u>	<u>638,900</u>
-	-	-	-	-	92,461	135,843
-	-	-	-	33,037	-	521,614
-	-	-	652	-	-	652
-	-	-	-	-	-	121
-	-	-	<u>652</u>	<u>33,037</u>	<u>92,461</u>	<u>658,230</u>
<u>231,627</u>	<u>-</u>	<u>1,137</u>	<u>26,707</u>	<u>33,783</u>	<u>82,312</u>	<u>1,297,130</u>
-	-	-	14,840	-	-	14,840
-	-	-	14,840	-	-	14,840
-	-	-	-	320	-	320
-	-	-	-	-	79,595	79,595
-	-	-	-	79	196	6,016
2,783	-	-	(408)	-	-	2,704
-	-	-	2,877	-	-	2,877
224,228	-	1,137	1,422	-	-	231,950
<u>227,011</u>	<u>-</u>	<u>1,137</u>	<u>3,891</u>	<u>399</u>	<u>79,791</u>	<u>323,462</u>
-	-	-	-	33,037	-	33,037
-	-	-	86,495	-	-	86,495
-	-	-	-	-	-	36,334
-	-	-	1,093	-	-	1,093
-	-	-	<u>87,588</u>	<u>33,037</u>	<u>-</u>	<u>156,959</u>
<u>227,011</u>	<u>-</u>	<u>1,137</u>	<u>91,479</u>	<u>33,436</u>	<u>79,791</u>	<u>480,421</u>
-	-	-	7,583	-	-	7,583
-	-	-	7,583	-	-	7,583
-	-	-	652	-	-	652
-	-	-	-	-	-	-
4,616	-	-	(58,167)	347	2,521	823,314
<u>\$ 4,616</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (57,515)</u>	<u>\$ 347</u>	<u>\$ 2,521</u>	<u>\$ 823,966</u>

**CALIFORNIA HOUSING FINANCE FUND**  
**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**OTHER PROGRAMS AND ACCOUNTS**  
**Year Ended June 30, 2017**  
(Dollars in Thousands)

	HOUSING ASSISTANCE TRUST	CONTRACT ADMINISTRATION PROGRAMS	SUPPLEMENTAL BOND SECURITY ACCOUNT	EMERGENCY RESERVE ACCOUNT
<b>OPERATING REVENUES</b>				
Interest income:				
Program loans, net	\$ 14,754	\$ 6,738	\$ -	\$ -
Interest on investment	2,780	571	150	287
Realized gain on sale of securities	93,765	-	-	-
Loan commitment fees	-	-	-	-
Other loan fees	436	-	-	-
Other revenues	2,219	547	-	-
Total operating revenues	<u>113,954</u>	<u>7,856</u>	<u>150</u>	<u>287</u>
<b>OPERATING EXPENSES</b>				
Interest	-	-	-	-
Mortgage servicing fees	1	-	-	-
Provision (reversal) for program loan losses	2,804	2,873	-	-
Salaries and general expenses	-	-	-	-
Other expenses	26,005	13,471	-	-
Total operating expenses	<u>28,810</u>	<u>16,344</u>	<u>-</u>	<u>-</u>
Total operating income	<u>85,144</u>	<u>(8,488)</u>	<u>150</u>	<u>287</u>
<b>NON-OPERATING REVENUES AND EXPENSES</b>				
Interest: positive arbitrage	-	-	-	-
Increase in fair value of investments	(2,611)	-	-	(619)
Investment SWAP revenue (fair value)	24,804	-	-	-
Federal pass-through revenues - HUD/FMC	-	-	-	-
Federal pass-through revenues - HUD/FMC	-	-	-	-
Prepayment penalty	2,868	-	-	-
Other	522	-	-	-
Total non-operating income	<u>25,583</u>	<u>-</u>	<u>-</u>	<u>(619)</u>
Change in net position before transfers	110,727	(8,488)	150	(332)
Transfers out	16	(339,977)	-	-
Transfers intrafund	3,666	-	(15,600)	9,711
Increase (decrease) in net assets	<u>114,409</u>	<u>(348,465)</u>	<u>(15,450)</u>	<u>9,379</u>
Net position at beginning of year	<u>399,995</u>	<u>655,494</u>	<u>26,152</u>	<u>32,483</u>
Net position at end of year	<u>\$ 514,404</u>	<u>\$ 307,029</u>	<u>\$ 10,702</u>	<u>\$ 41,862</u>



LOAN SERVICING	CITIGROUP GLOBAL MARKETS	FEDERAL PROGRAMS	OPERATING ACCOUNT	FEDERAL FINANCING ACCOUNT	FEDERAL HOME LOAN BANK	TOTAL OTHER PROGRAMS AND ACCOUNTS
\$ 30	\$ -	\$ -	\$ -	\$ 656	\$ -	\$ 22,178
1	-	-	223	-	1,288	5,300
-	-	-	-	-	-	93,765
-	-	-	1,070	-	-	1,070
3,285	-	-	13,782	-	-	17,503
697	-	-	2,835	-	-	6,298
<u>4,013</u>	<u>-</u>	<u>-</u>	<u>17,910</u>	<u>656</u>	<u>1,288</u>	<u>146,114</u>
-	-	-	-	622	233	855
-	-	-	-	-	-	1
-	(73)	-	-	-	-	5,604
-	-	-	39,796	-	-	39,796
537	-	-	2,223	20	2	42,258
<u>537</u>	<u>(73)</u>	<u>-</u>	<u>42,019</u>	<u>642</u>	<u>235</u>	<u>88,514</u>
<u>3,476</u>	<u>73</u>	<u>-</u>	<u>(24,109)</u>	<u>14</u>	<u>1,053</u>	<u>57,600</u>
-	-	-	-	-	-	-
-	-	-	-	-	37	(3,193)
-	-	-	-	-	-	24,804
-	-	57,250	-	-	-	57,250
-	-	(57,250)	-	-	-	(57,250)
-	-	-	-	-	-	2,868
8	-	-	17	-	-	547
<u>8</u>	<u>-</u>	<u>-</u>	<u>17</u>	<u>-</u>	<u>37</u>	<u>25,026</u>
3,484	73	-	(24,092)	14	1,090	82,626
-	-	-	(1,054)	-	-	(341,015)
(4,500)	(54)	-	27,198	333	1,431	22,185
(1,016)	19	-	2,052	347	2,521	(236,204)
<u>5,632</u>	<u>(19)</u>	<u>-</u>	<u>(59,567)</u>	<u>-</u>	<u>-</u>	<u>1,060,170</u>
<u>\$ 4,616</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (57,515)</u>	<u>\$ 347</u>	<u>\$ 2,521</u>	<u>\$ 823,966</u>

**CALIFORNIA HOUSING FINANCE FUND  
SUPPLEMENTAL STATEMENTS OF CASH FLOWS -  
OTHER PROGRAMS AND ACCOUNTS**

**Year Ended June 30, 2017**

(Dollars in Thousands)

	HOUSING ASSISTANCE TRUST	CONTRACT ADMINISTRATION PROGRAMS	SUPPLEMENTAL BOND SECURITY ACCOUNT	EMERGENCY RESERVE ACCOUNT
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers	\$ 14,384	\$ 6,491	\$ -	\$ -
Payments to suppliers	(1)	-	-	-
Payments to employees	-	-	-	-
Other (payments) receipts	(117,287)	179,657	1,366	42
Net cash (used for) provided by operating activities	<u>(102,904)</u>	<u>186,148</u>	<u>1,366</u>	<u>42</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Intrafund transfers	3,666	-	(15,600)	9,711
Due (to) from other government entities	(4)	3	-	-
Other receipts (payments) non-operating	3,389	-	-	-
Net cash provided by (used for) noncapital financing activities	<u>7,051</u>	<u>3</u>	<u>(15,600)</u>	<u>9,711</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Proceeds from sales of bonds, notes, and loans	-	-	-	-
Payment of bonds, notes, and loans principal	-	-	-	-
Interest paid on debt	(3,916)	-	-	-
Interfund transfers	16	(339,976)	-	-
Net cash (used for) provided by capital and related financing activities	<u>(3,900)</u>	<u>(339,976)</u>	<u>-</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Proceeds from maturity and sale of investments	602,283	222,677	15,252	2,988
Purchase of investments	(518,152)	(73,811)	(1,181)	(12,965)
Interest on investments, net	2,511	711	163	224
Net cash provided by (used for) investing activities	<u>86,642</u>	<u>149,577</u>	<u>14,234</u>	<u>(9,753)</u>
Net (decrease) increase in cash and cash equivalents	(13,111)	(4,248)	-	-
Cash and cash equivalents at beginning of year	17,328	4,514	-	-
Cash and cash equivalents at end of year	<u>\$ 4,217</u>	<u>\$ 266</u>	<u>\$ -</u>	<u>\$ -</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH (USED FOR) PROVIDED BY OPERATING ACTIVITIES:</b>				
Operating income (loss)	\$ 85,144	\$ (8,488)	\$ 150	\$ 287
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Interest expense on debt	-	-	-	-
Interest on investments	(2,780)	(571)	(150)	(287)
Realized gain on sale of securities	(93,765)	-	-	-
Loan commitment fees	-	-	-	-
Depreciation	-	-	-	-
(Reversal) provision for estimated loan losses	2,804	2,873	-	-
Effect of changes in operating assets and liabilities:				
(Purchase) sale of program loans, net	(137,829)	463,334	-	-
Collection of principal from program loans, net	35,261	(273,128)	-	-
Interest receivable	(370)	(247)	-	-
Accounts receivable	1,454	101	-	42
Due (from) to other funds	(10,827)	2,282	1,366	-
Other assets	17,327	-	-	-
Compensated absences	-	-	-	-
Pension liability	-	-	-	-
Deposits and other liabilities	677	(8)	-	-
Other liabilities and unearned revenue	-	-	-	-
Net cash (used for) provided by operating activities	<u>\$ (102,904)</u>	<u>\$ 186,148</u>	<u>\$ 1,366</u>	<u>\$ 42</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>				
Noncash transfer of program loan to REO	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

LOAN SERVICING	CITIGROUP GLOBAL MARKETS	FEDERAL PROGRAMS	OPERATING ACCOUNT	FEDERAL FINANCING BANK	FEDERAL HOME LOAN BANK	TOTAL OTHER PROGRAMS AND ACCOUNTS
\$ -	\$ 127	\$ -	\$ -	\$ 533	\$ -	\$ 21,535
-	-	-	(9,502)	(8)	-	(9,511)
-	-	-	(32,362)	-	-	(32,362)
(15,232)	34,944	(75)	8,897	(33,372)	10,421	69,361
(15,232)	35,071	(75)	(32,967)	(32,847)	10,421	49,023
(4,500)	(54)	-	27,199	332	1,431	22,185
2,783	-	-	9,961	-	-	12,743
8	-	-	18	-	-	3,415
(1,709)	(54)	-	37,178	332	1,431	38,343
-	-	-	-	33,534	89,390	122,924
-	(34,987)	-	-	(177)	(9,795)	(44,959)
-	(110)	-	-	(543)	(37)	(4,606)
-	-	-	(1,055)	-	-	(341,015)
-	(35,097)	-	(1,055)	32,814	79,558	(267,656)
94,075	-	2,590	40,364	-	1,608	981,837
(80,466)	-	(2,430)	(43,552)	-	(94,032)	(826,589)
(171)	-	(1)	196	-	1,014	4,647
13,438	-	159	(2,992)	-	(91,410)	159,895
(3,503)	(80)	84	164	299	-	(20,395)
24,407	80	1	114	-	-	46,444
\$ 20,904	\$ -	\$ 85	\$ 278	\$ 299	\$ -	\$ 26,049
\$ 3,476	\$ 73	\$ -	\$ (24,109)	\$ 14	\$ 1,053	\$ 57,600
-	-	-	-	622	233	855
(1)	-	-	(223)	-	(1,288)	(5,300)
-	-	-	-	-	-	(93,765)
-	-	-	(1,070)	-	-	(1,070)
-	-	-	192	-	-	192
-	(73)	-	-	-	-	5,604
-	34,498	-	-	(33,534)	-	326,469
-	446	-	-	178	-	(237,243)
(30)	127	-	-	(124)	-	(644)
370	-	-	(219)	-	-	1,748
(3,337)	-	-	600	-	10,423	507
-	-	-	(4,962)	(3)	-	12,362
-	-	-	(596)	-	-	(596)
-	-	-	(1,581)	-	-	(1,581)
(15,710)	-	(75)	(2,128)	-	-	(17,244)
-	-	-	1,129	-	-	1,129
\$ (15,232)	\$ 35,071	\$ (75)	\$ (32,967)	\$ (32,847)	\$ 10,421	\$ 49,023
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

**CALIFORNIA HOUSING FINANCE AGENCY  
OUTSTANDING INDEBTEDNESS**

The following table describes the bonds of the Agency issued and outstanding as of 11/1/2017

Home Mortgage Revenue Bond						Single Family		\$ Amount of Fixed-Rate Bonds Outstanding	\$ Amount of Variable Rate Bonds Outstanding
Bond Series	Tax Status	Dated Date *	Delivery Date	Bonds Issued ***	Bonds Outstanding **				
HMRB 2000N	AMT	5/25/2000	5/25/2000	\$50,000,000.00	\$5,135,000.00			\$0.00	\$5,135,000.00
HMRB 2000Z	Taxable	12/13/2000	12/13/2000	\$102,000,000.00	\$28,950,000.00			\$0.00	\$28,950,000.00
HMRB 2001D	Taxable	1/25/2001	1/25/2001	\$112,000,000.00	\$11,870,000.00			\$0.00	\$11,870,000.00
HMRB 2001G	Taxable	4/5/2001	4/5/2001	\$105,000,000.00	\$26,875,000.00			\$0.00	\$26,875,000.00
HMRB 2001K	Taxable	5/31/2001	5/31/2001	\$144,000,000.00	\$37,610,000.00			\$0.00	\$37,610,000.00
HMRB 2003I	Taxable	8/7/2003	8/7/2003	\$50,000,000.00	\$27,415,000.00			\$0.00	\$27,415,000.00
HMRB 2003N	Taxable	11/20/2003	11/20/2003	\$50,000,000.00	\$20,660,000.00			\$0.00	\$20,660,000.00
HMRB 2004F	Taxable	5/20/2004	5/20/2004	\$50,000,000.00	\$33,675,000.00			\$0.00	\$33,675,000.00
HMRB 2005A	AMT	1/20/2005	1/20/2005	\$200,000,000.00	\$33,850,000.00			\$0.00	\$33,850,000.00
HMRB 2005B	AMT	3/30/2005	3/30/2005	\$200,000,000.00	\$25,635,000.00			\$0.00	\$25,635,000.00
HMRB 2006C	AMT	4/19/2006	4/19/2006	\$175,000,000.00	\$43,025,000.00			\$0.00	\$43,025,000.00
HMRB 2007B	Taxable	5/30/2007	5/30/2007	\$40,000,000.00	\$40,000,000.00			\$0.00	\$40,000,000.00
HMRB 2007C	Taxable	6/28/2007	6/28/2007	\$20,000,000.00	\$20,000,000.00			\$0.00	\$20,000,000.00
HMRB 2007K	AMT	11/7/2007	11/7/2007	\$50,000,000.00	\$17,595,000.00			\$0.00	\$17,595,000.00
HMRB 2007N	Taxable	11/29/2007	11/29/2007	\$60,000,000.00	\$60,000,000.00			\$0.00	\$60,000,000.00
HMRB 2008A	AMT	1/30/2008	1/30/2008	\$43,475,000.00	\$8,690,000.00	\$8,690,000.00		\$8,690,000.00	\$0.00
HMRB 2008B	AMT	1/30/2008	1/30/2008	\$35,960,000.00	\$7,390,000.00	\$7,390,000.00		\$7,390,000.00	\$0.00
HMRB 2008H	Taxable	5/14/2008	5/14/2008	\$100,000,000.00	\$26,650,000.00	\$26,650,000.00		\$26,650,000.00	\$0.00
HMRB 2008L	Non-Amt	8/28/2008	8/28/2008	\$189,790,000.00	\$28,935,000.00	\$28,935,000.00		\$28,935,000.00	\$0.00
HMRB 2016A	Taxable	6/30/2016	6/30/2016	\$236,350,000.00	\$217,120,000.00	\$217,120,000.00		\$217,120,000.00	\$0.00
HMRB 2017A	Taxable	6/26/2017	6/29/2017	\$278,240,000.00	\$270,085,000.00	\$270,085,000.00		\$270,085,000.00	\$0.00
<b>HMRB TOTALS</b>					<b>\$991,165,000.00</b>	<b>\$558,870,000.00</b>		<b>\$432,295,000.00</b>	
<b>Residential Mortgage Revenue Bonds (Separately-Secured)</b>						Single Family		\$ Amount of Fixed-Rate Bonds Outstanding	\$ Amount of Variable Rate Bonds Outstanding
Bond Series	Tax Status	Dated Date *	Delivery Date	Bonds Issued ***	Bonds Outstanding **				
RMRB 2009A-5	AMT	6/7/2012	6/7/2012	\$466,115,000.00	\$133,055,000.00	\$133,055,000.00		\$133,055,000.00	\$0.00
<b>RMRB (Separately-Secured) TOTALS</b>					<b>\$133,055,000.00</b>	<b>\$133,055,000.00</b>		<b>\$0.00</b>	
<b>Residential Mortgage Revenue Bonds</b>						Single Family		\$ Amount of Fixed-Rate Bonds Outstanding	\$ Amount of Variable Rate Bonds Outstanding
Bond Series	Tax Status	Dated Date *	Delivery Date	Bonds Issued ***	Bonds Outstanding **				
RMRB 2010A	Non-Amt	12/15/2010	12/15/2010	\$24,000,000.00	\$6,680,000.00	\$6,680,000.00		\$6,680,000.00	\$0.00
RMRB 2011A	Non-Amt	5/19/2011	5/19/2011	\$72,000,000.00	\$13,060,000.00	\$13,060,000.00		\$13,060,000.00	\$0.00
RMRB 2013A	Taxable	4/30/2013	4/30/2013	\$100,210,000.00	\$27,887,206.00	\$27,887,206.00		\$27,887,206.00	\$0.00
RMRB 2013B	Taxable	4/30/2013	4/30/2013	\$33,550,000.00	\$14,881,480.00	\$14,881,480.00		\$14,881,480.00	\$0.00
<b>RMRB TOTALS</b>					<b>\$62,508,686.00</b>	<b>\$62,508,686.00</b>		<b>\$0.00</b>	
<b>Conduit (Affordable Multifamily Housing Revenue Bonds)</b>						Multifamily		\$ Amount of Fixed-Rate Bonds Outstanding	\$ Amount of Variable Rate Bonds Outstanding
Bond Series	Tax Status	Dated Date *	Delivery Date	Bonds Issued ***	Bonds Outstanding **				
AHMRB 2009 A-16	Non-Amt	4/28/2011	4/28/2011	\$4,250,000.00	\$4,050,000.00	\$4,050,000.00		\$4,050,000.00	\$0.00
AHMRB 2009 A-17-1	Non-Amt	4/28/2011	4/28/2011	\$12,870,000.00	\$12,240,000.00	\$12,240,000.00		\$12,240,000.00	\$0.00
AHMRB 2009 A-18	Non-Amt	4/28/2011	4/28/2011	\$9,460,000.00	\$9,030,000.00	\$9,030,000.00		\$9,030,000.00	\$0.00
AMHRB 2009A-1	Non-Amt	8/5/2010	8/5/2010	\$12,500,000.00	\$11,950,000.00	\$11,950,000.00		\$11,950,000.00	\$0.00
AMHRB 2009A-11	Non-Amt	12/17/2010	12/17/2010	\$10,000,000.00	\$8,760,000.00	\$8,760,000.00		\$8,760,000.00	\$0.00
AMHRB 2009A-12	Non-Amt	12/17/2010	12/17/2010	\$6,650,000.00	\$5,910,000.00	\$5,910,000.00		\$5,910,000.00	\$0.00
AMHRB 2009A-13	Non-Amt	12/17/2010	12/17/2010	\$5,910,000.00	\$5,250,000.00	\$5,250,000.00		\$5,250,000.00	\$0.00
AMHRB 2009A-14	Non-Amt	12/17/2010	12/17/2010	\$10,370,000.00	\$9,720,000.00	\$9,720,000.00		\$9,720,000.00	\$0.00
AMHRB 2009A-19	Non-Amt	12/20/2011	12/20/2011	\$77,830,000.00	\$77,830,000.00	\$77,830,000.00		\$77,830,000.00	\$0.00
AMHRB 2009A-2	Non-Amt	10/29/2010	10/29/2010	\$4,830,000.00	\$4,560,000.00	\$4,560,000.00		\$4,560,000.00	\$0.00
AMHRB 2009A-20	Non-Amt	12/20/2011	12/20/2011	\$16,500,000.00	\$15,500,000.00	\$15,500,000.00		\$15,500,000.00	\$0.00

**CALIFORNIA HOUSING FINANCE AGENCY  
OUTSTANDING INDEBTEDNESS**

The following table describes the bonds of the Agency issued and outstanding as of 11/1/2017

Home Mortgage Revenue Bond						Single Family	
Bond Series	Tax Status	Dated Date *	Delivery Date	Bonds Issued ***	Bonds Outstanding **	\$ Amount of Fixed-Rate Bonds Outstanding	\$ Amount of Variable Rate Bonds Outstanding
AMHRB 2009A-3	Non-Amt	10/29/2010	10/29/2010	\$5,740,000.00	\$5,420,000.00	\$5,420,000.00	\$0.00
AMHRB 2009A-4	Non-Amt	10/29/2010	10/29/2010	\$5,090,000.00	\$4,800,000.00	\$4,800,000.00	\$0.00
AMHRB 2009A-5	Non-Amt	10/29/2010	10/29/2010	\$4,650,000.00	\$4,390,000.00	\$4,390,000.00	\$0.00
AMHRB 2009A-6	Non-Amt	12/17/2010	12/17/2010	\$5,100,000.00	\$4,780,000.00	\$4,780,000.00	\$0.00
AMHRB 2009A-7	AMT	12/17/2010	12/17/2010	\$14,570,000.00	\$12,050,000.00	\$12,050,000.00	\$0.00
AMHRB 2009A-8	Non-Amt	12/17/2010	12/17/2010	\$13,060,000.00	\$12,140,000.00	\$12,140,000.00	\$0.00
AMHRB 2009A-9	Non-Amt	12/17/2010	12/17/2010	\$10,850,000.00	\$10,280,000.00	\$10,280,000.00	\$0.00
<b>Conduit (AMHRB) TOTALS</b>					<b>\$218,660,000.00</b>	<b>\$218,660,000.00</b>	<b>\$0.00</b>
Affordable Multifamily Housing Revenue Bonds						Multifamily	
Bond Series	Tax Status	Dated Date *	Delivery Date	Bonds Issued ***	Bonds Outstanding **	\$ Amount of Fixed-Rate Bonds Outstanding	\$ Amount of Variable Rate Bonds Outstanding
AMHRRB 2009A-21	AMT	12/20/2011	12/20/2011	\$55,990,000.00	\$45,220,000.00	\$45,220,000.00	\$0.00
AMHRRB 2009A-22	AMT	12/20/2011	12/20/2011	\$36,680,000.00	\$32,430,000.00	\$32,430,000.00	\$0.00
<b>AMHRB TOTALS</b>					<b>\$77,650,000.00</b>	<b>\$77,650,000.00</b>	<b>\$0.00</b>
Conduit (Non New Issue Bond Program)						Multifamily	
Bond Series	Tax Status	Dated Date *	Delivery Date	Bonds Issued ***	Bonds Outstanding **	\$ Amount of Fixed-Rate Bonds Outstanding	\$ Amount of Variable Rate Bonds Outstanding
LOMFHRB 2011A	Non-Amt	12/20/2011	12/20/2011	\$8,370,000.00	\$5,150,000.00	\$0.00	\$5,150,000.00
LOMHRB 2013A	Non-Amt	3/8/2013	3/8/2013	\$4,550,000.00	\$3,065,737.44	\$0.00	\$3,065,737.44
LOMHRB 2013C	Non-Amt	12/24/2013	12/24/2013	\$6,500,000.00	\$4,650,000.00	\$0.00	\$4,650,000.00
LOMHRB 2014D	Non-Amt	9/23/2014	9/23/2014	\$15,059,870.42	\$8,473,429.26	\$0.00	\$8,473,429.26
LOMHRB 2015E	Non-Amt	12/21/2015	12/21/2015	\$11,089,411.90	\$24,686,185.33	\$0.00	\$24,686,185.33
LOMHRB 2016C-S	Taxable	2/18/2016	2/18/2016	\$4,100,000.00	\$4,100,000.00	\$0.00	\$4,100,000.00
LOMHRB 2017D	Non-Amt	5/5/2017	5/5/2017	\$55,001.00	\$55,261.02	\$0.00	\$55,261.02
LOMHRB 2017E-1	AMT	7/1/2017	7/1/2017	\$34,550,000.00	\$34,550,000.00	\$0.00	\$34,550,000.00
LOMHRB 2017E-2	AMT	7/1/2017	7/1/2017	\$8,450,000.00	\$8,450,000.00	\$0.00	\$8,450,000.00
LOMHRB 2017F	AMT	8/16/2017	8/21/2017	\$3,282,441.66	\$3,282,441.66	\$0.00	\$3,282,441.66
LOMHRN 2014A-1	Non-Amt	5/22/2014	5/22/2014	\$8,675,000.00	\$8,518,116.29	\$0.00	\$8,518,116.29
LOMHRN 2014B-1	AMT	5/22/2014	5/22/2014	\$11,400,000.00	\$11,145,119.25	\$0.00	\$11,145,119.25
LOMHRN 2014E	Non-Amt	11/6/2014	11/6/2014	\$12,300,000.00	\$10,854,589.45	\$0.00	\$10,854,589.45
LOMHRN 2015A	Non-Amt	4/9/2015	4/9/2015	\$10,731,586.89	\$10,814,497.55	\$0.00	\$10,814,497.55
LOMHRN 2015B	Non-Amt	7/10/2015	7/10/2015	\$8,358,494.34	\$17,236,614.93	\$0.00	\$17,236,614.93
LOMHRN 2015C	Non-Amt	10/22/2015	10/22/2015	\$8,132,878.41	\$9,966,917.75	\$0.00	\$9,966,917.75
LOMHRN 2015D-1	Non-Amt	11/13/2015	11/13/2015	\$31,670,497.49	\$37,300,000.00	\$0.00	\$37,300,000.00
LOMHRN 2015D-2	Non-Amt	11/13/2015	11/13/2015	\$0.00	\$4,450,000.00	\$0.00	\$4,450,000.00
LOMHRN 2015F	Non-Amt	12/4/2015	12/4/2015	\$1,896,956.56	\$12,326,442.39	\$0.00	\$12,326,442.39
LOMHRN 2015G-1	Non-Amt	12/22/2015	12/22/2015	\$16,026,000.00	\$16,026,000.00	\$0.00	\$16,026,000.00
LOMHRN 2015G-S	Taxable	12/22/2015	12/22/2015	\$5,278,000.00	\$5,278,000.00	\$0.00	\$5,278,000.00
LOMHRN 2016A	Non-Amt	3/24/2016	3/24/2016	\$23,500,000.00	\$23,500,000.00	\$0.00	\$23,500,000.00
LOMHRN 2016B	Non-Amt	3/24/2016	3/24/2016	\$53,380,000.00	\$53,380,000.00	\$0.00	\$53,380,000.00
LOMHRN 2016C-1	Non-Amt	2/18/2016	2/18/2016	\$14,407,027.16	\$17,000,000.00	\$0.00	\$17,000,000.00
LOMHRN 2016C-2	Non-Amt	2/18/2016	2/18/2016	\$0.00	\$500,000.00	\$0.00	\$500,000.00
LOMHRN 2016D	AMT	4/28/2016	4/28/2016	\$7,607,333.93	\$10,550,000.00	\$0.00	\$10,550,000.00
LOMHRN 2016E	AMT	4/28/2016	4/28/2016	\$10,925,857.55	\$13,430,000.00	\$0.00	\$13,430,000.00
LOMHRN 2016G	Non-Amt	7/26/2016	7/26/2016	\$27,940,075.77	\$32,000,000.00	\$0.00	\$32,000,000.00
LOMHRN 2016I	Non-Amt	8/29/2016	8/29/2016	\$55,000.00	\$8,753,327.52	\$0.00	\$8,753,327.52
LOMHRN 2017A-1	Non-Amt	6/30/2017	6/30/2017	\$26,266,952.40	\$26,266,952.40	\$0.00	\$26,266,952.40

**CALIFORNIA HOUSING FINANCE AGENCY  
OUTSTANDING INDEBTEDNESS**

The following table describes the bonds of the Agency issued and outstanding as of 11/1/2017

Home Mortgage Revenue Bond						Single Family		
Bond Series	Tax Status	Dated Date *	Delivery Date	Bonds Issued ***	Bonds Outstanding **	\$ Amount of Fixed-Rate Bonds Outstanding	\$ Amount of Variable Rate Bonds Outstanding	
LOMHRN 2017B	AMT	6/30/2017	6/30/2017	\$1,878,052.78	\$1,878,052.78	\$0.00	\$1,878,052.78	
LOMHRN 2017C-1	AMT	3/28/2017	3/28/2017	\$23,520,000.00	\$23,520,000.00	\$0.00	\$23,520,000.00	
LOMHRN 2017C-2	AMT	3/28/2017	3/28/2017	\$3,832,193.93	\$3,930,957.48	\$0.00	\$3,930,957.48	
LOMHRN 2017G	AMT	8/21/2017	8/21/2017	\$15,000,000.00	\$15,000,000.00	\$0.00	\$15,000,000.00	
LOMHRSB 2016I-B1	Non-Amt	8/29/2016	8/29/2016	\$15,000,000.00	\$15,000,000.00	\$0.00	\$15,000,000.00	
LOMHRSB 2016I-B2	Non-Amt	8/29/2016	8/29/2016	\$6,000,000.00	\$6,000,000.00	\$0.00	\$6,000,000.00	
LOVRDMHRB 2016F	Non-Amt	5/10/2016	5/10/2016	\$7,060,000.00	\$7,060,000.00	\$0.00	\$7,060,000.00	
MHRB 2009C	Non-Amt	12/1/2009	12/1/2009	\$5,650,000.00	\$333,271.23	\$0.00	\$333,271.23	
MHRN 2016H	Non-Amt	7/29/2016	7/29/2016	\$55,000.00	\$56,421.65	\$0.00	\$56,421.65	
MHRSB 2016H-B1	Non-Amt	7/29/2016	7/29/2016	\$5,000,000.00	\$5,000,000.00	\$0.00	\$5,000,000.00	
MHRSB 2016H-B2	Non-Amt	7/29/2016	7/29/2016	\$9,000,000.00	\$12,000,000.00	\$0.00	\$12,000,000.00	
SLOMHRB 2010B	Taxable	12/17/2010	12/17/2010	\$2,350,000.00	\$2,350,000.00	\$0.00	\$2,350,000.00	
VRDLOMHRB 2009A	Non-Amt	4/17/2009	4/17/2009	\$4,620,000.00	\$4,620,000.00	\$0.00	\$4,620,000.00	
VRDLOMHRB 2009B	Non-Amt	4/17/2009	4/17/2009	\$6,325,000.00	\$6,325,000.00	\$0.00	\$6,325,000.00	
VRDLOMHRB 2013B	Non-Amt	12/19/2013	12/19/2013	\$12,840,000.00	\$12,840,000.00	\$0.00	\$12,840,000.00	
<b>Conduit (Non-NIBP) TOTALS</b>					<b>\$541,673,335.38</b>	<b>\$0.00</b>	<b>\$541,673,334.00</b>	
Multifamily Housing Revenue Bonds						Multifamily		
Bond Series	Tax Status	Dated Date *	Delivery Date	Bonds Issued ***	Bonds Outstanding **	\$ Amount of Fixed-Rate Bonds Outstanding	\$ Amount of Variable Rate Bonds Outstanding	
MHRB 2016A	Non-Amt	2/29/2016	2/29/2016	\$8,600,000.00	\$4,710,000.00	\$4,710,000.00	\$0.00	
MHRB 2016B	Non-Amt	2/29/2016	2/29/2016	\$31,000,000.00	\$25,600,000.00	\$25,600,000.00	\$0.00	
<b>MHRB TOTALS</b>					<b>\$30,310,000.00</b>	<b>\$30,310,000.00</b>	<b>\$0.00</b>	
Multifamily Housing Revenue Bonds III						Multifamily		
Bond Series	Tax Status	Dated Date *	Delivery Date	Bonds Issued ***	Bonds Outstanding **	\$ Amount of Fixed-Rate Bonds Outstanding	\$ Amount of Variable Rate Bonds Outstanding	
MHRBIII 2001F	Non-Amt	11/15/2001	11/15/2001	\$19,040,000.00	\$8,200,000.00	\$0.00	\$8,200,000.00	
MHRBIII 2001G	AMT	11/15/2001	11/15/2001	\$73,975,000.00	\$17,490,000.00	\$0.00	\$17,490,000.00	
MHRBIII 2004C	Non-Amt	11/17/2004	11/17/2004	\$13,940,000.00	\$3,475,000.00	\$0.00	\$3,475,000.00	
MHRBIII 2005D	AMT	11/3/2005	11/3/2005	\$91,225,000.00	\$14,110,000.00	\$0.00	\$14,110,000.00	
MHRBIII 2008B	AMT	4/24/2008	4/24/2008	\$104,890,000.00	\$12,350,000.00	\$0.00	\$12,350,000.00	
MHRBIII 2008C	AMT	4/24/2008	4/24/2008	\$33,390,000.00	\$16,830,000.00	\$0.00	\$16,830,000.00	
MHRBIII 2014A	Non-Amt	4/17/2014	4/17/2014	\$38,915,000.00	\$24,170,000.00	\$24,170,000.00	\$0.00	
MHRBIII 2015A	Taxable	4/14/2015	4/14/2015	\$174,180,000.00	\$174,180,000.00	\$174,180,000.00	\$0.00	
<b>MHRBIII TOTALS</b>					<b>\$270,805,000.00</b>	<b>\$198,350,000.00</b>	<b>\$72,455,000.00</b>	
Residential Mortgage Revenue Bonds (Multifamily Programs)						Multifamily		
Bond Series	Tax Status	Dated Date *	Delivery Date	Bonds Issued ***	Bonds Outstanding **	\$ Amount of Fixed-Rate Bonds Outstanding	\$ Amount of Variable Rate Bonds Outstanding	
RMRB(MFP) 2009A-6	Non-Amt	12/12/2012	12/12/2012	\$69,950,000.00	\$47,840,000.00	\$47,840,000.00	\$0.00	
<b>RMRB(MFP) TOTALS</b>					<b>\$47,840,000.00</b>	<b>\$47,840,000.00</b>	<b>\$0.00</b>	
Special Obligation Multifamily Housing Revenue Bonds						Multifamily		
Bond Series	Tax Status	Dated Date *	Delivery Date	Bonds Issued ***	Bonds Outstanding **	\$ Amount of Fixed-Rate Bonds Outstanding	\$ Amount of Variable Rate Bonds Outstanding	
SOMHRB 2015A	Non-Amt	11/24/2015	11/24/2015	\$5,245,000.00	\$3,830,000.00	\$3,830,000.00	\$0.00	
SOMHRB 2015B	Non-Amt	11/24/2015	11/24/2015	\$18,075,000.00	\$9,350,000.00	\$9,350,000.00	\$0.00	
<b>SOMHRB TOTALS</b>					<b>\$13,180,000.00</b>	<b>\$13,180,000.00</b>	<b>\$0.00</b>	
<b>REPORT TOTALS</b>					<b>\$2,386,847,021.38</b>	<b>\$1,340,423,686.00</b>	<b>\$1,046,423,334.00</b>	

\* Certain series of bonds include non-current interest bonds, tender option bonds and certain other bonds which are dated the date of delivery of such series of bonds.

\*\* Includes increase in accreted value of non-current interest bonds and discounted bonds.

\*\*\* Does not include those bonds that were issued but have been fully redeemed.

CALIFORNIA HOUSING FINANCE AGENCY - BOND PRINCIPAL RETIREMENT

AMHRRB PROGRAM BONDS			SOURCES OF SPECIAL REDEMPTION FUNDS				
Indenture & Bond Series	Redemption Date	Redemption Amount	Unexpended Proceeds	Recoveries of Principal	Reduction of Reserves	Available Revenues	Optional Redemptions
AFFORDABLE MULTIFAMILY HOUSING REFUNDING REVENUE BONDS	11/12/14	\$2,980,000	\$0	\$0	\$0	\$0	\$2,980,000
2009 Series A-21	5/5/15	1,200,000	0	0	0	0	1,200,000
	2/10/16	2,270,000	0	0	0	0	2,270,000
	8/2/16	1,760,000	0	0	0	0	1,760,000
INDENTURE TOTALS TO DATE		\$8,210,000	\$0	\$0	\$0	\$0	\$8,210,000

## Affordable Multifamily Housing Revenue Bonds - Issuer's Loan Portfolio

Current Series

	Pool number	Deal Name	Loan Type	Current Loan Note Rate	Original UPB	Loan Maturity Date	Service Fees	Current UPB as of 30-Sep-17
<b>Risk Share Loans</b>								
NIBP	N/A	COPPER CREEK	Risk Share	5.50%	\$ 3,967,182.45	2/1/2036	0.25%	\$ 3,435,179.19
NIBP	N/A	GOLDEN WEST TOWERS	Risk Share	5.70%	13,129,758.65	3/1/2037	0.25%	11,544,418.60
NIBP	N/A	MISSION GATEWAY	Risk Share	5.25%	6,191,629.40	11/1/2036	0.25%	5,382,176.00
NIBP	N/A	NOBLE TOWERS	Risk Share	5.25%	3,593,758.16	10/1/2035	0.25%	3,090,901.61
NIBP	N/A	OAK TREE VILLAGE APTS.	Risk Share	5.45%	23,391,087.60	7/1/2046	0.25%	21,845,988.05
NIBP	N/A	SOUTHLAKE TOWER	Risk Share	5.50%	5,730,957.71	8/1/2034	0.25%	4,869,787.73
					<u>\$ 56,004,373.97</u>			<u>\$ 50,168,451.18</u>



**CALIFORNIA HOUSING FINANCE AGENCY**  
**MORTGAGE BACKED SECURITIES**  
**June 30, 2017**

Series Name	Type of Funds	Pass-thru Rate	Yield to Series	Mortgage Rate	Type of Securities	Pool #	CUSIP #	Settlement Date	Maturity Date	Remaining Term	MBS Term	Outstanding Principal Amount of Mortgage Backed Securities at
												June 30, 2017
<b>Affordable Multifamily Housing Revenue Bonds (MAH):</b>												
MAH NIBP 2009A	Program	3.820%	3.820%	5.200%	FNMA	470081	31381TFW5	1-Dec-2011	1-Feb-2040	271	343	3,934,534
	Program	3.820%	3.820%	5.200%	FNMA	470082	31381TFX3	1-Dec-2011	1-Jun-2039	263	335	4,781,835
	Program	4.020%	4.020%	5.400%	FNMA	470083	31381TFY1	1-Dec-2011	1-Dec-2036	233	304	7,075,897
	Program	4.320%	4.320%	5.700%	FNMA	470084	31381TFZ8	1-Dec-2011	1-Dec-2036	233	304	3,954,578
	Program	3.630%	3.630%	5.250%	FNMA	470090	31381TF70	1-Dec-2011	1-Jul-2042	300	372	5,857,752
	Program	3.830%	3.830%	5.450%	FNMA	470092	31381TF96	1-Dec-2011	1-Jul-2038	252	324	3,739,000
	Program	3.830%	3.830%	5.450%	FNMA	470093	31381TGA2	1-Dec-2011	1-Dec-2038	257	329	2,510,581
	Program	3.880%	3.880%	5.500%	FNMA	470094	31381TGB0	1-Dec-2011	1-Mar-2042	296	368	2,976,974
												34,831,151
											<b>MAH Total:</b>	<b>\$ 34,831,151</b>