

State of California

MEMORANDUM

To: Board of Directors

Date: October 16, 2008

From: Bruce D. Gilbertson, Director of Financing
CALIFORNIA HOUSING FINANCE AGENCY

Subject: AUTHORIZATION TO ENTER INTO ADDITIONAL SHORT-TERM OR LONG-TERM CREDIT FACILITIES RESOLUTION 08-36

On January 17, 2008 the Board authorized the Executive Director to enter into short-term credit facilities to provide a source to warehouse the purchase of Homeownership Program loans and Multifamily Program loans prior to bond issuance. This authority was enacted by adoption of Resolutions 08-03 and 08-04.

Resolution 08-36 would supplement the existing authority related to short-term credit facilities and authorize the Executive Director and other authorized officers of the Agency to enter into one or more short-term or long-term credit facilities in an amount not to exceed \$2 billion. It is anticipated that such credit facilities may become available to the Agency and will be used to redeem existing auction rate securities, variable rate bonds that have been put to the liquidity providers or variable rate bonds that are being successfully remarketed but which have interest rates that are being reset at much higher levels than were originally expected. Proceeds of such short or long-term credit facilities authorized by this resolution may also be used to acquire bonds in lieu of redemption. Initial inquiries for credit facilities of this nature have been made to Fannie Mae and to staff of the State Treasurer that administer the Pooled Money Investment Account Loan Program on behalf of the Pooled Money Investment Board. It is anticipated that similar requests for credit facilities of this type will be made of the California pension funds, the Federal Home Loan Bank and Freddie Mac.

This resolution would also require the Executive Director to report to the Board regarding any credit facilities obtained by the Agency and the amounts of any draws upon such facilities and the use of such funds.

RESOLUTION 08-36

RESOLUTION SUPPLEMENTING EXISTING AUTHORITY
FOR CREDIT FACILITIES

WHEREAS, the Board of Directors have previously enacted Resolutions 08-03 and 08-04, which, among other things, authorize the California Housing Finance Agency (the "Agency") to engage in short term borrowing regarding the Agency's single family and multi-family bond funded programs respectively; and

WHEREAS, as a result of recent disruptions in the bond and capital markets the Agency needs to retire and restructure existing variable rate bond indebtedness that has reset at high rates of interest, as well as bonds that have been put to liquidity providers as bank bonds ; and

WHEREAS, the Agency needs additional sources of liquidity beyond those authorized as recited above, with additional permitted uses, to be able to effectively accomplish the needed restructuring in the current marketplace; and

WHEREAS, the Agency believes that such liquidity will help the Agency restructure existing debt and take such other actions as may be necessary to deal with the disruptions in the bond and capital markets ; and

WHEREAS, the Board of Directors wishes to supplement the authority in Resolutions 08-03 and 08-04 to specifically authorize the Executive Director and other officers to obtain additional lines of credit or other credit facilities, and to use such credit for the purpose of debt restructuring and related purposes, including, but not limited to the redemption of existing bonds and the acquisition of bank bonds;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors as follows:

1. The Executive Director and the other officers of the Agency are hereby authorized to enter into, for and in the name and on behalf of the Agency, one or more additional short-term or long term credit facilities from any available sources, not to exceed the sum of \$2 billion , for the purposes of enabling the Agency to restructure existing debt and related purposes, including, but not limited to, the redemption of existing bonds and the acquisition of bank bonds.

2. The Executive Director shall report to the Board at subsequent meetings regarding any credit facilities obtained by the Agency, as well as the draws upon such

facilities and the use of such funds.

I hereby certify that this is a true and correct copy of Resolution 08-36 adopted at a duly constituted meeting of the Board of Directors of the Agency held on October 20, 2008, at Sacramento, California.

ATTEST: _____
Secretary

State of California

MEMORANDUM

To: Board of Directors

Date: October 16, 2008

From: Bruce D. Gilbertson, Director of Financing
CALIFORNIA HOUSING FINANCE AGENCY

Subject: RESOLUTION AMENDING PRIOR AUTHORIZATION TO MAKE APPLICATION TO THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE RESOLUTION 08-37

The California Debt Limit Allocation Committee (“CDLAC”) is the State entity which, under California law, allocates the federal volume cap for “private activity bonds” to be issued each year by State and local bond issuers. Private activity bonds are federally tax-exempt bonds which are issued to benefit non-governmental borrowers such as first-time homebuyers or owners of affordable rental housing developments.

Resolution 08-05 authorized application to CDLAC for a maximum of \$900 million of single family allocation and \$400 million of multifamily allocation. This Resolution amends Resolution 08-05 to allow application up to a maximum of \$907,825,729 for single family program purposes. The enactment of the Housing and Economic Recovery Act of 2008 (HR 3221) effectively authorized an additional \$1.144 billion of private activity bond volume cap to be awarded by CDLAC to housing bond issuers in California during calendar year 2008. This resolution increases the application limit to the full amount of single family bond volume cap previously applied for by CalHFA this year including the amount of supplemental volume cap that became available as a result of HR 3221.

Included in the supplemental application is an amount sufficient to fund a subprime loan refinance program and additional funding to expand the Community Stabilization Home Loan Program (CSHLP) that provides first-time homebuyers the opportunity to purchase bank owned REO at special reduced pricing. The subprime refinancing program would be limited to borrowers that are reasonably likely to experience financial hardship if their subprime loan is not refinanced.

RESOLUTION 08-37

RESOLUTION AMENDING PRIOR RESOLUTION 08-05 REGARDING
APPLICATIONS TO THE CALIFORNIA DEBT LIMIT ALLOCATION
COMMITTEE

WHEREAS, THE Board of Directors has enacted Resolution 08-05 which, among other things, authorizes the California Housing Finance Agency (the "Agency") to make applications to the California Debt Limit Allocation Committee ("CDLAC") for private activity bond allocations for the Agency's homeownership and multi-family programs; and

WHEREAS, Section 1 of the resolution authorizes the Agency to apply for up to \$900,000,000 of allocation to be used in connection with bonds issued under resolution 08-03 or other relevant resolutions for the Agency's homeownership program ; and

WHEREAS, the Agency was informed by CDLAC that additional allocation was available to the Agency in excess of the \$900,000,000 described above, and

WHEREAS, the Agency made application to CDLAC for the total amount of \$907,825,729.00 for the homeownership program; and

WHEREAS, the Agency wishes to modify Resolution 08-05 to ratify and permit such additional allocation;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors as follows:

1. Section 1 of Resolution 08-05 is modified to delete the number "\$900,000,000" and replace it with "\$907,825,729".

I hereby certify that this is a true and correct copy of Resolution 08-37 adopted at a duly constituted meeting of the Board of Directors of the Agency held on October 20, 2008, at Sacramento, California.

ATTEST: _____
Secretary