



BOARD OF DIRECTORS

*California Housing Finance Agency
Board of Directors*

May 9, 2013

Holiday Inn Capitol Plaza
300 "J" Street
Sacramento, California
(916) 446-0100

10:00 a.m.

1. Roll Call.
2. Approval of the minutes of the November 13, 2012 and March 7, 2013 Board of Directors meetings1
3. Chairman/Executive Director comments.
4. Report of the Chair of the Audit Committee. (Ruben A. Smith)
5. Report of the Chair of the Compensation Committee. (Michael A. Gunning)
6. Discussion, recommendation and possible action adopting a resolution to amend the Compensation Committee Charter by changing the name of the Committee. (Michael Gunning/Victor James)
7. Discussion, recommendation and possible action regarding the adoption of a resolution approving the Agency's Strategic Business Plan for Fiscal Year 2013/2014. (Claudia Cappio/Senior Staff)
Resolution 13-06123

8.	Discussion, recommendation and possible action regarding the adoption of a resolution approving the Fiscal Year 2013/2014 CalHFA Operating Budget. (Claudia Cappio/Jackie Riley) Resolution 13-07	131
9.	Update on Moody’s annual review of the Agency’s credit ratings. (Tim Hsu)	
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	F. Reorganization efforts with CalHFA-HCD as part of the Governor’s Reorganization Plan	
14.	Discussion of other Board matters.	

15. Public testimony: Discussion only of other matters to be brought to the Board's attention.
16. Adjournment
17. Handouts

NOTES**

HOTEL PARKING: Parking is available as follows: (1) Limited valet parking is available at the hotel for \$17.00; and (2) parking validation available at front desk for \$12.00; or (3) city parking lot is next door at rates of \$2.00 per hour for the first two hours, \$1.25 per every 1/2 hour, thereafter, with a maximum of \$16.00.

FUTURE MEETING DATES: Next CalHFA Board of Directors Meeting will be July 10, 2013, teleconferenced from CalSTRS, West Sacramento, California, and CalHFA Office, Culver City, California.

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STATE OF CALIFORNIA
CALIFORNIA HOUSING FINANCE AGENCY

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BOARD OF DIRECTORS
PUBLIC MEETING

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Burbank Airport Marriott & Convention Center
2500 Hollywood Way, Pasadena Room
Burbank, California

Thursday, March 7, 2013
10:00 a.m. to 12:31 p.m.

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Reported By: YVONNE K. FENNER, CSR #10909, RPR

Daniel P. Feldhaus, C.S.R., Inc.
Certified Shorthand Reporters
8414 Yermo Way, Sacramento, California 95828
Telephone 916.682.9482 Fax 916.688.0723

FeldhausDepo@aol.com

A P P E A R A N C E SBoard of Directors Present:

WAYNE BELL
for BRIAN KELLY, Acting Undersecretary
Business, Transportation & Housing Agency
State of California

CLAUDIA CAPPIO
Executive Director
California Housing Finance Agency
State of California

KATIE CARROLL
for Bill Lockyer
State Treasurer
State of California

JANET FALK
Retired:
formerly Vice President of Real Estate Development
Mercy Housing

MICHAEL A. GUNNING
Vice President
Personal Insurance Federation of California

JONATHAN HUNTER
Managing Director, Region 2
Corporation for Supportive Housing

MATTHEW JACOBS
Co-Managing Partner
Bulldog Partners, LLC

JACK SHINE
Chairman
American Beauty Development Co.

RUBEN A. SMITH
Partner
AlvaradoSmith
Professional Corporation

LAURA WHITTALL-SCHERFEE
Deputy Director of Financial Assistance

CalHFA Board of Directors Meeting – March 7, 2013

Department of Housing and Community Development
State of California

A P P E A R A N C E S**Participating CalHFA Staff:**

TIM HSU
Director of Financing

VICTOR J. JAMES
General Counsel

JAMES S.L. MORGAN
Loan Officer
Acting Chief of Multifamily Programs

JOJO OJIMA
Office of the General Counsel

RICK OKIKAWA
Interim Programs Administrator

TONY SERTICH
Financing Officer

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Public Testimony:

MARCUS ALLEN FRISHMAN
Former FTB member and BOE Dept. board member

LEA OSBORNE

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CalHFA Board of Directors Meeting – March 7, 2013

1 BE IT REMEMBERED that on Thursday, March 7,
2 2013, commencing at the hour of 10:00 a.m., at the
3 Burbank Airport Marriott Hotel & Convention Center,
4 2500 Hollywood Way, Pasadena Room, Burbank, California,
5 before me, YVONNE K. FENNER, CSR #10909, RPR, the
6 following proceedings were held:

7 --o0o--

8 ACTING CHAIRPERSON GUNNING: Why don't we get
9 started. Why don't we start with roll call.

10 --o0o--

11 **Item 1. Roll Call.**

12 MS. OJIMA: Thank you.

13 Ms. Falk.

14 MS. FALK: Present.

15 MS. OJIMA: Mr. Carey.

16 (No audible response.)

17 MS. OJIMA: Mr. Hunter.

18 (No audible response.)

19 MS. OJIMA: Mr. Jacobs.

20 MR. JACOBS: Here.

21 MS. OJIMA: Mr. Bell for Mr. Kelly.

22 MR. BELL: Present.

23 MS. OJIMA: Ms. Carroll for Mr. Lockyer.

24 MS. CARROLL: Here.

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1 MS. OJIMA: Ms. Patterson.

2 (No audible response.)

3 MS. OJIMA: Mr. Shine.

4 MR. SHINE: Here.

5 MS. OJIMA: Mr. Smith.

6 (No audible response.)

7 MS. CAPPPIO: I know he's here.

8 MS. OJIMA: He's here.

9 Ms. Whittall-Scherfee for the Department of
10 Housing and Community Development.

11 MS. WHITTALL-SCHERFEE: Here.

12 MS. OJIMA: Mr. Alex.

13 (No audible response.)

14 MS. OJIMA: Ms. Matosantos.

15 (No audible response.)

16 MS. OJIMA: Ms. Cappio.

17 MS. CAPPPIO: Here.

18 MS. OJIMA: Mr. Gunning.

19 ACTING CHAIRPERSON GUNNING: Present.

20 MS. OJIMA: We have a quorum.

21 ACTING CHAIRPERSON GUNNING: It's a good
22 thing.

23 Well, our industrious leader Mr. Carey was
24 stuck in Washington and couldn't get out, and I'm glad

1 to hopefully fill in in his shoes, with a lot of
2 coaching and help. I always thought I was a coachable
3 player, so between JoJo and Victor and Claudia, maybe
4 we'll get through this thing.

5 --o0o--

6 **Item 2. Approval of the minutes of the November 13,**
7 **2012 Board of Directors meeting.**

8 ACTING CHAIRPERSON GUNNING: Let's move on to
9 agenda item No. 2, approving the minutes, so a motion
10 to approve the minutes from November.

11 MR. BELL: I'll move --

12 MR. SHINE: Go ahead.

13 MR. BELL: I'll move the minutes.

14 ACTING CHAIRPERSON GUNNING: Okay. So moved.

15 Is there a second?

16 MR. SHINE: I'll second that.

17 MS. OJIMA: Thank you.

18 Ms. Falk.

19 MS. FALK: Abstain.

20 MS. OJIMA: Thank you.

21 Mr. Jacobs.

22 MR. JACOBS: Abstain.

23 MS. OJIMA: We're in trouble already.

24 Mr. Bell.

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1 MR. BELL: Abstain.

2 MS. OJIMA: Ms. Carroll.

3 MS. CARROLL: Aye.

4 MS. OJIMA: Thank you.

5 Mr. Shine.

6 MR. SHINE: Aye.

7 MS. OJIMA: Mr. Smith? Where is he?

8 ACTING CHAIRPERSON GUNNING: We need that

9 vote.

10 MS. OJIMA: Ms. Whittall-Scherfee.

11 MS. WHITTALL-SCHERFEE: Abstain.

12 MS. OJIMA: Mr. Gunning.

13 ACTING CHAIRPERSON GUNNING: Aye.

14 MS. OJIMA: We do not have a quorum.

15 MS. CAPPPIO: Even with Mr. Ruben?

16 MS. OJIMA: Even with Mr. Ruben.

17 MS. CAPPPIO: Okay. Well, we'll get them next

18 time.

19 ACTING CHAIRPERSON GUNNING: We'll put it over

20 again.

21 --o0o--

22 **Item 3. Approval of the minutes of the January 17,**

23 **2013 Board of Directors meeting.**

24 ACTING CHAIRPERSON GUNNING: Well, let's try

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1 with the minutes from January then. Is there a
2 motion?

3 MS. FALK: Move approval.

4 ACTING CHAIRPERSON GUNNING: There's a motion.

5 MR. JACOBS: Second.

6 ACTING CHAIRPERSON GUNNING: And a second.

7 MS. OJIMA: Ms. Falk.

8 MS. FALK: Aye.

9 MS. OJIMA: Mr. Jacobs.

10 MR. JACOBS: Aye.

11 MS. OJIMA: Mr. Bell.

12 MR. BELL: Aye.

13 MS. OJIMA: Ms. Carroll.

14 MS. CARROLL: Aye.

15 MS. OJIMA: Mr. Shine.

16 MR. SHINE: Aye.

17 MS. OJIMA: Mr. Smith.

18 MR. SMITH: I have to pass.

19 MS. OJIMA: Ms. Whittall-Scherfee.

20 MS. WHITTALL-SCHERFEE: Aye.

21 MS. OJIMA: Mr. Gunning.

22 ACTING CHAIRPERSON GUNNING: Abstain.

23 MS. OJIMA: Thank you.

24 We just made it. Under the gun.

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1 consideration of --

2 MS. OSBORNE: Sit here?

3 ACTING CHAIRPERSON GUNNING: Yes, please.

4 We'll give you five minutes to --

5 MS. OSBORNE: Okay.

6 ACTING CHAIRPERSON GUNNING: -- share your
7 thoughts with the Board.

8 MS. OSBORNE: I had a personal issue that
9 seems to be resolved, but since I'm here I thought I
10 would bring in -- because I'm sure there are others
11 who have a similar issue. And this is regarding the
12 rental policy. I would like you to revisit it and
13 perhaps change it.

14 You're probably aware that when someone gets a
15 CalHFA loan, they have to keep the -- that residence
16 until they sell it, otherwise CalHFA will foreclose.
17 I mean, they cannot rent it out. Either they have
18 a -- if they have to move for a job change, they have
19 to sell it or CalHFA will foreclose on them.

20 And I'm not a public speaker, so I may
21 not -- so 48 other states don't have the same policy
22 as California. So I just wanted for you all to
23 revisit it. I know it only affects maybe 200 people,
24 so you guys have a lot of bigger things to worry

1 about. But for those people, it's a very important
2 issue.

3 You have two legal bond counsels: Orrick,
4 Herrington & Sutcliff and Hawkins Delafield & Wood.
5 Hawkins Delafield & Wood says as long as the initial
6 intent was to occupy it as a residence, if at some
7 point -- hey, you can say five years, six years, eight
8 years, put a time limit on it or something. If you've
9 occupied it that long, then if you, for some reason,
10 you know, a personal life change, whatever, you can
11 rent it.

12 Of course, this came to a head because of
13 what's happening right now in the real estate where
14 everything is under. I mean not everything, but so
15 many people bought a home and they don't -- maybe they
16 had a child, they can't -- the home's too small. They
17 need to -- to move. They're 500 -- 50,000, a hundred
18 thousand under. They can't afford to sell it. It
19 will mess up their credit.

20 They were -- I was told by your staff in
21 Sacramento that if we foreclose on you, it's -- it's
22 going to be a foreclosure. There's not even going to
23 be an asterisk to say you were paying your bills and
24 we foreclosed on you for a reason. So that, a

1 foreclosure like that, goes with you for seven years
2 and still is taken off your credit.

3 So I just -- with everything else you have to
4 do, perhaps you could revisit this issue at some
5 point. You know, like I say, CalHFA must meet its
6 obligations to their bondholders, yes, but are they
7 meeting their obligations by foreclosing on
8 properties? And when you foreclose on a property,
9 apart from it being sold for so much less, it costs
10 CalHFA an extra \$50,000 per foreclosure, based on what
11 I've read.

12 So that's my issue. And just a request for
13 you to -- and there are, you know -- they -- right
14 now, as you probably know, there are -- they -- there
15 are exceptions they work with you, but it seems, you
16 know, this is something constantly hanging over your
17 head.

18 Not only that, I read that these -- I can't
19 think of the word. These cannot exceed 5 percent of
20 the total loans that CalHFA puts out. So if your
21 issue -- if you request the approval to rent at the
22 beginning of the year, let's say, you're okay, but at
23 the end of the year, let's say they've exceeded those
24 5 percent, you're out. You're going to be foreclosed

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1 upon.

2 So thank you for listening. That's my -- my
3 issue.

4 ACTING CHAIRPERSON GUNNING: Thank you very
5 much. Appreciate your testimony. I know this has
6 been an issue, and I think staff has looked at this.
7 And I understand we've worked it out with you, but --

8 MS. OSBORNE: Yeah. Yeah. I'm -- I'm -- on
9 my personal. But I thought since I was here, you
10 know, maybe somebody didn't think to come and try to
11 work it out.

12 ACTING CHAIRPERSON GUNNING: Thank you for
13 your testimony.

14 MS. OSBORNE: Okay? Okay.

15 ACTING CHAIRPERSON GUNNING: We have one more.
16 Mr. Frishman?

17 MR. FRISHMAN: Yes.

18 ACTING CHAIRPERSON GUNNING: Marcus Allen.

19 MR. FRISHMAN: Hi, thank you. I'm Marcus
20 Frishman. Thank you for allowing me to speak at the
21 beginning of your meeting today.

22 I'm here to speak on the broad public policy
23 issue as well as asking for your intervention in my
24 personal matter, in my personal case. I'm here to

1 talk about the Keep Your Home California Principal
2 Reduction Program.

3 There's a list of summary guidelines to the
4 Principal Reduction Program, and No. 7 of the
5 guidelines is program exclusions. There's several
6 listings of items that would exclude you from a
7 principal reduction. One of the items is the loan to
8 value ratio, and they've decided the number will be
9 105 percent to 140 percent. I won't bore you with how
10 the formula works, but there's only so much money
11 available, so they've decided that if you're too deep
12 underwater, you don't get a principal reduction
13 modification. If you're slightly underwater, you
14 don't get a principal modification. You have to fit
15 within this range.

16 I made it to 147, off by seven points on the
17 principal reduction modification, because the
18 proprietary system that determines the value of your
19 home is flawed, and I want to explain why. It's
20 pretty good, actually, because it does eliminate all
21 those subjective elements such as I have a better
22 countertop than you. I've got the custom doorknobs.
23 You've neutralized that, so it's good in that regard,
24 but it is including short sales.

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1 In the inclusion of short sales, particularly
2 in the Hardest Hit Fund, is the hardest hit
3 neighborhoods. They are endemic with short sales. In
4 my particular case, it's pretty simple because I don't
5 live in a custom home. I live in a simple gated
6 community, condominiums, with the builder selling
7 homes on-site. The homes are fixed price. They're
8 not discounted. And it's pretty easy to determine the
9 value of unit No. 4. A lot of them, hundreds of them,
10 are sold at X number of dollars without discount.

11 They evaluated me, and they determined I was a
12 certain value, and that value was deficient by
13 \$70,000, by the way. \$70,000 more dollars, the real
14 value of my home, would have put me into the program
15 to allow for principal reduction. But because they
16 included a vast number of short sales, it reduced my
17 value and excluded me.

18 No one uses short sales. The California Real
19 Estate Brokers Association has reported to me, the
20 National Brokers Association reported to me, the
21 California Bankers Association has reported to me when
22 they do property evaluations -- long ago, when short
23 sales turned into an epidemic problem, they had them
24 coded, and they were excluded automatically from

1 determining market value across the board by anyone
2 that determines market value -- except this program.

3 The law, I've studied, doesn't require the
4 inclusion of short sales. The policy that has been
5 established to in fact implement this says something
6 to the effect property value will be determined by all
7 sales comps. The staff has determined that means
8 short sales, so it skews -- it skews the value to a
9 fake number that's not in fact market value, not
10 accurate, and it needs to be fixed badly.

11 It needs to be fixed for all Californians
12 because what has happened? Here's your result:
13 You're actually granting principal reduction
14 modifications to people that are falling below your
15 own threshold number, 105. Remember 105 to 140?
16 You've lowered the standard, and it shouldn't be that
17 way. It should be 105 to 140 based on market value as
18 defined by everyone else in the world -- or at least
19 in the United States except this program.

20 So I've written something. I'd like to pass
21 it out, give it to you -- where is it? Oh, here it
22 is -- for consideration. It's asking for personal
23 intervention on my matter. And by the way, I've been
24 told just day before yesterday, I will have a loan

1 modification. I've been approved. My package is on
2 to the -- to the -- what do you call it -- the
3 investor to decide. But let me just assure you, the
4 investor would really like this principal reduction
5 modification program but in fact it allocates at least
6 a hundred thousand dollars in real cash to the bank.
7 That gets the investor's attention.

8 You're likely -- there's a 50 or 60 percent
9 denial rate on people that don't get this program.
10 They'll never get modified, even though they're
11 qualified.

12 So please fix this so that you're doing what
13 you say you want to do and not doing what a technical
14 glitch in the proprietary value system -- they call it
15 the Proprietary Market Value System -- has created
16 this problem, that -- that no one can correct.

17 And I'll end with this on a personal note: The
18 program analyst that handled my account wanted to
19 correct this. She tried. She saw the problem,
20 particularly in my neighborhood where you don't have
21 custom home disputes of value. You have unit 4 being
22 sold in volume right next door to me. It had to be
23 completely ignored because of short sale prices, which
24 in my neighborhood are on average of \$120,000 under

1 the real market value. So that's the problem I'm here
2 to explain.

3 Thank you for allowing me to speak ahead of
4 time. That's very kind of you, considering you have a
5 public agenda item at the end.

6 ACTING CHAIRPERSON GUNNING: Appreciate your
7 comments.

8 MR. FRISHMAN: A whole new concept for public
9 meetings.

10 ACTING CHAIRPERSON GUNNING: We do appreciate
11 your comments, sir, thank you.

12 MR. FRISHMAN: Thank you. Have a nice day.

13 --oOo--

14 **Item 4. Chairman/Executive Direct comments.**

15 ACTING CHAIRPERSON GUNNING: All right. Why
16 don't we move on with item No. 4, chairman/executive
17 director comments.

18 And I cede my time to you, Claudia.

19 MS. CAPPIO: Thank you. Thank you, Mr. Chair.

20 I have two items to talk with you about.

21 We recently completed some strategic planning
22 for next year, for this year, '13 and '14. And
23 we -- as part of that review, we reviewed our record
24 and outcomes for last year, and you have them in front

1 of you. It's Review of Outcomes of California
2 Business Plan for last year. And I just wanted to
3 make sure that the Board noted, since you did approve
4 this plan, that we had some very big successes.

5 We were able to reduce variable-rate debt and
6 notional swap balance over 1.2 billion, and we also
7 were able to complete an extension agreement with the
8 U.S. Treasury about temporary liquidity. I would want
9 to note that Tim Hsu and his staff were very diligent
10 in that, and we are actually ahead of the game,
11 relatively speaking, in our -- in our plan with U.S.
12 Treasury, so we are much more stable and better off.

13 We had the re-initiation of the preservation
14 program for multiple family, the risk preservation
15 program, and Jim Morgan and his staff did an excellent
16 job. Over \$70 million in loans were made for seven
17 projects, and we hope -- we'll be discussing that
18 program again this morning to get your sign-off
19 on -- on the next year. Some -- those are the sort of
20 really key ones.

21 We -- we looked at certain
22 operational -- operational instances where we needed
23 to look at procedures and policies a little more
24 closely, revise them. We did some housekeeping, and

1 we also are in the midst of some reorganization
2 matters with the Governor and Housing and Community
3 Development and CalHFA. And although we pursued a
4 plan, we're now in another plan, but I'll keep you
5 posted on that.

6 So I just wanted to make sure you knew, and we
7 will be back to you in May with a revised plan
8 for -- business plan for next year.

9 With regard to the reorganization, I can only
10 say that discussions are ongoing. We are taking it
11 very seriously and meeting together in both
12 organizations, particularly the leadership team of
13 both organizations, to see where the opportunities lie
14 and the most chances of success.

15 We are looking at some shared objectives that
16 really could elevate the conversation about housing
17 with regard to infrastructure, sustainable growth,
18 greenhouse gas emissions, and also to coordinate on
19 our end of the game. HCD and CalHFA can coordinate
20 better with our sister agencies, CDLAC and TCAC, to
21 really make sure that we deliver those services,
22 funding and programs that we can do in this state most
23 efficiently.

24 We also have to look at new revenue streams

1 and new financial structures because those that have
2 served us well before are now -- now need to be
3 supplemented. So we're working together well. At this
4 point I can say that we are looking at a unified
5 leadership structure for both agencies so that we
6 share management, a common management, set of
7 policies, procedures and -- and communications and
8 therefore will flow directly down to both of our
9 programs and divisions. I will be back to you
10 hopefully in May or later with a more definitive set
11 of changes, but at this point, that's what I can say.

12 And that ends my report. Be glad to take any
13 questions.

14 ACTING CHAIRPERSON GUNNING: Questions?
15 Comments?

16 Excellent. Thank you, Claudia, I know it's a
17 Herculean task you have there and --

18 MS. CAPPIO: I've begun weightlifting.

19 ACTING CHAIRPERSON GUNNING: You can tell. We
20 can see.

21 --o0o--

22 **Item 5. Report of the Audit Committee Chairman.**

23 ACTING CHAIRPERSON GUNNING: All right. We're
24 going to move to the report of the Audit Committee.

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1 MR. SMITH: Okay.

2 ACTING CHAIRPERSON GUNNING: Item No. 5.

3 MR. SMITH: Yes. The Audit Committee met this
4 morning and really was in response to the audit that
5 was previously done. And a number of items were
6 addressed, probably the most important of which was
7 the timely disbursement of federal funds received from
8 HUD, which previously we had not complied with. And
9 I'm happy to tell you that under the new procedures,
10 we're now under compliance. So congratulations to the
11 staff for moving mountains to make that happen.

12 Secondly, there was a series of
13 recommendations in the audit from the last time that
14 the staff has now responded to in terms of being
15 better run, and so I can -- you can look at the report
16 for those. It's a fairly -- you know, not a long
17 list, but it's a small list. And we've basically
18 satisfied that requirement by responding to that, and
19 that was a voluntary response, in addition to
20 restructuring our financial statement to make it a
21 little bit more -- better to understand and to read.

22 So that's the report of the Audit Committee.
23 If there's any -- any questions, I'll be glad to
24 entertain those.

1 ACTING CHAIRPERSON GUNNING: No questions?

2 Thank you, Ruben.

3 MR. SMITH: Thank you.

4 ACTING CHAIRPERSON GUNNING: Appreciate the
5 work of the staff on that as well.

6 --o0o--

7 **Item 6. Update and discussion regarding Multifamily**
8 **Portfolio Preservation Program.**

9 ACTING CHAIRPERSON GUNNING: The next agenda
10 item is 6, update and discussion regarding the
11 Multi-Family Portfolio Preservation Program.

12 MS. CAPPIO: Tim, if you could just present an
13 overview, because I think we're taking a number of
14 items --

15 MR. HSU: Yeah --

16 MS. CAPPIO: -- together.

17 MR. HSU: -- I'm going to do that.

18 MS. CAPPIO: Yeah.

19 MR. HSU: Good morning, Mr. Chairman, and good
20 morning, Members of the Board. I will give you
21 a -- with your indulgence, I'm going to give you a
22 road map of how we're going to present this in a
23 second, but I'd like to make an attempt to connect
24 what we're going to do here with what we did at the

1 last Board meeting. And I promised Claudia that I
2 would have another analogy today.

3 Mr. -- our president recently made a major
4 faux pas when he mixed two metaphors. He said that
5 he -- he wished that he could do a Jedi mind meld with
6 John Boehner so they can get a federal budget deal
7 done. And as a Star Wars fan, I was very offended by
8 this idea that he forgot that was actually the Jedi
9 mind trick and the Vulcan mind meld. But what these
10 two story lines, however, have in common is that they
11 are both very complex and compelling stories and in
12 which the viewers at the end of an episode is wishing
13 for more, and that level of engagement and also
14 anticipation helps to drive the success of the story
15 line.

16 And at the end of the last Board meeting, I
17 really sensed that engagement and anticipation from
18 the Board. And after all, CalHFA is a compelling
19 story. The melding of our mission, of our successes,
20 of our travails and of our future is -- is -- is a
21 very compelling story. It's -- it's, to be sure, no
22 Star Wars, but it is a compelling story.

23 And some of the examples of this engagement
24 that I sense from the Board, some of them were more

1 direct. There were questions from Katie, for example,
2 about the impact of lending to our capital base, and
3 also Tia's question about capital allocation. Some of
4 them were more subtle. There was Janet's question
5 after the Board meeting about the risks involved in
6 the TBA model. And I left the Board meeting with
7 Matt, and as we were departing, he also said to
8 himself that next time we're going to talk about
9 swaps.

10 So these were sort of my -- these -- these
11 were, from my vantage point, some of the things I
12 picked up in the engagement from the Board, which I
13 think bodes well for the future of the Agency.

14 One of the things I do want to emphasize is
15 that the Board should know that the staff is actively
16 listening to your concerns and your lines of
17 questioning. And we have done a mind meld with these
18 concerns, and they are reflected in the day-to-day
19 management of the Agency, and they're important to us.

20 As I mentioned, with your indulgence, I'd like
21 to take the liberty of sort switching the agenda items
22 a little bit here. At the end of the day we would ask
23 the Board to vote on a set of financing resolutions
24 which does give staff the ability to do primarily

1 three things: One is to manage our current balance
2 sheet and to leverage whenever possible, and two is to
3 manage our financial contracts, and three is to issue
4 new bonds to finance new lending activities.

5 But before -- but because there's this piece
6 about financing new lending activities, we thought
7 that it would be also a great time to continue the
8 dialogue to update you on what we're doing on the
9 program side. But we thought that, well, before we
10 talk about lending, we should also probably tie in
11 together some of these questions that was brought up
12 last time like, as I mentioned, from Katie such as,
13 well, what's -- what's the impact on our balance sheet
14 if we were to go into lending? And there were also a
15 couple other questions. One of the more direct
16 questions from Matt, too, was he mentioned something
17 about burn rate.

18 So I took the liberty to turn that question
19 about burn rate into what are the resources, what are
20 some of the sources that support our operating
21 expenses over the next couple years? And I also want
22 to also tie in at the -- at the end of my presentation
23 at the last Board meeting, I mentioned that, yes, we
24 can and -- we can lend. I'd like to turn that idea

1 and evolve the idea a little bit more into, indeed we
2 shall -- we need to go back into the lending space.
3 It's not so much that we can lend, but we really need
4 to go back into the lending space. And that question
5 is tied to the question about how we're paying for our
6 operating expenses over the next couple years.

7 And since I'm insistent that we need to go
8 into the lending space, can I actually on my side be
9 putting up capital to support lending? These are the
10 kind of questions I'm hoping that we'll address as
11 part of the capital allocation question that we'll
12 talk about, and it will go towards directly answering
13 Tia's question from the last Board meeting about
14 capital allocation.

15 One of the key components of the capital
16 allocation question is this swap collateral risk that
17 we have that we talked to the Board about. And so the
18 first thing that we thought we should do is to step
19 back a little bit and give the Board a sense of what
20 this risk is and -- and why staff thinks that this
21 risk today is more -- is better contained than ever.

22 So first, I'm -- I went back in my records on
23 whether or not I presented this chart to the Board in
24 the last couple years, and I'm chagrined that I

1 haven't shown this chart for quite some time. I think
2 we've been flying very high level on this collateral
3 posting risk, but I thought it might be instructive to
4 step back a little bit and -- and talk about why we
5 have these swaps in the first place.

6 The swaps were intended to hedge the floating
7 interest rate risk of variable-rate financing from the
8 years in which we did this. And it was believed at
9 the time that these variable financings would give us
10 a lower cost of fund over a long period of time. That
11 has proven to be untrue, and I'm not here to discuss
12 why that's not -- that didn't work out for now, but
13 I'm here to talk about our efforts in dealing with
14 this legacy risk. And if there's interest in that, we
15 can talk about that at a different Board meeting.

16 But in general, the swap was put in place so
17 that we would receive a floating rate from the
18 counterparties. And you can see that the floating
19 rate is passing through to the bondholders, which have
20 a variable-rate bond. And since we have a fixed-rate
21 asset in our mortgages, the fixed rate is able to debt
22 service the fixed rate that pay to the counterparties.

23 And why is it that we talk about the swaps as
24 having a need to post collateral? Over time it's

1 becoming a real risk that we're dealing with. As the
2 rates have declined over the last couple years --
3 because we pay a fixed rate and receive a floating
4 rate, as rates declined, these mark -- the mark to
5 market on these swaps became more and more negative to
6 us.

7 The other way to think about that is that
8 since we're paying them a fixed rate that was
9 determined many years ago, as rates continue to come
10 down, that value of that cash flow we pay them becomes
11 more and more valuable over time. And you can see
12 this inverse relationship on this chart. You can see
13 that as rates plummet by this -- what this chart is
14 showing on the left-hand side is a scale of interest
15 rates. On the right-hand side is the scale for our
16 mark to market. And in red is the sort of declining
17 of the interest rates.

18 So you can see as rates start to plummet over
19 here, the mark to market on our swaps is going up.
20 And you can see they're almost sort of like a mirror
21 image of each other. As interest rates are going up,
22 our mark to market actually goes down. So it's -- so
23 there's this inverse relationship between rates. As
24 rates go down, our mark to market goes up.

1 But there's a couple other phenomenon to keep
2 in mind here. One is that you can see, too, that when
3 you have these dotted lines, these are
4 periods -- these are actually periods in which we're
5 actually making a payment to the counterparties. So
6 every six months we make a net payment to the
7 counterparties. When we do make a net payment to the
8 counterparties, you can see that mark to market goes
9 down.

10 It may seem very straightforward, but when you
11 owe someone money, when you pay them money, what you
12 owe them goes down. And then we also take those
13 occasions when we make the payment to them to also
14 lower the notional amount of what we need to pay on
15 these swaps over time, as we have those opportunities.
16 So you can see that between 2/1 and 8/1, we actually
17 lowered the notional on these swaps by \$200 million,
18 from \$2.3 billion and \$2.1 billion.

19 So these periods when we make the payments,
20 not only do we make a payment, which makes the swap
21 valuation go lower, we also take those occasions
22 to -- to lower the amount of what we need to pay them
23 going forward. So you see that in these periods, the
24 mark to market has been driven down. It happens here.

1 It happens here to a lesser extent. You can see this
2 is quite dramatic. And it happened most recently a
3 couple weeks ago.

4 There is a lot going on on this chart. This
5 is one of the charts that kind of will bend your mind
6 a little bit, but I'm going to try to explain
7 why -- using this chart that this idea that the mark
8 to market, the highest mark to market is behind us.
9 What this chart is that -- this is a histogram, which
10 for the Star Trekkies in you, is a distribution of
11 certain observations. So I'm going to focus on the
12 right-hand side of this chart for now.

13 So what this chart is showing is that how many
14 times our -- how many times our mark to market fell
15 into a certain bucket. So what this is showing here
16 is that, for example, there are about 34
17 weeks -- these are weekly observations over the last
18 two years. Okay? There were 34 weeks in which our
19 mark to market was in between \$320 million and \$335
20 million. So that was -- this is sort of the peak
21 observation. We have a lot of weeks in which we fell
22 in this bucket.

23 And there was about two weeks in which our
24 mark to market was as high as \$380 million to 395. And

1 there was about one week in which our mark to market
2 was between 215 to 230. Where we are now is right
3 here in this bucket of 275 and 290. So you can see
4 that where we are now is well on the lower half of
5 this distribution of our observations over the last
6 two years or so. Again, these are weekly
7 observations.

8 So one of the things that I know that people
9 worry about is that these observations are very
10 dependent on rates, like I've been showing the last
11 couple charts. So what we did was we said that, well,
12 even if we were to lower the current rate by 50 basis
13 points -- and in the previous chart we've been using
14 the six-year LIBOR as a key rate -- the key rate
15 around now for six-year LIBOR is 1.25 percent. So
16 even if we were to lower that on the average from 1.25
17 by 50 basis points down to 75 basis points, our mark
18 to market would jump up out of these two categories to
19 about 305 to 320, but certainly it's still well in the
20 lower half of this distribution.

21 And this is one of the reasons why I'm
22 asserting that this risk, that the mark to market is
23 going to cause a very high collateral posting,
24 is -- the worst of that is definitely behind us. And

1 then the reasons are, as I mentioned in the last
2 slide, we've been making these payments when the
3 payment comes due, and we've been driving down the
4 notionals when we have the opportunity.

5 So this is -- this is the view from the mark
6 to market point of view.

7 On the left-hand side of this chart -- this is
8 the view from the collateral point of view, but you
9 can see the pattern is very similar. So you can see
10 that there was about nine weeks in which we were
11 posting between \$125 million to 140 million. And its
12 peak, the peak -- the peak posting amount, if you
13 will, of about 46 weeks is in this
14 95-million-to-110-million-dollar category. And there
15 was about ten weeks in which we were posting only 20
16 to \$35 million. And where we are now is about in this
17 range, 65 to 80. I think we're posting about 69.

18 And you can see if we were to shock it by 50
19 basis points, our plot would go up to this category.
20 I think it goes up to about \$91 million. It
21 wouldn't -- it wouldn't be -- it doesn't spill into
22 these categories over here, which is on the higher
23 path, if you will, of that distribution. This idea
24 that we're now in the lower half of the distribution

1 is -- is the main reason why I'm thinking that this
2 risk is better contained than it has been over the
3 last two years.

4 And this is just another way to show
5 that -- why I believe that this risk is better
6 contained today than it has been over the last two
7 years. What you can see here is that the highest
8 collateral amount we've ever posted was back in
9 January of last year. And at that time, we posted
10 \$132 million.

11 And the six-year LIBOR, which is, again, sort
12 of a proxy that we're using for interest rate,
13 interest rate curve in general, the six-year LIBOR at
14 the time was just a hair above 1.25 percent. It was
15 probably about 1.3, 1.4 percent. You can see that
16 despite the fact that that LIBOR rate actually
17 declined a little bit -- it declined a little bit
18 until about today.

19 So as it declined, you would expect our mark
20 to be higher and our collateral to be higher, but on
21 the contrary what's happening is our collateral,
22 right? But on the contrary, what's happening is that
23 our collateral is actually lower. And, again, the
24 same point's that we're making: The reason why

1 they're lower is that we've been making these payments
2 on these value dates and the fact that we've lowered
3 our notionals from \$2.3 billion down to \$1.9 billion.

4 Tony is our new financing risk manager. He's
5 going to present the next couple slides.

6 MR. SERTICH: I'll give Tim a break from his
7 workout jumping around over there. I'll walk through
8 the next few slides, still on the swaps and the
9 collateral posting.

10 You know, a general question you may get after
11 these last few slides that Tim has shown is why do we
12 have to post collateral? And the collateral, as you
13 noticed from a couple of the charts, is directly
14 related to the market value of the swaps. What we
15 have to do is we -- the counterparties require us to
16 post collateral on market values over specific
17 thresholds with each counterparty.

18 The chart -- the table on the bottom of this
19 slide here shows a sample counterparty and how much
20 thresh -- how much -- what the threshold is that we do
21 not have to post collateral on the market value. So
22 it's dependent on the rating of CalHFA, CalHFA's
23 general obligation.

24 So in this case, when we started issuing these

1 swaps, the rating of CalHFA was AA minus. And at that
2 rating level, we never had to post collateral to the
3 counterparties. They trusted that we would be able to
4 pay the obligations going forward on the swaps, and
5 they weren't worried about it. As we got downgraded,
6 they said, well, we'll give you some amount of leeway
7 on your market value, but if you cross that threshold,
8 then you have to post the extra amount as collateral.

9 So currently we're rated A minus/A3 by the two
10 different rating agencies. So we -- we would -- on
11 the original agreements we made with them, anything in
12 excess of \$14 million of market value we would have to
13 post as collateral. However, over the last three
14 years, three, four years, we've restructured these
15 agreements with a few counterparties to give us a
16 little more wiggle room in terms of the threshold.

17 The first time we restructured, we increased
18 the A level thresholds up significantly, especially
19 the A minus went from 14 million to \$40 million, so
20 that saved us \$26 million in collateral we'd have to
21 post to a specific counterparty. And then we also did
22 a second restructuring where we increased a BBB plus
23 threshold if -- if CalHFA ever was downgraded to that
24 level, which thankfully so far we have not.

1 And another point Tim was getting at was how
2 aggressively we're reducing the swap notional amount,
3 which is the amount that the -- sort of like the par
4 amount of the swaps. And in 2009, early 2009, the
5 notional amount on all of our swaps exceeded \$4.5
6 billion. And if we had let the swaps just run off and
7 passively let them go their way, today the notional
8 would have been reduced by about a billion dollars to
9 about \$3.6 billion. However, because we aggressively
10 managed these swaps and exercised all the par options
11 we had available to us, we have decreased the amount
12 below \$2 billion, which is, you know, slightly over
13 half of what it would have been if we had only
14 passively managed these swaps.

15 And along with that is the projected swap
16 valuations going forward. We continue to expect them
17 to decline for the same reasons Tim gave before.
18 Every time we make a payment, we owe less in future
19 payments to the counterparties. And, also, we expect
20 the notional amounts to decrease over time as the
21 swaps peel off and as we exercise the par options. So
22 we expect the -- currently the swap market value is
23 about \$275 million. In three years' time, we expect
24 it to be closer to a hundred million dollars, well

1 under half of what we have today.

2 And that -- that holds true for the amount
3 that we're posting in collateral as well. Currently,
4 like Tim said, we're posting around \$70 million in
5 collateral, and we expect that to decrease over the
6 next three years to well under \$50 million as
7 the -- as the market value decreases.

8 And so, you know, Tim -- the larger point we
9 wanted to make today is that we think we have a much
10 better handle on the collateral posting. If we get
11 downgraded, we will be able to manage that. And if
12 rates go down, we will be able to manage that. And
13 that's what we wanted -- that's our main point from
14 this presentation.

15 MR. HSU: Though this risk is better
16 contained, it still plays a large part of our capital
17 allocation, which we're going to talk about in a
18 second, but I thought that it would be good for us to
19 first establish to the Board that, yes, this risk is
20 there, but compared to what we've been through over
21 the last couple years, this is much better.

22 ACTING CHAIRPERSON GUNNING: Tim, excuse me,
23 can I just interrupt you?

24 MR. HSU: Yeah.

1 ACTING CHAIRPERSON GUNNING: What's your sense
2 of when we'll be done then with the swaps and all that
3 variable-rate stuff? Prediction when it's all paid or
4 a sense of how far out?

5 MR. HSU: My -- my sense is that if you look
6 at this chart -- so what we're showing on this chart
7 here is history, is how we got to where we are today
8 since the financial crisis, which is probably defined
9 to be the latter part of 2008. And this chart here
10 shows how we expect to take down these swaps over the
11 next couple years. And part of the reason why we have
12 been ending some of these charts on 2015 is that that
13 is also the expiration date for TCLP.

14 So my sense of it is that this idea that we
15 have to post collateral and it being a risk, it will
16 probably not ever go away -- and by that I mean five
17 years, say, or ten years -- to the degree that our
18 rating is still under some pressure. But you can see,
19 if you look at this chart, that at some point -- and I
20 think that this is something we talked about
21 with -- amongst the staff all the time is that many of
22 the things that we do here inherently has risks,
23 meaning real estate lending and also selling bonds.
24 It -- inherently there are dimensions of risks that we

1 deal with in our business. The question is how
2 manageable are these risks?

3 So if I could have your indulgence and turn
4 your question into not that when they go away
5 completely, but when is it -- when is the day going to
6 come in which the amount of capital we allocate for
7 this risk is, let's say, something that is not going
8 to be alarming. And you might -- you might suggest
9 that, later on when we show you how much capital we're
10 setting aside for this risk, it's a lot of money. But
11 what is it, for example, when we only set aside let's
12 say 20 or 30 or \$40 million for this risk?

13 I would say by 2015 or so, our -- in that
14 range and about, you can see that the notional amount
15 of our swap is going to be even lower than where we
16 are today. So what this chart is showing is -- in the
17 blue here, it's showing the passive management of
18 these swap notionals over time. So you can see that
19 even if we do nothing, these swaps will amortize, so
20 nearly \$1.9 billion down to about \$1.5 billion. But
21 with active management we think we can bring that down
22 too -- that's in blue. And in red here is our active
23 management. With our active management, we can
24 probably bring it down closer to about \$1.2 billion.

1 The combination of the lower notional at that
2 time and the general expectation that by that time
3 rates will be slightly higher than where they are now
4 will probably drive the need to post collateral to an
5 amount that would be so manageable that it wouldn't
6 be -- later on you'll see how much money we're
7 actually setting aside for this risk, and you'll see
8 that while at the moment I'm contending that
9 it's -- well, it's a better-controlled risk than it
10 has been in the last couple years, we're still setting
11 aside a tremendous amount of capital for this.

12 Oh, yeah. And this chart that Tony's pointing
13 out, what this chart is showing is -- is -- is
14 the -- the geeky way to look at this question, since
15 we're on a Star Trek theme. So what we're -- what we
16 did here is we said that we can look at the projected
17 interest rate curve in the marketplace to project our
18 future mark to market. So at any given point in time,
19 the marketplace has a projection of what rates are
20 going to be tomorrow. And what this is trying to do
21 is simply piggyback on that projection to project our
22 future mark to markets.

23 So what this is saying is that the future mark
24 to market, what we're expecting is that -- let's say

1 by 2015, for example -- by 2015 instead of today's
2 mark to market of about \$270 million or so, we're
3 expecting that our mark to market will be close to
4 about \$130 million. And with a \$130 million mark to
5 market, we're only expecting a collateral posting of
6 about \$20 million or so or \$30 million or so with our
7 current rating. And even if we were to be downgraded,
8 that collateral would only be about \$50 million or so.

9 ACTING CHAIRPERSON GUNNING: That's good.

10 MR. JACOBS: Tim, how does this look if there
11 are, you know, sensitivity analyses on a couple shocks
12 to the system? I mean, is it still under control even
13 with an unexpected rate environment?

14 MR. HSU: So what we did -- which I didn't
15 bring here, but, for example, in the -- when we're
16 doing this -- when we're doing this, for example, we
17 are shocking the interest rate by 50 basis points. So
18 we had a chart that looks very much like the last
19 chart you saw with 50 basis point lower curve than
20 they are today. But what you do see, though, is that
21 generally, though -- I'm sorry. Going the wrong way,
22 sorry.

23 You'll see that with the 50 basis point lower
24 projection on the far curve, that we will have a mark

1 to market line or step, if you will, that are probably
2 \$50 million -- again, if I had known you were going to
3 ask that, I should have brought it -- about \$50
4 million higher than these steps.

5 But what's -- what's important to -- to focus
6 on, while that's true and -- is that there
7 will -- despite the fact that we will be \$50 million
8 higher, it will exhibit the same pattern of the step.
9 Again, we're making the payments and we're driving
10 down notionals when we have the opportunity. And
11 we're going to talk a little bit more about that later
12 on when we talk about setting aside capital for that.

13 MR. SERTICH: In general, though, time is on
14 our side with this. The longer we make it out, the
15 lower it's going to be, even with these stresses on
16 it.

17 MR. HSU: So marching on to capital
18 allocation. Before we talk about the actual allocation
19 itself, this is a chart I showed to the Board last
20 Board meeting. I wanted to establish a little bit of
21 high level what our balance sheet looks like again and
22 then show you where to keep your -- where to focus on
23 for this particular exercise of capital allocation.

24 So at a high level, the Agency has three

1 entities. There's on the very right-hand side
2 contract administration. And the reason why that's
3 important is that this is a lot of money that the
4 Agency receives from the State to administer, so they
5 don't count as part of the Agency's equity, but by
6 running the program, we do generate annuity -- a
7 fee-based annuity out of running these programs.

8 And on the left-hand side in orange is the
9 single-family indenture, which -- which I won't spend
10 too much time talking about for now today. But in
11 blue this is, if you will, sort of the parent company.
12 This is where we keep the lights on and pay people's
13 salary. Where I want you to keep your eye on for today
14 is that I think -- this doesn't look blue to you, does
15 it? Or does it?

16 MR. SHINE: No, it's green.

17 ACTING CHAIRPERSON GUNNING: Green.

18 MR. HSU: It looks green, right, but I think
19 on your page it's actually blue, right?

20 MS. CAPPPIO: It's blue.

21 MR. HSU: Okay, good.

22 MR. SHINE: Bluish.

23 MR. HSU: It think you guys all know I'm color
24 blind, so I was a little bit surprised to see that I

1 could see it's actually green.

2 But what I wanted to actually -- what I want
3 you to focus on for today, for this particular capital
4 allocation exercise, is the pot of money that's
5 sitting in here under blue, what I refer to as
6 non-bond assets, that \$435 million of unencumbered
7 assets. And that is the money that we can use to
8 support lending or to do various things that -- that
9 we need to do to keep -- keep the Agency healthy.

10 And this is also a chart I showed last time to
11 talk with the four high level risks that we confront.
12 I won't go over them again, but what I want to focus
13 on again is the fact that this blue, this -- this sort
14 of a -- this sort of archipelago of blues that you see
15 here are all under the umbrella of our Agency's
16 general obligation. And it primarily has three big
17 things that it does. It guarantees the real estate
18 risk of this multi-family indenture, which is where we
19 make all our multi-family -- which is where we make a
20 lot of our multi-family loans prior to the financial
21 crisis. You can see that this indenture does have
22 some of these TCLP-backed VRDOs in them.

23 And it also backs the real estate risk of this
24 indenture called HPB. And this is an indenture that

1 currently has a lot of our multi-family tail loans,
2 and also it has a lot of our single-family downpayment
3 assistance loans that we finance to support some of
4 the production in the peak years of our single-family
5 program.

6 The key thing to remember is that the
7 Multi-Family III indenture, it does benefit from the
8 guarantee for the real estate risk for that indenture,
9 but that indenture houses very well-performing
10 multi-family loans that are doing very well, so it can
11 cash flow on its own. It doesn't need cash infusion
12 from anywhere else to actually meet its obligations.

13 This HPB indenture, however, because it does
14 house a lot of these single-family downpayment
15 assistance loans is unable to cash flow on its own, so
16 it needs cash infusions periodically in order to pay
17 its debt service.

18 And then last but not least is this
19 idea -- it's -- it's green again -- this idea that out
20 of this non-bond asset bucket, we do have some very
21 liquid assets and cash and securities that we can use
22 to post as collateral to our counterparties when we
23 need to. So the idea of keeping a lot of cash around
24 to meet that collateral posting risk is also

1 being -- being embedded in the obligations of this
2 blue box.

3 The key thing to remember here is that when
4 times were good -- when times were good and this
5 orange box was actually performing well, periodically
6 it would actually send cash, release out of the lien
7 of the indenture, it would actually pay cash into this
8 box over here, and it would be used to help pay for
9 the operating expenses of the Agency. And this
10 indenture here did the same thing. It used to send
11 cash over here so we can pay for the operating
12 expenses of the Agency or do whatever else we would
13 desire to do.

14 But today because the orange box is dealing
15 with a lot of single-family losses, in large part the
16 cash that it would otherwise distribute up into the
17 blue is needed in order to help it survive these
18 losses.

19 And the Multi-Family III indenture, while it
20 does have the capability to distribute cash into the
21 non-bond asset bucket, a lot of the cash that it does
22 generate -- again, that indenture is doing very well,
23 so it's generating quite a bit of profit -- we are
24 trapping that cash in that indenture because we also

1 want to deal with the idea that we need to get rid of
2 these variable-rate bonds sooner rather than later,
3 possibly before 2015.

4 So one of the questions that Matt asked out of
5 the last Board meeting is this idea of a burn rate.
6 And as I said, that's the last time I'm going to use
7 that phrase. I'm going to turn it into how do
8 we -- where are the sources in which we -- where are
9 the sources that pay for the Agency's operating
10 expenses over the next couple years. Okay?

11 Since the orange box and that multi-family
12 indenture are very busy taking care of themselves and
13 they're not distributing cash into the parent company,
14 if you will, then the question arises that -- and how
15 have we been paying for operations?

16 Well, a lot of the sources for paid operations
17 over the next couple years come from these
18 unencumbered assets that we have. So this chart is a
19 breakdown of the -- this chart is a breakdown of the
20 unencumbered assets that we have. So you can see that
21 we have about \$298 million of cash and securities, and
22 we also have about \$137 million of unencumbered loans.

23 So some of these loans are HELP loans that we
24 made throughout the years to the cities and locals.

1 And multi-family loans, these are sort
2 of -- multi-family loans, these are the LIHTC deals
3 that we have that are very seasoned. And many of
4 these actually need recapitalization, so some of these
5 will actually be recapitalized and prepaid over the
6 next couple years.

7 And these single-family loans of about \$60
8 million that we have, these are the single-family
9 downpayment assistance loans that we have.

10 So in large part, these assets over here could
11 generate an annuity. Moving on to the next page, 17.
12 Those unencumbered assets can generate an annuity,
13 which is represented by the lighter green on the
14 bottom of this chart. So you can see that for the
15 next couple years it generates roughly about \$30
16 million a year.

17 And on the top over here, on the darker green,
18 what you're seeing is that -- as I mentioned, out of
19 that contract administration box, we are administering
20 programs for the State, and we're generating fees.

21 But the top green over there represents the fees that
22 we generate for running state programs and also the
23 flow earnings that we're getting from holding cash and
24 holding securities.

1 One of the things I want to
2 emphasize -- because I'm sure that this chart will
3 generate a lot of discussion. One of the things I
4 want to emphasize is that this, in many sense, is the
5 baseline revenue for the Agency over the next three
6 years. In other words, we have not put in what the
7 benefits would be if we were to do lending this year,
8 next year, or the year after this year. In some
9 sense, this is sort of -- in a way I almost think of
10 it as a safety net. This is the baseline projection.
11 Okay?

12 And so in red what we have is our projected
13 operating expenses over the next couple of years. Now,
14 while I'm sort of emphasizing the point that this is
15 not -- this is -- this does not include the revenues
16 that we might generate over the next couple years,
17 this compression, if you will, between here and here
18 is unmistakable. We can't deny the fact that we seem
19 to have less room for error over there than over here.

20 But the key thing I want to -- one of the
21 other things I want to emphasize is that this
22 additional buffer that we have here this year, at the
23 end of the year, this will actually be added onto the
24 cash you saw on the last page. Okay?

1 So to answer the question in a different way,
2 it would seem that based on this projection, we are
3 actually not -- we actually have enough cash flow that
4 comes in on a yearly basis to meet our operating
5 expenses for -- for the year. And we can do that for
6 the next three years.

7 But, again, that compression of the room that
8 we have is certainly unmistakable, and what we really
9 need to do -- and this is part of the reason why I
10 emphasized in the early part of the presentation we
11 need to emphasis that not only do we -- not only can
12 we lend, we really need to get back into the lending
13 space because we do need to generate the revenues so
14 that this baseline here could be -- we could be adding
15 on more revenues on top of the baseline so we can
16 clear this hurdle better than what we're doing here a
17 couple years out.

18 MS. FALK: Tim?

19 MR. HSU: Yes.

20 MS. FALK: I have a question. So the top part
21 of the boxes, the darker green, is that primarily from
22 contract administration?

23 MR. HSU: Yes. It's primarily -- I think that
24 about three -- three quarter of that top box is from

1 contract administration and about one quarter is from
2 flow earnings.

3 MS. FALK: How long are those contracts? Are
4 these ongoing or are they -- is there risk that they
5 might stop at some point?

6 MR. HSU: I do think that a lot of those
7 annuities are -- are longer term. So if we take this
8 project out longer, what is actually more volatile is
9 not the top, but the bottom.

10 MS. FALK: Oh, okay.

11 MR. HSU: Because of the -- some of the
12 revenues you see here on the bottom do represent that
13 in the previous chart where I'm showing you these
14 assets that we have, like for example here and here,
15 these over here. These are very seasoned multi-family
16 loans that we have. They could be 30-year loans that
17 have seasoned for about 25 years, so they're at the
18 tail-end of their amortization schedules. They're
19 amortizing really fast.

20 So much of what you're actually seeing here
21 could actually potentially not be revenue, if you
22 will, because this is merely a cash flow exercise,
23 right, that will actually represent the repayments at
24 maturity of some of these loans. So what's more

1 volatile is not the top piece, but it's actually the
2 bottom piece.

3 MR. SHINE: So you want to carry that out
4 further than three years to get more comfortable.

5 MR. HSU: What I'm hoping to do is that once
6 we establish a better -- a better sense of what we can
7 do on the revenue side, to do those things together.
8 Because I think at the moment if I take this out for
9 ten years and thinking that we're going to be passive
10 in terms of our revenues, it will -- it will appear as
11 if this compression will continue to compress and at
12 some point it will flip over. But I think that to
13 assume that we're going to be passive about generating
14 revenue is probably not fair going out that long.

15 For -- for some of the Board members who have
16 been with us for a long time, our cash position today
17 is much better than it has been in the past. And not
18 only is the idea that the absolute dollar amount is
19 higher, what's more important to me is that some of
20 the variables -- some of the variables that could
21 cause the volatility in the cash position has also
22 been eliminated. We have fewer variables than before,
23 and we also have a better cash position than before.

24 So I mentioned that what we would do is talk

1 about how much of our capital is actually set aside
2 for this collateral posting risk. So what you see on
3 this chart is that currently out of that \$298 million
4 the counterparties hold \$69 million and we hold \$229
5 million. And if we were to be downgraded by one
6 notch, they would actually hold \$158 million and we
7 would hold \$140 million.

8 What we propose as a possible -- on page 19.
9 What we propose as a possible way to allocate our
10 liquid capital is to assume that we would maintain an
11 A-minus rating but be prepared for a one-notch
12 downgrade. So we will hope for the best but prepare
13 for the worst.

14 So what you see on the left-hand side of the
15 chart is that out of that \$298 million, we would
16 actually set aside \$158 million to prepare for this
17 collateral posting risk. Over the years we've also
18 had this rule of thumb that roughly speaking we should
19 have an amount of cash in the bank that's equal to
20 about two years of operating expenses.

21 Now, this is very, very conservative. Because
22 if you think about it relative to the chart, we
23 presented on the fact that we could actually generate
24 cash on the current year basis to offset the expenses

1 for the current year, that we don't really -- this is
2 money that's just being parked there. We're actually
3 not spending this money. We have money that comes in
4 that we can spend right away. So parking on two
5 years' operating is arguably conservative, but it's a
6 rule of thumb that we've been living with.

7 So that means that out of that \$298 million,
8 arguably we could think that about \$60 million of
9 money is available for us to be supporting lending or
10 possibly be used for debt management. So on the
11 right-hand side of this chart, what you're seeing is
12 that out of that \$60 million is one of -- one of the
13 many possibilities of this allocation but one that
14 we're proposing in which \$30 million would be
15 dedicated to our debt management and \$27 million would
16 be used to warehouse multi-family loans and \$3 million
17 would be used for warehousing single-family loans.

18 MS. CARROLL: Tim, can I ask a quick question?

19 MR. HSU: Go ahead.

20 MS. CARROLL: On the chart where you're
21 showing rating shock, does that also have interest
22 rate shock in it, or is that just rating shock?

23 MR. HSU: This is just the rating shock. And
24 for the double whammy, I'll show you that in a couple

1 slides.

2 MS. CARROLL: Okay. Thank you.

3 MR. HSU: So what -- what made us pick some of
4 these numbers that we're showing you on the last
5 slide? So we have a nine to one ratio between what
6 we're dedicating to multi-family warehousing and
7 single-family warehousing, \$27 million versus \$3
8 million.

9 That ratio, we believe, does reflect the
10 Board's concern about the single-family lending space,
11 and it also represents, in many sense, the difference
12 in what's being contemplated in the different
13 programs. So in the multi-family world, we're still
14 contemplating being a lender, an issuer. And I think
15 at the last Board meeting we talked about being a
16 lender is more capital intensive than -- than not.

17 In the single-family world, we're
18 contemplating being a part of a TBA funding model in
19 which we're not the lender. There are different risks
20 associated with that, which Tony and Rick will talk
21 about later, but in large part we have designed that
22 so that they're minimizing the risk that the Agency
23 would take.

24 And -- and that's, in many sense, a good

1 example of this mind meld I talked about earlier, that
2 the discussion that we are having here with the Board
3 does translate into some of the decisions that we make
4 in the back end on the program side.

5 Why is this warehousing idea a big deal? I
6 think that at the last Board meeting we talked about
7 that it's actually impossible for you to lend if you
8 don't borrow. Well, it's actually really hard to
9 lend, too, if you don't have any kind of warehouse
10 line. And I think at this -- at that Board meeting a
11 year ago, I mentioned to the Board that we actually
12 paid off our line of credit from the State, the PMI
13 line. And almost a year ago prior to that we paid off
14 our line of credit from B of A. So for about a year
15 now we basically have no line of credit. So this is,
16 to me, a significant event for us to suggest that we
17 could take some of our own liquidity to be warehousing
18 lines to support lending.

19 What would some of these money dollars be used
20 for? On the multi-family side, that \$27 million, that
21 money, could be used to facilitate loan closings and
22 bond closings, and to the degree that one day we do
23 the construction program again, it could also be used
24 to facilitate a funding of the construction draws.

1 On the single-family side, that could be used
2 to advance the funding of downpayment assistance
3 loans. And I think that's something that Tony and Rick
4 are going to talk about later. But I think that it's
5 important to mention to the Board that at the last
6 Board meeting, we didn't really talk about the
7 single-family program needing any capital, but the
8 evolution of things, there's now a small amount that
9 needs to be set aside to warehouse some of these
10 downpayment assistance loans.

11 And there is a one-to-one allocation
12 percentage between the program warehousing supporting
13 lending and also the idea that some of our cash would
14 be set aside for debt management. So we're setting
15 aside \$30 million for debt management, and we're
16 setting aside \$30 million to support lending. And
17 that represents sort of our -- our dual mandate, if
18 you will, of trying to fix the legacy issues and also
19 at the same time needing to launch into a lending
20 space again.

21 MR. BELL: Tim, the suggestion you're making
22 is that the Board should focus on the finances of the
23 Agency under a lower rating? And I'm asking that
24 because the proposed allocation of liquid capital is

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1 based on the Baal/BBB plus.

2 MR. HSU: Um-hmm.

3 MR. BELL: And I assume if we were to look at
4 the current rating, we'd have a lot more cash to
5 spend. Am I right?

6 MR. HSU: That's correct.

7 MR. BELL: And the operating expenses seem to
8 be the same under every model, 80 million a year?

9 MR. HSU: 40.

10 MS. CAPPPIO: 40.

11 MR. BELL: It's 40. 40, okay. And I see -- I
12 see -- I see you have --

13 MR. HSU: Keep reading, Claudia. Keep
14 reading.

15 MR. BELL: -- set aside for two years of
16 operating expenses. So but I'm just trying to -- I'm
17 just trying to follow this. So if -- if we took the
18 proposed allocation of liquid capital and we applied
19 the current rating, the available cash would be 149
20 million as opposed to 60? Because I'm looking at the
21 229 and I'm subtracting out 80?

22 MR. HSU: I think --

23 MR. BELL: Is that --

24 MR. HSU: I think if we were setting aside

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1 capital using the current rating.

2 MR. BELL: Um-hmm.

3 MR. HSU: So what we have is that we would
4 have 60 plus the difference between 158 and 69. So
5 what is that, Tony?

6 MR. SERTICH: It's 169.

7 MR. HSU: It's 169.

8 MR. BELL: Okay.

9 MR. HSU: So then --

10 MR. BELL: Okay.

11 MR. HSU: So then it's true. If we decided
12 that -- that's a much more aggressive approach, and it
13 would go in the polar opposite direction of her
14 question about shocking both rating and interest rate.

15 MR. BELL: But as far as -- as the Board's
16 consideration of how much money is available for
17 lending, are you suggesting that the -- the more
18 conservative model with the shock of a lower rating
19 for the Agency should be used?

20 MR. HSU: Yes, I am. In terms of
21 supporting -- in terms of supporting lending, we are
22 suggesting that we ought to be prepared for one notch
23 downgrade so we have the cash to meet those
24 obligations. Yes, we are.

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1 MR. BELL: Thank you.

2 MS. CAPPPIO: We're not expecting it, but we
3 have to be prepared for it.

4 MR. HSU: That's right.

5 MS. CAPPPIO: Because Fortune shines on those
6 who are prepared.

7 MS. FALK: What's the average size of the
8 multi-family loans that we do?

9 MR. MORGAN: Well, the ones we did last year
10 were 10 million. So we did seven loans, 70 million.

11 MS. FALK: So --

12 MR. MORGAN: But for the acq. rehab, probably
13 anywhere from five to ten, \$12 million.

14 MS. FALK: So the \$27 million doesn't do very
15 many loans.

16 MR. HSU: Well, it's true, but I think keep in
17 mind that oftentimes just because of the way the
18 approval process works in terms of CDLAC and TCAC,
19 there is a natural grouping of the projects as they
20 come into the funding mode. So what that \$27 million
21 would do, it wouldn't warehouse every project we do,
22 but if for whatever reason we have someone who is not
23 part of some bigger cohort, we could potentially
24 warehouse that.

1 And -- and it's true. I mean, I think the
2 questions from Wayne and from Janet are -- are
3 suggesting this is not a large amount. And I -- I
4 know it's not a large amount. But -- but I think -- I
5 do think it's significant, though, that we're getting
6 these flexibilities because up until this point we
7 haven't had any flexibility.

8 Whether or not this dollar amount can grow
9 next year, I'm confident that this number will grow
10 next year because of my entire presentation about that
11 collateral posting risk will be lower next year than
12 it is now. So that number will probably only have
13 potential to grow, but it's a small step.

14 But wait until we talk about Katie's concern.
15 You'll see why I'm trying to -- I am trying to strike
16 a conservative pose here, but it's because what we're
17 doing here in some sense is static because rates move
18 all the time and things happen. So as such, we need
19 to be conservative in how we allocate capital.

20 So let's talk about Katie's double whammy, if
21 you will. So what we did and I think we've
22 shown -- we're now on page 21. What we've shown in a
23 couple of the previous slides, on the collateral
24 posting risks and swaps, is that we did the

1 collateral -- we did take our mark to market and shock
2 it by 50 basis points. So what you see on this chart
3 is that we're doing a two -- a two variable test,
4 assuming both of them happen to the worst. So we're
5 saying what happens if we get downgraded and in
6 addition what happens if interest rates go 50 basis
7 points lower than where they are now.

8 So if they do go lower but we don't get
9 downgraded, what we would post is \$91 million, and we
10 would have \$270 million of cash left. But if we do
11 get downgraded and rates do also go lower at the same
12 time, you know, thus the double whammy, the collateral
13 posting will go all the way up to \$196 million, and we
14 would only have \$102 left. So our counterparties
15 would hold two out of every three dollars that we
16 have.

17 If we allocate capital the way that we've been
18 talking about, which is to allocate assuming that we
19 can sustain a one notch downgrade, this is what it
20 would look like if we did deal with the double whammy.
21 So what you'll see on the left-hand side is how
22 I -- how we proposed to allocate capital a couple of
23 slides ago. You'll see that we allocate \$158 million
24 for this collateral posting risk, and we have this \$80

1 million buffer that we set aside for operating
2 expenses.

3 If we were to post 196, what would happen is
4 that our buffer for operating will go down to 42, and
5 what will happen is that when I mentioned that
6 we -- we're allocating capital assuming that we have
7 an A-minus rating but be prepared for one notch
8 downgrade, but once we are -- suppose hypothetically
9 we are indeed downgraded. Our par share at the time
10 will also change so what would happen is that these
11 lines of credits that we have extended to the lending
12 side, these warehouse lines, these are not subsidies.
13 These are not grants. We would very quickly try to
14 unwind these warehouses to build back up our more
15 liquid cash position.

16 So the sum of those two is \$30 million. So
17 over three- or six-month time frame as these
18 warehousing needs unwind, then we can replenish up to
19 \$72 million, 30 plus 42, \$72 million of our sort of
20 target set-aside for operating.

21 So if we do set aside for one notch downgrade,
22 we can, in my opinion, still deal with a downgrade
23 coupled with a rate -- a lower interest rate
24 with -- with -- with no problem.

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1 ACTING CHAIRPERSON GUNNING: Tim, just one
2 question. The ratio nine to one, is that what the
3 Board thought about or -- it seems to work, but, what,
4 eight to one, ten to one? Is that your doing?

5 MR. HSU: I said proposed. And I think that
6 what Tia wanted from the last Board meeting was a very
7 clear discussion with the Board on what the allocation
8 would be. And I think that she, along with few other
9 Board members, articulated more of an emphasis on
10 multi-family versus single family. I think that -- I
11 think --

12 ACTING CHAIRPERSON GUNNING: It seems like you
13 hit a sweet spot. That's the point.

14 MS. CAPPPIO: If I may, I also think that the
15 multiple-family need is a lot clearer, and at this
16 point our position in the single-family market is
17 still -- we're still trying to figure out
18 that -- where the new world order lies and where our
19 position is, so that's the other reason. We -- Jim
20 keeps pounding us, "Money. Come on. Let me lend.
21 Let me lend," because the need is so demonstrated.
22 And it's not clear at this point given the market
23 where we fit into the single family, although we want
24 to pursue it.

1 MR. HSU: So, okay. I think that the idea
2 that we need to go into the lending space needs to
3 acquire some sense of urgency because, as I've been
4 saying, it is tied to this idea that those lines you
5 see, that compression you see, in terms of our
6 baseline revenues and also our expenses, we need to
7 create more revenues to offset those out years.

8 But having said that, I do agree that \$30
9 million in the grand scheme of things does not seem
10 like a lot of money, but I'm hoping that number will
11 grow over the years. I'm confident that next year it
12 will be higher, but it's a small step.

13 I think that we're going to now have updates
14 on the single-family program and get back on the
15 agenda, starting with agenda item 7. And Rick and
16 Tony are going to cover this.

17 --o0o--

18 **Item 7. Update, discussion and possible action**
19 **regarding Single Family Lending Program.**

20 MR. OKIKAWA: Thank you, Board Members. Good
21 morning. My name is Rick Okikawa, and I'm the interim
22 program administrator. It's O-k-i- -- this is like a
23 deposition, you have to spell it out, so
24 O-k-i-k-a-w-a.

1 So listening to Tim's presentation about the
2 capital allocation, that's clearly what we're here
3 for, is to fit in what our single-family plans are.
4 And as Claudia said, it's not exactly certain right
5 now, but what we'd like to do is kind of lay out as
6 what we did in the last Board meeting where we
7 provided that TBA model in -- in joint conjunction
8 with the two products. And those products were the
9 CHAP and CHDAP products.

10 But in this situation, what we're looking at
11 today is we're focusing more on the risk. And that's
12 what Tony is going to go into as we go on. But in
13 conjunction with what Tim was saying, we're looking at
14 that blue box and protecting the blue box. And so any
15 of the -- the allocations that were allowed for
16 warehousing, the \$3 million, that goes in context with
17 what we're going to present today in terms of the
18 downpayment assistance.

19 And also, yes, we are listening to all the
20 Board members. And in terms of the mind meld, I guess
21 the analogy used before, clearly, like last meeting,
22 Matt, you had mentioned what happens when, say, for
23 example, a water heater or a roof, which is a common
24 cause, what happens then when there's no capital and

1 what -- what situation -- what are the things we are
2 doing? So what we're trying to do is -- is form
3 products and -- along with this TBA model so that we
4 can address some of those issues and come out with
5 some kind of presentation for the next meeting.

6 So the direction of this is -- where we're
7 headed is the next meeting after we go through the
8 risk analysis today on the TBA model, we're looking to
9 get approval of the TBA model as well as presenting
10 certain products, existing products, that already
11 exist, like our CHAP, CHDAPs and discussing certain
12 general parameters. Because obviously in today's
13 market we need to be very flexible in terms of how
14 fast things change. For example, with the FHA lending
15 and the requirements of FHA lending, you know, soon it
16 will probably be 5 percent down, which right now is 3
17 and half percent. Things may change, and we need to
18 be flexible in order to lend.

19 And as Tim says, yes, we -- you know, it would
20 be good to be able to lend again. And even though
21 we're in a -- kind of a growing stage in terms of
22 single-family lending, it would be nice to be able to
23 get back out there again.

24 Other comments I noticed last meeting,

1 Ms. Falk, you were talking about, you know, what are
2 the -- where are most of our defaults? And -- and,
3 you know, we need to figure out where those -- what
4 causes those defaults and how to address them and
5 clearly make sure that we address those issues instead
6 of going around trying to solve -- make a solution
7 without knowing what the problem is.

8 And, Mr. Bell, you had talked clearly about
9 this TBA model that's been used in other areas and
10 what -- what other states. And it sounds like you
11 were more concerned about the risks. And those are
12 the kind of things we'd like to go over today.

13 Ms. Patterson, who's not here, she was talking
14 clearly about our limited resources and how those
15 limited resources could be best allocated through
16 focus groups and finding out where the best needs are
17 for the state and -- and what -- what areas we need to
18 cover.

19 So that is the -- that's the direction we're
20 headed. And as I said, for next meeting we need to be
21 looking at a lot of these things, and we're looking at
22 our current programs and would like to next meeting
23 talk more about approving this TBA model and as well
24 as other -- in conjunction with other products.

1 One other thing, I believe the funding of the
2 DPA loans in terms of what risk, since what we're
3 talking about today is risk, funding the DPA model
4 oftentimes with our CHAP loans, we require some for
5 warehousing, without use of a better term, where we
6 would initially fund -- sometime after closing
7 purchase the CHAP loan and then at that point until
8 the MBSs are sold under this TBA model, that we
9 wouldn't be reimbursed until then, so it's kind of
10 like a short warehouse period.

11 And so I'll let Tony talk about the risks.
12 Thank you.

13 MR. SERTICH: Thanks, Rick.

14 The first thing that I wanted to go over just
15 to -- as a little refresher is what is this TBA model
16 that we keep talking about. And really what it is,
17 it's a -- it's a -- it's a basic MBS sale transaction.
18 So TBA stands for to be announced, as it does in many
19 different areas. And it's -- and it's a transaction
20 where a price, volume and a future date are decided
21 upon up-front when the reservation of the loan is
22 taken. So it's really a hedge in a lot of ways, where
23 an agreed-upon sales price is -- is determined at the
24 date the reservation is taken for that loan and for

1 that MBS.

2 The -- there are many other HFAs, several
3 other HFAs, that are using this model in different
4 ways. Most of them use it with some sort of -- some
5 form of downpayment assistance. Some use it with only
6 FHA loans. Some also include conventional loans. So
7 they're all different, a little different. And what
8 we're trying to figure out is where we can fit into
9 the California market using this MBS TBA model.

10 So a little more detail about how this works
11 and where the risks lie in the TBA model. Like I
12 said, the first thing that happens is a lender will
13 take down a commitment. And then somebody will
14 have -- will make a commitment -- in this case it
15 would be CalHFA -- to deliver this loan into a Ginnie
16 Mae security at a future date. This -- this slide that
17 we're showing assumes a two-month future delivery on
18 that loan. And a -- and a fixed coupon and price are
19 determined at the -- at the date of commitment. So in
20 this case we're assuming a 4-percent coupon on
21 the -- on the loan and that we'll sell it for a
22 hundred percent of the par value of the loan in two
23 months.

24 If there's a successful delivery of the loan,

1 the loan closes correctly and there's -- there's no
2 issues within it and it becomes a security, a Ginnie
3 Mae security, the Agency will receive a hundred
4 million -- I mean a million dollars to fund the
5 million dollars of loans that have been committed.

6 However, if there's a failed delivery,
7 borrowers -- just the loans don't close, the borrowers
8 pull out for whatever reason, then the risk is there
9 that someone has to make up the difference in the
10 commitment, the price of the market value. If the
11 market value of that commitment changes over those two
12 months, then the Agency would have to make up the
13 difference in that price. However, in the model that
14 we're presenting, a hedging facilitator is taking all
15 of these risks. They're taking all the interest rate
16 risk associated with interest rate as well as the
17 failed delivery risks. And on the next page I'll get
18 into that a little more.

19 So failed delivery, what it does is exposes
20 the lender to the interest rate risk in terms of trade
21 settling in the future. If we agree to a million -- a
22 million dollar future MBS two months down the road but
23 we only have a \$600,000 MBS, then the market value of
24 that \$400,000 that doesn't settle will have to be made

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1 up by the lender. However, like I said, we're passing
2 that on to the hedging facilitator to take that risk
3 so that risk does not lie with the Agency anymore.

4 The only risk that will remain to the Agency
5 is the risk that the hedging facilitator does
6 not -- does not commit -- or does not follow through
7 on their obligations.

8 MR. BELL: Can I ask --

9 MR. SERTICH: Yes.

10 MR. BELL: Can I ask you a question? Is the
11 Agency going to be paying the hedging facilitator a
12 fee for the hedge as in total amount, or are you going
13 to be paying them on a per loan basis or --

14 MR. SERTICH: It's --

15 MR. BELL: -- there no payment?

16 MR. SERTICH: It's -- it's part of the price
17 of the MBS. So -- so if -- if -- to be honest, I
18 don't know what the -- what that costs, but it's all
19 included. We're not paying on a per-loan basis.
20 We're not paying on a dollar-amount basis. It's
21 included in the settlement price of the --

22 MR. BELL: And then the other question I have:
23 Is 4 percent a negotiated percentage? So is this just
24 one that you've chosen for purposes of --

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1 MR. SERTICH: On this -- on this slide it's
2 just an example.

3 MR. BELL: Okay.

4 MR. SERTICH: But what -- what we would do,
5 and I'll get into it in the next slide,
6 there's -- it's all based on -- this is very liquid
7 securities. There's a very liquid market for this, so
8 it's all determined by the general marketplace in
9 terms of what the price and -- and, you know -- the
10 interplay between the price and the interest. The
11 coupon on the loan will be dependent on how the
12 Agency -- what sort of premium the Agency wants to
13 make on that.

14 MR. BELL: Thank you.

15 MR. JACOBS: Are we scaled to do this
16 efficiently? I mean, it just seems to me that the
17 size of capital may not be sufficient to compete.

18 MR. SERTICH: In terms of the \$3 million set
19 aside?

20 MR. JACOBS: Yeah.

21 MR. SERTICH: Well --

22 MR. OKIKAWA: It depends, because clearly a
23 lot of our loans, downpayment assistance loans, aren't
24 necessarily going to be pulling from the capital. For

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1 example, CHAP, that's Prop 46 moneys coming through
2 us, so we're not really using that as a warehouse. So
3 really this pretty much pertains, I think, just to
4 CHAPs.

5 MR. SERTICH: Yeah, the warehouse is not being
6 used for the first loan at all. It's only being used
7 for the second loan, so it's a very -- when we're
8 talking about million dollar MBSs, we're not saying we
9 can do three of those transactions. We'll get to
10 that.

11 So -- so the one risk that remains, like I
12 said, is the counterparty risk to the hedging
13 facilitator, but we work with highly rated
14 facilitators to make sure that that risk is mitigated.

15 ACTING CHAIRPERSON GUNNING: Tony, could you
16 share who would be some sample lenders you would work
17 with?

18 MR. SERTICH: The lenders we would work with
19 would be the same lenders that we have worked with in
20 the past.

21 MR. OKIKAWA: Our current -- current qualified
22 mortgage lenders. Gild.

23 ACTING CHAIRPERSON GUNNING: Okay.

24 MR. OKIKAWA: Wells.

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1 MR. SERTICH: So the lenders would be very
2 similar to our --

3 MR. OKIKAWA: Right.

4 MR. SERTICH: And then we would -- we would
5 also have to find a master servicer who would assume
6 the loan underwriting servicing risk upon the close of
7 the loan. So those risks would be pushed off as well.

8 So the next -- the next slide has a little
9 model of how this -- how this -- what we're calling a
10 premium TBA structure would work. Really this gets
11 back into Wayne's question about how the rate and
12 the -- and the price would be set. What -- what a lot
13 of other HFAs have done and what we're looking into is
14 selling the MBS at a premium and using that premium to
15 fund a downpayment assistance loan. And that's what
16 the warehouse would be used for, would be to warehouse
17 the downpayment assistance loan between loan closing
18 and the sale of the MBS.

19 When we get that premium, the premium would go
20 through to fund, to reimburse, the warehouse for the
21 downpayment assistance funding at loan closing. And
22 also out of that premium would go to pay for Agency
23 fees, transactional fees, which is pretty standard in
24 the MBS market.

1 So this is -- this is sort of -- what we're
2 trying to rule out here is that the risks to the
3 Agency are very minimal, and it's really just to the
4 hedging facilitator. And -- and then ultimately when
5 we get deeper into developing a specific program,
6 we'll present that again.

7 Are there any other questions regarding this
8 program?

9 Okay. I think next Tim and Jim Morgan are
10 going to present the multi-family lending program that
11 we have.

12 MR. MORGAN: Good morning.

13 For our multi-family, we have a new CalHFA
14 preservation loan program. Basically what we want to
15 do is not only focus on the existing CalHFA portfolio,
16 but bring in deals that are non-CalHFA deals and -- to
17 add as not only business development, but add to
18 the -- add assets to our portfolio, start generating
19 deals. We've -- we've received inquiries from -- from
20 folks to see where we would be competitively as far as
21 our interest rates are concerned, and we're
22 getting -- we're generating a lot of buzz with regards
23 to our own existing portfolio, and this will give us
24 the opportunity to grow it.

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1 The loan -- the preservation loan program
2 would be administered with the -- CalHFA's existing
3 50/50 FHA risk share agreement with HUD. We are
4 experienced with that. It was -- last year
5 we -- first time in over ten years that we had
6 utilized HUD risk share, since 2002. And we were able
7 to do seven deals for \$70 million, representing about
8 700 units.

9 We've participated with HUD risk share since
10 1994. The majority of those deals that we've done
11 with HUD risk share were between '95 and 2002.
12 Currently we have about 90 projects representing 8500
13 units for our current HUD risk share program.

14 The loan program, this preservation loan
15 program, will provide the capital and -- for
16 rehabilitation of existing developments and also
17 preserve and extend affordability for existing tenants
18 and also extend the economic life. Given the new
19 energy efficiency and sustainable building
20 requirements, it also provides an opportunity to
21 upgrade existing projects with energy efficiency
22 appliances, materials.

23 For our existing CalHFA portfolio projects,
24 the loans must have met or exceeded their 15-year tax

1 credit compliance period and are subject to a
2 prepayment fee associated with that loan. So
3 currently in that bucket we have about 119 projects
4 representing about \$205 million of existing debt with
5 a huge opportunity to recapitalize. We have projects
6 that weren't able to make our time line last year, in
7 2012, and those projects, right now we have six
8 projects ranging from Red Bluff, California,
9 to -- to -- to Los Angeles and with about \$50 million
10 worth of the deals queued up and ready to go.

11 And, again, available for nonprofit,
12 for-profit, public agency sponsors.

13 MS. FALK: Jim? One question?

14 MR. MORGAN: Sure.

15 MS. FALK: Just of these projects that you
16 have and you've seen coming through, are most of them
17 using -- utilizing tax credits again?

18 MR. MORGAN: Yes.

19 MS. FALK: Okay.

20 MR. MORGAN: Yes.

21 MS. FALK: And so they're already being -- are
22 you requiring them to continue the affordability that
23 they originally had?

24 MR. MORGAN: We're -- we're -- that's what --

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1 MS. FALK: At least --

2 MR. MORGAN: We're looking at their proposals,
3 the existing deals is -- the existing deals received
4 on those six, they want to maintain the current
5 affordability restrictions. We're -- we're looking at
6 our -- in our term sheet on how we determine what we
7 want to do as far as affordability restrictions.
8 We'll meet our 20 percent at 50 or 10 percent at 50
9 and 30 and 60 as minimums. It's a -- we're looking at
10 if we want to see if we want those at 80, 120. It
11 will depend, deal by deal. But we'll have -- we'll
12 have a minimum that meets our CalHFA requirements.

13 Mine was a very accelerated presentation. I
14 know that there may be a question about the rate stack
15 on this. And we in -- with research with Finance and
16 what we can come out of the gate would be sub 5
17 percent, so we feel we're pretty aggressive. Looking
18 at some recent deals that have happened with Citi and
19 Chase and Prudential, we can be very competitive. So
20 that's a big bonus with our existing portfolio and
21 also to be competitive outside of the portfolio.

22 ACTING CHAIRPERSON GUNNING: Yeah, why don't
23 we take a pause for the cause, as it were, and take a
24 ten-minute break there.

1 (Recess taken.)

2 ACTING CHAIRPERSON GUNNING: Why don't we get
3 back together here and get to the fun part.

4 I can't start without JoJo sitting next to me.
5 Okay, Tim, go ahead.

6 MR. HSU: Apparently I had a Lifesaver I
7 forgot to use. Do you see that?

8 --oOo--

9 **Item 8. Discussion, recommendation and possible**
10 **action regarding the adoption of a**
11 **resolution authorizing the Agency's single**
12 **family bond indentures, the issuance of**
13 **single family bonds, short term credit**
14 **facilities for homeownership purposes, and**
15 **related financial agreements and contracts**
16 **for services. (Resolution 13-02)**

17 MR. HSU: I'm hoping this will be the easy
18 part of the -- of our discussion today. What we're
19 asking the Board to do is to vote on a set of
20 resolutions which give the staff the ability to do
21 three high-level things: One is to manage our balance
22 sheet so -- we have a lot of legacy debt -- and to
23 manage that balance sheet liability and to leverage
24 where we can; to also issue new bonds, financing new

1 lending activities. And to tie to some of the lending
2 program questions, in large part these
3 lending -- these new bonds to be issued for new
4 lending is more focused on our multi-family side. On
5 the single-family side it is not a bond execution at
6 this point. And the third thing is that it gives us
7 the authority to manage many of the financial
8 contracts that we have with a lot of financial
9 institutions, the counterparties out there.

10 Those are sort of high-level summaries of
11 these resolutions. What I've highlighted here in the
12 slides are the key changes, the key deltas, to last
13 year's resolution. So the one high-level thing we're
14 doing is that the staff is doing strategic planning in
15 the January and February time frame, and some of those
16 discussions sometimes have -- they have an impact on
17 the substance of these resolutions, so we felt that
18 going forward it might just be better for us
19 to -- to -- to delay our customary January schedule
20 for the financing resolutions to March.

21 So the first large change that we're
22 making -- and we're making this change both on the
23 single side and the multi side -- is to suggest that
24 the financing resolutions would be in effect until 60

1 days after the first Board meeting after March 1st of
2 next year in which we have a quorum. So we would
3 be -- said another way, we would be passing financing
4 resolutions in that second Board meeting of the year
5 instead of the first Board meeting of every year.

6 And the other change that we made on the
7 single-family side is last year we inserted this idea
8 that if we were to do a refunding on the single-family
9 side -- and for this it's probably just easiest if I
10 return to page 15. Gosh, I wish there was an easier
11 way to do this.

12 MR. SERTICH: It's a good review.

13 MR. HSU: Okay. So what we're suggesting here
14 is that there's a need to give leverage to the balance
15 sheet here. So what we did last year was that we did
16 a \$456 million refunding of the variable-rate bonds in
17 here. But because these assets, the pass-through
18 bonds, are -- as we talked about, have a lot of issues
19 with them, to say the least, this box here actually
20 had to contribute some money to make the refunding
21 happen. So as it turns out on that transaction, the
22 contributions that we made were about 10 points,
23 meaning 10 percent of the refunded amount.

24 So what we're suggesting here is to extend

1 Claudia's authority to be able to use some of the
2 money from here to facilitate a refunding of the
3 leveraging of the bonds in the orange box if we see
4 there's an opportunity to do that. And I think that
5 she does have to certify that that contribution will
6 not hurt the blue box, and she has an amount of \$50
7 million as a limit.

8 What we added this year is this idea that in
9 addition to this collar of the \$50 million max for the
10 year is the idea that it would also not exceed more
11 than 10 percent of the bonds to be refunded. That's
12 the -- that's the thing that we added for this year.

13 And you might say, well, why do we add that?
14 Arguably the higher that percentage is, you might
15 start questioning the value of doing that refunding
16 because we're getting the leverage ratio of the
17 contribution versus the amount of the leveraging we're
18 doing. We want that ratio to be very high in terms of
19 a dollar put up refunding more bonds than a dollar put
20 up refunding less bonds.

21 Some of the other changes we had made were
22 that for new money issuance -- and as I mentioned, at
23 the moment what's being contemplated by the program
24 folks is not a bond execution. But having said that,

1 things could change from now until March or April of
2 next year, and what we're asking the Board is to
3 reintroduce this idea that we could create indentures
4 that -- in very similar forms than the ones that the
5 Board has previously approved.

6 And reason why that could be a very useful
7 flexibility is that the bond financings of the
8 transactions that are done in this space are
9 undergoing certain, I would say, innovations or
10 changes. And the ability to be able to create an
11 indenture that are stand-alone, they are sort of apart
12 from everything else, to do a bond financing, that
13 will be sort of valuable going forward.

14 But having said that, having sort of
15 reintroduced this flexibility to create indentures
16 that are similar in form to what we have now, we will
17 restrict ourselves to not issuing variable-rate bonds.
18 So they must be all fixed-rate bonds, and we won't use
19 any swaps or derivatives in these transactions.

20 And then the last but not least is that we
21 wouldn't be issuing whole loans, so everything would
22 be securitized in the MBA space like what Tony and
23 Rick were talking about earlier.

24 That concludes my remarks for this resolution.

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1 MR. BELL: I have one question. The
2 resolution creates wide latitude to go up to the \$50
3 million. Do you have a guestimate now as to what the
4 amount will likely be?

5 MR. HSU: Honestly, I think it will be zero
6 for the year. I think that the refunding opportunity
7 that we had last year was very unique because we did
8 that refunding as part of the NIBP authority that we
9 had. So in short, the NIBP -- Treasury allows a
10 certain amount of the NIBP amount to be refunding
11 bonds. So we basically maximized our refunding
12 potential out of these bonds that Treasury was willing
13 to buy from us.

14 I would like to say that some of that amount
15 could be used this year in order to do some
16 refundings, but I think the fact of the matter is that
17 we really do need that orange box to continue to
18 stabilize more so that the performance of loans get
19 better. And I think that this year it might be zero,
20 but next year I think that that might be a
21 much -- much -- a higher possibility, once we see that
22 there's a longer period of stabilization out of the
23 loan performance.

24 ACTING CHAIRPERSON GUNNING: Are there any

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1 additional questions from the Board members?

2 Here's the opportunity for anyone from the
3 public to comment. Are there any public comments?

4 All right. I know the first time I did this,
5 it seemed, okay, just here it is, go for it, but I
6 know that staff -- you know, we've been briefed very
7 well, and I think these resolutions help them operate.
8 We have a lot of trust in them. They're very
9 competent.

10 So is there a motion to accept the resolution
11 for the single-family financing?

12 MR. HUNTER: I'll move adoption of Resolution
13 13-02.

14 ACTING CHAIRPERSON GUNNING: Is there a
15 second?

16 MR. BELL: Second.

17 ACTING CHAIRPERSON GUNNING: Moved and
18 seconded.

19 JoJo.

20 MS. OJIMA: Thank you.

21 Ms. Falk.

22 MS. FALK: Aye.

23 MS. OJIMA: Mr. Hunter.

24 MR. HUNTER: Aye.

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1 MS. OJIMA: Mr. Jacobs.
2 MR. JACOBS: Aye.
3 MS. OJIMA: Mr. Bell.
4 MR. BELL: Aye.
5 MS. OJIMA: Ms. Carroll.
6 MS. CARROLL: Aye.
7 MS. OJIMA: Mr. Shine.
8 MR. SHINE: Aye.
9 MS. OJIMA: Mr. Smith.
10 MR. SMITH: Aye.
11 MS. OJIMA: Ms. Whittall-Scherfee.
12 MS. WHITTALL-SCHERFEE: Aye.
13 MS. OJIMA: Mr. Gunning.
14 ACTING CHAIRPERSON GUNNING: Aye.
15 MS. OJIMA: Resolution 13-02 has been
16 approved.
17 MR. HSU: Thank you.

18 --o0o--

19 **Item 9. Discussion, recommendation and possible**
20 **action regarding the adoption of a**
21 **resolution authorizing the Agency's**
22 **multifamily bond indentures, the issuance of**
23 **multifamily bonds, short term credit**
24 **facilities for multifamily purposes, and**

1 **related financial agreements and contracts**
2 **for services. (Resolution 13-03)**

3 MR. HSU: On Resolution 13-03, this is a
4 mirror image of the resolution on the single-family
5 side except this is on the financing of the
6 multi-family lending activities. We are making a
7 similar change here in terms of delaying the regular
8 presentation of these resolutions to the Board instead
9 of January to March.

10 And we are also doing something similar here
11 as we -- what you saw on the single-family side that
12 to the degree that we do non-conduit issues, so these
13 are actually bonds that we're issuing under our own
14 credit to the degree that we do financings of some of
15 the projects that Jim was talking about earlier, we
16 will not issue variable-rate bonds. We will issue
17 only fixed-rate bonds. We will not use any swaps or
18 derivatives.

19 And furthermore, we would at least get FHA
20 risk share insurance on these loans or something
21 comparable to that level of security on the loan side
22 of the equation.

23 Wayne, do you -- I sense a question.

24 MR. BELL: This -- this is in a sense a

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1 successor to the 2012 resolution that we just
2 continued out at the last Board meeting; am I right?

3 MR. HSU: That's correct. So I think that
4 what -- at the last Board meeting what the Board did
5 was that the Board extended the authority we had from
6 2012. And this one here is meant to replace the
7 authority that we received from the Board from the
8 2012 and the extension from last Board meeting.

9 MR. BELL: Right. And -- and because it goes
10 out to March 2014, it would obviate the need to have
11 an extension at a January meeting the following year.

12 MR. HSU: That's correct. So what we're
13 intending now is that coming to the Board every March
14 to present the financing resolutions instead of
15 January.

16 MR. BELL: Okay.

17 ACTING CHAIRPERSON GUNNING: And, Tim, the
18 practice, though, is an annual resolution --

19 MR. HSU: This is an annual resolution.

20 ACTING CHAIRPERSON GUNNING: -- not an
21 extension.

22 MR. HSU: Yes, this is an annual authority
23 that staff requests from the Board.

24 So I think that in general one of the things

1 that has come up in the midst of the financial crisis
2 was some concerns, for example, about some of the loan
3 products that we launched in the past. And this come
4 up too with the BSA. It's important to realize that
5 these financing resolutions are only dealing with the
6 bond side of this whole enterprise we've been talking
7 about. This only deals with the issuance of bonds or
8 the borrowing to financing -- to financing the lending
9 activities. The idea of what we do on the lending
10 side is not really part of what you -- we're asking
11 you to vote on here.

12 So -- so Jim's presentation of risk share, I
13 think he mentioned to you that we have received a
14 separate and prior authorization from the Board to
15 approve risk share and lending of risk share. And
16 what we might do in terms of lending on the
17 single-family side, that in itself might deserve
18 another authority from the Board.

19 This is not in any way authorizing what we
20 might do in the TBA space or any single-family
21 products that we might launch. This is really only
22 having to do with how we borrow money and managing our
23 contracts.

24 MR. JAMES: May I make one comment, please?

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1 ACTING CHAIRPERSON GUNNING: Of course.

2 MR. JAMES: The -- the point that Tim makes,
3 sort of reiterated the point, is that the Board has
4 instructed us in 2011 that we had to come to the Board
5 to get authorization for new loan products, and that's
6 what he's referring to.

7 Of course our risk share program is a
8 long-existing or long-standing program going back to
9 the -- '94, so we have numerous of those projects in
10 our portfolio. It's not a new loan product. So I'm
11 not of the mind that we have to or -- that -- that at
12 least at this point that the direction of the Board is
13 that we have to come back for authorization to issue
14 loans on our multi-family side under the risk share
15 program that Jim was referring to. I think he
16 mentioned some five or seven or nine or so
17 that -- maybe I'm going too high. It's five?

18 MR. MORGAN: Six.

19 MR. JAMES: Six. I'm optimistic.

20 So that's just -- just to be clear on that
21 point with regard to what you are resolving. Tim's of
22 course correct as well with the authorization, is to
23 authorize issuance of bonds to finance the loans that
24 we hope to make on the multi-family side.

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1 ACTING CHAIRPERSON GUNNING: Thank you,
2 Victor.

3 Any questions from the Board?

4 Once again --

5 MS. CARROLL: I'm sorry. If we've already
6 authorized risk share -- I think done a very long time
7 ago -- how does that fit in with the limits that
8 you're proposing that are going to be getting voted on
9 in May as to how much risk we will take in the
10 multi-family space? Like are we going -- do we
11 approve each project?

12 MR. HSU: The approval of the projects would
13 be subject to some of the previous resolutions that we
14 have passed. So I think that we are required to bring
15 back to the Board for projects that are greater than
16 \$4 million.

17 MS. CARROLL: Okay.

18 MR. HSU: But in terms of capital allocation
19 again, in general we don't think that -- and we have
20 never been told by the rating agencies -- that we're
21 capital constrained. That --

22 MS. CARROLL: Okay.

23 MR. HSU: -- it's really about liquidity
24 constrained. So I think at the last Board meeting we

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1 talked about looking back at the deal that we did in
2 December. So as it turns out, that deal had about a
3 seven-point capital set-aside and a three-point
4 funding need. So the three-point funding needed cash.
5 That -- that seven point doesn't really worry us.
6 It's really the three points or having to fund the
7 three points of cash and make the deal work.

8 And arguably if we decide to do a bond
9 execution to fund the loans that Jim is talking about
10 on risk share, we would have to suggest that some of
11 that \$27 million warehousing, we would have to take
12 some of that to make the bond deal work.

13 MS. CARROLL: Okay. Thank you.

14 ACTING CHAIRPERSON GUNNING: This is, again,
15 time for public comment. Anyone from the public?

16 Seeing none, is there a motion to authorize
17 the multi-family financing resolution?

18 MR. SHINE: I'll move it.

19 ACTING CHAIRPERSON GUNNING: Mr. Shine has
20 moved. Is there a second?

21 MR. SMITH: I'll second.

22 ACTING CHAIRPERSON GUNNING: Mr. Smith,
23 second.

24 Roll call.

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1 MS. OJIMA: Thank you.

2 Ms. Falk.

3 MS. FALK: Aye.

4 MS. OJIMA: Mr. Hunter.

5 MR. HUNTER: Aye.

6 MS. OJIMA: Mr. Jacobs.

7 MR. JACOBS: Aye.

8 MS. OJIMA: Mr. Bell.

9 MR. BELL: Aye.

10 MS. OJIMA: Ms. Carroll.

11 MS. CARROLL: Aye.

12 MS. OJIMA: Mr. Shine.

13 MR. SHINE: Aye.

14 MS. OJIMA: Mr. Smith.

15 MR. SMITH: Aye.

16 MS. OJIMA: Ms. Whittall-Scherfee.

17 MS. WHITTALL-SCHERFEE: Aye.

18 MS. OJIMA: Mr. Gunning.

19 ACTING CHAIRPERSON GUNNING: Aye.

20 MS. OJIMA: Resolution 13-03 has been
21 approved.

22 MR. HSU: I'm now doing better than the
23 minutes. I got two out of two.

24 --o0o--

1 **Item 10. Discussion, recommendation and possible**
2 **action regarding the adoption of a**
3 **resolution authorizing applications to the**
4 **California Debt Limit Allocation Committee**
5 **for private activity bond allocations for**
6 **the Agency's homeownership and multifamily**
7 **programs. (Resolution 13-04)**

8 MR. HSU: On the CDLAC application, Resolution
9 12-04 --

10 ACTING CHAIRPERSON GUNNING: 13.

11 MS. WHITTALL-SCHERFEE: 13-04.

12 MR. HSU: 13-04, I'm sorry.

13 MS. CAPPPIO: I think we have to bring it back,
14 sorry.

15 ACTING CHAIRPERSON GUNNING: Next meeting.
16 You don't get it this time.

17 MR. HSU: We could do that, if that's the
18 pleasure of the Board. But I'd like to correct that,
19 what's on the board there.

20 What we're asking the Board here is to vote on
21 authority to give the staff, Agency staff, to apply
22 for a certain dollar amount of volume cap, of private
23 activity volume cap, from CDLAC. So on the
24 single-family side, we're requesting the authority to

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1 apply for up to \$200 million from CDLAC. On the
2 multi-family side we're requesting for authority up to
3 \$400 million from CDLAC.

4 These numbers, especially on the single family
5 side, given that we have been talking about not doing
6 a bond financing -- bond financing to finance some of
7 those MBS activities for now, these numbers are
8 probably going to be on the high side.

9 That concludes my remarks.

10 ACTING CHAIRPERSON GUNNING: Any questions
11 from the Board?

12 Once again, this is time for public comment.
13 Anyone from the public?

14 Seeing none, is there a motion to authorize
15 Resolution 13-04?

16 MS. FALK: So moved.

17 ACTING CHAIRPERSON GUNNING: Moved by Janet.
18 A second?

19 MR. BELL: I'll second it.

20 ACTING CHAIRPERSON GUNNING: Mr. Bell. Moved
21 and seconded.

22 Roll call.

23 MS. OJIMA: Thank you.

24 Ms. Falk.

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1 MS. FALK: Aye.

2 MS. OJIMA: Mr. Hunter.

3 MR. HUNTER: Aye.

4 MS. OJIMA: Mr. Jacobs.

5 MR. JACOBS: Aye.

6 MS. OJIMA: Mr. Bell.

7 MR. BELL: Aye.

8 MS. OJIMA: Ms. Carroll.

9 MS. CARROLL: Aye.

10 MS. OJIMA: Mr. Shine.

11 MR. SHINE: Aye.

12 MS. OJIMA: Mr. Smith.

13 MR. SMITH: Aye.

14 MS. OJIMA: Ms. Whittall-Scherfee.

15 MS. WHITTALL-SCHERFEE: Aye.

16 MS. OJIMA: Mr. Gunning.

17 ACTING CHAIRPERSON GUNNING: Aye.

18 MS. OJIMA: Resolution 13-04 has been
19 approved.

20 ACTING CHAIRPERSON GUNNING: Excellent.

21 Tim, I have some additional slides here, but I
22 think the agenda item is informational workshop. Are
23 we going to do this or?

24 MR. HSU: It's true. This is -- this is

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1 something that we could do after you, if you -- if you
2 want.

3 MR. JAMES: Go ahead.

4 MR. HSU: Okay. We'll try to make it fast.

5 Tony's going to give you an update on our
6 investment policy that we adopted last year.

7 MR. SERTICH: I'll be very quick.

8 So last year the Board adopted a new Agency
9 investment policy, and the policy set up an Investment
10 Oversight Committee made up of six CalHFA staff
11 members, including the executive director, the
12 director of financing, the financing risk manager, the
13 general counsel, the comptroller. And the committee's
14 task is to review any -- any -- review the policy
15 annually and periodically and approve any new
16 investment counterparties or investment vehicles.

17 There was a new investment vehicle that was
18 added to the investment policy. It was a U.S. Bank
19 commercial paper vehicle to replace U.S. Bank open
20 repurchase agreement, which is no longer going to be
21 an available investment next week. So the -- a copy
22 of that approval has been included in the Board
23 handouts.

24 It's -- there's no new counterparty risk

1 there. They're still both backed by U.S. Bank, so
2 there's no new credit risk the Agency is taking.

3 Also in the -- in the past few months, the
4 Agency terminated a GIC that was with a counterparty
5 that had been downgraded. The agency redeemed all of
6 the bonds that were tied to that GIC, so there was no
7 issue with terminating the GIC. It automatically
8 terminates if the bonds are gone. That's a guaranteed
9 investment contract.

10 So that's the investment update.

11 MR. HSU: And the very last thing, Tia asked
12 last Board meeting about the cure rate of loans we
13 modified. And I think I went on record saying
14 about -- we have a cure rate of about 60 percent. I
15 was a little bit off. Our overall cure rate is about
16 64 percent.

17 But this is actually a really interesting
18 chart. We -- I had a really hard time trying to make
19 this pretty, but it's actually very interesting. What
20 you see here is that overall we have a cure rate of 64
21 percent, but we broke it out between loans that we
22 modified with assistance from KYHC and loans that have
23 been modified without KYHC.

24 So what you can see is that generally speaking

1 the loans that we modified with KYHC, we have a much
2 higher cure rate with those because you're starting to
3 deal with principal reduction, you're starting to deal
4 with -- you're sort of -- you're starting to address
5 people's willingness to pay, rather than just capacity
6 to pay, is one sure way of thinking about it. So you
7 can see that the cure rate with the assistance of KYHC
8 is 84 percent, and the cure rate without KYHC is much
9 lower at 58 percent.

10 But these points here are also very
11 interesting. So what we're plotting is the cure rate
12 for loans that were modified within a certain range.
13 So what you can see is that loans that are modified
14 the first half of 2011, the cure rate for loans that
15 are modified with KYHC and the cure rate for loans
16 that are modified without KYHC. So you can see that
17 KYHC takes about -- is doing much better with that.

18 That is true for three quarters. You can see
19 that here. You can see that here. You can see that
20 here. But then you can see it starts narrowing, and
21 it kind of flips over. And we have to do more work on
22 this but we think that part of the reason for that is
23 probably some sort of selection bias that's happening,
24 meaning that the loans that are most needy or the

1 loans that are most -- or the borrower that is most
2 distressed, they're actually being channeled over to
3 KYHC, and what we're modifying, the population that
4 we're modifying, is actually slightly better off than
5 the population that we're sending over to KYHC,
6 meaning that there is a change in the underlying
7 demographics of the population that are going in
8 either direction.

9 MS. WHITTALL-SCHERFEE: Tim, when you talk
10 about cure rate, you just -- are you just saying they
11 now are making their payments under this new modified
12 plan? Is that how we define cure?

13 MR. SERTICH: And they haven't re-defaulted.

14 MS. WHITTALL-SCHERFEE: Okay.

15 MR. HSU: I think that the categories are
16 they're current or that they're actually paid off. So
17 if they're any -- so if they're delinquent at all,
18 even 30 days, for this exercise we're not counting
19 them.

20 And that's all we have. Thank you, Board.

21 ACTING CHAIRPERSON GUNNING: Thank you very
22 much, Tim and Tony.

23 --oOo--

24 **Item 11. Informational workshop discussing Board**

1 **governance.**

2 MR. JAMES: We've now evolved to afternoon.
3 Good afternoon, Board, Members of the Board.

4 Is this the button? Okay.

5 I wanted to take a few minutes with the Board
6 this afternoon to present on a high level general
7 matters having to do generally with Board governance
8 and specifically -- by -- this is in a handout that
9 you received this morning as opposed to it being in
10 the binder.

11 The four points that I'd like to go over with
12 you are going to be the CalHFA structure generally,
13 statutory role of the Board to administer the Agency,
14 open meeting law requirements and your fiduciary
15 duties to the Agency as members of the Board.

16 Page 2 of the handout, the structure of the
17 CalHFA Agency. The Agency is administered by the
18 Board, as you all know. There are eight appointed
19 members, six are ex officio, for a total of 11 voting
20 members. Six of those voting members are needed for a
21 quorum.

22 We also have two advisory committees on -- two
23 standing advisory committees for the Board, one being
24 the Audit Committee, which you heard from earlier this

1 morning from Mr. Smith, and the Compensation
2 Committee, which is scheduled to -- will immediately
3 follow this meeting.

4 The executive director is responsible for the
5 day-to-day operations of the Agency. We have four
6 lines of business, generally speaking, again on a high
7 level: Single-family lending; multi-family lending,
8 including special-needs-type lending;
9 contract-administered programs that Tim mentioned to
10 you earlier in support of some of our revenue -- those
11 are the kinds of programs like MHSA, CHDAP, Props 46
12 and 1C -- and our mortgage insurance program, which is
13 currently in pause, though it is -- it is paying
14 claims.

15 CalHFA is financial and operationally
16 independent of the State with the exception of our
17 personnel administration. And for employees of the
18 Agency, we are part of the state civil service system,
19 either as civil service employees or exempt
20 from -- exempt employees within state service and thus
21 subject to the civil service rules. But beyond that
22 personnel administration or personnel management
23 oversight, we are generally independent of the
24 operations of the State of California.

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1 We have our own general obligation credit
2 rating, which is independent of the State. Our funds
3 are continuously appropriated and not subject to
4 annual appropriation of the Legislature. And while
5 Cal MAC, which was formed as a nonprofit, is a
6 separate entity from CalHFA, it adheres to the values
7 of transparency like those of CalHFA.

8 The Board is responsible for the overall
9 supervision and control of the Agency's operations.
10 It sets policy. You approve all bond indentures,
11 sales of debt obligations. You authorize issuance of
12 securities. You authorize major contractual
13 obligations. And by regulation the Board has deemed
14 major contractual obligations to be those which exceed
15 \$1 million in a fiscal year. If it is \$1 million or
16 below in any fiscal year, you've delegated that to the
17 executive director by way of regulation.

18 Final commitments -- and Ms. Carroll was
19 referring or asking the question of Tim and Tim
20 mentioned that matters having to do with our
21 multi-family program that are in excess of \$4 million
22 come to the Board for approval. And by resolution the
23 Board has delegated the authority to approve loans
24 which are \$4 million or less to the executive

1 director.

2 The Board also approves the Agency's operating
3 budget, which you will receive in our next -- our
4 upcoming meeting in May. You also set salaries of key
5 exempt managers. And those key exempt managers are
6 listed there for your convenience. You supervise the
7 executive director, who, as I mentioned before,
8 administers and directs the day-to-day operations of
9 the state agency -- of CalHFA.

10 As you know, meetings of the Board must be in
11 open session and properly noticed, absent it being an
12 executive session, which still must be noticed but
13 will allow the Board to retire to executive session
14 for matters which it otherwise should -- for policy
15 reasons could not be heard by the public, but there
16 are specific statutory provisions for that. As a
17 practical matter, our executive sessions typically
18 happen during -- for matters involving personnel,
19 typically the evaluation of the executive director,
20 and matters having to do with litigation. Beyond
21 that, all meetings are -- are held in open session and
22 must be properly noticed.

23 The hallmark of the open meeting law is
24 governance in the public and with the fundamental idea

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1 of allowing the public to fully participate and hear
2 the deliberations and the rationale for what it is the
3 Board is doing. A meeting is any congregation of a
4 majority of Board members to discuss matters having to
5 do with items that are within the jurisdiction of
6 CalHFA. Meetings must be held in open session in
7 public.

8 As I just said, a meeting is -- is -- is any
9 congregation of a majority of the Board
10 members -- that's six or more -- who choose to discuss
11 items that have to do with the jurisdiction of CalHFA.
12 Those discussions, those conversations, with
13 Board -- amongst and between Board members are not
14 limited to matters having to do with reaching
15 consensus. The Court views that very broadly to say
16 that it almost encompasses matters having to do with
17 exploratory fact-finding, questions, answers that you
18 might have of each other. If there are -- if it
19 constitutes a majority, then those meetings must be
20 held in open session and properly noticed.

21 So it begs the question if there are five or
22 less members having those conversations, is that a
23 violation of the open meetings law, and the answer to
24 that is no, but I implore extreme caution with five or

1 more members having conversations outside of the Board
2 for two reasons: One is this notion of serial
3 meetings, which is a huge issue and very easy -- it's
4 a big pitfall for all governmental agencies or public
5 entities subject to the open meeting laws because
6 anytime that breach, whether it's in a collective
7 meeting in person or if in serial, that is one meeting
8 after another, the collective results in six or more
9 individuals having discussed matters involving the
10 Board, that constitutes a meeting, and so it would be
11 a violation of law.

12 The same with the use of intermediaries.
13 There the classic example is a case out of Stockton,
14 the lawyer who -- the city attorney contacted the
15 members of the board, polled them to see if they were
16 supporting a real estate transaction. It was deemed
17 to be unlawful because he was canvassing and trying to
18 get a consensus, and it amounted to deliberation of
19 matters having to do with, of course, an issue pending
20 before the board that should have been properly vetted
21 and discussed and decided in open session. Even
22 the -- the preliminary polling of the information was
23 an inappropriate meeting of the members.

24 Advisory committees under the law, because we

1 have three or more members, it's also subject to the
2 open meetings laws. Our advisory (sic) committee is
3 that, as is our Compensation Committee, so those, both
4 of those committees, need to be properly noticed and
5 agendized and open to the public. If the -- if there
6 were ever a committee delegated authority to act on
7 behalf of the Board, typically known as an executive
8 committee, that committee, no matter how small, as
9 long it consists of two or more individuals, would be
10 subject to the open meeting laws.

11 The penalties for violating the open meeting
12 laws are it typically voids the action and can result
13 in attorney's fees and costs if that individual has to
14 petition the court to ask the board to set it aside.
15 If there is -- if members are -- there's a potential
16 misdemeanor violation for members who attend a meeting
17 with the intent to deprive the public of information.
18 That's an intentional act, of course, but nonetheless
19 it's a misdemeanor.

20 The other practical side, of course,
21 that -- that is -- is something that the Board also is
22 concerned with is while it might be okay to have
23 conversation outside of these proceedings, the public
24 perception is one that all of us need to be mindful of

1 to ensure that, you know, all matters having to do
2 with Board affairs are fully vetted in public and so
3 the public understands, then, that they have the
4 opportunity to participate in the matter before
5 decisions are made.

6 Your duty, your fiduciary duty, is to be
7 informed, to be prudent, to exercise independent
8 judgment, and act in good faith while carrying out the
9 duties of the Agency.

10 As you know, the Agency's bond issuances must
11 comply with SEC disclosure requirements. And in
12 January of last year, our bond counsel explained that
13 the Agency's robust disclosure process, which is done
14 internally by staff, that results in the issuance of
15 the official statements, complies with those
16 disclosure requirements and does not impose any
17 obligation upon the Board to -- any disclosure
18 obligation. It doesn't impose any disclosure
19 obligation onto the Board, absent, of course, the
20 Board -- a Board member knowing about -- actually
21 knowing about something that needs to be disclosed
22 associated with the bond issuance. And if that's the
23 case, then, of course, you should contact staff.

24 This -- you may not participate in a decision

1 that may affect your financial interests. If there is
2 a matter before the Board that does affect your
3 financial interest, you must disclose that interest on
4 the record and not participate or otherwise influence
5 the outcome.

6 This is an acknowledgment, as I set forth in
7 romanette iii, an acknowledgment of the Legislature
8 that it is encouraging the diverse interests of
9 members of this Board, and members of this Board could
10 very likely have financial interest in holdings in
11 matters that would come before it. But the trade-off
12 is, of course, the benefit of the specialized
13 expertise that each of the members have to offer, so
14 it's permitted but you must disclose and recuse
15 yourself.

16 This prohibition under section D recognizes
17 that you may be passionate about a project and you may
18 advocate for it, but you may not be compensated for
19 it. Okay?

20 And finally, the Government Claims Act is an
21 acknowledgment that your responsibility and
22 stewardship in providing guidance and oversight to
23 the -- to the Agency entitles you to a defense of
24 indemnification and defense costs in civil

1 proceedings.

2 Any questions?

3 Okay. Thank you.

4 ACTING CHAIRPERSON GUNNING: Thank you,
5 Victor.

6 --o0o--

7 **Item 12. Reports.**

8 ACTING CHAIRPERSON GUNNING: Item No. 12 is
9 reports that are included in your packet. Have you
10 had a chance to look at those, or any questions from
11 the Board on the regular reports?

12 --o0o--

13 **Item 13. Discussion of other Board matters.**

14 ACTING CHAIRPERSON GUNNING: Seeing none, are
15 there any other matters to come before the Board?

16 You guys are --

17 MS. CAPPIO: Full of charts.

18 ACTING CHAIRPERSON GUNNING: -- full of
19 charts, I know.

20 --o0o--

21 **Item 14. Public testimony.**

22 ACTING CHAIRPERSON GUNNING: This is the
23 moment -- I know we had public comment earlier, but we
24 do want to offer the public an opportunity to make any

1 comments before the body before we adjourn. Anyone
2 want to make public comments?

3 --oOo--

4 **Item 12.D. Update on Keep Your Home California**
5 **Program.**

6 MR. HSU: Do you want to talk about KYHC?

7 ACTING CHAIRPERSON GUNNING: Absolutely. I
8 think it's included, the Keep Your Home Program.
9 There's a -- it was one of the attachments
10 underneath --

11 MS. CAPPPIO: Yeah, it's one of the reports.

12 MR. HSU: As you know, Di's not here today
13 because she got trapped in D.C., so I'm the Padawan in
14 training on KYHC. I think there's a lot of good stuff
15 happening in KYHC, and I feel almost bad making this
16 presentation instead of Di because I'm just a
17 cheerleader. I'm that guy who's dancing in the end
18 zone when someone else scores.

19 I think that it could be summarized in two
20 words: Mario Lopez. We are going to get Mario to do
21 a public announcement for the program. And he's going
22 to do it in Spanish, and he's going to do it in
23 English. So our outreach program, no different than
24 when we started doing mailings with EDD, I think our

1 outreach program is going to gain -- you know, we're
2 going to be -- this is going to kick up a couple
3 notches in terms of the outreach, in terms of the
4 marketing, in terms of the visibility for the program.

5 And on the first slide here you can just -- I
6 mean, I think that there's so much good stuff
7 happening here. We're -- we've helped 23,000
8 homeowners. We signed up more than a hundred
9 servicers now and more than half of them are doing the
10 Principal Reduction Program. We're going to do a new
11 mailing with EDD. Our UMA program really took off
12 last year because of the legitimacy of someone who was
13 getting an unemployment check and see that there's a
14 mailing from KYHC, all that are sort of like great
15 stuff that's just going to be happening over the next,
16 you know, six months or so.

17 We put together this chart recently, Di and I,
18 to also show you that while we've been telling you
19 that this program has gained a lot of traction, well,
20 this chart to me is worth a thousand words. Because
21 if you look at this chart, you'll see that at the end
22 of fourth quarter 2011, we put out \$39 million. And
23 you look at how much money we've put out by the end of
24 last year, we've increased that dollar amount by more

1 than fivefold.

2 And the reservations that we have, too, here
3 are not insubstantial. We have a pipeline now that's
4 twice as large as we had, what, a year -- you know, at
5 the end of the year prior. And the traction that
6 we're getting on some of these programs, such as the
7 Principal Reduction Program and the Recasts program
8 out of the Principal Reduction Program, it's so
9 significant that I think -- I believe -- I hope I'm
10 not putting words in Di's mouth. I think for the very
11 first time we are actually showing a projection that
12 we will be using all these program dollars before the
13 program sunsets in 2017.

14 So this particular -- that's -- this
15 particular projection here is showing that we'll use
16 all those dollars by the end of 2016. We will update
17 this probably on a quarterly basis for the Board so
18 that we can all be focused on not only what we have
19 done looking backwards, but what we expect going
20 forward.

21 Because I think that, as the Board has heard
22 before, there are -- there a lot of ideas out there
23 for how people could help -- how people could be
24 helped and how this money can be used. And they look

1 very different when you know whether or not these
2 program dollars would be used under the existing
3 programs that are in place. The -- the -- the
4 mind-set of the folks who are running the program is
5 that these dollars will be used under the current
6 programs that are in place.

7 There's a lot of good stuff after these
8 slides, but I think between Mario and this slide, I
9 think that this program is doing really well. And I
10 think that that's all that needs to be said.

11 ACTING CHAIRPERSON GUNNING: Tim, just for my
12 benefit because I know -- and when Di's here, we can
13 commend her -- but 1.7 is the amount we were given by
14 the federal government and to date we've spent how
15 much, committed?

16 MR. HSU: So -- so by the end of last year we
17 had spent --

18 ACTING CHAIRPERSON GUNNING: Right.

19 MR. HSU: -- we had actually disbursed \$245
20 million. And we have -- we have disbursed \$245
21 million, and we have \$218 million of loans that
22 are -- or program dollars that are reserved.

23 So one of the things that you'll notice is
24 that -- in this chart here you'll notice that in white

1 here we're showing the reservation dollars. And you
2 can see that in the outer years as we do expect that
3 the program dollars will be all spent, we need to
4 start sort of dialing down the programs so that as the
5 reservations sort of declines, that we're also -- you
6 know, we're finishing the program and not going over
7 the program dollar amounts.

8 ACTING CHAIRPERSON GUNNING: Right. Awesome.
9 Thanks for stepping in, Tim, you Padawan. The Star
10 Trek analogies --

11 MR. HSU: I don't just try, I do.

12 ACTING CHAIRPERSON GUNNING: I do. There you
13 go.

14 All right. Any other business before this
15 illustrious group?

16 --o0o--

17 **Item 15. Adjournment.**

18 ACTING CHAIRPERSON GUNNING: Then I think we
19 can adjourn.

20 *(The meeting concluded at 12:31 p.m.)*

21 --o0o--

REPORTER' S CERTIFICATE

I hereby certify the foregoing proceedings were reported by me at the time and place therein named; that the proceedings were reported by me, a duly certified shorthand reporter and a disinterested person, and was thereafter transcribed into typewriting by computer.

In witness whereof, I have hereunto set my hand this 27th day of March 2013.

Yvonne K. Fenner
Certified Shorthand Reporter
License No. 10909, RPR

State of California

MEMORANDUM

To: CalHFA Board of Directors

Date: April 29, 2013

From: Claudia Cappio, Executive Director 
CALIFORNIA HOUSING FINANCE AGENCY

Subject: **Item 7:** Discussion, recommendation and possible action regarding the adoption of a resolution approving the Fiscal Year 2013-14 Strategic Business Plan

Overview: During 2012, CalHFA senior staff worked together to complete a new overall business strategy for the Agency. Our work was based on the need to reconfigure our business in light of new and continued fiscal challenges, the need to diversify revenue sources and the Governor's proposed changes to state government via the Governor's Reorganization Plan (GRP). The Board reviewed and approved that document during the May, 2012 meeting. In January, 2013, Board Members reviewed the outcomes of the strategies in the plan and staff set to work on a new business plan for the 2013-14 budget year.

Attachment A to this staff report presents the draft 2013-14 CalHFA Strategic Business Plan, and the attached Resolution 13-06, adopting the plan, is included for the Board's consideration. This plan is meant to be reviewed in conjunction with the proposed 2013-14 budget (item 8), as our spending plan was developed to fulfill our strategic priorities.

The Board's approval of this resolution is requested.

Discussion of Major Strategic Components: Although CalHFA's financial stability has improved, we still have much work to accomplish to be in a position for strong, sustainable lending activities. The New Issue Bond Program (NIBP) ended in 2012, and thus our capital for lending is limited. However, the good news is that we have capital to lend, in both the single family and multifamily markets. Further increasing liquidity and stability, along with continuing to reduce balance sheet risk remain as our top tier strategies.

Diversifying and strengthening our revenue sources is another key strategy as bond activity during the past five years has been at historic lows. This strategy takes several forms from pursuing a TBA bond model to reviewing internal administrative practices, developing more flexible workforce capacities, and continuing to look for cost savings and containment where practical. This component also included the completion of the joint affordable housing cost study with our partners HCD, CDLAC and TCAC.

Another key set of issues involves the implementation of the GRP and our work with HCD to align program functions, move toward joint best practices and complete the integration of the senior executive teams.

Finally, continuing our efforts with Keep Your Home California (KYHC) remains a priority to help prevent foreclosure and keep families in their homes. The program changes last year have been successful and we are on track, at this point, to distribute the funds prior to the December, 2017 deadline.

Conclusion: The CalHFA team acknowledges the complex and urgent work ahead of us during the next year. We are lifted by the good results from last year and our growing ability to focus on what is most important and execute actions to fulfill our objectives. In our work, we identified both transactional and transformational strategies in order to most effectively direct CalHFA resources in fulfilling our affordable housing mission. We will continue to check in with the Board during the coming months about our progress or any changes that may become necessary.

Your approval of Resolution 13-06 is requested.

CalHFA Strategic Business Plan 2013-14

Key Strategy	Action Items	Due Dates	Team Leader	Team Members
1	<p>Increase stability of capital structure and liquidity position.</p> <p>A. Reduce VRDO balance: \$450Mn reduction by 2/1/14. Long-term goal: reduce VRDO to less than \$500Mn after 8/1/15</p> <p>B. Reduce swap notional balance: \$400Mn reduction.</p>	<p>2/1/14</p> <p>2/1/14</p>	<p>Tim</p> <p>Tim</p>	<p>Tony</p> <p>Tony</p>
2	<p>Reduce balance sheet risk by increasing loss mitigation efforts in the single family portfolio.</p> <p>A. Pursue additional activities that augment the disposition of properties both pre- and post- foreclosure, e.g. revised rental policy.</p> <p>B. Permit FHA HAMP for CalHFA servicing.</p> <p>C. Permit FHA HAMP for Guild.</p> <p>D. BoA, re-acquire servicing rights: i) continue to negotiate acquisition; ii) consider legal options for resolution.</p> <p>E. Wells Fargo, re-acquire servicing rights: i) consider monetizing the FHA loans via Ginnie Mae securitization first; ii) acquire the remainder.</p> <p>F. OCWEN (servicing transferred from GMAC): complete review and due diligence and prepare alternative options</p> <p>G. Prepare a list of actionable recommendations for each servicer (e.g. enforcing the provisions of the servicing agreements to lower delinquencies and use prescribed CalHFA loss mitigation programs).</p>	<p>5/1/13</p> <p>done</p> <p>done</p> <p>10/1/13</p> <p>7/1/13</p> <p>5/1/13</p> <p>10/1/13</p>	<p>Greg</p> <p>Rhonda</p> <p>Greg</p> <p>Tim</p> <p>Greg</p> <p>Greg</p> <p>Greg</p>	<p>Rick, Victor, Di</p> <p>Tony</p> <p>Tony</p> <p>Rhonda, Greg, Tom F, Linn</p> <p>Linn, Tim, Rick</p> <p>Victor, Rick</p>
3	<p>Pursue multi-family lending and asset management opportunities.</p> <p>A. Pursue preservation and recapitalization of portfolio and non-portfolio projects: goal of \$125Mn by the end of FY2013-14</p> <p>B. Document revised/expanded MF prepayment policy</p> <p>C. Implement revised/expanded MF prepayment policy</p>	<p>7/1/13 & ongoing</p> <p>done</p> <p>ongoing</p>	<p>Jim</p> <p>Rick</p> <p>Chris</p>	<p>Rick, Tony</p> <p>Chris, Jim, Marc</p> <p>Rick, Jim, Marc</p>

CalHFA Strategic Business Plan 2013-14

	<p>D. Generate new annuity from being a MF conduit issuer related to prepayments of portfolio transactions.</p> <p>E. Review and resolve issues related to being a MF conduit issuer for non-portfolio transactions.</p> <p>F. Monitor status of the application to HUD for Performance Based Contract Administration (PBCA).</p> <p>G. Create a multiyear plan to identify the use of the Earned Surplus Funds (to include most-at-risk projects for both HCD and CalHFA).</p> <ul style="list-style-type: none"> • Use the Earned Surplus Funds to subsidize the risk-share preservation for CalHFA's lending program. • Revise/expand the existing term sheet for the use of the Earned Surplus Funds to include non-Section 8 projects (e.g. low-rate loans for projects with renovation needs, less than \$1Mn). <p>H. Create a multiyear plan to identify the use of CalHFA's RHCF Funds. Possible uses: i) refinancings of Special Needs projects; ii) loan warehousing.</p> <p>I. Create a multiyear plan to identify the use of the FAF savings.</p> <p>J. Goal: multifamily lending/asset management usage waterfall.</p> <p>K. Administer HUD 811 PRAD Subsidy Program with other State of CA partners, e.g. CA Healthcare Services</p>	<p>7/1/13</p> <p>ongoing</p> <p>ongoing</p> <p>10/1/13</p> <p>7/1/13</p> <p>8/1/13</p> <p>9/1/13</p> <p>9/1/13</p> <p>12/1/13</p> <p>ongoing</p>	<p>Jim</p> <p>Jim</p> <p>Chris</p> <p>Jim</p> <p>Jim</p> <p>Chris</p> <p>Chris</p> <p>Jim</p> <p>Rick</p> <p>Chris</p>	<p>Rick, Tony, Tim</p> <p>Rick, Claudia, Victor, Tim, Chris, Laura</p> <p>Marc, Rick</p> <p>Rick, Chris, Marc, Laura</p> <p>Chris, Rick, Marc, Tony</p> <p>Jim, Rick, Marc, Tony</p> <p>Jim, Marc, Rick, Tony</p> <p>Chris, Rick, Jim, Tim, Lori</p> <p>Jim, Chris, Marc</p> <p>Lori, Rick, Smyra</p>
4	<p>Pursue new sources of capital and revenue and investigate sustainable business models.</p>	<p>ongoing</p> <p>7/1/13</p> <p>7/1/13</p>	<p>Claudia</p> <p>Ken</p> <p>Di</p>	<p>Di, Tim, Lisa, Julie, Deb, Linn</p> <p>Rick, Tony, Tim, Claudia</p> <p>Di, Ken, Rick, Tom F, Claudia</p>

CalHFA Strategic Business Plan 2013-14

5	<p>Reorganize and increase operational efficiencies and infrastructure to better position the Agency for future business opportunities.</p>	<p>A. All divisions shall assess and streamline current business practices with emphasis on cost containment. Goal: as part of budget planning and implementation during FY13-14.</p> <p>B. Develop staff with flexible workforce capabilities supported by broad classifications. Analyze: i) Housing Finance classification series and ii) HCD classifications.</p> <p>C. Identify enterprise risk management functions and develop long-term strategies to monitor and mitigate enterprise risks.</p> <p>D. Research cost effectiveness by coordination of efforts between HCD and CalHFA. Identify collaboration team members.</p> <ul style="list-style-type: none"> • Admin • Multifamily • Single-family • Asset Mgmt • Legal • IT <p>E. Evaluate staffing levels for scalability and succession planning.</p> <p>F. Analyze affordable housing cost study and determine how we responds to any recommendations.</p> <ul style="list-style-type: none"> • Review draft • Take to Board • Determine how to respond to recommendations • Determine how to implement 	7/1/13	Jackie	Claudia, all senior managers
			10/1/13	Jackie	
			10/1/13	Tony	All senior staff, legal
			1/1/14	TBD TBD TBD TBD TBD TBD	
			1/1/14	Jackie	Victor
			6/1/13 9/1/13 1/1/14 3/1/14	Claudia	Rick, Ken, Di
6	<p>Maximize use of KYHC program funds. (DI)</p>	<p>A. Continue to collaborate with other public and private sector entities to maximize and leverage potential benefits of foreclosure prevention resources.</p> <p>B. Continue to measure program outcomes and assess barriers to eligibility.</p>	Continuous evaluation		

RESOLUTION 13-06

AGENCY BUSINESS PLAN

FISCAL YEAR 2013/14

WHEREAS, pursuant to the Zenovich-Moscone-Chacon Housing and Home Finance Act (“Act”), the California Housing Finance Agency (“Agency”) has the authority to engage in activities to reduce the cost of mortgage financing for home purchase and rental housing development, including the issuance of bonds and the insuring of mortgage loans;

WHEREAS, the Agency’s statutory objectives include, among others, increasing the range of housing choices for California residents, meeting the housing needs of persons and families of low or moderate income, maximizing the impact of financing activities on employment and local economic activity, and implementing the objectives of the California Statewide Housing Plan;

WHEREAS, the current global credit crisis and the continuing uncertainty in the California economy and real estate markets continue to present financial challenges for the Agency;

WHEREAS, the Agency must minimize additional real estate related risk and preserve liquidity for operating expenses and financial obligations;

WHEREAS, the Agency has presented to the Board of Directors a Business Plan, for fiscal year 2013/14, with key strategies and action items designed to assist the Agency meet its financial obligations, its statutory objectives, support the housing needs of the people of California and to provide the Agency with the necessary road map to reemerge from this crisis as a leading affordable housing lender providing bond financing and mortgage financing well into the future;

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

1. The 2013/14 Business Plan, as presented by the written presentation attached hereto and made a part hereof, and any additional presentations made at the meeting, is hereby fully endorsed and adopted.

2. In implementing the Business Plan, the Agency shall strive to satisfy all the capital adequacy, liquidity reserve, credit and other reserve and any other requirements necessary to maintain the Agency’s general obligation credit ratings and the current credit ratings on its debt obligations, to comply with the requirements of the Agency’s providers of credit enhancement, liquidity, and interest rate swaps and to satisfy any other requirements

of the Agency's bond and insurance programs.

3. Because the updated Business Plan is necessarily based various economic, fiscal and legal assumptions, for the Agency to respond to changing circumstances, and subject to the provisions of Resolution 11-06, the Executive Director shall have the authority to adjust the Agency's day-to-day activities to reflect actual economic, fiscal and legal circumstances to attain goals and objectives consistent with the intent of the updated Business Plan.

I hereby certify that this is a true and correct copy of Resolution 13-06 adopted at a duly constituted meeting of the Board of the Agency held on May 9, 2013, in Sacramento, California.

ATTEST: _____
Secretary

Attachment

State of California

MEMORANDUM

To: Board of Directors

Date: April 29, 2013

Claudia Cappio, Executive Director 
From: CALIFORNIA HOUSING FINANCE AGENCY

Subject: Agenda Item 8: Operating Budget for Fiscal Year 2013-2014

Assumptions and Overview

The operating budget for Fiscal Year (FY) 2013-14 is provided for your approval. Increasing our operational efficiency to meet the demands of the current economic climate has been an important goal within the organization. To achieve this, each division was tasked with finding efficiencies in their operations so as to reduce the Agency's budget expenditures while continuing to fully implement and support the strategic plan for upcoming fiscal year.

The One Year Strategic Business Plan, created by the Senior Staff team, has identified seven priorities for the Agency in the upcoming fiscal year:

1. Forecast stability of capital structures and liquidity portion;
2. Reduce balance sheet risk by increasing loss mitigation efforts in the single family portfolio;
3. Pursue multifamily lending and asset management opportunities;
4. Pursue new sources of capital and revenue;
5. Reorganize and increase operational efficiencies;
6. Maximize use of KYHC funds; and
7. Integrate the functions of California Department of Housing and Community Development (HCD) and the California Housing Finance Agency (CalHFA) to meet California's affordable housing needs.

With the above plan in mind, a baseline budget for FY 2013-14 was developed.

Summary

The proposed operating budget for FY 2013-14 is \$43.9 million. Staffs were able to eliminate 10.5 positions (PYs) and reduce temporary help costs by over \$500 thousand due to having fewer student assistants and retired annuitants. In addition, we were able to reduce our overtime expenditure by \$82 thousand by filling a number of vacant positions.

We recently renewed the lease for the Culver City office and were able to receive six months of free rent, thus saving \$375 thousand this year. Other line items have either decreased or increased slightly depending on the need in that area.

While we have curtailed the use of many consultants, the need is still there in several areas, thus the increase of \$441 thousand; \$200,000 for a contracted project (integration) manager for CalHFA/HCD. Several of the other divisions have gone up slightly, which accounts for the rest of the increase.

We have added a Strategic Project to this year's budget. It is imperative that we replace the current Single Family Loan Origination System by replacing the system from an old legacy language, which is only marginally responsive and is very fragile, to a .NET/SQL-based solution. It will then be robust, up to industry standards and be consistent with CalHFA's technology standards and operations. We anticipate that this will cost approximately \$2 million.

We have not added any positions for the transfer of the Bank of America portfolio as it is not clear that we will be taking on additional servicing responsibilities. In addition, we have not included any positions that may be devoted to the CalHFA/HCD collaboration effort. Until we move further into these details, we are anticipating a small number of staff. Thus, the Agency will be able to absorb those PYs. Lastly, this year we are showing the OPEB number for informational purposes only, since it is not an expenditure item, it is not included in the budget totals.

As noted in our Strategic Business Plan, we will continue to review operations for efficiency and to cut expenditures where it is feasible.

Your approval of this budget and Resolution 13-07 is requested.

April 26, 2013

CALIFORNIA HOUSING FINANCE AGENCY
2013-14
CONSOLIDATED CALHFA AND MIS FUNDS OPERATING BUDGET
(DOLLARS IN THOUSANDS)

<u>EXPENDITURE ITEM</u>	<u>Budgeted 2011-12</u>	<u>Actual 2011-12</u>	<u>Budgeted 2012-13</u>	<u>Projected Actual 2012-13</u>	<u>Proposed 2013-14</u>
PERSONAL SERVICES					
Salaries and Wages	\$22,740	\$22,740	\$22,686	\$22,686	\$21,346
Estimated Savings (Furlough / Vacancies)	(1,418)	(\$1,499)	0	(4,040)	0
Anticipated Salaries and Wages	21,322	21,241	22,686	18,646	21,346
Temporary Help					
Students/Retired Annuitants	462	624	528	410	269
Contract	1,356	1,610	631	575	319
Overtime	222	223	200	139	118
Staff Benefits	7,959	7,868	7,940	7,174	7,471
*OPEB (GASB 45)	2,745	3,563	2,830	3,773	3,395 ¹
TOTALS, Personal Services	\$34,066	\$35,128	\$34,815	\$30,717	\$29,523
OPERATING EXPENSES AND EQUIPMENT					
General Expense	866	621	681	660	633
Communications	649	402	569	470	509
Travel	410	322	360	339	381
Training	150	43	112	56	115
Facilities Operation	2,800	3,016	3,400	3,399	3,025
Consulting & Professional Services	3,542	3,484	3,350	3,126	3,791
**Central Admin. Serv.	2,459	2,570	3,233	3,231	3,794
Information Technology	1,124	944	810	433	600
Equipment	150	51	250	122	150
TOTALS, Operating Expenses and Equipment	\$12,150	\$11,451	\$12,765	\$11,836	\$12,999
TOTALS, Baseline Budget	\$46,216	\$46,579	\$47,580	\$42,553	\$42,522
TOTALS, Hardest Hit (Outside Funding)	(\$789)	(\$468)	(\$592)	(\$462)	(\$580)
NET, Baseline Budget	\$45,427	\$46,111	\$46,988	\$42,091	\$41,943
TOTALS, Strategic Project Contracts	\$4,665	\$97	\$409	\$330	\$2,053
TOTALS, EXPENDITURES	<u>\$50,092</u>	<u>\$46,209</u>	<u>\$47,397</u>	<u>\$42,421</u>	<u>\$43,996</u>

* OPEB (Other Post-Employment Benefits) Under GASB 45, public agencies must account for, and report, the annual required contribution (ARC) for OPEBs in the same way they report pension benefits. As a result, the annual OPEB expense to be reported by most employers will need to be based on actuarially determined amounts rather than on the "pay-as-you-go" method. Governments must use actuarial evaluations to determine the final accounting and reporting amounts expected in the future. OPEB costs also must be reported over the working lifetime of employees, and the information provided in financial statements must include the funding, costs and provisions in an OPEB plan. While GASB 45 does not require that OPEB plans be funded, it requires disclosure of net OPEB obligations (NOO).

¹ OPEB for FY 2013-14 not included in totals (liability only)

** Central Administrative Services: These are service costs (e.g., Finance, Controller, Personnel Board, Treasurer, Legislature, etc.) incurred by the Agency. These charges are calculated by the Department of Finance using a formula that takes three budget years into consideration.

April 26, 2013

CALIFORNIA HOUSING FINANCE AGENCY
2013-14
CalHFA FUND OPERATING BUDGET
(DOLLARS IN THOUSANDS)

EXPENDITURE ITEM	Budgeted 2011-12	Actual 2011-12	Budgeted 2012-13	Projected Actual 2012-13	Proposed 2013-14
PERSONAL SERVICES					
Salaries and Wages	\$22,510	\$22,510	\$22,517	\$22,517	\$21,183
Estimated Savings (Furlough / Vacancies)	(1,418)	(1,621)	0	(4,040)	0
Anticipated Salaries and Wages	\$21,092	\$20,889	\$22,517	\$18,477	\$21,183
Temporary Help					
Students/Retired Annuitants	462	624	528	410	269
Contract	1,356	1,610	631	575	319
Overtime	222	213	200	130	118
Staff Benefits	7,878	7,763	7,881	7,115	7,414
*OPEB (GASB 45)	2,595	3,478	2,750	3,478	3,297 ¹
TOTALS, Personal Services	\$33,605	\$34,577	\$34,507	\$30,185	\$29,303
OPERATING EXPENSES AND EQUIPMENT					
General Expense	860	617	675	657	627
Communications	643	400	563	465	503
Travel	400	319	355	335	376
Training	148	43	110	55	114
Facilities Operation	2,785	3,004	3,390	3,390	3,008
Consulting & Professional Services	3,408	3,397	3,209	2,985	3,668
**Central Admin. Serv.	2,324	2,428	3,205	3,205	3,776
Information Technology	1,114	937	800	430	590
Equipment	140	51	240	120	140
TOTALS, Operating Expenses and Equipment	\$11,822	\$11,197	\$12,547	\$11,642	\$12,802
Distributed Administration	(\$216)	(\$163)	(\$242)	(\$153)	(\$232)
TOTALS, Baseline Budget	\$45,211	\$45,610	\$46,812	\$41,674	\$41,873
TOTALS, Hardest Hit (Outside Funding)	(\$789)	(\$468)	(\$592)	(\$462)	(\$580)
NET, Baseline Budget	\$44,422	\$45,142	\$46,220	\$41,212	\$41,293
TOTALS, Strategic Project Contracts	\$4,665	\$23	\$409	\$330	\$2,053
TOTALS, EXPENDITURES	<u>\$49,087</u>	<u>\$45,165</u>	<u>\$46,629</u>	<u>\$41,542</u>	<u>\$43,346</u>

* OPEB (Other Post-Employment Benefits) Under GASB 45, public agencies must account for, and report, the annual required contribution (ARC) for OPEBs in the same way they report pension benefits. As a result, the annual OPEB expense to be reported by most employers will need to be based on actuarially determined amounts rather than on the "pay-as-you-go" method. Governments must use actuarial evaluations to determine the final accounting and reporting amounts expected in the future. OPEB costs also must be reported over the working lifetime of employees, and the information provided in financial statements must include the funding, costs and provisions in an OPEB plan. While GASB 45 does not require that OPEB plans be funded, it requires disclosure of net OPEB obligations (NOO).

¹ OPEB for FY 2013-14 not included in totals (liability only)

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April 26, 2013

CALIFORNIA HOUSING FINANCE AGENCY
2013-14
MIS FUND OPERATING BUDGET
(DOLLARS IN THOUSANDS)

<u>EXPENDITURE ITEM</u>	<u>Budgeted 2011-12</u>	<u>Actual 2011-12</u>	<u>Budgeted 2012-13</u>	<u>Projected Actual 2012-13</u>	<u>Proposed 2013-14</u>
PERSONAL SERVICES					
Salaries and Wages	\$230	\$230	\$169	\$169	\$163
Estimated Savings (Furlough / Vacancies)	0	122	0	0	0
Anticipated Salaries and Wages	\$230	\$352	\$169	\$169	\$163
Temporary Help					
Students/Retired Annuitants	0	0	0	0	0
Contract	0	0	0	0	0
Overtime	0	10	0	9	0
Staff Benefits	81	105	59	59	57
*OPEB (GASB 45)	150	85	80	295	98 ¹
TOTALS, Personal Services	\$461	\$552	\$308	\$532	\$220
OPERATING EXPENSES AND EQUIPMENT					
General Expense	6	3	6	3	6
Communications	6	2	6	5	6
Travel	10	2	5	4	5
Training	2	0	2	1	1
Facilities Operation	15	12	10	9	17
Consulting & Professional Services	134	87	141	141	124
**Central Admin. Serv.	135	142	28	26	19
Information Technology	10	7	10	3	10
Equipment	10	0	10	2	10
TOTALS, Operating Expenses and Equipment	\$328	\$255	\$218	\$194	\$198
Distributed Administration	\$216	\$163	\$242	\$153	\$232
TOTALS, Baseline Budget	\$1,005	\$969	\$768	\$879	\$650
TOTALS, Hardest Hit (Outside Funding)	\$0	\$0	\$0	\$0	\$0
NET, Baseline Budget	\$1,005	\$969	\$768	\$879	\$650
TOTALS, Strategic Project Contracts	\$0	\$74	\$0	\$0	\$0
TOTALS, EXPENDITURES	<u>\$1,005</u>	<u>\$1,044</u>	<u>\$768</u>	<u>\$879</u>	<u>\$650</u>

* OPEB (Other Post-Employment Benefits) Under GASB 45, public agencies must account for, and report, the annual required contribution (ARC) for OPEBs in the same way they report pension benefits. As a result, the annual OPEB expense to be reported by most employers will need to be based on actuarially determined amounts rather than on the "pay-as-you-go" method. Governments must use actuarial evaluations to determine the final accounting and reporting amounts expected in the future. OPEB costs also must be reported over the working lifetime of employees, and the information provided in financial statements must include the funding, costs and provisions in an OPEB plan. While GASB 45 does not require that OPEB plans be funded, it requires disclosure of net OPEB obligations (NOO).

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April 26, 2013

CALIFORNIA HOUSING FINANCE AGENCY
2013-14

SUMMARY
PERSONNEL YEARS AND SALARIES

DIVISION	PERSONNEL YEARS			AMOUNT		
	Actual 2011-12	Budgeted 2012-13	Proposed 2013-14	Actual 2011-12	Budgeted 2012-13	Proposed 2013-14
EXECUTIVE OFFICE	6.9	10.0	8.0	\$756,330	\$1,074,101	\$852,705
ADMINISTRATION	18.2	23.0	23.0	\$1,067,164	\$1,310,428	\$1,339,618
FINANCING	11.4	12.0	10.5	\$1,245,894	\$1,095,316	\$1,016,908
FISCAL SERVICES	45.3	55.0	53.0	\$3,087,648	\$3,347,822	\$3,304,982
LOAN SERVICING	21.1	0.0	0.0	\$1,347,766	\$0	\$0
LEGAL	17.7	19.0	20.0	\$1,819,338	\$1,799,142	\$1,779,612
MARKETING	6.8	7.0	7.0	\$536,009	\$501,252	\$501,252
I.T.	15.8	21.0	21.0	\$1,425,691	\$1,700,061	\$1,607,966
SINGLE FAMILY						
ADMINISTRATION	0.0	2.0	1.0	\$0	\$239,176	\$150,000
QA & SUPPORT	0.0	3.0	3.0	\$0	\$223,356	\$223,356
LENDING	26.0	17.0	18.0	\$2,250,015	\$1,748,392	\$1,224,408
PORTFOLIO MANAGEMENT	0.0	26.0	35.0	\$0	\$1,804,896	\$2,232,324
SERVICING	0.0	60.0	47.0	\$0	\$3,463,092	\$2,785,992
MIS	2.0	0.0	1.0	\$352,013	\$169,092	\$162,780
PORTFOLIO MANAGEMENT	31.5	0.0	0.0	\$2,374,478	\$0	\$0
MULTIFAMILY	28.7	27.0	25.0	\$2,566,286	\$2,195,642	\$1,937,368
ASSET MANAGEMENT	27.5	29.0	29.0	\$2,412,665	\$2,183,028	\$2,226,240
Temporary Help	49.5	23.8	12.1	\$2,233,237	\$1,159,000	\$588,000
Overtime	0.0	0.0	0.0	\$222,729	\$200,000	\$118,000
TOTAL SALARIES	308.4	334.8	312.6	\$21,241,297	\$22,685,704	\$21,345,511
Less Salary Savings		0.0	0.0		\$0	\$0
NET SALARIES	308.4	334.8	312.6	\$21,241,297	\$22,685,704	\$21,345,511

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ORGANIZATIONAL UNIT Classification	EXPENDITURES			EXPENDITURES		
	Filled 2011-12	Authorized 2012-13	Proposed 2013-14	Actual 2011-12 (Salary Range)	Estimated 2012-13	Proposed 2013-14
OPERATIONS						
Executive Office						
Executive Office:						
Board Members	-	-	-	\$100/day	\$5,000	\$5,000
Executive Director	1.0	1.0	1.0	12,500-17,500	175,000	175,000
Chief Deputy Director	0.9	1.0	1.0	11,522-15,833	175,000	175,000
Director	-	1.0	-	10,788-14,167	160,000	0
Deputy Director	-	1.0	-	8,184-9,025	108,300	0
Spec Asst to Director	-	1.0	1.0	8,184-9,025	103,392	108,300
Adm Asst II	1.0	1.0	1.0	4,400-5,348	64,173	64,173
Legislative Office:						
Director of Legislation and CalMAC	1.0	1.0	1.0	11,458-14,167	95,500	137,496
Staff Services Mgr I	1.0	1.0	1.0	5,079-6,127	73,524	73,524
Assoc Govtl Prog Analyst	1.0	1.0	1.0	4,400-5,348	64,173	64,173
Adm Asst I	1.0	1.0	1.0	3,658-4,652	50,039	50,039
Totals, Executive Office	6.9	10.0	8.0	\$756,330	\$1,074,101	\$852,705
Administrative Division						
C.E.A. I	-	1.0	1.0	6,173-7,838	94,056	94,056
Budgets:						
Staff Services Mgr I	1.0	1.0	1.0	5,079-6,127	73,524	73,524
Assoc Govtl Prog Analyst	-	1.0	2.0	4,400-5,348	64,176	116,800
Business Services:						
Staff Services Mgr I	1.0	1.0	1.0	5,079-6,127	73,524	73,524
Staff Info Systems Analyst-Spec	1.0	1.0	1.0	5,065-6,466	77,592	77,592
Assoc Govtl Prog Analyst	2.0	2.0	2.0	4,400-5,348	117,600	128,352
Business Service Ofcr-Spec	-	-	2.0	3,658-4,446	0	98,400
Mailing Machines Operator II	-	-	1.0	2,649-3,216	0	38,592
Business Service Assistant-Spec	2.0	2.0	-	2,495-3,708	88,992	0
Mailing Machines Operator I	1.0	1.0	-	2,280-2,998	35,976	0
Office Asst-Gen	1.0	2.0	2.0	2,074-2,770	66,480	66,480
Human Resources:						
Staff Services Mgr II	1.0	1.0	1.0	5,576-6,727	73,200	73,818
Staff Services Mgr I	1.0	1.0	1.0	5,079-6,127	67,000	73,524
Assoc Govtl Prog Analyst	0.5	1.0	1.0	4,400-5,348	64,176	64,176
Assoc Pers Analyst	3.0	3.0	3.0	4,400-5,348	192,528	192,528
Sr Pers Spec	0.7	1.0	-	3,658-4,446	53,352	0
Office Techn-Typing	1.0	2.0	2.0	2,686-3,264	78,336	78,336
Pers Services Spec I	1.0	1.0	1.0	2,602-4,067	48,804	48,804
Mgt Services Techn	1.0	1.0	1.0	2,495-3,426	41,112	41,112
Totals, Administrative Division	18.2	23.0	23.0	\$1,067,164	\$1,310,428	\$1,339,618
Financing Division						
Director	0.4	1.0	1.0	11,524-15,833	170,000	189,996
Adm Asst I	1.0	1.0	0.5	3,658-4,652	55,826	27,912
Operating:						
Acctg Administrator III	1.0	1.0	1.0	6,779-7,474	89,690	89,688
Financing Ofcr	3.0	3.0	3.0	6,114-7,391	266,076	266,076
Financing Assoc	1.0	1.0	1.0	4,400-5,348	64,176	64,176

Risk Management:						
Risk Manager	1.0	1.0	1.0	8,333-11,458	137,500	137,500
Financing Ofcr	2.0	2.0	2.0	6,114-7,391	177,384	177,384
Financing Spec	1.0	1.0	-	4,833-5,874	70,488	0
Financing Assoc	1.0	1.0	1.0	4,400-5,348	64,176	64,176
Totals, Financing Services	11.4	12.0	10.5	\$1,245,894	\$1,095,316	\$1,016,908
Fiscal Services and Loan Servicing Divisions:						
Fiscal Services:						
Comptroller, C.E.A. II	1.0	1.0	1.0	7,815-8,616	103,392	103,392
Deputy Comptroller, C.E.A. I	1.0	1.0	1.0	6,173-7,838	94,056	94,056
Bond Administration:						
Acctg Administrator II	1.0	1.0	1.0	5,576-6,727	80,724	80,724
Acctg Administrator I-Spec	2.0	2.0	2.0	4,833-5,874	140,976	140,976
Sr Acctg Officer-Spec	2.0	3.0	2.0	4,400-5,348	192,528	128,352
Financial Reporting:						
Acctg Administrator II	1.0	1.0	1.0	5,576-6,727	80,724	80,724
Acctg Administrator I-Spec	4.0	4.0	4.0	4,833-5,874	281,952	281,952
Sr Acctg Officer-Spec	1.0	1.0	1.0	4,400-5,348	64,176	64,176
Fiscal Systems:						
Sr Adm Analyst-Acctg Sys	-	1.0	1.0	5,576-6,727	70,466	70,466
Staff Adm Analyst-Acctg Sys	1.0	1.0	-	5,079-6,127	73,524	0
Assoc Adm Analyst-Acctg Sys	-	1.0	2.0	4,619-5,616	67,392	134,784
Single Family:						
Acctg Administrator II	1.0	1.0	1.0	5,576-6,727	80,724	80,724
Acctg Administrator I-Supvr	1.0	1.0	1.0	5,079-6,127	73,524	73,524
Acctg Administrator I-Spec	1.0	1.0	1.0	4,833-5,874	70,488	70,488
Sr Acctg Officer-Supvr	1.0	1.0	1.0	4,622-5,576	66,912	66,912
Sr Acctg Officer-Spec	2.0	2.0	3.0	4,400-5,348	128,352	192,528
Acctg Officer - Spec	4.0	4.0	7.0	3,814-4,670	224,160	392,280
Accountant Trainee	4.2	7.0	4.0	3,240-3,751	315,084	180,048
Accountant I - Spec	2.4	4.0	2.0	2,870-3,488	167,424	83,712
Multifamily:						
Acctg Administrator II	1.0	1.0	1.0	5,576-6,727	80,724	80,724
Acctg Administrator I-Supvr	1.0	1.0	1.0	5,079-6,127	73,524	73,524
Acctg Administrator I-Spec	2.0	2.0	2.0	4,833-5,874	140,976	140,976
Sr Acctg Officer-Spec	2.6	3.0	2.0	4,400-5,348	192,528	128,352
Acctg Officer - Spec	-	-	2.0	3,814-4,670	0	112,080
Accountant Trainee	2.7	4.0	3.0	3,240-3,751	180,048	135,036
Mgt Services Techn	1.0	1.0	1.0	2,495-3,426	41,112	41,112
Operating:						
Acctg Administrator I-Supvr	1.0	1.0	1.0	5,079-6,127	73,524	73,524
Sr Acctg Officer-Spec	0.4	1.0	1.0	4,400-5,348	64,176	64,176
Acctg Officer - Spec	-	-	1.0	3,814-4,670	0	56,040
Accountant Trainee	1.0	1.0	-	3,240-3,751	45,012	0
Office Techn-Gen	1.0	1.0	1.0	2,638-3,209	38,508	38,508
Mgt Services Techn	1.0	1.0	1.0	2,495-3,426	41,112	41,112
Totals, Fiscal Services	45.3	55.0	53.0	\$3,087,648	\$3,347,822	\$3,304,982
Loan Servicing:						
Housing Finance Chief	1.0	-	-	7,453-8,217	0	0
Customer Service:						
Housing Finance Spec	0.6	-	-	4,833-5,874	0	0
Office Techn-Typing	1.4	-	-	2,686-3,264	0	0
Office Techn-Gen	0.6	-	-	2,638-3,209	0	0
Default & Loss Mitigation:						
Housing Finance Ofcr	1.2	-	-	6,114-7,931	0	0
Staff Services Mgr I	0.8	-	-	5,079-6,127	0	0
Housing Finance Spec	1.3	-	-	4,833-5,874	0	0
Housing Finance Assoc	4.0	-	-	4,400-5,348	0	0
Housing Finance Asst	0.4	-	-	3,658-4,446	0	0
Housing Finance Trainee	1.0	-	-	2,817-3,708	0	0

Escrow:						
Housing Finance Assoc	0.8	-	-	4,400-5,348	0	0
Housing Finance Asst	1.0	-	-	3,658-4,446	0	0
Housing Finance Trainee	-	-	-	2,817-3,708	0	0
First Mortgage Loans:						
Housing Finance Spec	1.0	-	-	4,833-5,874	0	0
Housing Finance Assoc	1.6	-	-	4,400-5,348	0	0
Housing Finance Asst	0.2	-	-	3,658-4,446	0	0
Office Techn-Typing	1.0	-	-	2,686-3,264	0	0
Mgt Services Techn	-	-	-	2,495-3,426	0	0
Office Asst-Typing	1.0	-	-	2,143-2,826	0	0
Subordinate Loans:						
Housing Finance Spec	1.0	-	-	4,833-5,874	0	0
Housing Finance Asst	0.7	-	-	3,658-4,446	0	0
Housing Finance Trainee	0.3	-	-	2,817-3,708	0	0
Office Asst-Typing	0.2	-	-	2,143-2,826	0	0
Totals, Loan Servicing	<u>21.1</u>	<u>-</u>	<u>-</u>	<u>\$1,347,766</u>	<u>\$0</u>	<u>\$0</u>
Totals, Fiscal Services and Loan Servicing	66.4	55.0	53.0	\$4,435,414	\$3,347,822	\$3,304,982
General Counsel Division						
General Counsel	0.6	1.0	1.0	10,833-14,167	170,000	170,004
Asst Chief Counsel	1.0	1.0	1.0	8,930-10,484	137,806	125,808
General Counsel:						
Housing Finance Spec	5.3	2.0	2.0	4,833-5,874	140,976	140,976
Sr Legal Analyst	0.7	-	-	4,619-5,616	0	0
Legal Asst	-	-	1.0	3,386-4,116	0	49,392
Sr Typist-Legal	2.0	2.0	1.0	2,589-3,516	84,384	42,192
Mgt Services Techn	-	-	1.0	2,495-3,426	0	41,112
Office Asst-Gen	0.1	-	1.0	2,074-2,770	0	29,064
Asset Management:						
Attorney III	1.0	1.0	2.0	7,682-9,478	113,736	216,696
Attorney	1.0	1.0	-	4,674-7,828	93,936	0
Housing Finance Spec	-	1.0	1.0	4,833-5,874	70,488	70,488
Single Family:						
Attorney III	2.0	4.0	4.0	7,682-9,478	454,944	454,944
Housing Finance Spec	-	1.0	1.0	4,833-5,874	70,488	70,488
Multifamily:						
Attorney III	4.0	2.0	2.0	7,682-9,478	227,472	227,472
Attorney	-	1.0	-	4,674-7,828	93,936	0
Housing Finance Spec	-	2.0	2.0	4,833-5,874	140,976	140,976
Totals, Legal Services	<u>17.7</u>	<u>19.0</u>	<u>20.0</u>	<u>\$1,819,338</u>	<u>\$1,799,142</u>	<u>\$1,779,612</u>
Marketing Division						
C.E.A. I	1.0	1.0	1.0	6,173-7,838	94,056	94,056
Marketing:						
Sr Marketing Spec	1.0	1.0	1.0	5,328-6,477	77,724	77,724
Staff Services Mgr I-Spec	2.0	2.0	2.0	5,079-6,127	147,048	147,048
Mgt Services Techn	1.0	1.0	1.0	2,495-3,426	41,112	41,112
Web Support:						
Staff Info Systems Analyst-Spec	1.0	1.0	1.0	5,065-6,466	77,592	77,592
Graphic Designer III	0.8	1.0	1.0	4,367-5,310	63,720	63,720
Totals, Marketing Services	<u>6.8</u>	<u>7.0</u>	<u>7.0</u>	<u>\$536,009</u>	<u>\$501,252</u>	<u>\$501,252</u>
Information Technology Division						
Chief Information Officer	-	1.0	1.0	8,333-11,458	125,000	125,000
Application Systems Development & Support:						
Sr Programmer Analyst-Supvr	2.0	2.0	1.0	5,850-7,465	170,647	91,740
Staff Programmer Analyst-Spec	4.3	5.0	5.0	5,065-6,466	387,960	387,960
Assoc Programmer Analyst-Spec	-	-	1.0	4,619-5,897	0	63,096

Security Administration & Workstation Support:

Data Processing Manager III	-	1.0	-	7,118-8,239	95,616	0
Data Processing Manager II	-	-	1.0	5,849-7,464	0	89,568
Staff Info Systems Analyst-Spec	-	-	1.0	5,065-6,466	0	69,186
Assoc Info Systems Analyst-Spec	-	-	2.0	4,619-5,897	0	141,528
Info Systems Techn	-	-	2.0	2,480-3,737	0	74,604

Infrastructure & Telecommunication Support:

Systems Software Spec III-Supvr	-	-	1.0	6,416-8,187	0	98,244
Systems Software Spec II-Tech	-	-	2.0	5,561-7,097	0	170,328
Staff Info Systems Analyst-Spec	-	-	2.0	5,065-6,466	0	155,184
Assoc Info Systems Analyst-Spec	-	-	2.0	4,619-5,897	0	141,528

Technical Support Services:

Systems Software Spec III-Supvr	1.0	1.0	-	6,416-8,187	98,244	0
Systems Software Spec II-Tech	2.0	2.0	-	5,561-7,097	170,334	0
Staff Info Systems Analyst-Spec	2.0	4.0	-	5,065-6,466	310,368	0
Assoc Info Systems Analyst-Spec	3.4	4.0	-	4,619-5,897	283,056	0
Asst Info Systems Analyst	0.1	1.0	-	3,106-4,903	58,836	0
Mgt Services Techn	1.0	-	-	2,495-3,426	0	0
Info Systems Techn	-	-	-	2,480-3,737	0	0
Totals, Information Services Division	15.8	21.0	21.0	\$1,425,691	\$1,700,061	\$1,607,966
Temporary Help	32.0	8.7	2.8	535,246	408,000	135,000
Overtime	-	-	-	26,636	60,000	44,000
Totals, Operations	175.2	155.7	145.3	\$11,847,722	\$11,296,122	\$10,582,043

PROGRAMS**Single Family**

Director	-	1.0	-	11,667-15,833	175,000	0
Programs Administrator	-	-	1.0	11,667-15,833	0	150,000
Adm Asst II	-	1.0	-	4,400-5,348	64,176	0
Totals, Single Family Administration	-	2.0	1.0	\$0	\$239,176	\$150,000

QA & Support:

Housing Finance Ofcr	-	1.0	1.0	6,114-7,391	88,692	88,692
Housing Finance Spec	-	1.0	1.0	4,833-5,874	70,488	70,488
Housing Finance Assoc	-	1.0	1.0	4,400-5,348	64,176	64,176
Totals, QA & Support	-	3.0	3.0	\$0	\$223,356	\$223,356

Lending:

Lender Admin/Recertification/Training:

Housing Finance Ofcr	1.7	1.0	1.0	6,114-7,391	88,692	88,692
Housing Finance Spec	1.3	1.0	1.0	4,833-5,874	70,488	70,488
Housing Finance Assoc	3.8	-	-	4,400-5,348	0	0
Housing Finance Asst	0.8	-	-	3,658-4,446	0	0
Housing Finance Trainee	1.0	-	-	2,817-3,708	0	0

Loan Admin/Special Programs:

Housing Finance Ofcr	1.0	1.0	1.0	6,114-7,391	88,692	88,692
Housing Finance Spec	-	-	2.0	4,833-5,874	0	140,976
Housing Finance Assoc	2.0	1.0	-	4,400-5,348	64,176	0
Housing Finance Trainee	-	-	1.0	2,817-3,708	0	44,496
Office Techn-Typing	1.0	1.0	-	2,686-3,264	39,169	0
Office Asst-Gen	0.6	1.0	1.0	2,074-2,770	33,240	33,240

Loan Production:

Housing Finance Ofcr	-	1.0	1.0	6,114-7,391	88,692	88,692
Housing Finance Spec	-	2.0	2.0	4,833-5,874	140,976	140,976
Housing Finance Assoc	4.0	6.0	6.0	4,400-5,348	385,056	385,056
Housing Finance Trainee	-	-	1.0	2,817-3,708	0	44,496
Office Techn-Gen	1.0	1.0	-	2,638-3,209	34,800	0

Special Projects:

Housing Finance Chief	-	1.0	1.0	7,453-8,217	98,604	98,604
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Outreach/Sales:

Housing Finance Ofcr	1.0	-	-	6,114-7,391	88,692	0
Housing Finance Assoc	1.0	-	-	4,400-5,348	64,176	0

Program Product Development:						
Housing Finance Ofcr	1.0	-	-	6,114-7,391	88,692	0
Housing Finance Spec	1.0	-	-	4,833-5,874	70,488	0
Housing Finance Assoc	1.0	-	-	4,400-5,348	64,176	0
Reports/Research/Analytics:						
Housing Finance Spec	0.8	-	-	4,833-5,874	70,488	0
Secondary Marketing:						
Housing Finance Chief	1.0	-	-	7,453-8,217	98,604	0
Housing Finance Spec	1.0	-	-	4,833-5,874	70,491	0
Totals, Lending	26.0	17.0	18.0	\$2,250,015	\$1,748,392	\$1,224,408
<u>Portfolio Management:</u>						
Mortgage Insurance:						
Housing Finance Chief	-	1.0	1.0	7,453-8,217	98,604	98,604
Housing Finance Spec	-	1.0	-	4,833-5,874	70,488	0
Housing Finance Assoc	-	-	1.0	4,400-5,348	0	64,176
REO Disposition:						
Housing Finance Ofcr	-	1.0	1.0	6,114-7,391	88,692	88,692
Housing Finance Spec	-	6.0	5.0	4,833-5,874	422,928	352,440
Housing Finance Assoc	-	1.0	1.0	4,400-5,348	64,176	64,176
Housing Finance Asst	-	-	1.0	3,658-4,446	0	53,352
REO Administration:						
Housing Finance Ofcr	-	1.0	1.0	6,114-7,391	88,692	88,692
Housing Finance Spec	-	2.0	4.0	4,833-5,874	140,976	281,952
Housing Finance Assoc	-	7.0	14.0	4,400-5,348	449,232	898,464
Housing Finance Asst	-	1.0	-	3,658-4,446	53,352	0
Office Asst - Typing	-	1.0	1.0	2,143-2,826	33,912	33,912
Servicer Administration:						
Housing Finance Ofcr	-	1.0	1.0	6,114-7,391	88,692	88,692
Housing Finance Spec	-	2.0	4.0	4,833-5,874	140,976	281,952
Housing Finance Assoc	-	1.0	-	4,400-5,348	64,176	0
Totals, Portfolio Management	-	26.0	35.0	\$0	\$1,804,896	\$2,395,104
<u>Servicing:</u>						
Housing Finance Chief	-	1.0	1.0	7,453-8,217	98,604	98,604
Housing Finance Asst	-	18.0	-	3,658-4,446	960,336	0
Customer Service:						
Housing Finance Ofcr	-	1.0	1.0	6,114-7,391	88,692	88,692
Housing Finance Spec	-	2.0	1.0	4,833-5,874	140,976	70,488
Housing Finance Assoc	-	3.0	3.0	4,400-5,348	192,528	192,528
Housing Finance Asst	-	1.0	1.0	3,658-4,446	53,352	53,352
Office Techn-Typing	-	5.0	6.0	2,686-3,264	195,840	235,008
Mgt Services Techn	-	1.0	-	2,495-3,426	39,756	0
Office Asst - Typing	-	2.0	1.0	2,143-2,826	67,824	33,912
Collections:						
Housing Finance Ofcr	-	1.0	1.0	6,114-7,391	88,692	88,692
Housing Finance Spec	-	1.0	1.0	4,833-5,874	70,488	70,488
Housing Finance Asst	-	3.0	3.0	3,658-4,446	160,056	160,056
Housing Finance Trainee	-	2.0	3.0	2,817-3,708	88,992	133,488
Default Management:						
Housing Finance Ofcr	-	1.0	1.0	6,114-7,391	88,692	88,692
Housing Finance Spec	-	3.0	3.0	4,833-5,874	211,464	211,464
Housing Finance Assoc	-	9.0	13.0	4,400-5,348	577,584	834,288
Housing Finance Asst	-	3.0	5.0	3,658-4,446	160,056	266,760
Housing Finance Trainee	-	1.0	2.0	2,817-3,708	44,496	88,992
System Administration:						
Housing Finance Spec	-	1.0	1.0	4,833-5,874	70,488	70,488
Housing Finance Assoc	-	1.0	-	4,400-5,348	64,176	0
Totals, Servicing	-	60.0	47.0	\$0	\$3,463,092	\$2,785,992
Totals, Single Family	26.0	108.0	104.0	\$2,250,015	\$7,478,912	\$6,778,860

Mortgage Insurance Program**CA Housing Loan Insurance Fund:**

Director	0.5	-	-	10,788-14,167	0	0
Mortgage Insurance:						
Housing Finance Chief	0.5	-	-	7,453-8,217	0	0
Operations:						
Housing Finance Ofcr	-	-	-	6,114-7,391	0	0
Housing Finance Assoc	-	-	-	4,400-5,348	0	0
Underwriting:						
Housing Finance Ofcr	-	-	-	6,114-7,391	0	0
Housing Finance Spec	1.0	-	-	4,833-5,874	0	0
Totals, CA Housing Loan Insurance Fund	2.0	-	-	\$352,013	\$0	\$0

Portfolio Management:

Deputy Director	0.7	-	-	8,184-9,025	0	0
Adm Asst II	1.0	-	-	4,400-5,348	0	0
Loss Mitigation:						
Housing Finance Ofcr	1.6	-	-	6,114-7,391	0	0
Housing Finance Spec	3.8	-	-	4,833-5,874	0	0
Housing Finance Assoc	2.0	-	-	4,400-5,348	0	0
Housing Finance Asst	1.0	-	-	3,658-4,446	0	0
Housing Finance Trainee	-	-	-	2,817-3,708	0	0
Quality Assurance:						
Housing Finance Chief	0.5	-	-	7,453-8,217	0	0
Housing Finance Ofcr	2.5	-	-	6,114-7,391	0	0
Housing Finance Spec	1.0	-	-	4,833-5,874	0	0
Housing Finance Assoc	1.0	-	-	4,400-5,348	0	0
REO:						
Housing Finance Ofcr	1.2	-	-	6,114-7,391	0	0
Housing Finance Spec	7.9	-	-	4,833-5,874	0	0
Housing Finance Assoc	6.2	-	-	4,400-5,348	0	0
Housing Finance Asst	0.2	-	-	3,658-4,446	0	0
Office Asst - Typing	0.9	-	-	2,143-2,826	0	0
Totals, Insurance Program	31.5	-	-	\$2,374,478	\$0	\$0
Totals, Mortgage Insurance Program	33.5	-	-	\$2,726,491	\$0	\$0

Multifamily Programs

Director	1.0	1.0	-	11,667-17,500	210,000	0
Housing Finance Chief	1.0	1.0	1.0	7,453-8,217	98,604	98,604
Adm Asst I	1.0	1.0	1.0	3,658-4,652	55,824	55,824
Loan Underwriting:						
Housing Finance Ofcr	-	-	3.0	6,114-7,391	0	243,072
Housing Finance Spec	4.0	4.0	-	4,833-5,874	281,952	0
Loan Officers:						
Housing Finance Ofcr	7.0	7.0	7.0	6,114-7,391	620,844	620,844
Architectural Services:						
Supvng Design Ofcr	1.0	1.0	-	6,265-7,616	87,262	0
Construction Services:						
Sr Housing Constrn Insp	1.0	1.0	1.0	7,371-8,955	118,308	118,308
Housing Constrn Insp	1.0	1.0	1.0	6,787-8,249	108,984	108,984
Sr Design Ofcr	1.0	1.0	1.0	5,439-6,606	75,808	75,808
Loan Administration & Disbursements:						
Staff Services Mgr I	-	-	1.0	5,079-6,127	0	73,524
Loan Administration:						
Housing Finance Spec	1.0	1.0	2.0	4,833-5,874	70,488	140,976
Housing Finance Assoc	3.0	3.0	1.0	4,400-5,348	192,528	64,176
Housing Finance Asst	3.1	2.0	4.0	3,658-4,446	106,704	213,408
Housing Finance Trainee	0.8	1.0	-	2,817-3,708	44,496	0

Disbursements:							
Housing Finance Spec	1.0	1.0	1.0	4,833-5,874	70,488	70,488	
Housing Finance Assoc	0.7	-	-	4,400-5,348	0	0	
Housing Finance Asst	1.1	1.0	1.0	3,658-4,446	53,352	53,352	
Totals, Multifamily Programs	<u>28.7</u>	<u>27.0</u>	<u>25.0</u>	<u>\$2,566,266</u>	<u>\$2,195,642</u>	<u>\$1,937,368</u>	
Asset Management							
C.E.A III	1.0	1.0	1.0	8,594-9,476	115,644	115,644	
Adm Asst I	0.4	1.0	1.0	3,658-4,652	55,824	55,824	
Asset Management:							
Housing Finance Chief	2.0	1.0	1.0	7,453-8,217	98,604	98,604	
Housing Maint Insp	6.0	6.0	6.0	6,271-7,616	603,216	603,216	
Housing Finance Ofcr	5.3	4.0	5.0	6,114-7,391	354,768	443,460	
Housing Finance Spec	3.3	8.0	7.0	4,833-5,874	563,904	493,416	
Housing Finance Assoc	4.4	2.0	3.0	4,400-5,348	128,352	192,528	
Housing Finance Asst	1.1	2.0	2.0	3,658-4,446	106,704	106,704	
Housing Finance Trainee	1.0	-	-	2,817-3,708	0	0	
Office Techn-Typing	2.0	3.0	2.0	2,686-3,264	117,504	78,336	
Office Techn-Gen	1.0	1.0	1.0	2,638-3,209	38,508	38,508	
Totals, Asset Management	<u>27.5</u>	<u>29.0</u>	<u>29.0</u>	<u>\$2,412,665</u>	<u>\$2,183,028</u>	<u>\$2,226,240</u>	
Temporary Help	17.5	15.1	9.3	1,697,991	751,000	453,000	
Overtime	-	-	-	196,093	140,000	74,000	
Totals, Programs	<u>133.2</u>	<u>179.1</u>	<u>167.3</u>	<u>\$11,849,541</u>	<u>\$12,748,582</u>	<u>\$11,469,468</u>	
TOTALS, AUTHORIZED POSITIONS	308.4	334.8	312.6	\$23,697,263	\$24,044,704	\$22,051,511	
<i>Regular/Ongoing Positions</i>	258.9	311.0	300.5	21,241,297	22,685,704	21,345,511	
<i>Temporary Help</i>	49.5	23.8	12.1	2,233,237	1,159,000	588,000	
<i>Overtime</i>	-	-	-	222,729	200,000	118,000	

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CalHFA Contracts for FY 2013/14

	Contracts allocated and charged elsewhere Proposed 2013/14	Consulting and Professional Services Proposed 2013/14	Remarks
DIVISION CONTRACTS			
REGULAR ONGOING CONTRACTS			
AGENCY WIDE			
Cornerstone		600	Security Monitoring
Overton Security Services		84,000	After Hours Security (West Sac)
Redline Courier Service	40,000		Courier Service
Direct Hit Pest Control	500		West Sacramento Office Pest Control
Waste Management	2,000		Trash Pick Up (West Sac)
ABM	52,000		Janitorial Services (West Sac)
Guaranteed Records Management (GRM)	10,000		Records Retention Services for Culver City Office
Paper Cuts	1,200		Recycling and Shredding/Destruction for Culver City Office
Zoom Imaging	118,000		Copier Service
	223,700	84,600	
EXECUTIVE			
Notre Dame		50,000	Leadership Training
Project Manager		200,000	Project Manager for CalHFA/HCD Integration
The Regents of the University		50,000	Validation of the Cost Study
Executive Total:	0	300,000	
ADMINISTRATION			
State Controller's Office		3,000	Leave Accounting
Cooperative Personnel Services		20,000	HR Consultation Services
CalHR	30,000		HR Systems & Services
CalHR	600		PIE Web Access
CalHR	35,000		State legal counsel for employee action
Administration Total:	65,600	23,000	
INFORMATION TECHNOLOGY			
Enterasys		8,000	Ongoing Switch Maintenance
Vulnerability Assessment		20,000	External Vendor Security Assessment
Image Access West, Inc.	3,000		KoFax Maintenance
Airco Commercial Services	9,000		Server Room Heat Pump/HVAC Maintenance
Nortridge Software	12,000		Software License/Maintenance
Sabah International	2,500		Fire Suppression
	26,500	28,000	
FINANCING			
DBC Software (SS & C Technologies)		55,000	Cash Flow Projection Software (2 Licenses)
Bloomberg		25,000	Financial services used to monitor interest rate swap markets and fixed income markets
Financing Total:	0	80,000	

CalHFA Contracts for FY 2013/14

	Contracts allocated and charged elsewhere Proposed 2013/14	Consulting and Professional Services Proposed 2013/14	Remarks
DIVISION CONTRACTS			
FISCAL SERVICES			
Audits			
CliftonLarsonAllen		240,000	Housing Finance Fund Financial Audit
Other			
McCracken Financial Solutions		180,000	Multifamily Loan Servicing ASP - Ongoing
Omnicap		80,000	Tax Compliance Calculations
State Controller's Office	10,000		Expedited Claims
Fiscal Services Total:	10,000	500,000	
LEGAL			
Litigation related			
Felderstein, Fitzgerald		40,000	Bankruptcy
Cal Attorney General		140,000	Homeowner loan and routine litigation
Non-litigation related			
HUD Counsel (Nixon Peabody)		40,000	Washington DC counsel for federal HUD matters/Risk Share
Downey Brand		10,000	Advice/Services on lease transactions
Orrick		350,000	Hourly bond & finance advice
Other			
Hawkins		150,000	Hourly bond & finance advice
Daniel P. Feldhaus, CSR		30,000	Court reporter for Board meetings
Lexis Nexis	7,000		Online resource for up to date changes in CA law
Legal Total:	7,000	760,000	
MARKETING			
Alcone		400,000	Agency Promotion and Printing
Fuze Digital Solutions, LLC		12,000	Web Enhancements
Lazarone Photography		5,000	Photographer for Annual Report
Winter Advertising		15,000	Consultant for Annual Report
KP Corp	10,000		Mail House
In Other Words (Translation)	4,000		Spanish translation of business literature
Robinson Anderson & Associates	25,000		Printing (1st printer source)
Paul Baker Printing	25,000		Printing (2nd printer source)
Vendor TBD	25,000		Printing (3rd printer source)
Marketing Total:	89,000	432,000	

CalHFA Contracts for FY 2013/14

CONTRACTS	Contracts allocated and charged elsewhere Proposed 2013/14	Consulting and Professional Services Proposed 2013/14	Remarks
DIVISION CONTRACTS			
SINGLE FAMILY			
QA & SUPPORT			
All Regs		1,000	Quarterly enhancements to the CalHFA Servicer Guide
National Tax Verification		2,000	Search service used to locate borrowers - SSA Verification
First American Corelogic Inc.		3,000	Property Valuation Service / Quality Assurance / REO / Loss Mitigation
Data Quick		1,500	Property valuation/ownership verification service
CBC Innovis, Inc.		2,000	Follow up credit checks for quality assurance
Seisint, Inc. (Accurint)		1,000	Search service used to locate borrowers - SSA Verification
QA Support Total:	0	10,500	
LENDING			
Brooks Systems		2,000	Used to determine APR , as necessary
Citrix Webinars		8,000	Used for lender training presentations
Lending Total:	0	10,000	
PORTFOLIO MANAGEMENT			
Merscorp, Inc.		30,000	Electronic registry service
Portfolio Management Total:	0	30,000	
SERVICING			
LPS Mortgage Processing Solutions (Fidelity)		750,000	Single Family Loan Servicing ASP - ongoing
RR Donnelley Co. (Check Printers, Inc.)		180,000	Loan payment coupons, tax forms, etc
Check Processors, Inc.		30,000	Lock Box Service
DeDe Timmons		75,000	Loss Mitigation
Antonella Davis		27,000	Loss Mitigation
Mary Bolar		65,000	Policies and Procedures/Training
Equifax		60,000	Credit Reports
McBride Edwards LLP		75,000	Servicing Auditor
Prober & Rapheal, A Law Corporation		50,000	Bankruptcy Trustee
Epic Real Estate Solutions	35,000		Appraisal; Property data information system for DIL process
Clear Capital.com INC	85,000		Property Valuation Service
Sprint	50,000		Property Inspection Service
Corelogic Field Service	300,000		Property Inspection Service
Corelogic Tax Services	263,500		Property Inspection Service
Axiom Field Solutions	50,000		Property Preservations
National Reconveyance Center	80,000		Research, release, and record reconveyances for PIF 1st Mortgages
Nationwide Title Clearing	50,000		Research, release, and record reconveyances for PIF subordinate loans - online
Law Offices of Les Zieve	50,000		Legal Services in foreclosures, evictions, and bankruptcies
Mortgage Lender Services (Foreclosure Link)	50,000		Legal Services in foreclosures, evictions, and bankruptcies
Servicing Total:	1,013,500	1,312,000	

CalHFA Contracts for FY 2013/14

DIVISION CONTRACTS	Contracts allocated and charged elsewhere Proposed 2013/14	Consulting and Professional Services Proposed 2013/14	Remarks
MIS			
CliftonLarsonAllen		60,500	Housing Loan Insurance Fund Financial Audit
Experian		1,000	Credit reporting contract required by Genworth for loss mitigation purposes
Milliman USA		60,000	Insurance and reinsurance performance metrics and reporting and capital adequacy modeling
Vernazza Wolfe Associates		2,000	Used to evaluate sales price limits
Zoom Imaging	2,000		Copier Service
MIS Total:	2,000	123,500	
MULTIFAMILY			
Experian		3,000	Credit reports for Risk-Share deals
Multifamily Total:	0	3,000	
ASSET MANAGEMENT			
Reaction Inspection Services		6,000	REAC inspections for Section 8 properties per HUD
24/7 Markan Family Mobile Notary		12,000	REAC inspections for Section 8 properties per HUD
Housing Development Software		76,500	Maintenance fee for software/Host set-up and license fees
Asset Management Total:	0	94,500	
CALHFA REGULAR ONGOING CONTRACT TOTALS	1,435,300	3,667,600	(\$3,668K on CalHFA Consulting and Professional Services Line)
MIS REGULAR ONGOING CONTRACT TOTALS	2,000	123,500	(\$124K on MIS Consulting and Professional Services Line)
TOTAL ONGOING CONTRACTS	1,437,300	3,791,100	(\$3,791 on Combined Consulting and Professional Services Line)
GRAND TOTAL OF ALL CONTRACTS	5,228,400		
STRATEGIC PROJECT CONTRACTS			
I.T.			
Fiscal Services		1,000	General Ledger Report Upgrades
QBIX		5,000	Strategy Version Upgrade
McCracken			
Single Family		12,000	Mortgage Flex REO License & Maintenance
Mortgage Flex REO		2,000,000	SF Re-Platforming Project
SF Re-Platforming Vendor (TBD)			
Enterprise Content Management		15,000	Technical Support
Sharepoint Technical Expertise		20,000	Technical Support
Macroview, Inc.		2,053,000	
I.T. Total:		2,053,000	
CALHFA STRATEGIC PROJECT CONTRACT TOTALS		2,053,000	(\$2,053K on Strategic Project Contracts Line)
MIS STRATEGIC PROJECT CONTRACT TOTALS		0	
TOTAL STRATEGIC PROJECT CONTRACTS		2,053,000	
ALL CalHFA Total Contracts		7,155,900	
ALL MIS Total Contracts		125,500	
Sum:		7,281,400	
TOTAL, EXPENDITURES		7,281,400	

Items in Red are not included in Consulting Services totals. The budget and expenses for these contracts are allocated and charged elsewhere.

RESOLUTION 13-07

CALHFA OPERATING BUDGET

FISCAL YEAR 2013/2014

WHEREAS, the Board of Directors of the California Housing Finance Agency has reviewed its proposed operating budget for the 2013/2014 fiscal year;

NOW, THEREFORE, BE IT RESOLVED as follows:

1. The operating budget attached hereto is hereby approved for operations of the California Housing Finance Agency Fund for fiscal year 2013/2014.

I hereby certify that this is a true and correct copy of Resolution 13-07 adopted at a duly constituted meeting of the Board of the Agency held on May 9, 2013, in Sacramento, California.

ATTEST: _____
Secretary

Attachment

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State of California

MEMORANDUM

To: Board of Directors

Date: April 30, 2013

From: Ken Geibel, Acting Director of Single Family Lending
California Housing Finance Agency

Subject: Agenda Items 10, 11 and 12: Board Action and Update Regarding Single Family Lending

On May 19, 2011, the Board of Directors passed Resolution 11-06 which states in part "it is the policy of the Board to require staff to present new financing strategies and new loan products for full discussion and approval by majority vote of the Board prior to implementation by the Agency." In compliance with Resolution 11-06, the California Housing Finance Agency ("Agency") staff wishes to present Agenda Items 10, 11 and 12 as further described below.

To meet the ever changing demographics and housing demands for low to moderate income first time homebuyers in the state of California, staff is requesting the Board of Directors to review for discussion, recommendation and action on the following:

Agenda Item 10

The Agency has developed a financing model ("Single Family Lending TBA Model") in which FHA first mortgages are purchased by a Master Servicer who securitizes the pool of FHA loans. Such securities are purchased momentarily by the Agency and immediately sold to the Hedge Facilitator at a previously agreed upon price. The Agency will retain the Master Servicer and Hedge Facilitator for services rendered. The Hedge Facilitator will assume all financial risk. The proposed Single Family Lending TBA Model for Single Family Lending is intended to provide a financing vehicle for Single Family Lending loan products with minimal risk to the Agency. Therefore, Agency staff seeks approval of Board Resolution 13-08 authorizing the use of the Single Family Lending TBA Model in order to finance Agency Single Family Lending products.

Agenda Item 11

Agency staff plans to update the Board of Directors on potentially new Single Family Lending loan products which the Agency staff wishes to further pursue. The potentially new lending products are designed to meet the needs of today's low and moderate income, first-time homebuyers in today's evolving California housing market.

Agenda Item 12

Agency staff requests the Board of Directors to consider setting parameters on Agency Single Family Lending products in lieu of requiring staff to return to the Board seeking approval of Single Family Lending “new loan products” as set forth in Resolution 11-06 referenced above. The value of defining product parameters is to allow the Agency flexibility to adjust its loan products to meet the needs of the low to moderate income first time homebuyer housing market while maintaining responsible lending practices. To that end, Agency staff seeks approval of Board Resolution 13-09 authorizing Single Family Lending Program Parameters for Single Family Lending Products.

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RESOLUTION 13-08

RESOLUTION AUTHORIZING THE USE OF THE
SINGLE FAMILY LENDING TBA MODEL

WHEREAS, the California Housing Finance Agency (the "Agency") has been working to develop a viable financing model in order to finance Agency Single Family Lending products with minimal risk to the Agency;

WHEREAS, on May 19, 2011, the Board of Directors adopted Resolution 11-06 which states "it is the policy of the Board to require staff to present new financing strategies and new loan products for full discussion and approval by majority vote of the Board prior to implementation by the Agency;"

WHEREAS, the Board of Directors has authorized the use of securities in addition to the use of Agency tax-exempt bond financing for homeownership;

WHEREAS, the Agency has developed a financing model ("Single Family Lending TBA Model") in which FHA first mortgages are purchased by a Master Servicer who securitizes the pool of FHA loans. Such securities are purchased momentarily by the Agency and immediately sold to the Hedge Facilitator at a previously agreed upon price. The Agency will hire and pay the Hedge Facilitator and Master Servicer (if payment is required) for services rendered. The Hedge Facilitator will assume all financial risk. As a result, this Single Family Lending TBA Model involves the use of securities with minimal risk to the Agency in order to finance Single Family Lending products;

WHEREAS, at the January 17, 2013 Board of Directors Meeting, Agency staff introduced the Single Family Lending TBA Model to the Board of Directors for discussion purposes, and at the March 7, 2013 Board of Directors Meeting, the Single Family Lending TBA Model was presented to the Board of Directors by Agency staff for risk analysis;

WHEREAS, the Board of Directors has considered the recommendations of the Agency staff and desires to approve the use of the Single Family Lending TBA Model;

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

1. The Agency is hereby authorized to use the Single Family Lending TBA Model in order to finance Agency Single Family Lending products.

I hereby certify that this is a true and correct copy of Resolution 13-08 adopted at a duly constituted meeting of the Board of Directors of the Agency held on May 9, 2013, at Sacramento, California.

ATTEST: _____
Secretary

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RESOLUTION 13-09

RESOLUTION AUTHORIZING THE SINGLE FAMILY LENDING PROGRAM
PARAMETERS FOR SINGLE FAMILY LENDING PRODUCTS

WHEREAS, the California Housing Finance Agency (the "Agency") has developed a financing model ("Single Family Lending TBA Model") as a vehicle to finance Agency Single Family Lending products with minimal risk to the Agency;

WHEREAS, on May 19, 2011, the Board of Directors adopted Resolution 11-06 which states that "it is the policy of the Board to require staff to present new financing strategies and new loan products for full discussion and approval by majority vote of the Board prior to implementation by the Agency;"

WHEREAS, Agency staff requests the Board of Directors to consider setting parameters on Agency Single Family Lending products in lieu of requiring staff to return to the Board of Directors seeking approval of Single Family Lending "new loan products" as set forth in Resolution 11-06;

WHEREAS, the value of defining product parameters is to allow the Agency flexibility to adjust its loan products to meet the needs of the low to moderate income first time homebuyer housing market while maintaining responsible lending practices;

WHEREAS, a "FHA Premium Priced First Mortgage Loan" is a 30 year fully amortized FHA insured loan sold at a premium price due to the borrower paying a slightly higher interest rate for receiving down payment assistance using Agency Single Family Lending products;

WHEREAS, a "FHA Market Rate First Mortgage Loan" is a 30 year fully amortized FHA insured loan sold at market value with the use of any Agency Single Family Lending products for down payment assistance;

WHEREAS, the Board of Directors wishes to set certain parameters for the use of Single Family Lending products;

WHEREAS, the Board of Directors has considered the recommendations of the Agency staff regarding parameters for Single Family Lending products;

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

1. The Agency is hereby authorized to administer Agency Single Family Lending products subject to the following parameters:

- A. Using (i) a FHA Premium Priced First Mortgage Loan with any combination of Agency Single Family Lending products for down payment assistance; and (ii) FHA Market Rate First Mortgage Loan with any combination of Agency Single Family Lending products for down payment assistance;
- B. A FICO score of 640 and higher;
- C. Borrower completion of an Agency approved Single Family Lending education program;
- D. A maximum 103% combined loan-to-value ratio;
- E. No greater than a total 43% debt-to-income ratio;
- F. A minimum Borrower cash contribution of \$1,000.00 to \$1,500.00 depending on FICO score.

Resolution 13-09

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I hereby certify that this is a true and correct copy of Resolution 13-09 adopted at a duly constituted meeting of the Board of Directors of the Agency held on May 9, 2013, at Sacramento, California.

ATTEST: _____
Secretary

State of California

MEMORANDUM

To: Board of Directors

Date: April 25, 2013



Tim Hsu, Director of Financing

From: CALIFORNIA HOUSING FINANCE AGENCY

Subject: Homeownership Loan Portfolio Update

Attached for your information is a report summarizing the Agency's Homeownership loan portfolio:

- Delinquencies as of February 28, 2013 by insurance type,
- Delinquencies as of February 28, 2013 by product (loan) type,
- Delinquencies as of February 28, 2013 by loan servicer,
- Delinquencies as of February 28, 2013 by county,
- A chart of the number of CalHFA's FHA Delinquent Loan Trend for 30-90 Day and 120 Day (for the period of October 2010 thru February 2013)
- A chart of the number of CalHFA's Conventional Delinquent Loan Trend for 30-90 Day and 120 Day (for the period of October 2010 thru February 2013)
- A graph of CalHFA's 90-day+ ratios for FHA and Conventional loans (for the period of February 2008 through February 2013),
- A graph of 90-day+ ratios for CalHFA's three Conventional loan (products) types, for the period of February 2011 through February 2013,
- Real Estate Owned (REO) at March 31, 2013,
- Accumulated Uninsured Losses from January 1, 2008 through March 31, 2013,
- Disposition of 1st Trust Deed Gain/(Loss) for January 1 through March 31, 2013, and
- Write-Offs of subordinate loans for January 1 through March 31, 2013

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HOMEOWNERSHIP LOAN PORTFOLIO DELINQUENCY, REO, SHORT SALE and LOSS REPORT

Reconciled Loan Delinquency Summary All Active Loans By Insurance Type As of February 28, 2013

	Loan Count	Balance	% of Balance	DELINQUENCY RATIOS - % of Loan Count						Totals	
				Loan Count	30-Day	Loan Count	60-Day	Loan Count	90(+)-Day	Count	%
Federal Guaranty											
FHA	8,470	\$ 971,139,937	29.46%	482	5.69%	167	1.97%	595	7.02%	1,244	14.69%
VA	217	25,364,455	0.77%	9	4.15%	2	0.92%	19	8.76%	30	13.82%
RHS	82	14,770,248	0.45%	3	3.66%	0	0.00%	12	14.63%	15	18.29%
Conventional loans											
with MI											
CalHFA MI Fund	5,040	1,279,319,660	38.80%	209	4.15%	105	2.08%	536	10.63%	850	16.87%
without MI											
Orig with no MI	4,481	850,645,734	25.80%	127	2.83%	41	0.91%	292	6.52%	460	10.27%
MI Cancelled*	1,156	155,765,201	4.72%	26	2.25%	9	0.78%	46	3.98%	81	7.01%
Total CalHFA	19,446	\$ 3,297,005,235	100.00%	856	4.40%	324	1.67%	1,500	7.71%	2,680	13.78%

*Cancelled per Federal Homeowner Protection Act of 1998, which grants the option to cancel the MI with 20% equity.

Note: In accordance with CalHFA's policy, no trustee sale is permitted between December 15 and January 5 of any year without CalHFA's prior written approval.

Reconciled Loan Delinquency Summary All Active Loans By Loan Type As of February 28, 2013

	Loan Count	Balance	% of Balance	DELINQUENCY RATIOS - % of Loan Count						Totals	
				Loan Count	30-Day	Loan Count	60-Day	Loan Count	90(+)-Day	Count	%
30-yr level amort											
FHA	8,470	\$ 971,139,937	29.46%	482	5.69%	167	1.97%	595	7.02%	1,244	14.69%
VA	217	25,364,455	0.77%	9	4.15%	2	0.92%	19	8.76%	30	13.82%
RHS	82	14,770,248	0.45%	3	3.66%	0	0.00%	12	14.63%	15	18.29%
Conventional - with MI	2,836	641,380,900	19.45%	97	3.42%	44	1.55%	235	8.29%	376	13.26%
Conventional - w/o MI	4,959	849,141,024	25.75%	128	2.58%	41	0.83%	253	5.10%	422	8.51%
40-yr level amort											
Conventional - with MI	407	115,669,716	3.51%	22	5.41%	9	2.21%	57	14.00%	88	21.62%
Conventional - w/o MI	187	36,739,110	1.11%	3	1.60%	4	2.14%	17	9.09%	24	12.83%
5-yr IOP, 30-yr amort											
Conventional - with MI	1,797	522,269,045	15.84%	90	5.01%	52	2.89%	244	13.58%	386	21.48%
Conventional - w/o MI	491	120,530,802	3.66%	22	4.48%	5	1.02%	68	13.85%	95	19.35%
Total CalHFA	19,446	\$ 3,297,005,235	100.00%	856	4.40%	324	1.67%	1,500	7.71%	2,680	13.78%
<i>Weighted average of conventional loans:</i>				362	3.39%	155	1.45%	874	8.19%	1,391	13.03%

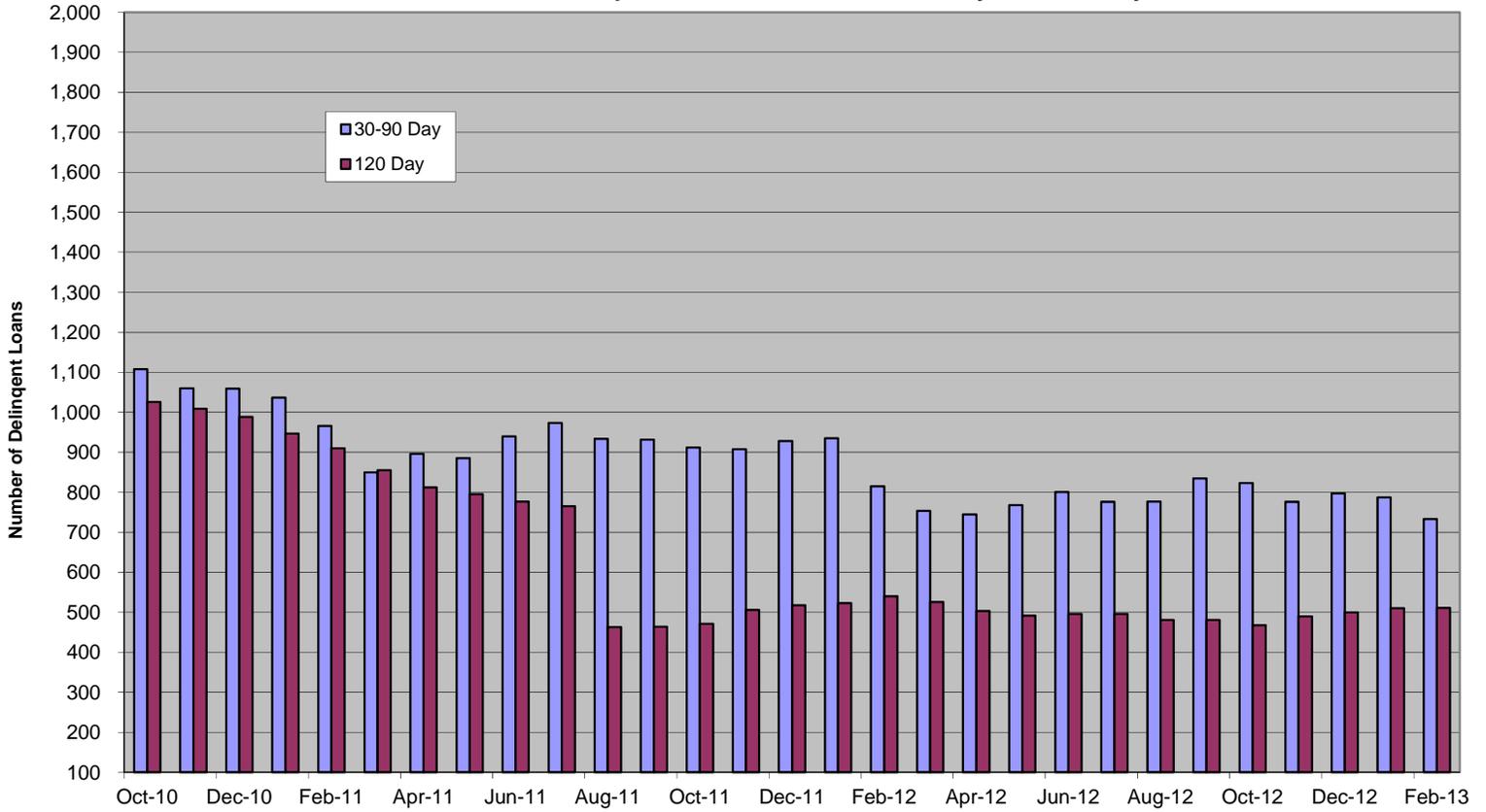
**Reconciled Loan Delinquency Summary
All Active Loans By Servicer
As of February 28, 2013**

	Loan Count	Balance	% of Balance	DELINQUENCY RATIOS - % of Loan Count						Totals	
				Loan Count	30-Day	Loan Count	60-Day	Loan Count	90(+)-Day	Count	%
CALHFA - LOAN SERVICING	7,218	\$ 1,540,042,673	46.71%	243	3.37%	94	1.30%	520	7.20%	857	11.87%
GUILD MORTGAGE	4,510	721,016,240	21.87%	243	5.39%	85	1.88%	247	5.48%	575	12.75%
WELLS FARGO HOME MORTGAGE	2,049	221,840,287	6.73%	84	4.10%	41	2.00%	142	6.93%	267	13.03%
BAC HOME LOANS SERVICING, LP	1,807	327,525,323	9.93%	90	4.98%	36	1.99%	334	18.48%	460	25.46%
EVERHOME MORTGAGE COMPANY	1,841	163,240,003	4.95%	116	6.30%	25	1.36%	79	4.29%	220	11.95%
FIRST MORTGAGE CORP	746	140,307,924	4.26%	23	3.08%	19	2.55%	64	8.58%	106	14.21%
GMAC MORTGAGE CORP	803	101,108,643	3.07%	46	5.73%	18	2.24%	53	6.60%	117	14.57%
BANK OF AMERICA, NA	245	38,569,250	1.17%	6	2.45%	2	0.82%	34	13.88%	42	17.14%
JPMORGAN CHASE BANK, N.A.	145	32,219,799	0.98%	3	2.07%	2	1.38%	21	14.48%	26	17.93%
CITIMORTGAGE, INC.	41	9,178,637	0.28%	2	4.88%	2	4.88%	5	12.20%	9	21.95%
DOVENMUEHLE MORTGAGE, INC.	38	1,071,119	0.03%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
WESCOM CREDIT UNION	3	885,335	0.03%	0	0.00%	0	0.00%	1	33.33%	1	33.33%
Total CalHFA	19,446	\$ 3,297,005,235	100.00%	856	4.40%	324	1.67%	1,500	7.71%	2,680	13.78%

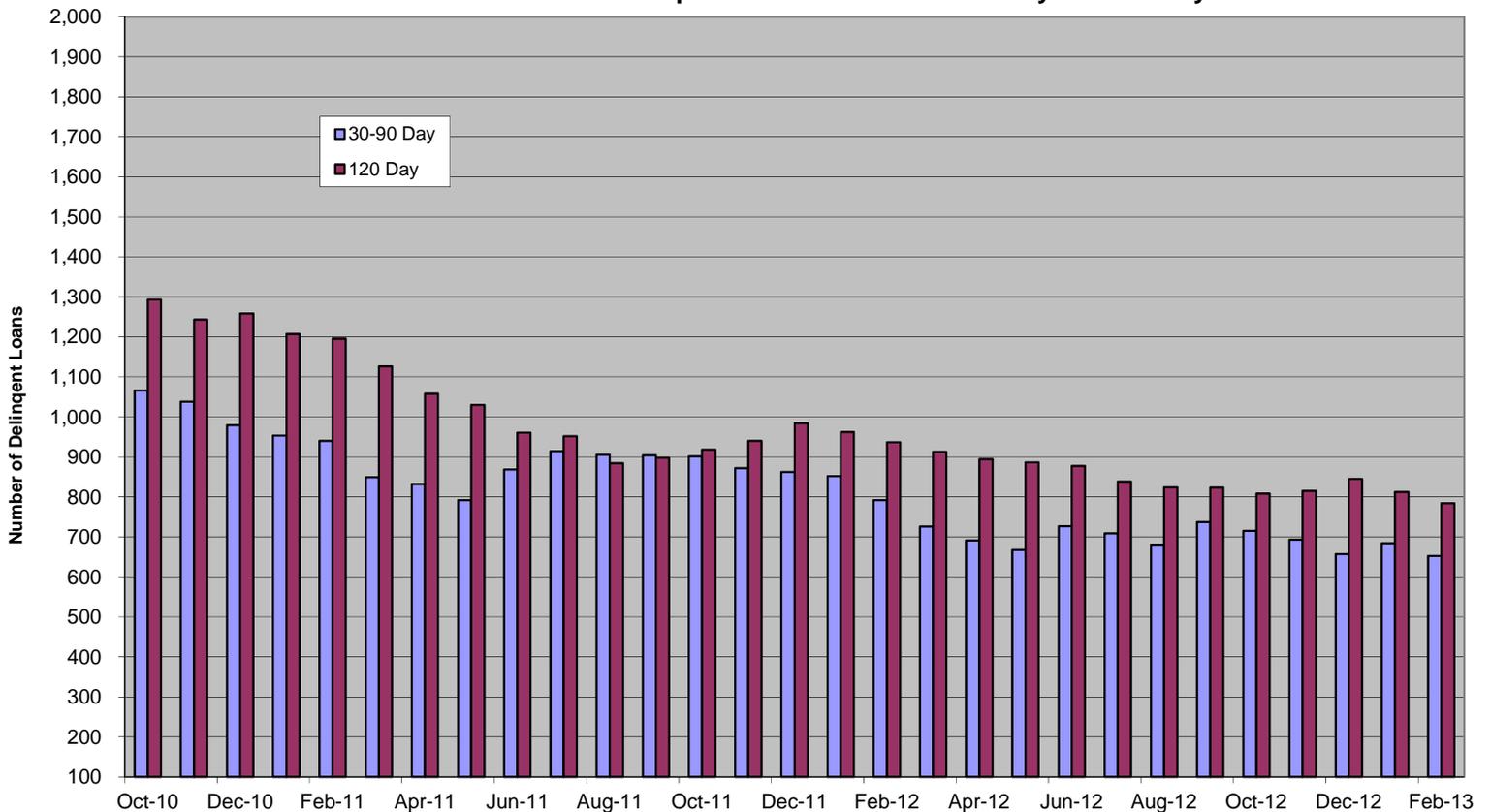
**Reconciled Loan Delinquency Summary
All Active Loans By County
As of February 28, 2013**

	Loan Count	Balance	% of Balance	DELINQUENCY RATIOS - % of Loan Count						Total	
				Loan Count	30-Day	Loan Count	60-Day	Loan Count	90-Day+	Count	%
LOS ANGELES	3,234	\$ 643,769,117	19.53%	135	4.17%	63	1.95%	285	8.81%	483	14.94%
SAN DIEGO	1,686	345,604,298	10.48%	61	3.62%	24	1.42%	171	10.14%	256	15.18%
SANTA CLARA	1,336	333,433,525	10.11%	19	1.42%	9	0.67%	62	4.64%	90	6.74%
KERN	1,228	121,413,001	3.68%	80	6.51%	23	1.87%	70	5.70%	173	14.09%
FRESNO	1,014	85,993,874	2.61%	69	6.80%	16	1.58%	50	4.93%	135	13.31%
TULARE	1,005	85,388,640	2.59%	60	5.97%	22	2.19%	65	6.47%	147	14.63%
ORANGE	934	200,623,060	6.09%	32	3.43%	16	1.71%	67	7.17%	115	12.31%
SACRAMENTO	913	150,221,722	4.56%	41	4.49%	11	1.20%	99	10.84%	151	16.54%
SAN BERNARDINO	909	141,752,351	4.30%	52	5.72%	18	1.98%	105	11.55%	175	19.25%
RIVERSIDE	882	131,834,430	4.00%	52	5.90%	35	3.97%	99	11.22%	186	21.09%
ALAMEDA	859	197,578,500	5.99%	20	2.33%	7	0.81%	54	6.29%	81	9.43%
CONTRA COSTA	672	140,033,280	4.25%	30	4.46%	11	1.64%	65	9.67%	106	15.77%
VENTURA	483	122,182,140	3.71%	20	4.14%	7	1.45%	34	7.04%	61	12.63%
IMPERIAL	476	45,048,177	1.37%	29	6.09%	13	2.73%	27	5.67%	69	14.50%
SONOMA	392	76,067,753	2.31%	14	3.57%	3	0.77%	19	4.85%	36	9.18%
OTHER COUNTIES	3,423	476,061,366	14.44%	142	4.15%	46	1.34%	228	6.66%	416	12.15%
Total CalHFA	19,446	\$ 3,297,005,235	100.00%	856	4.40%	324	1.67%	1,500	7.71%	2,680	13.78%

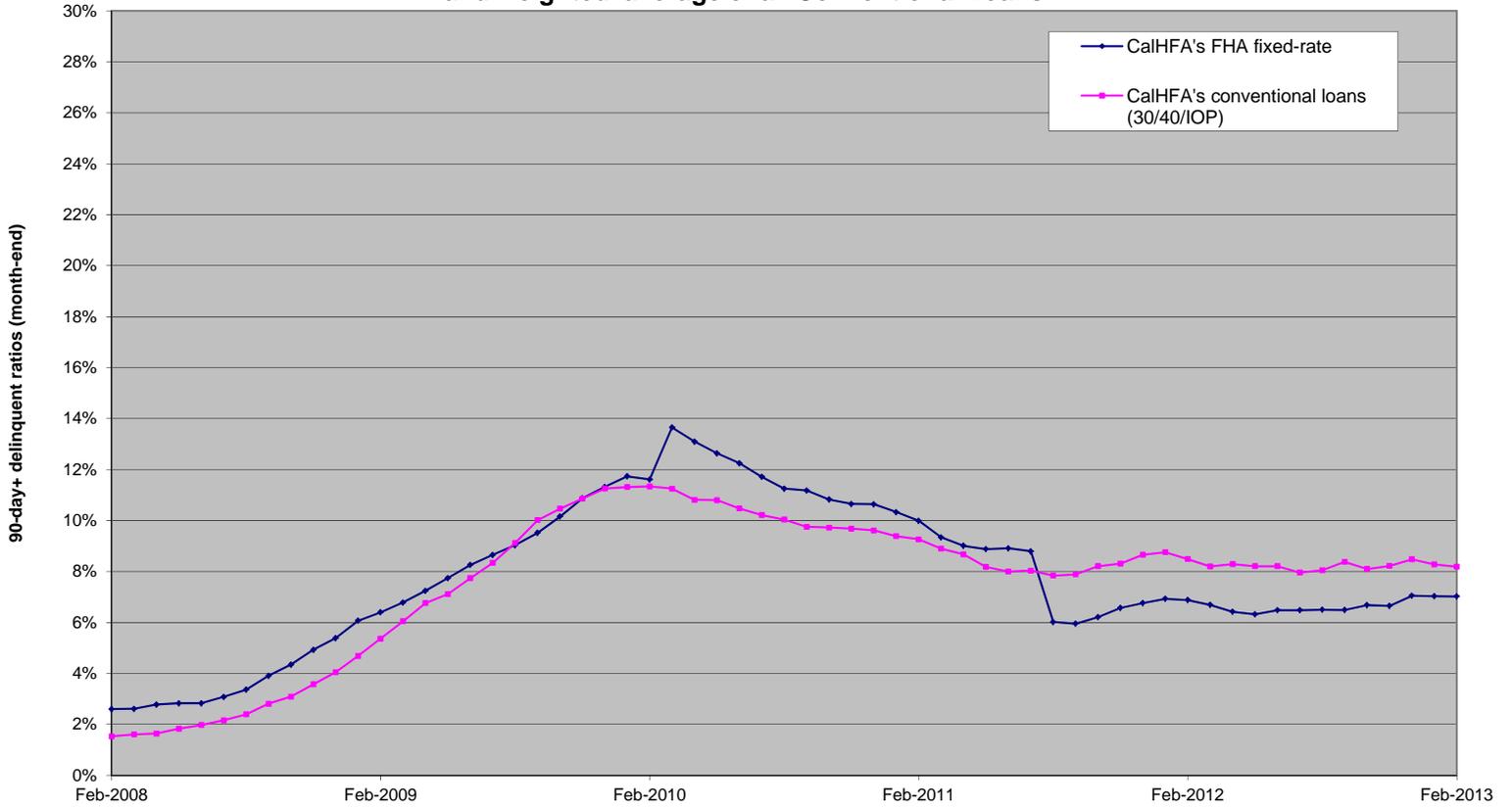
CalHFA's FHA Delinquent Loan Trend for 30-90 Day and 120 Day



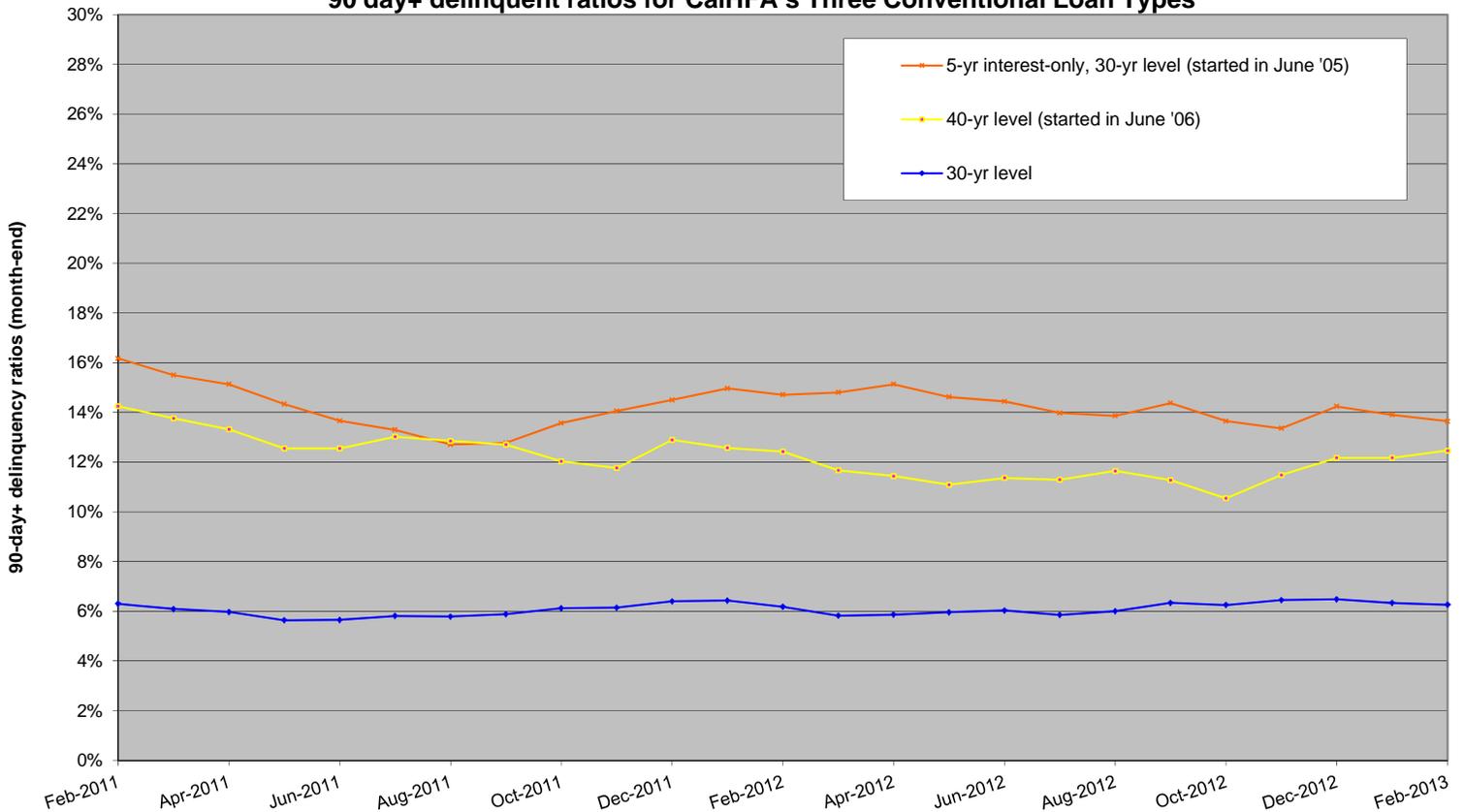
CalHFA's Conventional Delinquent Loan Trend for 30-90 Day and 120 Day



90 day+ delinquent ratios for CalHFA's FHA and weighted average of all Conventional Loans



90 day+ delinquent ratios for CalHFA's Three Conventional Loan Types



Real Estate Owned

Calendar Year 2013 (As of March 31, 2013)												
Loan Type	Beginning Balance # of Loans	Prior Calendar Adj.	**Trustee Sales			Disposition of REO(s)					Ending Balance # of Loans	UPB of REO's Owned
			Reverted to CalHFA Jan-Feb	Reverted to CalHFA March	Total Trustee Sales	Repurchased by Lender Jan-Feb	Market Sale(s) Jan-Feb	Repurchased by Lender March	Market Sale(s) March	Total Disposition of REO(s)		
FHA/RHS/VA	45	(1)	26	8	34	43		9		52	26	\$ 4,951,923
Conventional	161	0	73	26	99		75		47	122	138	31,613,841
Total	206	(1)	99	34	133	43	75	9	47	174	164	\$ 36,565,764

Calendar Year 2012							
Loan Type	Beginning Balance # of Loans	Prior Calendar Adj.	*Trustee Sales	Disposition of REO(s)		Ending Balance # of Loans	UPB of REO's Owned
			Reverted to CalHFA 2012	Repurchased by Lender 2012	Market Sale(s) 2012		
FHA/RHS/VA	124	(18)	312	373		45	\$ 7,884,581
Conventional	565	3	786		1,193	161	40,029,375
Total	689	(15)	1,098	373	1,193	206	\$ 47,913,957

Calendar Year 2011						
Loan Type	Beginning Balance # of Loans	*Trustee Sales	Disposition of REO(s)		Ending Balance # of Loans	UPB of REO's Owned
		Reverted to CalHFA 2011	Repurchased by Lender 2011	Market Sale(s) 2011		
FHA/RHS/VA	198	496	570		124	\$ 22,948,976
Conventional	1084	1311		1830	565	123,482,821
Total	1282	1807	570	1830	689	\$ 146,431,797

Calendar Year 2010						
Loan Type	Beginning Balance # of Loans	*Trustee Sales	Disposition of REO(s)		Ending Balance # of Loans	UPB of REO's Owned
		Reverted to CalHFA 2010	Repurchased by Lender 2010	Market Sale(s) 2010		
FHA/RHS/VA	187	816	805		198	\$ 41,905,865
Conventional	619	1551		1086	1084	226,793,920
Total	806	2367	805	1086	1282	\$ 268,699,784

**3rd party trustee sales are not shown in the tables (title to these loans were never transferred to CalHFA). There were eight (8) 3rd party sales in calendar year 2008, eighteen (18) 3rd party sales year 2009, thirty-nine (39) 3rd party sales year 2010, twenty two (22) 3rd party sales in calendar year 2011, forty one (41) 3rd party sales in calendar year 2012, and there are thirteen (13) 3rd party sales to date 2013.*

Accumulated Uninsured Losses as of March 31, 2013						
Conventional Loans	# of Properties Sold	Principal Write-Offs ⁽¹⁾	# of GAP Claims	Actual GAP ⁽²⁾ Claim Payments	# of Subordinate Loans	Subordinate Write-Offs ⁽³⁾
REOs Sold	4,827	\$ (177,881,770)	2,601	\$ (117,367,774)		
Short Sales	1,261	(47,386,877)	395	(17,461,359)	3,015	\$ (26,458,284)
3rd Party Sales	60	(196,576)	4	(170,867)	148	(1,306,342)
Write-offs resulting from foreclosures					9,579	(92,046,920)
Total:	6,148	\$ (225,465,223)	3,000	\$ (135,000,000)	12,742	\$ (119,811,545)

(1) Principal loan write-offs from January 1, 2008. Does not include allowance for loan losses or loan loss reserves.

(2) The California Housing Loan Insurance Fund (the MI Fund[®]) provided GAP insurance to meet HMRB bond indenture requirements that all loans held within that indenture have 50% of the unpaid principal balance insured by a mortgage insurance policy for the life of the loan. The insurance may be provided by any combination of government insurance, private mortgage insurance, or a policy from the MI fund. The Agency agreed, pursuant to an internal interfund agreement, to indemnify the MI Fund for claims paid for principal losses under the GAP insurance policy, up to a cumulative maximum amount of \$135 million, this maximum amount was reached in August 2011. The indemnification is payable solely from available funds held in a sub account within the California Housing Finance Fund.

(3) Includes both FHA/Conventional Loans.

**2013 Year to Date Composition of 1st Trust Deed Loss
(As of March 31, 2013)**

Loan Type	Disposition				Principal Write-Offs
	Repurchased by Lender	Market Sales	Short Sales	Loan Balance at Sales	
FHA/RHS/VA	52		21	\$ 13,789,784	
Conventional		122	142	70,536,448	\$ (12,383,574)
	52	122	163	\$ 84,326,232	\$ (12,383,574)

**2013 Year to Date Composition of Subordinate Write-Offs by Loan Type⁽¹⁾
(As of March 31, 2013)**

Loan Type	Active Loans		Write-Offs	
	Active Loans	Dollar Amount	Number of Write-Offs	Dollar Amount
CHAP/HICAP	7,647	\$81,465,998	216	\$2,395,768
CHDAP/ECTP/HiRAP	26,139	187,225,752	208	1,443,124
Other ⁽²⁾	224	2,938,868	0	0
	34,010	\$271,630,618	424	\$3,838,892

(1) Does not include FNMA and CalSTRS subordinates (non-agency loans serviced by in house loan servicer)

(2) Includes HPA, MDP, OHPA, and SSLP.

State of California

MEMORANDUM

To: Board of Directors

Date: April 25, 2013



Timothy Hsu, Director of Financing

From: CALIFORNIA HOUSING FINANCE AGENCY

Subject: AGENCY BONDS, INTEREST RATE SWAPS, AND FINANCING RISK FACTORS REPORT

The following report describes our bond and interest rate swap positions as well as the related risks associated with variable rate and swap strategies. The report is divided into sections as follows:

- 1) Outstanding Bonds
- 2) Variable Rate Debt
 - a) Variable Rate Debt Exposure
 - b) Types of Variable Rate Debt
 - c) Liquidity Providers
 - d) Interest Rate Swaps
- 3) Financing Risk Factors
 - a) Unhedged Variable Rate Risk
 - b) Basis Risk
 - c) Amortization Risk
 - d) Termination Risk
 - a) Collateral Posting Risk

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1) OUTSTANDING BONDS

Below is the Agency's outstanding debt position. This table does not include any pass-thru or conduit financings which makes up an additional \$423 million

BONDS OUTSTANDING
As of January 1, 2013
(*\$ in millions*)

	<u>Fixed Rate</u>	Variable Rate	<u>Totals</u>
Single Family	\$2,028	\$1,837	\$3,865
Multifamily	<u>396</u>	<u>412</u>	<u>808</u>
TOTALS	\$2,424	\$2,249	\$4,673

2) VARIABLE RATE DEBT**a) VARIABLE RATE DEBT EXPOSURE**

Over the years the Agency has integrated the use of variable rate debt as a primary issuance strategy in providing capital to support its programmatic goals. Most of our interest rate exposure from variable rate debt is hedged in the swap market.

This section describes the variable rate bonds of CalHFA and is organized programmatically by indenture as follows: HMRB (Home Mortgage Revenue Bonds--CalHFA's largest single family indenture), MHRB (Multifamily Housing Revenue Bonds III--CalHFA's largest multifamily indenture), and HPB (Housing Program Bonds--CalHFA's multipurpose indenture, used to finance a variety of loans including the Agency's downpayment assistance loans). The total amount of CalHFA variable rate debt is \$2.2 billion, 48% of our \$4.7 billion of total indebtedness as of April 1, 2013.

VARIABLE RATE DEBT
(*\$ in millions*)

	<u>Swapped to Fixed Rate</u>	Not Swapped or Tied to Variable Rate <u>Assets</u>	<u>Total Variable Rate Debt</u>
HMRB (SF)	\$946	\$864	\$1,810
MHRB (MF)	355	57	412
HPB (SF & MF)	<u>0</u>	<u>27</u>	<u>27</u>
Total	\$1,301	\$948	\$2,249

b) TYPES OF VARIABLE RATE DEBT

The following table shows our variable rate debt sorted by type, i.e., whether auction rate, indexed rate, or variable rate demand obligations (VRDOs). Auction and indexed rate securities cannot be "put" back to us or to a third party by investors; hence they typically bear higher rates of interest than do "put-able" bonds such as VRDOs.

TYPES OF VARIABLE RATE DEBT
(*\$ in millions*)

	<u>Auction Rate & Similar Securities</u>	<u>Indexed Rate Bonds</u>	<u>Variable Rate Demand Obligations</u>	<u>Total Variable Rate Debt</u>
HMRB	\$0	\$671	\$1,139	\$1,810
MHRB	106	0	306	412
HPB	<u>0</u>	<u>0</u>	<u>27</u>	<u>27</u>
Total	\$106	\$671	\$1,472	\$2,249

c) LIQUIDITY PROVIDERS

On October 19, 2009, the United States Treasury (Treasury) announced a new initiative for state and local housing finance agencies (HFAs) to provide a new bond purchase program to support new lending by HFAs and to provide a temporary credit and liquidity program (TCLP) to improve access of HFAs to liquidity for outstanding HFA bonds. On December 23, 2009, the Agency closed eight TCLP transactions with Treasury to replace the liquidity for \$3.5 billion of variable rate bonds. The new liquidity became effective in January 2010 on the mandatory tender dates of the bonds with an initial expiration date of December 23, 2012. However, the Agency successfully negotiated with Treasury to extend the deadline for the TCLP to December 23, 2015.

The table below shows the government-sponsored enterprises (GSE) which are providing liquidity in the form of standby bond purchase agreements for our VRDOs.

LIQUIDITY PROVIDERS
As of 4/1/2013
(*\$ in millions*)

<u>Financial Institution</u>	<u>\$ Amount of Bonds</u>
Freddie Mac	\$ 736
Fannie Mae	<u>736</u>
Total	\$1,472

d) Interest Rate Swaps

Currently, we have a total of 88 “fixed-payer” swaps with eleven different counterparties for a combined notional amount of \$1.9 billion. All of these fixed-payer swaps are intended to establish synthetic fixed rate debt by converting our variable rate payment obligations to fixed rates. The table below provides a summary of our swap notional amounts.

FIXED PAYER INTEREST RATE SWAPS

(notional amounts)

(\$ in millions)

	<u>Tax-Exempt</u>	<u>Taxable</u>	<u>Totals</u>
HMRB	\$1,218	\$159	\$1,377
MHRB	<u>557</u>	<u>0</u>	<u>557</u>
TOTALS	\$1,775	\$159	\$1,934

SWAPS

(\$ in millions)

	<u>Hedging Bonds</u>	<u>Not Hedging Bonds</u>	<u>Totals</u>
HMRB	\$946	\$431	\$1,377
MHRB	<u>367</u>	<u>190</u>	<u>557</u>
TOTALS	\$1,313	\$621	\$1,934

For all of our fixed-payer swaps, we receive floating rate payments from our counterparties in exchange for a fixed-rate obligation on our part. In today’s market, the net periodic payment owed under these swap agreements is from us to our counterparties. As an example, on our February 1, 2013 semiannual debt service payment date we made a total of \$40 million of net payments to our counterparties. Conversely, if short-term rates were to rise above the fixed rates of our swap agreements, then the net payment would run in the opposite direction, and we would be on the receiving end.

The table on the following page shows the diversification of our fixed payer swaps among the thirteen firms acting as our swap counterparties.

SWAP COUNTERPARTIES

<u>Swap Guarantor</u>	<u>Credit Ratings</u>		<u>Notional Amounts</u>	<u>Number of Swaps</u>
	<u>Moody's</u>	<u>S & P</u>	<u>Swapped as of 2/1/2013 (\$ in millions)</u>	
Merrill Lynch Derivative Products	Aa3	AAA	\$ 577	34
JPMorgan Chase Bank, N.A.	Aa3	A+	410	16
Goldman Sachs Mitsui Marine Derivative Products, , L.P.	Aa2	AAA	209	7
Citigroup Financial Products, Inc.	Baa2	A-	189	7
AIG Financial Products, Corp. ²	Baa1	A-	187	7
Deutsche Bank AG	A2	A+	171	10
Morgan Stanley Capital Services, Inc.	Baa1	A-	97	2
BNP Paribas	A2	A+	46	2
Bank of New York Mellon	Aa1	AA-	25	1
UBS AG	A2	A	13	1
Dexia Credit Local New York Agency ²	Baa2	BBB	10	1
			\$ 1,934 ¹	88

¹ Basis Swaps not included in totals

² Swap counterparty's rating has triggered Additional Termination Event (ATE); Agency has right to terminate the associated swaps; additionally, the rating agencies no longer consider these swaps to be effective hedges see "Termination Risk" section of report

3) FINANCING RISK FACTORS

a) Unhedged Variable Rate Risk

As shown in Sec. 2(a), the Variable Rate Debt table, our "net" variable rate exposure is \$948 million, 20% of our indebtedness. The net amount of variable rate bonds is the amount that is neither swapped to fixed rates nor directly backed by complementary variable rate loans or investments. The \$948 million of net variable rate exposure (\$557 million taxable and \$391 million tax-exempt) is offset by the Agency's variable rate investments and excess swap positions. The Agency's balance sheet has: i) \$580 million (six month average balance) of non-bond indenture related funds invested in the State Treasurer's investment pool (SMIF) earning a variable rate of interest; and, ii) \$621 million notional amount of interest rate swaps in excess of the hedged bonds.

From a risk management perspective, these two positions serve as a balance sheet hedge for the \$948 million of net variable rate exposure.

In order to estimate the “true” unhedged position to the Agency, first, the overhedged swaps were used to offset the unhedged bonds. Then, the remaining tax-exempt unhedged bonds were converted into their equivalent taxable basis. Using this conversion method, the \$948 million of net variable rate exposure translates to \$395 million of net variable rate exposure. This \$395 million is further reduced by the \$580 million of funds invested in SMIF. Thus the “true” net variable rate debt is -\$215 million which, from the Agency’s balance sheet perspective, means there is no net unhedged position.

In addition, taking unhedged variable rate exposure mitigates the amortization risk without the added cost of purchasing swap optionality. Our unhedged variable rate bonds are callable on any date and allow for bond redemption or loan recycling without the cost of par termination rights or special bond redemption provisions. In addition, taking unhedged variable rate exposure diversifies our interest rate risks by providing benefits when short-term interest rates rise slower than the market consensus. In a liability portfolio that is predominately hedged using long-dated swaps, the unhedged exposure balances the interest rate profile of the Agency’s outstanding debt.

b) BASIS RISK

Almost all of our swaps contain an element of what is referred to as “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 our swap floating rates are based on indices, which consist of market-wide averages, while our bond floating rates are specific to our individual bond issues. The only exception is where our taxable floating rate bonds are index-based, as is the case of the taxable floaters we have sold to the Federal Home Loan Banks.

The relationship between the two floating rates changes as market conditions change. Some of the conditions that contributed to our extreme basis mismatch in 2009 and early 2010 were the collapse of the auction rate securities market, the impact of bond insurer downgrades, the funding of bank bonds at higher rates, and SIFMA/LIBOR ratio at historically high levels over 100%. We responded to the market disruption by refunding, converting, or otherwise modifying many of the under performing auction rate securities and insured VRDOs, and we eliminated bank bonds by taking advantage of the Temporary Credit and Liquidity Program offered by the federal government.

The new Temporary Credit and Liquidity Program from the federal government and the GSEs has significantly reduced basis mismatch. As part of this process, all bond insurance was removed from VRDOs and the federal government now provides direct credit support on all CalHFA VRDOs. This has allowed CalHFA VRDOs to reset with little or no spread to SIFMA. Since January 2010, our VRDOs have reset at an average of 2 basis points or 0.02% below SIFMA, whereas in 2009, our VRDOs were resetting at an average of 106 basis points or 1.06% above SIFMA. The main risk that exists is that the SIFMA/LIBOR ratio continues to be high and as market rates rise our basis mismatch may remain higher than expected due to general market conditions.

The floating formulas of Agency swaps are usually indexed to LIBOR or SIFMA. LIBOR is the London Interbank Offered Rate index which is used to benchmark taxable floating rate debt, and SIFMA is the Securities Industry and Financial markets Association Index to benchmark tax-exempt variable rates. When the SIFMA/LIBOR ratio is very high, the swap payment we receive falls short of our bond payment, and the all-in rate we experience is somewhat higher. The converse is true when the percentage is low. We continually monitored the SIFMA/LIBOR relationship and the performance of our swap formulas and made certain adjustments to the formula. The following table displays the SIFMA/LIBOR ratio for the past eight calendar years.

Average SIFMA/LIBOR Ratio			
2006	68%	2010	96%
2007	69%	2011	79%
2008	84%	2012	69%
2009	123%	2013 to date	52%

The table below shows the diversification of variable rate formulas used for determining the payments received from our interest rate swap counterparties.

**BASIS FOR VARIABLE RATE PAYMENTS
RECEIVED FROM SWAP COUNTERPARTIES**
(notional amounts)
(*\$ in millions*)

	<u>Tax-Exempt</u>	<u>Taxable</u>	<u>Totals</u>
% of LIBOR (+ spread)	\$1,199	\$0	\$1,199
SIFMA (+ spread)	380	0	380
Stepped % of LIBOR ¹	190	0	190
3 mo. LIBOR (+ spread)	0	91	91
% of SIFMA	19	0	19
1 mo. LIBOR	0	35	35
3 mo. LIBOR	0	13	13
6 mo. LIBOR	<u>0</u>	<u>7</u>	<u>7</u>
TOTALS	\$1,788	\$146	\$1,934

¹ Stepped % of LIBOR – This formula has seven incremental steps where at the low end of the spectrum the swap counterparty would pay us 85% of LIBOR if rates should fall below 1.25% and at the high end it would pay 60% of LIBOR if rates are greater than 6.75%.

c) **AMORTIZATION RISK**

Our bonds are generally paid down (redeemed or paid at maturity) as our loans are prepaid. Our interest rate swaps amortize over their lives based on assumptions about the receipt of prepayments, and the single family transactions which include swapped bonds have generally been designed to accommodate prepayment rates between two and three times the “normal” rate. Our interest rate swaps generally have had fixed amortization schedules that can be met under a sufficiently wide ranges of prepayment speeds. In addition, swaps that were entered into after 2003 had swap termination options which allowed the Agency to terminate all or portions of the swap at par (no cost to terminate). The table below shows the par terminations that the Agency has exercised to date.

	Swap Par Options Exercised (\$ in thousands)
2004	\$12,145
2005	35,435
2006	20,845
2007	28,120
2008	18,470
2009	370,490
2010	186,465
2011	288,700
2012	361,975
2013	112,415
	\$1,435,060

The table below shows the speed at which the Agency’s single family first mortgage loans have been prepaying for the past five years.

SEMI-ANUAL PREPAYMENT SPEED
FOR PAST FIVE YEARS

<u>6-mo Period Ending:</u>	<u>PSA</u>
Dec-2007	81%
Jun-2008	60%
Dec-2008	58%
Jun-2009	89%
Dec-2009	128%
Jun-2010	165%
Dec-2010	236%
Jun-2011	255%
Dec-2011	299%
Jun-2012	278%
Dec-2012	257%

Of interest is an \$621 million overswap mismatch between the notional amount of certain of our swaps and the outstanding amount of the related bonds. This mismatch has occurred for two reasons: 1) as a result of the interplay between loan prepayments and the “10-year rule” of federal tax law and 2) the strategic debt management of the Agency to redeem bonds that were hedged but were associated with troubled or problematic financial partners. While some of our bonds are “over-swapped”, there are significantly more than enough unswapped variable rate bonds to compensate for the mismatch. To mitigate our overswapped position, we continually monitor the termination value of our “excess swap” position looking for opportunities to unwind these positions when market terminations would be at minimal cost or a positive value to us and by exercising the par swap options as they become available.

d) TERMINATION RISK

Termination risk is the risk that, for some reason, our interest rate swaps must be terminated prior to their scheduled maturity. Our swaps have a market value that is determined based on current interest rates. When current fixed rates are higher than the fixed rate of the swap, our swaps have a positive value to us (assuming, as is the case on all of our swaps today, that we are the payer of the fixed swap rate), and termination would result in a payment from the provider of the swap (our swap “counterparty”) to us. Conversely, when current fixed rates are lower than the fixed rate of the swap, our swaps have a negative value to us, and termination would result in a payment from us to our counterparty.

Our swap documents allow for a number of termination “events,” i.e., circumstances under which our swaps may be terminated early, or “unwound”. One circumstance that would cause termination would be a payment default on the part of either counterparty. Another circumstance would be a sharp drop in either counterparty’s credit ratings and, with it, an inability (or failure) of the troubled counterparty to post sufficient collateral to offset its credit problem. It should be noted that, if termination is required under the swap documents, the market determines the amount of the termination payment and who owes it to whom. Depending on the market, it may be that the party who has caused the termination is owed the termination payment.

TERMINATION VALUE HISTORY

<u>Date</u>	<u>Termination Value</u> <u>(\$ in millions)</u>
9/30/11	(\$338)
12/31/11	(\$330)
3/31/12	(\$302)
6/30/12 *	(\$324)
9/30/12	(\$330)
12/31/12	(\$294)
3/31/13	(\$294)

* As reported in the Financial Statements

e) COLLATERAL POSTING RISK

Some ISDA agreements that we have entered into with the swap counterparties have collateral posting requirements. These postings are a function of the mark-to-market, ratings, threshold amounts, independent amounts and any collateral already posted. Our trades are valued weekly, and our collateral position is adjusted weekly based on those valuations. Failure to post the required collateral can result in a termination event.

The table below shows the required collateral amounts currently posted to swap counterparties. In the past months, falling interest rates have caused the swaps to have a negative value to the Agency thereby increasing the amount of collateral being posted to the counterparties.

Swap Collateral Posting
as of 4/17/2013
(\$ in millions)

	<u>JPMorgan</u>	<u>Goldman Sachs</u>	<u>BofA</u>	<u>BofA / Merrill Lynch</u>	<u>Deutsche</u>	<u>AIG</u>	<u>Total</u>
Marked-to-Market	61.26	34.9	60.29	34.82	35.79	15.26	
Credit Support Amount	26.26	21.15	6.25	19.58	5.79	0	79.03

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State of California

M E M O R A N D U M**To** Board of Directors**Date:** April 25, 2013


Tim Hsu, Director of Financing

From: CALIFORNIA HOUSING FINANCE AGENCY

Subject: REPORT OF BOND SALE
RESIDENTIAL MORTGAGE REVENUE BONDS 2013 SERIES A AND SERIES B

On April 19, 2013, the Agency entered into purchase contracts for the delivery of \$133.76 million of refunding bonds under the Residential Mortgage Revenue Bond Indenture (RMRB). The bonds will be issued in two taxable fixed rate series and will refund program bonds initially issued under the Federal HFA Initiatives New Issue Bond Program (NIBP). The bonds are scheduled to close on April 30, 2013 and will be rated Aaa by Moody's. The bonds will carry a negative outlook assigned by Moody's due to the nature of the assets held under the bonds (Ginnie Mae mortgage-backed securities) and Moody's negative outlook assigned to the federal government.

Proceeds of the RMRB 2013 Series A bonds will be used to refund the RMRB 2009 Series A-4 bonds on May 1, 2013 and proceeds of the RMRB 2013 Series B bonds will be used to refund the RMRB 2009 Series A-3 bonds on May 1, 2013. The refunding is being executed for economic savings. Upon completion of the refunding, the Agency will increase its permitted administrative fee from 24 to 89 basis points for the 2013 A bonds and from 25 to 45 basis points for the 2013 B bonds. While we do not know the actual savings that will be generated from this refunding since it is dependent on the life of the loans, we expect to save approximately \$650,000 with the 2013 A bonds and approximately \$67,000 with the 2013 B bonds during the first year after the bonds close.

Summary of the Bonds		
Bond Series	2013 A	2013 B
Par Amount	\$ 100,210,000	\$ 33,550,000
Type of Bonds	Fixed	Fixed
Tax Treatment	Taxable	Taxable
Maturity	2/1/2042	2/1/2042
Credit Rating (Moody's)	Aaa	Aaa
Interest Rate	2.90%	2.90%

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MEMORANDUM

To: CalHFA Board of Directors

Date: 29 April 2013

From: Di Richardson, Director of Legislation
CALIFORNIA HOUSING FINANCE AGENCY

Subject: Legislative Report

CalHFA

[AB 637](#)

(Atkins D) Housing assistance.

Status: 4/25/2013-Re-referred to Com. on H. & C.D.

Location: 4/25/2013-A. H. & C.D.

Calendar: 5/1/2013 9 a.m. - State Capitol, Room 126 ASSEMBLY HOUSING AND COMMUNITY DEVELOPMENT, TORRES, Chair

Summary: Current law requires the California Housing Finance Agency to administer the California Homebuyer's Downpayment Assistance Program for the purpose of assisting first-time low- and moderate-income home buyers utilizing existing mortgage financing. That program also authorized up to \$75 million of those funds to be used to finance predevelopment costs for for-sale housing. This program is known as the Residential Development Loan Program (RDLP). AB 637 would expand the use of the funds available for RDLP to also include predevelopment costs for multifamily housing developments.

[AB 984](#)

(Chau D) The California Housing Finance Agency.

Status: 4/25/2013-In Senate. Read first time. To Com. on RLS. for assignment.

Location: 4/25/2013-S. RLS.

Summary: This bill would increase the number of Board Members for CalHFA by two, add the Secretary of Veterans Affairs and one additional member appointed by the Governor have specific knowledge of bonds and related financial instruments, interest rate swaps, and risk management.

Greenhouse Gas

[AB 1051](#)

(Bocanegra D) Housing.

Status: 4/17/2013-From committee: Do pass and re-refer to Com. on TRANS. (Ayes 4. Noes 2.) (April 17).

Re-referred to Com. on TRANS.

Location: 4/17/2013-A. TRANS.

Calendar: 4/29/2013 1:30 p.m. - State Capitol, Room 4202 ASSEMBLY TRANSPORTATION, LOWENTHAL, Chair

Summary: Sponsored by Housing California, this bill would state findings and declarations of the Legislature relating to transportation and residential housing development. The bill would create the Sustainable Communities for All program, which shall begin operations on January 1, 2015, to fund transit-related projects through competitive grants and loans, as specified. The Sustainable Communities for All program would not be implemented until the Legislature appropriates funds for the program.

HCD

[AB 523](#)

(Ammiano D) Department of Housing and Community Development: loans.

Status: 4/10/2013-In committee: Set, first hearing. Referred to APPR. suspense file.

Location: 4/10/2013-A. APPR. SUSPENSE FILE

Summary: Current law authorizes the Department of Housing and Community Development to make advance payments to eligible borrowers and grantees under certain loan or grant programs for housing, if the department makes specified determinations. This bill would additionally authorize the department to reduce the interest rate on any loan issued by the department to a rental housing development to as low as 0% if the development meets specified requirements.

Notes: - AB 523 would give HCD discretion in limited circumstances to reduce the interest rate on a project that receives an MHP loan is also awarded LIHTC. To qualify a sponsor would have to prove to the satisfaction of HCD that without the reduction in the interest rate on the MHP loan the amount of tax credit the project could qualify for would be reduced and there are no other loans on the development that require ongoing debt payments. MHP loans are considered "soft" debt because they are deferred and do not require debt and interest payments until the end of the term of the 55-year loan. Under federal law, a sponsor of a development that receives LIHTC must demonstrate a plausible set of circumstance under which the MHP loan could be repaid. The sponsor and/or investor will run a "true debt" analysis showing the project could conceivably generate enough net operating income to repay all debt, typically by showing the market rents the project could charge after the 55-year regulatory period ends. If a project fails this true debt test, loans are treated as grants for tax purposes and the project loses an equivalent amount of tax credits. By reducing the interest rate on these loans to zero percent the program will not recover the 3% interest payments at the end of the 55-years; however, the principal will be due on the loan at the end of the term.

Homeless

[AB 585](#)

(Fox D) Homeless veterans' assistance pilot program.

Status: 3/4/2013-Referred to Coms. on H. & C.D. and V.A.

Location: 3/4/2013-A. H. & C.D.

Summary: Would establish, until January 1, 2018, the Homeless Veterans' Housing Assistance Pilot Program, in up to 4 counties that agree to participate. The bill would provide that the pilot program would be administered at the state level by the Department of Veterans' Affairs, in consultation with the Department of Housing and Community Development, and would prescribe the department's responsibilities in this regard.

Infrastructure

[AB 716](#)

(Quirk-Silva D) Infrastructure plan: state planning and funding.

Status: 4/17/2013-From committee: Do pass and re-refer to Com. on BUDGET. (Ayes 5. Noes 2.) (April 17).

Re-referred to Com. on BUDGET.

Location: 4/17/2013-A. BUDGET

Calendar:

4/30/2013 1:30 p.m.- State Capitol, Room 447 ASSEMBLY BUDGET SUBCOMMITTEE NO. 6 ON BUDGET PROCESS, OVERSIGHT AND PROGRAM EVALUATION, BLUMENFIELD, Chair

5/2/2013 Upon Call of the Chair - State Capitol, Room 4202 ASSEMBLY BUDGET, BLUMENFIELD, Chair

Summary: The California Infrastructure Planning Act requires the Governor to submit annually to the Legislature, in conjunction with the Governor's Budget, a proposed 5-year infrastructure plan containing prescribed information. This bill would additionally require the plan to set out priorities for coordination of investment. The bill would expand the definition of infrastructure to include housing.

Misc.

[SB 550](#)

(Jackson D) Accessible housing.

Status: 4/24/2013-From committee with author's amendments. Read second time and amended. Re-referred to Com. on T. & H.

Location: 4/24/2013-S. T. & H.

Calendar: 4/30/2013 1:30 p.m. - John L. Burton Hearing Room (4203) SENATE TRANSPORTATION AND HOUSING, DESAULNIER, Chair

Summary: Would create the Accessible Multifamily Housing Act of 2013, which would require public housing facilities with residential dwelling units, as defined, for which requests for building permits are submitted on and after July 1, 2014, to include specified percentages of residential dwelling units that provide compliant mobility and communications features.

Mortgage Lending

AB 42

(Perea D) Taxation: cancellation of indebtedness: mortgage debt forgiveness.

Status: 4/9/2013-Re-referred to Com. on REV. & TAX.

Location: 4/9/2013-A. REV. & TAX SUSPENSE FILE

Calendar: 4/29/2013 1:30 p.m. - State Capitol, Room 126 ASSEMBLY REVENUE AND TAXATION SUSPENSE, BOCANEGRA, Chair

Summary: The Personal Income Tax Law conforms to specified provisions of federal law relating to the exclusion of the discharge of qualified principal residence indebtedness, as defined, from an individual's income if that debt is discharged after January 1, 2007, and before January 1, 2013, as provided. The federal American Taxpayer Relief Act of 2012 extended the operation of those provisions to debt that is discharged before January 1, 2014. This bill would conform to the federal extension.

SB 30

(Calderon D) Taxation: cancellation of indebtedness: mortgage debt forgiveness.

Status: 4/8/2013-Placed on APPR. suspense file.

Location: 4/8/2013-S. APPR. SUSPENSE FILE

Summary: The Personal Income Tax Law conforms to specified provisions of the federal Mortgage Forgiveness Debt Relief Act of 2007, relating to the exclusion of the discharge of qualified principal residence indebtedness, as defined, from a taxpayer's income if that debt is discharged after January 1, 2007, and before January 1, 2010, as provided. The federal Emergency Economic Stabilization Act of 2008 extended the operation of those provisions to debt that is discharged before January 1, 2013. This bill would extend the operation of the exclusion of the discharge of qualified principal residence indebtedness to debt that is discharged on or after January 1, 2013, and before January 1, 2014

Perm Source

SB 391

(DeSaulnier D) California Homes and Jobs Act of 2013.

Status: 4/24/2013-From committee: Do pass and re-refer to Com. on APPR. (Ayes 5. Noes 2.) (April 24).

Re-referred to Com. on APPR.

Location: 4/24/2013-S. APPR.

Calendar: 5/6/2013 11 a.m. - John L. Burton Hearing Room (4203) SENATE APPROPRIATIONS, DE LEÓN, Chair

Summary: Would enact the California Homes and Jobs Act of 2013. The bill would impose a fee, except as provided, of \$75 to be paid at the time of the recording of every real estate instrument, paper, or notice required or permitted by law to be recorded. The bill would require that revenues from this fee be sent quarterly to the Department of Housing and Community Development for deposit in the California Homes and Jobs Trust Fund, which the bill would create within the State Treasury. The bill would provide that moneys in the fund may be expended for supporting affordable housing, administering housing programs, and the cost of periodic audits, as specified. The bill would impose certain auditing and reporting requirements.

Notes: According to the author, "Everyone in California needs a safe and affordable place to call home. For U.S. military veterans, former foster youth, families with children, people with disabilities, seniors on fixed incomes, and other vulnerable Californians, however, the housing crisis isn't over. Millions of Californians are caught in the "perfect storm" — mortgages remain out of reach, credit standards have tightened, and the foreclosure crisis has pushed more people into a rental market already suffering from decades of short supply — leading to record-setting rent increases. The most vulnerable risk joining the more than 130,000 Californians who are homeless on any given night. Moreover, rents and mortgages within the reach of working families are critical to maintaining California's business competitiveness. Numerous business groups say California needs to increase the supply of housing options affordable to workers so

companies can compete for the talent that drives California's economy. At the same time, California's investment in affordable homes has dried up. State agencies have awarded nearly all of the voter-approved bond funding for affordable housing. Likewise, the elimination of redevelopment agencies has cut off funding from the low- and moderate-income housing set aside. The California Homes and Jobs Act begins to restore California's historic investments in affordable homes by creating an ongoing, pay-as-you-go source of funding dedicated to affordable housing development.

Redevelopment

[AB 229](#) ([John A. Pérez](#) D) **Local government: infrastructure and revitalization financing districts.**

Status: 4/18/2013-From committee: Do pass and re-refer to Com. on APPR. (Ayes 8. Noes 1.) (April 17).

Re-referred to Com. on APPR.

Location: 4/18/2013-A. APPR.

Calendar: 5/1/2013 9 a.m. - State Capitol, Room 4202 ASSEMBLY APPROPRIATIONS, GATTO, Chair

Summary: Would authorize the creation of an infrastructure and revitalization financing district, as defined, and the issuance of debt with 2/3 voter approval. The bill would authorize the creation of a district for up to 40 years and the issuance of debt with a final maturity date of up to 30 years, as specified. The bill would authorize a district to finance projects in redevelopment project areas and former redevelopment project areas and former military bases.

[AB 431](#) ([Mullin](#) D) **Regional transportation plan: sustainable communities strategy: funding.**

Status: 4/16/2013-Re-referred to Com. on TRANS.

Location: 4/16/2013-A. TRANS.

Summary: Would authorize a transportation planning agency that is designated as a metropolitan planning organization to impose a transactions and use tax, as specified, at a rate of no more than 0.5% even if the combined rate of this tax and other specified taxes imposed in the county, exceeds, if certain requirements are met.

[AB 564](#) ([Mullin](#) D) **Community redevelopment: successor agencies.**

Status: 4/25/2013-From committee: Do pass and re-refer to Com. on H. & C.D. (Ayes 9. Noes 0.) (April 24).

Re-referred to Com. on H. & C.D.

Location: 4/25/2013-A. H. & C.D.

Calendar: 5/1/2013 9 a.m. - State Capitol, Room 126 ASSEMBLY HOUSING AND COMMUNITY DEVELOPMENT, TORRES, Chair

Summary: Current law requires successor agencies to wind down the affairs of the dissolved redevelopment agencies and to, among other things, make payments due for enforceable obligations, as defined, perform obligations required pursuant to any enforceable obligation, dispose of all assets of the former redevelopment agency, and to remit unencumbered balances of redevelopment agency funds, including housing funds, to the county auditor-controller for distribution to taxing entities. This bill would prohibit the Department of Finance from taking any future action to modify the enforceable obligations described above following the effective date of the approval of those enforceable obligations after review by the oversight board and the department.

Notes: According to the League of California Cities, this bill "clarifies the statute to reflect legislative intent so successor agencies can rely on access to these benefits over the long term...this important clarification will avoid unnecessary future disputes, confusion and litigation, and assist the affected communities in moving on from redevelopment so they can focus on their future.

[AB 662](#) ([Atkins](#) D) **Local government: infrastructure financing districts.**

Status: 4/25/2013-In Senate. Read first time. To Com. on RLS. for assignment.

Location: 4/25/2013-S. RLS.

Summary: Would delete the prohibition on infrastructure financing district including any portion of a redevelopment project area.

[AB 981](#) ([Bloom](#) D) **Redevelopment dissolution.**

Status: 4/25/2013-From committee: Do pass and re-refer to Com. on H. & C.D. (Ayes 9. Noes 0.) (April 24).
Re-referred to Com. on H. & C.D.
Location: 4/25/2013-A. H. & C.D.
Calendar: 5/1/2013 9 a.m. - State Capitol, Room 126 ASSEMBLY HOUSING AND COMMUNITY DEVELOPMENT, TORRES, Chair

Summary: Current law provides for the transfer of housing assets and functions previously performed by a dissolved redevelopment agency to one of several specified public entities. This bill would authorize that entity to designate the use of, and commit, indebtedness obligation proceeds that were issued prior to June 28, 2011.

Notes: According to the author, the following agencies are currently unable to use 2011 bond funds: Blythe, Brea, Calexico, Cudahy, Culver City, Davis, Fairfield, Folsom, Galt, Glendale, Goleta, Grand Terrace, Inland Valley Development Agency (former Norton AFB), La Quinta, Lemoore, Lynwood, Monrovia, National City, Oakdale, Oakland, Reedley, Riverside County, City of San Bernardino, Santa Ana, Santa Clara, Santa Monica, Signal Hill, City of Sonoma, Stanton, Temecula, Twentynine Palms, Ukiah, Union City, Vernon, West Hollywood, Westminster, and Yorba Linda. Supporters argue that it is estimated that approximately \$650 million in 2011 redevelopment bond proceeds are currently sitting idle and cannot be used, and if these proceeds were spent on their intended projects, it is estimated that approximately 9,300 high wage construction and related jobs would be generated

[AB 1080](#) **(Alejo D) Community Revitalization and Investment Authorities.**

Status: 4/25/2013-Re-referred to Com. on L. GOV.
Location: 4/25/2013-A. L. GOV.
Calendar: 5/1/2013 1:30 p.m. - State Capitol, Room 447 ASSEMBLY LOCAL GOVERNMENT, ACHADJIAN, Chair

Summary: Would authorize certain public entities of a community revitalization and investment area, as described, to form a community revitalization plan within a community revitalization and investment authority (authority) to carry out the Community Redevelopment Law in a specified manner. The bill would require the authority to adopt a community revitalization plan for a community revitalization and investment area and authorize the authority to include in that plan a provision for the receipt of tax increment funds.

[AB 1207](#) **(Brown D) Community development.**

Status: 2/25/2013-Read first time.
Location: 2/22/2013-A. PRINT
Summary: The Community Redevelopment Law authorized the establishment of redevelopment agencies in communities to address the effects of blight, as defined. Current law describes physical and economic conditions that cause blight. Current law dissolved redevelopment agencies as of February 1, 2012, and provides for the designation of successor agencies, as defined, to wind down the affairs of the dissolved redevelopment agencies. This bill would make technical, nonsubstantive changes to the provision regarding the causes of blight.

[AB 1320](#) **(Bloom D) Redevelopment: allocation of property tax: pass-through payments.**

Status: 4/23/2013-In committee: Set, first hearing. Hearing canceled at the request of author.
Location: 4/17/2013-A. L. GOV.
Summary: Current law establishes a public school financing system that requires funding for each county superintendent of schools and school district to be calculated pursuant to a revenue limit, as specified, and requires the revenue limit and general-purpose entitlement for a school entity to be composed of, among other things, certain types of revenues, including ad valorem property tax revenues. This bill would provide that a specified amount of ad valorem property tax revenues allocated to a school entity, defined with reference to former pass-through payments made by a redevelopment agency, will not be included as ad valorem property tax revenues counted against the revenue limit for that entity.

[SB 1](#) **(Steinberg D) Sustainable Communities Investment Authority.**

Status: 4/23/2013-Do pass as amended, and re-refer to the Committee on Appropriations

Location: 4/23/2013-S. APPR.

Summary: Would authorize certain public entities of a Sustainable Communities Investment Area, as described, to form a Sustainable Communities Investment Authority (authority) to carry out the Community Redevelopment Law in a specified manner. The bill would require the authority to adopt a Sustainable Communities Investment Plan for a Sustainable Communities Investment Area and authorize the authority to include in that plan a provision for the receipt of tax increment funds provided that certain economic development and planning requirements are met.

Notes 1: Eliminating redevelopment agencies did not eliminate the need for California communities to build more affordable housing, eliminate blight, foster business activity, clean up contaminated brownfields, and create jobs. SB 1 establishes a new approach to local economic development and housing policy that is focused on building sustainable communities and creating high skill, high wage jobs. SB 1 fosters collaboration between cities and counties on local economic development efforts and mitigates the zero-sum competition for scarce property tax revenues among cities, counties, and school districts. The bill offers local governments flexibility by allowing an Authority to use a variety of tools, including tax increment financing, Community Redevelopment Law powers, local sales taxes, infrastructure financing districts, and the ability to leverage public pension fund investments.

SB 341**(DeSaulnier D) Redevelopment.**

Status: 4/29/2013-Action From APPR.: Do pass.

Location: 4/29/2013-S. APPR.

Calendar: 4/29/2013 11 a.m. - John L. Burton Hearing Room (4203) SENATE APPROPRIATIONS, DE LEÓN, Chair

Summary: Current law requires the entity assuming the housing functions of the former redevelopment agency to perform various functions. This bill would change provisions relating to the functions to be performed by the entity assuming the housing functions of the former redevelopment agency to instead refer to the housing successor.

Tax Credits

AB 952**(Atkins D) Low-income housing tax credits.**

Status: 4/3/2013-From committee: Do pass and re-refer to Com. on REV. & TAX. (Ayes 7. Noes 0.) (April 3).

Re-referred to Com. on REV. & TAX.

Location: 4/3/2013-A. REV. & TAX

Summary: Would, under the insurance taxation law, allow a credit for buildings located in designated difficult development areas or qualified census tracts allocated in the specified amounts, provided that the amount of credit allocated under Section 42 of the Internal Revenue Code is computed on 100% of the qualified basis of the building.

Notes: This bill would allow, in limited cases, for the state credits to be used in a DDA or QCT. In order to qualify projects would need to dedicate at least 50% of the units toward special needs populations. Projects that serve special needs populations need greater subsidy in order to offer rents at low or extremely low levels. Allowing state credits to be used in DDAs and QCTs would increase the equity projects could generate from tax credits because the projects can already qualify for more federal tax credits than projects outside of a DDA or a QCT. Under existing federal law, projects can receive 30% more federal LIHTC if they locate in a DDA or QCT. This bill would allow projects to receive state tax credits of up to an additional 30% of the projects eligible basis. As an example, if a project qualifies for \$10 million in eligible basis in a DDA or QCT, the project could get up to 130% of that basis in federal tax credits, which means the project sponsor, would have \$13 million in federal credits to sell to an investor. This bill would allow that project to get an additional 30% in state tax credits against the \$10 million in eligible basis, which would create an additional \$3 million in state tax credits. This bill also clarifies TCAC's authority to swap out state LIHTC for federal LIHTC if the sponsor agrees when making the application. Sponsors receive additional points in their application if they agree that if TCAC determines it is necessary it can exchange state credits for federal credits. This practice is authorized in TCAC's regulations and this bill would confirm that authority in statute. The practice of swapping credits is used to maximize both the state and federal credits available to the state.

SB 365**(Wolk D) Income and corporation taxes: credits: information and operative time period.**

Status: 4/22/2013-In Assembly. Read first time. Held at Desk.

Location: 4/22/2013-A. DESK

Summary: Current law imposes various taxes and allows specified credits, deductions, exclusions, and exemptions in computing those taxes. This bill would require any bill, introduced on or after January 1, 2014, that would authorize a personal income or corporation tax credit to contain, among other provisions, (1) specified goals, purposes, and objectives that the tax credit will achieve, (2) detailed performance indicators to measure whether the tax credit is meeting those goals, purposes, and objectives, and (3) a requirement that the tax credit cease to be operative no later than 10 taxable years after its effective date, as specified.

Trust Fund

[AB 532](#)

(Gordon D) Local Housing Trust Fund.

Status: 4/17/2013-In committee: Set, first hearing. Referred to APPR. suspense file.

Location: 4/17/2013-A. APPR. SUSPENSE FILE

Summary: Would revise the law applicable to the Local Housing Trust Fund Matching Grant Program, including (1) reducing the maximum allocation to \$1,000,000 per notice of funding availability, (2) eliminating funding priorities for certain types of local housing trust funds, and (3) revising requirements relative to deed restrictions and equity sharing agreements applicable to for-sale housing projects or units within for-sale housing projects.

Notes: This bill would remove the requirement that the remaining funding for the Local Housing Trust Fund Matching Grant Program revert to the Self-Help Housing Program at the end of the year. It would make the remaining funding available to both newly formed and existing housing trust funds and reduce the maximum amount a trust fund could receive in matching state dollars to \$1,000,000 from \$2,000,000. HCD would be directed to issue a new NOFA for the program no later than June 30, 2014.

Veterans

[AB 556](#)

(Salas D) Fair Employment and Housing Act: military veterans.

Status: 4/25/2013-From committee: Do pass and re-refer to Com. on APPR. with recommendation: to consent calendar. (Ayes 7. Noes 0.) (April 24). Re-referred to Com. on APPR.

Location: 4/25/2013-A. APPR.

Summary: Would add "military and veteran status," as defined, to the list of categories protected from discrimination under the California Fair Employment and Housing Act. This bill would also provide an exemption for an inquiry by an employer regarding military or veteran status for the purpose of awarding a veteran's preference as permitted by law.

[AB 585](#)

(Fox D) Homeless veterans' assistance pilot program.

Status: 3/4/2013-Referred to Coms. on H. & C.D. and V.A.

Location: 3/4/2013-A. H. & C.D.

Summary: Would establish, until January 1, 2018, the Homeless Veterans' Housing Assistance Pilot Program, in up to 4 counties that agree to participate. The bill would provide that the pilot program would be administered at the state level by the Department of Veterans' Affairs, in consultation with the Department of Housing and Community Development, and would prescribe the department's responsibilities in this regard. This bill contains other related provisions and other existing laws.

[AB 639](#)

(John A. Pérez D) Veterans Housing and Homeless Prevention Act of 2014.

Status: 4/17/2013-From committee: Do pass and re-refer to Com. on V.A. (Ayes 7. Noes 0.) (April 17). Re-referred to Com. on V.A.

Location: 4/17/2013-A. V. A.

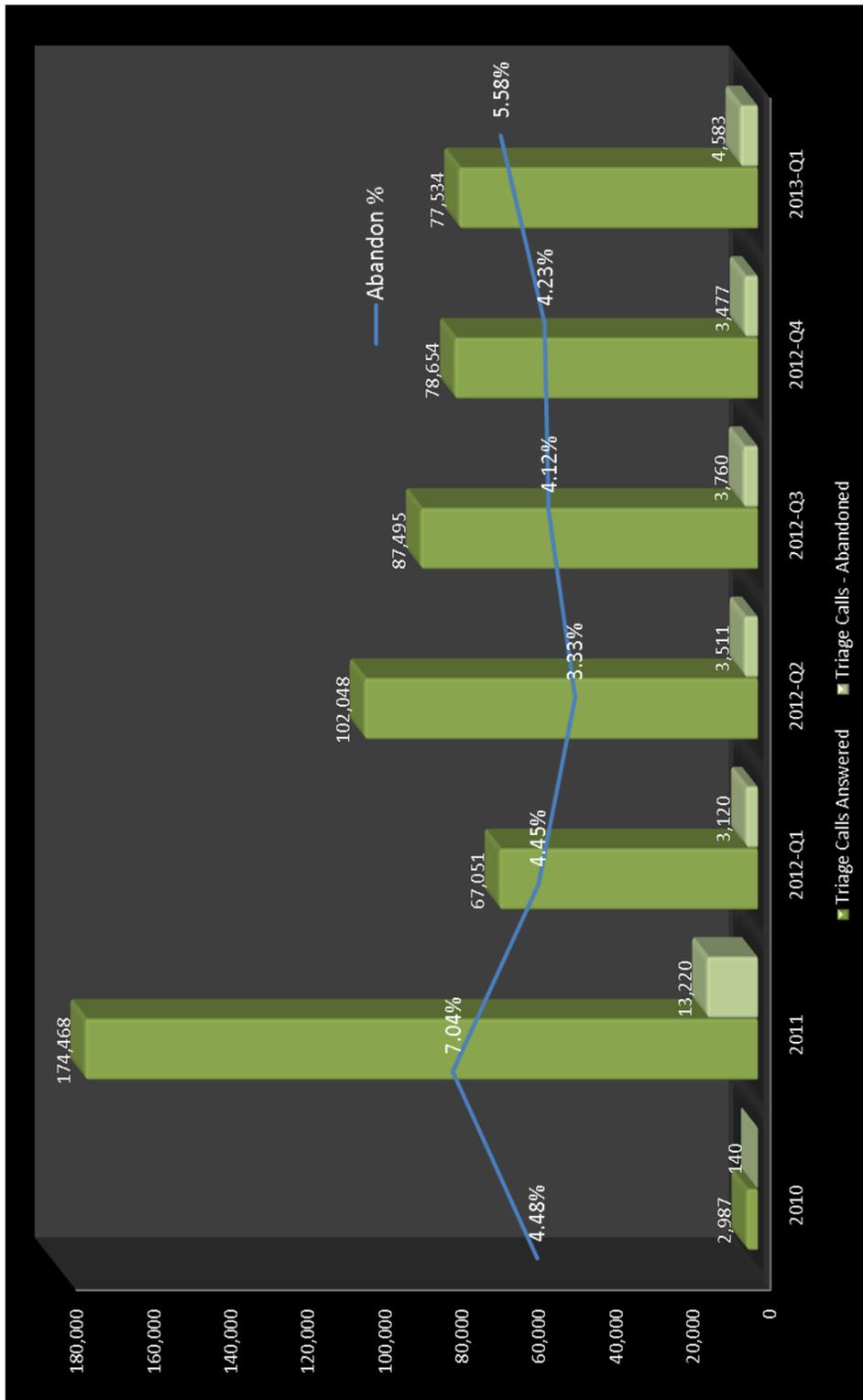
Calendar: 4/30/2013 4 p.m. - State Capitol, Room 126 ASSEMBLY VETERANS AFFAIRS, MURATSUCHI, Chair

Summary: This bill is intended to repurpose \$600 million of bond authority previously approved for the purchase of veteran's single family homes, and instead authorize those funds to be used for the construction, rehabilitation, and preservation of multifamily housing for veterans.

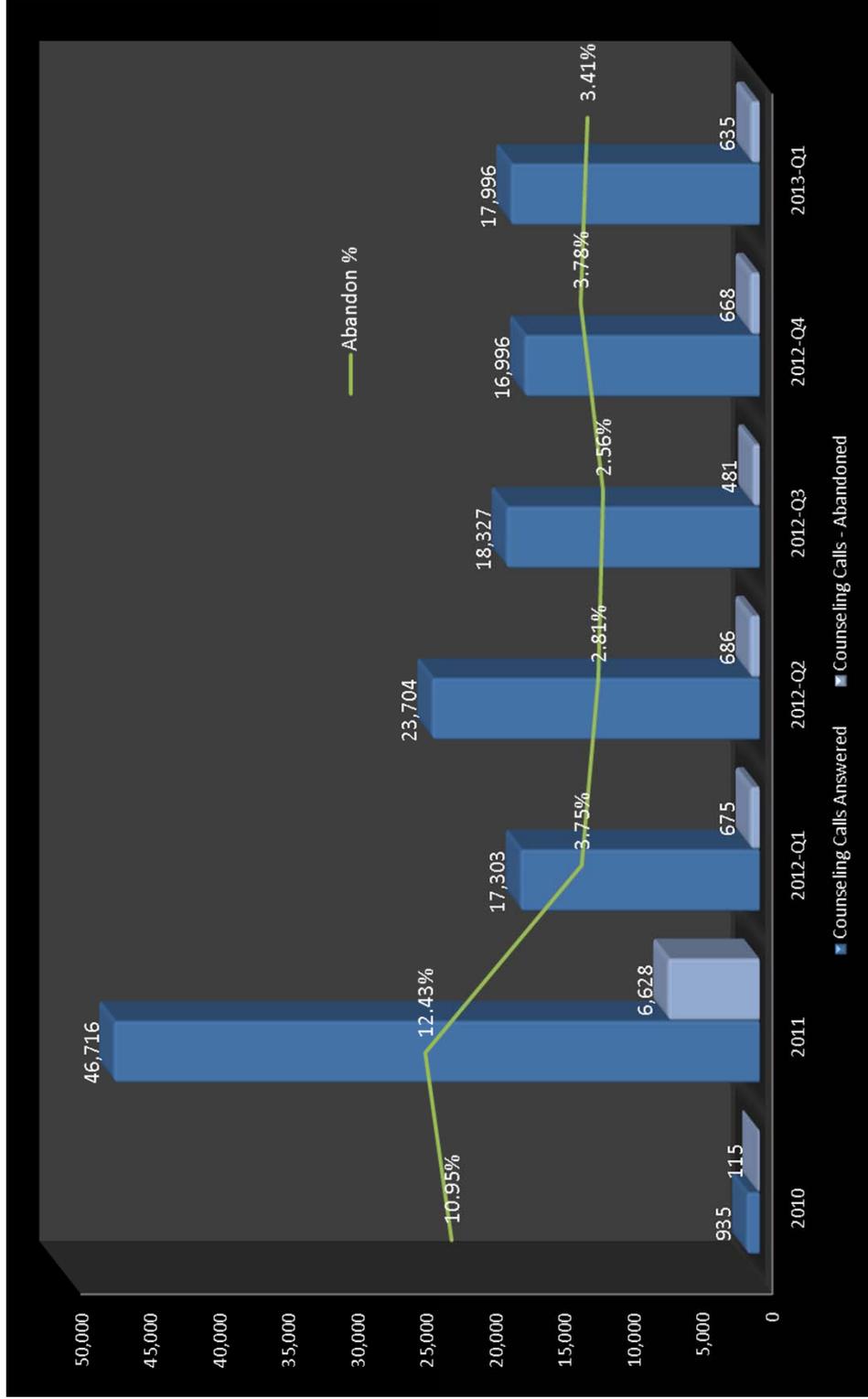
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**Keep Your Home California
Program Update
through March 31, 2013**

**Production
Triage Call Volume Statistics
Program Inception through March 31, 2013**



**Production
Counseling Call Volume Statistics
Program Inception through March 31, 2013**



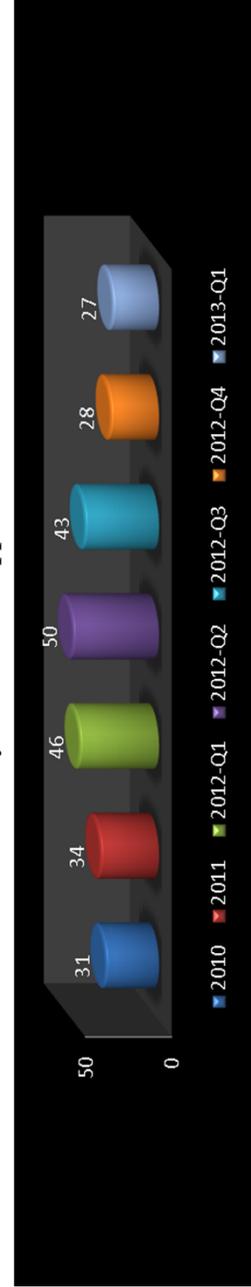
Production UMA - Program Inception through March 31, 2013

Homeowner Action Plans



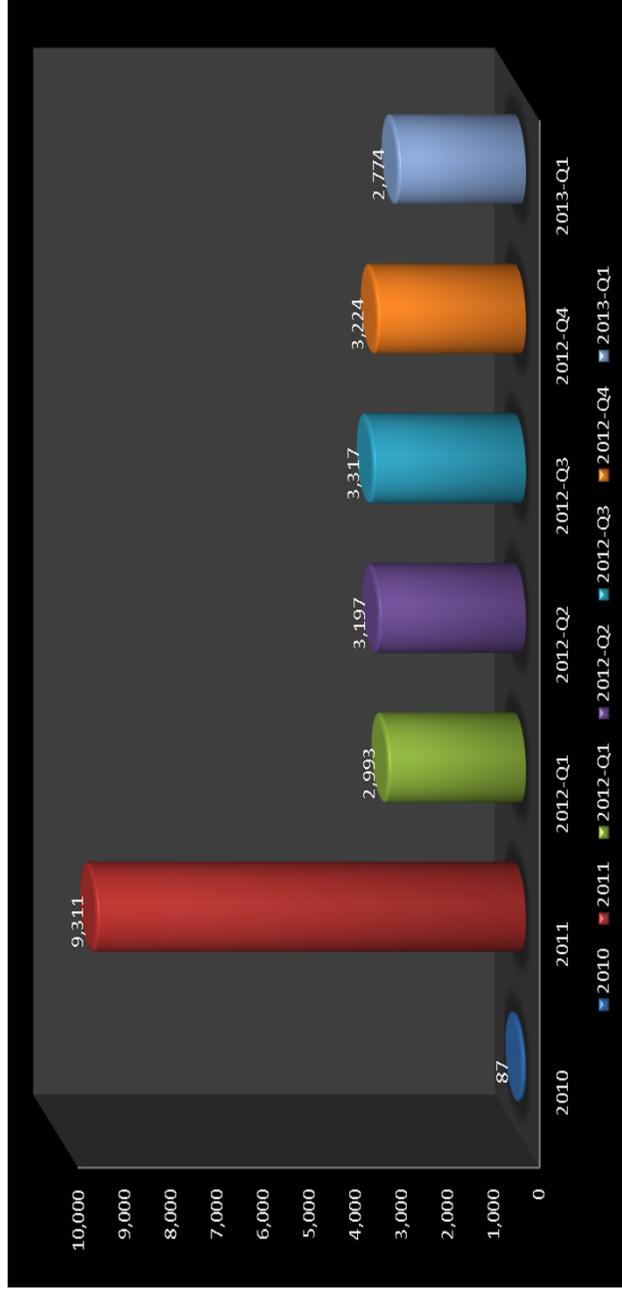
Total HAPs	35,980
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Median Days to Process – Approved Files

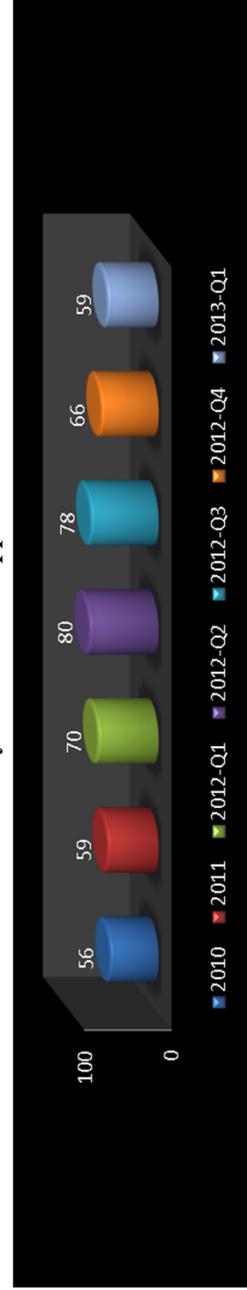


Production MRAP - Program Inception through March 31, 2013

Homeowner Action Plans

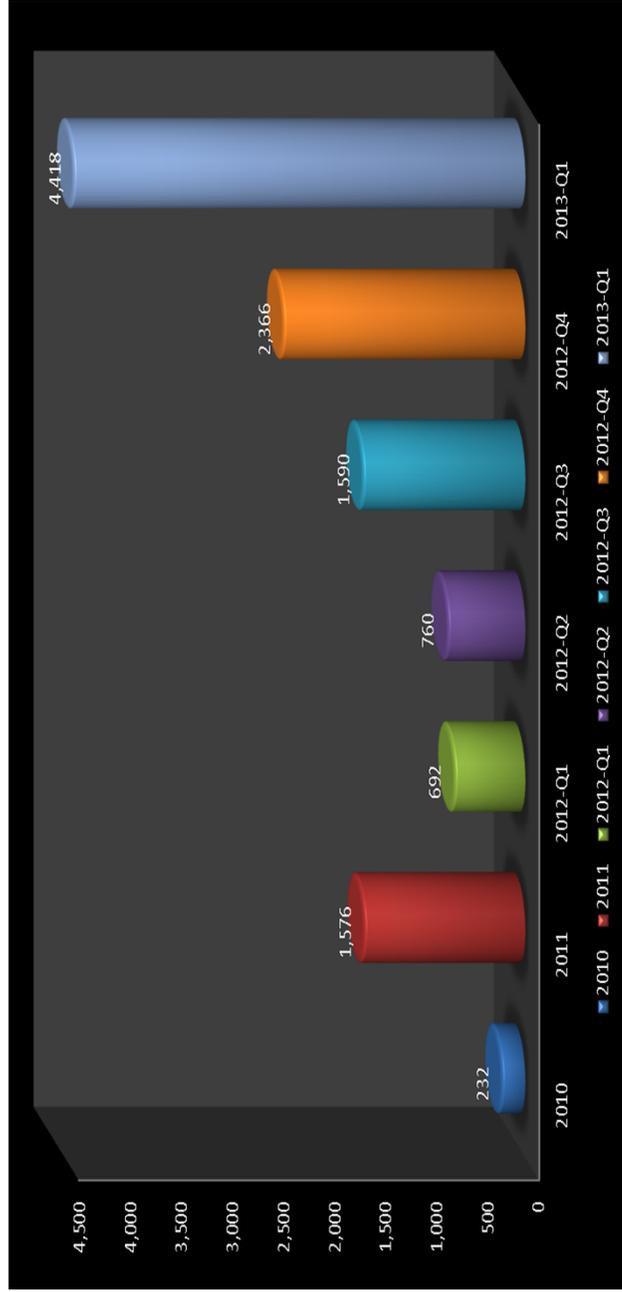


Median Days to Process - Approved Files

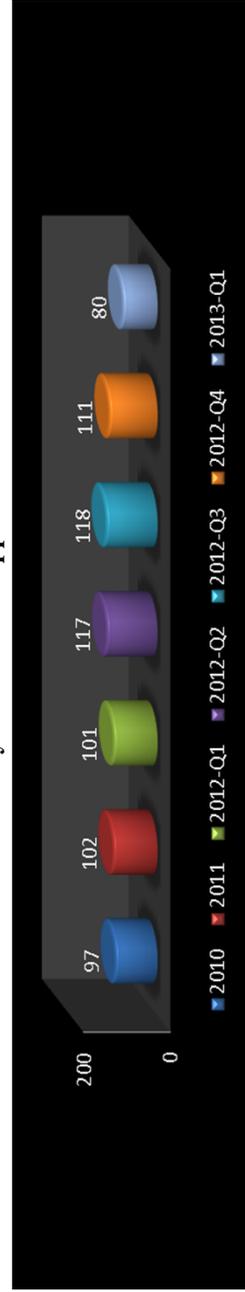


Production PRP - Program Inception through March 31, 2013

Homeowner Action Plans

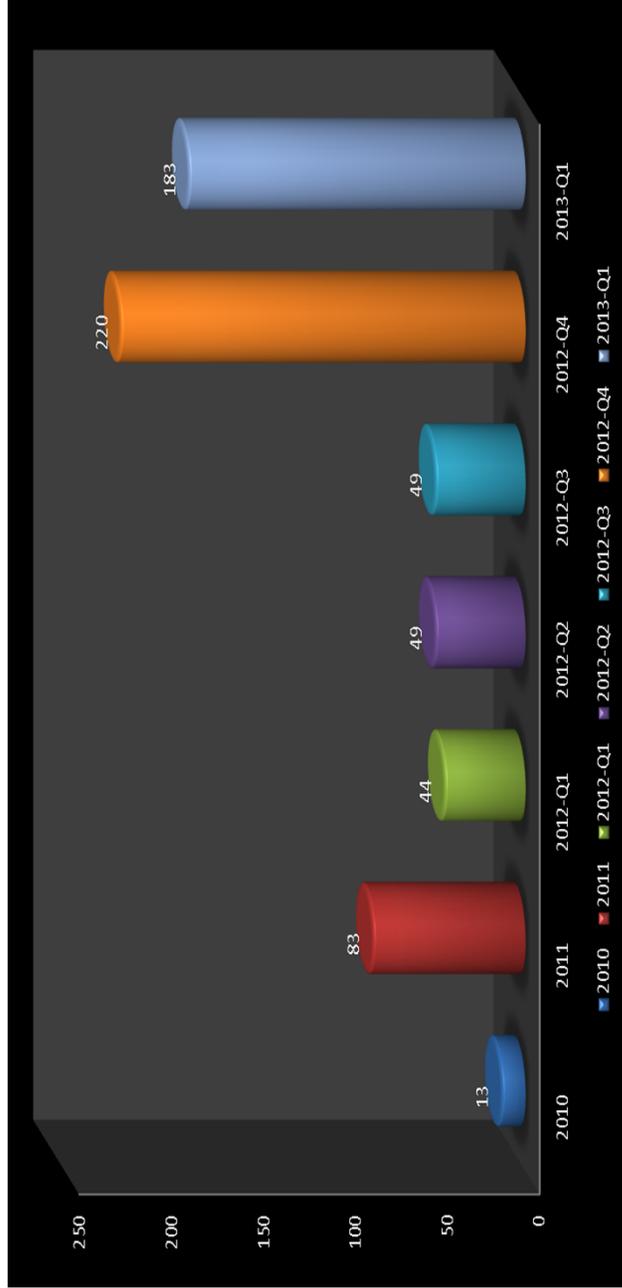


Median Days to Process - Approved Files



Production TAP - Program Inception through March 31, 2013

Homeowner Action Plans



Total HAPs
641

Median Days to Process – Approved Files



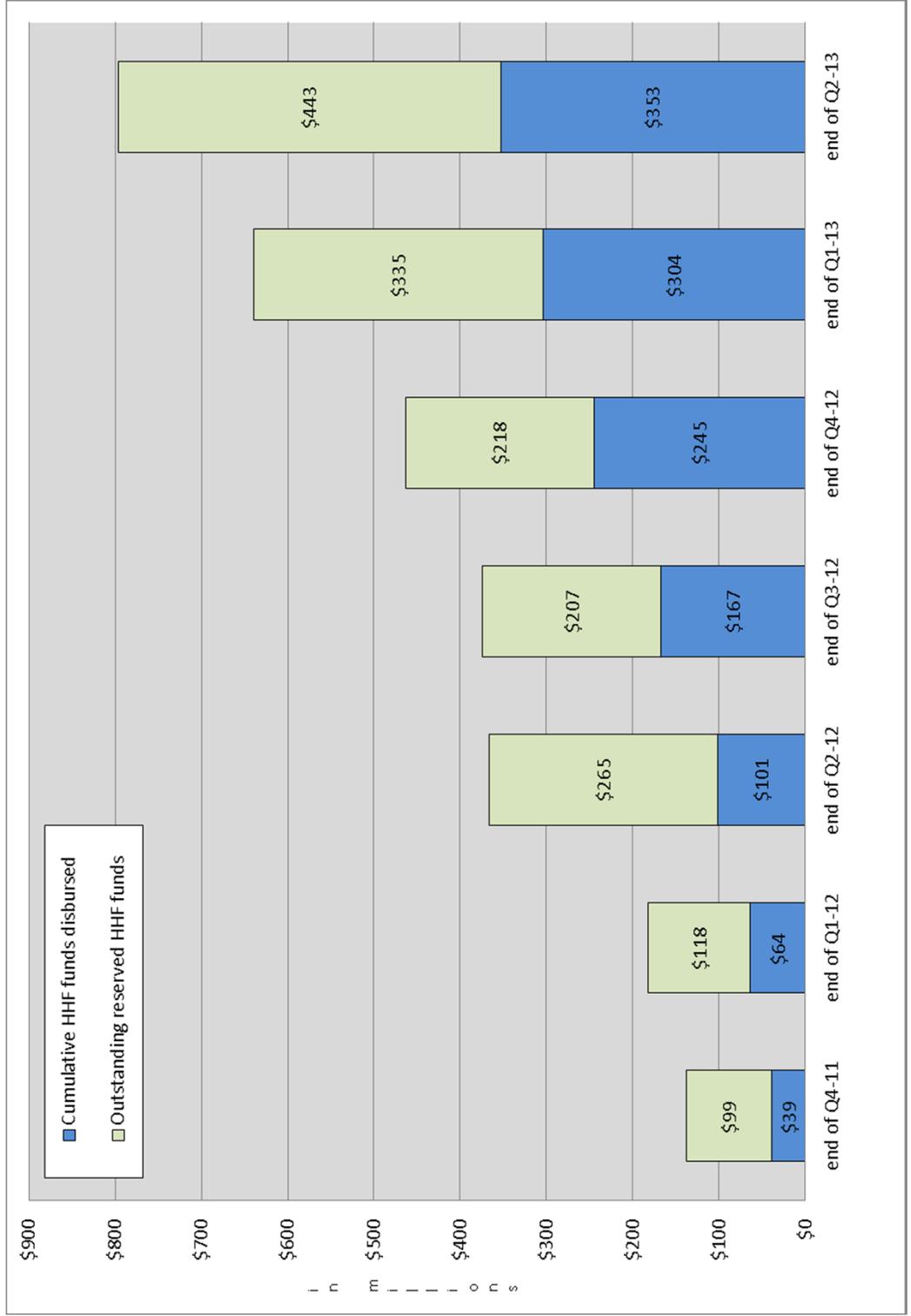
Production
Homeowner Assistance and Reservations by Program
Completed – Program Inception through March 31, 2013

Program	Count	%	Fund \$ (1)	Invoiced \$ (2)	Held \$ (3)	Total
UMA	19,755	80.90%	\$212,958,194	\$11,708,240	\$30,321,805	\$254,988,239
MRAP-Reinstatement	3,177	13.01%	\$39,846,374	\$499,817	\$38,994	\$40,385,186
MRAP-Modification	86	0.35%	\$1,352,984	\$33,376	\$0	\$1,386,359
PRP-Recast	250	1.02%	\$18,592,953	\$976,142	\$0	\$19,569,095
PRP-Modification	903	3.70%	\$29,021,708	\$454,184	\$6,605,970	\$36,081,862
TAP	247	1.01%	\$911,000	\$0	\$108,072	\$1,019,072
	24,418	100.00%	\$302,683,213	\$13,671,759	\$37,074,841	\$353,429,814

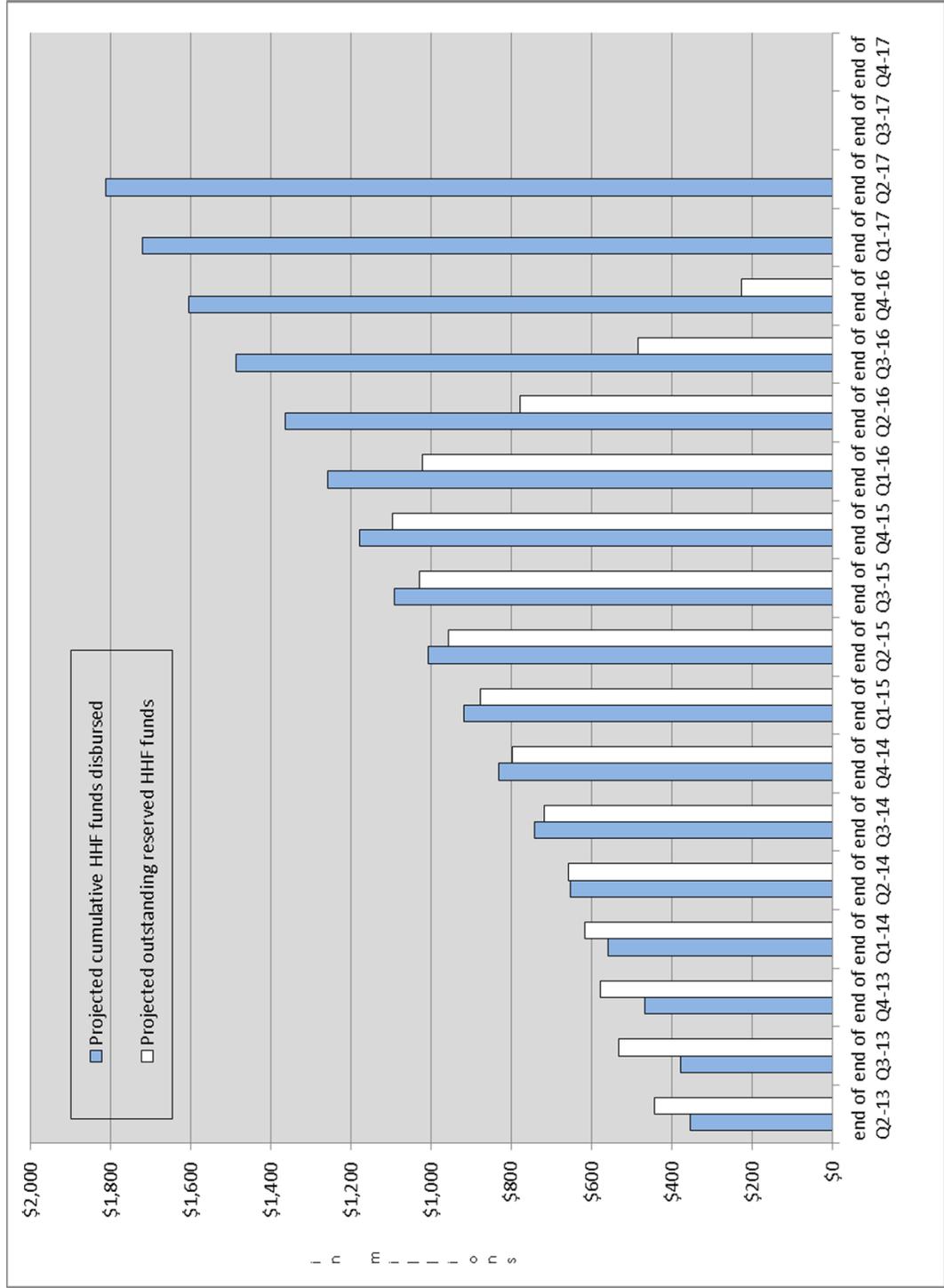
Program	Reserved - (Amounts in 000's)											
	in Process			Ineligible (4)			Withdrawn (5)			Total		
	Count	%	\$	Count	%	\$	Count	%	\$	Count	%	\$
UMA	943	20.9%	\$25,292	133	11.0%	\$3,566	447	27.4%	\$12,008	1,523	20.8%	\$40,866
MRAP-Reinstatement	898	19.9%	\$22,450	230	19.1%	\$5,725	479	29.4%	\$11,975	1,607	21.9%	\$40,150
MRAP-Modification	149	3.3%	\$3,725	34	2.8%	\$850	3	0.2%	\$75	186	2.5%	\$4,650
PRP-Recast	766	17.0%	\$75,451	305	25.3%	\$29,763	50	3.1%	\$4,977	1,121	15.3%	\$110,190
PRP-Modification	1,686	37.5%	\$136,472	477	39.6%	\$47,146	637	39.1%	\$63,247	2,800	38.2%	\$246,865
TAP	60	1.3%	\$300	25	2.1%	\$125	13	0.8%	\$65	98	1.3%	\$490
	4,502	100.0%	\$263,689	1,204	100.0%	\$87,175	1,629	100.0%	\$92,347	7,335	100.0%	\$443,211

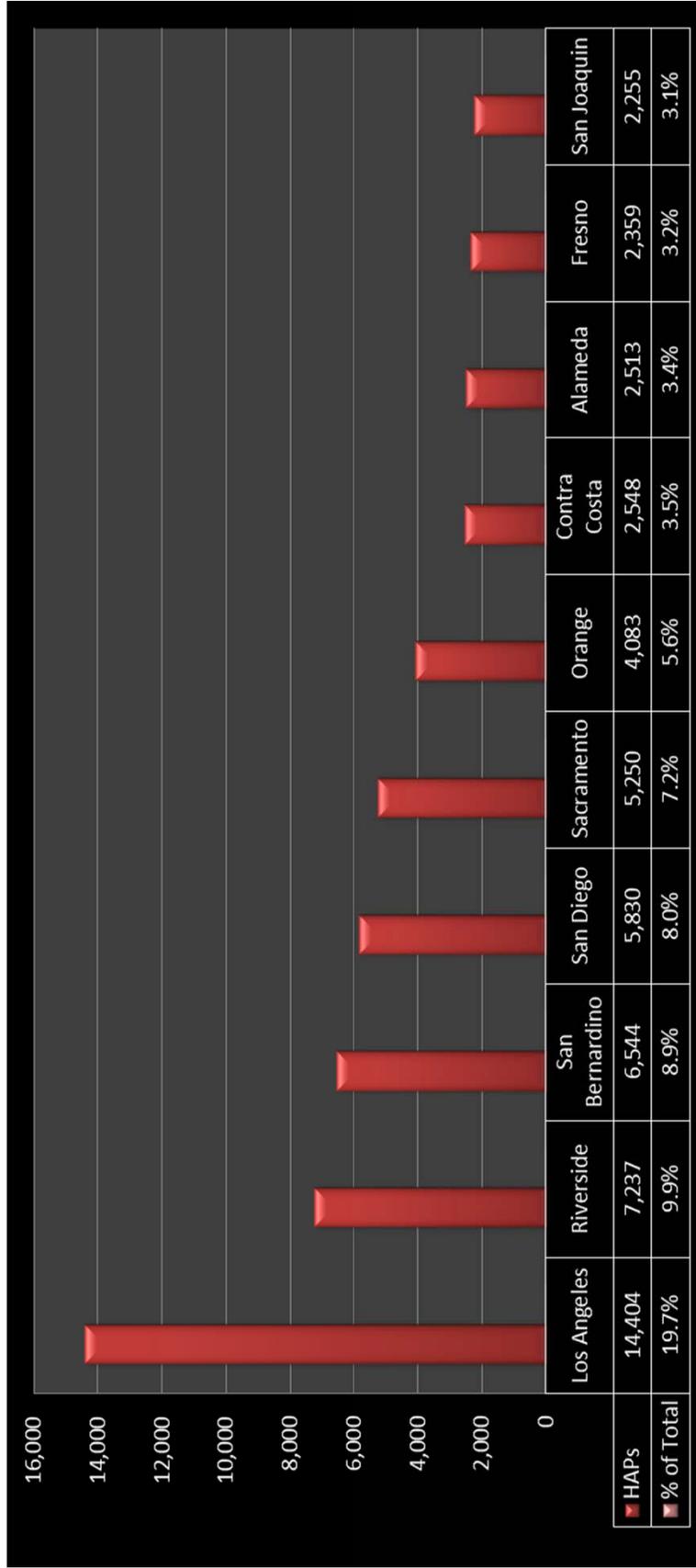
- (4) Homeowner deemed ineligible for program assistance in either Processing or Eligibility
- (5) Homeowner withdrew their request for program assistance or failed to return any of KYHC's require documents

HHF Disbursed and Reserved Funds Program Inception Through Federal Fiscal Quarter Ending 3/31/2013



HHF Disbursed and Reserved Fund Projection Program Inception Through Federal Fiscal Quarter Ending 3/31/2013





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