

RESOLUTION NUMBER 78-81
OF THE
CALIFORNIA HOUSING FINANCE AGENCY

Resolution Amending
Resolution Authorizing the Issuance of
California Housing Finance Agency
Multi-Family Bond Anticipation Notes

WHEREAS, the Board of Directors (the "Board") of the California Housing Finance Agency (the "Agency") on July 18, 1978 adopted Resolution No. 78-65, the resolution authorizing the issuance of California Housing Finance Agency Multi-Family Bond Anticipation Notes (the "General Note Resolution");

WHEREAS, the General Note Resolution in Section 701 permits the Agency to amend the General Note Resolution for the purposes specified in said Section;

WHEREAS, the Board has determined that it is desirable that certain amendments to the General Note Resolution of the type specified in said Section 701 be made at this time;

NOW, THEREFORE, BE IT RESOLVED by the Board of

Directors of the California Housing Finance Agency that the General Note Resolution be and it is hereby amended as follows:

(1) Section 301 of the General Note Resolution shall read as follows:

"Section 301. Obligation, Note Supplementary Reserve Account. (a) The Notes of each Series are general obligations of the Agency payable from the assets pledged to such Series as provided in Section 501 and from any other assets of the Agency not heretofore or hereafter pledged or encumbered to secure any bonds, notes or other financial obligations of the Agency other than such Series of Notes.

(b) There is hereby established in the Supplementary Bond Security Account created by the Act in the California Housing Finance Fund in the State Treasury a separate account designated the "Multi-Family Bond Anticipation Note Supplementary Reserve Account." At or prior to delivery of the first Notes delivered under this Resolution, the Agency shall transfer or cause to be transferred all moneys then held in the Supplementary Bond Security Account, not representing interest earned or profits realized thereon, and available so to be transferred (including certain amounts pledged under Resolution Number 77-7 of the Agency, adopted January 18, 1977 and amended March 15, 1977, May 17, 1977 and January 17, 1978, but not pledged to any particular series of notes or group of series of notes issued under such Resolu-

tion), to the Note Supplementary Reserve Account to secure the payment of the principal of and interest on the Notes.

(c) All moneys credited to the Note Supplementary Reserve Account whenever so credited, are hereby pledged to secure payment of the principal of and interest on the Notes. If the principal of or interest on Notes of any Series shall become due and payment therefor in full has not been made or provided for, the Trustee shall withdraw from the Note Supplementary Reserve Account and apply to the payment of such principal or interest the amount then due for which payment has not been made or provided for, to the extent moneys are not otherwise available therefor in any of the Accounts or Subaccounts pledged to secure such Notes in accordance with Section 501. If amounts in the Note Supplementary Reserve Account are insufficient for purposes of such payment, amounts in the Supplementary Bond Security Account available at such time to be transferred to the Note Supplementary Reserve Account shall be so transferred, and similarly withdrawn and applied.

If amounts in the Note Supplementary Reserve Account and amounts so transferred to such Account are insufficient for such payment, all such amounts so withdrawn shall be applied to the payment of such principal and interest on such Notes ratably, according to the amounts of principal and interest due on such Notes on such date, without preference or priority of principal over interest or of interest

over principal or of any such Note over any other such Note. If and when Revenues would be available for credit to the Program Subaccount established for any Series for the payment of which amounts in the Note Supplementary Reserve Account have been withdrawn, such Revenues, up to the amount so withdrawn, shall be credited to the Note Supplementary Reserve Account. The Agency shall inform the Trustee in writing of such credit and the amount thereof.

(d) The Agency shall be entitled to transfer moneys in the Note Supplementary Reserve Account to any other account to secure the payment of other bonds or notes of the Agency (to the extent then permitted under Resolution Number 77-7, as amended, of the Agency) so long as upon such transfer, the amount remaining in the Note Supplementary Reserve Account is not less than either of: (1) one-tenth (1/10) of the aggregate principal amount of Notes Outstanding or (2) the maximum annual interest on Notes then Outstanding. Any amount so transferred shall be free and clear of the pledge created by this Resolution.

(e) The Notes shall not be deemed to constitute a debt or liability of the State or of any political subdivision thereof, or a pledge of the faith and credit of the State or of any political subdivision thereof, other than the Agency. Each Note shall contain on the face thereof a statement to the following effect: "Neither the faith and credit nor the taxing power of the State of California is

Series designation). Within such Note Account, the Agency shall establish and maintain on its books and records a separate Subaccount designated "_____ Multi-Family Bond Anticipation Note Program Subaccount" (inserting therein the Series designation of such Series). The Trustee shall not be held accountable for the disbursement of moneys in a Note Account if such disbursement is made in good faith in reliance upon the Agency's certification or requisition stating that such moneys are in the Program Subaccount within such Note Account and if such disbursement is otherwise proper and authorized to be made from a Program Subaccount. Except as otherwise provided herein, moneys in a Program Subaccount shall be used solely for (1) the making, purchasing or refunding of a Loan or Loans and disbursements pursuant to Section 403 in connection with such Loans, (2) transfer pursuant to Section 404 into the Program or Payment Subaccount established for a Series other than the Series funding the Program Subaccount from which such moneys are being transferred, (3) transfer pursuant to Section 503 to the Payment Subaccount established for the Series funding such Program Subaccount, (4) purchase pursuant to Section 406 of Notes of the Series funding such Program Subaccount, or (5) any combination of the foregoing. Upon the issuance of renewal Notes pursuant to Section 201(b), a pro rata proportion of the total of all moneys and Loans credited to the Program Subaccount for any Series being paid with the proceeds of

such renewal Notes shall be transferred to the Program Subaccount for such Series of renewal Notes, the amount of moneys and the particular Loans to be transferred (subject to Section 404) to be designated by a certificate of an Authorized Officer.

(b) The interest earned and other income derived from the investment or credit of moneys attributable to each Program Subaccount shall be credited by the Agency to the Payment or Program Subaccount, or any other Account or Subaccount that may be established, for the same Series.

Section 403. Loan Disbursements. When the Agency makes, purchases or refunds a Loan, the Agency shall designate such Loan as being credited to a specified Program Subaccount and shall reserve sufficient moneys within such Program Account to fund the entire amount of such Loan. Moneys so reserved may not be used or reserved to make, purchase or refund another Loan, to be transferred to another Program Subaccount or Payment Subaccount pursuant to Section 404 or to purchase Notes pursuant to Section 406, unless the Loan for which such moneys were reserved has been credited to another Program Subaccount pursuant to Section 404 or refunded pursuant to Section 405.

When the Agency makes a disbursement in connection with the making, purchase or refunding of a Loan, the Trustee shall, upon receipt of a requisition signed by an Authorized Officer identifying the Note Account and the

Program Subaccount from which such disbursement is to be made, and stating the amount of the disbursement, the person to whom payment is to be made or account to which payment is to be transferred, and the amount in said Note Account and Program Subaccount remaining reserved for such Loan but as yet undisbursed, pay out or transfer such disbursement as requested.

Section 404. Transfer of Loans Between Series.

The Agency may transfer a Loan credited to one Program Subaccount (the "old Program Subaccount") to the credit of another Program Subaccount (the "new Program Subaccount") by requesting the Trustee to transfer from the Note Account for the new Program Subaccount into the Note Account for the old Program Subaccount the total amount that has at the time of such transfer been disbursed from the old Program Subaccount in connection with such Loan plus the amount of accrued interest on such Loan to the date of such transfer. The Agency shall upon such transfer credit to either the old Program Subaccount or the Payment Subaccount for the same Series as the old Program Subaccount such total amount that has been disbursed in connection with such Loan, and shall credit to such Payment Subaccount such amount of accrued interest. Such a transfer may be made only if at the time of such transfer: (a) such Loan and Housing Development financed thereby meet the criteria in Section 603(b), (b) such Loan is not in default and (c) sufficient unreserved

moneys are available in the new Program Subaccount to fund the entire amount of such Loan. Upon such a transfer, the Agency shall reserve sufficient moneys in the new Program Subaccount to fund the entire amount of such Loan remaining to be disbursed.

The Trustee shall make such a transfer upon receipt of a requisition signed by an Authorized Officer identifying such Loan, the old Program Subaccount, the new Program Subaccount, the applicable Payment Subaccount, their respective Note Accounts, the amounts to be transferred, the Subaccounts to which they should be transferred and the amount to be reserved.

Section 405. Refunding of Loans. The Agency may refund a Loan with the proceeds of Bonds or other obligations other than Notes by crediting to the Note Account containing the Program Subaccount to which such Loan was credited an amount at least equal to the total amount disbursed for such Loan from such Program Subaccount plus the amount of accrued interest on such Loan to the date of such credit. Within such Note Account the Agency shall credit such amount of accrued interest to the Payment Subaccount and such total amount that has been disbursed to either the Program Subaccount or the Payment Subaccount. Any Loan so refunded shall be free and clear of the pledge of this Resolution.

Section 406. Purchase of Notes. The Trustee

shall use moneys in a Note Account for the purchase of Notes of the Series for which such Account was established, at a price not greater than par plus accrued interest, upon receipt of a requisition signed by an Authorized Officer and specifying such Note Account, the Subaccount or Subaccounts containing such moneys and the aggregate principal amount of Notes to be so purchased.

ARTICLE V

APPLICATION OF REVENUES AND OTHER MONEYS

Section 501. Pledge of Revenues, Funds and Accounts. Subject only to the provisions hereof permitting the application or transfer thereof for or to the purposes and on the terms and conditions set forth herein, there is hereby pledged for the payment of the principal of and interest on each Series of Notes, respectively, (1) the proceeds of the sale of the Notes of such Series, (2) all Revenues received by the Agency with respect to Loans that are credited to the Program Subaccount established for such Series, (3) all interest earned and other income derived from the investment or deposit of moneys attributable to the Accounts and Subaccounts established for such Series, and (4) all moneys and securities credited to all Accounts and Subaccounts established for such Series.

Section 502. Payment Subaccounts. (a) Within each Note Account, the Agency shall establish and maintain on its books and records a separate Subaccount designated the

" _____ Multi-Family Bond Anticipation Note Payment Sub-account" (inserting therein the Series designation of such Series). From and after the time of delivery by the Trustee of each Series delivered hereunder, all Revenues shall be collected by the Agency and credited on the date of receipt thereof, as far as practicable and subject to Section 301(c), to the appropriate Note Account with the Trustee. Revenues shall be credited by the Agency to the Payment Subaccount established for the Series, the proceeds of which were used to fund the Loan with respect to which such Revenues are received, until such Payment Subaccount contains an amount equal to the amount of principal of and interest on the Notes of such Series due on the next Interest Payment Date for such Series. Thereafter, subject to Section 301(c), until such Interest Payment Date, Revenues shall be credited to the Program Subaccount for such Series. Moneys in such Payment Subaccount shall be applied to the payment of the interest on and principal of such Series when due. The Trustee shall not be held accountable for the disbursement of moneys in a Note Account if such disbursement is made in good faith for the payment of such interest and principal.

(b) Interest earned and other income derived from the investment or deposit of moneys attributable to each Payment Subaccount shall be credited by the Agency to the Payment or Program Subaccount, or any other Account or Subaccount that may be established, for the same Series.

Section 503. Deficiencies in Payment Subaccounts.

In the event that the amount credited to a Payment Subaccount is insufficient to pay interest on and principal of the applicable Series of Notes when due, the Agency shall credit to such Payment Subaccount the amount of the deficiency by charging the Program Subaccount established for such Series, and if the amount credited to the Note Account for such Series is insufficient to pay such interest and principal, the Trustee (and the Agency) shall credit to such Note Account (and its Payment Subaccount) the amount of the deficiency by charging the Note Supplementary Reserve Account."

CERTIFICATE OF SECRETARY

I, Stuart Honse, Secretary of the Board of Directors of the California Housing Finance Agency hereby certify that the foregoing is a full, true and correct copy of the resolution duly adopted at a regular meeting of said Board of Directors duly and regularly held at San Jose, California, on the 15th day of August, 1978, of which meeting all of the members of said Board of Directors had due notice, and at which a majority thereof were present; and that at said meeting said resolution was adopted by the following vote:

AYES: De Nocera; Kuer; Stein (by proxy); Turner (by proxy); Foster; Unruh (by proxy); O'Connor
NOES: NONE
ABSENT: Frank; Maza; Robinson

I further certify that I have carefully compared the same with the original minutes of said meeting on file and of record in my office; that said resolution is a full, true and correct copy of the original resolution adopted at said meeting and entered in said minutes; and that said resolution has not been amended, modified or rescinded since the date of its adoption, and is now in full force and effect.

WITNESS my hand and the seal of the California Housing Finance Agency this 16th day of August, 1978.



Secretary

[SEAL]