

RESOLUTION 83-41

RESOLUTION REQUESTING DETERMINATION OF
FIRST-TIME HOME BUYERS FINANCE COMMITTEE

WHEREAS, Section 52529 of the Health and Safety Code authorizes the First-Time Home Buyers Finance Committee to determine whether or not it is necessary or desirable to issue any bonds (herein called the "Bonds") authorized under the First-Time Home Buyers Bond Act of 1982 (herein called the "Act");

WHEREAS, such determination may be made upon the request of the Board of Directors (herein called the "Board of Directors") of the California Housing Finance Agency (herein called the "Agency") stating the purposes for which the Bonds are proposed to be used and the amount of the proposed issuance;

WHEREAS, the purposes for which the Bonds are proposed to be used are as follows:

- (1) to preserve and enhance opportunities for homeownership, especially among newly-formed households;
- (2) to spur housing market activity and economic growth in California; and
- (3) otherwise to provide the funds to be used for the purposes specified in Section 52505 of the Act;

in all events in a manner consistent with the requirements of Sections 103 and 103A of the Internal Revenue Code of 1954, as amended (herein called the "Code"); and

WHEREAS, the amount of the proposed issuance is an amount not to exceed \$50 million; and

WHEREAS, the Board of Directors hereby recommends the authorization of such amount as providing an opportunity to test the effectiveness of the Cal-First Home Buyers Program and as being of sufficient size to attract competitive bidding syndicates;

NOW, THEREFORE, BE IT RESOLVED THAT:

1. The Board of Directors hereby requests the First-Time Home Buyers Finance Committee to determine whether or not it is necessary or desirable to issue any Bonds authorized under the Act and to determine that the amount of such Bonds to be issued and sold shall be an amount not to exceed \$50,000,000.

2. This Board of Directors, on behalf of the Agency and for the benefit of the holders of any Bonds issued pursuant to this resolution, hereby covenants and agrees as follows:

(A) The Agency shall not use or permit the use of any proceeds of Bonds or any other funds of the Agency, directly or indirectly, to acquire any securities or obligations, and shall not use or permit the use of any amounts received by the Agency with respect to the loans acquired with the proceeds of the Bonds (herein called the "Loans") in any manner, and shall not take or permit to be taken any other action or actions within its control, which would cause any Bond to be an "arbitrage bond" within the meaning of Section 103(c) of the Code. The Agency shall require that any person (or any "related person" as defined in Section 103(b)(6)(C) of the Code) from whom it may acquire Loans shall not, pursuant to an arrangement, formal or informal, purchase Bonds in an amount related to the amount of Loans to be purchased from such person.

(B) The Agency shall not use or permit the use of any proceeds of Bonds or any other funds of the Agency, directly or indirectly, in any manner, and shall not take or permit to be taken any other action or actions within its control, which would result in any of the Bonds being treated as an obligation not described in Section 103(a) of the Code by reason of classification of such Bond as an "industrial development bond" within the meaning of Section 103(b) of the Code.

(C) The Agency shall in good faith attempt to meet all the requirements of Section 103A(d), (e), (f) and (j) of the Code, to the extent applicable, before the Loans are executed. The Agency shall establish reasonable procedures to insure compliance with such requirements. Such procedures shall include reasonable investigations by the Agency or by agents on behalf of the Agency to determine that the Loans satisfy such requirements. The Agency shall require that a Loan may be assumed only if the Agency has determined that the conditions of the Treasury Regulations Section 6a.103A-2(j)(3) are satisfied. Any failure of a Loan, the home financed thereby or the borrowers with respect thereto to meet such requirements shall be corrected within a reasonable period after such failure is discovered. At least twenty per cent (20%) of the proceeds of the Bonds which are devoted to providing owner-financing shall be made available for owner-financing of targeted area homes (within the meaning of Section 103A of the Code) for at least one year after the date on which owner-financing is first made available with respect to targeted area homes, and the Agency shall attempt with reasonable diligence to place such proceeds in qualified mortgages on such homes. The Agency shall in good faith attempt to meet the requirements of Section 103A(i) of the Code.

I hereby certify that this is a true and correct copy of Resolution 83-41 adopted at a duly constituted meeting of the Board of Directors of the California Housing Finance Agency held on November 10, 1983.

ATTEST:


Secretary