

RESOLUTION NO. 91-31

RESOLUTION OF THE
CALIFORNIA HOUSING FINANCE AGENCY
CONCERNING THE SERVICING OF ITS LOAN PORTFOLIO

WHEREAS, the Agency has determined that it needs to take steps to limit the risks to its loan portfolio in light of the present economic climate affecting the mortgage banking firms and savings and loan associations (hereinafter "Servicers") with which the Agency has contracted to service its loans;

NOW, THEREFORE, BE IT RESOLVED, by the California Housing Finance Agency as follows:

A. The Agency shall amend the servicing portions of its Mortgage Purchase and Servicing Agreement to incorporate the policy resolutions set out herein, more specifically, to provide for:

1. The immediate termination and immediate right to possession of its mortgage loan files and other supporting data of any Servicer upon the occurrence of one of the following events:

(a) The deterioration of a Servicer's financial condition to the point that the Agency deems it an unjustifiable risk to service its loans;

(b) The Servicer files bankruptcy or the Agency has reason to believe that bankruptcy is imminent;

(c) The Servicer is taken over by any federal or state agency or the Agency has reason to believe that takeover is imminent;

(d) The Agency determines that the Servicer must be replaced in order to protect the interests of the bondholders.

2. If the Agency decides to retain the loan portfolio acquired pursuant to paragraph 1, it will compensate the Servicer at a price to be negotiated between the Agency and the Servicer.

3. If the Agency determines that the Servicer's financial condition is not adequate to continue servicing, the Servicer may be permitted, at the Agency's discretion, to continue to originate loans upon a service release basis to any of the Agency's current list of approved and eligible Servicers.

4. Require any Servicer, who is required by this resolution to transfer servicing, to offer said servicing to any of the Agency's current list of approved and eligible Servicers. If no approved and eligible Servicer offers to purchase said portfolio, the transferring Servicer shall transfer said loans to CHFA and CHFA will compensate the Servicer at a price to be negotiated between the Agency and the Servicer.

5. Require any Servicer desiring to transfer servicing of the Agency's loan portfolio to offer said servicing to any of the Agency's current list of approved and eligible servicers. If no approved and eligible Servicer offers to purchase said portfolio at a price agreeable to said Servicer, Servicer may, but is under no obligation to, offer to transfer its servicing to CHFA at a mutually agreeable price.

6. The Agency hereby limits the volume of its loans being serviced at any given point in time by any single Servicer to a dollar volume of loans not to exceed fifteen percent (15%) of the Agency's total outstanding dollar volume of loans except where a Servicer has been selected as a Master Servicer by CHFA, the limit shall be twenty percent (20%) of the Agency's total dollar volume of outstanding loans. Any Servicer presently servicing a dollar volume of loans equal to or exceeding fifteen percent (15%) (twenty percent (20%) in the case of Master Servicers) of the Agency's total loan portfolio, will be permitted to continue to service its existing loans but will be required to originate "new loans" ("new loans" for the purposes of this Resolution shall mean those loans originated pursuant to a new offering and/or commitment made after the date of this resolution) on a service release basis to any of the Agency's current list of approved and eligible Servicers to the extent that said "new loans" would put Servicer over the abovementioned limits after the new CHFA offering has been included in the calculation of the Agency's total loan portfolio.

7. CHFA may bid, at its discretion, on any servicing that is offered pursuant to this Resolution.

B. This Resolution shall be effective immediately and hereby ratifies and authorizes, to the extent necessary, any action taken by the Agency to effectuate the purposes and intents of this Resolution.

SECRETARY'S CERTIFICATE

I, A. Theodore Giattina, 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 Resolution No 91-31 duly adopted at a regular meeting of the Board of Directors of the California Housing Finance Agency duly called and held on the 14th day of March, 1991, of which meeting all said directors had due notice; and that at said meeting said resolution was adopted by the following vote:

AYES: Baldwin, Berg (for Brown), Reid (for Covitz), Coyle, Hawkins, Mazza,
O'Brien, Sterpa

NOES: None

ABSTENTIONS: None

ABSENT: Cheng, Gordon

I further certify that I have carefully compared the foregoing copy with the original minutes of said meeting on file and of record in my office; that said copy 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 in any manner since the date of its adoption, and the same is now in full force and effect.

IN WITNESS WHEREOF, I have executed this certificate and affixed the seal of the Board of Directors of the California Housing Finance Agency hereto this 14th day of March, 1991.

SEAL


A. Theodore Giattina
Secretary of the Board of
Directors of the
California
Housing Finance Agency