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RESOLUTION 93-15

WHEREAS, the California Housing Finance Agency has established a Housing Insurance Program pursuant to its authority granted in Part 4 of Divison 31 of the Health & Safety Code; and

WHEREAS, the California Housing Finance Agency is committed to expanding its insurance business so as to be able to insure loans for first-time and low- or moderate-income homebuyers made by entities other than the Agency; and

WHEREAS, it is essential for the Agency to maintain its top-tier rating with the national rating agencies, particularly Standard & Poor's, and the Aa rating of its insurance division, in order to best serve the public interest; and

WHEREAS, Standard & Poor's has recently evaluated the prospective insurance business being considered by the Agency for its Housing Insurance Fund and expressed a number of criteria that it will impose in order for the Agency and its insurance fund to maintain their present ratings in light of the new business.

NOW, THEREFORE, BE IT RESOLVED, by the Board of Directors of the California Housing Finance Agency that:

1. The Agency, being responsible for the administration of both the Housing Finance Fund, as well as the Housing Insurance Fund, is committed to maintaining the same underwriting standards and policies of prudent management for its loan business as it does for its insurance business.

2. The Agency recognizes that mortgage insurance is an essential ingredient to its ability to make loans and, since the inception of its insurance program, remains committed to the insurance aspects of its business.

3. The Agency considers its top-tier rating to be of supreme importance in meeting its responsibilities to its bondholders and the borrowers and tenants that it serves, recognizing that without the top-tier rating, it would not be able to deliver the lowest interest rate possible to its borrowers and thereby meet its public purpose.

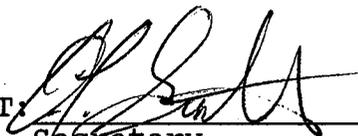
4. The Agency considers its obligation to prudently manage both the Housing Finance Fund and the Housing Insurance

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Fund to require that the Housing Insurance Fund not engage in any insurance business where it does not have adequate reserves to support that business, and by this resolution directs the Agency to maintain the capital and liquidity requirements that may be required by the national rating agencies.

5. The Agency, through the day-to-day administration by its Executive Director, and to the extent the Executive Director's authority to administer the insurance fund is delegated to the Director of Insurance, is hereby prohibited from insuring any loans where the obligations and risks incurred in such insurance would exceed the capital and liquidity requirements imposed by the national rating agencies.

I hereby certify that this is a true and correct copy of Resolution 93-15 adopted at a duly constituted meeting of the Board of Directors of the California Housing Finance Agency held on May 13, 1993 at San Francisco, California.

ATTEST:   
Secretary