

RESOLUTION NO. 96-01

RESOLUTION OF THE CALIFORNIA HOUSING FINANCE AGENCY
CONCERNING THE FINANCING OF LOANS FOR SINGLE FAMILY
RESIDENCES AND THE ISSUANCE OF THE AGENCY'S
BONDS FOR THAT PURPOSE

WHEREAS, the California Housing Finance Agency (the "Agency") has determined that there exists a need in California for providing financial assistance to persons and families of low or moderate income to enable them to purchase moderately priced single family residences (the "Residences");

WHEREAS, the Agency has determined that it is in the public interest for the Agency to provide such financial assistance by means of ongoing programs (collectively, the "Program") to make lower-than-market-rate loans for the permanent financing of Residences (the "Loans");

WHEREAS, pursuant to Parts 1 through 4 of Division 31 of the Health and Safety Code of the State of California (the "Act"), the Agency has the authority to issue bonds to provide sufficient funds to finance the Program, including the purchase of Loans, the payment of capitalized interest on the bonds, the establishment of reserves to secure the bonds, and the payment of other costs of the Agency incident to, and necessary or convenient to, the issuance of the bonds;

WHEREAS, the Agency, pursuant to the Act, has from time to time issued various series of its Single Family Mortgage Purchase Bonds (the "SFMP Bonds"), its Home Ownership and Home Improvement Revenue Bonds (the "HOHI Bonds"), its Home Mortgage Revenue Bonds (the "HMP Bonds"), its Home Ownership Mortgage Bonds (the "HOM Bonds") and its Single Family Mortgage Bonds (the "SFMor Bonds"), and is authorized pursuant to the Act to issue additional SFMP Bonds, HOHI Bonds, HMP Bonds, HOM Bonds and SFMor Bonds (collectively, the "Bonds") to provide funds to finance the Program; and

WHEREAS, the Housing Bond Credit Committee, pursuant to the Act, is required to determine the general adequacy of the Program's security in protecting the credit of the State of California;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors (the "Board") of the California Housing Finance Agency as follows:

Section 1. Determination of Need and Amount:

Authorization to Apply to CDLAC. The Agency is of the opinion and hereby determines that the issuance of one or more series of SFMP Bonds, one or more series of HOHI Bonds, one or more series

of HMP Bonds, one or more series of HOM Bonds and one or more series of SFMor Bonds, in an aggregate amount not to exceed the sum of the following amounts, is necessary to provide sufficient funds for the Program:

- (a) the aggregate amount of SFMP Bonds, HOHI Bonds, HMP Bonds, HOM Bonds, SFMor Bonds and/or other qualified mortgage bonds (including bonds of issuers other than the Agency) to be redeemed or maturing in connection with such issuance,
- (b) the aggregate amount of private activity bond allocations under federal tax law heretofore or hereafter made available to the Agency for such purpose, and
- (c) if and to the extent interest on one or more of such series is determined by the Executive Director to be intended not to be excludable from gross income for federal income tax purposes, \$400,000,000.

The officers of the Agency are hereby authorized to apply from time to time to the California Debt Limit Allocation Committee for private activity bond allocations in an aggregate amount of up to \$650,000,000 per year to be used in connection with bonds issued under this resolution or resolutions heretofore or hereafter adopted by the Agency. In the alternative, subject to the approval of CDLAC, any such allocation received is authorized by this Board to be used for a mortgage credit certificate program.

Section 2. Authorization and Timing: Submission to HBCC. The Bonds are hereby authorized to be issued in such aggregate amount at such time or times on or before the day 30 days after the date on which is held the first meeting in 1997 of the Board at which a quorum is present, as the Executive Director of the Agency (the "Executive Director") deems appropriate, upon consultation with the Treasurer of the State of California (the "Treasurer") as to the timing of each such issuance; provided, however, that if the bonds are sold at a time on or before the day 30 days after the date on which is held such meeting, pursuant to a forward purchase agreement providing for the issuance of such Bonds on or before August 1, 1998, upon specified terms and conditions, such Bonds may be issued on such later date.

The Executive Director is hereby requested and authorized to submit to the Housing Bond Credit Committee a statement of the purpose for which the Bonds are proposed to be issued and the amount of the proposed issuance.

Section 3. Approval of Forms of General Indentures.

The Executive Director and the Secretary of the Board of Directors of the Agency (the "Secretary") are hereby authorized and directed, for and on behalf and in the name of the Agency, to execute and acknowledge and to deliver to the Treasurer as Trustee and/or, if appropriate, to a duly qualified bank or trust company selected by the Executive Director to act as trustee or co-trustee with the approval of the Treasurer, one or more new indentures (the "New Indentures"), in one or more forms similar to one or more of the following:

- (a) that certain indenture pertaining to the SFMP Bonds (the "SFMP Indenture"),
- (b) that certain indenture pertaining to the HOHI Bonds (the "HOHI Indenture"),
- (c) that certain indenture pertaining to the HOM Bonds (the "HOM Indenture"),
- (d) those certain indentures pertaining to the HMP Bonds (the "HMP Indentures"),
- (e) that form of general indenture approved by Resolution No. 92-41, adopted November 12, 1992 (the "SHOP Indenture"),
- (f) that form of master trust indenture proposed by the Federal National Mortgage Association ("FNMA") in connection with their "MRB Express" program and approved by Resolution No. 93-30, adopted September 7, 1993 (the "FNMA MRB Express Program Indenture"),
- (g) that form of general indenture designed for the FNMA Index Option Program and approved by Resolution 94-01, adopted January 13, 1994 (the "FNMA Index Option Program Indenture"), and/or
- (h) those certain indentures pertaining to the SFMor Bonds (the "SFMor Indentures").

Each such New Indenture may be executed, acknowledged and delivered with such changes therein as the officers executing the same approve upon consultation with the Agency's legal counsel, such approval to be conclusively evidenced by the execution and delivery thereof. Changes reflected in any New Indenture may include, without limitation, provision for a supplemental pledge of Agency moneys and provision for the Agency's general obligation to additionally secure the Bonds if appropriate in furtherance of the objectives of the Program.

Section 4. Approval of Forms of Supplemental Indenture. For each series of Bonds, the Executive Director and the Secretary of the Board (the "Secretary") are hereby authorized and directed, for and on behalf and in the name of the Agency, to execute and acknowledge and to deliver with respect to each series of Bonds, if and to the extent appropriate, a supplemental indenture (a "Supplemental Indenture") pertaining to such series in substantially the form of the respective supplemental indentures previously executed and delivered or approved, each with such changes therein as the officers executing the same approve upon consultation with the Agency's legal counsel, such approval to be conclusively evidenced by the execution and delivery thereof.

The Executive Director is hereby expressly authorized and directed, for and on behalf and in the name of the Agency, to determine in furtherance of the objectives of the Program those matters required to be determined under the SFMP Indenture, the HOHI Indenture, the HOM Indenture, the HMP Indentures or any New Indenture, as appropriate, in connection with the issuance of each such series, including, without limitation, any reserve account requirement or requirements for such series.

There is hereby expressly authorized, as additional security for the Bonds, a deposit from the Supplementary Bond Security Account created under Section 51368 of the Act or from other available assets of the Agency into the funds and accounts held under the appropriate indenture in an amount not to exceed ten percent (10%) of the original principal amount of mortgage loans expected to be made or purchased with the proceeds of the Bonds.

Section 5. Approval of Forms and Terms of Bonds. The Bonds shall be in such denominations, have such registration provisions, be executed in such manner, be payable in such medium of payment at such place or places within or without California, be subject to such terms of redemption (including from such sinking fund installments as may be provided for) and contain such terms and conditions as each Supplemental Indenture as finally approved shall provide. The Bonds shall have the maturity or maturities and shall bear interest at the fixed, adjustable or variable rate or rates deemed appropriate by the Executive Director in furtherance of the objectives of the Program; provided that no Bond shall have a term in excess of fifty years or bear interest at a stated rate in excess of twelve percent (12%) per annum, or, if interest is determined to be intended not to be excludable from gross income for federal income tax purposes, fifteen percent (15%) per annum. Any of the Bonds and the Supplemental Indenture(s) may contain such provisions as may be necessary to accommodate an option to put such Bonds prior to maturity for purchase by or on behalf of the Agency or a person other than the Agency and to accommodate bond insurance or other credit enhancement.

Section 6. Authorization of Disclosure. The Executive Director is hereby authorized to circulate one or more Preliminary Official Statements relating to the Bonds and, after the sale of the Bonds, to execute and circulate one or more Official Statements relating to the Bonds, and the circulation of such Preliminary Official Statements and such Official Statements to prospective and actual purchasers of the Bonds is hereby approved. The Executive Director is further authorized to hold information meetings concerning the Bonds and to distribute other information and material relating to the Bonds.

Section 7. Authorization of Sale of Bonds. The Bonds are hereby authorized to be sold at negotiated or competitive sale or sales. The Executive Director is hereby authorized and directed, for and in the name and on behalf of the Agency, to execute and deliver one or more purchase contracts (including one or more forward purchase agreements) relating to the Bonds, by and among the Agency, the Treasurer and such underwriters or other purchasers (including, but not limited to, FNMA) as the Executive Director may select (the "Purchasers"), in the form or forms approved by the Executive Director upon consultation with the Agency's legal counsel, such approval to be evidenced conclusively by the execution and delivery of said purchase contract by the Executive Director.

The Treasurer is hereby authorized and requested, without further action of the Board and unless instructed otherwise by the Board, to sell each series of Bonds at the time and place and pursuant to the terms and conditions set forth in each such purchase contract as finally executed. The Treasurer is hereby further authorized and requested to deposit the proceeds of any good faith deposit to be received by the Treasurer under the terms of a purchase contract in a special trust account for the benefit of the Agency, and the amount of said deposit shall be applied at the time of delivery of the applicable Bonds, as the case may be, as part of the purchase price thereof or returned to the Purchasers as provided in such purchase contract.

Section 8. Authorization of Execution of Bonds. The Executive Director is hereby authorized and directed to execute, and the Secretary is hereby authorized to attest, for and on behalf and in the name of the Agency and under its seal, the Bonds, in an aggregate amount not to exceed the amount authorized hereby, in accordance with the Supplemental Indenture(s) or the New Indenture(s) and in one or more of the forms set forth in the Supplemental Indenture(s) or the New Indenture(s), as appropriate.

Section 9. Authorization of Delivery of Bonds. The Bonds, when so executed, shall be delivered to the Trustees to be authenticated by, or caused to be authenticated by, the Trustees. The Trustees are hereby requested and directed to authenticate, or cause to be authenticated, the Bonds by executing the

certificate of authentication and registration appearing thereon, and to deliver the Bonds when duly executed and authenticated to the Purchasers in accordance with written instructions executed on behalf of the Agency by the Executive Director, which instructions said officer is hereby authorized and directed, for and on behalf and in the name of the Agency, to execute and deliver. Such instructions shall provide for the delivery of the Bonds to the Purchasers upon payment of the purchase price or prices thereof.

Section 10. Authorization of Related Financial Agreements. The Executive Director and the other officers of the Agency are hereby authorized to enter into, for and in the name and on behalf of the Agency, any and all agreements and documents designed (i) to reduce or hedge the amount or duration of any payment, interest rate, spread or similar risk, (ii) to result in a lower cost of borrowing when used in combination with the issuance of bonds or (iii) to enhance the relationship between risk and return with respect to the Program or any portion thereof. To the extent authorized by Government Code Section 5922, such agreements or other documents may include (a) interest rate swap agreements, (b) forward payment conversion agreements, (c) futures or other contracts providing for payments based on levels of, or changes in, interest rates or other indices, (d) contracts to exchange cash flows for a series of payments, or (e) contracts, including, without limitation, interest rate floors or caps, options, puts or calls to hedge payment, interest rate, spread or similar exposure. Such agreements and other documents are authorized to be entered into with parties selected by the Executive Director, after giving due consideration for the creditworthiness of the counterparties, where applicable, or any other criteria in furtherance of the objectives of the Program.

The Executive Director and the other officers of the Agency are hereby authorized to use available Agency moneys (other than and in addition to the proceeds of bonds) to make or purchase Loans to be financed by bonds (including bonds authorized by prior resolutions of this Board) in anticipation of the issuance of bonds or the availability of bond proceeds for such purposes.

In addition, the Executive Director and the other officers of the Agency are hereby authorized to enter into, for and in the name and on behalf of the Agency, one or more short-term credit facilities for the purpose of financing the purchase of Loans on an interim basis, prior to the financing of such Loans with Bonds, whether issued or to be issued. Any such short-term credit facility may be from any appropriate source, including, but not limited to, the Pooled Money Investment Account pursuant to Government Code Section 16312; provided, however, that the aggregate outstanding principal amount of short-term credit facilities from the Pooled Money Investment Account authorized under this resolution or Resolution

No. 96-02 [the multifamily bond resolution adopted at the same meeting] may not at any time exceed \$150,000,000.

Section 11. Authorization of Program Documents. The Executive Director and the other officers of the Agency are hereby authorized to enter into, for and in the name and on behalf of the Agency, one or more mortgage purchase and servicing agreements with such lender or lenders as the Executive Director may select in accordance with the purposes of the Program, and any such selection of a lender or lenders is to be deemed approved by this Board as if it had been made by this Board. The mortgages to be purchased may be fixed rate, step rate, adjustable rate, graduated payment or any combination of the foregoing, may have terms of 30 years or less and may be insured by such mortgage insurers as are selected by the Executive Director in furtherance of the objectives of the Program.

The Executive Director and the other officers of the Agency are hereby authorized to enter into, for and in the name and on behalf of the Agency, one or more mortgage sale agreements with such purchasers as the Executive Director may select in accordance with the objectives of the Program. Any such sale of Loans may be on either a current or a forward purchase basis.

Section 12. Ratification of Prior Actions. All actions previously taken by the Agency relating to the implementation of the Program and the issuance of the Bonds, including, but not limited to, if applicable, the distribution of its Program Manual, Mortgage Purchase and Servicing Agreement, Developer Agreement, Servicer's Guide and application to originate and service loans are hereby ratified.

Section 13. Authorization of Related Actions and Agreements. The Treasurer and the officers of the Agency, or the duly authorized deputies thereof, are hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all agreements and documents which they may deem necessary or advisable in order to consummate the issuance, sale and delivery of the Bonds and otherwise to effectuate the purposes of this resolution. Such agreements may include a tender agreement or similar agreement regarding any put option for the Bonds, agreements for the investment of moneys relating to the Bonds, reimbursement agreements relating to any credit enhancement provided for the Bonds and continuing disclosure agreements.

Section 14. Absence of Executive Director. In the Executive Director's absence or upon the Executive Director's authorization, all actions by the Executive Director approved or authorized by this resolution may be taken by the Chief Deputy Director of the Agency, the Director of Financing of the Agency or any other person specifically authorized in writing by the Executive Director.

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 96-__ duly adopted at a regular meeting of the Board of Directors of the California Housing Finance Agency duly called and held on the 11th day of January, 1996, of which meeting all said directors had due notice; and that at said meeting said Resolution was adopted by the following vote:

AYES:

NOES:

ABSTENTIONS:

ABSENT:

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 11th day of January, 1996.

[SEAL]



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

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 96-__ duly adopted at a regular meeting of the Board of Directors of the California Housing Finance Agency duly called and held on the 11th day of January, 1996, of which meeting all said directors had due notice; and that at said meeting said Resolution was adopted by the following vote:

AYES:

NOES:

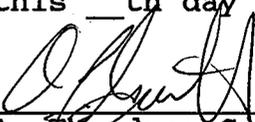
ABSTENTIONS:

ABSENT:

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 __th day of _____, 199_.

[SEAL]



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

State of California

M E M O R A N D U M

To : Board of Directors

Date : December 26, 1995



From : Ken Carlson, Director of Financing
: CALIFORNIA HOUSING FINANCE AGENCY

Subject : Annual Single Family Bond Reauthorization
Resolution 96-01

Resolution 96-01 would authorize the sale and issuance of CHFA single family bonds (with related financial agreements) throughout 1996. Annual reauthorization enables us to schedule the sale and issuance of our bonds at any time throughout the year, without regard to the timing of Board meetings.

The resolution would authorize single family bonds to be issued in various amounts by category, as follows:

- (1) equal to the amount of prior bonds being retired, including eligible bonds of other issuers;
- (2) equal to the amount of private activity bond volume cap made available to CHFA;
- (3) \$400 million of federally-taxable bonds.

Bonds would be authorized to be issued under any of the previously-approved forms of indenture as listed in the resolution. At this time, we anticipate using the same two forms of indenture used in 1995: Home Mortgage Revenue Bonds (our \$3 billion parity indenture) and Single Family Mortgage Bonds (the form of indenture which accommodates credit tranching).

The resolution would authorize the full range of related financial agreements, including contracts for investment of bond proceeds, for warehousing of mortgages pending the availability of bond proceeds, for interest rate hedging, and for forward delivery of bonds through August 1, 1998.

The resolution would further authorize application to the California Debt Limit Allocation Committee for \$650 million of single family private activity bond allocation per year. (The first application is due on January 16, and the Committee intends to distribute allocation at its February, April, June and August meetings.)

In addition, the resolution would authorize application to the State's Pooled Money Investment Board ("PMIB") to increase the current warehouse line from \$100 million to \$150 million should the need arise. The PMIB will meet in February, and we expect it to renew our current \$100 million loan. At this time we are not planning to ask for a larger loan at the February meeting. In 1995, the largest amount of loans (combined single family and multifamily) warehoused at any one time was \$118 million; of this amount, \$43 million came from our own resources, \$75 million from the PMIB loan.

In order to allow for necessary overlap of authority for bond issues scheduled during the time that reauthorization is being considered, Resolution 96-01 would not expire until 30 days after the first 1997 Board meeting at which there is a quorum. Likewise, the previous single family resolution will not expire until 30 days after this meeting.