



BOARD OF DIRECTORS

Thursday, January 14, 1999

Clarion Hotel
San Francisco International Airport
Millbrae, California
(650) 692-6363

9:30 a.m.

- 1. Roll Call.....
- 2. Approval of the minutes of the November 19, 1998 Board of Directors meeting..... .702
- 3. Chairman/Executive Director comments.....
- 4. Discussion, recommendation and possible action relative to a final commitment on the following projects: (Dick Schermerhorn)

Number	<u>Development</u>	<u>Locality</u>	<u>Unit</u>
98-032-S	Breezewood Village Senior	Ia Mirada/ Los Angeles	122
Resolution 99-01.....			.800
98-019-S	Victoria Woods- Anaheim	Anaheim/ Orange	259
Resolution 99-02.....			.822
98-016-N	Cherry Tree Village	Turlock/ Stanislaus	104
Resolution 99-03.....			
98-024-N	Parkland Farms	Healdsburg/ Sonoma	51
Resolution 99-04.....			.846
98-022-S	Detroit Street Apartments	West Hollywood/ Los Angeles	10
Resolution 99-05.....			.868

<u>Number</u>	<u>Development</u>	<u>Locality</u>	<u>Unit</u>
98-017-N	Hillside Terrace	Daly City/ San Mateo	18
Resolution 99-06.....			.888
98-027-S	North Hills Apartments	Fullerton/ Orange	204
Resolution 99-07.....			
98-033-S	Citrus Tree Apartments	Ventura/ Ventura	81
Resolution 99-08.....			
5.	Discussion, recommendation and possible action relative to a request for approval to administer the School Facility Fee Affordable Housing Assistance Programs in SB 50.		
	Resolution 99-09 (Dick Schermerhorn).....		.908
6.	Discussion, recommendation and possible action relative to the adoption of amendments to CHFA's citizenship and alien verification regulations to apply them to the School Facility Fee Affordable Housing Assistance Programs in SB 50.		
	Resolution 99-10 (Dave Beaver).....		.930
7.	Discussion, recommendation and possible action relative to the adoption of a resolution authorizing the Agency's single family bond indentures, the issuance of single family housing bonds, and related financial agreements.		
	Resolution 99-11 (Ken Carlson).....		.952
8.	Discussion, recommendation and possible action relative to the adoption of a resolution authorizing the Agency's multifamily bond indentures, the issuance of multifamily housing bonds, and related financial agreements.		
	Resolution 99-12 (Ken Carlson).....		.966
9.	Other Board matters..		
10.	Public testimony: Discussion only of other matters to be brought to the Board's attention.		

**** NOTE: Next CHFA Board of Director's Meeting will be March 11, 1999, at the Burbank Airport Hilton and Convention Center, Burbank, California.**

ORIGINAL

STATE OF CALIFORNIA
CALIFORNIA HOUSING FINANCE AGENCY

BOARD OF DIRECTORS
PUBLIC MEETING

Clarion Hotel
at San Francisco International Airport
Millbrae, California

Thursday, November 19, 1998
9:30 a.m. to 11:50 a.m.

"Minutes approved by the
Board of Directors at its
meeting held: _____"

ATTEST: _____

Reported/Transcribed by: Wendy J. Dippold/Lisa L. Macks

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A P P E A R A N C E SDirectors Present:

CLARK WALLACE, Chairman

BILL BRENNAN

ANGELA L. EASTON

CARRIE A. HAWKINS

KEN HOBBS

BIJAN KIAN

ROBERT KLEIN

WILLIAM J. PAVÃO

ANGELO MOZILO

RICHARD LA VERGNE

Staff Present:

DAVID N. BEAVER, General Counsel

JOJO OJIMA

For the Staff of the Agency:

JOHN G. SCHIENLE, Director of Insurance

LINDA BRAUNSCHWEIGER, Director of Federal Administration

KENNETH R. CARLSON, Director of Financing

G. RICHARD SCHERMERHORN, Director of Programs

LINN G. WARREN, Chief, Multifamily Lending

Members of the Public:

CAROL GALANTE, President, BRIDGE Housing Corporation

PATRICIA KEMERLING, Executive Director, The ARC

PAM BERKOWITZ, Standard and Poors

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1 MS. OJIMA: Mr. Wallace?

2 CHAIRMAN WALLACE: Here.

3 MS. OJIMA: Mr. Brown?

4 (No response.)

5 MS. OJIMA: Mr. Miner?

6 (No response.)

7 MS. OJIMA: Mr. LaVergne for Ms. Parker?

8 MR. LA VERGNE: Here.

9 MS. OJIMA: We have a quorum.

10 CHAIRMAN WALLACE: Thank you.

11 **APPROVAL OF THE MINUTES OF THE SEPTEMBER 10TH, 1998 MEETING**

12 CHAIRMAN WALLACE: Moving on to Item **Two**, approval
13 of the minutes, I had one slight correction on page 711, the
14 second-to-last paragraph: Having said that I will
15 probably -- and it was Carrie, not Terri, because I can't
16 turn the Chair over to Terri; I can to Carrie. **How** is that
17 for a fairy tale?

18 Any other corrections, additions, deletions?
19 Anybody read something they wish they hadn't said? Hearing
20 none, the Secretary --

21 MR. KIAN: Mr. Chairman?

22 CHAIRMAN WALLACE: **Yes**, Bijan?

23 MR. KIAN: It's just an interesting typographical
24 in the reports, the qualifications that the appraisers use in
25 the projects **is** stated that it's MIA, which I believe reads

1 missing in action; however, the correct abbreviation is MAI,
2 which is Member of the Appraisal Institute.

3 CHAIRMAN WALLACE: What page are you on, Bijan?

4 MR. KIAN: I will -- I had it marked, Mr. Chairman,
5 but the sticker had fallen off, **so** forgive me; I don't know
6 what page --

7 CHAIRMAN WALLACE: We will get the --

8 MR. KIAN: -- but I will find ..

9 CHAIRMAN WALLACE: -- correction. Sometime before
10 you leave, could you double-check where that is. Some people
11 think --

12 MR. KIAN: I will do that.

13 CHAIRMAN WALLACE: -- MAI's are MIA.

14 MR. KIAN: I will do that.

15 CHAIRMAN WALLACE: They are missing in action.
16 They missed quite a bit of the action on a couple of my
17 appraisals lately.

18 MR. KIAN: I know, Sir.

19 CHAIRMAN WALLACE: Yeah. No, that's not fair.

20 Having said that, are there any further
21 corrections? Hearing none, do I have a motion for approval
22 of the minutes?

23 MS. EASTON: **So** moved.

24 MS. HAWKINS: I'll second.

25 . CHAIRMAN WALLACE: **Angela**, and second Carrie

1 Kawkins .

2 Secretary, call the roll.

3 MS. OJIMA: Mr. Brennan?

4 MR. BRENNAN: Aye, yes.

5 MS. OJIMA: Ms. Easton?

6 MS. EASTON: Yes.

7 MS. OJIMA: Ms. Hawkins?

8 MS. HAWKINS: Yes.

9 MS. OJIMA: Mr. Kian?

10 MR. KIAN: Aye.

11 MS. OJIMA: Mr. Klein?

12 MR. KLEIN: Aye.

13 MS. OJIMA: Mr. Pavão?

14 MR. PAVÃO: Aye.

15 MS. OJIMA: Mr. Mozilo?

16 MR. MOZILO: Aye.

17 MS. OJIMA: Mr. Wallace?

18 CHAIRMAN WALLACE: Aye.

19 MS. OJIMA: The minutes have been approved.

20 CHAIRMAN WALLACE: The minutes have been approved.

21 CHAIRMAN/EXECUTIVE DIRECTOR COMMENTS

22 CHAIRMAN WALLACE: Item Three, Chairman or
23 Executive Director Comments. The first thing is this is not
24 Terri Parker. It's Dick-LaVergne. Terri got a late-
25 afternoon emergency call and she just had to go to that

1 situation and, therefore, will not be with us this morning
2 and sends her regrets, of course.

3 A couple of other items. The new schedule is out
4 for next year's meetings. Our next meeting, I think, is
5 January 14th. It's here, yes, but we have scheduled a couple
6 of meetings in Los Angeles and we sense that it would be
7 better for our Southern California members if we did it in
8 the -- near the Burbank Airport than the LAX; am I correct?
9 So we've scheduled, and I think Angela, you agree?

10 MS. EASTON: Uh-hmm.

11 CHAIRMAN WALLACE: And Carrie, you agree, so it
12 should be a lot easier and I think we'll be meeting at the
13 Burbank Hilton, which is pretty easy, even for those of us
14 who are flying in. So please note that on our next year's
15 schedule.

16 Having said that, I think this -- This is a nice
17 subject. This may be the last meeting for a couple of our
18 members. As you know, there's a new administration that
19 is taking over in Sacramento. Now, some of you have wondered
20 whether we're all out, and the answer is -- David, the Chief
21 Legal Counsel -- I think the answer is no, just selectively,
22 some of us are out or could be out.

23 If you have already been confirmed, you were
24 confirmed for a specific-term, and I think typically four
25 years, David?

1 MR. BEAVER: I believe it's six.

2 CHAIRMAN WALLACE: Really? Well, some other -- the
3 rest of us may want out if it's that long. No kidding?

4 Can you give us a little synopsis of what your --

5 MR. BEAVER: Yes.

6 CHAIRMAN WALLACE: -- review has indicated.

7 MR. BEAVER: Yes. Basically, we have three
8 ex officio voting members, and that means persons who hold
9 their position on the Board by virtue of their office. And,
10 of course, these offices are within the administration and
11 could be subject to change with the new administration, so
12 those three positions we would expect to change. The other
13 appointments are for a six-year term, assuming that those
14 positions -- where those positions have been confirmed by the
15 Senate.

16 In the case of a position that has not been
17 confirmed yet, it's possible that that position would -- if
18 not confirmed, would end up being a new appointment by the
19 new Governor.

20 CHAIRMAN WALLACE: **So** to be blunt and specific,
21 Bill, you're probably -- This could well be your last
22 meeting, as the representative from -- and you're going to
23 tell me it is your last meeting representing BT and H?

24 MR. BRENNAN: That's correct.

25 CHAIRMAN WALLACE: You haven't been confirmed, I

1 don't think, have you?

2 MR. KIAN: No, Clark, I have not been confirmed by
3 the State Senate.

4 CHAIRMAN WALLACE: And so school is still out on
5 you, Bijan.

6 MR. KIAN: That is correct.

7 CHAIRMAN WALLACE: Yeah, as indicated by Legal
8 Counsel.

9 Rich Mallory's assignment -- Well, it's probably
10 his last meeting being part of the Administration.

11 And not you: you were confirmed, right?

12 MR. KLEIN: (Nods.)

13 CHAIRMAN WALLACE: So that -- To me, the
14 possible -- likely changes are Bill Brennan, Don Maddy, and
15 behalf of the --

16 MS. OJIMA: State Treasurer.

17 CHAIRMAN WALLACE: -- State Treasurer, Matt Fong.
18 We know there is a new State Treasurer, so in all likelihood
19 that party will want to appoint their own person to this.
20 And HCD, Housing Community Development, is likely to see a
21 new Director.

22 MR. BEAVER: In addition, we had three *ex officio*
23 non-voting members, including Terri Parker, but because she
24 serves a term, she would continue. And the other --

25 CHAIRMAN WALLACE: And she has been confirmed.

1 MR. BEAVER: She's been confirmed, correct. So she
2 has the remainder of a five-year term to serve.

3 CHAIRMAN WALLACE: Uh-hmm, and I have --

4 MR. BEAVER: And the other two are, again, subject
5 to change with the new Administration: the Director of
6 Finance and OPR.

7 CHAIRMAN WALLACE: OPR is Paul Miner --

8 MR. BEAVER: Correct.

9 CHAIRMAN WALLACE: -- so he's likely to have seen
10 his last meeting.

11 MR. BEAVER: Correct.

12 CHAIRMAN WALLACE: And who was the other one, Dave?

13 MR. BEAVER: Mr. Brown.

14 CHAIRMAN WALLACE: Oh, yeah.

15 MS. OJIMA: Craig.

16 CHAIRMAN WALLACE: Yeah, Craig Brown.

17 So that's the likely lineup. Did we find out
18 whether my term as Chairman is set or --

19 MR. BEAVER: Yes, we did --

20 CHAIRMAN WALLACE: -- can we have another Newt
21 Gingrich situation?

22 MR. BEAVER: No, you serve a term as Chairman.
23 You've been confirmed as Chairman. It doesn't require
24 anything further and you're not at risk of being displaced.

25 CHAIRMAN WALLACE: Damn. Okay, so any questions on

1 that subject?

2 MR. BRENNAN: Well, since we've brought this
3 subject up, I was preparing to announce that this will be my
4 last meeting. I will be moving into a private sector
5 position effective the first week of January, and I just
6 wanted to say to the staff and to the Board members that it's
7 been my pleasure to have served with you these past several
8 years. I think we've accomplished a lot and I've enjoyed the
9 opportunity. Thank you.

10 CHAIRMAN WALLACE: Well, Bill, we're going to miss
11 you and I don't know what we're going to do in our afternoons
12 after the Board meetings when the golf courses are going to
13 be **so** open, but we wish you the best-of luck in whatever
14 you're going to do, and --

15 MR. BRENNAN: Thank you.

16 CHAIRMAN WALLACE: -- hope that you'll think of us
17 fondly from the ninth tee on.

18 MR. KLEIN: Mr. Chairman, is it customary and, I
19 would hope, appropriate that the Board have a resolution for
20 each of the members who is retiring, expressing our
21 tremendous appreciation for their participation and
22 commitment to the Agency? Because it is of great help,
23 obviously, to each of us as Board members to have people with
24 Bill's background and the rest of the members who are
25 retiring, with their input during the course of the

1 discussions we have.

2 CHAIRMAN WALLACE: Bob, I accept the motion from
3 you to the effect that a resolution be prepared,
4 memorializing the great service that we've received for each
5 of the departing members.

6 MR. KLEIN: I'd like to make that motion.

7 MR. BRENNAN: Second.

8 CHAIRMAN WALLACE: And then Brennan seconds that,
9 because he needs something to put on his golf --

10 MR. BRENNAN: I need a handle.

11 CHAIRMAN WALLACE: Do I have a second?

12 MS. HAWKINS: You certainly do.

13 CHAIRMAN WALLACE: Carrie.

14 MS. HAWKINS: It's been a real pleasure working
15 with you, Bill, and all the others who have been on this
16 Board and we'll miss you a great deal.

17 CHAIRMAN WALLACE: I agree. Any further discussion
18 on the motion? Yes, Bob?

19 MR. KLEIN: I would like to take special
20 recognition for individuals like Don Maddy, who served on
21 behalf of the Treasurer, and other individuals who represent
22 office holders and provide us continuity and personal
23 commitment of their time in moving the purpose of the Board
24 forward.

25 CHAIRMAN WALLACE: And with your permission, I'll

1 just have that thought incorporated into the prior motion.

2 MR. KLEIN: I thank you.

3 CHAIRMAN WALLACE: Uh-hmm. I think we all agree.

4 So with that, Secretary, call the roll on the
5 motion.

6 MS. OJIMA: Mr. Brennan?

7 MR. BRENNAN: Aye.

8 MS. OJIMA: Ms. Easton?

9 MS. EASTON: Aye.

10 MS. OJIMA: Ms. Hawkins?

11 MS. HAWKINS: Aye.

12 MS. OJIMA: Mr. Kian?

13 MR. KIAN: Aye.

14 MS. OJIMA: Mr. Klein?

15 MR. KLEIN: Aye.

16 MS. OJIMA: Mr. Pavão?

17 MR. PAVÃO: Aye.

18 MS. OJIMA: Mr. Mozilo?

19 MR. MOZILO: Aye.

20 MS. OJIMA: Mr. Wallace?

21 CHAIRMAN WALLACE: Aye.

22 MS. OJIMA: The resolution has been approved.

23 CHAIRMAN WALLACE: The resolution is approved and,
24 accordingly, Dick asks staff to see it through.

25 MR. LA VERGNE: Absolutely.

1 CHAIRMAN WALLACE: Let's see, what else did I have?
2 NCSHA; Carrie went to their meeting in Seattle
3 about five weeks ago, and I understood she was sleepless in
4 Seattle and she just dazzled them up there on our behalf. Is
5 that all true, Carrie?

6 MS. HAWKINS: Well, I don't know if I dazzled them
7 and I wasn't totally sleepless, but it was a very busy
8 conference and our staff represented us so well. It is just
9 incredible to think how large our state is, as far as the
10 population, as compared to the other states who were there.
11 But yet, our staff just represents us so well and it would be
12 so easy for them to become arrogant and feel that, well,
13 California, you know, should get all the recognition because
14 after all, we have all of these programs and all of this
15 population that we represent, yet they had such humility.

16 And I think that -- I was just touched by the way
17 they handled the situation and how capable they really are in
18 what they're doing in working so well with the smaller states
19 and so graciously accepting the fact that other states are
20 acknowledged for their efforts, when perhaps they've even
21 done a lot more work from the standpoint of quantity, but yet
22 knowing that it takes each state to work together, and that
23 for that state, that was a gigantic effort.

24 And they were so gracious wherever they didn't get
25 an award. So I can only tell you I'm glad I attended to see

1 that in person. And we did get two awards and I need to
2 call -- have someone else --

3 CHAIRMAN WALLACE: And I think --

4 MR. LA VERGNE: Three.

5 CHAIRMAN WALLACE: -- Dick is going to cover --

6 MS. HAWKINS: Three.

7 CHAIRMAN WALLACE: Three awards.

8 MS. HAWKINS: Right.

9 CHAIRMAN WALLACE: Yeah. So other than that,
10 there's a couple of handouts for you to read when you can.
11 If you have any questions about any of those, why, let's
12 defer that until we get to Item Eight on the agenda so that
13 you will have a chance to digest those and see if you do have
14 any questions. Otherwise, I'm not going to deal with those;
15 they're self-disclosing.

16 Having said that, Dick, I think you have a couple
17 of items that you would like to discuss.

18 MR. LA VERGNE: Thank you. I'll immediately segue
19 into a follow-up on Carrie Hawkins' summary of the National
20 Council of State Housing Agency Conference. Staff and Terri,
21 representing the Board, attended the conference. It covered
22 a lot of very significant local and national housing issues,
23 preservation being one of those. There were technical
24 components as well as an opportunity to take a look at some
25 of the other innovations that other states had initiated, and

1 also, for the Agency to present its own innovations.

2 I think for California, the opportunity to present
3 that was covered in a number of sessions that Agency staff
4 sat as panelists on, but more importantly, we were recognized
5 by the National Council of State Housing Agencies and a
6 Panel -- Panels of non-housing and housing judges on
7 applications for awards on those innovations.

8 In California the staff and, of course, the Board
9 can be very proud that California did receive three awards.
10 One of them -- The first one was for rental housing
11 empowering new renters, and that award covered the Marin
12 City, USA project, which was a California Housing Finance
13 Agency financed project and in cooperation also with BRIDGE
14 Housing.

15 The second award was for special needs housing, in
16 which the Agency received for that and a prior award, the
17 program excellence award, that award -- the example given in
18 that award was a project, also, the Board will recall, for
19 Duchow Way in Folsom, California. And then finally, is the
20 award for significant achievement, and that was evidenced by
21 the CHFA Lender Access System, which is the single-family
22 over-the-counter system.

23 And I had an opportunity to talk with the judge on
24 why California was selected for that award, and his response
25 was that all the other housing agencies that had submitted

1 awards for that category -- for the housing category, they
2 found that CHFA's system took into great consideration the
3 marketplace, and what lenders needed in order to respond to
4 affordable housing to make it as easy as possible. And he
5 said that was the overriding consideration, that CHFA, rather
6 than being a government program or only looking to its own
7 benefit, took into consideration what they're doing at the
8 place where the lender meets with the borrower.

9 So the Board, in its own right, should be very
10 proud of those awards. So should staff, and a special thanks
11 to Bill Cranham for going through the reams of
12 paper that were required in order to present the Agency's
13 story to the National Council.

14 The other item I'd like to report on is
15 Proposition 1A. This is the \$9.2 billion bond issue for
16 schools construction. Contained within that proposition was
17 also authority, as reported in the last Board meeting, for
18 \$160 million in general fund to basically reimburse -- as a
19 reimbursement for school fees, targeted to affordable
20 housing.

21 The Agency has had a number of meetings with
22 interested parties on that. We have already drafted for the
23 Board's consideration a very rough outline of program
24 parameters and, as was mentioned in the last meeting, Dick
25 Schermerhorn and his staff will be making a presentation to

1 the Board for your consideration on implementing that
2 program. That will be at the January meeting.

3 Finally -- Well, also, just briefly, you also have
4 in your package two **single-family** bond issue reports and a
5 multifamily bond issue report. The single-family bond issues
6 were very competitively priced and you should also note that
7 in terms of a very valuable -- our very valuable resource of
8 Private Activity Bond allocation, in one single-family issue
9 we only used **\$40** million of allocation for **\$150** million in
10 funds for single-family: and the second single-family sale
11 only required **\$46** million of allocation for **\$175** million in
12 Bond proceeds.

13 Also in relation to the Bonds, the Agency last
14 month also received an upgrade to its general obligation
15 rating from A+ to **AA-** by Standard and Poors Credit Rating
16 Agency. This will result in the Agency in some cases
17 receiving the lower cost of funds, and it was also given
18 without any additional capital or reserve requirements on the
19 Agency's part. **So** we're very appreciative of that, and also,
20 more importantly, appreciative of the acknowledgment of the
21 Agency's ability to manage its programs.

22 And I see that we have Pam Berkowitz here from
23 Standard and Poors, **so** a special thanks to you, Pam.

24 And then finally, in the back of the binder, as
25 Clark mentioned, you'll find the schedule for the 1999 Board

1 hearings. The next two meetings will be in Burbank at the
2 Burbank Airport Hilton. Thank you.

3 CHAIRMAN WALLACE: Any questions for Dick on any of
4 those items that he discussed?

5 By the way, a reminder for those of you on the
6 CaHLIF Committee, we have a meeting at the end of the
7 adjournment of this meeting, and that is Bill Brennan, and I
8 know you've got to go.

9 MR. BRENNAN: Yeah, I --

10 CHAIRMAN WALLACE: We're going to get out of here,
11 I think, sooner than you think.

12 MR. BRENNAN: Okay.

13 CHAIRMAN WALLACE: Carrie and Ken Hobbs.

14 MS. OJIMA: He's here, I think.

15 MR. SCHERMERHORN: He has arrived.

16 MS. OJIMA: He's behind the screen.

17 MR. SCHERMERHORN: He's hiding over there.

18 CHAIRMAN WALLACE: It's a long ways from Hercules.

19 MR. HOBBS: Especially in traffic.

20 CHAIRMAN WALLACE: I know, it's just disgusting.

21 All those developers out there, building all those projects,
22 clogging our roads. I've got to get back and do some more of
23 that.

24 Okay. Moving on, let's take the first item, Item
25 Four on your agenda, Number 98008-S. Dick Schermerhorn?

1 MR. SCHERMERHORN: Yes, Mr. Chairman, thank you.
2 If I might, a couple of items before we start the multifamily
3 agenda. One, the correction to the minutes is on page 740,
4 line 20. It was attributable to me. I don't believe -- and
5 thank you for catching that, Mr. Kian. It was not how I
6 represented that, you're right.

7 Secondly, for the Board's information, on
8 October 1st on our single-family program, we shifted
9 completely over to the over-the-counter system, both for
10 resale and for all new construction. As you may recall at
11 the previous Board meeting, I mentioned that what we were
12 targeting to do in our business plan this year in response to
13 the builders and based on the experience we've had to date
14 with our over-the-counter system, we were able to move from a
15 twice-a-year, forward commitment offering for single-family
16 to a pure over-the-counter system whereby developers now,
17 through their lenders, can come to us any day and purchase
18 six-, nine- or 12-month forward commitments at whatever the
19 rate is on the counter on that date.

20 The conversion went -- And this activity was not
21 part of the award description that we sent in, either,
22 because we hadn't activated it yet. We have put it in place,
23 the transition went very smoothly. Our expectation is, under
24 the interest rate environment right now, that most of the new
25 construction requests that we are going to get and are

1 getting will be for the 90-day no-fee process; however, we
2 have gotten one forward commitment request under the new
3 process.

4 The industry was very pleased with our decision and
5 ability to move to this. It gives them more flexibility in
6 their decision-making process in proceeding with single-
7 family activity. So that part of our business plan has been
8 implemented.

9 On the multifamily agenda before you today, the
10 last two projects on the list have been withdrawn and I'll
11 cover some of the specifics of that when we get to them.

12 RESOLUTION 98-34

13 MR. SCHERMERHORN: But first is our request -- a
14 final commitment request for a first mortgage loan in the
15 amount of \$4 million for a 160-unit elderly project located
16 in Montebello. This would be a new construction project.
17 It's for a 30-year fixed-rate, fully amortized tax-exempt
18 mortgage at 5.9 percent.

19 We'll cover the occupancy requirements, but let me
20 just, before we get into a detailed description of the
21 project, et cetera, point out the involvement of the locality
22 because it is quite impactive on the affordability proposed
23 in this project. We would only be regulating on an 80/20
24 basis: 20 percent of the units at 50 percent. The
25 Redevelopment Agency is providing a 99-year ground lease on

1 this transaction, as well as an up to \$11 million loan to be
2 implemented in two phases.

3 And their intent in this structuring that they have
4 with the sponsor here is two-part: They have the land lease,
5 which will be for a dollar a year, and then they have an
6 expectation of rental in the project, that it will be 100
7 percent available at 50 percent of median. But instead of
8 regulating it that way, what there is, is an agreement
9 between the Redevelopment Agency and the sponsor that the
10 sponsor will, in fact, make rents available at very low, low
11 or moderate income.

12 But if they exceed the rents at 50 percent -- If
13 the project implements rents in excess of 50 percent of
14 median, that the difference between the 50 percent rent and
15 whatever they're taking, that cash goes to the Redevelopment
16 Agency and not to the project. And if there is rental that
17 goes in place that exceeds the moderate income or 120
18 percent, it becomes a default of the arrangement between the
19 Redevelopment Agency, and the land-lease structure will
20 change from a one-dollar-a-year to a reconfigured full retail
21 rent for that particular project.

22 So the Redevelopment Agency, in our view, has
23 created a very interesting and effective financial incentive
24 structure in providing their support to this project, and
25 getting as a *quid pro quo* for that, an affordable, in a

1 sense, essentially a 100 percent affordable project at low
2 income.

3 So with that -- That's the essence of the locality
4 involvement -- with that, to get a look at the project, my
5 colleague, Linn Warren.

6 [Slides of Project Begin]

7 MR. WARREN: Thank you, Dick. As Dick indicated,
8 this is located in Montebello. This is a view of the rear of
9 the site. Directly adjacent to the project is an older,
10 established single-family neighborhood which as you'll see
11 from the site plan and note, that the primary entrance to the
12 site will be back in here.

13 Again, this is panning a little bit to the right.
14 This is the residential neighborhood. Very low vehicular
15 traffic, a very quiet entryway for the tenants. This is the
16 westerly boundary of the site, and again, we have residential
17 along in this area, again, the same, roughly, age as the
18 residential behind the project.

19 This is Whittier Boulevard in here -- We'll see a
20 shot of that -- and it's primarily small retail and
21 commercial. The site was formerly the site of a nursery and
22 a supermarket. This is the view toward Whittier Boulevard
23 looking up the site.

24 This is the residential area. Again, I included
25 this shot because this will be the main entryway going right

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1 in here, as you'll see from the site plan in a moment, for
2 the project itself. This is Whittier Boulevard. The site
3 here is on the right.

4 The retail and commercial are generally small in
5 nature. There's a turnover rate with new commercial on a
6 regular basis. There hasn't been much redevelopment along
7 Whittier Boulevard for new commercial, and there is a
8 commercial component to this project we'll talk about in a
9 minute. It's stable, but there has not been that much new
10 development, other than strip centers or large commercial.

11 Here's a good -- of the site plan. This was the
12 residential area that I showed in the earlier slide. This
13 will be the primary resident parking back in here. The
14 buildings and the common area with the pool and gardens and
15 the gazebo areas are all in this area. I mean, as Dick said,
16 it's 160 units in three-story elevator buildings.

17 The main component along Whittier is in here, in
18 these commercial pads. We have approximately **15,000** square
19 feet of retail. This entryway is the main entry into the
20 project for guests and for some residents. This is important
21 to note, that we have concerns clearly about the nature of
22 the retail tenants that are going to occupy this area in
23 here.

24 What we will be doing, and the next slide will give
25 you a better indication of that: This is if you were

1 standing on Whittier facing the project, is what it would
2 look like, and this is the retail with the residential on top
3 of the retail.

4 Staff was concerned about the nature of the tenants
5 that may be in the project, so we'll be including some
6 additional provisions in our regulatory agreement, which
7 basically say that if the use of the retail components
8 somehow disadvantage the residential or it's not kept up or
9 there's some major tenant improvements which may alter the
10 Spanish-style look, the Agency basically would have a right
11 of self-help to remedy that. But as a practical matter, the
12 City of Montebello and the sponsor should maintain this in an
13 acceptable fashion.

14 As Dick indicated, the rents on the project are
15 very low, at 50 percent. This chart shows you that we
16 approximately have in excess of \$200 rent differences between
17 the market and the affordable for the project. The
18 Montebello market is basically characterized by a high
19 population density and very limited senior housing. There
20 were 11 projects in the primary market area. Half of them
21 were affordable, half of them were market rate. They all
22 have occupancies in excess of 97 percent.

23 So our market studies indicate that there's about a
24 five-to-one demand/supply in balance in Montebello. So as
25 you can see from the architecture and the surrounding

1 neighborhood, we think the project will be very well
2 received. Dick?

3 MR. SCHERMERHORN: As I mentioned, the occupancy
4 restrictions for this project: The Agency would only be
5 restricting 20 percent at 50 percent of the project. The
6 remaining restrictions will be implemented by the Montebello
7 Redevelopment Agency along the lines that I previously
8 discussed. And, as I said, we think this is both a creative
9 and very effective mechanism of achieving affordability. The
10 Redevelopment Agency is in the best position to make this an
11 effective implementable affordable project.

12 Environmental phase one review was done on the
13 project with no particular problems noted. There is a
14 requirement for a satisfactory Article 34 opinion letter.
15 The borrower in this case would be a limited liability
16 company. The principal here is Mr. Thomas Corley, along with
17 a 501(c) (3) non-profit entity.

18 We've had prior experience with Mr. Corley. He was
19 the driving force in a project that began initial development
20 in 1993 and is financed by the Agency. It's a project that
21 we have in our portfolio and it's currently 100 percent
22 occupied, a very satisfactory project for us, and it was a
23 difficult one to have gotten underway.

24 The management of this is with -- The non-profit
25 entity will be handling the management of this particular

1 project and we're satisfied with that. **And** with that, we're
2 recommending approval of this and would be glad to answer any
3 questions.

4 CHAIRMAN WALLACE: Questions from the Board?
5 Mr. Hobbs?

6 MR. HOBBS: Thank you, Mr. Chairman. Just a
7 question having to do with structure and risk underwriting.
8 With LLC's and this lease, particularly the ground lease, I
9 assume that we've taken a very hard look at our long-term
10 liability and our effort to secure our few dollars --

11 MR. SCHERMERHORN: I'm sorry, I think I failed to
12 mention that we will have priority position in the liens, the
13 lease and the other loans will all be subordinated to our
14 lease.

15 MR. HOBBS: On top -- **So** we're above --

16 MR. SCHERMERHORN: Yes.

17 MR. HOBBS: -- the \$11 million Agency, okay.

18 MR. SCHERMERHORN: **Good** question. I'm sorry, I
19 forgot to mention that.

20 MR. HOBBS: Thanks, Mr. Chairman.

21 CHAIRMAN WALLACE: Mr. Klein?

22 MR. KLEIN: I've heard **a great deal** about TELACU's
23 previous activity. What's the most recent interface between
24 the Agency and TELACU and how they've performed in that
25 relationship?

1 MR. SCHERMERHORN: I don't believe we've had -- We
2 don't have a project managed by them, but our asset
3 management has looked at the experience they've had managing
4 the HUD-financed projects, and their evaluation and
5 recommendation to us was one of acceptability. And you
6 understand that in any of these situations, we retain the
7 right in our financing that if the management entity in the
8 project proves to be unsatisfactory, we have the right to
9 require immediate change.

10 But in this particular case, based on the
11 information we have, we have no reason to be concerned about
12 them. If you have concerns, we --

13 MR. KLEIN: No, I don't. I don't have any negative,
14 information. They've done some very good projects in the
15 Los Angeles area. I just wasn't up to speed on their most
16 recent activity.

17 MR. SCHERMERHORN: Okay.

18 CHAIRMAN WALLACE: Any other questions from the
19 Board? Anyone in the audience wish to offer us any advice
20 before we take action?

21 Hearing none --

22 MR. HOBBS: Mr. Chairman, I'll move for approval.

23 CHAIRMAN WALLACE: I hear a motion for approval.

24 MR. BRENNAN: Second.

25 CHAIRMAN WALLACE: And a second, Mr. Brennan.

1 MR. KIAN: Second.

2 CHAIRMAN WALLACE: Secretary, call the roll.

3 MS. OJIMA: Mr. Brennan?

4 MR. BRENNAN: Aye.

5 MS. OJIMA: Ms. Easton?

6 MS. EASTON: Aye.

7 MS. OJIMA: Ms. Hawkins?

8 MS. HAWKINS: Aye.

9 MS. OJIMA: Mr. Hobbs?

10 MR. HOBBS: Aye.

11 MS. OJIMA: Mr. Kian?

12 MR. KIAN: Aye.

13 MS. OJIMA: Mr. Klein?

14 MR. KLEIN: Aye.

15 MS. OJIMA: Mr. Pavão?

16 MR. PAVÃO: Aye.

17 MS. OJIMA: Mr. Mozilo?

18 MR. MOZILO: Aye.

19 MS. OJIMA: Mr. Wallace?

20 CHAIRMAN WALLACE: Aye.

21 MS. OJIMA: Resolution 98-34 has been approved.

22 CHAIRMAN WALLACE: The resolution is approved.

23 Dick, moving on to the Chelsea Gardens project.

24 RESOLUTION 98-35

25 CHAIRMAN WALLACE: And before we do, again, as I

1 advised you last meeting, you know, on BRIDGE Housing
2 projects I will step out of the Chair. Though I've been
3 advised by Counsel that I can vote, I don't -- I will
4 recuse -- Well, I'm going to stand at the ready. I think
5 we're probably okay, but when we get near term numbers -- I
6 won't vote unless I'm absolutely -- it's absolutely
7 necessary.

8 And I will let Carrie take over the Chair on this
9 BRIDGE -- this fine BRIDGE project.

10 MS. HAWKINS: Thank you, Mr. Chairman. Could we
11 have the presentation on Chelsea Gardens.

12 MR. SCHERMERHORN: Yes, Madam Chair, an independent
13 and objective presentation we will provide. In advance of
14 that, let me just quickly remind the Board, this is a
15 preservation project. And as you recall during the business
16 plan presentation, we identified as what we saw as the
17 circumstances out on the street, and it was the basis by
18 which the Board approved \$100 million of tax-exempt financing
19 for a mix of new construction and acquisition rehab, and
20 we're pretty much on target production-wise with that, and
21 \$100 million for taxable financing for preservation purposes,
22 which we are not going to probably achieve that level this
23 fiscal year.

24 There is -- There are circumstances in the
25 marketplace right now that have caused pause on the folks --

1 on the part of sellers, buyers, and financiers in figuring
2 out how to go about some of these transactions. What I think
3 is important, along with the transaction itself -- What's
4 important in this one for you to look at is we think we have
5 a template of how this kind of preservation project should
6 and can be financed successfully, whether it's done tax-
7 exempt or taxable.

8 So in that context -- This is a project that, in
9 working with BRIDGE, we found to be both challenging and an
10 excellent learning tool because it has two components to it.
11 And it has one component in which the Section 8 contract has
12 expired and they're on annual renewals, and the other portion
13 of it has a Section 8 contract still in place that's expiring
14 in a few years.

15 So in addition to just the normal challenge of
16 figuring out what to do with the Section 8 contract
17 considerations, here we had one that has -- Part of it's
18 already out of the way and part of it is still in place, so
19 in coming up with the financing structure on this, like I
20 say, I think we've got our hands around a template that's
21 going to be workable.

22
23 The request for you today is for two mortgages
24 totalling \$4,905,000. The first mortgage is for \$4,455,000;
25 it's a 30-year amortized tax-exempt at 5.9 percent. And the

1 second is a HAT loan in the amount of \$450,000. It's a
2 deferred payment first four years with accrued interest at
3 three percent.

4 The project in question is Chelsea Gardens I and
5 11. It's a 120-unit acquisition rehab located in Santa Rosa
6 in Sonoma County. Let me try and do this explanation this
7 way: We have this project that has two Section 8 project
8 considerations, as I explained. One of them is the contract
9 has expired and the sponsor is doing the annual renewals, and
10 that comes in -- the annual renewals are at the established
11 rate of the contract.

12 There is the other part of the project in which the
13 Section 8 project is still committed and will be in place for
14 the next four years. And the tenant composition of this
15 project is what you would expect for Section 8 supported.
16 You can assume they're around a 30 percent of median income
17 profile. Now, the project financing is going to produce a
18 financing that will support a tenant profile of 50 to 60
19 percent of median income.

20 So what would happen is, if the Section 8 contract
21 went away right today and this project were financed as we
22 are proposing it might today, it would take a tenant profile
23 at 50 to 60 percent of median income to support the debt
24 servicing requirements, but that's not what's in place. So
25 the first challenge we had in working through this project is

1 how do we set up a transition, a financial transition plan to
2 protect the tenants in some fashion to make -- and the
3 project -- to make an orderly transition, if Section 8
4 subsidy support were to instantly disappear out of the
5 project? That was problem number one.

6 Problem number two was, how do we figure out when
7 this is going to occur? What we've basically created here is
8 a structure that assumes that the Section 8 contract activity
9 will go for a period of time, and -- because it will in the
10 case of Phase 11, or the second phase of this particular
11 project because the contract is in place; it's good for four
12 more years. So that's a guarantee of the Section 8 contract
13 continuing for that period of time.

14 So we say -- What we've dealt with, and BRIDGE
15 agrees, we've got a transition account that has been created:
16 \$250,000. That's going to get funded out of excess funds of
17 the Section 8 contract, excess funds, in this period of time.
18 And that means at the end of four years we will have a
19 transition account in place, and by our financial analysis at
20 this point, two things can occur: a significant partial
21 payment of the HAT loan -- probably better than half of the
22 HAT loan can be repaid at that point, and still leave a
23 significant transition account in place that the Agency will
24 control.

25 And our evaluation is, it will take no more than

1 that amount of money if four years downstream Section 8 goes
2 away and the project has to transition its tenancy from a 30
3 percent profile to a 50 to 60 percent profile, there will be
4 enough money in the transition account to allow for an
5 orderly transition.

6 One of two things will have to happen -- This is a
7 given, we know this is occurring in the marketplace -- If the
8 subsidy does not continue, the tenant profile is going to
9 change somehow in the projects. Either those who can't
10 afford at 50 to 60 percent are going to have to relocate to
11 areas or they'll get vouchers and can stay in place for a
12 period of time. But in one way or another, the tenant
13 profile rent payment is going to have to come up to 50 to 60
14 percent. That's doable in this marketplace.

15 Our evaluation of the marketplace is not a problem;
16 that is there, whether it comes from a turnover in the
17 tenants or it comes from the tenants staying in place with
18 vouchers or some other form of subsidy support. If the
19 project were a new one today and we put it in Santa Rosa at
20 50 to 60 percent, not a problem. The economics are there to
21 make it work.

22 The transition account keeps the project from
23 having an immediate financial impact if the contract went
24 away and suddenly their tenants, who could only pay 30
25 percent, can't make up the difference right away. The

1 transition account will allow for a period of time for the
2 tenant profile income to move up to the level it needs to, to
3 debt service what we're proposing.

4 Now, that's the worst-case -- The worst-case
5 scenario is that point in time comes and the contracts go
6 away and there is no other subsidy support, our worst-case
7 scenario is we've got enough money on hand at that point to
8 get the project to transition in a reasonable period of time
9 without a negative financial impact on the project.

10 Best-case scenario is Section 8 contracts keep
11 renewing, and as we get out of that point in time, what will
12 happen is, you've got a fixed debt service going on in the
13 project and the rents will be making some adjustments, and
14 the gap will be gradually closing between what the tenants
15 are paying at that point and what the debt service
16 requirement is. So that if, in the future, the Section 8
17 subsidy does go away, the transition amount that will be
18 necessary will be less, and the gap that has to be bridged at
19 that point between the tenants and the debt servicing
20 requirement will be less.

21 So that's how we have essentially structured the
22 deal. We put a refinancing in place today that assumes that
23 it will debt service the project at the 50 to 60 percent of
24 income requirements. The Section 8 contracts are staying in
25 place for the next four years to debt service that level,

1 plus some. It keeps the tenants in place at their 30 percent
2 profile.

3 Year four, which will be probably the first
4 decision point, because then the project will go completely
5 to annual renewals; if Section 8 continues, the project
6 intends to keep applying and renewing the Section 8
7 contracts. So the tenant profile can stay the same and the
8 debt servicing is still met. The transition account stays in
9 place until such time as either the tenant incomes are at a
10 point where it can stand-alone debt service the project, or
11 the subsidy goes away and the profile of the project moves
12 the tenant payments up to a 50 to 60 percent level.

13 That is the essence of how this transaction has
14 been put together. And before we get into the project, I'll
15 be glad to answer some questions about this, because this is
16 really fundamental to how we're doing these.

17 MS. HAWKINS: Just one moment and I'll open it up
18 for questions. Even though Nordstrom's was only a half a
19 block away from the hotel we were staying at, I went to the
20 workshop that discussed exactly this particular structure.
21 So as I looked at that site, I said, no, no, no, I need to
22 know about housing.

23 And I understand that in other states, because
24 there are so many of these Section 8 terminations going on,
25 this is becoming a common structure. And so I'm glad that I

1 had an advance picture into this, because that's exactly what
2 was becoming the structure with many, many developers.

3 Was that your understanding, Dick? And I think
4 we're going to be seeing more and more of that, because
5 California has so many. So I'm glad I got a heads up on that
6 for this project.

7 MR. SCHERMERHORN: Well, then I don't expect any
8 questions from you, then.

9 MS. HAWINS: Go ahead.

10 MR. KLEIN: Dick, first of all, I think it's a very
11 constructive solution that should work properly. My concern
12 is I don't exactly recall whether we have a clean
13 understanding that -- for purposes of relocation payments --
14 that our financing is not deemed in, quote, state action in
15 triggering relocation payments. And what is the program if
16 you do need relocation?

17 MR. SCHERMERHORN: Our understanding is we don't
18 trigger, because the -- what is controlling here is the
19 Section 8 contracts. That's the subsidy.

20 MR. KLEIN: Okay, but has Bond Counsel and our
21 Counsel specifically looked at the issue of state action, in
22 terms of our financing triggering relocation benefits? I
23 think we've discussed this before. I wasn't sure at that
24 time that we had a clean understanding of exactly where we
25 came out:

1 MR. BEAVER: Yeah. We are still looking at it.
2 It's not crystal clear, but our best opinion at this time is
3 consistent with what Dick said. Frankly, the law is just not
4 clear yet in this area.

5 MR. KLEIN: Okay. If that were the case, I think
6 we should proceed with programs of this type because I think
7 they're extremely important models, but it would be good
8 internally to create some kind of a contingency fund in case
9 at some point we were faced with a relocation decision. It
10 shouldn't hold back important examples like this, but we
11 should make some provision for it.

12 I think we have adequate reserve, certainly, to
13 take that into account, but as we build up scale in this, we
14 should try and push the resolution of that issue forward
15 aggressively so we can eliminate any uncertainty we have in
16 that area.

17 MR. SCHERMERHORN: And we're continuing to do so.

18 MS. HAWKINS: Go ahead, Bill.

19 MR. BRENNAN: Madam Chairman, Dick, I've got a
20 process question. On the executive summary it indicates that
21 the general partner is to be determined: they're still
22 putting that together.

23 MR. SCHERMERHORN: Right.

24 MR. BRENNAN: And the only reason I bring this up
25 is I'm also reading -- While you were talking, I'm reading

1 this letter that we've gotten from the Neighborhood Effort
2 Group in regards to the situation and in regards to its final
3 commitment.

4 We're moving forward with the final commitment
5 right now on this particular loan. And it appears to me that
6 some parts of that loan -- the identification of the general
7 partner has not been determined yet. And in some instances
8 when we review loan documents, that's an important ingredient
9 in our consideration, to know who that general partner is and
10 its history and whether or not we feel that that's a viable
11 entity to manage this thing. And I know that BRIDGE is going
12 to be the managing partner and I know that they're well
13 respected and have an excellent track record with this group.

14 But in our letter to Neighborhood Effort, one of
15 the things we said is the Agency has repeatedly requested,
16 among other things, backup income and expense information as
17 part of its reasonable diligence in connection with making
18 its permanent loan. And that's tied that thing up. I mean,
19 are we walking into potentially -- or do we walk into
20 situations where we are potentially creating problems for
21 ourselves, if we end up executing or agreeing on final
22 commitment loans and going through that process without all
23 the factors nailed down before we do it?

24 MR. SCHERMERHORN: If I may, they are not related
25 matters.

1 MR. BRENNAN: I realize that they're not related.

2 MR. SCHERMERHORN: No, and not only that, that
3 question isn't -- is not the problem, the issue, and to date
4 we have -- there has not been any significant problem around,
5 quote, the ownership structure. We know that in many of
6 these transactions at the point in time we make final
7 commitments that the sponsorship of the project still has the
8 tax credit entity to put together so that we will -- we know
9 we're going to have a legal structure change.

10 That has to be satisfactorily in place by the time
11 we get to loan commitment, which has the benefit to us of
12 just being a take-out financier. We're not in a financial
13 risk situation until such time as the loan closes. So those
14 conditions have to be satisfied.

15 I don't -- Bill, I don't see -- The ownership
16 structure is not a problem in this issue and it's not the
17 problem in the other case, which I will get to and enlighten
18 you all as to what's going on with that.

19 MS. HAWKINS: Bijan, did you have a question?

20 MR. KIAN: My question is, with respect to the
21 explanation that you gave on the circumstances necessitating
22 the structure that you recommended, I too am of the belief
23 that the structure is conceptually sound and it's applicable
24 to the situations as you-described them.

25 . The question that I have is, again, a process

1 question, as Bill put forward. By what means does this Board
2 document such circumstances as you have described in your
3 scenarios, and by what means do we record the conclusions
4 that you have arrived out of each scenario supporting the
5 structure that we've come up with? Is there an analysis that
6 says these are the profiles of the tenants and this is how
7 they would change, and this is how the Agency's interest or
8 the Charter's interest or the Mission interest has to be
9 changed or modified or endangered, therefore, necessitating
10 the solution.

11 What is the process by which we document and record
12 such assumptions and conclusions?

13 MS. HAWKINS: Dick, I understand Carol Galante is
14 here. Would she like to address the Board on the issues?

15 MR. SCHERMERHORN: Well, I think this is a question
16 I have to address because we do the underwriting and it's our
17 conclusions about the scenario here. And, I mean, Carol
18 certainly has been an active party in this, but the specific
19 question here is how do we document what we're doing.

20 MR. KIAN: Yeah. Well, let me be very clear, Madam
21 Chair. The principal thought behind my question is not
22 soundness of the structure of the model.

23 MS. HAWKINS: Right.

24 MR. KIAN: The question is such things as a matter
25 of timing. The triggering point is now a time where the

1 necessity, is it 100 percent at five percent? On the curve
2 of the necessity, where do we sit? It's a question of timing
3 and because of that, there's a question mark in my mind as
4 to -- as a person who would be asked to make a decision on
5 this case, what information do I have to be able to verify
6 independently not only the reasonableness of the assumptions,
7 but also the relevance of the conclusion?

8 MR. SCHERMERHORN: Okay. We have a project file
9 and in -- the content of that is inclusive of the detailed
10 work that is done with appraisals, with market evaluations,
11 and in this case, we have the information on what the
12 Section 8 contracts are that are outstanding on the projects,
13 and we've had lengthy discussions and negotiations and
14 information and input from the sponsor on the project.

15 So that what we do, in terms of the credit
16 presentation to the Board, we have boiled down that
17 information and given you, in our judgment, what is the --
18 what, for lack of a better description, is the worst-case
19 scenario; that is, we're assuming that the Section 8
20 contracts will go away at a point in time and, if it does --
21 because all you're looking at is like any other project.

22 The first phase of this is, in here you have a
23 pro forma that is presuming that the project is going to be
24 debt servicing this at a 50 percent to 60 percent of median
25 income. So the first question is, does the market support

1 that and does the economics of the project appropriately debt
2 service out the project.

3 The caveat in here is, we know the tenant
4 profile in there as it exists today can't do that. It's a
5 lower one, because it's being supported by subsidy; hence,
6 the financial presentation in here shows that there is a
7 reserve account, and that reserve account is reflective of
8 the information that we put together in the project file
9 based on what's the current Section 8 contract, what's the
10 tenant profile in the project, and what's the reasonableness
11 of having to transition this project from where it's
12 currently capable of debt servicing to the debt service we
13 have right there.

14 We document the file that way. We have -- But it
15 has not the process, if you will, to bring the entire project
16 file before the Board. We have basically summarized that
17 portion of the evaluation and present to you what we believe
18 to be the most workable financing structure and one that is
19 conservative.

20 MS. HAWKINS: Any other questions? Go ahead.

21 MR. KIAN: Madam Chair, the question that I asked
22 was not really directing the question at the competency of
23 the staff or the --

24 MS. HAWKINS: Right.

25 MR. KIAN: -- completeness of the loan file. I

1 asked the question to bring more comfort to the decision that
2 I'm about to make. And again, the question is, is there a
3 recorded, documented file on the assumptions and the
4 conclusions, and that's the question, **so --**

5 **MS. HAWKINS:** And you're --

6 **MR. KIAN:** And the answer is yes.

7 **MR. SCHERMERHORN:** From our standpoint, yes.

8 **MR. KIAN:** Then I'm satisfied.

9 **MR. SCHERMERHORN:** We have a formal, legal project
10 file with all this information in it.

11 **MS. HAWKINS:** Yes.

12 **MR. KIAN:** Thank you.

13 **MR. KLEIN:** Bijan, I'd like to say that from
14 interfacing with a very large **number of private lenders**, that the
15 presentation file we have here is really much more complete
16 in many cases than private lenders would see in their own
17 committee approvals. And we have the advantage, certainly,
18 that we have very long staff continuity here at **CHFA**, which
19 is a tremendous benefit in that many lenders are facing
20 significant staff turnovers and you're never quite sure what
21 an answer means in context or relationship to standards,
22 policies, that are long-standing policies of the Agency.

23 In this **case** we had a great deal of project history
24 and staff history that gives us a lot more predictability and
25 comfort.. I would say, in terms of Mr. Brennan's point, that

1 potentially it would be beneficial going forward to have some
2 basic standards on general partners that would be added at
3 later stages in the project. It is certainly necessary
4 currently to make commitments at this stage, and BRIDGE is
5 someone we can depend upon, again because of a long
6 outstanding history with predictable results.

7 But in terms of the additional general partner that
8 would be added, if we could have some general financial and
9 experience standards, it again provides more comfort, in
10 terms of Mr. -- Bijan's approach, so that the file, going
11 forward from this point, is fully approved and has standards
12 for controlling future approvals of the admission of general
13 partners. It would give us a complete closed file record.

14 But BRIDGE's history is certainly exemplary, and I
15 think as the lead general partner, we can count upon them and
16 the staff to approve general partners that would meet --
17 generally assist highly exemplary standards for a co-general
18 partner. In cases where BRIDGE is not a partner, it would be
19 helpful to have some more direction as to who -- what the
20 standards were for general partners to be admitted.

21 MS. HAWKINS: And I think those comments will be
22 recorded and respected for future cases that are brought to
23 us, or projects that are brought to us.

24 Any other questions?

25 MR. HOBBS: Madam Chair?

1 MS. HAWKINS: Yes?

2 MR. HOBBS: Back to the project and the conversion,
3 I'd like a follow-up question to Mr. Klein's concern. I
4 think it is presumptuous of us to assume that contracts
5 expiration is going to be some point in the future and we are
6 effectively making a credit decision with regard to a
7 conversion that is to take that under consideration.

8 I'm concerned -- and I understand that we have the
9 HAT loan in place and I've read through the report very
10 carefully -- I'm concerned that there is enough excess funds,
11 and I think that Mr. Klein was going there, at least
12 initially. I'm concerned that we build in enough reserve in
13 order to ensure that a transition is going to be as effective
14 as we can. And I think in these days of litigation, to
15 assume that some tenant group is not going to see us as a
16 deep pocket is also probably a bit presumptuous.

17 So I -- it's just a comment, Madam Chair. I'm
18 hopeful, and I know that staff has always done a conservative
19 job of underwriting, but I'm hopeful that -- When we're
20 talking about a quarter million dollars in the transition
21 fund, that -- although a small project -- I'm just concerned
22 that we are budgeting enough three, four, five years from now
23 to handle concern. I would not like to see this Board room
24 turn into a tenant revoke room, as it relates to our portion
25 of this. .

1 And I know BRIDGE and I think this is a wonderful
2 project and I think we should be the leaders, but I just want
3 to make sure that we are -- we're being conservative enough,
4 I guess from a lending perspective; that we build in the
5 stopgap that is going to ensure that both portions of the
6 loan will work.

7 MS. HAWKINS: So the question is, is perhaps
8 further clarification on the formula you used as far as a
9 guideline per tenant for this possible relocation that could
10 take place?

11 MR. HOBBS: Yes.

12 MS. HAWKINS: Does that summarize what someone else
13 might have on their mind?

14 MR. PAVÃO: I guess that was my question as well,
15 was just -- I think you walked us through it8 but maybe just
16 again, how did you size that original \$250,000 and what were
17 your assumptions and what scenarios would that cover?

18 MR. SCHERMERHORN: There is a present tenant
19 profile that generates X amount of income without Section 8
20 subsidy. That same tenant profile, however, has Section 8
21 contract subsidy support on it, which is more than enough to
22 finance the proposed financing here.

23 So what we looked at today was, the Section 8
24 contract has cash flow to the project which HUD has indicated
25 to this point that it is prepared to continue with at this

1 level through the four-year period that the heart of the
2 project has an existing project-based contract on it.

3 So that cash is there, that cash flow is there, it
4 is more than enough to debt service the proposed financing.
5 The excess cash is part of what we take off into the
6 transition account, because it doesn't need to be utilized
7 during this period of time and it builds up a corpus to get
8 to the year four.

9 Now, when we sat down and looked at the project
10 economics, we said -- and we looked at if you just took what
11 the tenants in the project could pay right now, it can debt
12 service a project cost less than what we're talking about
13 here. But the project financing here can be supported by a
14 tenant mix of 20 percent at 50 percent and the remainder at
15 60 percent. That's the profile.

16 So we costed out what's the difference between if
17 everything -- if all the subsidy stopped today, what's the
18 shortfall in cash flow in the project between who's in there
19 now and what is necessary to support at the assumption level
20 that we have, and built into this assumption we have is a
21 time frame in which the project would have to go through a
22 transition or some kind of alternative subsidy support to its
23 existing tenants to get the income of the project up to
24 support our debt service level.

25 . And we're saying, okay, two years. Reasonable

1 period of time, probably in the market that they're in
2 Santa Rosa, that's conservative. We could roll it over in
3 that period of time.

4 If Section 8 contracts go away, HUD, at this -- at
5 least, at this point in time, is alternatively providing
6 vouchers. Now, again, we're not assuming that that -- all of
7 that scenario will stay in place, which is why I say we took
8 the worst-case scenario. Let's say it all went right out the
9 window. What we then costed out is what's a transition fund
10 or what's a subsidy fund that would keep this project moving
11 for two years, assuming a reasonable transition of those
12 tenants out of the project or staying into it to the point
13 where they could pay the amount to debt service; the 50, the
14 60.

15 That was the basis for establishing, if you will, a
16 worst-case transition account. We're more than comfortable
17 that the money will be there, because we're going to get
18 those funds from the excess cash coming in the next four-year
19 period. The question is at the year four, if the Section 8
20 contract is still in place, how do we then manage it after
21 that?

22 One, we require that the *corpus* stay in place,
23 assuming the same scenario. The only downstream evaluation
24 we do at that point is does the base tenant income move up
25 some so that the gap narrows and, therefore, the *corpus* is

1 not as necessary?

2 Now, whether or not there's going to be relocation
3 requirement in here, based on everything that we have looked
4 at so far, our conclusion is, if it is -- even if it were,
5 it would be so minimal in this case as to be something that
6 could be incorporated right into the corpus. We don't think
7 that -- Quite frankly, we don't think that's an issue in this
8 project.

9 MS. HAWKINS: Yes, Mr. Klein?

10 MR. KLEIN: I can tell the members of the Board
11 that years ago, having been on the other side of the table
12 from our multifamily staff, I know them to be fairly
13 conservative.

14 MR. HOBBS: Ditto.

15 MR. KLEIN: And I have faith that in this
16 transition numbers they put together, that they -- that
17 conservatism, which is a consistent factor that has shown
18 up -- I would suggest that it would be in -- probably in the
19 Board's interest and the program's interest, though, to not
20 become more conservative on each project, but rather to make
21 provision apart from the projects for that inconsistent case
22 that just as a matter of odds, is apt to come up, because we
23 are a state agency. Because rather than have a confrontation
24 at some point, there may need to be legitimately some
25 mitigation dealing with the transition.

1 We need to accept the fact that there is risk in
2 dealing with models that will make these transitions work,
3 and make provision for that risk separately. Because the
4 staff can't burden each project with the most extreme,
5 extraordinary risk, and an outside provision would probably
6 be appropriate.

7 MR. SCHERMERHORN: Bob, I agree with you, and it is
8 something, as we're starting to move down this path, I agree
9 we need to look at that question and do something with that.

10 MS. HAWKINS: Okay. Any other questions?

11 MR. BRENNAN: Madam Chair?

12 MS. HAWKINS: Yes, Mr. Brennan?

13 MR. BRENNAN: At this time I'd like to move for
14 approval of the project.

15 MS. HAWKINS: Okay.

16 MR. MOZILO: Second.

17 MS. HAWKINS: It's been moved and seconded. Any
18 discussion? Hearing none, could we call for --

19 CHAIRMAN WALLACE: Carrie, see if there's any
20 public comment.

21 MS. HAWKINS: Oh, I'm sorry, I forgot about that.
22 We do that after each project that is presented, right, each
23 item that is presented now.

24 Is there any public comment? Hearing none --

25 CHAIRMAN WALLACE: Carol is moving.

1 MS. HAWKINS: Where is Carol? Oh, I'm sorry, I
2 can't see you. You're right behind the court reporter there.
3 Thank you.

4 MS. GALANTE: Thank you, Madam Chair. I just want
5 to thank the staff for their work on this. This is
6 definitely a cutting-edge type of opportunity and it's
7 something that BRIDGE has wanted to get involved with for
8 probably several years.

9 And it **so** happens I think this property is
10 particularly well suited to be a model. It's in really good
11 physical shape. It's in a great location, **so** we're not
12 dealing with some of the other issues that you might have in
13 addition to some of these financial structuring questions at
14 the same time.

15 **So** I think collectively, it's been a really good
16 model for BRIDGE and the Finance Agency to work on, and I
17 just want to say I appreciate all the comments that the Board
18 members have made regarding the transition. This was
19 certainly a subject of a lot of discussion between BRIDGE and
20 CHFA, and frankly, they're all really important questions and
21 at this state of affairs, this is clearly an art and not a
22 science. And, you know, we're all trying to figure out how
23 to reasonably protect the project, but also ensure that we
24 have something to say, which is that this project doesn't go
25 out to market rate and we lose the whole thing.

1 So if we're too conservative, we're not going to be
2 able to save the project in any form. And so that's been the
3 kind of struggle, to come up with the right structure
4 collectively, and I feel quite comfortable that we're there.
5 But I do appreciate the comments of the Board in thinking
6 about some of the outlying factors that perhaps none of us
7 can predict around the table at this point in time.

8 But we're very excited about it and just appreciate
9 the hard work that CHFA puts in to trying to make a program
10 like this work.

11 MS. HAWKINS: Okay. Thank you very much,
12 Ms. Galante. Now we're ready -- Oh, one more comment?

13 MR. KLEIN: I would like to make a motion, if
14 that's appropriate.

15 MR. MOZILO: I think there's one on the table.

16 MS. OJIMA: We have one by Brennan, seconded by --

17 CHAIRMAN WALLACE: There's a motion and it's
18 seconded. It's on the table.

19 MR. KLEIN: Okay.

20 MS. OJIMA: -- Mozilo.

21 MS. HAWKINS: Okay. Any further discussion? Okay.
22 let's call for the vote.

23 MS. OJIMA: Mr. Brennan?

24 MR. BRENNAN: Aye.

25 MS. OJIMA: Ms. Easton?

1 MS. EASTON: Aye.

2 MS. OJIMA: Ms. Hawkins?

3 MS. HAWKINS: Aye.

4 MS. OJIMA: Mr. Hobbs?

5 MR. HOBBS: Aye.

6 MS. OJIMA: Mr. Kian?

7 MR. KIAN: Aye.

8 MS. OJIMA: Mr. Klein?

9 MR. KLEIN: Aye.

10 MS. OJIMA: Mr. Pavão?

11 MR. PAVÃO: Aye.

12 MS. OJIMA: Mr. Mozilo?

13 MR. MOZILO: Aye.

14 MS. OJIMA: Mr. Wallace?

15 CHAIRMAN WALLACE: Abstain.

16 MS. OJIMA: Thank you. Resolution --

17 MS. HAWKINS: Yes, go ahead.

18 MS. OJIMA: Resolution 98-35 has been approved.

19 MS. HAWKINS: Thank you.

20 CHAIRMAN WALLACE: Thank you, Carrie, and thank

21 you, staff, for your creativity in creating a new model. I'm

22 sure we'll have refinements and Carol, you and BRIDGE, good

23 luck on the project.

24 MR. HOBBS: Mr. Chairman --

25 CHAIRMAN WALLACE: Yes?

1 MR. HOBBS: -- just a quick follow-up point. I
2 think what I heard, in effect, was possibly an action that
3 needs to come back to the Board. I don't recall that we
4 included the development of an Agency-wide reserve for
5 purposes of evaluating these kinds of issues. And if staff
6 is involved in it, and I know you are, just at some point in
7 the future we need to thrash through that at the Board level.

8 CHAIRMAN WALLACE: Let me ask Chief Deputy LaVergne
9 to respond to that.

10 MR. LA VERGNE: I think it's a very important
11 subject and one that the Board over the years has addressed
12 before. The Board by resolution created within the Agency's
13 reserve a special reserve, and it's referenced as the
14 emergency reserve.

15 That reserve specifically identifies such things as
16 unforeseen capital shortfalls in projects, et cetera, but it
17 also specifically mentions shortfalls in income, rents and so
18 on. As I recall, I believe within that reserve that accessed
19 part of our total capital requirements but designated for
20 that purpose by the Board, there sits at least \$5 million
21 targeted towards that for the Agency's projects as a whole.

22 And as described in this transaction, any
23 transitional shortfalls that would occur would come from that
24 fund. I don't -- My suggestion is that there does not need
25 to be even a further fund to cover those things. There is

1 one in place.

2 MR. HOBBS: Thank you, Mr. LaVergne.

3 CHAIRMAN WALLACE: Mr. Klein?

4 MR. KLEIN: I'd say that certainly that reserve
5 level is appropriate for the point we're at now, but as we go
6 forward, if we get into the position where we're getting into
7 a thousand, two thousand units a year, year after year, we
8 get up to ten thousand units: I mean, what we need to know is
9 we just have a risk profile where we say this is the
10 chargeback against that reserve on a per-unit basis for this
11 type of program, so that we resize that reserve if this
12 program becomes very important, which I think it will, over
13 the next 24 months.

14 MR. LA VERGNE: Absolutely, and that is done on an
15 annual evaluation in any event. But as a core starting
16 position, on a staff basis we would agree with you that we're
17 well positioned to address any foreseeable problems on our
18 projects.

19 MR. SCHERMERHORN: If I might add --

20 CHAIRMAN WALLACE: Yes, please.

21 MR. SCHERMERHORN: -- Dick's right. We know that
22 we're, at the initial stage of this thing, covered. But the
23 point is well taken. As we are learning what the
24 ramifications are of fashioning these transactions, part of
25 our business plan discussions with the Board are going to be

1 here are the issues we're finding, here are the potential
2 financial consequences of it, and here are our
3 recommendations about protecting ourselves on this.

4 Because we -- I think we've just scratched the
5 surface on a couple of the issues that we're going to run
6 into on the street as we move along on this preservation
7 issue.

8 CHAIRMAN WALLACE: Okay, moving on --

9 MR. BEAVER: Mr. Chairman?

10 CHAIRMAN WALLACE: Mr. Chief Legal Counsel?

11 MR. BEAVER: I would just like to, just a reminder
12 to everyone for the purposes of getting a good record of our
13 discussions, I would ask everyone to take care to speak into
14 the microphone. In some cases it's getting a little bit
15 faint, and some of these microphones are not perfectly
16 placed, so --

17 CHAIRMAN WALLACE: Imagine, some of our Board
18 members getting a little bit faint. Okay.

19 MR. SCHERMERHORN: Okay.

20 CHAIRMAN WALLACE: Moving on to the ARC.

21 RESOLUTION 98_36

22 MR. SCHERMERHORN: Yes, Mr. Chairman. This is a
23 special needs project, or a project in our Special Needs
24 Program. I'm sorry, let me clarify that.

25 . The commitment request is for two loans, the

1 first -- totaling **\$1,615,000**. The second **is** for **\$1,065,000**
2 for a three-year fully amortized fixed-rate tax-exempt **5.9**
3 percent loan that, as you may recall, under the Special Needs
4 Program, we utilize FAF savings where **applicable** to, **in**
5 effect, write down the interest rate to a level that makes
6 the project work. In this case, given the project's location
7 and, therefore, the costs in developing this project, we're
8 talking about a one percent loan on this to make the
9 transaction feasible.

10 The proposed development'inquestion is the **ARC**
11 Apartments. It's a nine-unit residential building for
12 developmentally disabled adults in San Francisco. There is
13 ground floor retail space that is not being financed by the
14 Agency. Before we get into that whole structure, let me
15 quickly touch on the other fact, that the City of
16 San Francisco has approved a permanent loan request for
17 **\$837,626** on this. There's another **\$144,000** of **AHP** permanent
18 funds that have been pledged to this particular project.

19 I think it would be useful at this juncture to take
20 a look at the project and what is contemplated here, and then
21 we can get into some more discussion about the financing.

22 MR. WARREN: Set it **up** here?

23 MR. **SCHERMERHORN**: Oh, yeah.

24 [Slides of Project **Begin**]

25 MR. WARREN: This is the site for the **ARC**. It's

1 located in the North Beach area near Fisherman's Wharf on Bay
2 Street. This wholesale fish market will be demolished and a
3 four-story or 40-foot-high building will be put in its place.

4 Bay Street is very active. It's the primary
5 surface connector between the **Embarcadero** and the Marina
6 District. The **ARC** of San Francisco wanted this particular
7 area to place their services for developmentally disabled out
8 in the North Beach area, **so** this is why this site was
9 selected.

10 This is a rendering of the site. Again, it's a 40-
11 story building -- I mean, a 40-foot building -- The **ARC** is
12 getting into a skyscraper special needs project, and we're
13 wholly supportive of that -- The 40-foot building is the
14 height limit for this particular part of North Beach.

15 As Dick indicated, the commercial is down here.
16 The open space in the commercial will be used by the **ARC** of
17 San Francisco for their senior day program during the day.
18 In the evenings and on weekends the open space area on the
19 first floor would be open to the residents of the building.
20 One nice architectural feature of this is the open bay
21 windows which will let in light and air to the site.

22 This is around the corner at Bay and Mason.
23 Basically, it's three blocks away from Fisherman's Wharf.
24 Those of you that may be familiar with this area, the
25 Longshoremen's Hall is right down here past this hotel.

1 This is directly across the street from the site.
2 I bring this up by way of reference. This is the North Beach
3 housing project. This has been the recipient of a HOPE VI
4 award, which is a HUD program for the revitalization and
5 rehabilitation of existing public housing. This is a very
6 large site and has been in San Francisco for a number of
7 years.

8 BRIDGE Housing has been awarded the opportunity to
9 negotiate exclusively on the development of this site, **so**
10 over the next couple of years this project will be underway
11 and will be demolished and be rebuilt with low-rise
12 residential, again with the same 40-foot height limitation.

13 This is Bay and Mason viewing east toward the Bay.
14 One of the components of the project is the ARC of
15 San Francisco wanted to have a resident area in, basically, a
16 neighborhood that allows the individual tenant to gain and
17 use their independent living skills. And I said, although
18 Bay is very busy, it's also a combination of retail and
19 residential, **as** indicated by these low-rise residential
20 projects in the area.

21 The Special Needs Program that the **ARC** is proposing
22 is for developmentally disabled adults and it's basically
23 going to **go** into two areas: one is independent living skills
24 and personal living skills. There will be approximately 27
25 tenants in the project. Some of the bedrooms will be double-

1 occupied, only about four or five; the rest by single-
2 occupancy tenants. The ARC is very experienced in this.
3 They've been in existence in San Francisco for over 40 years
4 and they run a number of programs throughout San Francisco.

5 The first floor area, which is the commercial
6 piece, as I said, will house their senior day living
7 activities. They will transfer a portion of that from one
8 site to this site at the completion of the project. From a
9 real estate standpoint, as Dick indicated, our loan will not
10 cover or not pay for the commercial construction; however,
11 there is no air space easement here, so our deed and trust
12 will encumber not only the residential but also the
13 commercial.

14 If for some reason in the future the rent for the
15 commercial piece ceases, the ARC may want to convert that to
16 other commercial space, and theoretically it could be used
17 for regular retail, and you can see it would probably sit
18 very well along the Bay Street corridor.

19 And I think that's it. If we have any questions on
20 the Special Needs Program, I'll turn it back to Dick.

21 MR. SCHERMERHORN: As you may recall, in the
22 Special Needs Program, the means by which we are effecting
23 the subsidy on here is utilizing the FAF funds, which
24 requires that all of the units that are subsidized by those
25 monies be available for very low income. So we will be, in

1 essence, the Agency is requiring that all of the beds in this
2 particular unit be rented, meet that particular requirement,
3 but we will be regulating on the basis of tax law, which is
4 20 percent of the units be restricted to household incomes at
5 50 percent or below for this period of time.

6 Tax credits -- The tax credits on the project will
7 be their usual income limitation: 60 percent of median;
8 however, in this case the restrictions are in effect for 30
9 years. It will be coterminous with our restrictions on this
10 particular project.

11 The city units are being rented on a per-bed basis.
12 They have some additional restrictions in place. Our
13 underwriting on the project has taken into account who all
14 has got what restrictions in here on income level and we've
15 taken the lowest level of it to do the basic *pro forma* on it,
16 which is one of the reasons why there is this subsidy need on
17 the interest rate. It's because it is going to be serving a
18 population of 25 to 50 percent of income in this particular
19 project.

20 The environmental reviews on it did identify some
21 potential hazards: asbestos and lead-based. The asbestos
22 that might be identified will have to be disposed of under a
23 satisfactory plan, as is the same case with a lead-based
24 paint.

25 The only really -- Those aren't particularly

1 outstanding issues in our mind. That will be taken care of.
2 There is an outstanding technical issue on the project,
3 however. For any of you that know this area, we are talking
4 about land conditions that are like the Marina, and there has
5 been -- two of our three phases of seismic review have been
6 completed and it required a third, a level three review which
7 has not yet been completed.

8 Now, when that is completed, which we expect to
9 occur shortly, it may carry with it some structural
10 requirements that would affect the development costs on the
11 project. We don't know that yet. And it may or may not make
12 it feasible, and we don't know that yet.

13 But we are assuming that, since the architects were
14 aware and made aware by us also that it would have to meet
15 these seismic requirements for a project in this location,
16 that the review will survive the evaluation without any
17 significant additional costs or any costs in it, and that we
18 can proceed with the project as we're proposing the financing
19 here, which is why we brought it to the Board at this point
20 with the caveat that the level three has to be completed, be
21 satisfactory to the Agency, and if there are any additional
22 costs in it, the project sponsorship is going to have to
23 ascertain how they're going to deal with that. Because our
24 evaluation at this point is we're at pretty close to the
25 maximum level that we can support from a financing

1 standpoint.

2 So that's basically where we are. The sponsor in
3 this case, I think has been identified, is the San Francisco
4 Chapter of the ARC, which was formerly the Association of
5 Retarded Citizens, a private non-profit social service
6 agency. They operate on a contractual basis with the Golden
7 Gate Regional Center, the Department of Social Service and
8 the State Department of Rehab. They're experienced, they're
9 well known in the field that they are working at. We are
10 satisfied with them as a sponsor and operator in this
11 particular project.

12 And our -- If we proceed with the financing on the
13 project, we will be taking a lien position on all of the
14 property, both the residential and the commercial, although
15 we are only financing the residential portion and the sponsor
16 is financing the commercial portion from their own sources.

17 With that, we recommend approval and I'd be glad to
18 answer any questions.

19 CHAIRMAN WALLACE: Any questions? Hearing none,
20 seeing none, let me say it's an unusual project, but that's
21 the definition, I guess, of special needs. And we're in that
22 business and it looks like we're doing -- you've done another
23 very good job. When you look at nine units, you brace back a
24 little bit, but 27 beds and the purpose for which and a 44
25 percent loan-to-value and so on, I think you've done a fine

1 job in structuring it.

2 MR. MOZILO: Mr. Chairman, I move for approval of
3 the project.

4 MR. KLEIN: I second it.

5 CHAIRMAN WALLACE: There's a motion and a second, a
6 motion by Mozilo and a second by Mr. Klein.

7 MR. BEAVER: Excuse me, Mr. Chairman. Perhaps we
8 should allow the public, if there is any public comment.

9 CHAIRMAN WALLACE: I was. Is there any member of
10 the public? Yes? Please state your name and --

11 MS. KEMERLING: I'm Patricia Kemerling, Executive
12 Director of the ARC.

13 CHAIRMAN WALLACE: Would you do that, Patricia, one
14 more time.

15 MS. KEMERLING: Sure. I'm Patricia Kemerling,
16 Executive Director of the ARC. I want to thank you for your
17 approval of the project. This is the first project of the
18 Special Needs Project that's ever been built in San
19 Francisco, and we have far more people who need the housing
20 than will fit in the unit, **so** thank you.

21 CHAIRMAN WALLACE: Are you going to do it again?

22 MS. KEMERLING: I hope **so**.

23 CHAIRMAN WALLACE: We'll look forward to hearing
24 from you again.

25 Any other members of the public that wish to

1 comment on this item? Hearing none, the Secretary, call the
2 roll.

3 MS. OJIMA: Mr. Brennan?

4 MR. BRENNAN: Aye.

5 MS. OJIMA: Ms. Easton?

6 MS. EASTON: Aye.

7 MS. OJIMA: Ms. Hawkins?

8 MS. HAWKINS: Aye.

9 MS. OJIMA: Mr. Hobbs?

10 MR. HOBBS: Aye.

11 MS. OJIMA: Mr. Kian?

12 MR. KIAN: Aye.

13 MS. OJIMA: Mr. Klein?

14 MR. KLEIN: Aye.

15 MS. OJIMA: Mr. Pavão?

16 MR. PAVÃO: Aye.

17 MS. OJIMA: Mr. Mozilo?

18 MR. MOZILO: Aye.

19 MS. OJIMA: Mr. Wallace?

20 CHAIRMAN WALLACE: Aye.

21 MS. OJIMA: Resolution 98-36 has been approved.

22 CHAIRMAN WALLACE: Resolution 98-36 is approved.

23 Dick, do you want to --

24 **RESOLUTION 98-37**

25 MR. SCHERMERHORN: And quickly, to touch on the

1 other two projects that were on the agenda which we've
2 withdrawn -- One is Oceanview Gardens. This is a project
3 that is currently in our portfolio. It's a Section 8
4 project. The sponsorship wished to do a refinancing on the
5 project and to extend the affordability.

6 The Section 8 contract that's on it has some number
7 of years to go. We thought it was a good opportunity to do
8 this and extend affordability at this point in time under
9 these market conditions: however, we discovered that this was
10 one of the projects that was in a pool of FAF refinancings
11 that we did in the early part of the 90's and there are no-
12 call provisions on the outstanding bonds right now, which
13 puts kind of a financial damper on moving forward with this.

14 The sponsorship understands that. They're
15 relooking at where they are with this right now. We may
16 still go forward with this in the near future, but they've
17 got to make a decision about the financial implications that
18 the current outstanding Bond situation creates.

19 Now, the limitation is only for another couple of
20 years, I think. So that's why they're kind of taking a look
21 at what the financial impact is on this. so we'll see how
22 that one goes.

23 **RESOLUTION 98-38**

24 The Los Altos project is also a project not in our
25 portfolio yet, but one that the Board executed a final

1 commitment on in July 10th of 1997, and it was for a first
2 mortgage amount of \$3,995,000. This is for an acquisition
3 rehab project just west of Downtown Los Angeles. It's the
4 one with the Marion Davies Unit in it and was created
5 primarily as an 80/20 project, was the concept involved with
6 a, quote, non-profit entity as the sponsorship with whom we
7 had not had prior experience.

8 On July 24th of '97 we issued the final commitment
9 for that mortgage amount: \$3,995,000. In August of this year,
10 on August 3rd of this year we got a request from the
11 sponsorship for a three-month extension, which two days
12 later, we approved the extension. And the reason for the
13 request for the extension was the loan close was supposed to
14 have occurred -- be occurring on the 22nd of August of this
15 year.

16 We learned the latter part of last year, going into
17 the early part of this year, that this nearly \$4 million
18 project with a \$3 million construction budget was running in
19 excess of a million dollars over the construction costs. We
20 were not getting satisfactory answers to the questions about
21 why and how this was happening, and so we have initiated, on
22 our -- at our own cost, an independent cost certification
23 audit of this project, which we will have required to be
24 completed before we will go to loan close.

25 . This has also raised some questions, obviously,

1 with the construction lender. We agreed to extend, make the
2 extension of the commitment until November of this thing to
3 allow for clarification of this and go forward. On
4 August 10th, the sponsor came in with a second extension
5 request, this time from November of this year to the end of
6 January, to accommodate the construction lender's concerns.
7 Two days later we approved that extension request.

8 At about the same time, the sponsor was requesting
9 a mortgage increase to assist with the issue of the cost
10 overruns, the mortgage increase of \$200,000, which we did
11 approve and we have authorized a mortgage amount now of
12 \$4.1 million and change. But all of the conditions of the
13 initial final commitment are still in place and have to be
14 satisfied before a loan close. We made that very clear to
15 the sponsorship.

16 Now, at the Executive Director's level, the
17 \$200,000 mortgage increase was approvable, but because the
18 mortgage was raised, it raised the threshold of the HAT loan
19 to cover qualification of the mortgage for four percent tax
20 credits. So we told the sponsor that if, in proceeding with
21 this, although we're prepared to raise the mortgage amount,
22 we are going back to the Board for -- when we have
23 satisfactory numbers to get an amended approval on the total
24 package, which would -- our request to you would be for the
25 KAT loan increase to accommodate the amount that's going to

1 be necessary to get the project qualified for four percent
2 tax credits.

3 The early part of this month we received the
4 information that we had requested, and the information was
5 insufficient to support the mortgage request to bring it
6 before the Board. So we withdrew it from the agenda,
7 explained it to the sponsor, that we are going to need
8 satisfactory information and numbers that are workable to
9 support a mortgage increase presentation before the Board for
10 the HAT loan.

11 Hence, the letter. The sponsor -- We've had a
12 number of communications with the sponsor, I might add. This
13 letter came and they requested that it be distributed to the
14 Board. Attached to the letter that we have distributed to
15 you is our response, which reiterates what we have told them
16 consistently from the time of the final commitment issuance.
17 We have a final commitment. The Agency is prepared to honor
18 the final commitment, but we need to get the loan close and
19 all the terms and conditions of the final commitment have to
20 be met getting to loan close, and that has not yet occurred.
21 They have not done this.

22 There is a representation in the letter that is --
23 appears to be taken out of context. It talks about the CHFA
24 withdrawal. What it doesn't say is the CHFA withdrawal of
25 this action item before the Board. That's different than a

1 CHFA withdrawal of the final commitment.

2 So where we are today is the construction lender,
3 Wells Fargo, has filed a notice of default on the project.
4 We have a final commitment outstanding that we will honor at
5 loan close, if all the terms and conditions of the final
6 commitment are met. And as of this date, not all of the
7 terms and conditions of that final commitment have been met
8 for closing.

9 And we have extended now to April of next spring
10 the ability of the sponsor to satisfy those conditions and
11 get the loan close.

12 CHAIRMAN WALLACE: I would hope that the Board
13 would let it go at that, basically, because we do have a
14 potential for a legal action that's threatened here. If we
15 get into this in very great depth, I would have to call us
16 into executive session.

17 I think Dick has done a good explanation. There is
18 no Board action that is called for at this time, and so I
19 would rather move on with the agenda. Although I suspect
20 there are some questions in your mind, I think he's given you
21 enough to let you know and they have delivered per the
22 request to the sponsor. And I just feel uncomfortable about
23 getting into much more in-depth discussion, on advice of
24 Legal Counsel, I might add, at this juncture.

25 . Having said that, Mr. Klein?

1 MR. KLEIN: Mr. Chairman, fully respecting the
2 significance of your statement, is there a letter that
3 details what it is we need from --

4 MR. SCHERMERHORN: More than one.

5 MR. KLEIN: -- from them to be in compliance?

6 MR. SCHERMERHORN: Yes.

7 MR. KLEIN: It would be good if we could just -- I
8 think we should proceed on to the next item, but it would be
9 good if, as Board members, we could just get a copy of the
10 letter detailing it so we can understand the nature of it.
11 Without discussing it here, I'd like to have a sense of the
12 nature and extent of what's out there.

13 CHAIRMAN WALLACE: Is there any reason -- because
14 it's referred to in our letter to the sponsor, "Refer to the
15 Agency's letter of November 4th, 1998 for an outline of the
16 materials required before the Agency may proceed" -- Counsel,
17 any reason that the Board can't see that?

18 MR. BEAVER: No: these letters, in effect, form our
19 commitment to make a loan and it's appropriate for that --

20 CHAIRMAN WALLACE: Yeah.

21 MR. SCHERMERHORN: Yes.

22 CHAIRMAN WALLACE: Yeah, we --

23 MR. BEAVER: -- in relation to it --

24 MR. SCHERMERHORN: Be glad to supply it.

25 CHAIRMAN WALLACE: I don't see any harm done there.

1 I just don't want to belabor it here in the public forum
2 where we are on the threshold, perhaps, of an executive
3 session and there isn't much to be accomplished for us at
4 this juncture. There may or may not be.

5 And I think Dick's explanation is clear. We have
6 not withdrawn the application or our commitment, our final
7 commitment, but there are facts before us that indicate we
8 need to get this additional -- There always are. There
9 typically always will be additional things required before
10 we'll close the loan. Some of those things haven't been
11 forthcoming. What Wells Fargo does is beyond the scope of
12 this Board to deal with.

13 Mr. Hobbs?

14 MR. HOBBS: Mr. Chairman and to our esteemed
15 Counsel, in the event that any of the Board members may be
16 contacted individually, I suspect your advice is do not
17 engage in any conversation?

18 MR. BEAVER: That's correct, and, you know, there
19 may come a time when we do need to discuss this in greater
20 depth, and my advice is the appropriate way to do that is in
21 executive or closed session. And we can schedule that when
22 and if it becomes appropriate.

23 MR. HOBBS: Thank you, Counsel.

24 CHAIRMAN WALLACE: Mr. Kian?

25 MR. KIAN: Thank you, Mr. Chairman. My question is

1 to the Counsel. I, again, with all the due respect to your
2 comments with respect to this case, would like to ask a
3 question from the Counsel.

4 Do I hear, Counsel, that you are recommending that
5 we do not ask questions relating to matters that have
6 surrounded this case or have caused the situation at hand?

7 MR. BEAVER: Yes. My advice is if we're going to
8 get into a deeper discussion, we need to do it in a closed,
9 also known as an executive session so that we can preserve --
10 so that I would have the opportunity, for example, to provide
11 legal advice and we would have the benefit of attorney-client
12 privilege.

13 MR. KIAN: Thank you, Counsel.

14 MR. BEAVER: We really need to do that in closed
15 session.

16 MR. KIAN: Thank you.

17 CHAIRMAN WALLACE: Hearing no further discussion --

18 MR. SCHERMERHORN: Thank you very much,
19 Mr. Chairman.

20 CHAIRMAN WALLACE: Thank you, Dick and Linn.
21 Appreciate your good work and we'll move on to Item Six, John
22 Schienle. John?

23 **RESOLUTION 98-39**

24 MR. SCHIENLE: Good morning, Mr. Chairman, members
25 of the Board. In March of this year, the Board passed

1 Resolution 98-18 in which CaHLIF was authorized to borrow two
2 and a half million dollars from CHFA for purposes of using it
3 for silent seconds, for down payment assistance to borrowers
4 on our programs.

5 And we would like to expand our authority to also
6 include the use of those funds for closing costs as well,
7 under Resolution -98 -- or excuse me, Resolution 98-39.
8 Thank you.

9 CHAIRMAN WALLACE: Use it for reasonable closing
10 costs?

11 MR. SCHIENLE: Yes.

12 CHAIRMAN WALLACE: Any discussion from the Board on
13 that? Mr. Klein?

14 MR. KLEIN: These items would be used for closing
15 costs, but would become part of a second?

16 MR. SCHIENLE: Yes.

17 CHAIRMAN WALLACE: Yeah. Any further questions
18 from the Board? Any questions from the audience -- or
19 Mr. Hobbs?

20 MR. HOBBS: Thank you, Mr. Chairman. And that will
21 be inclusive in the total three percent amount, that we're
22 not approving any additional --

23 MR. SCHIENLE: Yes.

24 MR. HOBBS: Thank you, Mr. Chairman.

25 CHAIRMAN WALLACE: We're not approving any

1 additional funding. That's already been granted, but he
2 could use the already granted funds for reasonable closing
3 costs --

4 MR. HOBBS: Yes.

5 CHAIRMAN WALLACE: -- in addition to what we
6 previously authorized, yes. Right?

7 MR. SCHIENLE: Yes.

8 MR. MOZILO: Mr. Chairman, I move for approval.

9 MR. HOBBS: Second.

10 CHAIRMAN WALLACE: Motion by Mozilo, second by
11 Hobbs. Again, any questions from the audience? Hearing
12 none, Secretary, call the roll.

13 MS. OJIMA: Mr. Brennan?

14 MR. BRENNAN: Aye.

15 MS. OJIMA: Ms. Easton?

16 (No response.)

17 MS. OJIMA: Ms. Hawkins

18 MS. HAWKINS: Aye.

19 MS. OJIMA: Mr. Hobbs?

20 MR. HOBBS: Aye.

21 MS. OJIMA: Mr. Kian?

22 MR. KIAN: Aye.

23 MS. OJIMA: Mr. Klein?

24 MR. KLEIN: Aye.

25 MS. OJIMA: Mr. Pavão?

1 MR. PAVÃO: Aye.

2 MS. OJIMA: Mr. Mozilo?

3 MR. MOZILO: Aye.

4 MS. OJIMA: Mr. Wallace?

5 CHAIRMAN WALLACE: Aye.

6 MS. OJIMA: Resolution 98-39 has been approved.

7 CHAIRMAN WALLACE: The Resolution has been
8 approved, in some cases a little faintly. Let's lean in on
9 those mikes.

10 Okay. The next item is Linda, a wrap-up of the
11 Federal legislation. You have submitted a report. It was
12 excellent.

13 YEAR-END WRAP-UP OF FEDERAL LEGISLATION

14 MS. BRAUNSCHWEIGER: Thank you, Mr. Chairman.
15 Mr. Chairman and Board of Directors, I wanted to take just a
16 few minutes to share with you some of our victories we had
17 this year in Congress and give you a little bit of a picture
18 of what we might be presenting next year, and to, as always,
19 seek your support for further lobbying activities next year.

20 You should be very proud. Housing, but
21 particularly Housing Finance Agencies did receive a wonderful
22 victory in getting partial support for the increase for
23 H.R. 979, our Private Activity Bond Cap.

24 As the Chairman said, there is a full report in
25 your Board binders that kind of explains exactly what took

1 place. But in brief, we worked hard throughout the year, as
2 we reported to you many times, to get Congressman Archer, the
3 Chairman of the House Appropriations Committee, to put our
4 increase to the Private Activity Bond Caps in the final Tax
5 Bill. In Committee we were successful in getting that and
6 that is a victory in its own right, because it was one of the
7 very few things that were added to that Bill.

8 That was an \$80 billion Bill that went to the
9 Senate, and the Senate decided that the
10 reality of the politics were that that Bill would not get out
11 and get signed by the President, so it was drastically
12 reduced. But once again, the 75 percent of Congress
13 supporting the increase to the Private Activity Bonds Cap was
14 a voice well heard by both the Senate and the House and,
15 therefore, we did receive a partial increase starting in year
16 2003 with \$55 and then increasing \$5 each year after that to
17 2007.

18 At the end of Congress we did get a verbal comment
19 from Congressman Archer that he felt that this was not only a
20 positive for the housing industry, but also put us in good
21 shape to start next year to try to get the increase at the
22 full amount starting in year 2000. Obviously, with the
23 elections and some of the changes taking place in the
24 leadership, chairs are moving around and I expect that
25 Congressman Archer probably will be moving on to another

1 position and will not be the Chair of the Appropriations
2 Committee is the rumor.

3 So, therefore, whether that is still something we
4 can count on or not, it will come back down to our
5 co-sponsorship. And again, we will have to go back and get
6 at least 75 percent of the House and the Senate to agree to
7 this increase. I think it's doable.

8 I want to make sure that I thank all of you for
9 your support. Many of you went way beyond the call of duty,
10 and it's greatly appreciated, with your letters and your
11 contacts to members. And it makes a difference. For an
12 industry or an agency that doesn't have a natural
13 constituency base to do grass roots lobbying, it's really
14 critical for the Board members to step forward and send those
15 letters and make those calls. And all of you did, and I
16 truly appreciate it, as does Terri.

17 Briefly, on H.R. 2990, the Low-Income Housing Tax
18 Bill also did well as far as co-sponsorships, but when
19 reality came to the table, there was not enough money to put
20 that one in the Bill, so that one also will be introduced
21 next year and we'll have to go back at it again with regards
22 to co-sponsorships.

23 A couple of other issues that we watched closely
24 was, of course, the HUD Appropriations Bill. It was
25 \$24.6 billion, which was a \$2 billion increase over last

1 year, which we were very pleased to see.

2 One thing that we were watching was the risk-share
3 units. We were able to get 25,000 more units across the
4 country, and CHFA is one of the lead users of the risk-share
5 program. We are trying to get that program permanent so that
6 it does not have to be renewed each year. We were not
7 successful at this point to get that in a piece of
8 legislation, but it's something that should be continued next
9 year.

10 The FHA loan ceilings were increased, not quite to
11 the level that many of the advocates tried to get them to,
12 but they were increased in the high-cost areas from \$170,362
13 to \$197,032, and in the low-cost areas they went from \$86,000
14 to \$109,032. I doubt that that would be coming back next
15 year for an additional increase.

16 What we saw after these elections were five new
17 Congress members from California. We gained one Republican.
18 We swapped a Republican and a Democrat, but we swapped on
19 another race, so we ultimately came out with one plus on the
20 Republican side. I strongly recommend, if you know any of
21 these individuals or if you live in these districts, that you
22 take the opportunity to get to know them and get them
23 involved quickly on housing issues.

24 The first one is up in Congressional District One,
25 which was Frank Riggs' area. It's former State Senator Mike

1 Thompson. He was the Chair of the Senate Budget Committee
2 and is somewhat of a friend of housing.

3 In Congressman Fazio's district is Doug Ose. He's
4 a Republican and I know very little about his background as
5 far as with regards to housing. Retiring Congressman Torres
6 is former Assemblywoman Grace Napolitano, and also has been
7 somebody who has been a voice in the housing area.

8 And retiring Jane Harman is former Assemblyman
9 Steve Kuykendall, who actually, during his campaign,
10 supported the Private Activity Bond Caps, so I was glad to
11 see that. So hopefully, somebody we have as a friend on the
12 Republican side.

13 And Congressman Kim retiring or actually lost;
14 former Assemblyman Gary Miller, and he is a former land
15 developer, so hopefully somebody that we can work well with.
16 All of these people we need to quickly cultivate a
17 relationship with so we can get running the first part of the
18 year.

19 Nationally, of the 35 -- We need 35 of the 43 new
20 members to co-sponsor our Bills next year, in order to get
21 even to where we were last year. We also need to continue to
22 work on the Governors. We have a new Governor. We will need
23 to quickly get Governor Gray Davis on board with our
24 legislation so that we -- We expect both the Tax Credit and
25 the Private Activity Bond Cap to be introduced right in

1 January, towards the end of the year -- or excuse me, towards
2 the end of the month.

3 And so we will need to get Governor Davis up and
4 running on this issue so we have approval as an Agency to
5 lobby on these issues. And we will have the proper
6 documentation in.

7 A couple last things. As I said, there will be
8 some changes in the Committee assignments. The rumor is that
9 it's very likely that Congressman Lewis will be leaving the
10 VA/HUD Subcommittee. There is a possibility he could chair
11 Appropriations, although he's sort of a second-tier
12 candidate, but if that doesn't happen, he's likely to go over
13 to the Defense Committee. We've all worked closely with
14 Congressman Lewis to get him excited about housing, so that
15 is a loss to us, because he's definitely been a Californian
16 who has finally taken some really strong interest in housing.

17 From a leadership perspective, we also have a loss
18 in California. We only have one Californian in a place of
19 Leadership on the House side, and that's Congressman Chris
20 Cox, and we have not been successful in getting him connected
21 to the housing issues that we talk about. So if there's a
22 focus, it should be on Congressman Cox. He's certainly an up
23 and comer in the leadership area, and housing is not
24 something that he has taken a lot of interest in,
25 unfortunately. So those of you in the Orange County area,

1 that's your focus.

2 Let's see here, there will also be some changes on
3 Banking Committee, Congressman Phil Graham -- or Senator,
4 excuse me, Graham from Texas will be chairing the Banking
5 Committee. Not a known advocate for housing, so some
6 potential difficulties there, but someone we would work with.
7 The name that's expected to be the new chair of the VA/HUD
8 Subcommittee is Jim Walsh from New York, a moderate supporter
9 of housing, not to the same extent that Jerry Lewis has
10 become.

11 And I think that is it. Just finally, there's also
12 in your binders here an overview of the state legislation,
13 which I don't want to touch on, necessarily, but it is there
14 on some of the victories there. And I leave you with the
15 final word that we have a lot of work to do next year as the
16 Agency tries once again to get that increase that's much
17 needed. And your support will certainly help the Agency and
18 Terri as we move forward.

19 And I'll take questions, if there are any.

20 CHAIRMAN WALLACE: Thank you, Linda. That's an
21 excellent report, and I have a question or two but I'm going
22 to ask Mr. Klein to give voice to his first.

23 MR. KLEIN: It was absolutely a great report.

24 MS. BRAUNSCHWEIGER: Thank you.

25 MR. KLEIN: There were some very favorable things

1 in it. I was wondering, can you quantify how much risk-
2 sharing authority we use now and intend to use next year?

3 MS. BRAUNSCHWEIGER: I think Mr. Schermerhorn
4 could, possibly.

5 MR. SCHERMERHORN: (Indiscernible).

6 CHAIRMAN WALLACE: I'm glad this isn't being
7 recorded.

8 MR. SCHERMERHORN: We're making it up as we go
9 along.

10 CHAIRMAN WALLACE: Yeah.

11 MR. SCHERMERHORN: We have over -- We have a
12 commitment from HUD of over 9,000 units of risk-share at the
13 moment, all of which has been co-opted: it's in process, and
14 we've got more than enough, and the budget package that was
15 passed was another 25,000 units -- I'm sorry --

16 MS. BRAUNSCHWEIGER: Yes.

17 MR. SCHERMERHORN: -- yeah, 25,000 units -- I've
18 got 10,000 on my mind because that's what I'm after -- 25,000
19 that HUD has to allocate out yet, hasn't been done yet. So
20 somewhere in the near future we expect to hear from them with
21 an additional allocate -- They'll come with a request, we
22 give them the numbers -- you know, we're the single largest
23 user in the country, and we've got a pipeline of use.

24 So that's basically where we are. We use it on any
25 and all projects that are eligible for the risk-share

1 insurance. Not necessarily all projects are. There might
2 be -- and in that case, then we'll use alternative credit
3 enhancement on them.

4 MR. KLEIN: Yeah, and basically, the projects that
5 would not be eligible; what general characteristics would
6 they have?

7 MR. SCHERMERHORN: It might have a mortgage
8 structure that doesn't meet the fully amortizing
9 characteristic that is a requirement of the risk-share. It
10 might have some environmental problem that we're comfortable
11 with that HUD is not. It might take them too long to process
12 it and we're ready to go.

13 MR. KLEIN: Okay.

14 CHAIRMAN WALLACE: Any other questions?

15 I think Doug Ose is a realtor.

16 MS. BRAUNSCHWEIGER: Great. I didn't see that in
17 his --

18 CHAIRMAN WALLACE: I think. I'm not --

19 MS. BRAUNSCHWEIGER: I looked for a bio on him, but
20 it --

21 CHAIRMAN WALLACE: I think he is, and Gary Miller
22 is going to be very good for housing.

23 MS. BRAUNSCHWEIGER: Very good.

24 CHAIRMAN WALLACE: So, of the -- And I'd like to
25 see that lineup, if you'd just jot it down and --

1 MS. BRAUNSCHWEIGER: Sure, I'd be happy to.

2 CHAIRMAN WALLACE: -- give it to Terri or whoever
3 and just -- the new lineup. Some of the things that you said
4 I --

5 MS. BRAUNSCHWEIGER: Yes. Some of that, of course,
6 is speculation based on rumors and --

7 CHAIRMAN WALLACE: Well, I understand. You don't
8 have to do the speculation stuff, but the lineups or as we
9 get the lineups on the new Committees and so on --

10 MS. BRAUNSCHWEIGER: Certainly.

11 CHAIRMAN WALLACE: Actually, the House -- five
12 House changes that you mentioned, every -- almost every one
13 of them I think we could work with.

14 MS. BRAUNSCHWEIGER: Absolutely.

15 CHAIRMAN WALLACE: So that's a positive.

16 MS. BRAUNSCHWEIGER: Could I add one thing, if I
17 could?

18 CHAIRMAN WALLACE: Yeah.

19 MS. BRAUNSCHWEIGER: Just briefly, I forgot to
20 mention that there is some change expected next year with
21 new Speaker Livingston. He is putting forth a Bill in
22 January that will be called H.R. One which is going to
23 discuss how Social Security is handled in the budget process,
24 and whether that should be removed from the calculations for
25 a surplus or a deficit.

1 That is going to impact on, obviously, the numbers,
2 and whether or not there will be a surplus to put a Private
3 Activity Bond Cap or a Low-Income Housing Tax Credit Bill.
4 So this is something we're going to have to watch closely.
5 So even though we've got some general commitments this past
6 year for inclusion in a Bill next year, it looks like the lay
7 of the land is going to be changing.

8 So it might be a more difficult challenge to get
9 our legislation into a Tax Bill, even if there is a Tax Bill.
10 Thank you.

11 CHAIRMAN WALLACE: And you weren't involved,
12 really, in the state issues so much, that was Christine. But
13 I think, Dick, it's very helpful to me, us to know what Bills
14 and where CHFA -- what Bills CHFA has an interest in in the
15 State Legislature and a periodic update, at least as often as
16 our Board meetings.

17 MR. LA VERGNE: Okay.

18 CHAIRMAN WALLACE: If you'd pass that on to Terri.

19 MS. HAWKINS: Mr. Chairman?

20 CHAIRMAN WALLACE: Just about like it is here.

21 That's excellent. I got stopped once or twice on a CHFA Bill
22 and I didn't know anything about it, and I don't like to get
23 stuck like that. Carrie?

24 MS. HAWKINS: Mr. Chairman, I feel compelled to add
25 to my earlier comments at the beginning of the meeting.

1 Based on the work that Linda did, it was very clear that her
2 colleagues from the other states really respected the work
3 that she has done, and this, our program was very worthy of
4 getting a fourth award, but we had received it for two years
5 in a row and it does take a team effort. So Linda was so
6 gracious in knowing that her work was just beyond any effort
7 that probably had been put out, but she just very graciously
8 joined in honoring the state that got the award.

9 And so I think we should just make special
10 commendation for --

11 MS. BRAUNSCHWEIGER: Thank you, Carrie. Thank you.

12 MS. HAWKINS: -- for Linda, for the job she got
13 done on our behalf.

14 CHAIRMAN WALLACE: She almost retired that award
15 and they should have. You did a superb job, Linda.

16 MS. BRAUNSCHWEIGER: We tried for a third, but it
17 just didn't happen.

18 CHAIRMAN WALLACE: You should have gotten it three
19 years in a row, which is automatic; you keep it.

20 MS. BRAUNSCHWEIGER: There you go. Thank you.

21 CHAIRMAN WALLACE: But anyway, congratulations for
22 an outstanding job and an outstanding legislative session.

23 MS. BRAUNSCHWEIGER: Thank you.

24 CHAIRMAN WALLACE: Okay. Quickly moving on to Item
25 Eight, Other Board Matters.

1 MR. CARLSON: Thank you.

2 CHAIRMAN WALLACE: Any questions. Bob?

3 MR. KLEIN: I would just like to say as well that
4 in the housing area, we are at a tremendous advantage in
5 California that Pam Berkowitz runs the office in
6 San Francisco and she has always taken such a strong and
7 committed interest in housing. That continuing commitment
8 gives a lot of support to the Agency and all the housing
9 activities in the state, but that's greatly appreciated.

10 CHAIRMAN WALLACE: Any other questions of Ken?

11 MR. CARLSON: Mr. Chairman?

12 CHAIRMAN WALLACE: Yes?

13 MR. CARLSON: There's one thing I just wanted to
14 mention, that in January I'll be bringing a report summing up
15 the year's activity and probably a schedule for next year's
16 financings and our usual request that the Board approve
17 annual authorizing resolutions for Bond financing.

18 CHAIRMAN WALLACE: I doubt you'll have a lot of
19 trouble this year. Fine, Ken. We'll look forward to that.

20 MR. CARLSON: Thank you.

21 CHAIRMAN WALLACE: Thank you. Any other Board
22 items, Board matters that weren't otherwise agendized?

23 **PUBLIC TESTIMONY**

24 If not and hearing none, anything from the audience
25 that we should be privy to, Item Nine, that wasn't otherwise

1 on the agenda?

2 Hearing none there, let me remind you of the very
3 brief CaHLIF meeting immediately following. I need Brennan,
4 Hawkins and Hobbs, and other than that, this meeting is
5 adjourned. Thank you very much.

6 (Thereupon, the meeting was
7 adjourned at 11:40 a.m.)

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Dated this 22nd day of November, 1998, at
Sacramento County, California.



Lisa L. Macks, Official Transcriber
CAPITOL ELECTRONIC REPORTING

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Executive Summary

Date: 21-Dec-98

Project Profile:

Project :	Breezewood Village	Borrower:	Breezewood Village I.P.
Location:	12600 Breezewood Drive	GP:	Thomas Safran
City:	La Mirada	LP:	Housing Corporation of America
County:	Los Angeles	Program:	Tax Exempt
Type:	Senior	CHFA # :	98-032-S

Financing Summary:

	Final	Per Unit
CHFA First Mortgage	\$5,250,000	\$43,033
Redevelopment Agency	\$5,913,194	\$48,469
Other Loans	\$0	\$0
Borrower Contribution	\$0	\$0
Deferred Developer Equity	\$553,736	\$4,539
Tax Credits	\$3,152,268	\$25,838
CHFA Bridge	\$2,300,000	\$18,852
CHFA HAT	\$0	\$0

Loan to Value
60.7%

Loan to Cost
35.3%

Unit Mix:

Type	Size	Number	AMI	Rent	Max Income
1 BR	570	22	50% CHFA	\$410	\$17,950
2 BR	800	3	50% CHFA	\$469	\$20,525
Manager	900	2	N/A	\$532	\$0
1 BR	570	82	60% TCAC	\$537	\$21,540
2 BR	800	13	60% TCAC	\$648	\$24,630
		122			

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CALIFORNIA HOUSING FINANCE AGENCY

Final Commitment

Project Name: Breezewood Village

CHFA Ln. # 98-032-S

SUMMARY:

This is a Final Commitment request for two loans totaling \$7,550,000. The first mortgage in the amount of \$5,250,000 is fully amortized over 35 years. The second loan is a \$2,300,000 Bridge loan and is all due and payable after one year. The project is Breezewood Village, a proposed 122-unit senior project located at 12600-12725 Breezewood Drive in La Mirada, in Los Angeles County.

LOAN TERMS:

1" Mortgage Amount:

	\$7,550,000
A.	\$5,250,000
B.	\$2,300,000

Interest Rate:

A.	6.05%
B.	6.05%

Term:

A.	35
B.	1

Financing: Tax-Exempt

LOCALITY INVOLVEMENT:

Lender	Loan Amount	Repayment Terms	Term	Interest Rate
Redevelopment Agency	\$5,913,194	residual receipts, simple interest	35	3.00%

The La Mirada Redevelopment Agency is using set aside funds, not federal funds for this project. A letter from GRC Associates, Inc. dated December 17, 1998 states that since no

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federal funds are involved, the project falls under relocation requirements imposed by the State of California, not the federal government. Confirmation of this opinion has been requested from the attorney for the La Mirada RDA. The borrower has set aside \$500,000 for relocation expenses. CHFA will also review and approve the relocation plan.

MARKET:

A. Market Overview

The project is located in the City of La Mirada in the Los Angeles Metropolitan Area. It is located in the northeast section of La Mirada, an incorporated city of approximately 48,000 residents. La Mirada is 17 miles from downtown Los Angeles.

The primary market area ("PMA") is the area to the west of Highway 57; north of La Palma Avenue; south of the city limits of Santa Fe Springs, Whittier, La Habra and Brea and east of Interstate 605. Twelve cities/communities are included within the PMA, which is split between Los Angeles and Orange Counties. The PMA area includes an estimated 837,000 inhabitants.

B. Market Demand

There are 45,147 senior (65+) households in the PMA, which equals 17% of the total households. This proportion is equal to that of Los Angeles County (17%) and close to the average for the State of California (19%). Existing senior projects in the La Mirada PMA reported average tenant ages of 70 to 75, which conforms to national statistics.

According to the market study, more market rate projects have a greater supply of two-bedroom units than demand from two-person households. By contrast, affordable projects have a demand for by two-person households than two-bedroom units. The market study concludes that single people rent the market-rate two-bedroom apartments and many senior couples select choose one-bedroom units for cost reasons. It is also believed that the affordable senior housing market can support more two-bedroom units.

Occupancy rates in the La Mirada PMA are high across all project types. Vacancy rates range from a high of 2.0% for all senior market-rate projects to a low of 0.4% for affordable rate senior projects.

Table 1 of Senior Households by Income Category

Location	0-50% AMI	51-80% AMI	81%+ AMI
La Mirada	7,573 (16.8%)	9,474 (21.0%)	28,100 (62.2%)

The percentage of senior households by income category takes into account all senior households in the **PMA**. However, the **PMA** includes communities in Orange County that has higher income levels for affordable housing income limits. Because the project is located in Los Angeles County, staff has elected to use the income limits for this county and not merge information from the two counties.

C. Housing Supply

Twenty-one existing apartment projects were identified in the **PMA** with a total of **2,729** units, Thirteen of the projects **are** senior projects with a total of **1,190** units. Of the **1,190** units, **321 are** affordable and **869 are** market rate.

The remaining **8** apartment buildings **are** family projects with **1,539** units. The family projects were built between **1968** and **1990**. Unit sizes and amenity packages on the family projects have kept the rents Considerable higher than the project's projected rents. The family projects were built between **1968** and **1990**. Unit sizes and amenity packages **on** the family projects have kept the rents considerable higher than the project's projected rents.

No market-rate senior or family development has occurred in the **PMA** since **1990**. Four senior tax-credit projects were developed between **1995** and **1997**. Eight senior projects are in various stages of the pre-development process, for a total of **904** units. Two of the eight projects, with a total of **265** affordable units, **are** under construction and are scheduled for completion in the spring of **1999**. These two projects contain two bedroom units that are smaller than the units at this project. Three projects with a total of **355** units have completed grading and may **be** completed in late **1999** or early **2000**. The remaining projects are in the preliminary stages of development and the likelihood of completion is unknown. The market rate senior projects and mixed senior projects are older, having been developed in the **1980's** and **are not as** attractive.

It is anticipated that the **PMA** could support an estimated **3,066** units of senior housing within the qualified income band and the rent range of the project. There are a total existing and pending supply of **1,215** units when the project and two senior tax credit deals under construction **are** included. There is an estimated demand shortfall of **1,851** units even after completion of the subject project and all known pending and proposed senior projects.

PROJECT FEASIBILITY

A. Capture Rate in Primary Market Area

This project will provide a rental housing alternative for **6.7%** of all income appropriate households.

B. Rent Differentials (Market vs. Restricted)

Rent Level	Subject Project	Mkt. Rate Avg.	Difference	Percent
One bedroom				
50%	\$410	\$740	(\$330)	55%
60%	\$537		(\$203)	73%
Two Bedroom				
50%	\$469	\$875	(\$406)	54%
60%	\$648		(\$227)	74%

C. Estimated Lease-Up Period

Assuming the borrower pre-leases the project, it is likely the project will attain stabilized occupancy within five months of completion.

PROJECT DESCRIPTION:**A. Site Design:**

The site is currently zoned R-3, however, the zoning will be amended to Planned Unit Development (PUD) according to a letter from the City of La Mirada dated November 11, 1998. The City of La Mirada has committed in writing to: a density bonus; a reduction in setback requirements, an accelerated processing of the re-zoning application and financial assistance described on the page 2.

The site is a four-acre relatively flat, rectangular piece of property made up of 12 contiguous parcels with frontage on Imperial Highway. Two residential streets dead-end at the site; Grayville will provide east/west vehicular access to the project and Breezewood Drive will be vacated. The borrower intends to have the primary access to the project be on Grayville. There are several small apartment buildings and a converted motel on the site, all of which will be razed to accommodate the proposed development. The site is elevated above the adjacent Green Hills Shipping Center to the west.

The project includes 122 units in 22 one-and two-story buildings, plus a central clubhouse and a pool. The majority of the units will be in single-story buildings. There will be only 25 second-story units in the project. The unit mix will include: 104 one-bedroom, one-bath units (540 sq. ft.); 16 two-bedroom, one-bath units (800 sq. ft.) and 2 two-bedroom, two-bath units (900 sq. ft.) for the onsite manager and the maintenance staff. Residency will be restricted to senior citizens age 62 and over. Project amenities include a laundry room, an enlarged community kitchen in the community building, which will provide Meals-On-Wheels Service, and a tot lot for visiting children.

B. Project Location:

The project is located at the intersection of Imperial Highway and Breezewood Drive, ¼ mile east of Santa Gertrudes Avenue. Imperial Highway is a major east/west artery stretching across both Los Angeles and Orange counties. Santa Gertrudes is a significant north/south roadway linking La Mirada to Whittier. The intersection of Imperial and Breezewood does not have a traffic signal, but there **are** sidewalks along Imperial providing safe access to a crosswalk at a signal at Santa Gertrudes Avenue.

Single-family neighborhoods are located to the east and the south of the project. A combination of single-family and small-scale multifamily housing is located to the north. To the east of the subject property is the Green Hills Shopping Center, which includes a Marshall's discount department store and **several** convenience retailers and restaurants. A new Rite Aid pharmacy is currently under construction on the southeast corner of Imperial and Santa Gertrudes Avenue. There **are** two other shopping centers located within ¼ mile of the project. They have several major anchor tenants including: Ralph's Supermarket, Blockbuster Video and SavOn Pharmacy.

The La Mirada Senior Nutrition Center is located 1 mile west of the project at the Kling Community Center. The city is proposing a new community center and senior citizens center in 1999 which will **be** located 1.5 miles from the project. The proposed building will include a multi-purpose room with a small catering kitchen, a craft room, a game room, a library/reading room, a movie/TV, several meeting rooms, a first aid and nurses exam room and an office area.

The nearest hospital is **4.5** miles west of the project. Several medical offices **are** located within 1 mile of the project and the non-emergency Specialty Hospital is **1.5** miles away. La Mirada contracts with Los Angeles County to provide fire and emergency medical services. The closest fire and paramedic station is located on La Mirada Boulevard, adjacent to La Mirada City Hall, 1.5 miles from the project. La Mirada Library is 1.5 miles from the project.

There is no regularly scheduled bus service in La Mirada. However, La Mirada Transit provides three **types** of service: immediate response for riders ready for pick up; advance call for riders who want to reserve a pick up time; and subscription service for riders who **need** a ride on a regularly scheduled basis. The cost is **\$0.50** for senior citizens.

OCUPANCY RESTRICTIONS:

CHFA: 20% of the **units (25)** will **be** restricted to **50%** or less of median income.
 TCAC: 100% of the units (**122**) will **be** restricted to 60% or less of median income.

ENVIRONMENTAL:

CHFA received an Environmental Phase-I Report prepared by Levine Fricke Recon and dated October 8, 1998. No adverse conditions were noted. A letter of reliance has been requested and will be approved by CHFA prior to issuing a Final Commitment.

ARTICLE 34:

The City of La Mirada adopted Resolution R-408 approving a replacement housing plan which states that replacement housing does not require the approval of voters pursuant to Article XXXIV. A satisfactory opinion letter will be required prior to loan close.

DEVELOPMENT TEAM:**A. Borrower's profile**

The borrower is Breezewood Village Senior Housing Limited Partnership, a California limited partnership. The developer and managing general partner is Thomas Safran, the president of Thomas Safran & Associates. Thomas Safran & Associates has developed over 2,050 units of rental housing in California. They currently own, as general partners, approximately 1,600 units, of which they manage over 1,100 units. They manage several projects in the CHFA portfolio.

The initial limited partner, who will become the managing general partner upon completion of construction, is Housing Corporation of America ("HCA"), a Utah non-profit public benefit corporation. HCA was founded in 1988 to preserve and provide affordable housing and to improve the communities where these projects are located. The mission statement for HCA is to coordinate and distribute the obligations and benefits of affordable housing project among those who share an interest in the needs of low to moderate-income individuals and families. Ronald H. Olson and Carol Cromar, the President and Vice-President of HCA have 15 years of experience managing affordable housing.

B. Contractor

The Contractor is ICON Builders from Santa Monica. ICON Builders began in 1984 and is a subsidiary of Bezaire Electric, which was established in 1945 in California. They have been the general contractors on four publicly funded multifamily projects, including the CHFA financed Lark Ellen project. Kelly Sands is the contractor assigned to this project and he has managed ICON Builders since its inception. ICON Builders has a staff of 50 employee and operates in 2 states.

C. Architect

John Oliver Cotton F.A.I.A., The Architecture Group LLC is the architect on this project. He has been in business since **1964** and has developed an estimated 2,800-3,000 units in approximately 30 projects. Mr. Cotton has been the architect on **10** projects for Thomas Safran & Associates, several of which are part of the CHFA portfolio. He specializes in multifamily and affordable housing throughout California. Mr. Cotton completes the design work, and contracts out other phases of the architecture work.

D. Management Agent

Thomas Safran & Associates, **Inc. will** manage the project.

Project Summary

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Date: 21-Dec-98

Project Profile:

Project : Breezewood Village
Location: 12600 Breezewood Drive
 La Mirada
County/Zip: L.A. 90638
Borrower: Breezewood Village L.P.
GP: Thomas Safran
LP: Housing Corporation of America

Appraiser: Ted Kressner
 Kressner & Associates
Cap Rate: 8.50%
Market: \$ 8,600,000
Income: \$ 8,650,000
Final Value: \$ 8,650,000

Program: Tax Exempt
CHFA # : 98-032-S

LTC/LTV:
Loan/Cost 35.3%
Loan/Value 60.7%

Project Description:

Units 122
Handicap Units 7
Blidge Type New Const.
Buildings 19
Stories 1 & 2
Gross Sq Ft 82,280
Land Sq Ft 174,200
Units/Acre 31
Total Parking 120
Covered Parking 0

Financing Summary:

	Amount	Per unit	Rate	Term
CHFA First Mortgage	\$5,250,000	\$43,033	6.05%	35
Redevelopment Agency	\$5,913,194	\$48,469	0.00%	35
Borrower Contribution	\$0	\$0		
Tax Credit Equity	\$3,152,268	\$25,838		
Deferred Developer Fee	\$553,736	\$4,539		
CHFA Bridge	\$2,300,000	\$18,852	6.05%	1
CHFA HAT	\$0	\$0	0.00%	

Unit Mix:

Type	Size	Number	AMI	Rent	Max Income
1 BR	570	22	50% CHFA	\$410	\$17,950
2 BR	800	3	50% CHFA	\$469	\$20,525
Manager	900	2	N/A	\$532	\$0
1 BR	570	82	60% TCAC	\$537	\$21,540
2 BR	800	13	60% TCAC	\$648	\$24,630
		122			

Fees, Escrows and Reserves:

Escrows	Basis of Requirements	Amount	Security
Commitment Fee	1.00% of Loan Amount	\$75,500	Cash
Finance Fee	1.00% of Loan Amount	\$75,500	Cash
Bond Origination Guarantee	1.00% of Loan Amount	\$75,500	Letter of Credit
Rent Up Account	15.00% of Gross Income	\$115,756	Letter of Credit
Operating Expense Reserve	13.00% of Gross Income	\$100,000	Letter of Credit
Marketing	10.00% of Gross Income	\$77,171	Letter of Credit
Annual Replacement Reserve Deposit	0.60% of Hard Costs	\$32,043	Operations

Sources and Uses

Breezewood Village

SOURCES:

<i>Name of Lender / Source</i>	Amount	% of total	\$ per sq ft	Sper unit
CHFA First Mortgage	5,250,000	35.31%	63.81	43,033
CHFA Bridge	0	0.00%	-	0
CHFA HAT	0	0.00%	-	0
Redevelopment Agency	5,913,194	39.77%	71.87	48,469
Total Institutional Financing	11,163,194	75.08%	135.67	81,502
Equity Financing				
Tax Credits	3,152,268	21.20%	38.31	25,838
Deferred Developer Equity	553,736	3.72%	6.73	4,539
Total Equity Financing	3,706,004	24.92%	45.04	30,377
TOTAL SOURCES	14,869,198	100.00%	180.71	121,879

USES:

Acquisition	5,334,639	35.88%	64.84	43,727
Rehabilitation	0	0.00%	-	0
New Construction	5,320,427	35.78%	64.66	43,610
Architectural Fees	360,000	2.42%	4.38	2,951
Survey and Engineering	126,000	0.85%	1.53	1,033
Const. Loan Interest & Fees	753,874	5.07%	9.16	6,179
Permanent Financing	309,537	2.08%	3.76	2,537
Legal Fees	60,000	0.40%	0.73	492
Reserves	292,927	1.97%	3.56	2,401
Contract Costs	11,000	0.07%	0.13	90
Construction Contingency	311,487	2.09%	3.79	2,553
Local Fees	124,108	0.83%	1.51	1,017
TCAC/Other Costs	707,200	4.76%	8.60	5,797
PROJECT COSTS	13,711,198	92.21%	166.64	112,387
Developer Overhead/Profit	1,100,000	7.40%	13.37	9,016
Consultant/Processing Agent	58,000	0.39%	0.70	475
TOTAL USES	14,869,198	100.00%	180.71	121,879

Annual Operating Budget**Breezewood Village**

% of total \$ per unit

INCOME:

Total Rental Income	767,388	99.4%	6,290
Laundry	4,319	0.6%	35
Other Income	0	0.0%	-
Commercial/Retail	0	0.0%	-
Gross Potential Income (GPI)	771,707	100.0%	6,325
Less:			
Vacancy Loss	38,585	5.0%	316
Total Net Revenue	733,121	95.0%	6,009

EXPENSES:

Payroll	72,800	10.4%	597
Administrative	74,674	10.7%	612
Utilities	73,500	10.5%	602
Operating and Maintenance	56,100	8.0%	460
Insurance and Business Taxes	27,117	3.9%	222
Taxes and Assessments	3,500	0.5%	29
Reserve for Replacement Deposits	32,043	4.6%	263
Subtotal Operating Expenses	339,734	48.5%	2,785
Financial Expenses			
Mortgage Payments (1st loan)	361,337	51.5%	2,962
Total financial	361,337	51.5%	2,962
Total Project Expenses	701,071	100.0%	5,746

Cash Flow Breezewood Village CHFA # 98-032-S

RENTAL INCOME	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Market Rent Increase	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Market Rents	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Affordable Rent Increase	767,388	786,573	806,237	826,393	847,053	868,229	889,935	912,183	934,988	958,362
Affordable Rents	767,388	786,573	806,237	826,393	847,053	868,229	889,935	912,183	934,988	958,362
TOTAL RENTAL INCOME		766,573	806,237	826,393	847,053	868,229	889,935	912,183	934,988	958,362
OTHER INCOME										
Other Income Increase	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Laundry	4,319	4,427	4,537	4,651	4,767	4,886	5,008	5,134	5,262	5,394
Other Income	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
TOTAL OTHER INCOME	4,319	4,427	4,537	4,651	4,767	4,886	5,008	5,134	5,262	5,394
GROSS INCOME	771,707	790,999	810,774	831,044	851,820	873,115	894,943	917,317	940,250	963,756
Vacancy Rate : Market	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
vacancy Rate :Affordable	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Less: vacancy Loss	36,585	39,550	40,539	41,552	42,591	43,656	44,747	45,866	47,012	48,188
EFFECTIVE GROSS INCOME	733,121	751,450	770,236	789,492	809,229	829,460	850,196	871,451	893,237	915,568
OPERATING EXPENSES										
Annual Expense Increase	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.11%	4.00%
Expenses	304,191	316,359	329,013	342,174	355,860	370,095	384,899	400,295	416,306	432,959
Replacement Reserve	32,043	32,043	32,043	32,043	32,043	32,043	32,043	32,043	32,043	32,043
Annual Tax Increase	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.11%	2.00%	2.00%	2.00%
Taxes and Assessments	3,500	3,570	3,641	3,714	3,789	3,864	3,942	4,020	4,101	4,183
TOTAL EXPENSES	339,734	351,971	364,697	377,931	391,692	406,002	420,883	436,358	452,450	469,164
NET OPERATING INCOME	393,388	399,478	405,539	411,561	417,537	423,458	429,313	435,093	440,787	446,384
DEBT SERVICE										
CHFA - 1st Mortgage	381,337	361,337	381,337	361,337	361,337	361,337	361,337	381,337	361,337	361,337
CHFA - Bridge Loan	139,150	2,300,387	0	0	0	0	0	0	0	0
CHFA - HAT Loan	0	0	0	0	0	0	0	0	0	0
CASH FLOW after debt service	32,050	38,141	44,201	50,224	56,200	62,120	67,976	73,756	79,450	85,047
DEBT COVERAGE RATIO	1.09	1.11	1.12	1.14	1.16	1.17	1.19	1.20	1.22	1.24

Cash Flow

	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20
RENTAL INCOME										
Market Rent Increase	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Market Rents	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Affordable Rent Increase	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Affordable Rents	982,322	1,006,890	1,032,052	1,057,853	1,084,299	1,111,407	1,139,192	1,167,672	1,196,863	1,226,785
TOTAL RENTAL INCOME	982,322	1,006,890	1,032,052	1,057,853	1,084,299	1,111,407	1,139,192	1,167,672	1,196,863	1,226,785
OTHER INCOME										
Other Income Increase	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Laundry	5,528	5,867	5,808	5,954	6,102	6,255	6,411	6,572	6,738	6,904
Other Income	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
TOTAL OTHER INCOME	5,528	5,867	5,808	5,954	6,102	6,255	6,411	6,572	6,738	6,904
GROSS INCOME	987,850	1,012,756	1,037,860	1,063,806	1,090,402	1,117,662	1,145,603	1,174,243	1,203,599	1,233,689
Vacancy Rate : Market	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Vacancy Rate : Affordable	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Less: Vacancy LOSS	49,392	50,627	51,893	53,190	54,520	55,883	57,280	58,712	60,180	61,684
EFFECTIVE GROSS INCOME	938,457	961,919	985,967	1,010,616	1,035,881	1,061,778	1,088,323	1,115,531	1,143,419	1,172,005
OPERATING EXPENSES										
Annual Expense Increase	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Expenses	450,277	468,288	487,020	506,500	526,760	547,831	569,744	592,534	616,235	640,885
Replacement Reserve	32,043	32,043	32,043	32,043	32,043	32,043	32,043	32,043	32,043	32,043
Annual Tax Increase	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Taxes and Assessments	4,266	4,352	4,439	4,528	4,618	4,711	4,805	4,901	4,999	5,099
TOTAL EXPENSES	486,586	504,683	523,501	543,071	563,421	584,564	606,592	628,477	653,277	678,026
NET OPERATING INCOME	451,871	457,236	462,466	467,545	472,460	477,194	481,731	486,054	490,142	493,979
DEBT SERVICE										
CHFA - 1st Mortgage	361,337	361,337	361,337	361,337	361,337	361,337	361,337	361,337	361,337	361,337
CHFA - Bridge Loan										
CHFA - HAT Loan										
CASH NOW after debt service	90,534	95,899	101,128	106,208	111,123	115,857	120,394	124,716	128,805	132,641
DEBT COVERAGE RATIO	1.25	1.27	1.28	1.29	1.31	1.32	1.33	1.35	1.36	1.37

Cash Flow

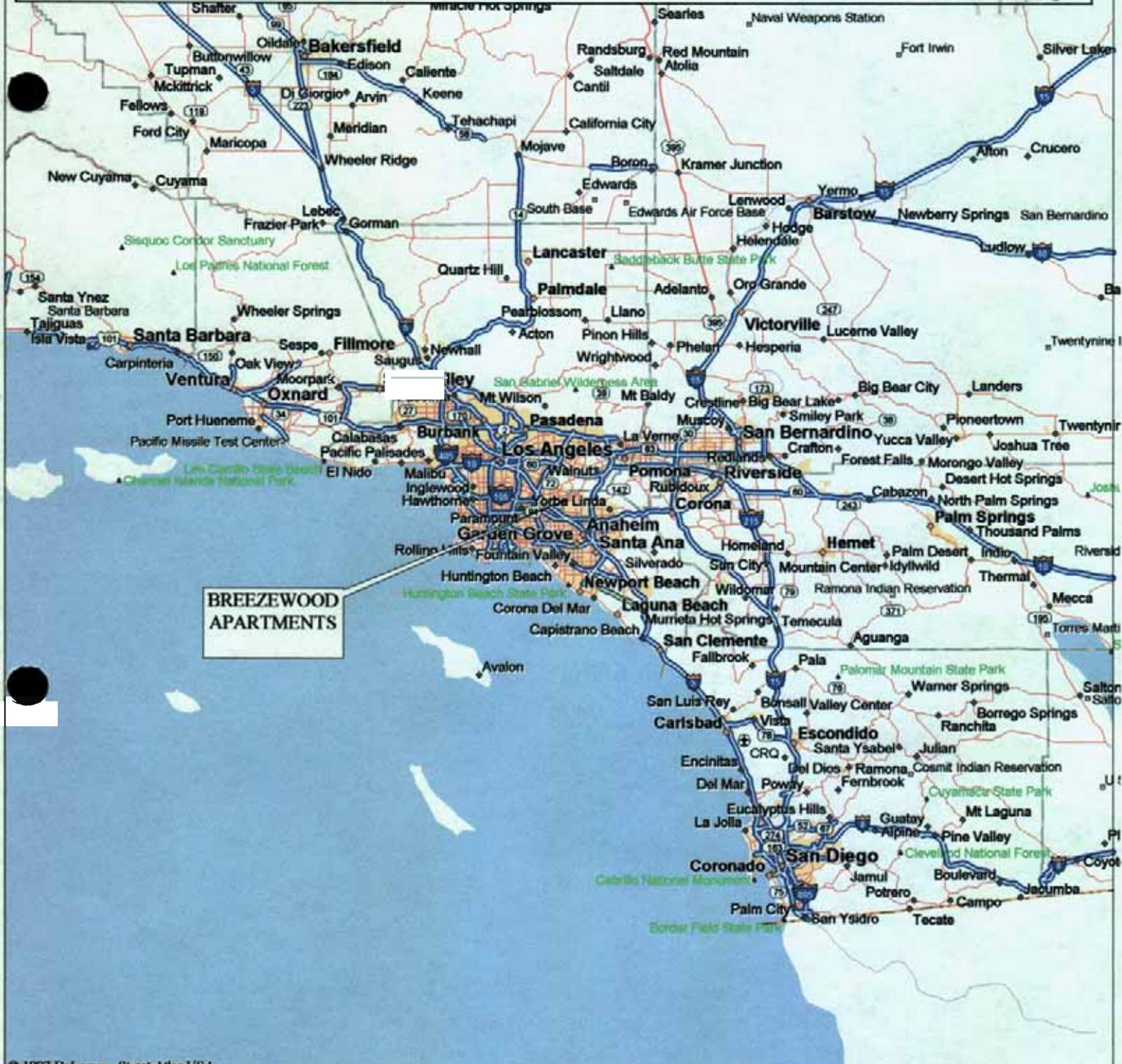
	Year 21	Year 22	Year 23	Year 24	Year 25	Year 26	Year 27	Year 28	Year 29	Year 30
RENTAL INCOME										
Market Rent Increase	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Market Rents	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Affordable Rent Increase	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Affordable Rents	1,257,455	1,288,891	1,321,113	1,354,141	1,387,995	1,422,694	1,458,262	1,494,718	1,532,086	1,570,388
TOTAL RENTAL INCOME	1,257,455	1,288,891	1,321,113	1,354,141	1,387,995	1,422,694	1,458,262	1,494,718	1,532,086	1,570,389
OTHER INCOME										
Other Income Increase	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Other Income	7,077	7,254	7,435	7,621	7,812	8,007	8,207	8,412	8,622	8,838
TOTAL OTHER INCOME	7,077	7,254	7,435	7,621	7,812	8,007	8,207	8,412	8,622	8,838
GROSS INCOME	1,264,531	1,296,145	1,328,548	1,361,762	1,395,806	1,430,701	1,466,469	1,503,131	1,540,709	1,579,227
Vacancy Rate : Market	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Vacancy Rate :Affordable	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Less: Vacancy LOSS	63,227	64,807	66,427	68,088	69,790	71,535	73,323	75,157	77,035	78,961
EFFECTIVE GROSS INCOME	1,201,305	1,231,338	1,262,121	1,293,674	1,326,016	1,359,166	1,393,145	1,427,974	1,463,673	1,500,265
OPERATING EXPENSES										
Annual Expense Increase	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Expenses	688,520	693,181	720,908	749,744	779,734	810,923	843,360	877,085	912,179	948,666
Replacement Reserve	32,043	32,043	32,043	32,043	32,043	32,043	32,043	32,043	32,043	32,043
Annual Tax Increase	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Taxes and Assessments	5,201	5,305	5,411	5,519	5,630	5,742	5,857	5,974	6,094	6,215
TOTAL EXPENSES	703,764	730,528	758,362	787,306	817,406	848,708	881,260	915,112	950,315	986,924
NET OPERATING INCOME	497,541	500,809	503,759	506,366	508,609	510,458	511,885	512,862	513,358	513,341
DEBT SERVICE										
CHFA - 1st Mortgage	361,337	361,337	361,337	361,337	361,337	361,337	361,337	361,337	361,337	361,337
CHFA - Bridge Loan										
CHFA - HAT Loan										
CASHFLOW after debt service	136,204	139,472	142,422	145,030	147,272	149,120	150,548	151,525	152,021	152,004
DEBT COVERAGE RATIO	1.38	1.39	1.39	1.40	1.41	1.41	1.42	1.42	1.42	1.42

Cash Flow

RENTAL INCOME	Year 31	Year 32	Year 33	Year 34	Year 35
Market Rent Increase	N/A	N/A	N/A	N/A	N/A
Market Rent	N/A	N/A	N/A	N/A	N/A
Affordable Rent Increase	2.50%	2.50%	2.50%	2.50%	2.50%
Affordable Rents	1,609,648	1,649,889	1,691,137	1,733,415	1,776,750
TOTAL RENTAL INCOME	1,609,648	1,649,889	1,691,137	1,733,415	1,776,750
OTHER INCOME					
Other Income Increase	2.50%	2.50%	2.50%	2.50%	2.50%
Laundry	9,059	9,285	9,518	9,756	9,999
Other Income	N/A	N/A	N/A	N/A	N/A
TOTAL OTHER INCOME	9,059	9,285	9,518	9,756	9,999
GROSS INCOME	1,618,707	1,659,175	1,700,654	1,743,171	1,786,750
Vacancy Rate : Market	N/A	N/A	N/A	N/A	N/A
Vacancy Rate : Affordable	5.00%	5.00%	5.00%	5.00%	5.00%
Less: Vacancy Loss	80,935	82,959	85,033	87,159	89,337
EFFECTIVE GROSS INCOME	1,537,772	1,576,216	1,615,622	1,656,012	1,697,412
OPERATING EXPENSES					
Annual Expense Increase	4.00%	4.00%	4.00%	4.00%	4.00%
Expenses	996,612	1,026,077	1,067,120	1,109,805	1,154,197
Replacement Reserve	32,043	32,043	32,043	32,043	32,043
Annual Tax Increase	2.00%	2.00%	2.00%	2.00%	2.00%
Taxes and Assessments	6,340	6,467	6,596	6,728	6,862
TOTAL EXPENSES	1,024,995	1,064,586	1,105,759	1,148,575	1,193,102
NET OPERATING INCOME	512,777	511,630	509,863	507,437	504,310
DEBT SERVICE					
CHFA - 1st Mortgage	361,337	361,337	361,337	361,337	361,337
CHFA - Bridge Loan					
CHFA - HAT Loan					
CASHFLOW after debt service	151,439	150,292	148,525	146,099	142,973
DEBT COVERAGE RATIO	1.42	1.42	1.41	1.40	1.40

Breezewood Apartments - La Mirada(REGIONAL)

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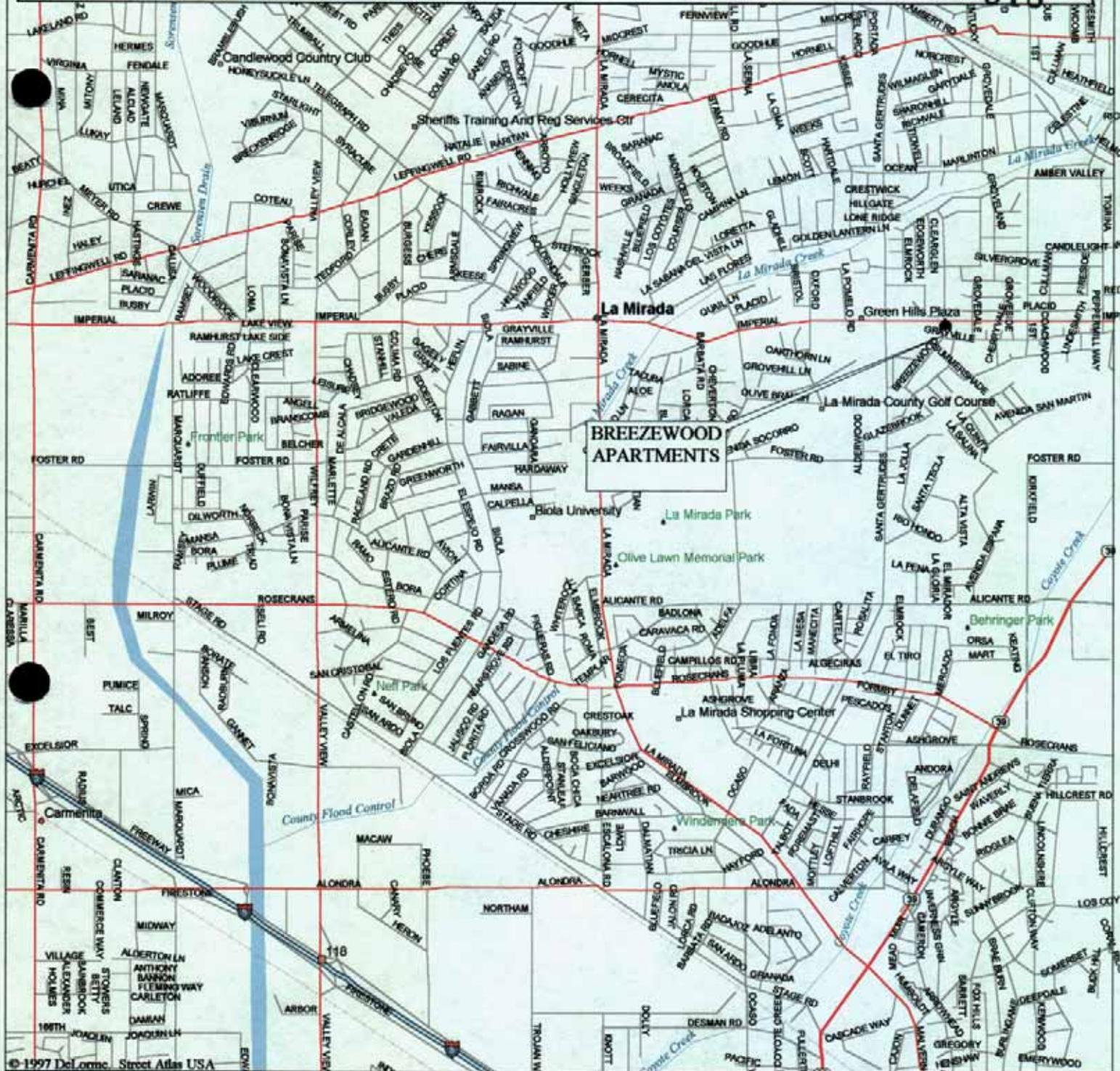
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Mag 8.00
 Tue Dec 15 16:26 1998
 Scale 1:2,000,000 (at center)
 20 Miles
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|---------------------------|-------------------|
| Major Road | City |
| Major Highway | Public Airport |
| Interstate/Limited Access | Small Town |
| Toll Highway | County Boundary |
| Point of Interest | National Boundary |
| Large City | Population Center |
| Park/Reservation | Land |
| Mega City | Water |

Breezewood Apartments - La Mirada (LOCAL)

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 Scale 1:31,250 (at center)
 2000 Feet
 1000 Meters

- Local Road
- Major Connector
- State Route
- Interstate/Limited Access
- Exit
- Railroad
- Point of Interest
- Small Town
- Park/Reservation
- Locale
- County Boundary
- Water
- River/Canal

RESOLUTION 99-01

RESOLUTION AUTHORIZING A FINAL LOAN COMMITMENT

WHEREAS, the California Housing Finance Agency (the "Agency") has received a loan application from Breezewood Village Senior Housing Limited Partnership, a California limited partnership, (the "Borrower"), seeking a loan commitment under the Agency's ~~Tax~~ Exempt Loan Program in the mortgage amount described herein, the proceeds of which are to be used to provide a mortgage loan for a development to be known as Breezewood Village Senior (the "Development"); and

WHEREAS, the loan application has been reviewed by Agency staff which has prepared its report dated December 21, 1998 (the "Staff Report") recommending Board approval subject to certain recommended terms and conditions; and

WHEREAS, Section 1.150-2 of the Treasury Regulations requires the Agency, as the issuer of tax-exempt bonds, to declare its reasonable official intent to reimburse prior expenditures for the Development with proceeds of a subsequent borrowing; and

WHEREAS, on August 17, 1998, the Executive Director has exercised the authority delegated to him/her under Resolution 94-10 to declare the official intent of the Agency to reimburse such prior expenditures for the Development; and

WHEREAS, based upon the recommendation of staff and due deliberation by the Board, the Board has determined that a final loan commitment be made for the Development,

NOW, THEREFORE, BE IT RESOLVED by the Board:

1. The Executive Director, or in his/her absence, either the Chief Deputy Director or the Director of Programs of the Agency is hereby authorized to execute and deliver a final commitment letter, subject to the recommended terms and conditions set forth in the CHFA Staff Report, in relation to the Development described above and as follows:

<u>PROJECT NO.</u>	<u>DEVELOPMENT NAME/ LOCALITY</u>	<u>NO. UNITS</u>	<u>MORTGAGE AMOUNT</u>
98-032-S	Breezewood Village Senior La Mirada/Los Angeles	122	\$7,550,000

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2. The Executive Director, or in his/her absence, either **the** Chief Deputy Director or the Director of Programs of the Agency is hereby authorized to modify the mortgage amount **so** stated in this resolution by an amount not to **exceed** seven percent (7%) without further Board approval.

3. All other material modifications to **the** final commitment, including changes in aggregate mortgage amount of more than seven percent (7%), must **be** submitted to **the** Board for approval. "Material modifications" **as used** herein means modifications which, in the discretion of the Executive Director, or in his/her absence, either the Chief Deputy Director or the Director of Programs of the Agency, change the legal, financial or public purpose **aspects** of the final commitment in a substantial way.

I hereby certify that this is a true and correct copy of Resolution 99-01 adopted at a duly constituted meeting of the Board of the Agency held on January 14, 1999, at Millbrae, California.

ATTEST: _____
Secretary

Executive Summary

Date: 21-Dec-98

Project : Victoria Woods Apts.
Location: 135-185 S. Festival Dr.
City: Anaheim
County: Orange
Type: Senior

Borrower: TBD
GP: Am Hsg. Ptnrs, Inc.
LP: TBD
Program: Tax Exempt
CHFA#: 98-019-S

Financing Summary

	Final	Per Unit
CHFA First Mortgage	\$18,400,000	\$71,042
Developer Equity	\$0	\$0
Deferred Developer Equity	\$432,926	\$1,672
Tax Credits	\$5,371,000	\$20,737
CHFA Bridge	\$0	\$0
Loan 3	\$0	\$0

Loan to Value
77.0%

Loan to Cost
76.0%

Unit Mix:

Type	Size	Number	AMI	Rent	Max Income
1 BR	715	42	50%	\$549	\$26,425
2 BR	881	10	50%	\$625	\$29,600
1 BR	715	168	60%	\$713	\$31,710
2 BR	881	39	60%	\$832	\$35,520
		259			

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Project Profile	
Reserve Requirements	
Unit Mix and Income	
Source and Uses of Funds	11
Operating Budget	12
Project Cash Flows	13
Location Maps (area and site)	14

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CALIFORNIA HOUSING FINANCE AGENCY

Final Commitment Victoria Woods – Anaheim CHFA # 98-019-S

SUMMARY

This is a final commitment request for a first mortgage loan in the amount of \$18,400,000 to fully amortize over forty years at 6.35%. The project is Victoria Woods-Anaheim, a 259-unit new construction senior project located at 135-185 S. Festival Drive, in the City of Anaheim in Orange County.

LOAN TERMS

First Mortgage Loan	\$18,400,000
Interest Rate	6.35%
Term	40 year fixed, fully amortized
Financing	Tax-Exempt

LOCALITY INVOLVEMENT

There is no locality involvement.

MARKET

A. Market Overview

The City of Anaheim is located 30 miles southeast of the City of Los Angeles in the central area of Orange County. Land area within the City of Anaheim comprises approximately 49.7 square miles, making the City of Anaheim the second largest city in terms of size in Orange County. The City of Anaheim is bounded by the cities of Fullerton on the north, Garden Grove on the south, Orange/Yorba Linda on the east, and Cypress and Buena Park on the west.

The median household income in Anaheim as of 1996 was \$44,549. 18% of the city's population is between the ages of 45-64 years and 8.7% between the ages of 65-85 years old. According to the Chamber of Commerce January 1998 published figures, the median home value is \$220,320 and average rent \$759 for a 900 square foot apartment.

B. Market Demand

The number of people over **65** years and older living in Orange County increased by almost one-third during the **1980's**. In many cities, though, the change was much greater. All told, five cities had increases of more than **200%**, with the **277%** jump in **Irvine** the largest.

Chapman University predicted an increase of **162,000** persons over the age of **65** in Orange County between **1990** to **2010**, indicating a **73.3%** increase during **this** period.

According to the **1990** census figures the median age in Anaheim was **29.9**. According to the Anaheim Chamber of Commerce latest figures, **18%** of the city's population is between the ages of **45-64** years and **8.7%** between the ages of **65-85** years old.

There **has** been a tremendous increase in rents in Orange County that began in January **1997** and **has** continued through today. The **reason** for the rental increases is a pent-up demand for housing during the recession of **1991-1995** with stabilized rents and there was no new construction from **1991-1995**. As the County population grew and employment increased during **1996** and **1997**, the demand for rental housing increased. The supply of new housing has been very limited. In addition, the Orange County area has grown in demand among renters fueled by the opening of the Transportation Corridors, the completion of the widening of the San Diego Freeway and the re-opening of the new **EL Toro Y**.

The following is the average rents per quarter surveyed by Realfacts in the North Orange County.

City	2 nd Quarter 1996	1 st Quarter 1997	1 st Quarter 1998	Inc. over the Yr.
Anaheim	\$707	\$719	\$750	4.31%
Anaheim Hills	\$992	\$1,031	\$1,076	4.36%
Brea	\$788	\$821	\$868	5.72%
Buena Park	\$698	\$710	\$754	6.20%
Fullerton	\$743	\$747	\$792	6.02%
La Habra	\$703	\$706	\$745	5.52%
Orange	\$805	\$813	\$860	5.78%
Placentia	\$859	\$864	\$894	3.47%
Yorba Linda	\$1,077	\$1,136	\$1,187	4.49%

In addition, the following is the average occupancy rates.

City	2 nd Quarter 1996	1 st Quarter 1997	1 st Quarter 1998	Avg. Occupancy.
Anaheim	94.1%	94.7%	95.3%	94.7%
Anaheim Hills	97.4%	97.4%	97.6%	97.5%
Brea	96.7%	96.7%	95.2%	96.2%
Buena Park	94.2%	95.0%	96.6%	95.3%
Fullerton	95.9%	96.0%	98.1%	96.7%
La Habra	95.5%	95.2%	97.4%	96.0%
Orange	94.1%	95.0%	97.4%	95.5%
Placentia	94.1%	96.4%	96.5%	95.7%
Yorba Linda	97.0%	97.0%	96.5%	97.0%

Percentages of Senior Households by Income Category

Location	0-50% AMI	51-80% AMI	81%+ AMI
Anaheim Hills	3.785	446	8.313

People age 65 and over will account for 75% of the demand. Residents aged 55 to 64 are projected to account for 25% of the demand, based on the project's planned 55+ age limitation and review of resident age patterns in existing senior apartment projects in the Anaheim Hills Primary Market Area.

Single persons are forecast to account for 90% of the demand for the subject project. Two-person households (primarily couples) are projected to comprise 10% of the subject projects' tenancy. Couples account for 8% of the tenancy in existing senior projects in the Anaheim Hills Primary Market Area, and just 3% of the tenancy in American Housing Partners' Yorba Linda project .

C. Supply

The Primary Market Area (PMA) for Victoria **Woods** was defined as the area bounded by the 57 Freeway, **Lambert/Carbon** Canyon in Brea, **Jamboree/Eastern** Transportation corridor, and Interstate 5. The Anaheim Hills PMA extends approximately two to ten miles from the site, and encompasses portions of six Orange County cities: Anaheim, Orange, Tustin, Yorba Linda, Placentia and Brea.

National Survey Systems' audit identified (8) age-restricted projects in the Anaheim Hills **PMA**, totaling 563 units. **Three** of the eight projects are tax-credit financed (258 units) and five projects totaling 305 units are market rate or primarily market rate with some "set-aside" affordable units. The field survey also covered five general occupancy projects totaling 1,294 units, which represent a housing alternative for area seniors.

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The surveyed senior projects were running at 98.6% occupancy, with affordable projects (all tax credit financed) averaging 99.6% as of November, 1998.

The City of Anaheim Housing Authority publishes a brochure titled Senior Citizen Affordable rental Housing Program that lists all of the current senior citizen apartment complexes in Anaheim. According to representatives with the Planning Department, only one senior apartment complex was constructed in the last few years at 3301 West Lincoln avenue and consists of 135 units.

National Survey Systems' also identified two pending or proposed senior projects, in addition to the subject project:

- An 87-unit market rate senior apartment project is under construction in Orange. The developer is not yet releasing rents.
- A 176-unit project has just been approved for development in Placentia. The project is slated for 1999 construction.

These projects represent the potential addition of 236 units.

For at least the last year, most of the senior properties surveyed in Anaheim stated that rental incentives have stopped and they have been able to raise asking rents by approximately \$25 per month or higher. Rental increases are also being given to the existing tenants in these projects. The majority of senior projects are located in the central portion of the City of Anaheim. The occupancy rates for the comparable projects ranges from 95.0% to 100% with an average occupancy of approximately 98%.

PROJECT FEASIBILITY

A. Capture Rate in Primary Market Area (PMA)

The Anaheim Hills PMA can support 1,073 senior apartment units in the rent/income ranges targeted by the subject project. The projected demand for 1,073 units represents a 25.4% share of all income-qualified 65+ households. Projected demand for senior apartments in the rent/income ranges targeted by the subject project calculates to just 5.2% of all 65+ households. The subject project is well positioned for the identified demand. Project's location in high density standard metropolitan statistical area (SMSA) qualifies subject for 55+ age households which should broaden market demand and decrease absorption period.

B. Rent Differentials (Market vs. Restricted)

Rent Level	Project	Mkt. Rate Avg.	Difference	Percent
One bedroom				
50%	\$549	\$850	\$301	65%
60%	\$625		\$225	74%
Two Bedroom				
50%	\$713	\$925	\$212	77%
60%	\$832		\$93	90%

The long-term outlook for a senior restricted apartment project is positive as the population of Orange County is expected to continue to grow and the population is continually aging. Most of the senior apartments surveyed have low occupancy. In addition, only a few senior projects are proposed in the County and most involve LHTC (low income housing tax credits) with restricted rents.

PROJECT DESCRIPTION

A. Project Location

Anaheim Hills is an upscale residential enclave within the municipal limits of the City of Anaheim, located in eastern Orange County, California. The Victoria Woods project is proposed for development on Festival Drive, west of Weir Canyon in the Anaheim Hills area.

Surrounding development/land uses in the immediate site vicinity consists of a mix of good quality residential, commercial, retail and quasi-retail uses, and undeveloped land. The site represents an in-fill location within an established suburban market. As such, the property has good to excellent access to services, transportation and other amenities. Key site factors are summarized below.

- The adjacent Festival Marketplace Shopping Center offers a full spectrum of neighborhood/community retail and related services, including Pavilions Supermarket with a Wells Fargo bank branch; Mervyns, Target, Ace Hardware, 24-hour Fitness, Edwards Movie Theatres, Coco's Restaurant, a tea room, food court, and an Anaheim police substation.
- There are several bus stops located on Santa Ana Canyon Road, the closest being about 40 feet east of Festival Drive, no benches or shelters are currently in place.
- Kaiser Foundation Hospital at the Lakeview exit of the Riverside Freeway is 4.5 miles west. Placentia-Linda Community Hospital at 1301 North Rose in Placentia is 7 miles northwest.
- The Anaheim Senior Center is three (3) miles west of the subject site, at the southwest corner of Santa Ana Canyon road and Imperial Highway.

B. Project Description

Victoria **Woods** has been designed as a three-story, elevator-served project at a density of **15** units to the acre. The project will include **4,600** square-feet of clubhouse space in two facilities, to include a fitness center, media room, multi-purpose kitchen, etc.; two swimming pools, and two spas. Security elements will include controlled building access, secured (gated) parking for residents, and partial fencing.

Planned unit **mix** will consist of **210** one-bedroom-one-bath units sized at **715** square feet and **49** two-bedroom-one-bath units sized at **881** square feet. Key unit features **are** to include washer/dryer hook-ups, refrigerators, private patios/balconies with storage, and dishwashers. The planned feature/amenity package will make Victoria **Woods** among the best-amenity senior projects in this marketplace, whether market rate or affordable.

The project will have a combination of open parking- standard in this market for market rate senior projects - and carports, to **be** available at an additional **\$20** per month. The market survey research indicated that more **than** half of the existing senior apartment projects in this marketplace charge an additional **\$15** to \$60 for covered parking.

OCCUPANCY RESTRICTIONS

CHFA : **20%** of the units (**52**) will **be** restricted to **50%** or less of median income.

City of Anaheim: **128** of the total **259** must be affordable, with **20%** at **50%** and **80%** at 60%MAI the City is imposing no income restriction on the balance of **131** units.

TCAC: **100%** of the units (**259**) will **be** restricted to 60% or less of median income.

VII

A Phase I Environmental Report prepared by Levine-Fricke-Recon dated November 12, 1998 states there were no records to indicate past usage of hazardous materials to the site. **No** other adverse environmental conditions were noted and no further investigation is indicated or warranted.

ARTICLE XXXIV

A satisfactory opinion letter will **be** required prior to loan close.

DEVELOPMENT TEAM

There is an identity of interest between the borrower, contractor, architect, and management agent.

Borrower's Profile

Victoria **Woods** - Anaheim Hills, UC., a California Limited Liability company (to be formed) will develop and operate Victoria **Woods** - Anaheim. The managing member will be American Housing Partners, Inc.

American Housing partners, Inc. ("AHP") is a real estate development, management, consulting and real estate brokerage firm. **AHP** is headquartered in **Irvine** California, with division offices in Gilroy California, and Draper Utah. AHP and its management team has entitled, managed, developed and provided brokerage and work-out consulting services on projects in Utah, California, Texas, Tennessee, Oklahoma, Arizona, Kansas and Florida. The products vary widely in size and type and include apartments, condominiums, single family residential, office buildings, industrial, and commercial land in single sites as well as in master planned developments.

Sergio Alvarez, President, is a licensed real estate broker and registered architect . Through his wholly owned company, SSA & Associates, he has provided real estate consulting services including acquisition and forward planning, finance, construction lender work-outs and marketing for numerous projects in Arizona, Texas, Oklahoma, and Florida. Prior to the formation of American Housing Partners, Inc., and SSA & Associates., Mr. Alvarez held senior management positions with leading real estate developers with responsibility for acquisition, development and syndication of over eight thousand (**8,000**) units of affordable housing.

Robert Zamora, CPM, Executive Vice President is responsible for forward planning, financing, marketing and property management of the company's senior housing and multifamily portfolios. He oversees project design, planning, entitlements, financing and syndication.

Mr. **Zamora** has a degree in real estate management from San Antonio College. He is a licensee real estate broker in California and Texas, and holds the Certified Property Manager ("CPM") designation of the Institute of Real Estate management ("IREM") of the national Association of Realtors.

Mr. Alvarez is managing partner of a California General Partnership which develops and owns Victoria **Woods** Apartments, Rowland Heights (Los Angeles County). Both Alvarez and Zamora are principals in Victoria **Woods** Apartments - San Bernardino (San Bernardino County), and Victoria **Woods** - Yorba Linda (Orange County).

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Contractor

American Housing Partners, Inc., is a licensed California general contractor. Mr. John L. Fabac is the Responsible Managing Officer ("RMO").

Architect

Sergio S. Alvarez, AIA , a registered California Architect, founded **SSA & Associates** in **1978**. **Mr.** Alvarez has expertise in the design of affordable single and multifamily residential structures.

Management Agent

Robert Zamora, CPM is responsible for asset and property management of **AHP's** senior housing and multifamily portfolios (see above).

Project Summary

Date: 21-Dec-98

Project Profile:

Project : Victoria Woods Apts.
 Location: 135-185 S. Festival Dr.
 Anaheim
 County/Zip: Orange 95020
 Borrower: TBD
 GP: Am Hsg. Ptnrs, Inc.
 LP: TBD

Appraiser: Randy Elston
 Pacific Real Estate
 Cap Rate: 7.50%
 Market: \$ 23,800,000
 Income: \$ 23,900,000
 Final Value: \$ 23,900,000
LTC/LTV:
 Loan / Cost 76.0%
 Loan / Value 77.0%

Program: Tax Exempt
 CHFA#: 98-019-S

Project Description:

Units 259
 Handicap Units 8
 Bldge Type New Construction
 Buildings 8
 Stories 3
 Gross Sq Ft 217,344
 Land Sq Ft 744,876
 Units/Acre 15
 Total Parking 379
 Covered Parking 130

Financing Summary:

	Amount	Per Unit	Rate	Term
CHFA First Mortgage	\$18,400,000	\$71,042	6.358	40
Loan 4	\$0	\$0	0.008	40
Loan 5	\$0	\$0	0.00%	30
Other Loans	\$0	\$0		
Developer Equity	\$0	\$0		
Tax Credit Equity	\$5,371,000	\$20,737		
Deferred Developer Fee	\$432,928	\$1,672		
CHFA Bridge	\$0	\$0	0.009	-
Loan 3	\$0	\$0	0.00%	-

Unit Mix:

Type	Size	Number	AMI	Rent	Max Income
1 BR	715	42	50%	\$549	\$26,425
2 BR	881	10	50%	\$625	\$29,600
1 BR	715	168	60%	\$713	\$31,710
2 BR	881	39	60%	\$832	\$35,520
		259			

Fees, Escrows and Reserves:

Escrows	Basis of Requirements	Amount	Security
Commitment Fee	1.00% of Loan Amount	\$184,000	Cash
Finance Fee	1.00% of Loan Amount	\$184,000	Cash
Bond Origination Guarantee	1.00% of Loan Amount	\$184,000	Letter of Credit
Rent Up Account	15.00% of Gross Income	\$332,559	Letter of Credit
Operating Expense Reserve	10.00% of Gross Income	\$221,706	Letter of Credit
Marketing	10.00% of Gross Income	\$221,706	Letter of Credit
Annual Replacement Reserve Deposit	0.006% Per Unit	\$72,145	Operations

Sources and Uses**Victoria Woods Apts.****SOURCES:**

<i>Name of Lender /Source</i>	<i>Amount</i>	<i>% of total</i>	<i>\$ per sq ft</i>	<i>\$ per unit</i>
CHFA First Mortgage	18,400,000	76.02%	84.66	71,042
CHFA Bridge	0	0.00%	-	0
Loan 3	0	0.00%	-	0
Loan 4	0	0.00%	-	0
Loan 5	0	0.00%	-	0
Other Loans	0	0.00%	-	0
Total Institutional Financing	18,400,000	76.02%	84.66	71,042
Equity Financing				
Tax Credits	5,371,000	22.19%	24.71	20,737
Deferred Developer Equity	432,928	1.798	1.99	1,672
Total Equity Financing	5,803,928	23.98%	26.70	22,409
TOTAL SOURCES	24,203,928	100.00%	111.36	93,451

USES:

Acquisition	3,500,000	14.46%	16.10	13,514
Rehabilitation	0	0.00%	-	0
New Construction	13,624,257	56.29%	62.69	52,603
Architectual Fees	355,000	1.47%	1.63	1,371
Survey and Engineering	125,000	0.52%	0.58	483
Const. Loan Interest & Fees	1,289,073	5.33%	5.93	4,977
Permanent Financing	371,500	1.53%	1.71	1,434
Legal Fees	50,000	0.21%	0.23	193
Reserves	775,971	3.21%	3.57	2,996
Contract Costs	12,000	0.05%	0.06	46
Construction Contingency	250,000	1.03%	1.15	965
Local Fees	2,585,597	10.68%	11.90	9,983
TCAC/Other Costs	65,530	0.27%	0.30	253
PROJECT COSTS	23,003,928	95.04%	105.64	88,818
Developer Overhead/Profit	1,200,000	4.96%	6.52	4,633
Consultant/Processing Agent	0	0.00%	-	0
TOTAL USES	24,203,928	100.00%	111.36	93,451

Annual Operating Budget**Victoria Woods Apts.**

% of total \$ per unit

INCOME:

Total Rental Income	2,178,480	98.3%	8,411
Laundry	15,540	0.7%	60
Other Income	23,040	1.0%	89
Commercial/Retail	0	0.0%	-
Gross Potential Income (GPI)	2,217,060	100.0%	8,660
Less:			
Vacancy Loss	110,853	6.0%	428
Total Net Revenue	2,106,207	96.0%	8,132

EXPENSES:

Payroll	74,680	3.7%	288
Administrative	157,117	7.7%	607
Utilities	63,664	3.1%	246
Operating and Maintenance	174,825	8.6%	675
Insurance and Business Taxes	51,479	2.5%	199
Taxes and Assessments	166,742	0.2%	644
Reserve for Replacement Deposits	72,145	3.6%	279
Subtotal Operating Expenses	760,652	37.5%	2,937
Financial Expenses			
Mortgage Payments (1st loan)	1,269,167	62.5%	4,900
HAT Payments	0	0.0%	-
Total Financial	1,269,167	62.5%	4,900
Total Project Expenses	2,029,819	100.0%	7,837

Cash Flow

Victoria Woods Apt CHFA # 98-019-S

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RENTAL INCOME	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Market Rent Increase	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Market Rents	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Affordable Rent Increase	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Affordable Rent	2,178,480	2,232,942	2,288,766	2,345,985	2,404,634	2,464,750	2,526,369	2,589,528	2,654,266	2,720,623
TOTAL RENTAL INCOME	2,178,480	2,232,942	2,288,766	2,345,985	2,404,634	2,464,750	2,526,369	2,589,528	2,654,266	2,720,623

OTHER INCOME	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Other Income Increase	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Laundry	15,540	15,929	16,327	16,735	17,153	17,582	18,022	18,472	18,934	19,407
Carport Income (80 spaces)	23,040	23,616	24,206	24,811	25,431	26,067	26,719	27,387	28,072	23,773
TOTAL OTHER INCOME	38,580	39,544	40,533	41,546	42,585	43,649	44,741	45,859	47,006	48,181

GROSS INCOME	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Gross Income	2,217,060	2,272,486	2,329,298	2,387,531	2,447,219	2,508,399	2,571,109	2,635,387	2,701,272	2,768,804
Vacancy Rate : Market	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Vacancy Rate : Affordable	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Less: VACUITY LOSS	110,853	113,624	116,465	119,377	122,361	125,420	128,555	131,769	135,064	138,440
EFFECTIVE GROSS INCOME	2,106,207	2,158,862	2,212,833	2,268,154	2,324,858	2,382,979	2,442,554	2,503,618	2,566,208	2,630,363

OPERATING EXPENSES	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Annual Expense Increase	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Expenses	521,765	542,635	564,341	586,914	610,391	634,806	660,199	686,607	714,071	742,634
Replacement Reserve	72,145	72,145	72,145	72,145	72,145	72,145	72,145	72,145	72,145	72,145
Annual Tax Increase	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Taxes and Assessments	166,742	170,977	173,478	176,948	180,487	184,097	187,779	191,534	195,365	199,272
TOTAL EXPENSES	760,652	784,857	809,964	836,007	863,023	891,048	920,122	950,286	981,581	1,014,051

NET OPERATING INCOME	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Net Operating Income	1,345,555	1,374,005	1,402,869	1,432,147	1,461,835	1,491,931	1,522,432	1,553,332	1,584,627	1,616,312

DEBT SERVICE	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
CHFA - 1st Mortgage	1,269,167	1,269,167	1,269,167	1,269,167	1,269,167	1,269,167	1,269,167	1,269,167	1,269,167	1,269,167
CHFA - Bridge Loan	0	0	0	0	0	0	0	0	0	0
CHFA - HAT Loan	0	0	0	0	0	0	0	0	0	0
CASH FLOW after debt service	76,388	104,837	133,702	162,980	192,668	222,764	253,264	284,165	315,460	347,145
DEBT COVERAGE RATIO	1.06	1.08	1.11	1.13	1.15	1.18	1.20	1.22	1.25	1.27

Cash Flow

	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20
RENTAL INCOME										
Market Rent Increase	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Market Rent	2,50%	2,50%	2,50%	2,50%	2,50%	2,50%	2,50%	2,50%	2,50%	2,50%
Affordable Rent Increase	2,788,639	2,858,355	2,929,813	3,003,059	3,078,135	3,155,089	3,233,966	3,314,815	3,397,685	3,482,627
Affordable Rent	2,788,639	2,858,355	2,929,813	3,003,059	3,078,135	3,155,089	3,233,966	3,314,815	3,397,685	3,482,627
RENTAL INCOME	2,788,639	2,858,355	2,929,813	3,003,059	3,078,135	3,155,089	3,233,966	3,314,815	3,397,685	3,482,627
OTHER INCOME										
Other Income Increase	2,50%	2,50%	2,50%	2,50%	2,50%	2,50%	2,50%	2,50%	2,50%	2,50%
Laundry	19,893	20,390	20,900	21,422	21,958	22,507	23,069	23,646	24,237	24,843
Carport Income (80 spaces)	29,493	30,230	30,986	31,760	32,554	33,368	34,202	35,057	35,934	36,832
TOTAL OTHER INCOME	49,386	50,620	51,885	53,182	54,512	55,875	57,272	58,703	60,171	61,675
GROSS INCOME	2,838,024	2,908,974	2,981,699	3,056,241	3,132,647	3,210,963	3,291,237	3,373,518	3,457,856	3,544,303
Vacancy Rate - Market	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Vacancy Rate - Affordable	5,00%	5,00%	5,00%	5,00%	5,00%	5,00%	5,00%	5,00%	5,00%	5,00%
Less: Vacancy Loss	141,901	146,449	149,085	152,812	156,632	160,548	164,562	168,676	172,893	177,215
EFFECTIVE GROSS INCOME	2,696,123	2,763,526	2,832,614	2,903,429	2,976,015	3,050,415	3,126,676	3,204,842	3,284,964	3,367,088
OPERATING EXPENSES										
Annual Expense Increase	4,00%	4,00%	4,00%	4,00%	4,00%	4,00%	4,00%	4,00%	4,00%	4,00%
Expenses	772,339	803,233	835,362	868,776	903,527	939,668	977,255	1,016,345	1,056,999	1,099,279
Replacement Reserve	72,145	72,145	72,145	72,145	72,145	72,145	72,145	72,145	72,145	72,145
Annual Tax Increase	2,00%	2,00%	2,00%	2,00%	2,00%	2,00%	2,00%	2,00%	2,00%	2,00%
Taxes and Assessments	203,258	207,323	211,469	215,699	220,013	224,413	228,901	233,479	238,149	242,912
TOTAL EXPENSES	1,047,742	1,082,701	1,118,976	1,156,620	1,195,685	1,236,226	1,278,301	1,321,970	1,367,293	1,414,336
NET OPERATING INCOME	1,648,381	1,680,825	1,713,638	1,746,809	1,780,330	1,814,189	1,848,374	1,882,873	1,917,670	1,952,752
DEBT SERVICE										
CHFA - 1st Mortgage	1,269,167	1,269,167	1,269,167	1,269,167	1,269,167	1,269,167	1,269,167	1,269,167	1,269,167	1,269,167
CHFA - Bridge Loan	0	0	0	0	0	0	0	0	0	0
CHFA - HAT Loan	0	0	0	0	0	0	0	0	0	0
CASH FLOW after debt service	579,214	411,658	444,470	477,642	511,162	545,022	579,207	613,706	648,503	683,584
DEBT COVERAGE RATIO	1.30	1.32	1.35	1.38	1.40	1.43	1.46	1.48	1.51	1.54

Cash Flow

	Year 21	Year 22	Year 23	Year 24	Year 25	Year 26	Year 27	Year 28	Year 29	Year 30
RENTAL INCOME										
Market Rent Increase	N/A									
Market Rent	N/A	N/A	UIA	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Affordable Rent Increase	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Affordable Rents	3,569,693	3,658,935	3,750,409	3,844,169	3,940,273	4,038,780	4,139,750	4,243,243	4,349,324	4,458,058
TOTAL RENTAL INCOME	3,569,693	3,658,935	3,750,409	3,844,169	3,940,273	4,038,780	4,139,750	4,243,243	4,349,324	4,458,058
OTHER INCOME										
Other Income Increase	2.50%	2.50%	2.50%	2.50%	2.50%	2 . m	2.50%	2.50%	2.50%	2.50%
Laundry	25,464	26,101	26,753	27,422	28,108	28,810	29,531	30,269	31,026	31,801
Carport Income (80 spaces)	37,753	38,697	39,664	40,656	41,672	42,714	43,782	44,877	45,998	47,148
TOTAL OTHER INCOME	63,217	64,798	66,418	68,078	69,780	71,524	73,313	75,145	77,024	78,950
GROSS INCOME	3,632,910	3,723,733	3,816,826	3,912,247	4,010,053	4,110,305	4,213,062	4,318,389	4,426,348	4,537,007
Vacancy Rate - Market	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Vacancy Rate - Affordable	5.00%	5 . m	5.00%	5.00%	5.00%	5 . m	5 . m	5 . m	5.00%	5 . m
Less: Vacancy Loss	181,646	186,187	190,841	195,612	200,503	205,515	210,663	215,919	221,317	226,850
EFFECTIVE GROSS INCOME	3,451,265	3,537,546	3,625,985	3,716,635	3,809,551	3,904,789	4,002,408	4,102,469	4,205,031	4,310,157
OPERATING EXPENSES										
Annual Expense Increase	4.00%	4 . m	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Expense	1,143,250	1,188,980	1,236,540	1,286,001	1,337,441	1,390,939	1,446,576	1,504,439	1,564,617	1,627,202
Replacement Reserve	72,145	72,145	72,145	72,145	72,145	72,145	72,145	72,145	72,145	72,145
Annual Tax Increase	2.00%	2.00%	2.00%	2 . m	2 . m	2.00%	2.00%	2 . m	2 . m	2.00%
Taxes and Assessments	247,770	252,725	257,780	262,935	268,194	273,558	279,029	284,610	290,302	296,108
TOTAL EXPENSES	1,463,165	1,513,851	1,566,465	1,621,082	1,677,781	1,736,642	1,797,751	1,861,194	1,927,064	1,995,455
NET OPERATING INCOME	1,988,099	2,023,696	2,059,521	2,095,553	2,131,770	2,168,147	2,204,658	2,241,275	2,277,967	2,314,702
DEBT SERVICE										
CHFA - 1st Mortgage	1,269,167	1,269,167	1,269,167	1,269,167	1,269,167	1,269,167	1,269,167	1,269,167	1,269,167	1,269,167
CHFA - Bridge Loan	0	0	0	0	0	0	0	0	0	0
CHFA - HAT Loan	0	0	0	0	0	0	0	0	0	0
CASH FLOW after debt service	718,932	754,528	790,353	826,386	862,603	898,980	935,491	972,108	1,008,800	1,045,535
DEBT COVERAGE RATIO	1.57	1.59	1.62	1.65	1.68	1.71	1.74	1.77	1.79	1.82

Cash Flow

RENTAL INCOME	Year 31	Year 32	Year 33	Year 34	Year 35	Year 36	Year 37	Year 38	Year 39	Year 40
Market Rent Increase	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Market Rents	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Affordable Rent Increase	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Affordable Rents	4,569,509	4,683,747	4,800,840	4,920,861	5,043,883	5,169,980	5,299,230	6,431,710	5,567,503	5,706,691
TOTAL RENTAL INCOME	4,569,509	4,683,747	4,800,840	4,920,861	5,043,883	5,169,980	5,299,230	5,431,710	5,567,503	5,706,691
OTHER INCOME										
Other Income Increase	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Laundry	32,696	33,411	34,246	35,103	35,980	36,880	37,802	38,747	39,715	40,708
Carport Income (80 spaces)	48,327	49,535	50,774	52,043	53,344	54,678	56,045	57,446	58,882	60,354
TOTAL OTHER INCOME	80,923	82,946	85,020	87,146	89,324	91,557	93,846	96,192	98,597	101,062
GROSS INCOME	4,650,432	4,766,693	4,885,861	5,008,007	5,133,207	5,261,537	5,393,076	5,527,903	5,666,100	5,807,753
Vacancy Rate -Market	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Vacancy Rate -Affordable	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Less: Vacancy Loss	232,522	238,335	244,293	250,400	256,660	263,077	269,654	276,395	283,305	290,388
EFFECTIVE GROSS INCOME	4,417,911	4,528,359	4,641,567	4,757,607	4,876,547	4,998,461	5,123,422	5,251,508	5,382,795	5,517,365
OPERATING EXPENSES										
Annual Expense Increase	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Expenses	1,692,290	1,759,981	1,830,381	1,903,596	1,979,740	2,058,929	2,141,286	2,226,938	2,316,015	2,408,656
Replacement Reserve	72,145	72,145	72,145	72,145	72,145	72,145	72,145	72,145	72,145	72,145
Annual Tax/Increase	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Taxes and Assessments	302,030	308,071	314,232	320,517	326,927	333,466	340,135	346,938	353,876	360,954
TOTAL EXPENSES	2,066,465	2,140,197	2,216,758	2,296,258	2,378,812	2,464,540	2,553,567	2,646,021	2,742,037	2,841,755
NET OPERATING INCOME	2,351,446	2,388,161	2,424,810	2,461,349	2,497,735	2,533,920	2,569,855	2,605,487	2,640,758	2,675,610
DEBT SERVICE										
CHPA - 1st Mortgage	1,269,167	1,269,167	1,269,167	1,269,167	1,269,167	1,269,167	1,269,167	1,269,167	1,269,167	1,269,167
CHFA - Bridge Loan	0	0	0	0	0	0	0	0	0	0
CHFA - HAT Loan	0	0	0	0	0	0	0	0	0	0
CASH FLOW after debt service	1,082,278	1,118,994	1,155,642	1,192,182	1,228,568	1,264,753	1,300,688	1,336,320	1,371,591	1,406,443
DEBT COVERAGE RATIO	1.85	1.88	1.91	1.94	1.97	2.00	2.02	2.05	2.08	2.11

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Victoria Woods Apartments - Anaheim(REGIONAL) 840



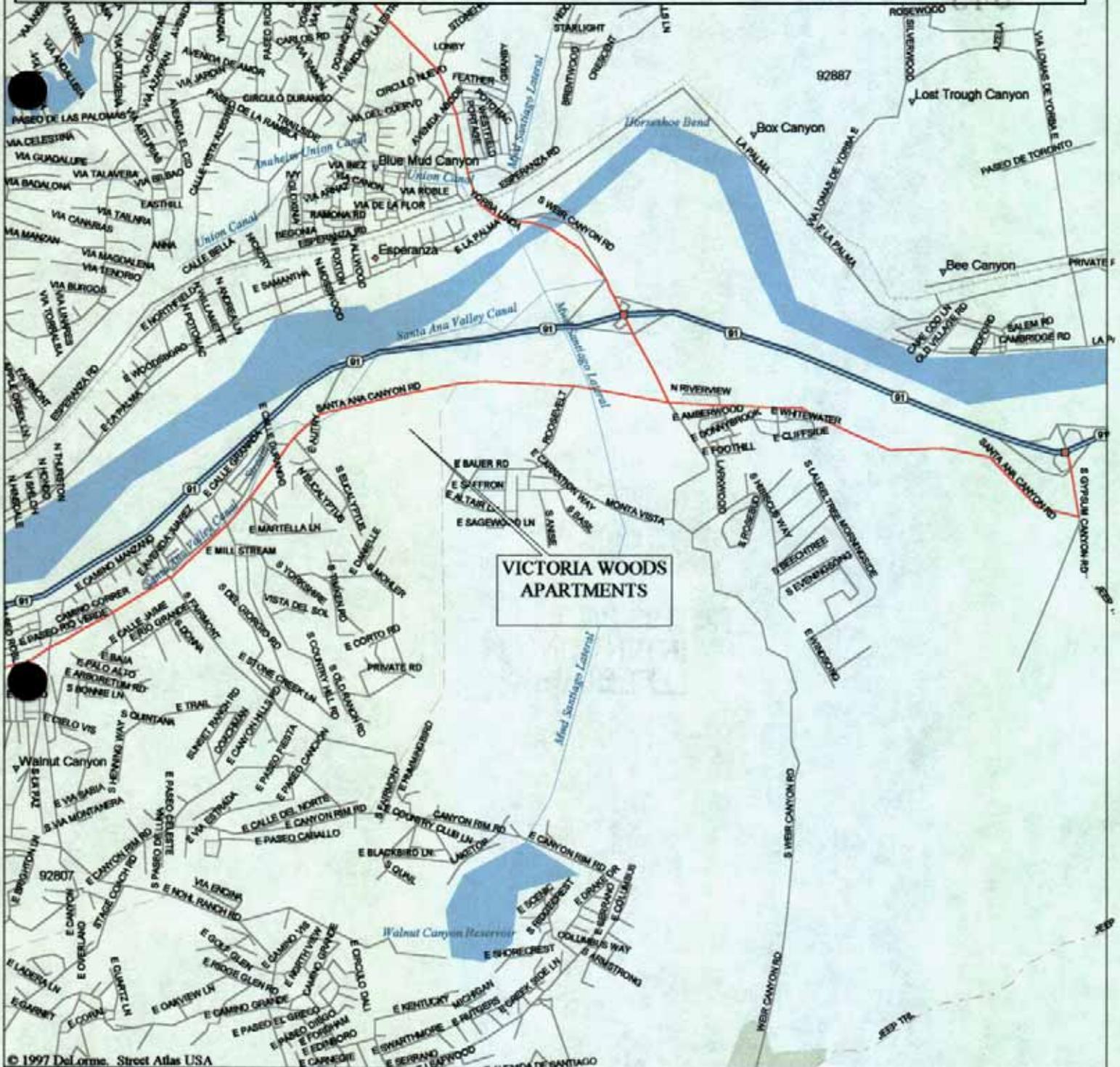
VICTORIA WOODS APARTMENTS

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Mag 9.00
 Thu Dec 17 12:30 1998
 Scale 1:1,000,000 (at center)
 20 Miles
 20 KM

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|---------------------------|-----------------------|
| Major Road | City |
| Major Highway | Sched Service Airport |
| Interstate/Limited Access | Public Airport |
| Toll Highway | Small Town |
| Point of Interest | County Boundary |
| Large City | Population Center |
| Park/Reservation | Land |
| Mega City | Water |

Victoria Woods Apartments - Anaheim(LOCAL) 842



VICTORIA WOODS
APARTMENTS

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Mag 14.00
Thu Dec 17 11:55 1998
Scale 1:31,250 (at center)
2000 Feet
1000 Meters

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|  Major Connector |  Water |
|  Trail |  Woodland |
|  Interstate/Limited Access |  River/Canal |
|  Exit | |
|  Utility/Pipe | |
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RESOLUTION 99-02

RESOLUTION AUTHORIZING A FINAL **LOAN** COMMITMENT

WHEREAS, the California Housing Finance Agency (the "Agency") **has** received a loan application from American Housing **Partners, Inc.**, (the "Borrower"), seeking a loan commitment under the Agency's Tax Exempt Loan **Program** in **the** mortgage amount described herein, the proceeds of which **are to be** used to provide a mortgage loan for a development to **be known as** Victoria Woods-Anaheim (the "Development"); and

WHEREAS, the loan application has been reviewed by Agency staff which has prepared its report dated **December 21, 1998** (the "Staff Report") recommending Board approval subject to certain recommended **terms** and conditions; and

WHEREAS, Section **1.150-2** of the Treasury Regulations requires the Agency, as the issuer of tax-exempt bonds, to declare its reasonable official intent to reimburse prior expenditures for the Development with proceeds of **a** subsequent borrowing; and

WHEREAS, on August **17, 1998**, the Executive Director **has** exercised the authority delegated to him/her under Resolution **94-10** to declare the official intent of the Agency to reimburse such prior expenditures for the Development; and

WHEREAS, based upon **the** recommendation of staff and due deliberation by the Board, **the** Board **has** determined that a final loan commitment **be** made for the Development,

NOW, THEREFORE, BE IT RESOLVED by the Board:

1. The Executive Director, or in his/her absence, either the Chief Deputy Director or the Director of **Programs** of the Agency is hereby authorized to execute and deliver a final commitment letter, subject to the recommended **terms and** conditions set forth in the CHFA Staff Report, in relation to the Development **described** above and **as** follows:

<u>PROJECT NO.</u>	<u>DEVELOPMENT NAME/ LOCALITY</u>	<u>NO. UNITS</u>	<u>MORTGAGE AMOUNT</u>
98-019-S	Victoria Woods-Anaheim Anaheim/Orange	259	\$18,400,000

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Resolution 99-02
Page 2

2. The Executive Director, or in his/her absence, either the Chief Deputy Director or the Director of Programs of the Agency is hereby authorized to modify the mortgage amount **so** stated in this resolution by **an** amount not to exceed seven percent (7%) without further Board approval.

3. All other material modifications **to** the final commitment, including changes in aggregate mortgage amount of more **than** seven percent (7%), must **be** submitted **to** the Board for approval. "Material modifications" **as used** herein means modifications which, in **the** discretion of **the** Executive Director, or **in his/her** absence, either the Chief Deputy Director or **the** Director of Programs of the Agency, change the legal, financial or public purpose aspects of the **final** commitment in a substantial way.

I hereby certify that this is a true and correct copy of Resolution **99-02** adopted at a duly constituted meeting of the Board of the Agency held on January 14, 1999, at Millbrae, California.

ATTEST: _____
Secretary

Executive Summary

Date: 21-Dec-98

Project Profile:

<i>Project :</i>	Parkland Farms Apts.	<i>Borrower:</i>	TBD
<i>Location:</i>	Parkland Farms/Canyon Hun	<i>GP:</i>	Burbank Housing
<i>City:</i>	Healdsburg	<i>LP:</i>	TBD
<i>County:</i>	Sonoma	<i>Program:</i>	Tax Exempt
<i>Type:</i>	Family	<i>CHFA# :</i>	98-024-N

Financing Summary

	Final	Per Unit
CHFA First Mortgage	\$3,000,000	\$58,824
Healdsburg RDA	\$1,055,335	\$20,693
HOME	\$275,000	\$5,392
AHP	\$260,000	\$5,098
CDBG 98/99	\$140,000	\$2,745
Developer Contribution	\$45,088	\$864
Deferred Developer Equity	\$626,195	\$12,278
Tax Credits	\$2,744,584	\$53,815
CHFA Bridge	\$1,070,000	\$20,980
CHFA HAT-	\$0	\$0

Loan to Value
— 76.9%

Loan to Cost
36.8%

Unit Mix:

Type	Size	Number	AMI	Rent	Max Income
0 BR	430	2	50%	\$450	\$19,000
1 BR	641	1	50%	\$478	\$21,725
2 BR	897	2	50%	\$572	\$24,425
3 BR	1,167	5	50%	\$635	\$27,150
4 BR	1,380	1	50%	\$683	\$29,325
0 BR	430	4	60%	\$495	\$22,800
1 BR	641	5	60%	\$580	\$26,070
2 BR	897	9	60%	\$694	\$29,310
Manager	897	1	N/A	\$694	N/A
3 BR	1,167	16	60%	\$802	\$32,580
4 BR	1,380	5	60%	\$855	\$35,190
		51			

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CALIFORNIA HOUSING FINANCE AGENCY

Final Commitment

Project Name: Parkland Farms Apartments

CHFA Ln. # 98-024-N

SUMMARY:

This is a Final Commitment request for two loans totaling \$4,070,000. The first loan will be in the amount of \$3,000,000, fully amortized over thirty-five years. The second loan is a \$1,070,000 tax credit bridge loan amortized over five years. The project is Parkland Farms Apartments; a proposed 51-unit family apartment project located at Parkland Farms/Canyon Run in Healdsburg which is located in Sonoma County.

LOAN TERMS:

1st Mortgage Amount: \$4,070,000
 A. \$3,000,000
 B. \$1,070,000

Interest Rate: **6.05%**

Term: A. 35 year fixed, fully amortized
 B. 5 year Bridge Loan

Financing: Tax-Exempt

Note: A draft LOC acceptable to the Agency will be required for any amount of the Loan-To-Value Ratio which exceeds **85%**. Such LOC will be required with the executed Final Commitment.

LOCALITY INVOLVEMENT:

The site is currently owned by the Redevelopment Agency of the City of Healdsburg ("**RDA**"). **Burbank** Housing Development Corporation entered into a Disposition and Development Agreement on May 22, 1998 to purchase the site from the RDA. The sales price is \$1 and in exchange the RDA is requiring that 20% of the units be set aside for very low-income families.

Lender	Loan Amount	Repayment Terms	Term	Rate
Healdsburg RDA	\$1,055,335	residual receipts, simple interest	37	3.00%
HOME	\$275,000	residual receipts, simple interest	37	6.00%
CDBG 98/99	\$140,000	residual receipts, simple interest	35	3.004
AHP	\$260,000	residual receipts, simple interest	35	0.00%

MARKET:

A. Market Overview

The project is located in Healdsburg, which is approximately 55 miles north of San Francisco on **US** Route 101 in Sonoma County. Sonoma County is one of the nine counties that make up the San Francisco Bay Area. Sonoma County is bounded by Marin County to the south; to the north by Mendocino County; to the east by Napa County and the Sonoma-Napa Mountains; and to the west by the Pacific Ocean. There are four basic regions to Sonoma County; the Urban South portion of Petaluma, Cotati, Rohnert Park, Santa Rosa and Sebastopol; the Urban North portion of Healdsburg, Cloverdale and Windsor; the Sonoma Valley and the western coastal area of Sonoma County. The primary access route through Sonoma County is Highway 101, which connects the county to Marin County and San Francisco via the Golden Gate Bridge to the south and Mendocino County and Northern California to the north.

Sonoma County is a popular tourist destination, known for its wineries. Job growth between 2000 and 2010 is expected to be **2.2%** annually, or 45,000 jobs total. Almost half of the job growth is expected to be in the Santa Rosa area. The City of Santa Rosa is the largest city in Sonoma County (population 145,500).

The city of Healdsburg is less than one-tenth its size (population 10,200), but it is considered a bedroom community to Santa Rosa. Many Healdsburg residents commute to Santa Rosa. Healdsburg, by contrast, is considered an attractive **small** town, with a picturesque town square surrounded by boutique type shops. Sonoma County and Healdsburg, in particular, attract senior citizens and retirees, often on a fixed income. The household growth rate has been 3.0% per year because of the growth constraints imposed by the City. With the annexation of land to the north of the city the household growth rate is projected to increase to 9.3% between 2000 and 2005. **An** additional 380 household **are** projected to be added to the City in the next five years.

Healdsburg's rental rates **are** considered more affordable than those found in Santa Rosa. The Sonoma County Consolidated Plan (SCCP) for 1997 which outlines the county's housing **needs**, presents **a** three-year Strategic Plan and a one year Action Plan. The **SCCP was** developed using information from the 1990 Census, the 1991 and 1994 Sonoma County Comprehensive Housing Affordability Strategy (CHAS), Housing Elements from the cities of Cloverdale, Cotati, Healdsburg, Petaluma, Rohnert Park, Sebastopol and Sonoma, in addition to **the** Sonoma County Housing Element.

Median home prices in Sonoma County are still some of the highest in the nation. Households with low or moderate incomes find it almost impossible to purchase a home in the current market place. Very low-income households are often forced to share living quarters, resulting in overcrowding. There are over **600** vacant rental units in Sonoma County advertised on any given day in the local newspapers. The problem is that most of these rental units are high cost relative to median income levels which prevents affordable housing to low income families.

The Consolidated Plan identifies, “ The largest demand and highest local community development priority is for the provision of new affordable rental housing...” The Strategic Plan identifies “Priority One (A)” as Affordable Housing. There **are** currently **1,678** households identified by the Sonoma County Community Development Commission on their Section 8 waiting list.

B. Market Demand

The average household size in Healdsburg is **2.54** persons per household. Median household income was **\$35,901** in **1990** and **\$37,112** in **1995**. Income is project to **be \$39,940** in **2000**. Healdsburg is among the lowest household income communities in Sonoma County.

An estimated 60% of the Healdsburg households make 60% or less of **AMI** . There is a very low vacancy rate in Healdsburg on rental units of approximately **1%**.

C. Housing Supply

The housing stock is reported at **4,290** units in **1995** with **20% (858)** of them multi-family residential units. According to the Healdsburg Building Department the number of building permits issued for residential development over the past three years is **low; 2** units in **1996: 42** units (two projects) in **1997** and **215** units (four projects) in **1998**, including these **51** units. Of the additional units, **111** are expected to **be** rental and **24** of those are a senior project, Banducci Senior Housing. Excluding **this** project, **36** multifamily rental units were approved in **1998**, bringing the total during the last three years to **78** rental units. **This** project increases the total to **129** units. There is **a** proposed 81-unit family project planned for Healdsburg Avenue at Chiquita Road.

Based upon housing unit estimate of **4,290** units in **1995**, additional **171** units could **be** added to the Healdsburg housing **stock**, assuming no additional household **growth**. This does not take into account the anticipated increase of 100 households.

PROJECT FEASIBILITY:

A. Capture Rate in Primary Market Area (PMA)

This project will provide a rental housing alternative for 2.7% of all income appropriate households.

B. Rent Differentials (Market vs. Restricted)

Unit Level	Subject Project	Mkt. Rate Avg	Difference	Percent
Studio				
50%	\$450	\$650	(\$100)	82%
60%	\$495	\$650	(\$55)	90%
One Bedroom				
50%	\$478	\$700	(\$222)	68%
60%	\$580	\$700	(\$120)	83%
Two Bedroom				
50%	\$572	\$850	(\$278)	67%
60%	\$694	\$850	(\$156)	82%
Three Bedroom				
50%	\$635	\$900	(\$265)	71%
60%	\$788	\$900	(\$112)	88%
Four Bedroom				
50%	\$683	\$950	(\$267)	72%
60%	\$855	\$950	(\$95)	90%

C. Estimated Lease-Up Period

Absorption is expected to average 7-9 units a month using aggressive pre-leasing. It is expected that the project could achieve a 95% occupancy level in 5-6 months.

PROJECT DESCRIPTION:

A. Site Design:

The project will be part of a larger subdivision that will include a mix of single family homes, townhomes, and two rental developments including this 51-unit family project. The project will sit on a vacant 1.46 acre site and it is zoned for the residential development of multifamily housing and construction of up to 14.5 units per acre. The zoning also allows an affordability bonus for construction, which includes low income or senior units, to 20.5 units per acre. This project will have a density of 12 units per acre, which satisfies the zoning restrictions with the affordability bonus. The City of Healdsburg has recently annexed the area surrounding the project. Construction has begun at the subdivision and streets and curbs are now in place.

The proposed improvements consist of 6 studios, 6 one-bedroom units, 15 two-bedroom units, 18-three bedroom units and 6 four-bedroom unit in 10 two-story, wood framed

garden apartments. There is also a **2,700** square foot community building. The building that houses the manager's unit contains seven units. Amenities for each unit include private enclosed patios, dishwashers, and garbage disposals. In addition, there is a community center located in a separate, seventh building. The community center will contain the manager's office, laundry facilities, a workshop and a recreation room with toilet facilities and a small kitchen.

There will **be 31** open parking stalls. Six parking stalls on Rosewood Avenue (to the east of the project) are to **be** allocated for use by the tenants and their guests. The City of Healdsburg does not anticipate any competition for these parking spaces but they are prepared to restrict the use of those spaces to the project and allow the **signage** necessary to accomplish **this** purpose.

B. Project Location:

The project is located on the northern edge of Healdsburg. The neighborhood, also considered the primary market area, is bounded by Highway 101 to the west, the new city limits to the north, West Grant Street to the south and steep mountainous terrain to the east of the proposed subdivision. The project is well located in the path of new development (headed north) in Healdsburg.

The project is bounded by Healdsburg Avenue to the west, the planned 22-home single family subdivision to the north and east, and scattered existing single family residences to the south. The project is located on Healdsburg Avenue, between Chiquita Road to the south and Alexander Road to the north. There have been no structures constructed on the property according to aerial photographs dating back to **1961**. Grape stakes located on the property indicate it may have been a vineyard.

The Healdsburg In-City Transit provides bus service and paratransit service is also available for the disabled and elderly.

OCCUPANCY RESTRICTIONS:

CHFA: **20%** of the units (11) will **be** restricted to **50%** or less of median income.

RDA: **20%** of the units (11) will **be** restricted to **50%** or less of median income.

TCAC: **100%** of the units (**51**) will **be** restricted to **60%** or less of median income.

ENVIRONMENTAL:

The borrower has received a Phase I- Environmental Assessment Report prepared by Lumina Technologies and dated August 27, 1998. A complete copy is being forwarded to **CHFA** for review and approval.

ARTICLE 34:

A satisfactory opinion letter will be required prior to loan close.

DEVELOPMENT TEAM:**A. Borrower's Profile**

The initial General Partner for the limited partner (to be formed) is Burbank Housing Development Corporation ("BHDC). Burbank incorporated in November 1980 and it is a California nonprofit public benefit corporation. BHDC's goal is to encourage the construction, rehabilitation and operation of housing for low income households of Sonoma County. John Lowry recently succeeded Arnold C. Sternberg as the Executive Director of BHDC.

B. Contractor

BDM has been selected by BHDC as the contractor. BDM specializes in commercial development like school buildings and various airport related buildings. They recently expanded into housing, acquiring the contract to develop housing for Sonoma State and constructing one of the largest retirement housing complexes in Santa Rosa, a 250 units project with community rooms and a recreation center.

- **C. Architect**

The Architect is Tierney-Figueiredo Architects, ALA ("Tierney-Figueiredo"). The firm was founded in 1980 and has focused on product in Sonoma County and the northbay region. The projects include both commercial building and single and multifamily housing. Tierney-Figueiredo is also known for the seismic and architectural rehabilitation of many local historic structures. The staff includes six licensed architects. They have been the architect on six affordable housing projects, including this one with a total of 236 units. This is Tierney-Figueiredo's third affordable housing project they have designed for BHDC. Randy Figueiredo is a principal of the firm, has been practicing for 13 years and is the architect assigned to this project.

D. Management Agent

Burbank Housing Management Corporation ("BHMC"), a California nonprofit public benefit corporation **was** incorporated in July **1995**. Its purpose is to manage affordable rental housing properties developed by BHDC and other Sonoma County affordable housing developers. **The** Board of Director of both BHDC and BHMC are comprised of common members.

Project Summary

855

Date: 21-Dec-98

Project Profile:

Project : Parkland Farms Apts.
Location: Parkland Farms/Canyon Run
 Healdsburg
County/Zip: Sonoma 95448
Borrower: TBD
GP: Burbank Housing
LP: TBD

Appraiser: Katheryn Sturgis-Bright
Cap Rate: 8.25%
Market: \$ 4,150,000
Income: \$ 3,900,000
Final Value: \$ 3,900,000

LTC/LTV:
Loan/ Cost 36.8%
Loan/ Value 76.9%

Program: Tax Exempt
CHFA #: 98-024-N

Project Description:

Units 51
Handicap Units 2
Blidge Type New Constructi
Buildings 10
Stories 2
Gross Sq Ft 55,970
Land Sq Ft 196.020
Units/Acre 11
Total Parking 125
Covered Parking 0

Financing Summary:

	Amount	Per Unit	Rate	Term
CHFA First Mortgage	\$3,000,000	\$58,824	6.05%	35
Healdsburg RDA	\$1,055,335	\$20,693	3.009	37
HOME	\$275,000	\$5,392	6.009	37
CDBG 98/99	\$140,000	\$2,745	3.009	35
AHP	\$260,000	\$5,098	0.00%	35
Developer Contribution	\$45,088	\$884		
Tax Credit Equity	\$2,744,584	\$53,815		
Deferred Developer Fee	\$626,195	\$12,278		
CHFA Bridge	\$1,070,000	\$20,980	6.054	5
CHFA HAT	\$0	\$0	0.00%	-

Unit Mix:

Type	Size	Number	AMI	Rent	Max Income
0 BR	430	2	50%	\$450	\$19,000
1 BR	641	1	50%	\$478	\$21,725
2 BR	897	2	50%	\$572	\$24,425
3 BR	1,167	5	50%	\$635	\$27,150
4 BR	1,380	1	50%	\$683	\$29,325
0 BR	430	4	60%	\$495	\$22,800
1 BR	641	5	60%	\$580	\$26,070
2 BR	897	9	60%	\$694	\$29,310
3 BR	1,167	16	60%	\$802	\$32,580
4 BR	1,380	5	60%	\$855	\$35,190
Manager	897	1	N/A	\$694	N/A

Fees, Escrows and Reserves:

Escrows

Commitment Fee
 Finance Fee
 Bond Origination Guarantee
 Rent Up Account
 Operating Expense Reserve
 Marketing
 Annual Replacement Reserve Deposit

Basis of Requirements

1.00% of Loan Amount
 1.00% of Loan Amount
 1.00% of Loan Amount
 15.00% of Gross Income
 10.00% of Gross Income
 10.00% of Gross Income
 0.60% Per Unit

Amount

\$40,700
 \$40,700
 \$40,700
 \$64,103
 \$42,736
 \$42,736
 \$28,228

security

Cash
 Cash
 Letter of Credit
 Letter of Credit
 Letter of Credit
 Letter of Credit
 Operations

Sources and Uses**Parkland Farms Apts.****SOURCES:**

<i>Name of Lender / Source</i>	Amount	% of total	\$ per sq ft	\$ per unit
CHFA First Mortgage	3,000,000	36.83%	53.60	58,824
CHFA Bridge	0	0.00%	-	0
CHFA HAT	0	0.00%	-	0
Healdsburg RDA	1,055,335	12.95%	18.86	20,693
HOME	275,000	3.38%	4.91	5,392
CDBG/AHP	400,000	4.91%	7.15	7,843
Total Institutional Financing	4,730,335	58.07%	84.52	92,762
Equity Financing				
Tax Credits	2,744,584	33.69%	49.04	53,815
Developer Contribution	45,088	0.55%	0.81	884
Deferred Developer Equity	626,195	7.69%	11.19	12,278
Total Equity Financing	3,415,867	41.93%	61.03	66,978
TOTAL SOURCES	8,146,202	100.00%	148.55	159,729

USES:

Acquisition	260,001	3.19%	4.65	5,098
Rehabilitation	0	0.00%	-	0
New Construction	4,819,727	59.17%	86.11	94,504
Architectural Fees	155,000	1.90%	2.77	3,039
Survey and Engineering	19,500	0.24%	0.35	382
Const. Loan Interest & Fees	466,104	5.72%	8.33	9,139
Permanent Financing	292,199	3.59%	5.22	5,729
Legal Fees	5,500	0.07%	0.10	108
Reserves	106,839	1.31%	1.91	2,095
Contract Costs	10,500	0.13%	0.19	206
Construction Contingency	333,407	4.09%	5.96	6,537
Local Fees	963,250	11.82%	17.21	18,887
TCAC/Other Costs	32,980	0.40%	0.59	647
PROJECT COSTS	7,465,007	91.64%	133.38	146,373
Developer Overhead/Profit	626,195	7.69%	11.19	12,278
Consultant/Processing Agent	55,000	0.68%	0.98	1,078
TOTAL USES	8,146,202	100.00%	145.55	159,729

Annual Operating Budget**Parkland Farms Apts.**

% of total \$ per unit

INCOME:

Total Rental Income	423,684	99.1%	8,308
Laundry	3,672	0.9%	72
Other Income	0	0.0%	-
Commercial/Retail	0	0.0%	-
Gross Potential Income (GPI)	427,386	100.0%	8,380
Less:			
Vacancy Loss	21,368	5.0%	419
Total Net Revenue	405,988	95.0%	7,961

EXPENSES:

Payroll	32,025	8.1%	628
Administrative	34,450	8.7%	675
Utilities	31,500	7.9%	618
Operating and Maintenance	46,000	11.6%	902
Insurance and Business Taxes	19,044	4.8%	373
Taxes and Assessments	0	0.0%	-
Reserve for Replacement Deposits	28,228	7.1%	553
Subtotal Operating Expenses	191,247	48.1%	3,780
Financial Expenses			
Mortgage Payments (1st loan)	206,479	51.9%	4,049
Total Financial	206,479	51.9%	4,049
Total Project Expenses	397,728	100.0%	7,799

Cash Flow Parkland Farms Ap CHFA # 98-024-N

RENTAL INCOME	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Market Rent Increase	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Market Rents	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Affordable Rent Increase	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Affordable Rents	423,684	434,276	445,133	456,261	467,668	479,360	491,344	503,627	516,218	529,123
TOTAL RENTAL INCOME	423,684	434,276	445,133	456,261	467,668	479,360	491,344	503,627	516,218	529,123

OTHER INCOME

Other Income Increase	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Laundry	3,672	3,764	3,858	3,954	4,053	4,155	4,258	4,365	4,474	4,586
Commercial	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
TOTAL OTHER INCOME	3,672	3,764	3,858	3,954	4,053	4,155	4,258	4,365	4,474	4,586

GROSS INCOME

GROSS INCOME	427,356	438,040	448,991	460,216	471,721	483,514	495,602	507,992	520,692	533,709
Vacancy Rate - Market	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Vacancy Rate - Affordable	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Less: Vacancy Loss	21,368	21,902	22,450	23,011	23,586	24,176	24,780	25,400	26,035	26,685
EFFECTIVE GROSS INCOME	405,988	416,138	426,541	437,205	448,135	459,338	470,822	482,592	494,657	507,024

OPERATING EXPENSES

Annual Expense Increase	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Expenses	163,019	169,539	176,321	183,374	190,709	198,337	206,271	214,521	223,102	232,026
Replacement Reserve	28,228	28,228	28,228	28,228	28,228	28,228	28,228	28,228	28,228	28,228
Annual Tax Increase	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Taxes and Assessments	0	0	0	0	0	0	0	0	0	0
TOTAL EXPENSES	191,247	197,768	204,549	211,602	218,937	226,565	234,499	242,750	251,331	260,255

NET OPERATING INCOME

NET OPERATING INCOME	214,741	218,370	221,992	225,603	229,198	232,773	236,323	239,843	243,327	246,769
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DEBT SERVICE

CHFA - 1st Mortgage	206,479	206,479	206,479	206,479	206,479	206,479	206,479	206,479	206,479	206,479
CHFA - Bridge Loan	254,360	254,360	254,360	254,360	254,360	254,360	254,360	254,360	254,360	254,360
CHFA - HAT Loan	0	0	0	0	0	0	0	0	0	0
CASH FLOW after debt service	8,263	11,892	18,814	19,124	22,719	26,295	29,844	33,364	36,848	40,291
DEBT COVERAGE RATIO	1.04	1.06	1.08	1.09	1.11	1.13	1.14	1.16	1.18	1.20

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Cash Flow

0039

	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20
RENTAL INCOME										
Market Rent Increase	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Market Rents	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Affordable Rent Increase	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Affordable Renb	542,351	555,910	569,808	584,053	598,654	613,621	628,961	644,685	660,802	677,323
TOTAL RENTAL INCOME	542,351	555,910	569,808	584,053	598,654	613,621	628,961	644,685	660,802	677,323
OTHER INCOME										
Other Income Increase	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Laundry	4,700	4,818	4,938	5,062	5,188	5,318	5,451	5,587	5,727	5,870
Commercial	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
TOTAL OTHER INCOME	4,700	4,818	4,938	5,062	5,188	5,318	5,451	5,587	5,727	5,870
GROSS INCOME	547,052	560,728	574,746	589,115	603,843	618,939	634,412	650,273	666,530	683,193
Vacancy Rate -Market	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Vacancy Rate -Affordable	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Less: Vacancy Loss	27,353	28,036	28,737	29,456	30,192	30,947	31,721	32,514	33,326	34,160
EFFECTIVE GROSS INCOME	519,699	532,692	546,009	559,659	573,651	587,992	602,692	617,759	633,203	649,033

OPERATING EXPENSES

Annual Expense Increase	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Expenses	241,307	250,960	260,998	271,438	282,295	293,587	305,331	317,544	330,246	343,456
Replacement Reserve	28,228	28,228	28,228	28,228	28,228	28,228	28,228	28,228	28,228	28,228
Annual Tax Increase	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Taxes and Assessments	0	0	0	0	0	0	0	0	0	0
TOTAL EXPENSES	269,536	279,188	289,226	299,666	310,524	321,816	333,559	345,772	358,474	371,684

NET OPERATING INCOME

	250,164	253,504	256,783	259,993	263,127	266,176	269,133	271,987	274,729	277,349
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DEBT SERVICE

CHFA - 1st Mortgage	206,479	206,479	206,479	206,479	206,479	206,479	206,479	206,479	206,479	206,479
CHFA - Bridge Loan										
CHPA - HAT Loan	43,655	47,025	50,304	53,514	56,648	59,698	62,654	65,508	68,250	70,871
CASH FLOW after debt service	1.21	1.23	1.24	1.26	1.27	1.29	1.30	1.32	1.33	1.34
DEBT COVERAGE RATIO										

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Cash Flow

	Year 21	Year 22	Year 23	Year 24	Year 25	Year 26	Year 27	Year 28	Year 29	Year 30
RENTAL INCOME										
Market Rent Increase	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Market Rents	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Affordable Rent Increase	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Affordable Rent	694,256	711,612	729,402	747,637	766,328	785,486	805,124	825,252	845,883	867,030
TOTAL RENTAL INCOME	694,256	711,612	729,402	747,637	766,328	785,486	805,124	825,252	845,883	867,030
OTHER INCOME										
Other Income Increase	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Laundry	6,017	6,167	6,322	6,480	6,642	6,808	6,978	7,152	7,331	7,514
Commercial	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
TOTAL OTHER INCOME	6,017	6,167	6,322	6,480	6,642	6,808	6,978	7,152	7,331	7,514
GROSS INCOME	700,273	717,779	735,724	754,117	772,970	792,294	812,102	832,404	853,214	874,545
Vacancy Rate - Market	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Vacancy Rate : Affordable	5.00%	5.00%	5.00%	5.00%	6.00%	5.00%	6.00%	5 . m	5.00%	5.00%
Less: vacancy Loss	35,014	35,889	36,786	37,706	38,648	39,615	40,605	41,620	42,661	43,727
EFFECTIVE GROSS INCOME	665,259	681,890	698,938	716,411	734,321	752,679	771,496	790,784	810,553	830,817
OPERATING EXPENSES										
Annual Expense Increase	4 . m	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4 . m	4 . m	4.00%
Expenses	357,194	371,482	386,341	401,794	417,866	434,581	451,964	470,043	488,844	508,398
Replacement Reserves	28,228	28,228	28,228	28,228	28,228	28,228	28,228	28,228	28,228	28,228
Annual Tax Increase	2 . m	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Taxes and Assessments	0	0	0	0	0	0	0	0	0	0
TOTAL EXPENSES	385,422	399,710	414,569	430,023	446,095	462,809	480,192	498,271	517,073	536,626
NET OPERATING INCOME	279,837	282,181	284,369	286,388	288,227	289,870	291,304	292,513	293,481	294,191
DEBT SERVICE										
CHFA - 1st Mortgage	206,479	206,479	206,479	206,479	206,479	206,479	206,479	206,479	206,479	206,479
CHFA - Bridge Loan										
CHFA - HAT Loan										
CASH FLOW after debt service	73,358	75,702	77,890	79,910	81,748	83,392	84,825	86,034	87,002	87,712
DEBT COVERAGE RATIO	1.36	1.37	1.38	1.39	1.40	1.40	1.41	1.42	1.42	1.42

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Cash Flow

RENTAL INCOME	Year 31	Year 32	Year 33	Year 34	Year 35
Market Rent Increase	N/A	N/A	N/A	N/A	N/A
Market Rents	N/A	N/A	N/A	N/A	N/A
Affordable Rent Increase	2.50%	2.50%	2.50%	2.50%	2.50%
Affordable Rents	888,706	910,923	933,697	957,039	980,965
TOTAL RENTAL INCOME	888,706	910,923	933,697	957,039	980,965

OTHER INCOME

Other Income Increase	2.50%	2.50%	2.50%	2.50%	
Laundry	7,702	7,895	8,092	8,295	8,502
Commercial	N/A	N/A	N/A	N/A	N/A
TOTAL OTHER INCOME	7,702	7,895	8,092	8,295	8,502

GROSS INCOME 896,408 918,818 941,789 965,333 989,467

Vacancy Rate - Market

Vacancy Rate : Affordable	N/A	N/A	N/A	N/A	N/A
Less: vacancy Loss	44,820	45,941	47,089	48,267	49,473
EFFECTIVE GROSS INCOME	851,588	872,877	894,699	917,067	939,993

OPERATING EXPENSES

Annual Expense Increase	4.00%	4.00%	4.00%	4.00%	4.00%
Expenses	628,734	549,883	571,879	594,754	618,544
Replacement Reserve	28,228	28,228	28,228	28,228	28,228
Annual Tax Increase	2.00%	2.00%	2.00%	2.00%	2.00%
Taxes and Assessments	0	0	0	0	0
TOTAL EXPENSES	656,962	578,112	600,107	622,982	646,772

NET OPERATING INCOME 294,626 294,766 294,592 294,085 293,221

DEBT SERVICE

CHFA - 1st Mortgage	206,479	206,479	206,479	206,479	206,479
CHFA - Bridge Loan					
CHFA - HAT Loan					
CASH FLOW after debt service	88,147	88,287	88,114	87,606	86,743
DEBT COVERAGE RATIO	1.43	1.43	1.43	1.42	1.42

Parkland Farms Apartments - Healdsburg(REGIONAL) 862



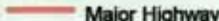
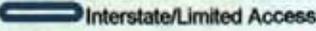
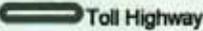
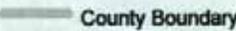
PARKLAND FARMS
APARTMENTS

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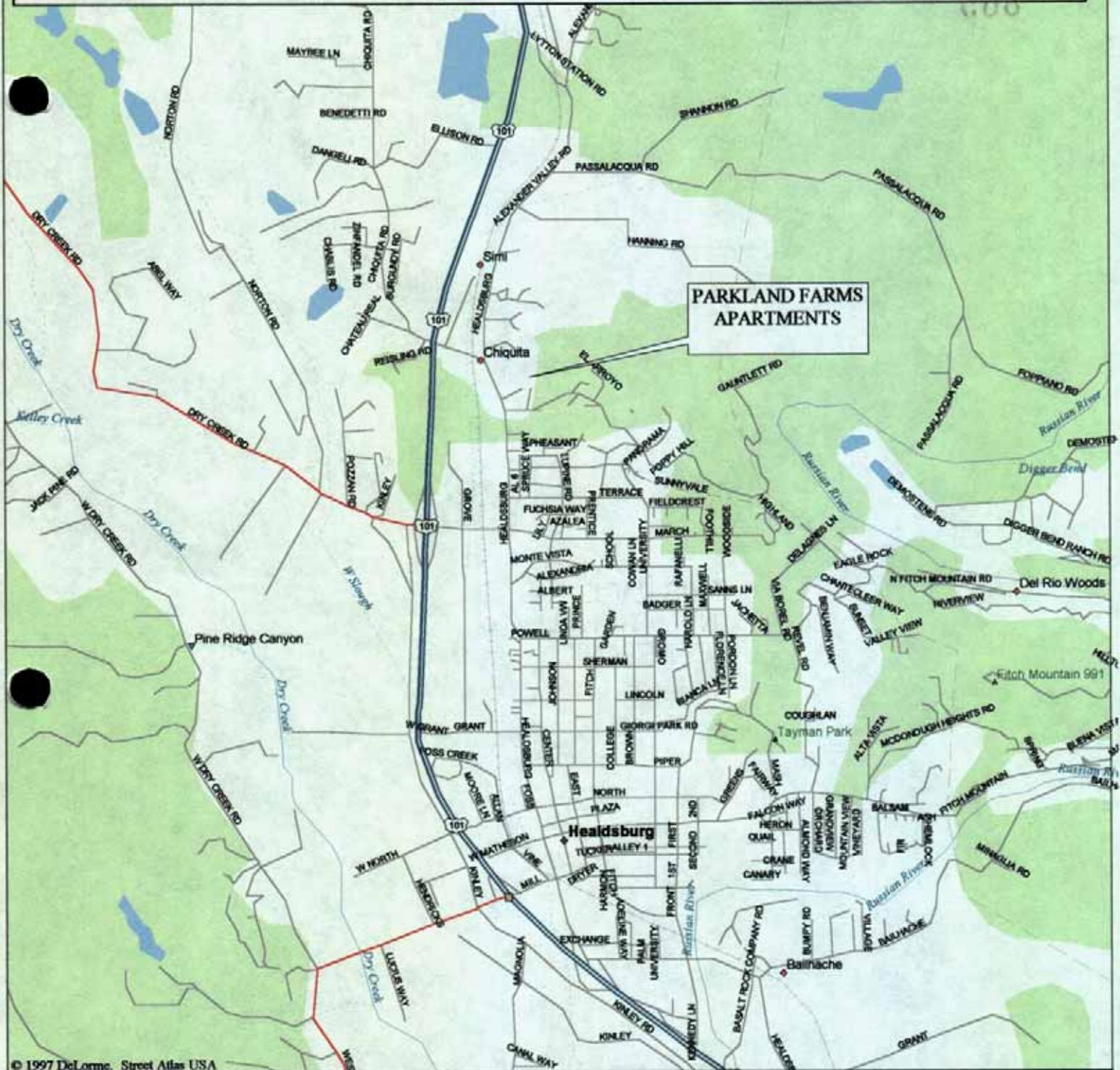
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Scale 1:2,000,000 (at center)

20 Miles

50 KM

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|  | Major Road |  | Park/Reservation |
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|  | Ferry |  | City |
|  | Interstate/Limited Access |  | Sched Service Airport |
|  | Toll Highway |  | Small Town |
|  | County Seat |  | County Boundary |
|  | State Capital |  | Population Center |
|  | Large City |  | Land |

Parkland Farms Apartments - Healdsburg(LOCAL) 864



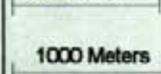
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Scale 1:31,250 (at center)

2000 Feet



1000 Meters

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| | Local Road | | Summit |
| | Major Connector | | Geographic Feature |
| | Trail | | Park/Reservation |
| | Interstate/Limited Access | | Locale |
| | Exit | | Public Airport |
| | Utility/Pipe | | Cemetery |
| | Railroad | | Water |
| | Small Town | | Woodland |

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RESOLUTION 99-04

RESOLUTION AUTHORIZING A FINAL **LOAN** COMMITMENT

WHEREAS, the California Housing Finance Agency (the "Agency") has received a loan application from Burbank Housing Development Corporation, a California nonprofit public benefit corporation, (the "Borrower"), seeking a loan commitment under the Agency's **Tax Exempt Loan** Program in **the** mortgage amount described herein, the proceeds of which **are to be** used to provide a mortgage loan for a development to **be** known **as** Parkland Farms (the "Development"); and

WHEREAS, the loan application has been reviewed by Agency staff which has prepared its report dated December **21, 1998** (the "Staff Report") recommending Board approval subject to certain recommended **terms** and conditions; and

WHEREAS, Section **1.150-2** of the Treasury Regulations requires the Agency, as the issuer of tax-exempt bonds, to declare its reasonable official intent to reimburse prior expenditures for the Development with proceeds of a subsequent borrowing; and

WHEREAS, on August **17, 1998**, the Executive Director has exercised the authority delegated to him/her under Resolution **94-10** to declare the official intent of the Agency to reimburse such prior expenditures for the Development; and

WHEREAS, based upon the recommendation of staff and due deliberation by the Board, the Board has determined that a final loan commitment **be** made for the Development,

NOW, **THEREFORE**, BE IT RESOLVED by the Board:

1. The Executive Director, or in his/her absence, either the Chief Deputy Director or **the** Director of Programs of the Agency is hereby authorized to execute and deliver a **final** commitment letter, subject to the recommended terms and conditions set forth in **the** CHFA Staff Report, in relation to the Development described above and as follows:

<u>PROJECT NO.</u>	<u>DEVELOPMENT NAME/ LOCALITY</u>	<u>NO. UNITS</u>	<u>MORTGAGE AMOUNT</u>
98-024-N	Parkland Farms Healdsburg/Sonoma	51	\$4,070,000

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Resolution 99-04
Page 2

2. The Executive Director, or in his/her absence, either the Chief Deputy Director or the Director of Programs of the Agency is hereby authorized to modify the mortgage amount so stated in this resolution by an amount not to exceed seven percent (7%) without further Board approval.

3. All other material modifications to the final commitment, including changes in aggregate mortgage amount of more than seven percent (7%), must be submitted to the Board for approval. "Material modifications" as used herein means modifications which, in the discretion of the Executive Director, or in his/her absence, either the Chief Deputy Director or the Director of Programs of the Agency, change the legal, financial or public purpose aspects of the final commitment in a substantial way.

I hereby certify that this is a true and correct copy of Resolution 99-04 adopted at a duly constituted meeting of the Board of the Agency held on January 14, 1999, at Millbrae, California.

ATTEST: _____
Secretary

Executive Summary

Date: 14-Dec-98

Project Profile:

<i>Project :</i>	Detroit Street Apts.	<i>Borrower:</i>	Detroit Lexington L.P.
<i>Location:</i>	1151-1155 Detroit Street	<i>GP:</i>	WHCHC
<i>City:</i>	West Hollywood	<i>LP:</i>	Inclusive Homes, Inc.
<i>County:</i>	Los Angeles	<i>Program:</i>	Tax Exempt
<i>Type:</i>	Family	<i>CHFA# :</i>	98-022-S

Financing Summary

	Final	Per Unit
CHFA First Mortgage	\$270,000	\$27,000
City of West Hollywood (CDBG)	\$510,000	\$51,000
LA CCDC (HOME)	\$642,000	\$64,200
Other Loans	\$0	\$0
Developer Equity	\$0	\$0
Deferred Developer Equity	\$43,435	\$4,344
Tax Credits	\$421,869	\$42,187
CHFA Bridge	\$680,000	\$68,000
CHFA HAT	\$0	\$0

Loan to Value
30.0%

Loan to Cost
14.3%

Unit Mix:

Type	Size	Number	AMI	Rent	Max Income
1 BR	746	3	50% CHFA	\$446	\$20,525
2 BR	946	4	50% CHFA	\$537	\$23,075
3 BR	1,149	1	50% CHFA	\$591	\$25,650
3 BR	1,149	2	60% TCAC	\$616	\$30,780
Total		10			

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Project Profile	
Reserve Requirements	
Unit Mix and Income	
Source and Uses of Funds	9
Operating Budget	10
Project Cash Flows	11
Location Maps (area and site)	12

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The CHFA tax credit bridge loan and interest charged on the loan are typically repaid from the proceeds of the tax credit allocation. There is a shortfall on this project that will be covered from the money provided by the City. The City provided CHFA with a letter, dated December 21, 1998 confirming that they will withhold from loan proceeds the money needed to pay off the bridge loan.

MARKET:

A. Market Overview:

Currently, there is a seven to ten-year wait for the Section 8 Housing Assistance Payments Program. The waiting list is closed to new applications and for low-income families needing two-bedroom units there is a nine-year wait. No three-bedroom inclusionary apartment units exist and there are no new apartments under construction.

The project is part of the Redevelopment Plan for the East Side Project Area that was adopted on June 2, 1997. The 388-acre redevelopment project is overseen by an elected Project Area Committee, a group of residents, property owners, community representatives and business owners. During the first year of this plan, CDGB money was used to improve the exterior of six residential properties; the City made a loan to renovate a four-plex and twenty (20) new apartments (including the ten proposed on this site) are being constructed by West Hollywood Community Housing Corporation (“the WHCHC”).

Twenty-one (21) new trees and new parkway strips were planted in the Detroit-Formosa neighborhood. The City’s newest community garden also opened nearby. The La Brea Gateway project at the southwest corner of Santa Monica Boulevard and La Brea Avenue is in the planning stages. It is a 7% acre project that is intended to include neighborhood services and retail opportunities not currently available, however, further details are not available at this time. The six finalists have been selected and a decision is expected by year-end 1998.

B. Market Demand:

In the 1998-2003 Consolidated Plan for the Los Angeles Urban County (“the Plan”) dated April 14, 1998, Los Angeles County (“the County”) acknowledged a crisis in housing affordability. According to the Plan, 44% of the City’s population are in a low to moderate income category. Approximately 24,300 additional affordable units are required to fill the affordable housing need for families countywide.

The April, 1998 Community Needs Assessment prepared for the City indicates that the majority of the City’s low-income families live in rental housing in the immediate area of the project.

C. Housing Supply:

A 1998 market survey commissioned by the City of West Hollywood as part of their Community Needs Assessment indicated that 65% of the housing in West Hollywood was either an apartment or duplex and that 72% of households rent. Of the 65% of rental housing stock, 63% of respondents said they rented their property without any form of subsidy.

Approximately 50% of the City's housing stock (23,821 units in 1990) was constructed prior to 1959. The composition of the housing stock is as follows: 52% (12,387 units) are one-bedroom and 33% (715 units) are two-bedroom. Almost 88% (20,746 units) of all housing is multifamily with a median monthly rent of \$608. There is a 1.4% vacancy rate for all housing units in the City.

PROJECT FEASIBILITY:

A. Capture Rate in Primary Market Area ("PMA"):

The project borders both the City of North Hollywood and the City of Los Angeles, all densely populated areas with high percentages of rental households. Due to the low vacancy levels in these areas, the Capture Rate is estimated at less than 1%.

B. Rent Differentials (Market vs. Restricted):

Rent Level	Subject Project	Mkt. Rate Avg.	Difference	Percent
One bedroom				
50%	\$446	\$775	(\$329)	58%
60%	N/A		N/A	N/A
Two Bedroom				
50%	\$575	\$900	(\$325)	64%
60%	N/A		N/A	N/A
Three Bedroom				
50%	\$591	\$1,050	(\$459)	56%
60%	\$616		(\$434)	59%

C. Estimated Lease-Up Period:

The units for this project are generally comparable with the market rate product available, with two exceptions. While the two-bedroom units in the market have two baths, the project's two bedroom units have only one bath. The units at the project are larger than many other two-bedroom units. Dishwashers are available only in the three bedroom units at the project. Almost all market rate units include dishwashers in all their units.

In spite of these differences, this project meets the needs of small and large families in the West Hollywood market area. The bottom line is that there is little to no vacancy in the area. Given the current vacancy rates and severe shortage of three bedroom rental units in the surrounding area, it is anticipated that the project can be fully pre-leased, with full occupancy within 30 days of completion.

PROJECT DESCRIPTION:

A. Site Design:

Resolution No. **PC97-127** ("the Resolution") was passed by the City on June 5, 1997. The Resolution approved a density bonus of one unit, allowing ten units on the site. In addition, the Resolution approved a waiver from several development standards including: increased building height (32'8" for the first 45 feet of parcel depth, instead of the 25 feet permitted); a reduced setback (5 feet off of Lexington Avenue instead of 15 feet); an encroachment into the side and rear yards by the garage (by four feet); a transformer situated in a required yard; an encroachment into the rear yard by 12 feet by the stairway (instead of the four feet permitted); a handicapped ramp (normally not permitted in a yard); and the lack of an entrance off of Lexington Avenue.

B. Project Location:

The land is zoned R3C, which permits nine units of multifamily housing. The site is approximately 10,600 square foot and is irregularly shaped. The site consists of two lots: one with two vacant detached single-family homes; the other a vacant lot. The homes have been demolished and the lots will be combined prior to the construction start date.

The site is located on the west side of N. Detroit Street, southwest of Lexington Avenue and one block north of Santa Monica Boulevard. Two blocks to the north is Sunset Boulevard and one block to the east is La Brea Avenue.

The unit mix of the ten flats consists of 3 one-bedroom, one-bath units (746 sq. feet), 4 two-bedroom, one-bath units (946 sq. feet) and 3 three-bedroom, two-bath units (1,149 sq. feet). All units are equipped with the following amenities: a garbage disposal, window blinds, an underground parking space with overhead storage and a private patio or balcony. The ~~three-bedroom~~ two-bath units include a dishwasher. The exterior curb appeal includes customized sills and awnings with pergolas and exposed roof rafters.

Laundry facilities are located on the third floor and can be accessed by either stairs or an elevator. Open space for adults and children is located on the ground level and on the third floor. Underground parking includes sixteen (16) parking spaces with elevator access. The entire project is handicapped accessible. A security fence surrounds the

perimeter of the site with a controlled pedestrian entryway. A part-time resident manager will occupy a one-bedroom unit.

C. Project Location:

The City is approximately **1.9 square** miles in size. It is bound by the Cities of Los Angeles and Beverly Hills and has a current population of **36,118**.

Directly to the north of the project is a vacant lot to be developed by the same borrower. Older single-family homes, duplexes and small to medium sized apartment complexes surround the site. A new Ralph's Supermarket is one block to the northeast. A McDonald's is one block to the southeast and older commercial space is further south from McDonald's. **The** project is close to public transportation, a public park, schools and medical facilities.

OCCUPANCY RESTRICTIONS:

CHFA: **20%** of the units (**2**) will be restricted to **50%** or less of median income.

CDBG: **100%** of the units (10) will be restricted to **100%** or less of median income. **Of** those **10** units, **2** are restricted to **50%** or less of median income and an additional 3 are restricted to 80% or less of median income.

LACDC: **100%** of the units (**10**) will be restricted to **50%** or less of the HUD **HOME** Program income limits.

TCAC: **100%** of the units (**10**) will be restricted to **60%** or less of median income.

Although the rent restrictions on **this** project vary, the rents listed in the Final Commitment comply with all of the rent restrictions referenced above.

ENVIRONMENTAL:

CHFA received a Phase I-Environmental Assessment Report prepared by SCS Engineers and dated July **1997**. **An** updated Phase I dated November **24, 1998** and a Reliance Letter **also** dated November **24, 1998** and **also** prepared by SCS Engineers have been received. No adverse conditions were noted.

ARTICLE 34:

According to the Office of County Counsel, County of Los Angeles and City Attorney of the City, Article **34** approval was satisfied with the passage of Proposition D. Proposition

875

D authorized the County to acquire, develop and construct low-rent housing for senior citizens handicapped and families within the unincorporated area of Los Angeles County, which included West Hollywood at the time. Upon its incorporation on November 29, 1984, the City assumed the rights and obligations formerly held by the County and the Housing Authority of the County of Los Angeles for the territory within its boundaries.

DEVELOPMENT TEAM:

A. Borrower's Profile

The Borrower is Detroit Lexington Limited Partnership, a California limited partnership. The general partner is WHCHC, a non-profit housing development organization. The initial limited partner is Inclusive Homes, Inc., a California corporation **who** will be replaced at a later date by an investor.

WHCHC's mission is to purchase, build, rehabilitate, manage and advocate for affordable housing for lower-income people in the City. WHCHC was formed in 1986 as a direct response to the City's housing task force recommendation and they rent **to** people whose income is no more than 60%AMI. Paul Zimmerman is the Executive Director.

B. Contractor

WHCHC is in the process of selecting a contractor. Preliminary cost estimates are based upon WHCHC's other new construction costs in the City.

C. Architect

Killefer Flammang Purtil Architects began in 1975 and includes fifteen (15) employees on staff. Their area of expertise is in the construction or rehabilitation of low-income housing projects throughout California, including multi-family, seniors, SRO's, housing for people with AIDS and transitional housing. To date, they have provided architectural services involving the construction or rehabilitation of 16 multifamily projects.

D. Management Agent

WHCHC will **self-manage** the project. WHCHC has completed construction or rehabilitation on seven projects, totaling 120 apartment units that they **also** manage.

Project Summary

Date: 14-Dec-98

Project Profile:

Project : Detroit Street Apts.
Location: 1151-1155 Detroit Street
 West Hollywood
County / Zip: L.A. 90046
Borrower: Detroit Lexington L.P.
GP: WHCHC
LP: Inclusive Homes, Inc.

Appraiser: Dennis Cunningham
 Dennis Cunningham
Cap Rate: 8.00%
Market: \$ 900,000
Income: \$ 896,000
Final Value: \$ 900,000

LTC/LTV:
Loan / Cost 14.38
Loan / Value 30.0%

Program: Tax Exempt
CHFA#: 98-022-S

Project Description:

Units 10
Handicap Units 1
Bldge Type New Const.
Buildings 1
stories 3
Gross Sq Ft 17,305
Land Sq Ft 10,456
Units/Acre 42
Total Parking 16
Covered Parking 16

Financing Summary:

	Amount	Per unit	Rate	Term
CHFA First Mortgage	\$270,000	\$27,000	5.909	30
City of West Hollywood (CDBG)	\$510,000	\$51,000	3.004	40
LA CCDC (HOME)	\$642,000	\$64,200	3.009	40
Other Loans	\$0	\$0		
Developer Equity	\$0	\$0		
Tax Credit Equity	\$421,869	\$42,187		
Deferred Developer Fee	\$43,435	\$4,344		
CHFA Bridge	\$680,000	\$68,000	5.909	1
CHFA HAT	\$0	\$0	0.00%	

Unit Mix:

Type	Size	Number	AMI	Rent	Max Income
1 BR	746	3	50% CHFA	\$446	\$20,525
2 BR	946	4	50% CHFA	\$537	\$23,075
3 BR	1,149	1	50% CHFA	\$591	\$25,650
3 BR	1,149	2	60% TCAC	\$616	\$30,780
Total		10			

Fees, Escrows and Reserves:

Escrows	Basis of Requirements	Amount	security
Commitment Fee	1.00% of Loan Amount	\$9,500	Cash
Finance Fee	1.00% of Loan Amount	\$9,500	Cash
Bond Origination Guarantee	1.00% of Loan Amount	\$9,500	Letter of Credit
Rent up Account	15.00% of Gross Income	\$9,610	Letter of Credit
Operating Expense Reserve	10.00% of Gross Income	\$6,407	Letter of Credit
Marketing	10.00% of Gross Income	\$6,407	Letter of Credit
Annual Replacement Reserve Deposit	0.60% of Hard Costs	\$3,766	Operations

Sources and Uses**Detroit Street Apts.****SOURCES:**

<i>Name of Lender / Source</i>	Amount	% of total	\$ per sq ft	\$ per unit
CHFA First Mortgage	270,000	14.31%	15.60	27,000
CHFA Bridge	0	0.00%	-	0
CHFA HAT	0	0.00%	-	0
City of West Hollywood (CDBG)	510,000	27.02%	29.47	51,000
LA CCDC (HOME)	642,000	34.02%	37.10	64,200
Other Loans	0	0.00%	-	0
Total Institutional Financing	1,422,000	75.35%	82.17	142,200
Equity Financing				
Tax Credits	421,869	22.35%	24.38	42,187
Deferred Developer Equity	43,435	2.30%	2.51	4,344
Total Equity Financing	465,304	24.66%	26.89	46,530
TOTAL SOURCES	1,887,304	100.00%	109.06	188,730

USES:

Acquisition	272,000	14.41%	15.72	27,200
Rehabilitation	0	0.008	-	0
New Construction	974,364	51.63%	56.31	97,436
Architectural Fees	70,000	3.71%	4.05	7,000
Survey and Engineering	6,200	0.33%	0.36	620
Const. Loan Interest & Fees	71,569	3.79%	4.14	7,157
Permanent Financing	58,620	3.11%	3.39	5,862
Legal Fees	15,000	0.79%	0.87	1,500
Reserves	22,424	1.19%	1.30	2,242
Contract Costs	5,500	0.29%	0.32	550
Construction Contingency	87,076	4.61%	5.03	8,708
Local Fees	55,627	2.95%	3.21	5,563
TCAC/Other Costs	37,737	2.00%	2.18	3,774
PROJECT COSTS	1,676,117	88.81%	96.86	167,612
Developer Overhead/Profit	138,000	7.31%	7.97	13,800
Consultant/Processing Agent	73,187	3.88%	4.23	7,319
TOTAL USES	1,887,304	100.00%	109.06	188,730

Annual Operating Budget**Detroit Street Apts.**

% of total \$ per unit

INCOME:

Total Rental Income	63,708	99.4%	6,371
Laundry	360	0.6%	36
Other Income	0	0.0%	-
Commercial/Retail	0	0.0%	-
Gross Potential Income (GPI)	64,068	100.0%	6,407

Less:

Vacancy Loss	3,203	5.0%	320
Total Net Revenue	60,865	95.0%	6,086

EXPENSES:

Payroll	2,400	4.3%	240
Administrative	9,707	17.5%	971
Utilities	5,040	9.1%	604
Operating and Maintenance	10,680	19.3%	1,068
Insurance and Business Taxes	3,741	6.7%	374
Taxes and Assessments	911	1.6%	91
Reserve for Replacement Deposits	3,766	6.8%	377
Subtotal Operating Expenses	36,245	65.4%	3,624
Financial Expenses			
Mortgage Payments (1st loan)	19,218	34.6%	1,922
Total Financial	19,218	34.6%	1,922
Total Project Expenses	55,463	100.0%	5,546

Cash Flow Detroit Street Apts CHFA # 98-022-6

RENTAL INCOME	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Market Rent Increase	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Market Rents	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Affordable Rent Increase	2.50%									
Affordable Rents	63,708	65,301	66,933	68,607	70,322	72,080	73,882	75,729	77,622	79,563
TOTAL RENTAL INCOME	63,708	65,301	66,933	68,607	70,322	72,080	73,882	75,729	77,622	79,563
OTHER INCOME										
Other Income Increase	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Laundry	360	369	378	388	397	407	417	428	439	450
Other Income	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
TOTAL OTHER INCOME	360	369	378	388	397	407	417	428	439	450
GROSS INCOME	64,068	65,670	67,311	68,994	70,719	72,487	74,299	76,157	78,061	80,012
Vacancy Rate - Market										
Vacancy Rate - Affordable	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Vacancy Rate - Affordable	5.00%	5 . m	5.00%	5.00%	5.00%	5 . m	5.00%	5.00%	5.00%	5.00%
Less: vacancy Loss	3,203	3,283	3,366	3,450	3,536	3,624	3,715	3,808	3,903	4,001
EFFECTIVE GROSS INCOME	60,865	62,386	63,946	65,545	67,183	68,863	70,584	72,349	74,158	76,012
OPERATING EXPENSES										
Annual Expense Increase	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4 . m	4.00%	4.00%
Expenses	31,568	32,831	34,144	35,510	36,930	38,408	39,944	41,542	43,203	44,932
Replacement Reserve	3,766	3,766	3,766	3,766	3,766	3,766	3,766	3,766	3,766	3,766
Annual Tax Increase	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Taxes and Assessments	911	929	948	967	986	1,006	1,026	1,046	1,067	1,089
TOTAL EXPENSES	36,245	37,526	38,858	40,242	41,682	43,179	44,736	46,354	48,036	49,786
NET OPERATING INCOME	24,620	24,860	25,088	25,302	25,501	25,684	25,849	25,995	26,121	26,226
DEB'S SERVICE										
CHFA - 1st Mortgage	19,218	19,218	19,218	19,218	19,218	19,218	19,218	19,218	19,218	19,218
CHFA - Bridge Loan	720,120	0	0	0	0	0	0	0	0	0
CHFA - HAI Loan	0	0	0	0	0	0	0	0	0	0
CASH FLOW after debt service	5,402	5,643	5,871	6,084	6,283	6,486	6,681	6,777	6,904	7,008
DEBT COVERAGE RATIO	1.28	1.29	1.31	1.32	1.33	1.34	1.35	1.35	1.36	1.36

CASH FLOW

	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20
RENTAL INCOME										
Market Rent Increase	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Market Rent	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Affordable Rent Increase	2.50%									
Affordable Rent	81,652	83,590	85,680	87,822	90,018	92,268	94,575	96,939	99,363	101,847
TOTAL RENTAL INCOME	81,552	83,590	85,680	87,822	90,018	92,268	94,575	96,939	99,363	101,847
OTHER INCOME										
Other Income Increase	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Laundry	461	472	484	496	509	521	534	548	561	576
Other Income	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
TOTAL OTHER INCOME	461	472	484	496	509	521	534	548	561	576
GROSS INCOME	82,012	84,063	86,164	88,318	90,526	92,790	95,109	97,487	99,924	102,422
Vacancy Rate -Market	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Vacancy Rate -Affordable	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Less: vacancy Loss	4,101	4,203	4,308	4,416	4,526	4,639	4,756	4,874	4,996	5,121
EFFECTIVE GROSS INCOME	77,912	79,860	81,856	83,903	86,000	88,150	90,354	92,613	94,928	97,301

OPERATING EXPENSES

Annual Expense Increase	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Expenses	46,729	48,598	50,542	52,564	54,666	56,853	59,127	61,492	63,952	66,510
Replacement Reserve	3,766	3,766	3,766	3,766	3,766	3,766	3,766	3,766	3,766	3,766
Annual Tax Increase	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Taxes and Assessments	1,111	1,133	1,155	1,178	1,202	1,226	1,261	1,276	1,301	1,327
TOTAL EXPENSES	51,605	53,496	55,463	57,508	59,634	61,844	64,143	66,539	69,018	71,602

NET OPERATING INCOME

NET OPERATING INCOME	26,307	26,363	26,393	26,395	26,366	26,306	26,211	26,080	25,910	25,699
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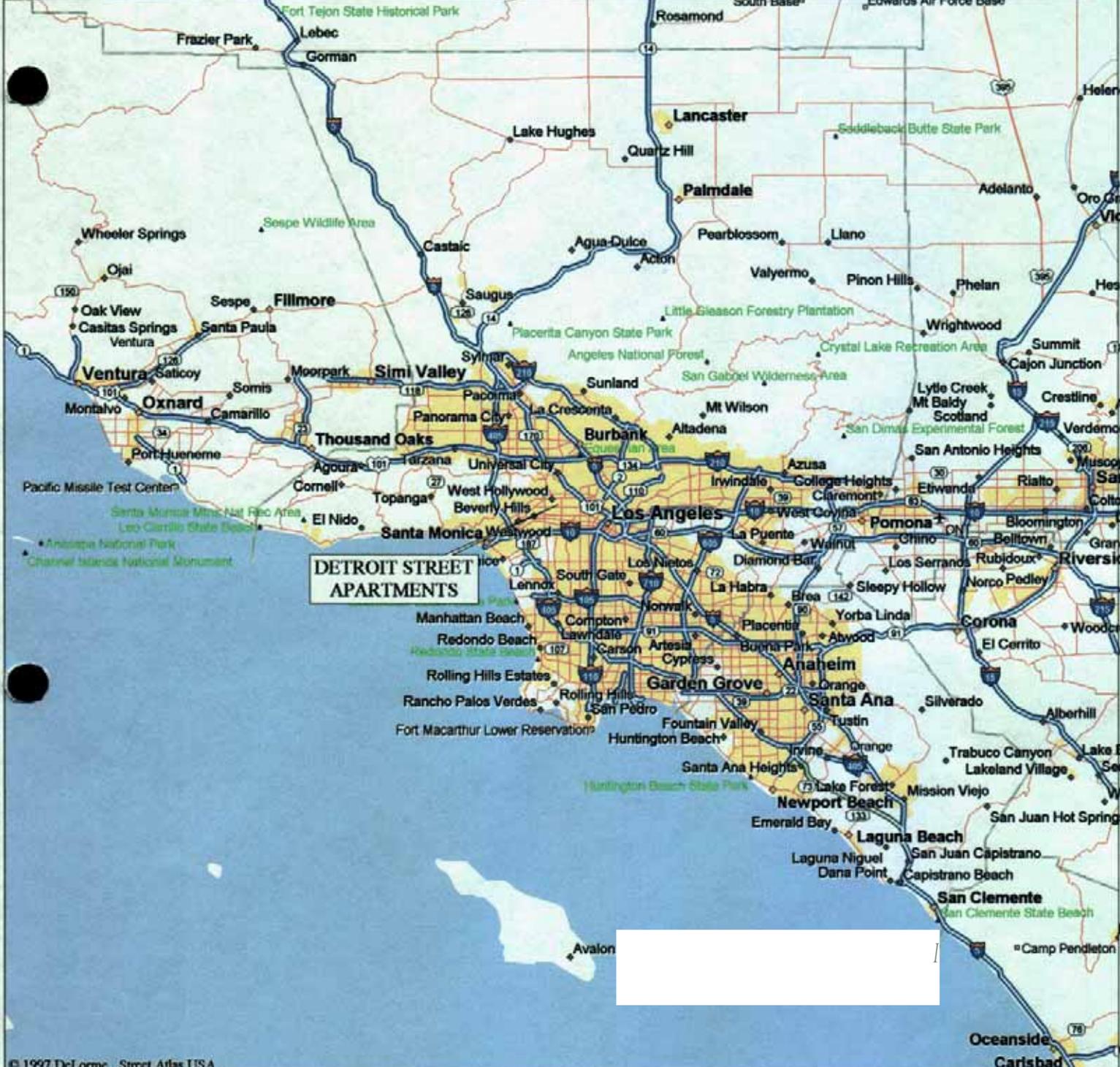
DEBT SERVICE

CHFA - 1st Mortgage	19,218	19,218	19,218	19,218	19,218	19,218	19,218	19,218	19,218	19,218
CHFA - Bridge Loan										
CHFA - HAT Loan										
CASH FLOW after debt service	7,069	7,146	7,176	7,177	7,149	7,088	6,983	6,862	6,692	6,481
DEBT COVERAGE RATIO	1.37	1.37	1.37	1.37	1.37	1.37	1.36	1.36	1.35	1.34

Cash Flow

	Year 21	Year 22	Year 23	Year 24	Year 25	Year 26	Year 27	Year 28	Year 29	Year 30
RENTAL INCOME										
Market Rent Increase	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Market Rents	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Affordable Rent Increase	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Affordable Rents	104,393	107,093	109,678	112,420	115,230	118,111	121,064	124,090	127,193	130,373
TOTAL RENTAL INCOME	104,393	107,093	109,678	112,420	115,230	118,111	121,064	124,090	127,193	130,373
OTHER INCOME										
Other Income/Increase	2 . m	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Laundry	590	605	620	636	651	667	684	701	719	737
Other Income	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
TOTAL OTHER INCOME	590	605	620	635	651	667	684	701	719	737
GROSS INCOME	104,983	107,697	110,298	113,055	115,881	118,779	121,748	124,792	127,911	131,109
Vacancy/Rate -Market	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Vacancy Rate -Affordable	6.111	5.00%	5.177	5.00%	5.00%	5.00%	5.00%	5 . m	5.00%	5.00%
Less: Vacancy Loss	6,249	5,380	5,515	5,653	5,794	5,939	6,087	6,240	6,396	6,555
EFFECTIVE GROSS INCOME	99,734	102,227	104,783	107,402	110,087	112,840	115,661	118,552	121,516	124,554
OPERATING EXPENSES										
Annual Expense Increase	4 . m	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4 . m	4 . m
Expenses	69,170	71,937	74,814	77,807	80,919	84,156	87,522	91,023	94,664	98,451
Replacement Reserves	3,766	3,766	3,766	3,766	3,766	3,766	3,766	3,766	3,766	3,766
Annual Tax-Increase	2 . m	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Taxes and Assessments	1,354	1,381	1,408	1,437	1,465	1,495	1,524	1,555	1,586	1,618
TOTAL EXPENSES	74,289	77,083	79,988	83,009	86,150	89,416	92,812	96,344	100,016	103,834
NET OPERATING INCOME	25,444	25,144	24,794	24,393	23,937	23,423	22,849	22,206	21,500	20,720
DEBT SERVICE										
CHFA - 1st Mortgage	19,218	19,218	19,218	19,218	19,218	19,218	19,218	19,218	19,218	19,218
CHFA - Bridge Loan										
CHFA - HAT Loan										
CASH FLOW after debt service	6,227	5,926	5,577	5,176	4,720	4,206	3,631	2,991	2,283	1,502
DEBT COVERAGE RATIO	1.92	1.31	1.29	1.27	1.25	1.22	1.19	1.16	1.12	1.08

Detroit Street Apartments - West Hollywood (REGIONAL) 82

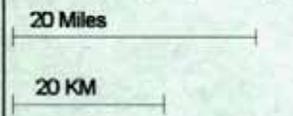


DETROIT STREET APARTMENTS



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 Scale 1:1,000,000 (at center)



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| | Major Road | | City |
| | Major Highway | | Sched Service Airport |
| | Interstate/Limited Access | | Small Town |
| | Toll Highway | | County Boundary |
| | Point of Interest | | Population Center |
| | Large City | | Land |
| | Park/Reservation | | Water |
| | Mega City | | River/Canal |

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RESOLUTION 99-05

RESOLUTION AUTHORIZING A FINAL LOAN COMMITMENT

WHEREAS, the California Housing Finance Agency (the "Agency") has received a loan application from Detroit Lexington Limited Partnership, a California limited partnership, (the "Borrower"), seeking a loan commitment under the Agency's Tax Exempt Loan Program in the mortgage amount described herein, the proceeds of which are to be used to provide a mortgage loan for a development to be known as Detroit Street Apartments (the "Development"); and

WHEREAS, the loan application has been reviewed by Agency staff which has prepared its report dated December 14, 1998 (the "Staff Report") recommending Board approval subject to certain recommended terms and conditions; and

WHEREAS, Section 1.150-2 of the Treasury Regulations requires the Agency, as the issuer of tax-exempt bonds, to declare its reasonable official intent to reimburse prior expenditures for the Development with proceeds of a subsequent borrowing; and

WHEREAS, on August 17, 1998, the Executive Director has exercised the authority delegated to him/her under Resolution 94-10 to declare the official intent of the Agency to reimburse such prior expenditures for the Development; and

WHEREAS, based upon the recommendation of staff and due deliberation by the Board, the Board has determined that a final loan commitment be made for the Development,

NOW, THEREFORE, BE IT RESOLVED by the Board:

1. The Executive Director, or in his/her absence, either the Chief Deputy Director or the Director of Programs of the Agency is hereby authorized to execute and deliver a final commitment letter, subject to the recommended terms and conditions set forth in the CHFA Staff Report, in relation to the Development described above and as follows:

<u>PROJECT NO.</u>	<u>DEVELOPMENT NAME/ LOCALITY</u>	<u>NO. UNITS</u>	<u>MORTGAGE AMOUNT</u>
98-022-S	Detroit Street Apartments West Hollywood/Los Angeles	10	\$950,000

1 Resolution 99-05
2 Page 2

3
4 2. The Executive Director, or in his/her absence, either the Chief Deputy
5 Director or the Director of Programs of the Agency is hereby authorized to modify the
6 mortgage amount so stated in this resolution by an amount not to exceed seven percent
7 (7%) without further Board approval.

8 3. All other material modifications to the final commitment, including
9 changes in aggregate mortgage amount of more than seven percent (7%), must be
10 submitted to the Board for approval. "Material modifications" as used herein means
11 modifications which, in the discretion of the Executive Director, or in his/her absence,
12 either the Chief Deputy Director or the Director of Programs of the Agency, change
13 the legal, financial or public purpose aspects of the final commitment in a substantial
14 way.

15 I hereby certify that this is a true and correct copy of Resolution 99-05 adopted at a
16 duly constituted meeting of the Board of the Agency held on January 14, 1999, at
17 Millbrae, California.

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ATTEST: _____
Secretary

Executive Summary

Date: 21-Dec-98

Project Profile:

Project : Hillside Terrace Apts
Location: 1293 Hillside Blvd
City: Daly City,
County: San Mateo
Type: family

Borrower: TBD
GP: Human Investment Project
LP: TBD
Program: Tax Exempt
CHFA# : 98-017-N

Financing Summary

CHFA First Mortgage
 CHFA Bridge
 CHFA HAT
 Daly City Loan
 Deferred Developer Equity
 Tax Credits

	Final	Per Unit
	\$1,075,000	\$59,722
	\$0	\$0
	\$0	\$0
	\$754,000	\$41,889
	\$12,293	\$683
	\$330,000	\$18,333

Loan to Value 72.9%

Loan to Cost 49.5%

Unit Mix:

Type	Size	Number	AMI	Rent	Max Income
1 BR	680	2	50%	\$585	\$27,450
1 BR	680	5	60%	\$715	\$32,940
1 BR	680	2	Market	\$860	\$54,900
2 BR	900	1	Manager	\$860	N/A
2 BR	900	4	60%	\$860	\$37,050
2 BR	900	2	Market	\$1,000	\$61,750
2 BR	900	2	50%	\$700	\$30,875
		18			

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Project Profile	
Reserve Requirements	
Unit Mix and Income	
Source and Uses of Funds	9
Operating Budget	10
Project Cash Flows	11
Location Maps (area and site)	12

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CALIFORNIA HOUSING FINANCE AGENCY

Final Commitment

Project Name: Hillside Terrace Apartments

CHFA LN. # 98-017-N

SUMMARY:

This is a Final Commitment request for a first mortgage totaling **\$1,075,000**, amortized over thirty years. The project is Hillside Terrace Apartments, an 18 unit acquisition/rehabilitation project located in Daly City in San Mateo County.

LOAN TERMS:

1st Mortgage Amount: **\$1,075,000**

Interest Rate: 5.90%

Term: 30 year fixed, fully amortized

Financing: Tax-Exempt

LOCALITY INVOLVEMENT:

Leader	Loan Amount	Repayment Terms	Term	Interest Rate
Daly City HOME/CDBG Loan	\$754,000	residual receipts.	40	0.00%

PROJECT DESCRIPTION:

A. Site Design:

The site is zoned R-3, Multi-Family Residential and consists of two contiguous parcels containing a total of 11,466 square feet. Current zoning allows for four units for the first 2,500 square feet of land area and one unit for every 500 square feet of additional area. Current parking requirements are one space for studio units, 1.5 spaces for one bedroom units and 2 spaces for two-bedroom units. For the 11,466 square foot site, a maximum of 22 units is permitted. The maximum allowable building height limit is 36 feet.

Hillside Terrace was constructed prior to the current zoning regulations and has fewer units (**18**) than could have been constructed on the site. However, the project does not provide the current number of required parking spaces (**32**), therefore, the subject is considered a permitted non-conforming use.

B. Project Description:

The site is irregular in shape and slopes gently from the north to the south. The property is on the northwest corner of Hillside Boulevard and Hoffman Street. The existing wood frame three story apartment building was constructed in **1968** and contains approximately **14,490** net rentable square feet. The unit configuration is **9**, one-bedroom units and **9**, two-bedroom units. **All** units have one bathroom.

The exterior of the building has a stucco facade with some wood detailing. The building has a central courtyard with a landscaped walkway along the perimeter. The entrance to the apartment units is from exterior walkways which surround three sides of the courtyard. The first floor contains two apartment units as well as a laundry room and storage area. The storage area is accessed through a locked door at the northern side of the building and contains **18** storage lockers. Adjacent to the south is a concrete pad that has been stubbed out with an electrical and drain line. According to the current property owner, they had planned to improve the space for a laundry room or storage area. Currently there are no plans for improvement to the space. There **are** two stairways on either side of the entrance and the shed for the garbage is located at the northern rear of the property.

The second and third floors have an identical floor plan. Each floor has eight units that are accessed from the U shaped corridor. Four of the units are one-bedroom and four of the units are two-bedroom units. All units have wall to wall carpeting in the living room, hallway and bedroom. Linoleum tile or vinyl flooring is in the bathrooms and kitchens. The kitchens have standard electrical appliances including a refrigerator, dishwasher, garbage disposal, gas stove and stainless steel sink. The kitchen counters are ceramic tile.

The walls are painted and textured plaster or sheetrock and the windows are single-glazed sliding aluminum. According to the property owner, they recently installed a new **200** gallon hot water heater. The electrical system has circuit breakers. Each unit is separately metered for electricity and **gas** and the landlord provides the hot water. The building has fire sprinklers in the storage area but does not have fire sprinklers nor smoke detectors in the units. There is on-site parking for **18** vehicles, which is tucked under the second floor apartment units. Additional street parking is available on Hoffman and Linden **Streets**.

C. Rehabilitation Work And Improvements:

A termite report dated January **13, 1998** and performed by Western Exterminator Company has been reviewed by **CHFA**. The Building Analysis Report prepared by Chad

Hooker Property Services, Inc. on January **19, 1998** has also been received by CHFA. The scope of rehabilitation work ("rehab") is cosmetic, according to the developer. The borrower intends to replace the roof. Human Investment Project, Inc., ("HIP") a California nonprofit corporation will discuss with the roofer the adequacy of the roof budget. The current owner indicated that there has been a roof leak in one apartment which was repaired. The termite report mentions repeated moisture problems and water damage in many of the units and generally recommends that further test be completed. **Leaks** in the ceiling of two units were identified in both the Termite Report and Building Analysis reports. Both reports recommended replacement of the roofs, review of the structural members to determine the extent (if any) of water damage and dry rot and replacing the single pane windows. CHFA has also requested some destructive testing the walls of some of the units to determine if there is any water or structural damage.

HIP will also add an irrigation system for the landscaping and obtain a bid on the cost of hard wiring smoke detectors. **HIP** is also considering adding additional anchor bolts to the structural frames and will check the underground drainage. **A** maintenance shed will also be added.

To fully ascertain the required scope of work, a Physical Needs Assessment ("PNA") has been completed by Catherine Dolph on December **11, 1998** for the Agency. The PNA determined both the scope of work needed immediately and the amount needed as an Initial Replacement Reserve for work to be completed during the next five years. The total immediate rehabilitation work required is **\$199,915**. The rehab work encompasses replacement of the roof, termite work, landscaping, replacement of aluminum windows, structural upgrade of tuck-under carports, abatement of unit acoustical ceiling asbestos, and interior updating of unit kitchen and bathroom fixtures and appliances. The initial replacement reserve was estimated to be **\$122,923**.

D. Project Location:

The property is east of Interstate **280** and south of the slopes of the San Bruno Mountain. The northern border of the neighborhood is the base of the San Bruno Mountain and the eastern border is the City of Colma. The western border is Mission Street and the southern edge is El Camino Real. Most of the surrounding buildings were built from the **1920's** through the **1980's**.

Directly north of the project **are** single family homes, predominantly row houses that were constructed in the **1950's** and **1960's**. East of the project, across Hoffman Street is the Colma City Limits. The Olivet Memorial Park Cemetery is located directly east of the property which was recently in the news. Across the **street** from the project is a one story building and yard occupied by Shaughnessy Roofing Company. Other local commercial businesses include an iron works shop and a repair shop. Further west **are** average quality single family homes with front yards which were constructed in the **1970's**. To the west **are** other multi-family properties and a deli.

E. Market Overview:

The demand for residential uses in the project's neighborhood has increased substantially in the last year as renters move from escalating rents in San Francisco to more affordable areas like Daly City. Market rental rates in the Daly City area have increased by approximately \$100 per unit per month in the past year. Typical market rental rates for one-bedroom and two-bedroom units are from \$800 to **\$1,000** per month. These rents are more than **30%** higher than the rents allowed by CHFA.

Rent Differentials (Market vs. Restricted)

Rent Level	Project	Mkt. Rate Avg.	Difference	Percent
One bedroom				
50%	\$585	\$850	\$265	69%
60%	\$715		\$135	84%
Two Bedroom				
50%	\$700	\$1,000	\$300	70%
60%	\$860		\$140	86%

Estimated Lease-Up Period

The project has existing tenants and minimal disruption is contemplated to the tenants by rehabilitation. The market is currently strong and normal turnover is anticipated. The project is currently 100% occupied.

In summary, the rental market is healthy and with little new product built in recent years. The short and long term outlook for residential uses in these surrounding markets is expected to have a positive impact on the subject market as tenants are forced to seek space in secondary Peninsula locations such as the subject's location. The overall outlook for the rental market is therefore positive.

CUP**CTIONS**

CHFA: **20%** of the units (4) will be restricted to **50% or** less of median income.

TCAC: **78%** of the units (14) will be restricted to 60%or less of median income.

ENVIRONMENTAL:

A Phase I Environmental Report **was** prepared by Phase One Inc. dated September 1998. Throughout the project, material were identified that are suspected of containing asbestos. To mitigate this concern, a certified asbestos contractor will be used to encapsulate the

sprayed-on acoustical ceiling material, and to repair the damaged skimcoat/joint compound. In addition, in the future, an operations and maintenance plan will be implemented for asbestos monitoring. No other adverse environmental concerns were identified in the report. The seismic I is also pending from Dames & Moore. Any seismic issues over and above what has previously been determined already will be incorporated into the rehabilitation budget. This will be a condition of the final commitment.

ARTICLE 34:

A satisfactory opinion letter will **be** required prior to loan close.

DEVELOPMENT TEAM:

A. Borrower's profile

HIP was incorporated in 1972. HIP provides affordable housing opportunities for those who live, or wish to live, in San Mateo County with a special emphasis on serving those with special needs, including single-parent families, senior and the homeless. HIP also provides other resources and programs some of which **are**: Homesharing Help and Information which links people with housing to share with others; Homelessness Prevention which matches the homeless or near-homeless with low rent options or situations where services are provided in lieu of rent; Self-sufficiency for Single-Parents which provides single parents living in a HIP property subsidized rents and utilities while they continue their education or job training; and Home Equity Conversion Counseling for Seniors established in 1987 to provide information and counseling on ways seniors can turn their accumulated home value into cash and remain in their homes.

To date HIP has developed **8** projects with a total of 116 units. **Currently** HIP is the largest provider of affordable housing in **San** Mateo County. HIP has served over 25,000 people and now owns three group share residences and 21 apartment units.

B. Contractor

Preliminary cost estimates **are** based upon subcontractors involved with specific rehabilitation items.

C. Architect

No architect will **be** used on **this** project since **no** redesigning is required.

D. Management Agent

HIP will manage Hillside Terrace upon completion of Construction. HIP has been managing properties since **1985** when it became involved in the Lease-a-Home Program. HIP would lease properties on the open market and sublet them at **an** affordable price, to provide housing needs for people with special needs. Through its Property Development Program, HIP manages group share homes and apartment units which provide housing for low-income persons, single-parent families, homeless individuals and developmentally disabled adults. HIP currently manages nine rental projects with **134** units, including Edgewater, **a** project with CHFA financing.

Project Summary

Date: 21-Dec-98

Project Profil

Project : Hillside Terrace Apts
Location: 1293 Hillside Blvd
 Daly City,
City / Zip: San Mateo 94014
Borrower: TBD
GP: Human Investment Project
LP: TBD
Appraiser: Chris Carneghi
 Carneghi & Bautovich
Cap Rate: 8.25%
Market: \$ 1,450,000
Income: \$ 1,475,000
Final Value: \$ 1,475,000
LTC/LTV:
Loan / Cost 49.5%
Loan / Value 72.9%

Project Description:

Units 18
Handicap Units 0
Bldge Type Rehab
Buildings 1
Stories 3
Gross Sq Ft 14,490
land Sq Ft 11,466
Units/Acre 68
Total Parking 18
Covered Parking 18

Financing Summary:

CHFA First Mortgage
 CHFA Bridge
 CHFA HAT
 Daly City Loan
Tax Credit Equity
 Deferred Developer Fee

	Amount	Per Unit	Rate	Term
CHFA First Mortgage	\$1,075,000	\$59,722	5.90%	30
CHFA Bridge	\$0	\$0	0.009	
CHFA HAT	\$0	\$0	0.00%	
Daly City Loan	\$754,000	\$41,889	0.00%	40
Tax Credit Equity	\$330,000	\$18,333		
Deferred Developer Fee	\$12,293	\$683		

Unit Mix:

Type	Size	Number	AMI	Rent	Max Income
1 BR	680	2	50%	\$585	\$27,450
1 BR	680	5	60%	\$715	\$32,940
1 BR	680	2	Market	\$850	\$54,900
2 BR	900	1	Manager	\$860	N/A
2 BR	900	4	60%	\$860	\$37,050
2 BR	900	2	Market	\$1,000	\$61,750
2 BR	900	2	50%	\$700	\$30,875
		18			

Fees, Escrows and Reserves:

Escrows	Basis of Requirements	Amount	security
Commitment Fee	1.25% of Loan Amount	\$13,438	Cash
Finance Fee	1.25% of Loan Amount	\$13,438	Cash
Bond origination Guarantee	1.00% of Loan Amount	\$10,750	Letter of Credit
Rent Up Account	7.50% of Gross Income	\$12,860	Letter of Credit
Operating Expense Reserve	10.00% of Gross Income	\$17,147	Letter of Credit
Marketing	0.00% of Gross Income	\$0	Letter of Credit
Annual Replacement Reserve Deposit	\$541 per Unit	\$8,787	Operations
Initial Deposit to Repl. Reserve	\$0 Lump Sum	\$122,923	Cash

Sources and Uses**Hillside Terrace Apts****SOURCES:**

<i>Name of Lender / Source</i>	<i>Amount</i>	<i>% of total</i>	<i>\$ per sq ft</i>	<i>\$ per unit</i>
CHFA First Mortgage	1,075,000	49.51%	74.19	59,722
CHFA Bridge	0	0.00%	-	0
CHFA HAT	0	0.00%	-	0
City CDBG	0	0.00%	-	0
Daly City Loan	754,000	34.73%	52.04	41,889
Other Loans	0	0.00%	-	0
Total Institutional Financing	1,829,000	84.24%	126.22	101,611
Equity Financing				
Tax Credits	330,000	15.20%	22.77	18,333
Deferred Developer Equity	12,293	0.57%	0.85	683
Total Equity Financing	342,293	15.76%	23.62	19,016
TOTAL SOURCES	2,171,293	100.00%	149.85	120,627

USES:

Acquisition	1,526,164	70.29%	105.33	84,787
Rehabilitation	207,470	9.56%	14.32	11,526
New Construction	0	0.00%	-	0
Architectual Fees	7,000	0.32%	0.48	389
Survey and Engineering	14,350	0.66%	0.99	797
Const. Loan Interest & Fees	41,947	1.93%	2.89	2,330
Permanent Financing	36,725	1.69%	2.53	2,040
Legal Fees	10,000	0.46%	0.69	556
Reserves	152,930	7.04%	10.55	8,496
Contract Costs	8,500	0.39%	0.59	472
Construction Contingency	30,000	1.38%	2.07	1,667
Local Fees	0	0.00%	-	0
TCAC/Other Costs	26,207	1.21%	1.81	1,456
PROJECT COSTS	2,061,293	94.93%	142.26	114,516
Developer Overhead/Profit	85,000	3.91%	5.87	4,722
Consultant/Processing Agent	25,000	1.15%	1.73	1,389
TOTAL USES	2,171,293	100.00%	149.85	120,627

Annual Operating Budget**Hillside Terrace Apts**

% of total \$ per unit

INCOME:

Total Rental Income	169,740	99.0%	9,430
Laundry	1,728	1.0%	96
Other Income	0	0.0%	-
Commercial Retail	0	0.0%	-
Gross Potential Income (GPI)	171,468	100.0%	9,526

Less:

Vacancy Loss	8,573	5.0%	476
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Total Net Revenue	162,895	95.0%	9,050
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EXPENSES:

Payroll	14,161	9.1%	787
Administrative	14,416	9.28	801
Utilities	10,560	6.7%	587
Operating and Maintenance	13,770	8.8%	765
Insurance and Business Taxes	9,045	5.8%	503
Taxes and Assessments	9,221	5.9%	512
Reserve for Replacement Deposits	8,787	5.6%	488
Subtotal Operating Expenses	79,960	51.1%	4,442

Financial Expenses

Mortgage Payments (1st loan)	76,515	48.9%	4,251
Total Financial	76,518	48.9%	4,251

Total Project Expenses	156,474	100.0%	8,693
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CASH FLOW **HUDSDALE TOWNSHIP AP CHFA # 04-017-N**

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
RENTAL INCOME										
Market Rent Increase	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Market Rents	44,400	45,510	46,648	47,814	49,009	50,235	51,490	52,778	54,097	55,450
Affordable Rent Increase	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Affordable Rents	125,340	128,474	131,685	134,977	138,352	141,811	145,356	148,990	152,715	156,532
TOTAL RENTAL INCOME	169,740	173,984	178,333	182,791	187,361	192,045	196,846	201,768	206,812	211,982
OTHER INCOME										
Other Income Increase	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Laundry	1,720	1,771	1,815	1,861	1,907	1,955	2,004	2,054	2,105	2,158
Other Income	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
TOTAL OTHER INCOME	1,728	1,771	1,816	1,861	1,907	1,955	2,004	2,054	2,105	2,158
GROSS INCOME	171,468	175,755	180,149	184,652	189,269	194,000	198,850	203,822	208,917	214,140
Vacancy Rate - Market	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Vacancy Rate - Affordable	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Less: Vacancy Loss	8,573	8,788	9,007	9,233	9,463	9,700	9,943	10,191	10,446	10,707
EFFECTIVE GROSS INCOME	162,895	166,967	171,141	175,420	179,805	184,300	188,908	193,631	198,471	203,433

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
OPERATING EXPENSES										
Annual Expense Increase	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Expenses	61,952	64,430	67,007	69,687	72,475	75,374	78,389	81,524	84,785	88,177
Replacement Reserve	8,787	8,787	8,787	8,787	8,707	8,707	8,707	8,787	8,707	8,787
Annual Tax Increase	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Taxes and Assessments	9,221	9,405	9,594	9,785	9,981	10,181	10,384	10,592	10,804	11,020
TOTAL EXPENSES	79,960	82,622	85,388	88,260	91,243	94,341	97,560	100,903	104,376	107,984
NET OPERATING INCOME	82,935	84,345	85,754	87,160	88,562	89,959	91,348	92,727	94,095	95,449

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
DEBT SERVICE										
CHFA - 1st Mortgage	76,515	76,515	76,515	76,515	76,515	76,515	76,515	76,515	76,515	76,515
CHFA - Bridge Loan	0	0	0	0	0	0	0	0	0	0
CHFA - HAT Loan	0	0	0	0	0	0	0	0	0	0
CASH FLOW after debt service	6,420	7,830	9,239	10,645	12,048	13,444	14,833	16,213	17,581	18,935
DEBT COVERAGE RATIO	1.08	1.10	1.12	1.14	1.16	1.18	1.19	1.21	1.23	1.26

CASH FLOW

	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20
RENTAL INCOME										
Market Rent Increase	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Market Rent	56,836	58,257	59,713	61,206	62,736	64,304	65,912	67,560	69,249	70,980
Affordable Rent Increase	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Affordable Rents	160,446	164,457	168,568	172,783	177,102	181,530	186,068	190,720	195,488	200,375
TOTAL RENTAL INCOME	217,282	222,714	228,281	233,988	239,838	245,834	251,980	258,280	264,738	271,355
OTHER INCOME										
Other Income/Increase	2.50%	2 . m	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Laundry	2,212	2,267	2,324	2,382	2,442	2,503	2,565	2,629	2,695	2,762
Other Income	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
TOTAL OTHER INCOME	2,212	2,267	2,324	2,382	2,442	2,503	2,565	2,629	2,695	2,762
GROSS INCOME	219,494	224,981	230,605	236,371	242,280	248,337	254,545	260,909	267,432	274,117
Vacancy Rate : Market	6.00%	5.00%	5.00%	5.00%	5 . m	5.00%	5 . m	5.00%	5.00%	5 . m
Vacancy Rate : Affordable	6.00%	5.00%	5 . m	5 . m	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Less: Vacancy Loss	10,975	11,249	11,530	11,819	12,114	12,417	12,727	13,045	13,372	13,706
EFFECTIVE GROSS INCOME	208,519	213,732	219,075	224,552	230,166	235,920	241,818	247,863	254,060	260,412
OPERATING EXPENSES										
Annual Expense/Increase	4 . m	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Expenses	91,704	95,372	99,187	103,154	107,280	111,572	116,034	120,676	125,503	130,523
Replacement Reserve	8,787	8,787	8,787	8,787	8,787	8,787	8,787	8,787	8,787	0,787
Annual Tax Increase	2 . m	2.00%	2.00%	2 . m	2 . m	2.00%	2.00%	2.00%	2 . m	2.00%
Taxes and Assessments	11,240	11,465	11,694	11,928	12,167	12,410	12,658	12,912	13,170	13,433
TOTAL EXPENSES	111,731	115,624	119,668	123,870	128,234	132,769	137,480	142,374	147,460	152,743
NET OPERATING INCOME	96,788	98,108	99,407	100,682	101,932	103,151	104,338	105,499	106,600	107,668
DEBT SERVICE										
CHA - 1st Mo a ---	76,515	76,515	76,515	76,515	76,515	76,515	76,515	76,515	76,515	76,515
CHA - Bridge Loan										
CHA - HAT Loan	20,273	21,593	22,892	24,168	25,417	26,637	27,823	29,074	30,286	31,454
CASH FLOW after debt service	1,26	1,28	1,30	1,32	1,33	1,35	1,36	1,38	1,39	1,41
DEB? COVERAGE RATIO										

Cash Flow

	Year 21	Year 22	Year 23	Year 24	Year 25	Year 26	Year 27	Year 28	Year 29	Year 30
RENTAL INCOME										
Market Rent Increase	2,50%	2,50%	2,50%	2,50%	2,50%	2,50%	2,50%	2,50%	2,50%	2,50%
Market Rents	72,755	74,573	76,438	78,349	80,307	82,315	84,373	86,482	88,644	90,860
Affordable Rent Increase	2,50%	2,50%	2,50%	2,50%	2,50%	2,50%	2,50%	2,50%	2,50%	2,50%
Affordable Rents	205,384	210,519	215,782	221,176	226,706	232,373	238,183	244,137	250,241	256,497
TOTAL RENTAL INCOME	278,139	285,092	292,220	299,525	307,013	314,688	322,556	330,620	338,885	347,357

	Year 21	Year 22	Year 23	Year 24	Year 25	Year 26	Year 27	Year 28	Year 29	Year 30
OTHER INCOME										
Other Income Increase	2,50%	2,50%	2,50%	2,50%	2,50%	2,50%	2,50%	2,50%	2,50%	2,50%
Laundry	2,832	2,902	2,975	3,049	3,125	3,204	3,284	3,366	3,450	3,536
Other Income	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
TOTAL OTHER INCOME	2,832	2,902	2,975	3,049	3,125	3,204	3,284	3,366	3,450	3,536

GROSS INCOME	280,970	287,995	295,194	302,574	310,139	317,892	325,839	333,985	342,335	350,893
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Vacancy Rate - Market	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Vacancy Rate - Affordable	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Less: Vacancy Loss	14,049	14,400	14,760	15,129	15,507	15,895	16,292	16,699	17,117	17,545
EFFECTIVE GROSS INCOME	266,922	273,595	280,435	287,446	294,632	301,998	309,547	317,286	325,218	333,348

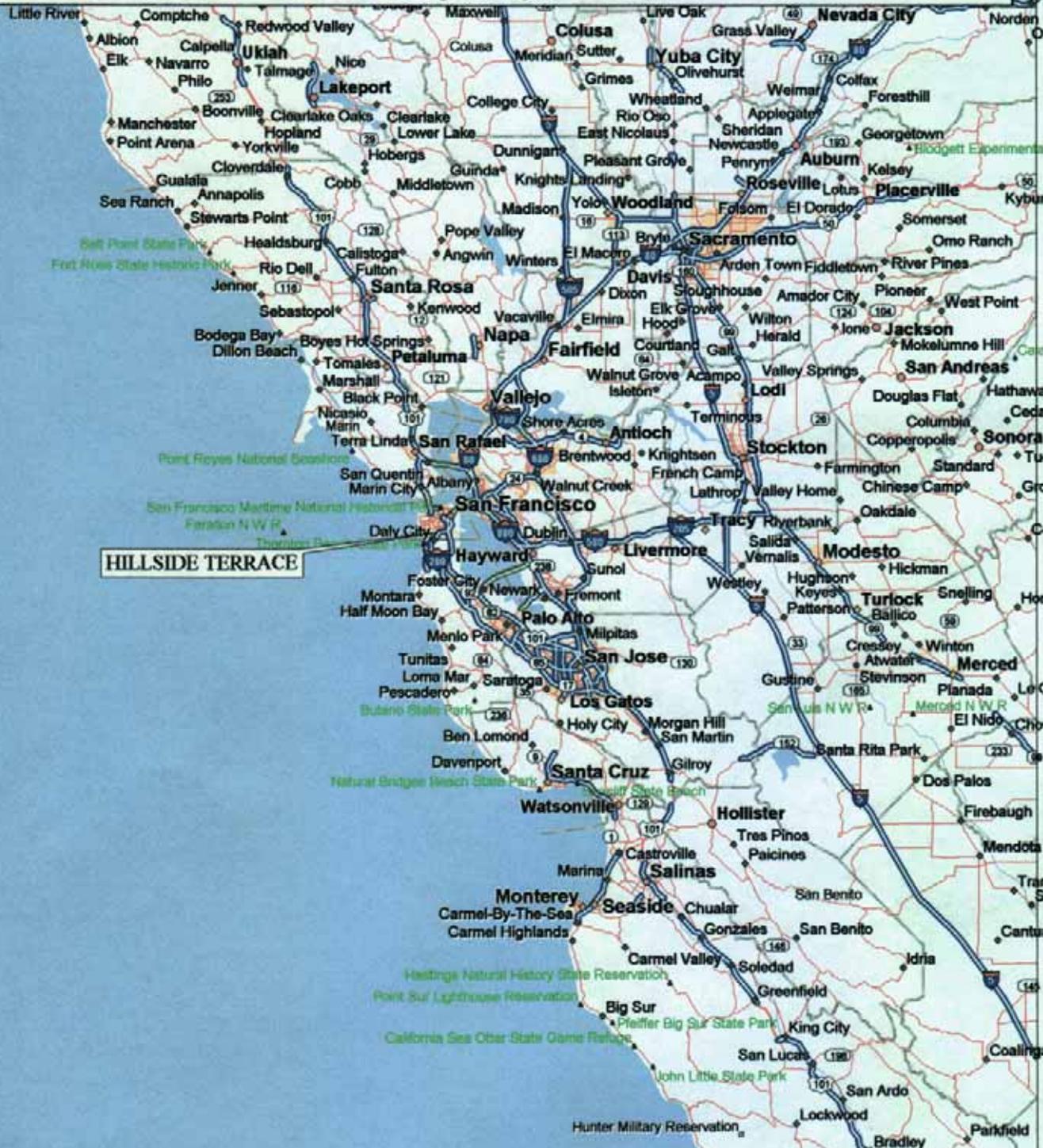
	Year 21	Year 22	Year 23	Year 24	Year 25	Year 26	Year 27	Year 28	Year 29	Year 30
OPERATING EXPENSES										
Annual Expense Increase	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Expenses	135,744	141,174	146,821	152,693	158,801	165,153	171,759	178,630	185,775	193,206
Replacement Reserve	8,787	8,787	8,781	8,787	8,787	8,787	8,787	8,787	8,787	8,787
Annual Tax Increase	2,00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Taxes and Assessments	13,702	13,976	14,255	14,541	14,831	15,128	15,431	15,739	16,054	16,375
TOTAL EXPENSES	158,233	163,937	169,863	176,021	182,420	189,088	196,977	203,156	210,616	218,368

NET OPERATING INCOME	108,689	109,658	110,572	111,425	112,212	112,929	113,571	114,190	114,602	114,981
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DEBT SERVICE										
CHFA - 1st Mortgage	76,515	76,515	76,515	76,515	76,515	76,515	76,515	76,515	76,515	76,515
CHFA - Bridge Loan										
CHFA - HAT Loan										
CASH FLOW after debt service	32,174	33,144	34,057	34,910	35,698	36,415	37,066	37,616	38,088	38,468
DEBT COVERAGE RATIO	1.42	1.43	1.45	1.46	1.47	1.48	1.48	1.49	1.50	1.50

Hillside Terrace - Daly City (REGIONAL)

902



HILLSIDE TERRACE

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Mag 8.00
 Tue Dec 15 13:58 1998
 Scale 1:2,000,000 (at center)
 20 Miles
 50 KM

- | | |
|---------------------------|-------------------|
| Major Road | Large City |
| Major Highway | Park/Reservation |
| Ferry | Mega City |
| Interstate/Limited Access | City |
| Toll Highway | Small Town |
| Point of Interest | County Boundary |
| County Seat | Population Center |
| State Capital | Land |



Hillside Terrace - Daly City(LOCAL)

904



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Mag 15.00
Tue Dec 15 13:36 1998
Scale 1:15,625 (at center)
1000 Feet
500 Meters

- | | |
|---------------------------|-------------------|
| Local Road | Small Town |
| Major Connector | Exit/Gas |
| State Route | Exit/Lodging |
| Interstate/Limited Access | Cemetery |
| Exit | State Park/Forest |
| Utility/Pipe | River/Canal |
| Railroad | |
| Point of Interest | |

RESOLUTION 99-06

RESOLUTION AUTHORIZING A FINAL LOAN COMMITMENT

WHEREAS, the California Housing Finance Agency (the "Agency") has received a loan application from Human Investment Project, Inc., a California nonprofit public benefit corporation, (the "Borrower"), seeking a loan commitment under the Agency's Tax Exempt Loan Program in the mortgage amount described herein, the proceeds of which are to be used to provide a mortgage loan for a development to be known as Hillside Terrace (the "Development"); and

WHEREAS, the loan application has been reviewed by Agency staff which has prepared its report dated December 21, 1998 (the "Staff Report") recommending Board approval subject to certain recommended terms and conditions; and

WHEREAS, Section 1.150-2 of the Treasury Regulations requires the Agency, as the issuer of tax-exempt bonds, to declare its reasonable official intent to reimburse prior expenditures for the Development with proceeds of a subsequent borrowing; and

WHEREAS, on August 17, 1998, the Executive Director has exercised the authority delegated to him/her under Resolution 94-10 to declare the official intent of the Agency to reimburse such prior expenditures for the Development; and

WHEREAS, based upon the recommendation of staff and due deliberation by the Board, the Board has determined that a final loan commitment be made for the Development,

NOW, THEREFORE, BE IT RESOLVED by the Board:

1. The Executive Director, or in his/her absence, either the Chief Deputy Director or the Director of Programs of the Agency is hereby authorized to execute and deliver a final commitment letter, subject to the recommended terms and conditions set forth in the CHFA Staff Report, in relation to the Development described above and as follows:

<u>PROJECT NO.</u>	<u>DEVELOPMENT NAME/ LOCALITY</u>	<u>NO. UNITS</u>	<u>MORTGAGE AMOUNT</u>
98-017-N	Hillside Terrace Daly City/San Mateo	18	\$1,075,000

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2. The Executive Director, or in his/her absence, either the Chief Deputy Director or the Director of Programs of the Agency is hereby authorized to modify the mortgage amount ~~so~~ stated in this resolution by ~~an~~ amount not to exceed seven percent (7%) without further Board approval.

3. All other material modifications to the final commitment, including changes in aggregate mortgage amount of more ~~than~~ seven percent (7%), must be submitted to the Board for approval. "Material modifications" ~~as~~ used herein means modifications which, in the discretion of the Executive Director, or in his/her absence, either the Chief Deputy Director or the Director of Programs of the Agency, change the legal, financial or public purpose aspects of the final commitment in a substantial way.

I hereby certify that this is a true and correct copy of Resolution 99-06 adopted at a duly constituted meeting of the Board of the Agency held on January 14, 1999, at Millbrae, California.

ATTEST: _____
Secretary

MEMORANDUM

Board of Directors

Date: December 22, 1998

From: G Richard Schermerhorn, Director of Programs
CALIFORNIA HOUSING FINANCE AGENCY

Subject: School Facility Fee Affordable Housing Assistance Programs

ACTION REQUESTED

This is to request approval for CHFA to administer the School Facility Fee Affordable Housing Assistance Programs contained in Chapter 9 of SB 50, Leroy F. Greene School Facilities Act of 1998.

BACKGROUND

SB 50, Leroy F. Green School Facilities Act of 1998, was passed by the legislature and approved by the Governor in August 1998. The bill became effective with the passage of Proposition 1A, the Class Size Reduction Kindergarten-University Public Education Facilities Bond Act of 1998 on the November 3, 1998, ballot.

Included in SB 50 is Chapter 9, School Facility Fee Affordable Housing Assistance Programs, containing three single family down payment assistance programs and a rental assistance program. It is intended that the programs address the needs of economically distressed areas in the state and the needs of very low, low, and moderate income homebuyers and renters who may be affected by the impact of school facility fees on the development of affordable housing.

PROGRAM DESCRIPTIONS

1. The Homebuyer Down Payment Assistance Program:

A. Homebuyer Down Payment Assistance for Distressed Areas:

This program would be available to homebuyer of an eligible residential structure in counties where the unemployment rate equals or exceeds **125%** of the state unemployment rate AND five hundred or more residential structures were constructed in that county during 1997.

B. Sales Price Limit Down Payment Assistance Program:

This program would be available for any eligible residential structure in the state where the sales price does not exceed **one** hundred ten thousand dollars (\$110,000).

C. First-Time Homebuyer Down Payment Assistance Program:

This program would be available to any qualified first-time homebuyer **meeting** very low or low income requirements **and purchasing** an eligible residential structure.

2. The Rental Assistance Program:

This program would provide assistance to the housing sponsor of a housing development by **reimbursing** the amount of the school facilities fee paid for the project, **and** the project dedicating a **determined** number of residential **units** to be available for at least **30** years to **tenants** with incomes **no** greater than **50%** of median income.

A more detailed description of the foregoing assistance programs, the qualification requirements, **and** the **funding** levels is attached.

One hundred **sixty** million dollars (\$160,000,000) has been appropriated **from** the General Fund for the foregoing programs to include administrative **costs**. The **funds** have been appropriated to **the** School Facilities Fee Assistance Fund, Department of General Services (DGS). DGS would **contract** with CHFA to **administer** all four programs.

RECOMMENDATION

Since CHFA's **primary** role is affordable housing lending **and since** CHFA has administered a number of **similar** programs over the **years**, we were asked by the legislature, the **administration** and the industry to participate in the development of these programs **and** to administer **the** programs. Following passage of both **SB 50** and Proposition 1A, we have drafted **program** policy **and procedures** which **has been** discussed with the **affected** **and** **interested** parties **and** we **are** prepared to proceed with implementation.

We recommend that the Board authorize **the** Agency to **contract** with the California Department of General Services to **administer** the School Facility Fee Affordable Housing **Assistance** Programs contained in Chapter 9 of **SB 50**; **and** authorize the Agency to **implement** **and administer** the Programs as described, **and, as my** **be** necessary, **to** modify by Agency **staff** from time to time such changes that may be **necessary** as long as those changes are consistent with Chapter 9, **SB 50** and the Agency's legal authority.

PROGRAM DESCRIPTION
PROPOSITION 1A (SB-50) SCHOOL FACILITY FEE
DOWN PAYMENT HOUSING ASSISTANCE PROGRAMS
(Single Family Programs)

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PROGRAM DESCRIPTION

The School Facility ~~Fee~~ Affordable Housing ~~Assistance~~ Programs will provide **\$108** million in downpayment assistance over four years to address the **needs** of economically distressed counties, very low and low-income first-time homebuyers, **and** other homebuyers affected by ~~the~~ impact of school facility fees paid pursuant to Proposition **1A**. CHFA will contract with the Department of General Services to administer ~~these~~ programs. CHFA **intends to** provide the downpayment assistance on a ~~first-come, first-serve~~ **basis** until the **W i n g** allocation for each program is expended. CHFA will provide downpayment **assistance** only once to an eligible homebuyer. ~~The~~ assistance will **be funded directly to escrow** for the acquisition of a ~~new~~ residential structure. Eligible homebuyers will **be** required to repay ~~the~~ assistance on a pro-rata **basis** if they **fail to owner-occupy** the residential structure for five years. ~~The~~ three housing assistance programs designated for single family homeownership will **be administered** by CHFA's Single Family Program unit.

1. HOMEBUYER DOWN PAYMENT ASSISTANCE FOR ECONOMICALLY DISTRESSED AREAS

This downpayment assistance program will provide **\$28** million over four years (**\$7** million **per year** over four years) to address the **needs** of homebuyers **in** economically distressed counties ~~affected~~ by the impact of school facility fees. Economically distressed counties have been defined **as** counties with an unemployment rate that **equals** or exceeds **125%** of the State unemployment rate **and** where **500** or more residential **structures** were **constructed** in **1997**. Eligible residential structures for **this** program **are** limited to development projects with building **permits issued** by ~~the~~ local agency on or after **January 1, 1999**, **and** with a maximum sales price not to exceed **175%** of the average median price for ~~the~~ period of **1993** through **1997** (investment or **rental** properties **are** excluded). CHFA will identify the list of eligible counties when the program is announced **and** at the beginning of **each fiscal** year thereafter during the duration of the program, using unemployment data from the previous year. The fiscal year runs from July **1** to June 30 of ~~the~~ following year.

Amount of Downpayment Assistance

~~The~~ downpayment ~~assistance~~ **W i n g** is **equal** to ~~the~~ total amount of School Facility Fees paid pursuant to Proposition **1A** by the developer for ~~the~~ eligible residential **structure**, less **\$1.93** per **square** foot (**based** on ~~the~~ number of **square** feet of the residential **structure**).

2. SALES PRICE LIMIT DOWN PAYMENT ASSISTANCE PROGRAM

This downpayment assistance **program** will provide **\$28** million (**\$7** million **per year** over four years) to meet ~~the~~ needs of homebuyers of **new** housing priced **\$110,000** or less that have been impacted by ~~the~~ affect of School Facility Fees. This program is available on a statewide

basis for newly constructed residential structures intended for owner-occupancy.

Amount of Downpayment Assistance

The assistance paid is equal to the total amount of School Facility Fees paid pursuant to Proposition 1A by the developer for the eligible residential structure, less \$1.93 per square foot (based on the number of square feet of the residential structure).

3. **FIRST-TIME HOMEBUYER DOWN PAYMENT ASSISTANCE PROGRAM**

This downpayment assistance program provides \$52 million (\$13 million per year for four years) to address the needs of very-low and low-income first-time homebuyers. This program is available on a statewide basis for newly constructed residential structures intended for owner-occupancy.

Amount of Downpayment Assistance

The assistance paid is equal to the total amount of School Facility Fees paid pursuant to Proposition 1A by the developer for the eligible residential structure.

PROGRAM FUNDING ALLOCATION

The total four year appropriation for the three single family downpayment assistance programs is \$108 million of the total \$160 million allocated to the School Facility Fee Affordable Housing Assistance Program under Proposition 1A. Per statutory requirement, CHFA will draw funds from the Department of General Services under a special agreement. CHFA will commence funding for the program on January 1, 1999. Appropriated funds will continue for the term of the program, except under the Homebuyer Downpayment Assistance For Economically Distressed Areas Program. Appropriated funds under this Program will be redistributed to the other two program if funds remain unexpended 18 months after each fiscal year allocation (18 months from July 1, except for the first year which commences on January 1, 1999).

SPECIAL DEFINITIONS AND NOTES:

- "Eligible residential structures" for all three downpayment assistance programs have been defined to include newly constructed single family detached homes, townhomes, and condominiums that have not been previously occupied and that have building permits issued after January 1, 1999. Single family (including condominiums and townhouses) rental units are ineligible.
- "First-time homebuyer" pursuant to Health and Safety Code Section 50068.5, means a person who is a purchaser of an owner-occupied unit who has not had an ownership interest in a principal residence during the preceding three-year period prior to closing of the acquisition loan for the unit.

For verification of this requirement, CHFA will follow the procedure and documentation employed in the Agency's MRB Single Family Program.

CHFA DOWNPAYMENT ASSISTANCE APPLICATION PROCESSING PROCEDURES

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Following are proposed CHFA general procedures for processing School Facility Fee Downpayment Assistance applications:

1. Potential homebuyers, builders, or the homebuyer's mortgage lender may request information on the School Facility Fee Downpayment Assistance program, and obtain a program application **and** document package for submission by calling a **special** CHFA 800 phone number for **this** program or by e-mail through **CHFA's** web page, at www.chfa.ca.gov.
2. Upon request, CHFA will mail **the** program application package for completion **and** return. CHFA will **require** each applicant **to** provide **the** following documentation:
 - A completed **CHFA** School Facility **Fee** Homebuyer Downpayment Assistance **Program** application;
 - A copy of the building **permit** issued on or after January **1**, 1999 with a copy of the certificate of compliance (if applicable), and/or other documentation that evidences **the amount** of school facility fees paid for the residential structure;
 - A copy of **personal** identification **and** proof of **U.S.** citizenship or qualified alien status in **accordance** with the Personal Responsibility **and** Work **Opportunity** Reconciliation Act of 1996 (PRWORA);
 - A copy of the purchase contract for price **confirmation** (**required** only for **Programs 1 and 2**);
 - Copies of the applicant's **federal tax** returns for **the** preceding three year **period** to determine the applicant's **first-time** homebuyer **status** (**required** only for Program **#3**); **and**
 - Documentation **to verify** the applicant's **annual** income for qualification purposes (**also** **required** only for **Program #3**).
3. **The** applicant **and/or** **their** lender will complete **and** submit the application with the required documentation, selecting **the** downpayment assistance program of **their** choice, subject **to** **their** eligibility. **The** applicant may apply for only **one** program **and** receive downpayment **assistance** only once.
4. Upon receipt of **the** application **and** required documentation, CHFA's staff
 - a. Will set up the file **and** input the application data into the CHFA computer tracking system;

- b. Review and confirm citizen/alien verification status and documents;
- c. Review the application, building permit and other required document to **confirm** Proposition 1A eligibility **and** the requested amount of assistance, and:

If Program #1: HOMEBUYER DOWNPAYMENT ASSISTANCE FOR ECONOMICALLY DISTRESSED AREAS

- Determine if property is located in **one** of the eligible economically distressed counties (consists of reviewing **the** application, building permit, **and** sales contract); **and**
- Review **the sales** contract to verify **the** price is **within** applicable county **maximum sales** price limit.

If Program #2: SALES PRICE RESTRICTED DOWNPAYMENT ASSISTANCE PROGRAM

- Review sales contract **to** verify **that** sales price is below \$110,000.

If Program #3: FIRST-TIME HOMEBUYER DOWNPAYMENT ASSISTANCE PROGRAM

- Review the income verification documents **and** calculate recipient income to determine income eligibility; **and**
 - Review **tax** returns to determine eligibility **as** a first-time buyer.
- d. Upon approval, Single Family Program staff will prepare **and** forward to **the** escrow or **title** company escrow **instructions**, **the** subordinate Downpayment Assistance lien agreement **document(s)** (**CHFA** prepared **document(s)** for execution by **the** recipient **requiring** repayment on a pro-rata basis if the applicant fails to **remain as an owner-occupant** during the required five-year period), **and** Downpayment Assistance **funds** for escrow closing; **and**
- e. After closing, **obtain the** original executed **CHFA** Downpayment Assistance lien **agreement document(s)** **and** a **copy** of **the** settlement statement.
- f. **The** Agency staff will take appropriate action to collect from the recipient homebuyers on the subordinate Downpayment Assistance lien agreement **document(s)** for **non-owner** occupancy when title transfers **are** affected during **the** required five **year** period.

Attachments

1. **EXAMPLE OF METHOD OF CALCULATIONS AND DATA SOURCE FOR DETERMINATION OF ECONOMICALLY DISTRESSED AREAS**

- e As a means of making a preliminary determination of eligible counties, CHFA used unemployment reports published by Employment Development Department (EDD) as the source of unemployment data. The unemployment figures were obtained for the last 12 months, then averaged. See the attached Addendum 1A, Monthly Labor Force Data for Counties, December 1997 - November 1998 (Revised) 1997 Benchmark, Not seasonally Adjusted Annualized Averages by Ranking. Thirty-two counties have been initially identified as exceeding 125% of the statewide unemployment average for this period.
- CHFA also used data obtained from the Construction Industry Research Board (CIRB) to identify counties with five hundred or more residential structures constructed in 1997. A copy of the Building Permit Summary for California Cities and Counties, Data for Calendar year 1997 was used and is attached for reference as Addendum 1B. Comparing the 32 counties preliminarily identified above against the counties with 500 or more residential structures completed in 1997, yielded a preliminary list of 12 eligible counties. See list below.
- e CHFA used the CIRB report for new home median prices for the period of 1993, 1994, 1995, 1996 and 1997 to establish the average median prices for the economically distressed areas. The average median prices were adjusted by 175% to establish the maximum price limits for this program. A copy of the CIRB report is attached as Addendum 1C.
- For purposes of illustration, based on the above referenced data, the following counties have been preliminarily determined as eligible counties with the applicable program price limits:

<u>County</u>	<u>Max. Price</u>	<u>County</u>	<u>Max. Price</u>
Butte	\$257,705	San Benito	\$351,750
Fresno	\$232,050	San Joaquin	\$280,035
Kern	\$216,055	Shasta	\$219,975
Kings	\$198,100	Stanislaus	\$214,655
Madera	\$189,980	Tulare	\$190,540
Merced	\$186,340		
Monterey	\$333,060		

- CHFA will make a final determination of eligible counties for this program prior to announcement of the program to the public. CHFA plans to update the list of eligible counties annually at the beginning of each fiscal year (using unemployment

figures from the preceding fiscal year (~~June through May~~) for the term of the program.

2. **FIRST-TIME HOMEBUYER DOWNPAYMENT ASSISTANCE PROGRAM INCOME LIMITS**

For ~~the~~ first-time homebuyer program, each applicant must meet ~~the~~ very-low or low-income requirement for this program pursuant to Health and Safety Code Sections 50105 which defines "very low-income households" and Section 50079.5 which defines "lower income households". CHFA intends to use the income limits for lower income as published annually by the Department of Housing and Community Development. A copy of the current applicable low-income limits adjusted for family-size (extracted from the 1998 HCD Income Limits published January 1998) are attached as Addendum 2A for purposes of illustration.

MONTHLY LABOR FORCE DATA FOR COUNTIES
 DECEMBER 1997 - NOVEMBER 1998 (Revised) 1997 Benchmark
 NOT SEASONALLY ADJUSTED
 ANNUALIZED AVERAGES BY RANKING

COUNTY	RANK	CIVILIAN LABOR FORCE	EMPLOYMENT	UNEMPLOYMENT NUMBER	UNEMPLOYMENT RATE
STATE TOTAL		16,244,667	15,286,258	958,408	5.90%
MARIN	1	133,350	130,217	3,133	2.35%
SAN MATEO	2	390,508	380,892	9,617	2.46%
ORANGE	3	1,414,008	1,372,867	41,142	2.91%
SANTA CLARA	4	958,792	928,633	30,158	3.15%
SONOMA	5	243,158	234,925	8,233	3.39%
SAN DIEGO	6	1,295,050	1,248,375	46,675	3.60%
CONTRA COSTA	7	478,000	460,617	17,383	3.64%
SAN FRANCISCO	8	415,983	400,658	15,325	3.68%
NAPA	9	61,242	58,783	2,458	4.01%
ALAMEDA	10	712,400	683,392	29,008	4.07%
SAN LUIS OBISPO	11	108,658	104,100	4,558	4.20%
PLACER	12	109,442	104,792	4,650	4.25%
SANTABARBARA	13	194,442	185,775	8,667	4.46%
EL DORADO	14	76,458	72,617	3,842	5.02%
SACRAMENTO	15	561,317	532,958	28,358	5.05%
YOLO	16	87,242	82,458	4,783	5.48%
SOLANO	17	183,483	173,283	10,200	5.56%
VENTURA	18	387,217	365,600	21,617	5.58%
AMADOR	19	13,148	12,414	734	5.58%
SAN BERNARDINO	20	732,475	691,575	40,900	5.58%
NEVADA	21	40,824	38,495	2,329	5.71%
LOS ANGELES	22	4,603,917	4,309,333	294,583	6.40%
RIVERSIDE	23	657,733	613,633	44,100	6.70%
SANTA CRUZ	24	146,883	136,467	10,417	7.09%
HUMBOLDT	25	61,275	56,875	4,400	7.18%
INYO	26	7,388	6,853	534	7.23%
TUOLUMNE	27	20,329	18,751	1,578	7.76%
MENDOCINO	28	42,294	38,961	3,333	7.88%
MONO	29	6,288	5,778	509	8.10%
MARIPOSA	30	6,488	5,955	533	8.21%
BUTTE	31	06,683	79,508	7,175	8.28%
CALAVERAS	32	14,219	12,964	1,255	8.83%
SHASTA	33	73,000	66,433	6,567	9.00%
TEHAMA	34	23,274	21,180	2,094	9.00%
ALPINE	35	510	463	48	9.31%
LASSEN	36	11,435	10,360	1,075	9.40%
LAKE	37	23,102	20,853	2,249	9.74%
PLUMAS	38	10,159	9,156	1,003	9.88%
DEL NORTE	39	10,233	9,194	1,039	10.15%
SAN BENITO	40	26,740	23,934	2,806	10.49%
SAN JOAQUIN	41	247,683	221,417	26,267	10.60%

MONTHLY LABOR FORCE DATA FOR COUNTIES
 DECEMBER 1997 - NOVEMBER 1998 (Revised) 1997 Benchmark
 NOT SEASONALLY ADJUSTED
 ANNUALIZED AVERAGES BY RANKING

COUNTY	RANK	CIVILIAN LABOR FORCE	EMPLOYMENT	UNEMPLOYMENT NUMBER	UNEMPLOYMENT RATE
MOMEREY	42	184,742	164,867	19,875	10.76%
MODOC	43	3,893	3,445	448	11.52%
SIERRA	44	1,658	1,466	193	11.61%
KERN	45	261,633	247,733	33,900	12.04%
STANISLAUS	46	205,025	180,183	24,842	12.12%
KINGS	47	49,888	43,838	6,050	12.13%
GLENN	48	11,341	9,912	1,429	12.60%
TRINITY	49	5,341	4,666	675	12.64%
SISKIYOU	50	18,131	15,828	2,303	12.70%
MADERA	51	52,128	45,423	6,705	12.86%
YUBA	52	21,617	18,792	2,825	13.07%
FRESNO	53	384,267	330,650	53,617	13.95%
MERCED	54	83,967	71,025	12,842	15.41%
SUTTER	55	35,858	30,325	5,533	15.43%
TULARE	56	163,283	137,908	25,375	15.54%
COLUSA	57	9,142	7,343	1,799	19.68%
IMPERIAL	58	55,950	41,442	14,508	25.93%

NEW SINGLE-FAMILY UNITS BY YEAR

COUNTY	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997
ALAMEDA	4225	4489	3417	3067	1633	1331	2337	2052	2352	2492	3102	4189
ALPINE	10	16	15	9	14	10	16	11	18	22	16	10
AMADOR	227	323	266	327	312	370	296	214	153	186	134	112
BUTTE	808	1053	1196	1461	1152	972	843	609	623	580	530	557
CALAVERAS	481	626	566	760	639	484	418	368	359	261	226	248
COLUSA	88	68	47	65	88	113	86	76	73	56	35	52
CONTRA COSTA	6295	5482	5876	5462	3132	2684	3279	3006	3680	3047	3137	3093
DEL NORTE	33	130	83	111	168	108	97	96	111	55	51	45
EL DORADO	1379	1680	2019	1995	1837	1478	1046	783	967	874	1106	1079
FRESNO	3105	3063	3245	4830	3871	3495	4158	3743	3712	3104	3052	2488
GLENN	72	78	50	38	84	102	109	78	74	42	78	100
HUMBOLDT	412	388	478	484	604	467	470	501	421	406	355	361
IMPERIAL	404	314	451	474	500	680	832	529	658	347	301	268
INYO	b6	47	31	bo	54	42	44	42	45	16	23	18
KERN	3061	3539	2864	3918	4492	3107	3851	3082	2672	2702	2393	2384
KINGS	763	448	312	514	519	468	570	530	659	654	569	556
LAKE	294	323	284	422	524	446	375	261	192	134	101	79
LASSEN	105	147	127	98	142	138	91	46	65	91	117	74
LOS ANGELES	17245	17191	18023	23794	8909	1319	6996	4375	4605	5400	5370	6788
MADERA	621	714	669	987	1364	1084	837	694	564	584	527	460
MARIN	579	888	1004	884	353	260	259	221	318	337	348	420
MARIPOSA	140	132	169	145	173	140	126	111	84	76	78	58
MENDOCINO	493	560	316	455	491	462	357	306	266	243	206	221
MERCED	865	812	955	1587	1061	798	1383	1087	1040	765	837	857
MODOC	12	12	9	15	8	17	16	11	10	10	7	7
MONO	40	108	128	113	139	74	75	54	65	56	50	74
MONTEREY	1076	1110	1084	1815	1027	705	627	756	1301	1116	1160	1358
NAPA	b69	518	859	884	652	419	313	291	382	299	228	350
NEVADA	1156	1019	1204	1115	1093	889	792	578	703	610	526	537
ORANGE	9812	9368	11514	8029	3352	3589	3582	4507	7565	5663	7070	8219
PLACER	2316	2539	3074	3314	2631	1445	1608	2006	2615	2441	2723	3011
PLUMAS	170	179	256	191	277	243	301	114	197	94	120	120
RIVERSIDE	14058	13899	29689	22010	12171	6976	7607	7012	7690	6803	7021	8678
SACRAMENTO	7806	6217	8193	10614	8442	4264	4830	4511	4562	3535	3593	3810
SAN BENITO	325	318	474	459	249	160	269	379	457	400	443	622
SAN BERNARDINO	18953	15063	14514	16251	11013	5969	5882	5354	4585	3852	4703	5124
SAN DIEGO	16585	15743	14749	10856	6621	5342	3762	4076	5247	4736	5816	8338
SAN FRANCISCO	139	155	157	147	161	1%	70	82	107	106	201	210
SAW JOAQUIN	1991	2030	3354	3864	2959	1912	2494	2545	2225	2156	2189	2166
SAN LUIS OBISPO	1%1	2098	2328	2356	1289	932	620	777	1011	917	1105	1261
SAN MATEO	1361	1310	1429	1085	636	503	342	421	599	717	673	922
SANTA BARBARA	1848	1234	1210	1386	872	693	537	495	561	605	695	546
SAWTA CLARA	3235	3078	3676	2548	1675	1663	1693	1822	2127	2199	4042	4367
SANTA CRUZ	730	869	826	724	3%	306	279	278	418	379	385	529
SHASTA	1130	1233	1130	1332	1855	1081	1048	1054	881	649	578	612
SIERRA	17	19	22	17	11	20	25	15	20	17	16	9
SISKIYOU	224	213	160	163	164	129	157	152	130	143	115	128
SOLANO	3519	2949	4572	5400	1763	1408	1609	1419	1380	946	1180	1456
SONOMA	3282	2832	3857	3657	2647	2048	1817	1687	2117	1605	1389	1783
STANISLAUS	4164	2894	4385	5123	3465	1452	2107	1835	1409	1307	1329	1408
SUTTER	321	368	239	551	756	518	677	604	459	418	279	218
TEHAMA	203	209	126	189	311	259	225	226	229	170	142	93
TRINITY	77	70	56	80	63	66	64	46	54	36	30	31
TULARE	1386	1370	1298	1533	1893	1680	1736	1539	1734	1399	1341	1200
TUOLUMNE	734	465	543	644	705	398	357	247	222	182	154	164
VENTURA	5047	3288	3675	3347	1360	1047	1166	1166	1649	1954	2130	2071
YOLO	561	699	805	702	708	550	373	723	547	583	680	704
YUBA	115	141	109	150	339	299	251	278	146	112	118	137
	146569	136128	162167	162651	103819	73809	76187	69901	77115	68689	74923	84780

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ADDENDUM 1C

NEW-HOME PRICES, SIZES AND PRICE CHANGE, 1995, 1996 and 1997
CALIFORNIA AND SELECTED COUNTIES

MEDIAN PRICES AND SIZES

	1995 SALES		1996 SALES		1997 SALES		PRICE CHANGE 1995-96-1996-97 + T.T.%
	Median Price	Liv. Area (Sq. Ft.)	Median Price	Liv. Area (Sq. Ft.)	Median Price	Liv. Area (Sq. Ft.)	
CALIFORNIA	\$187,900	1,845	\$189,900	1,840	\$199,000	1,895	+ 4.8%
SELECTED COUNTIES							
ALAMEDA	\$293,000	2,121	\$287,800	2,130	\$303,500	2,095	- 1.6%
BUTTE	\$139,300	1,705	\$146,000	1,735	\$155,700	1,755	+ 4.0%
CONTRA COSTA	\$243,000	1,980	\$260,500	2,040	\$250,000	2,010	+ 7.2%
EL DORADO	\$212,000	2,240	\$229,000	2,390	\$245,000	2,520	+ 8.0%
FRESNO	\$132,500	1,775	\$125,000	1,670	\$118,000	1,610	+ 5.7%
HUMBOLDT	\$132,000	1,530	\$137,900	1,605	\$140,000	1,590	+ 4.5%
IMPERIAL	\$123,500	1,645	\$125,000	1,640	\$121,000	1,565	+ 1.2%
KERN	\$106,500	1,505	\$111,700	1,550	\$109,500	1,480	- 6.7%
KINGS	\$123,000	1,660	\$117,500	1,550	\$139,000	1,675	+ 4.9%
LAKE	\$222,000	1,920	\$230,000	2,020	\$257,000	2,100	+ 6.5%
LOS ANGELES	\$121,200	1,640	\$93,100	1,350	\$112,500	1,670	+ 3.6%
MADERA	\$459,000	2,845	\$447,500	2,310	\$526,700	2,465	-23.2%
MARIN	\$111,000	1,405	\$100,400	1,325	\$105,500	1,470	- 2.5%
MERCED	\$172,000	1,570	\$190,000	1,690	\$210,200	1,790	+ 9.5%
MONTREY	\$260,000	1,955	\$232,500	1,860	\$224,500	1,600	+10.5%
MAPA	\$205,500	1,795	\$193,000	1,700	\$183,300	1,975	- 6.1%
NEVADA	\$245,000	2,020	\$238,000	2,020	\$249,700	2,070	+ 2.9%
ORANGE	\$188,700	2,025	\$199,500	2,015	\$191,800	1,965	+ 5.7%
PLACER	\$150,800	1,915	\$148,500	1,810	\$152,200	1,885	+ 1.9%
RIVERSIDE	\$154,500	1,915	\$152,500	1,815	\$159,400	1,810	+ 1.3%
SACRAMENTO	\$186,500	1,690	\$197,000	1,880	\$218,000	1,920	+ 5.6%
SAN BENITO	\$145,000	1,860	\$143,000	1,975	\$159,000	2,015	+ 1.4%
SAV BERNARDINO	\$225,400	2,080	\$230,000	2,070	\$235,900	2,130	+ 2.0%
SAM DIEGO	\$232,500	1,230	\$245,000	1,215	\$276,000	1,330	+ 5.4%
SAN FRANCISCO	\$161,000	1,800	\$159,500	1,815	\$160,500	1,840	+ 0.9%
SAV JOAQUIN	\$174,900	1,616	\$183,000	1,695	\$186,000	1,640	+ 4.6%
SAM JUIS OBISPO	\$337,400	1,875	\$295,300	1,630	\$410,000	1,975	-12.5%
SAM MATEO	\$155,000	1,565	\$159,000	1,640	\$191,700	1,685	+ 2.6%
SANTA BARBARA	\$292,500	1,825	\$160,27	1,920	\$364,500	2,030	+ 9.4%
SANTA CLARA	\$260,200	1,605	\$272,200	1,620	\$303,200	1,800	+ 4.6%
SANTA CRUZ	\$132,500	1,570	\$129,500	1,625	\$126,000	1,565	+ 2.3%
SHASTA	\$180,000	1,840	\$204,000	2,105	\$194,000	2,010	+13.3%
SOLANO	\$195,700	1,595	\$220,000	1,750	\$237,000	1,730	+12.4%
SONOMA	\$124,200	1,550	\$118,300	1,530	\$122,500	1,545	+ 7.7%
STANISLAUS	\$125,000	1,810	\$121,500	1,845	\$117,000	1,650	- 4.8%
SUTTER	\$109,600	1,515	\$106,400	1,445	\$108,400	1,440	- 2.8%
TULARE	\$245,200	1,990	\$253,000	2,160	\$245,000	1,985	+ 3.2%
VENTURA	\$172,000	1,735	\$167,500	1,815	\$165,000	1,835	- 2.6%
YOLO							- 1.5%

Prepared by Construction Industry Research Board using samples of new-home sales, including condominiums, reported to the California Market Data Cooperative. (1995 sample size = 6,611; 1996 sample size = 6,841; 1997 sample size = 7,300).

TABLE 5-B
NEW-HOME PRICES, SIZES AND PRICE CHANGE, 1992, 1993 and 1994
CALIFORNIA AND SELECTED COUNTIES

B. MEDIAN PRICES AND SIZES

	1992 SALES		1993 SALES		1994 SALES		PRICE CHANGE	
	Median Price	Liv. Area (Sq. Ft.)	Median Price	Liv. Area (Sq. Ft.)	Median Price	Liv. Area (Sq. Ft.)	1992-93	1993-94
CALIFORNIA	\$106,000	1,853	\$182,000	1,835	\$187,500	1,840	- 2.2%	+ 3.0%
SELECTED COUNTIES								
Alameda	\$292,900	2,110	\$282,500	1,960	\$277,500	1,930	- 3.4%	- 1.8%
Butte	\$162,000	1,750	\$148,000	1,775	\$147,300	1,725	+ 4.2%	- 0.5%
Contra Costa	\$223,800	2,020	1226,000	2,040	\$216,400	1,970	+ 1.1%	- 4.2%
El Dorado	\$230,000	2,385	\$216,000	2,095	\$207,500	2,130	- 6.1%	- 3.9%
Fresno	\$140,500	1,870	\$145,000	1,890	\$142,500	1,890	+ 3.2%	- 1.7%
Humboldt	\$122,000	1,525	\$114,900	1,395	\$123,500	1,455	- 5.8%	7.5%
Imperial	\$110,500	1,550	\$120,000	1,615	6130,000	1,635	+ 8.6%	8.3%
Kern	\$133,000	1,830	\$129,000	1,730	\$126,300	1,730	- 6.0%	1.0%
Kings	\$117,500	1,690	\$121,400	1,660	\$117,000	1,523	+ 3.3%	3.6%
Lake	\$120,000	1,540	\$118,000	1,530	\$124,000	1,595	- 1.7%	+ 5.1%
Los Angeles	\$250,500	1,775	\$233,500	1,865	\$233,000	1,920	+ 1.3%	- 0.2%
Nadera	\$126,000	1,770	\$105,000	1,530	\$111,000	1,540	- 16.7%	+ 5.7%
Narin	\$116,500	1,540	\$410,500	2,515	\$426,800	2,355	- 4.6%	+ 4.0%
Merced	\$201,000	1,825	\$107,000	1,440	\$108,500	1,420	- 8.2%	+ 1.4%
Monterey	\$234,500	1,790	\$220,000	1,800	\$240,000	1,630	- 6.6%	2.0%
Napa	\$193,700	1,730	\$181,500	1,715	\$191,000	1,835	- 6.2%	+ 9.1%
Nevada	\$261,200	2,090	\$245,000	2,085	\$254,500	2,140	- 6.2%	+ 3.8%
Orange	\$195,500	2,035	\$183,700	1,915	\$188,000	2,030	- 5.1%	+ 2.3%
Placer	\$160,000	2,010	\$150,000	1,905	\$151,500	1,875	+ 8.0%	+ 1.0%
Riverside	\$155,000	1,730	\$158,400	1,760	\$160,000	1,780	+ 2.31	+ 0.9%
Sacramento	\$204,300	1,845	\$195,000	1,740	\$208,500	1,815	- 4.61	+ 6.9%
San Benito	\$181,000	1,935	\$168,500	1,930	\$161,000	1,875	- 6.9%	- 4.5%
San Bernardino	\$228,000	2,020	\$225,000	2,055	\$221,600	2,040	- 0.0%	- 1.5%
San Diego	\$235,000	1,010	\$215,000	1,170	\$225,000	1,080	- 8.5%	+ 4.7%
San Francisco	\$162,300	1,765	\$161,700	1,670	\$157,400	1,665	- 0.4%	- 2.1%
San Joaquin	\$205,000	1,800	\$195,000	1,790	\$179,900	1,650	- 4.9%	- 7.7%
San Luis Obispo	\$322,000	1,885	\$332,500	1,960	\$380,000	2,205	+ 9.5%	+ 7.8%
San Mateo	\$190,000	1,620	\$153,500	1,530	\$152,800	1,630	- 19.2%	- 0.5%
Santa Barbara	\$276,000	1,770	\$288,000	1,810	\$280,000	1,785	+ 3.6%	- 2.8%
Santa Clara	\$126,500	1,695	\$248,500	1,585	\$229,500	1,495	- 6.2%	- 7.6%
Santa Cruz	\$199,900	2,030	\$196,800	1,965	\$187,700	1,880	- 1.6%	- 4.6%
Shasta	\$232,900	1,980	\$219,200	1,906	\$213,000	1,810	- 5.9%	- 2.8%
Solano	\$122,900	1,455	\$125,000	1,495	\$123,500	1,500	+ 1.111	+ 1.4%
Sonoma	\$136,000	1,755	\$130,000	1,710	\$126,500	1,650	- 5.8%	- 2.7%
Stanislaus	\$110,000	1,520	\$72,37	\$110,000	\$110,000	1,515	- 0.0%	0.0%
Sutter	\$285,000	2,150	\$257,000	2,075	\$246,000	2,010	- 9.8%	- 4.3%
Ventura	\$210,000	1,090	\$216,400	1,995	\$170,000	1,660	+ 3.0%	- 21.4%
Yolo					\$101,90			

Prepared by Construction Industry Research Board using samples of new-home sales, including condominiums, reported to the California Market Data Cooperative. February 1995. (1992 sample size = 10,022; 1993 sample size = 8,326; 1994 sample size = 8,916).

ADDENDUM 2A

**FIRST-TIME HOMEBUYER DOWNPAYMENT HOUSING ASSISTANCE
PROGRAM INCOME LIMITS**

COUNTY	NUMBER OF PERSONS IN FAMILY							
	1	2	3	4	5	6	7	8
Alameda	31700	36250	40750	45300	48900	52550	56150	59800
Alpine	20650	23600	26550	29500	31900	34250	36600	38950
Amador	23800	27200	30600	34000	36700	39450	42150	44900
Butte	20450	23350	26300	29200	31550	33850	36200	38550
Calaveras	20500	23400	26350	29300	31600	33950	36300	38650
Colusa	20450	23350	26300	29200	31550	33850	36200	38550
Contra Costa	31700	36250	40750	45300	48900	52550	56150	59800
Del Norte	20450	23350	26300	29200	31550	33850	36200	38550
El Dorado	28800	32900	37000	41100	44400	47700	51000	54300
Fresno	20450	23350	26300	29200	31550	33850	36200	38550
Glenn	20450	23350	26300	29200	31550	33850	36200	38550
Humboldt	20450	23350	26300	29200	31550	33850	36200	38550
Imperial	20450	23350	26300	29200	31550	33850	36200	38550
Inyo	22000	25150	28300	31450	33950	36450	39000	41500
Kern	21650	24750	27850	30950	33450	35900	38400	40850
Kings	20450	23350	26300	29200	31550	33850	36200	38550
Lake	20450	23350	26300	29200	31550	33850	36200	38550
Lassen	22000	25150	28300	31450	33950	36450	39000	41500
Los Angeles	28750	32850	36950	41050	44300	47600	50900	54150
Madera	20450	23350	26300	29200	31550	33850	36200	38550
Marin	32200	36800	41400	46000	49700	53350	57050	60700
Mariposa	20550	23500	26400	29350	31700	34050	36400	38750
Mendocino	21150	24200	27200	30250	32650	35100	37500	39900
Merced	20450	23350	26300	29200	31550	33850	36200	38550
Modoc	20450	23350	26300	29200	31550	33850	36200	38550
Mono	23900	27350	30750	34150	36900	39600	42350	45100
Monterey	27000	30850	34700	38550	41650	44750	47800	50900
Napa	29000	33150	37300	41450	44750	48050	51400	54700
Nevada	25300	28950	32550	36150	39050	41950	44850	47750
Orange	31700	36250	40750	45300	48900	52550	56150	59800
Placer	28800	32900	37000	41100	44400	47700	51000	54300
Plumas	20550	23500	26400	29350	31700	34050	36400	38750
Riverside	26050	29750	33500	37200	40150	43150	46150	49100
Sacramento	28800	32900	37000	41100	44400	47700	51000	54300
San Benito	27200	31100	35000	38900	42000	45100	48200	51300
San Bernardino	26050	29750	33500	37200	40150	43150	46150	49100

COUNTY	NUMBER OF PERSONS IN FAMILY							
	1	2	3	4	5	6	7	8
San Diego	28450	32500	36600	40650	43900	47150	50400	53650
San Francisco	32200	36800	41400	46000	49700	53350	57050	60700
San Joaquin	24450	27950	31450	34950	37750	40550	43350	46150
San Luis Obispo	25850	29550	33250	36950	39900	42850	45850	48800
San Mateo	32200	36800	41400	46000	49700	53350	57050	60700
Santa Barbara	28800	32900	37000	41100	44400	47700	51000	54300
Santa Clara	32200	36800	41400	46000	49700	53350	57050	60700
Santa Cruz	32150	36750	41350	45900	49600	53250	56950	60600
Shasta	20800	23750	26700	29700	32050	34450	36800	39200
Sierra	21850	24,950	28100	31200	33700	36200	38700	41200
Siskiyou	20450	23350	26300	29200	31550	33850	36200	38550
Solano	29000	33150	37300	41450	44750	48050	51400	54700
Sonoma	30400	34750	39100	43450	46900	50400	53850	57350
Stanislaus	23750	27150	30550	33900	36650	39350	42050	44750
Sutter	20450	23350	26300	29200	31550	33850	36200	38550
Tehama	20450	23350	26300	29200	31550	33850	36200	38550
Trinity	20450	23350	26300	29200	31550	33850	36200	38550
Tulare	20450	23350	26300	29200	31550	33850	36200	38550
Tuolumne	21950	25100	28200	31350	33850	36400	38900	41400
Ventura	31700	36250	40750	45300	48900	52550	56150	59800
Yolo	29400	33600	37800	42000	45350	48700	52100	55450
Yuba	20450	23350	26300	29200	31550	33850	36200	38550

**PROPOSITION 1A SCHOOL FACILITY FEE
AFFORDABLE HOUSING ASSISTANCE PROGRAM**

924

**RENTAL ASSISTANCE PROGRAM
(for Rental Housing Developments)**

PROGRAM DESCRIPTION

The School Fees Rental Assistance Program ("**SFRAP**") provides reimbursement of school facility fees paid by the sponsors or developers of rental housing developments that agree to the **terms** of a Regulatory Agreement that restrict rents and occupancy of a portion of the **units** to very-low income households for a period of at least **thirty** years.

The **SFRAP** will be funded by the Department of General Services with **\$13** million dollars per year for four years, beginning January **1, 1999**. Approved school facility fee reimbursements will be made on a first-come, first-served basis.

ADMINISTRATIVE REQUIREMENTS

- The rental housing development must be located within the State of California; and
- The building permit for the rental housing development must have been issued on or after January **1, 1999**; and
- The rental housing development costs include school facility fees that **are** paid prior to or concurrent with permanent loan funding; and
- The Applicant agrees to the recordation of a Regulatory Agreement restricting occupancy to eligible tenants for a period of thirty years.

SCHOOL FEES RENTAL ASSISTANCE PROGRAM DEFINITIONS:

- "Rental Housing Development" refers to any rental housing project with five or more units.
- "Applicant" refers to the sponsor/developer **who** is the legal owner of record of the rental housing development.
- "School Facility Fee" shall mean any school related fees, taxes or assessments imposed by a locality, school district, or Community Facility District (CFD) against the rental housing development.

925 ● "Total Development Costs" are the sum of all normal and customary development costs associated with the rental housing development, excluding costs of syndication and/or commercial space.

- "Dedicated Units" refers to the number of regulated units restricted to occupancy by Very-Low Income Households. The Dedicated Units shall be occupied by, or reserved for occupancy by, very-low income households **as** designated by the Applicant and shall **be** of comparable quality to all other dwelling units in **the** Development.

The number of Dedicated Units will **be** determined by **1)** dividing the average cost per square foot of the Rental Housing Development into the School Facility **Fees to be** reimbursed, to produce a "total dedicated square foot value" and **2)** allow **the** Applicant to select the number of dedicated units whose combined square footage equals or **exceeds** the total dedicated square foot value derived in **1)** above.

- "Very-Low Income Households" for the purposes of **this** Program shall be eligible tenant households earning a maximum of fifty percent (**50%**) of the county median income adjusted for household **size**, **as** published by HUD annually.
- "Regulated Rents" shall be imposed on Dedicated Units and shall not exceed one-twelfth (1/12th) of thirty percent (**30%**), of thirty percent (**30%**) of area median income with adjustments for household **size** appropriate for the **size** unit (assuming one person in a studio unit, two people **in** a one bedroom unit and one additional person per additional bedroom). Gross rent shall include any utility allowance **as** determined by the local Housing Authority per Section **8** of the United States Housing Act of **1937**. Rents **can** increase annually based on the change in county median income as published annually **by** HUD.
- "Eligible Tenants" shall mean tenants who meet The Personal Responsibility and Work Opportunity Reconciliation Act of **1996** (PRWORA) which limits federal, state and local public benefits to U.S. citizens, nationals and qualified aliens. (The School Facility Fee Affordable Housing Assistance Program has been determined **to be** a state public benefit and therefore subject to PRWORA.)
- "Regulatory Agreement" shall **be** the agreement recorded against the subject property. The Regulatory Agreement shall specify the number **and** bedroom count of the Dedicated Units and specify how certifications **are to be** made to CHFA **annually** for a **period** of thirty years.
- "Certifications" shall mean the certifications made annually by the Applicant or their authorized management agent, per the **terms** of the Regulatory Agreement and shall include the submittal of **a** CHFA Form **1** "Statement of Citizenship, Alienage, and Immigration Status for State Public Benefits", **a** copy of each eligible tenants picture identification, and a management agent certification confirming verification of the documented evidence to **confirm** the tenants status for each dedicated unit.

SUBMISSION REQUIREMENTS

Application for funds under the SFRAP will be accepted on a first come, first served basis. In order to obtain a reservation of funds for the reimbursement of eligible School Facility Fees the Applicant must submit **ALL** of the following documentation to CHFA prior to the Rental Housing Developments permanent loan closing:

- A complete SFRAP Application requesting a reservation **and** commitment of funds; and
- A copy of the Building Permit dated on or after January 1, 1999; **and**
- A plot plan for **the** proposed rental housing development; and
- A construction or permanent lenders project specific funding commitment letter; and
- **An** approved construction or permanent lenders itemized total development budget for the rental housing development; and
- **An** itemized permanent funding Sources and **Uses** of Funds; and
- Evidence of the total cost of School Facility Fees assessed the rental housing development, along with evidence of payment in full of such fees or evidence of a fee deferral agreement with the locality or school district (along with a Demand for Payment from the appropriate Authority submitted to escrow at permanent loan closing); or
- If the project is in a **Mello-Roos** District or CFD, an itemized **summary** of the lump-sum prepayment cost of School Facility Fees levied against the rental housing development that have been paid or are to be paid in full at permanent loan close (along with a Demand for Payment from the appropriate Authority submitted to escrow at permanent loan closing); and
- For projects that have **100%** of the units rent restricted; provide a **summary** of the units and their restricted rents (prior to consideration of the SFRAP rent restricted units); and
- A proposal for which units should be dedicated as SFRAP units; and

Upon acceptance by the Agency of a substantially completed SFRAP application, a reservation of **funds can** be made **on** a first **come**, first served basis. Assuming funding availability, CHFA will calculate the number of required Dedicated **Units**; determine which units shall be rent restricted; and provide the Applicant with a **Fee** Reimbursement Commitment Letter which **outlines** the terms of the funding commitment **and** provides a sample of **the** Regulatory Agreement.

NOTE: Once available SFRAP funds have been committed in any given year, subsequent applications shall be date **stamped and** kept by CHFA until future SFRAP funds become available. Eligible **fee** reimbursements will be disbursed through escrow, **concurrent** with the funding of the permanent first mortgage **and** recordation of a SFRAP Regulatory Agreement.

Questions regarding the School Fees Rental Assistance Program should be directed to CHFA's Multifamily Lending Division, 1121 "L" Street, Ste. 207, Sacramento, CA 95814.

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RESOLUTION 99-09

PROPOSITION 1A DOWN PAYMENT ASSISTANCE PROGRAM

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5 WHEREAS, Proposition 1A (Senate Bill **50**, Leroy **F.** Greene School Facilities Act
6 of 1998), which was approved by the voters in the General Election of November 3, 1998,
7 adding Chapter **9** to Division 31 of the Health & Safety Code of the State of California,
8 commencing with Section 51450 (the "Prop-1A"), created programs to reimburse
9 homebuyers and **sponsors** of rental housing certain school facilities fees paid pursuant to
10 Prop-1A; **and**

11 WHEREAS, monies to fund Prop-1A programs were appropriated by Chapter **407**,
12 Statutes of 1998, contingent on voter approval of Prop-1A; and

13 WHEREAS, Pursuant to Prop-1A the California Department of General Services
14 (the "DGS") is required to contract with the Agency to administer the programs authorized
15 pursuant to Chapter **9**; and

16 WHEREAS, The Agency is authorized to collect reimbursement for its costs and
17 expenses in implementing and administering the programs from the appropriated funds; and

18 WHEREAS, the Agency has determined that it is in the public interest for the
19 Agency to contract with **DGS** to administer the Chapter **9** programs (collectively, the
20 "Programs"); and

21 WHEREAS, pursuant to Pan 3, Division 31 of the Health and Safety Code of the
22 State of California the Agency has authority to enter into agreements with other
23 governmental agencies for the exercise of its powers and functions, including the
24 implementation and administration of Programs under Chapter 9; and

25 WHEREAS, the Agency **has** designed the details for the Programs consistent with
26 Chapter **9**, which Programs, descriptions **are** attached hereto and incorporated herein by this
27 reference **as** if fully set out herein,

NOW, THEREFORE, BE IT **RESOLVED** by **the** Board of Directors of the Agency
as follows:

1. The Agency is authorized to contract with DGS to administer the Programs as
set out in the attached descriptions.

2. The Agency is authorized to implement and administer the Programs as
described, and, **as** may be necessary, to modify by Agency staff from time to time, **so** long
as such changes, if any, are consistent with Chapter **9** and the Agency's legal authority.

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Resolution 99-09
Page 2

3. The Agency is authorized to collect reimbursement for its costs and expenses in implementing and administering the Programs from the appropriated Prop-1A funds.

I hereby certify that this is a true and correct copy of Resolution 99-09 adopted at a duly constituted meeting of the Board of Directors of the Agency held on January 14, 1999, at Millbrae, California.

ATTEST: _____
Secretary

Attachment

MEMORANDUM

930

To: CHFA Board of Directors

Date: January 14, 1999

David N. Beaver
General Counsel

From: CALIFORNIA HOUSING FINANCE AGENCY

Subject: Amendments to the Agency's Citizenship and Alien Verification Regulations to Implement the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 ("PRWORA") as applied to the Agency's Proposition 1A/SB50 School Facility Fee Affordable Housing Assistance Programs

At CHFA's May 14, 1998 Board of Director's meeting, the Board approved citizenship and alien verification regulations to implement PRWORA as applied to CHFA's Single Family and Multifamily (Non-Section 8) programs. These regulations are currently effective and are located at Title 25 of the California Code of Regulations, Division 2, Chapter 3.

In August 1998, Governor Wilson signed SB 50 into law which established the School Facility Fee Affordable Housing Assistance Programs to be administered by CHFA. SB 50 provided that such programs would only be operative if the voters approved Proposition 1A in the November elections, which they did.

Because the assistance contemplated by these programs is provided by a State agency from funds appropriated by the State, recipients are subject to the citizenship and alien verification requirements of PRWORA. Accordingly, CHFA's PRWORA regulations need to be amended to include the Proposition 1A/SB 50 programs.

The regulatory amendments to implement PRWORA as applied to CHFA's Proposition 1A/SB 50 programs are attached to this memorandum and incorporated herein by this reference. The amendments are underlined and highlighted at pages 8, 9, 14 and 15 of the regulations. Because of the need to implement the Proposition 1A/SB 50 programs immediately, it is intended that these regulations will be promulgated on an emergency basis and will be effective in early February 1999. Accordingly, I recommend that the Board approve Resolution 99-10.

CHAPTER 3. RESTRICTIONS ON AGENCY PUBLIC BENEFITS
TO ALIENS

Article 1. General

12001. Authority and Purpose.

This chapter is adopted pursuant to Section 51050(e) of the California Health & Safety Code in order to implement the provisions of federal legislation known as the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (Pub.L. No. 104-193, 8 U.S.C. § 1601, **et seq.**), which provides that only citizens or other nationals of the United States or qualified aliens may receive agency public benefits. The purpose of this chapter is to implement those requirements by establishing rules and procedures for verifying the eligibility of applicants for agency public benefits.

NOTE: Authority cited: Sections 51050(e), 51050(s), 51067, 51349, Health and Safety Code.

Reference: 8 U.S.C. §§ 1601, 1621, 1625, 1641, and 1642. Sections 51050 through 51070, Sections 51100 through 51253, and Sections 51325 through 51340, Health and Safety Code.

Amend Section 12002 to read:

12002. Definitions.

(a) Any term defined in Chapter 2 (commencing with Section 50050) of Part 1 of Division 31 of the California Health & Safety Code shall have the same meaning when used in this chapter as is given to it by said chapter of the California Health & Safety Code unless further or otherwise defined in this section.

(b) "Adult" means an individual who is 18 years of age or older or an emancipated minor (under 18 years of age).

(c) "Agency" means the California Housing Finance Agency.

(d) "Agency public benefit" means either of the following (excluding any benefit provided from the California Housing Loan Insurance Fund):

(1) **my** multifamily program unit, or

(2) any single family program loan.

(e) "Alien" means any person who is not a citizen or other national of the United States.

(f) "Applicant" means any of the following:

- (1) In the case of a **new tenancy** for a multifamily program unit, each adult member of the household that intends to occupy the unit, or
- (2) In the case of an existing tenancy for a multifamily program unit, either the head of the household that intends to continue to occupy the unit, or his or her **spouse**, provided however that if the household includes any other adult members other **than** the applicant's spouse, lineal ascendants (including but not limited to parents and grandparents) of the applicant or of his or her spouse, then such person shall also **be** subject to verification **as** an applicant, or
- (3) **In** the case of a single family program loan, each person whose name will appear on the legal title to the residential structure which secures **the** loan.
- (g) "Citizen" means a "citizen of the United States" **as** defined in the INA.
- (h) "Existing tenancy" means either of the following:
- (1) a tenancy which occupied a multifamily program unit before the effective date of this chapter and continues to occupy it thereafter, or
- (2) a tenancy which occupied a multifamily program unit before the agency financed the applicable housing development or residential structure and continues to occupy it thereafter.
- (i) "Final verification" or "finally verified" means a determination that an applicant is eligible pursuant to this chapter upon completion of the steps, as applicable, set forth in subparagraphs (a), (b), (c) **and** (d) of Section **12104** of **this** chapter.
- (j) "Head of household" means the adult member of the household who is the head of the household for the purposes of determining income eligibility.
- (k) "Housing development" means as defined by Section **50073.5** of the California Health & Safety Code. Housing development shall also include multifamily rental housing projects financed pursuant to Chapter **6.7** of Part 3 of Division **31** of the California Health & Safety Code.
- (l) "Housing sponsor" means **as** defined by Section **50074.5** of the California Health & Safety Code. Housing **sponsor** shall also include the agency in any case where the agency **owns** or operates a housing development or residential structure.
- (m) "INA" means the Immigration and Nationality Act (**8** U.S.C. **§ 1101**, et **seq.**).
- (n) "INS" means the Immigration **and** Naturalization Service of the United States Department of Justice.
- (o) "Member of spouse's or parent's family" means any person related by **Mood, marriage** or adoption to the **spouse** or parent, or any person having a relationship with the spouse or parent that is covered by civil or criminal domestic violence statutes of the State of California.
- (p) "Multifamily program unit" means any rental dwelling unit which is **located** in a housing development or residential structure **and** required by the agency, pursuant to a law or regulatory or other agreement, to be occupied by a lower income household or very low income household.

(q) "National" means, as provided in the INA, either of the following:

- (1) a citizen, or
- (2) a person who, though not a citizen, owes permanent allegiance to the United States.

(r) "New loan" means a single family program loan for which a loan application package is received by the agency for approval after the effective date of this chapter.

(s) "New tenancy" means either of the following:

- (1) a household that intends to commence occupancy of a multifamily program unit, or
- (2) a household that intends to join another household which already occupies a multifamily program unit.

(t) "Nonimmigrant" means as defined in Section 101(a)(15) of the INA (8 U.S.C. § 1101(a)(15)).

(u) "Nonprofit charitable organization" means a "nonprofit charitable organization" as provided in Section 432 of PRWORA, as amended by Pub.L. No. 104-208 (8 U.S.C. § 1642(d)) which shall include, but not necessarily be limited to, organizations which have received a tax exemption pursuant to Internal Revenue Code Section 501(c)(3) and which shall exclude, but which exclusion shall not necessarily be limited to, partnerships which have a nonprofit charitable organization as a general partner unless the partnership itself is both nonprofit and charitable. An organization is "nonprofit" if it is organized and operated for purposes other than making gains or profits for the organization or its members or shareholders and is precluded from distributing any gains or profits to its members or shareholders. An Organization is "charitable" if it is organized and operated for charitable purposes, including, but not limited to, relief of the poor and distressed or of the underprivileged, advancement of religion, or advancement of education.

(v) "Preliminary verification" or "preliminarily verified" means that a citizen or other national of the United States applicant has completed the steps set forth in subparagraph (a)(1) and (2) of Section 12104 of this chapter and that an alien applicant has completed the steps set forth in subparagraphs (a)(1), (2) and (3) of Section 12104 of this chapter.

(w) "PRWORA" means the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (Pub.L. No. 104-193, 8 U.S.C. § 1601, et seq.) as amended.

(x) "Qualified alien" means an alien who, at the time he or she is an applicant for an agency public benefit, is any of the following:

(1) An alien lawfully admitted for permanent residence under the INA (8 U.S.C. § 1101, et seq.).

(2) An alien who is granted asylum under Section 208 of the INA (8 U.S.C. § 1158).

(3) A refugee who is admitted to the United States under Section 207 of the INA (8 U.S.C. § 1157).

(4) **An** alien who is paroled into **the** United States under Section 212(d)(5) of the INA (8 U.S.C. § 1182(d)(5)).

(5) **An** alien whose deportation is being withheld under Section 243(h) of the INA (8 U.S.C. § 1253(h)) (as in effect prior to April 1, 1997, or whose removal is being withheld under Section 241(b)(3) of the INA (8 U.S.C. § 1231(b)(3))).

(6) **An** alien who is granted conditional entry pursuant to Section 203(a)(7) of the INA as in effect prior to April 1, 1980. (8 U.S.C. § 1153(a)(7)) (See editorial note under 8 U.S.C. § 1101, "Effective Date of 1980 Amendment.").

(7) **An** alien who is a **Cuban** or Haitian entrant (as defined in Section 501(e) of **the** Refugee Education Assistance Act of 1980 (8 U.S.C. § 1522 note)).

(8) **An** alien who **meets** all of **the** conditions of subparagraphs (A), (B), (C) and (D) below:

(A) The alien **has** been battered or subjected to extreme cruelty in the United States by a **spouse** or a parent, or by a member of the **spouse's** or parent's family residing in the same household as **the** alien, and **the** spouse or parent of the alien consented to, or acquiesced in, such battery or cruelty. For **purposes** of **this** subparagraph, the term "battered or subjected to extreme cruelty" includes, but is not limited to being the victim of any act or threatened act of violence including any forceful detention, which results or threatens to result in physical or mental injury. Psychological or sexual abuse or exploitation, including rape, molestation, incest (if the victim is a minor), or forced prostitution shall be considered as acts of violence.

(B) There is a substantial connection between such battery or cruelty and the **need** for the benefits to be provided in the opinion of the agency. For purposes of this subparagraph, the following circumstances demonstrate a substantial connection between the battery or cruelty and **the** need for the benefits to be provided:

1. The benefits are needed to enable the alien **to** become self-sufficient following separation from the abuser.
2. The benefits **are needed** to enable the alien to escape **the** abuser and/or the community in which **the** abuser lives, or **to** ensure the safety of **the** alien **from** the abuser.
3. The benefits **are** needed due to a loss of financial support resulting **from the** alien's separation from the abuser.
4. The benefits **are** needed because the battery or cruelty, separation from **the** abuser, or work absences or lower job **performance** resulting from the battery or extreme cruelty or from legal proceedings relating thereto (including resulting child support, child custody, **and** divorce actions) cause the alien to lose his or her

job or to ~~earn~~ less or to require the alien to leave his or her job for safety reasons.

5. The benefits are needed because ~~the~~ alien requires medical attention or mental health counseling, or has become disabled, as a result of the battery or extreme cruelty.

6. The benefits are needed because the loss of a dwelling or source of income or fear of the abuser following separation from the abuser jeopardizes the alien's ability to care for his or her children (e.g., inability to house, feed, or clothe children or to put children into a day care for fear of being found by the abuser).

7. The benefits **are** needed to alleviate nutritional risk or need resulting from the abuse or following separation from the abuser.

8. The benefits **are** needed to provide medical *care* during pregnancy resulting from the abuser's sexual assault or abuse of, or relationship with, ~~the~~ alien and/or to care for any resulting children.

9. Where medical coverage and/or health care services are needed to place medical coverage or health care services the alien had when living with the abuser.

(C) The alien **has** been approved or has a petition pending which sets forth a prima facie case for:

1. status as a spouse or child of a United States citizen pursuant to clause (ii), (iii) or (iv) of Section 204(a)(1)(A) of the INA (8 U.S.C. § 1154(a)(1)(A)(ii), (iii) or (iv)),

2. classification pursuant to clause (ii) or (iii) of Section 204(a)(1)(B) of the INA (8 U.S.C. § 1154(a)(1)(B)(ii) or (iii)),

3. suspension of deportation and adjustment of status pursuant to Section 244(a)(3) of the INA (8 U.S.C. sec. 1254) as in effect prior to April 1, 1997 [Pub.L. 104-208, Section 501 (effective September 30, 1996, pursuant to Section 591); Pub.L. 104-208, Section 304 (effective April 1, 1997, pursuant to Section 309); Pub.L. 105-33, Section 5581 (effective pursuant to Section 5582)] (incorrectly codified as "cancellation of removal under Section 240A of such Act [8 U.S.C. Section 1220b] (as in effect prior to April 1, 1997),

4. status as a spouse or child of a United States citizen pursuant to clause (i) of Section 204(a)(1)(A) of ~~the~~ INA (8 U.S.C. § 1154(a)(1)(A)(i), or classification pursuant to clause (i) of Section 204(a)(1)(B)(i) (8 U.S.C. § 1154(a)(1)(B)(i)), or

5. cancellation of removal pursuant to Section 240A (b)(2) of the INA (8 U.S.C. § 1229b (b)(2)).

(D) For the **period** for which benefits **are** sought, the individual responsible for the battery or cruelty **does** not reside in the same household or family eligibility unit **as** the individual subjected to the battery or cruelty.

(9) An alien who meets all of the conditions of subparagraphs (A), (B), (C), (D) and (E) below:

(A) The alien **has** a child who **has** been battered or subjected to extreme cruelty in the United States by a **spouse** or a parent of the alien (without the active participation of the alien in the battery or cruelty), or by a member of the spouse's or parent's family residing in the same household as the alien, **and** the **spouse** or parent consented or acquiesced to such battery or cruelty. For purposes of this subparagraph, the **term** "battered or subjected to extreme cruelty" includes, but is not limited to being the victim of any act or threatened act of violence including any forceful detention, which results or threatens to result in physical or mental injury. Psychological or sexual abuse or exploitation, including **rape**, molestation, incest (if **the** victim is a minor), or forced prostitution shall be considered **as** acts of violence.

(B) The alien did not actively participate in such battery or cruelty.

(C) There is a substantial connection between such battery or cruelty and the need for the benefits to be provided in the opinion of the agency. For the purposes of this subparagraph, the following circumstances demonstrate a substantial connection between the battery or cruelty and the need for the benefits to be provided:

1. The benefits are needed to enable the alien's child to become self-sufficient following separation from the abuser.
2. The benefits are needed to enable the alien's child to escape the abuser and/or the community in which the abuser lives, or to ensure the safety of the alien's child from the abuser.
3. The benefits are needed due to a loss of financial support resulting from the alien's child's separation from the abuser.
4. The benefits are needed because the battery or cruelty, separation from the abuser, or work absences or lower job **performance** resulting from the battery or extreme cruelty or from legal proceedings relating thereto (including resulting child support, child custody, and divorce actions) **cause** the alien's child to lose his or her job or to earn less or to require the alien's child to leave his or her job for safety reasons.
5. The benefits are needed because the alien's child requires medical attention or mental health counseling, or **has** become disabled, **as** a result of the battery or extreme cruelty.
6. The benefits are needed **because the** loss of a dwelling or source of income or fear of the abuser following separation from the abuser jeopardizes the alien's child's ability to care for his or her children (e.g., inability to **house**, feed, or clothe children or to put children into a day **care** for fear of being found by the abuser).
7. **The** benefits **are** needed to alleviate nutritional risk or need resulting from the abuse or following separation from the abuser.

8. The benefits are needed to provide medical care during a pregnancy resulting from the abuser's sexual assault or abuse of, or relationship with, the alien's child and/or care for any resulting children.

9. Where medical coverage and/or health care services are needed to replace medical coverage or health care services the alien's child had when living with the abuser.

(D) The alien meets the requirements of subparagraph (x)(8)(C) above.

(E) For the **period** for which benefits **are** sought, the individual responsible for the battery or cruelty does not reside in the same household or family eligibility unit as the individual subjected **to the** battery or cruelty.

(10) An alien child who meets all of **the** conditions of subparagraphs (A), (B), and (C) below:

(A) The alien child resides in the same household as a parent who has been battered or subjected to extreme cruelty in the United States by that parent's spouse or by a member of the **spouse's** family residing in the same household as the parent and the **spouse** consented or acquiesced to such battery or cruelty. For purposes of this subparagraph the term "battered or subjected to extreme cruelty" includes, but is not limited to being the victim of any act or threatened act of violence including any forceful detention, which results or threatens to result in physical or mental injury. Psychological or sexual abuse or exploitation, including rape, molestation, incest (if the victim is a minor), or forced prostitution shall be considered acts of violence.

(B) There is a substantial connection between such battery or cruelty and the need for the benefits to be provided in the opinion of the agency. For purposes of this subsection, the following circumstances demonstrate a substantial connection between the battery or cruelty and the need for the benefits to be provided:

1. The benefits are needed to enable the alien child's parent to become self-sufficient following separation from the abuser.
2. The benefits are needed to enable the alien child's parent to escape the abuser **and/or** the community in which the abuser lives, or **to** ensure the safety of the alien child's parent from the abuser.
3. The benefits **are** needed due **to** a loss of financial support resulting from **the** alien child's parent's separation from the abuser,
4. **The** benefits **are** needed **because** the battery or cruelty, separation from the abuser, or work absences or lower job performance resulting from the battery or extreme cruelty or from legal proceedings relating thereto (including resulting child support, child custody, **and** divorce actions) cause the alien child's parent to lose his or her job or to earn

less or to require the alien child's parent to leave his or her job for safety reasons.

5. The benefits are needed because the alien child's parent requires medical attention or mental health counseling, or **has** become disabled, as a result of the battery or extreme cruelty.

6. The benefits **are needed** because the loss of a dwelling or source of income or fear of **the** abuser following separation from **the** abuser jeopardizes the alien child's parent's ability **to care** for his or her children (**e.g.**, inability to house, feed, or clothe children or **to** put children into a day **care** for fear of being found by the abuser).

7. The benefits **are** needed to alleviate nutritional risk or need resulting from **the** abuse or following separation from **the** abuser.

8. **The** benefits are **needed** to provide medical *care* during a pregnancy resulting from the abuser's sexual assault or abuse of, or relationship with, the alien child's parent and/or to care for any resulting children.

9. Where medical coverage and/or health care services are needed to replace medical coverage or health care services the alien child's parent had when living with the abuser.

(C) The alien child meets the requirements of subparagraph (x)(8)(C) above.

(11) A nonimmigrant.

(y) "Qualified mortgage lender" means a mortgage lender who, pursuant to a mortgage purchase and/or servicing or other agreement with the agency, is authorized by the agency to originate for sale to the agency and/or to service single family program loans. Qualified mortgage lender shall also include the agency in any case where the agency is directly originating or servicing, as applicable, single family program loans. Qualified mortgage lender shall also include the agency, or any other entity approved by the agency to act as the status verifier, when providing homebuyer assistance pursuant to Section 51451(a) of the California Health & Safety Code.

(z) "Residential structure" means as defined by Section 50099.5 of the California Health & Safety Code.

~~(aa) (bb)~~ "Single family program loan" means any mortgage loan originated or purchased, and owned, by the agency for the purpose of financing the construction, acquisition and/or rehabilitation of an owner-occupied residential structure. Single family program loan shall also include any homebuyer assistance provided by the agency pursuant to Section 51451(a) of the California Health & Safety Code.

~~(bb) "Spouse" means someone who resides with another as that person's lawfully married husband or wife in accordance with California law. "Lawfully married" as used herein shall include, but shall not necessarily be limited to, marriages described in Sections 300 and 308 of the California Family Code.~~

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~~(cc)~~ ~~(aa)~~ "Status verifier" means ~~the~~ entity, including the agency, housing sponsor or qualified mortgage lender, as applicable, responsible for verifying the eligibility of an applicant pursuant to this chapter.

~~(dd)~~ ~~(ee)~~ "Unqualified alien" means an alien who is not a qualified alien.

~~(ee)~~ ~~(dd)~~ "Written notice" means a written notification which is either hand-delivered, facsimile-transmitted or sent by certified mail. Hand-delivered notices shall be deemed received when delivered. Facsimile-transmitted notices shall be deemed received when transmitted. Certified mail notices shall be deemed received on the third calendar day following the date it is mailed.

NOTE: Authority cited: Sections 51050(e), 51050(s), 51067, 51349, Health and Safety Code.

Reference: 8 U.S.C. §§ 1601, 1621, 1625, 1641, and 1642. Sections 51050 through 51070, Sections 51100 through 51253, and Sections 51325 through 51340, Health and Safety Code.

12003. Limitation.

The purpose of this chapter is limited to establishing rules and procedures for verifying the eligibility of applicants for agency public benefits on the basis of United States citizenship, nationality or qualified alien status. In addition to ~~the~~ eligibility requirements set forth in this chapter, ~~an~~ applicant must also satisfy all other eligibility requirements pertaining to ~~an~~ agency public benefit.

NOTE: Authority cited: Sections 51050(e), 51050(s), 51067, 51349, Health and Safety Code.

Reference: 8 U.S.C. §§ 1601, 1621, 1625, 1641, and 1642. Sections 51050 through 51070, Sections 51100 through 51253, and Sections 51325 through 51340, Health and Safety Code.

12004. Severability.

If any provision of this chapter or the application of such provision to any person or circumstance is held to be unlawful, ~~the~~ remainder of this chapter and the application of the provisions of such to any person or circumstance shall not be affected thereby.

NOTE: Authority cited: Sections 51050(e), 51050(s), 51067, 51349, Health and Safety Code.

Reference: 8 U.S.C. §§ 1601, 1621, 1625, 1641, and 1642. Sections 51050 through 51070, Sections 51100 through 51253, and Sections 51325 through 51340, Health and Safety Code.

12005. Nondiscrimination.

All eligibility requirements contained in this chapter shall be applied without regard to the race, creed, color, gender, religion, national origin

(except to the extent specifically authorized under **PRWORA**) , or disability of the applicant.

NOTE: Authority cited: Sections 51050(e), 51050(s), 51067, 51349, Health and Safety Code.

Reference: 8 U.S.C. §§ 1601, 1621, 1625, 1641, and 1642. Sections 51050 through 51070, Sections 51100 through 51253, and Sections 51325 through 51340.

Article 2. Eligibility for Benefits

12101. Eligibility For Agency Public Benefits.

To be eligible to receive an agency public benefit, an applicant must be a citizen or other national or qualified alien as provided herein. In the case of a multifamily program unit, if, and so long as, any applicant in a household is ineligible then the entire household is ineligible. It is an applicant's responsibility to affirmatively establish his or her eligibility.

NOTE: Authority cited: Sections 51050(e), 51050(s), 51067, 51349, Health and Safety Code.

Reference: 8 U.S.C. §§ 1601, 1621, 1625, 1641, and 1642. Sections 51050 through 51070, Sections 51100 through 51253, and Sections 51325 through 51340, Health and Safety Code.

12102. When ~~Must~~ Eligibility ~~Be~~ Verified.

(a) In the case of a new tenancy, a multifamily program unit shall not be occupied unless and until the eligibility of all applicants for that unit has been preliminarily verified in accordance with this chapter. Following occupancy, the remainder of the applicant's final verification process shall be continued on or before the next scheduled annual eligibility recertification, or, if none is scheduled, within one hundred eighty (180) calendar days of occupancy.

(b) In the case of an existing tenancy, the final verification process shall be commenced on or before the next scheduled annual eligibility recertification of that unit, or if none is scheduled, within one hundred eighty (180) calendar days of the effective date of this chapter. Notwithstanding the foregoing, when a tenancy occupies a non-multifamily program unit within a housing development or residential structure and that unit is substituted by the housing sponsor for a multifamily program unit within such housing development or residential structure, the tenancy shall be treated as an existing tenancy except that the eligibility of all applicants shall be finally verified before it shall be deemed to be qualified as a multifamily program unit.

(c) In the case of a new loan, a single family program loan shall not be made unless and until the eligibility of all applicants has been finally verified in accordance with this chapter. Notwithstanding any other provision of this chapter, in the event that an applicant's new loan verification process is not

completed within fifteen (15) calendar days following the commencement of such process, neither the agency nor the qualified mortgage lender shall be required to continue to process or make the loan if either determines, in its sole discretion, that further delay will cause the loan to be uneconomical or otherwise not feasible. In ~~the~~ event that such a determination is made, and notwithstanding any other provision of this chapter, the verification process shall be terminated without further processing or appeal. If such a determination is made, the applicant(s) shall immediately be given a written notice of it.

(d) In the case of any single family program loan, ~~the~~ eligibility of any applicant who wishes to acquire, or be added to the title to, the residential structure shall be finally verified before ~~the~~ agency grants any necessary approval of such acquisition or addition to title.

(e) Except as provided in subparagraph (a) and (c) of this section, once a final verification process is commenced, it shall be diligently pursued to completion.

(f) Generally an applicant's eligibility need only be finally verified once during the life of the benefit provided however that in any case where there is reasonable cause to believe that an applicant's eligibility status has been misrepresented, the applicant's eligibility may be reverified.

NOTE: Authority cited: Sections 51050(e), 51050(s), **51067**, 51349, Health and Safety Code.

Reference: 8-U.S.C. §§ 1601, 1621, 1625, 1641, and 1642. Sections 51050 through 51070, Sections 51100 through 51253, and Sections 51325 through 51340, ~~Health and Safety Code~~.

12103. Who ~~Must~~ Verify Eligibility.

(a) When a new loan is being made, eligibility shall be verified by the qualified mortgage lender who originates the loan. When an applicant is acquiring, or being added to the title to, the residential structure of a single family program loan, eligibility shall ~~be~~ verified by the qualified mortgage lender ~~who~~ is servicing the loan.

(b) In the case of a multifamily program unit, eligibility shall be verified by the housing sponsor which owns the housing development or residential structure.

(c) Pursuant to Section 432(d) of **PRWORA (8 U.S.C. § 1642(d))** and notwithstanding any other provision of ~~this~~ chapter, a nonprofit charitable organization that provides agency public benefits is not required to determine, verify, or otherwise require proof of eligibility of any applicant for such benefits nor is any such applicant required to be eligible. **A** nonprofit charitable organization shall be deemed to be providing ~~an~~ agency public benefit only when it is the qualified mortgage lender for a single family

program loan or housing sponsor which owns a multifamily program unit, as applicable.

(d) In the case of a multifamily program unit, the reasonable cost of performing eligibility verifications shall be treated as an operating expense of the housing development or residential structure and the housing sponsor may charge a new tenancy applicant (but not an existing tenancy applicant) a reasonable eligibility verification **fee** only if approved in writing by the agency. In the case of a single family program loan, the qualified mortgage lender may charge an applicant a reasonable eligibility verification fee only if approved in writing by the agency.

(e) Notwithstanding the provisions of subparagraph (a) **and** (b) of this section, in **the** event that an applicant claims qualified alien status on the basis of facts and circumstances **as** set forth in subparagraphs (x)(8), (x)(9) or (x)(10) of Section 12002 of **this** chapter (involving a person who was battered or subjected to extreme cruelty in the United States), then the agency shall determine such eligibility as further provided in subparagraph (a)(3) of Section 12104 of this chapter.

(9) The status verifier shall keep a record of the information upon which an applicant's eligibility verification or ineligibility determination is based and shall retain such records for at least four (4) years following the completion of the verification process, except that when a single family program loan is made, the qualified mortgage lender shall keep such information for the life of the loan.

NOTE: Authority cited: Sections 51050(e), 51050(s), **51067**, 51349, health and safety code.

Reference: 8 U.S.C. §§ 1601, 1621, 1625, 1641, and 1642. Sections 51050 through 51070, Sections 51100 through 51253, and Sections 51325 through 51340, Health and Safety Code.

Amend Section 12104 to read:

12104. Method of Verifying Eligibility.

(a) **To** obtain a final verification of eligibility for agency public benefits, the following requirements must **be** met:

(1) The applicant must declare under penalty of perjury, that he or she is either a citizen or other national of the United States or a qualified alien by completing **and signing the** "Statement of Citizenship, Alienage and Immigration Status for State Public Benefits" form, CHFA Benefit Status Form 1, **9/98** ("Form 1") which is incorporated herein by **this** reference. If **the** applicant is an unemancipated minor (under **18** years of age) or **an** adult who is not competent **to** or **has** a disability which tenders him/her unable to understand or execute **the Form 1**, the Form 1 must be executed by a parent,

legal guardian, or other person legally qualified to act on behalf of the applicant; and

(2) The applicant must present documentation which contains a photograph or other information which describes the applicant (*i.e.* height, weight and age) that is sufficient to identify the applicant as the person named in the signed Form 1. In the event that the applicant fails to produce proper identification, the agency public benefit shall be denied without further verification; and

(3) The applicant must present documents, of a **type** acceptable to the INS (as set forth in List **A** of Form 1 in the case of an applicant who is a citizen or other national or as set forth in Section **B** or List **B** of Form 1, as applicable, in the case of an applicant who is an alien), in support of the applicant's declared status. **An** alien applicant must present unexpired **originals** of **the** most recently issued evidence of alien registration. In the event that an applicant claims qualified alien status pursuant to facts and circumstances as set forth in subparagraphs (x)(8), (x)(9) and (x)(10) of Section 12002 of this chapter (involving a person who was battered or subjected to extreme cruelty in the United States), then the Form 1 **and** copies of any identity and supporting documents shall be forwarded to the agency for verification. If an alien applicant has lost his or her original documents or presents expired documents or is unable to present any documentation evidencing his or her immigration status, the applicant shall be referred to the local INS office to obtain appropriate documentation and the agency public benefit shall be denied **unless** and until such documentation is presented. **A** fee receipt from the INS for replacement of a lost, stolen or unreadable INS document is not an acceptable substitute for the document it replaces, however, it shall suffice for the purposes of a preliminary verification. If the applicant presents documents which clearly show that the applicant is not a citizen or other national or qualified alien and the applicant does not dispute the status shown, then the agency public benefit shall be denied without further verification.

(4) Where the documents presented pursuant to subparagraph (a)(3) of this section do not on their face appear to be genuine or otherwise to be reasonable evidence of the applicant's declared status, the status verifier shall take appropriate steps to verify the declared status of the applicant. Ordinarily, the government or other entity that originally issued the documents shall **be** contacted for verification by the status verifier. With regard to naturalized citizens **and** derivative citizens presenting certificates of citizenship **and** aliens, **the** INS shall be contacted for verification. The status verifier shall request verification **from** the INS by sending **INS** Form G-845 (or any successor form designated by **the** INS) with copies of the pertinent documents provided by the applicant to the appropriate INS office **as** directed by the INS. Notwithstanding the foregoing, in the event that the INS will only accept INS Form **G-845** filings from the agency, the status verifier shall forward the completed form to the agency who shall then **send** it to the INS. In the event

that the INS then returns their response to the **G-845** to the agency, the agency shall forward it to the status verifier.

(5) **The type** of documentation referred to the INS for verification pursuant to INS **Form G-845** shall include, but not necessarily **be** limited to, the following:

(A) The document presented indicates immigration status but does not include an alien registration or alien admission number.

(B) The document is suspected to be counterfeit or to have been altered.

(C) The document includes an alien registration number in the **A60 000** (not yet issued) or **A80 000** (illegal border crossing) series.

(D) The document is **one** of the following: **an INS Form I-181b** notification letter issued in connection with an **INS Form I-181** Memorandum of Creation of Record of Permanent Residence, an Arrival-Departure Record (INS Form **1-94**) or a foreign passport stamped "PROCESSED FOR I-551, TEMPORARY EVIDENCE OF LAWFUL PERMANENT RESIDENCE" that INS issued more than one year before the date of application for **the** agency public benefit.

(6) If the INS advises that the applicant is a citizen, other national or a qualified alien, the INS verification shall be accepted and the applicant determined to **be** eligible. If the INS advises that it cannot verify that the applicant is a citizen, other national or a qualified alien, the agency public benefit shall **be** denied unless citizenship or other national status can **be** verified from another source.

(b) Notwithstanding any other provisions of this chapter, where an applicant **has** been verified by another federal, state or local entity as eligible to receive some other federal, state or local public benefit as provided by PRWORA, such verification may be accepted by the status verifier as a verification which satisfies this chapter **so long as** the status verifier **has** a reasonable belief that such verification process ensures the eligibility of the applicant as required by this chapter. Where the same multifamily program unit will be subject to the PRWORA verification and remedial requirements of both the agency and the California Department of Housing and Community Development ("HCD"), then the HCD requirements shall apply instead of the provisions of this chapter.

(c) If determined to be ineligible, the applicant shall be given a written notice of such determination which includes the following information:

- (1) Provides the basis of the denial (**i.e.** his/her immigration status), and
- (2) Provides information on how **the** applicant may contact the INS to provide additional oral or written information to the INS if he/she believes that any information provided by **the INS** to the **status** verifier was erroneous, and
- (3) Provides information which identifies the status verifier, the agency and the agency public benefit and includes the agency's address, and telephone number, and

(4) Provides a description of the agency appeal process which is available to the applicant.

(d) The verification process shall be deemed to have commenced when the applicant completes and signs the **Form 1** referred to in subparagraph (a)(1) of this section and to be completed upon the completion of the applicable appeals process **as** provided in Section 12107 of this chapter. In the event that the applicant **does** not request an appeal in a proper **and** timely manner, then the verification process shall **be** deemed to be completed upon the expiration of the time limit for requesting the appeal. The applicant may waive, in writing, **his** or her right to appeal at any time prior to the expiration of the time limit for requesting the appeal **and** the verification process shall **be** deemed to be completed upon receipt by the **status** verifier of such waiver.

(e) The agency and any housing sponsor or qualified mortgage lender acting pursuant to this chapter shall not be liable for any action, delay or failure of **the** INS or any other person or entity in conducting the verification process.

NOTE : Authority cited: Sections 51050(e), 51050(s), 51067, 51349, Health and Safety Code.

Reference: 8 U.S.C. §§ 1601, 1621, 1625, 1641, and 1642. Sections 51050 through 51070, Sections 51100 through 51253, and Sections 51325 through 51340, Health and Safety Code.

Amend Section 12105 to read:

12105. Federal Public Benefits.

Where a multifamily program unit, single family program loan or residential structure secured by a single family program loan is a federal public benefit pursuant to the provisions of PRWORA, such Federal public benefit provisions shall apply instead of the provisions of this chapter. In the case of a multifamily program unit, where the tenant applicant holds a certificate or voucher which is issued pursuant to the Section 8 program administered by the United States Department of Housing and Urban Development ("HUD") and which is applied to the unit, then the unit shall be deemed to be a federal public benefit and the applicable HUD alien verification requirements shall apply instead of the provisions of this chapter.

NOTE : Authority cited: Sections 51050(e), **51050(s)**, **51067**, 51349, Health and Safety Code.

Reference: 8 U.S.C. §§ 1601, 1621, 1625, 1641, and 1642. Sections 51050 through 51070, Sections 51100 through 51253, and Sections 51325 through 51340, ~~Health~~ and Safety Code.

12106. Remedies For Ineligibility.

(a) In the case of a new tenancy, any household containing one or more applicants who are **determined to be** ineligible prior to occupancy, shall **be** denied occupancy to the multifamily program unit.

(b) Where a multifamily program unit is occupied by an ineligible household, the housing sponsor shall, within one hundred eighty **(180)** calendar days following the completion of the eligibility verification process, either commence proceedings to evict the ineligible household or substitute for the noncompliant multifamily program unit another unit within the housing development or residential structure which is occupied by an eligible household (or which is vacant **and** reserved for occupancy by an eligible new tenancy household) **and** which is otherwise compliant with the agency's requirements. Notwithstanding any other provision of this chapter, in no event shall an eviction **be** commenced with respect to a multifamily program unit before one hundred eighty (180) calendar days following the effective date of this chapter. Once an eviction is **commenced** it shall be diligently pursued by the housing sponsor until the ineligible household is removed, unless prior thereto, the housing sponsor substitutes a compliant multifamily program unit for the noncompliant one. **So** long as such eviction is diligently pursued, the housing sponsor and the affected unit shall not be in violation of this chapter with respect to such unit.

(c) In the case of a new loan, all applicants who are not finally verified as eligible shall **be** denied the single family program loan. In the case of any single family program loan, all applicants who are not finally verified as eligible shall be denied any necessary agency approval of their acquisition of, or addition to title to, the residential structure.

(d) In the event that an applicant's citizenship, other nationality or alien status is misrepresented to a housing sponsor, qualified mortgage lender, the agency or their representatives for the purpose of obtaining an agency public benefit, such housing sponsor, qualified mortgage lender, the agency or their representatives may **take** appropriate remedial action against such applicant which may include but shall not necessarily **be** limited to denial of occupancy of a multifamily program unit, eviction from a multifamily program unit, denial of a single family program loan, denial of approval of the applicant's acquisition, or addition to title to, the residential structure securing a single family program loan, **foreclosure** of a single family program loan or debarment from **the** receipt of future agency public benefits.

(e) In the event that a housing sponsor or qualified mortgage lender fails **to** comply with **the** requirements of **this** chapter, such noncompliance shall **be** deemed to be a violation of not only this chapter but also a violation of any regulatory **and/or** other loan agreement with the agency or mortgage purchase **and/or** servicing **and/or** other agreement with the agency, **as** applicable, which violation shall entitle the agency to pursue any appropriate remedies against the housing sponsor or qualified mortgage lender under any provisions of such agreements or otherwise available at law or in equity. Notwithstanding the

foregoing, a qualified mortgage lender shall only be liable for repurchasing a loan if it intentionally or negligently made the loan to an ineligible applicant.

NOTE: Authority cited: Sections 51050(e), 51050(s), 51067, 51349, Health and Safety Code.

Reference: 8 U.S.C. §§ 1601, 1621, 1625, 1641, and 1642. sections 51050 through 51070, Sections 51100 through 51253, and sections 51325 through 51340, Health and Safety Code.

12107. Appeal **Process.**

(a) Any applicant who is determined to be ineligible to receive an agency public benefit pursuant to **this** chapter may appeal such determination **as** provided in this section.

(b) The applicant shall utilize the following appeal process:

(1) To be considered, an appeal: (A) must be submitted in writing to the agency; (B) must be either hand-delivered, facsimile-transmitted or postmarked within fifteen (15) calendar days from the applicant's receipt of the written notice of determination of ineligibility; and (C) must state the reason the applicant believes the determination was in error.

(2) Upon receipt of an appeal, the agency shall appoint a person to serve **as** a review officer which person may be either an employee or independent contractor of the agency. The review officer shall not be the same person as rendered the determination being appealed nor a subordinate of such person.

(3) The review officer may determine the relevance of the submitted information and may request additional information from the applicant or the person who rendered the determination being appealed and any other source he or she determines, in his or her sole discretion, has relevant and reliable information, including but not limited to, the **INS**. **The** review officer may set a cut-off time after which no additional information will be accepted.

(4) The review officer shall conduct a review of the determination being appealed, including all information upon which it was based as well **as** all information submitted by the applicant in support of **his** or her appeal. The authority of the review officer shall be limited to determinations of eligibility pursuant to **this** chapter **and** he or she shall have no authority to overrule any decision or conclusion of the **INS** regarding the applicant's immigration status.

(5) Notwithstanding any other provision of this chapter, if, during the appeal process, the review officer is informed by the agency that the applicant is ineligible to receive the agency public benefit for **reasons** other **than** those set forth in this chapter, the appeal shall **be** dismissed.

(6) The review officer shall use **his** or her best **efforts** to provide a written notice of decision to the applicant within **fifteen** (15) **calendar** days following the receipt of the appeal provided, however, that in the event the review officer is unable to do **so**, **he** or she shall provide a written notice to the

applicant that (A) additional time is necessary, (B) the reasons why, and (C) the date by which the decision will be rendered. In the event that the review officer is unable, after using his or her best efforts to do so, render the decision within the specified time frame, the review officer may repeat the extension process, as necessary, until the decision is rendered. The decision of the review officer shall be a final administrative decision which completes the final verification process.

NOTE: Authority cited: Sections 51050(e), 51050(s), 51067, 51349, Health and Safety Code.

Reference: 8 U.S.C. §§ 1601, 1621, 1625, 1641, and 1642. Sections 51050 through 51070, Sections 51100 through 51253, and Sections 51325 through 51340, Health and Safety Code.

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RESOLUTION 99-10

APPROVING AMENDMENTS TO THE AGENCY'S CITIZENSHIP
AND ALIEN VERIFICATION REGULATIONS TO
IMPLEMENT THE PROPOSITION 1A/SB 50 SCHOOL FACILITY
FEE AFFORDABLE HOUSING ASSISTANCE PROGRAMS

WHEREAS, the California Housing Finance Agency ("Agency"), through its Board of Directors ("Board"), is authorized to adopt and amend regulations; and

WHEREAS, the Board desires to amend the Agency's citizenship and alien verification regulations in order to implement the Proposition 1A/SB 50 School Facility Fee Affordable Housing Assistance Programs ("Proposition 1A Programs"); and

WHEREAS, the Board has determined that the proposed amendments to regulations attached hereto and incorporated herein are necessary and appropriate for adoption by the Agency,

NOW, THEREFORE, BE IT RESOLVED by the Board as follows:

1. Amendments to the Agency's citizenship and alien verification regulations, located at Title 25 of the California Code of Regulations, Division 2, Chapter 3, as necessary to implement the School Facility Fee Affordable Housing Assistance Programs, as attached hereto and incorporated herein, are hereby approved. It is anticipated that such amendments to regulations will be promulgated on an emergency basis.

2. Agency staff is directed to give public notice, conduct any required public hearings, and take any other action as may be required by law for the adoption of such amendments to regulations.

3. Agency staff is authorized to take all actions and execute all documents as are reasonably necessary to effectuate this resolution and to make sufficiently related changes to such amendments to regulations as are necessary, in their discretion, to accomplish their legal adoption.

4. Agency staff is further authorized to determine whether the amendments to regulations should be adopted on an emergency basis or otherwise, and to take any action necessary to implement such a determination.

I hereby certify that this is a true and correct copy of Resolution 99-10 adopted at a duly constituted meeting of the Board held on January 14, 1999, at Millbrae, California.

ATTEST: _____
Secretary

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MEMORANDUM

To: Board of Directors

Date: December 22, 1998



From: Kenneth R. Carlson, Director of **Financing**
CALIFORNIA HOUSING FINANCE AGENCY

Subject: Annual Single Family Bond Reauthorization
Resolution **99-11**

Resolution **99-11** would authorize the sale and issuance of CHFA single family bonds (with related financial agreements) throughout **1999**. Annual reauthorization enables us to schedule the sale **and** issuance of our bonds within the time limits established by the California Debt Limit Allocation Committee 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) **\$600** million of federally-taxable **bonds** (in addition to any taxable **bonds** issued under the **first** category).

Bonds would **be** authorized **to be** issued under any of the previously-approved forms of **indenture as** listed **in the** resolution. We anticipate primarily relying on **use** of the Home Mortgage Revenue **Bonds** indenture, by far *our* largest, with over \$4 billion of **current** indebtedness.

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, 2001**.

The resolution would further authorize application to the California Debt Limit Allocation Committee for up to **\$500** million of single family private activity bond allocation per year. **As of this** writing, it is anticipated that the Committee will meet in **February** to make decisions about the **first round** of applications, submitted on December **15**. We have applied for **\$400** million of allocation for our single family program. While CDLAC's procedures indicate that it will meet **to make allocations three times** during the year, our strategy has been to **ask** for our entire **annual** allocation at the **first** meeting. **This** strategy enables **us** to effectively budget our resources throughout the year. In addition, there **are** economic advantages to **the use** of packaging **our lump sum** allocation into convertible option bonds. **This economic** benefit provides **us** with additional internal subsidy for **our taxable blending Program**.

The resolution would reauthorize application to the State's Pooled Money Investment Board ("**EMIB**") to continue our current **\$150** million warehouse line **and** increase it to **\$200** million should the **need arise**.

In addition, the **resolution** would reauthorize cooperation with local agencies similar to that accomplished in **1997** when CHFA sold bonds for the California Valleys Housing Finance **Authority**.

In order to allow for **necessary** overlap of authority for **bond** issues **scheduled** during the time that reauthorization is being considered, Resolution **99-11** would not expire until 30 days after **the first** Board meeting in the year **2000** at which there is a **quorum**. Likewise, last year's single family resolution (**#98-10**) will not expire until **30** days after **this** meeting.

During **1999** we anticipate again selling single family bonds every sixty **days** or **so**. **Locking in** our cost of **funds** **this** often enables **us** to mitigate interest **rate risk** and to **size** transactions based on actual demand as expressed through reservations or forward commitments.

RESOLUTION NO. 99-11

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;

WHEREAS, pursuant to Chapter 6 of Part 5 of Division 31 (Sections 52060 et seq.) of the Health and Safety Code of the State of California (the "Local Agency Assistance Act"), the Agency **also** has the authority to enter into agreements with cities, counties and joint powers authorities created by cities and counties (collectively, "Local Agencies"), which provide that the Agency shall sell bonds on behalf of such Local Agencies for the purpose of providing funds for home mortgages **financing** residences within the respective jurisdictions of such Local Agencies; and

WHEREAS, the Local Agency Assistance Act provides that although such bonds are **to be** bonds of the Local Agency ("Local Agency Bonds"), the proceeds of such Local Agency Bonds may **be** utilized in the Agency's Program, including borrowing such proceeds **through** the issuance of Bonds to the Local Agency;

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 ADDLY 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, \$600,000,000.

The officers of the Agency are hereby authorized to apply from time to time to the California Debt Limit Allocation Committee ("CDLAC") for private activity bond allocations in **an** aggregate amount of up to \$500,000,000 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. 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 of the Board in the year **2000** 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, 2001 upon specified **terms** and conditions, such Bonds may **be** issued **on** such later date.

Section 3. Approval of Forms of 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 or assets (including but not limited to, a deposit from the Supplementary Bond Security Account created under Section **51368** of the Act) 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. Changes reflected in any Supplemental Indenture may include, without limitation, provision for a supplemental pledge of Agency moneys or assets (including but not limited to, a deposit from the Supplementary Bond Security Account created under Section **51368** of the Act) and provision for the Agency's general obligation to additionally secure the Bonds if appropriate in **furtherance** of the objectives of the Program.

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.

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** (in the case of variable rate bonds, a maximum floating interest rate of fifteen percent (**15%**) **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** (in the case of taxable variable rate bonds, a maximum floating interest rate of twenty-five percent (**25%**) **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 all 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 Agency's or carryings of the Agency's investments, or (iii) to reduce the risk between risk and return with respect to the Program or a portion thereof. To the extent permitted by Government securities law, on 5922, such agreements or other documents may include (a) interest rate swap agreements, (b) forward rate conversion agreements, (c) futures or other contracts providing for payments based on the level of, or changes in, interest rates or other indices, (d) contracts to exchange cash flows for a fixed payments, or (e) contracts, subject to a limitation, interest rate floor or caps, options, puts or calls to limit payment, or (f) 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. 99-12 (the multifamily bond resolution adopted at the same meeting) may not at any time exceed \$200,000,000.

Section 11. Authorization of Program its. 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 (including acknowledged security pooling agreements) with a lender or lenders as the Executive Director may select in accordance with the provisions of the Program and any combination of a lender or lenders is to be authorized by this Board as if it had been made by the Agency. The mortgages to be purchased may be fixed rate, step rate or variable rate, and the payment or any combination of the foregoing may have terms of 30 years or less and may be insured by such 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. Local Agency Cooperation. (a) The Executive is hereby authorized and directed, for and in the name and on behalf of the Agency, to execute and deliver one or more agreements with one or more Local Agencies providing that the Agency shall sell Local Agency Bonds for the purpose of providing funds for the Program for the purchase of Loans financing Residences within the jurisdiction of the applicable Local Agency. Each such agreement shall contain the provisions required by Section 52062 of the Assistance Act and shall provide that the method by which the Agency shall utilize the proceeds of Local Agency Bonds in the Agency's Program shall be for the Agency to borrow such proceeds by

the issuance of Bonds to the **Local** Agency. The Bonds shall be **in** the form and shall be issued under the terms and conditions authorized by this resolution, applied as appropriate under the circumstances. The Bonds shall serve as the primary source of payment of and as security for the Local Agency Bonds.

The Local Agency Bonds are hereby authorized to **be** sold at such time or times, on or before the day **30** days after the date on which is held the first meeting of the Board in the year **2000** at which a quorum is present, **as** the Executive Director deems appropriate, upon consultation with the Treasurer of the State of California (the "Treasurer") **as** to the timing of each such sale.

(b) The Executive Director is hereby authorized to circulate one or more Preliminary Official Statements relating to the Local Agency **Bonds** and, after the **sale** of the Local Agency Bonds, to execute and circulate one or more Official Statements relating to the Local Agency Bonds, and the circulation of such Preliminary Official Statements and such Official Statements to prospective and actual purchasers of the Local Agency Bonds is hereby approved. The Executive Director is further authorized to hold information meetings concerning the Local Agency Bonds and to distribute other information and material relating to the Local Agency Bonds.

(c) The Local Agency 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 and the Local Agency, to execute and deliver one or more purchase contracts (including one or more forward purchase agreements) relating to the Local Agency Bonds, by and among the Agency, the Treasurer, the Local Agency (if appropriate) 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.

(d) 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 Local Agency 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 Local Agency, and the amount of said deposit **shall be** applied at the time of delivery of the applicable Local Agency 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 13. Ratification of Prior Actions. All actions previously taken by the Agency relating to the implementation of the Program and the issuance of the, 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 14. Authorization of Related Documents. 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 or put option provided for the Bonds and continuing disclosure agreements. The Agency's reimbursement obligation under any such reimbursement agreement may **be** a special, limited obligation or **a** general obligation and may **be** secured by **a** pledge of the same revenues and assets that may **be** pledged to secure Bonds.

Section 15. 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, the Comptroller of the Agency or any other person specifically authorized in writing by the Executive Director.

SECRETARY'S CERTIFICATE.

I, David N. Beaver, 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 99-11 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 January, 1999, 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 14th day of January, 1999.

[SEAL]

David N. Beaver
Secretary of the Board of
Directors of the California
Housing Finance Agency

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SECRETARY'S CERTIFICATE

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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 ___ day of _____, ____.

[SEAL]

David N. Beaver
Secretary of the Board of
Directors of the California
Housing Finance Agency

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MEMORANDUM

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To: Board of Directors

Date: December 22, 1998



Kenneth R. Carlson, Director of Financing

From: CALIFORNIA HOUSING FINANCE AGENCY

Subject: Annual Multifamily **Bond** Reauthorization
Resolution 99-12

Resolution 99-12 would authorize the sale **and** issuance of CHFA multifamily **bonds** (with related **financial** agreements) throughout 1999. Annual reauthorization enables us to schedule the sale and issuance of our **bonds** within the time limits established by the California Debt Limit Allocation Committee, without regard to **the timing** of our Board **meetings**.

The resolution would authorize multifamily **bonds** to **be** issued in various **mounts** 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) \$300 million for **the** combined amount of 501(c)(3)**bonds**, "governmental purpose" **bonds**, **and** federally-taxable **bonds** (in addition to any **bonds** issued under the first category).

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 utilizing the Multifamily Housing Revenue **Bonds III** indenture, which allows both **fixed-rate and** variable-rate bonds **and** both insured **and** uninsured loans **as well as** mortgage-backed securities. **The** CHFA **general** obligation is pledged to **this** indenture.

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, 2002.

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The resolution would authorize application to the California Debt Limit Allocation Committee for \$400 million of multifamily private activity bond allocation per year. We anticipate that our first application, for \$66,935,000 million on behalf of 10 projects, will be considered by CDLAC in February. We anticipate applying for allocation twice more during the year. Each of these quarterly applications would normally include the projects scheduled for final commitment consideration at the CHFA Board meetings preceding the corresponding bond sale date.

In order to allow for necessary overlap of authority for bond issues scheduled during the time that reauthorization is being considered, Resolution 99-12 would not expire until 30 days after the first Board meeting in the year 2000 at which there is a quorum. Likewise, the previous multifamily resolution (#98-11) will not expire until 30 days after this meeting.

RESOLUTION NO. 99-12

RESOLUTION OF THE CALIFORNIA HOUSING FINANCE AGENCY
 AUTHORIZING THE ISSUANCE ~~OF~~ THE AGENCY'S BONDS FOR THE
 PURPOSE OF FINANCING MULTIFAMILY HOUSING

WHEREAS, the California Housing Finance Agency (the "Agency") has determined that there exists a **need** in California for the financing of mortgage loans for the construction or development of multi-unit rental housing developments (the "Developments") for the purpose of providing housing for persons and families of low or moderate income;

WHEREAS, the Agency has determined that it is in the public interest for the Agency to provide such financial assistance by means of an ongoing program (the "Program") to make or acquire, or to make loans to lenders to make or acquire, mortgage loans, for the purpose of financing such Developments (the "Loans"); and

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 making 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;

NOW, THEREFORE, BE IT RESOLVED, by 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 offer, sale and issuance of one or more series of multifamily housing revenue bonds (the "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 prior multifamily bonds of the Agency (or of other issuers **to** the extent permitted by law) **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 the Bonds are "qualified 501(c)(3) bonds" under federal tax law, are not "private activity bonds" under federal tax law, or are determined by

the Executive Director of the Agency (the "Executive Director") to be intended not to be tax-exempt for federal income tax purposes, **\$300,000,000**.

The officers of the Agency are hereby authorized to apply from time to time for private activity bond allocations in an aggregate amount of up to **\$400,000,000** per year, to be used in connection with bonds issued under this resolution or resolutions heretofore or hereafter adopted by the Agency.

Section 2. Authorization and Timing. The Bonds are hereby authorized to be issued at such time or times on or before the day **30** days after the date on which is held the first meeting in the year **2000** of the Board of Directors of the Agency at which a quorum is present, as 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 a later date on or before August **1, 2002**, upon specified terms and conditions, such Bonds may be issued on such later date.

Section 3. Approval of Indentures. Supplemental Indentures and Certain Other Financing Documents. (a) 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 a duly qualified bank or trust company selected by the Executive Director to act, with the approval of the Treasurer, as trustee (the "Trustee"), one or more new indentures (the "New Indentures"), in a form similar to one or more of the following (collectively, the "Prior Indentures"):

- (1) the Multi-Family Revenue Bonds (Federally Insured **Loans**) Indenture, dated as of April **17, 1979**;
- (2) the Multi-Unit Rental Housing Revenue Bonds Indenture, dated as of July **12, 1979**;
- (3) the Rental Housing Revenue Bonds (FHA Insured **Loans**) Indenture, dated as of June **1, 1982**;
- (4) the Multi-Unit Rental Housing Revenue Bonds II Indenture, dated as of September **1, 1982**;
- (5) the Multifamily Rehabilitation Revenue Bonds, **1983 Issue A** Indenture, dated as of December **1, 1983**;
- (6) the Multifamily Housing Revenue Bond (Insured Letter of Credit **1984-1**) Indenture, dated as of March **1, 1984**;
- (7) the Housing Revenue Bond Indenture, dated as of July **1, 1984**;

- (8) the Multifamily Rehabilitation Revenue Bond, **1985** Issue A, Indenture, dated as of March **1, 1985**;
- (9) the form of indenture approved by the Board of Directors of the Agency at its May **11, 1989** meeting for the Financial Guaranty Insurance Company program;
- (10) the Housing Revenue Bond II Indenture, dated **as** of July **1, 1992**;
- (11) the Multifamily Housing Revenue Refunding Bond Indentures, dated as of July **1, 1993** (including as originally delivered and **as** amended and restated);
- (12) the Multifamily Housing Revenue Bond (Tara Village Apartments), **1994** Series A, Indenture, dated **as** of November **1, 1994**;
- (13) the Multifamily Housing Revenue Bond (FHA Insured Mortgage Loans) Indenture, dated February **1, 1995**;
- (14) **the** Multifamily Housing Revenue Bond II Indenture, dated **as** of October **1, 1995**; or
- (15) the Multifamily Housing Revenue Bond III Indenture, dated **as** of March **1, 1997**.

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.

(b) For each series of Bonds, the Executive Director and the Secretary are hereby authorized and directed, for and on behalf and in the name of the Agency, if appropriate, to execute and acknowledge and to deliver with respect to each series of Bonds, a supplemental indenture (a "Supplemental Indenture") pertaining to such series in substantially the form of any supplemental indenture or series indenture executed in connection with any of the Prior Indentures, in each case, 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 New Indentures, **as** appropriate, in connection with the issuance of each such series.

(c) For each series of Bonds, the Executive Director is hereby authorized and directed to execute, and the Secretary is hereby authorized to attest, for and in the name and on

behalf of the Agency and under its seal, if and to the extent appropriate, a reimbursement agreement, a letter of credit agreement or any other arrangement with respect to credit support in substantially the forms of the reimbursement agreements, letter of credit agreements or other such arrangements contemplated under the New Indentures or used in connection with the bonds issued under one or more of the Prior Indentures.

(d) Any New Indenture, Supplemental Indenture or reimbursement agreement, letter of credit agreement or other such arrangement as finally executed may include such modifications as the Executive Director may deem necessary or desirable in furtherance of the objectives of the Program, including, but not limited to, one or more of the following **provisions:**

- (1) for the Agency's insured or uninsured, limited or general, obligation to pay any debt secured thereby;
- (2) for a pledge of an amount of the Supplementary Bond Security Account to the extent necessary to obtain an appropriate credit rating or appropriate credit enhancement,
- (3) for a pledge of additional revenues which may be released periodically to the Agency from the lien of one or more indentures heretofore entered into by the Agency, including but not limited to one or more of the following:
 - (A) the Prior Indentures,
 - (B) the General Single Family Mortgage Purchase Bond Resolution, adopted by the Agency on October 27, 1976,
 - (C) the Home Mortgage Revenue Bond Indenture, dated as of September 1, 1982, as amended, and
 - (D) the indentures under which are issued the Single Family Mortgage Bonds,
- (4) for a deposit of such other available assets of the Agency in an appropriate amount in furtherance of the Program,
- (5) for risk sharing provisions dividing between the Agency and any credit provider and/or FHA, in such manner as the Executive Director may deem necessary or desirable in furtherance of the objectives of the Program, the credit and financing risks relating to the Bonds and the Developments financed by the Bonds,
- (6) for a liquidity facility, or

(7) for contingent or deferred interest.

Section 4. Approval of Forms and Terms of Bonds. The Bonds shall be in such denominations, have 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 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** (in the case of variable rate bonds, a maximum floating interest rate of fifteen percent **(15%) 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** (in the case of taxable variable rate bonds, a **maximum** floating interest rate of twenty-five percent **(25%) 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 other credit enhancement.

Section 5. 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 statement and such official statement 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 6. 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 agreements, by and among the Agency, the Treasurer and such purchasers or underwriters **as** the Executive Director may select (the "Purchasers"), relating to the sale of the Bonds, in such form **as** the Executive Director may approve upon consultation with the Agency's legal counsel, such approval to **be** evidenced conclusively by the execution and delivery of said agreements by the Executive Director.

The Treasurer is hereby authorized and requested, without further action of this Board and unless instructed otherwise by this Board, to sell the Bonds pursuant to the terms and conditions set forth in each such agreement **as** finally executed on behalf of the Agency. 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 such agreement in a special trust account for the benefit of the Agency, and the amount of such deposit shall be applied at the time of delivery of the Bonds **as** part of the purchase price thereof or returned to the Purchasers **as** provided in such agreement.

Section 7. Authorization of Execution of Bonds. The Executive Director is hereby authorized and directed to execute, and the Secretary of this Board is hereby authorized and directed 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 each New Indenture or Supplemental Indenture in one or more of the forms set forth in such New Indenture or Supplemental Indenture.

Section 8. Authorization of Delivery of Bonds. The Bonds when so executed, shall be delivered to the Trustee to be authenticated by or caused to be authenticated by the Trustee. The Trustee is hereby requested and directed to authenticate, or cause to be authenticated, the Bonds by the execution of the certificate of authentication and registration appearing thereon, and to deliver or cause to be delivered 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 to the Trustee. Such instructions shall provide for the delivery of the Bonds to the Purchasers, upon payment of the purchase price thereof.

Section 9. Authorization of Hedged 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 or carrying of bonds or investments, 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 or sale of such Loans. 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. 99-11** (the single family bond resolution adopted at the same meeting) may not at any time exceed **\$200,000,000**.

section 10. Authorization of Program Documents. The Executive Director and the other officers of the Agency are hereby authorized and directed to execute all documents they deem necessary in connection with the Program, including, but not limited to, regulatory agreements, loan agreements, origination and servicing agreements (or other loan-to-lender documents), developer agreements, financing agreements, investment agreements, agreements to enter into escrow and forward purchase agreements, escrow and forward purchase agreements, refunding agreements and continuing disclosure agreements, in each case with such other parties as the Executive Director may select 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 11. Ratification of Prior Actions. All actions previously taken by the officers of the Agency in connection with the implementation of the Program and the issuance of the Bonds are hereby approved and ratified.

Section 12. Authorization of Related Actions. The Treasurer and the officers of the Agency, or the duly authorized deputies thereof, are hereby authorized and directed to do any and all things and to execute and deliver any and all 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.

Section 13. 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, the Comptroller of the Agency or any other person specifically authorized in writing by the Executive Director.

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SECRETARY'S CERTIFICATE

I, David N. Beaver, 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 **99-12** 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 January, 1999, 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 14th day of January, 1999.

[SEAL]

David N. Beaver
Secretary of the Board of
Directors of the California
Housing Finance Agency

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SECRETARY'S CERTIFICATE

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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 ____ day of _____, _____.

[SEAL]

 David N. Beaver
 Secretary of the Board of
 Directors of the California
 Housing Finance Agency

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