700

BOARD OF DIRECTORS

Thursday, August 10, 2000

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 July 13, 2000 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: (Linn Warren)

NUMBER	DEVELOPMENT	LOCALITY	UNITS	
00-010-N	Homestead Park Apartments	Sunnyvale/ santa Clara	208	
Resolution 00-24				..838
00-013-N	Runnymede Gardens	East Palo Alto/ San Mateo	78	
Resolution 00-25				.860
00-024-S	Coronado Terrace	San Diego/ San Diego	312	
Resolution 00-26				..878
00-025-S	Plaza Manor	National City/ San Diego	372	
Resolution 00-27				..898

701

NUMBER	DEVELOPMENT	LOCALITY	UNITS	
00-023-S	Vista Terrace Hills	San Ysidro/ San Diego	262	
Resolution 00-28..				.918
00-021-N	Thomas,Paine Square Apartments	San Francisco/ San Francisco	98	
Resolution 00-29..				.938
99-024-N	Seventeenth Street commons	Sacramento/ Sacramento	29	
Resolution 00-30..				.958
00-026-N	Saratoga Senior Apartments	Vacaville/ Solano	120	
Resolution 00-31..				.976
00-030-S	Baldwin Park	Baldwin Park/ Los Angeles	71	
Resolution 00-32..				.994

5. Other Board matters.

6. **Public Testimony: Discussion only of other matters to be brought to the Board's attention.**

NOTES

HOTEL PARKING: Parking is available as follows: 1) overnight self-parking for hotel guests is $12.00 per night; and 2) rates for guests not staying at the hotel is $2.00 for the first two hour period, $2.00 for the second two hour period, and $1.00 per additional hour (up to 10 hours).

FUTURE MEETING DATE: Next CHFA Board of Directors Meeting will be September 14, 2000, at the Hilton Burbank Airport & Convention Center, Burbank, California.

STATE OF CALIFORNIA

CALIFORNIA HOUSING FINANCE AGENCY

ORIGINAL

BOARD OF DIRECTORS

PUBLIC MEETING

The Host Airport Hotel
Camellia Room
Sacramento International Airport
6945 Airport Boulevard
Sacramento, California

Thursday, July 13, 2000
9:30 a.m. to 12:26 p.m.

Minutes approved by the Board of Directors
at its meeting held: AUG. 10, 2000.

Attest: [signature]

Reported and Transcribed by: Ramona Cota

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APPEARANCES

Directors Present:

CLARK WALLACE, Chairman

BETHANY ASELTINE

JULIE I. BORNSTEIN

CARRIE A. HAWKINS

ROBERT N. KLEIN II

ANGELO R. MOZILO

PAT NEAL

THERESA A. PARKER

JEANNE PETERSON

Staff Present:

DAVID N. BEAVER, General Counsel

JOJO OJIMA

For the Staff of the Agency:

KENNETH R. CARLSON, Director of Financing

DIANE RICHARDSON, Director of State Legislation

LINN G. WARREN, Chief, Multifamily Lending

Counsel to the Agency:

STANLEY J. DIRKS, Orrick, Herrington & Sutcliffe

Members of the Public (In Order of Appearance):

BARBARA SOLOMON, M.S.W., Episcopal Community Services

SENE SLATER, CSG Advisors

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1 PROCEEDINGS

2 THURSDAY, JULY 13, 2000 SACRAMENTO. CALIFORNIA 9:30 A.M.

3 CHAIRMAN WALLACE: Good morning, I'd like to call
4 the meeting of the California Housing Finance Agency Board of
5 Directors together. In a moment we'll have the secretary
6 call the roll. (Pause). Maybe we'll skip that. When does
7 30 seconds become a week and a half? Secretary, call the
8 roll.

9 MS. OJIMA: Yes, sir.

10 ROLL CALL

11 MS. OJIMA: Ms. Peterson for Mr Angelides?

12 MS. PETERSON: Here.

13 MS. OJIMA: Ms. Bornstein?

14 MS. BORNSTEIN: Here.

15 MS. OJIMA: Ms. Neal for Ms. Contreras-Sweet?

16 MS. NEAL: Here.

17 MS. OJIMA: Mr. Czuker?

18 (No response).

19 MS. OJIMA: Ms. Easton?

20 (No response).

21 MS. OJIMA: Ms. Hawkins?

22 MS. HAWKINS: Here.

23 MS. OJIMA: Mr. Hobbs?

24 (No response).

25 MS. OJIMA: Mr. Klein?

1 MR. KLEIN: Here.
2 MS. OJIMA: Mr. Mozilo?
3 MR. MBZILO: Here.
4 MS. OJIMA: Mr. Wallace?
5 CHAIRMAN WALLACE: Here.
6 MS. OJIMA: Mr. Gage?
7 (No response).
8 MS. OJIMA: Ms. Aseltine for Mr. Nissen?
9 MS. ASELTINE: Here.
10 MS. OJIMA: Ms. Parker?
11 MS. PARKER: Here.
12 MS. OJIMA: We have a quorum.
13 CHAIRMAN WALLACE: We have a quorum.
14 APPROVAL OF THE MINUTES OF THE 11 11, 2000 MEEIING
15 Let's go to Item 2, the approval of the minutes of
16 the May 11, 2000 meeting.
17 MS. PETERSON: Move approval.
18 MR. MOZILO: Second.
19 CHAIRMAN WALLACE: It's been moved by Peterson and
20 seconded by Mozilo. Any discussion, correct ons, additions?
21 Anybody read them? Good for you. Secretary, call the roll.
22 MS. OJIMA: Ms. Peterson?
23 MS. PETERSON: Aye.
24 MS. OJIMA: Mr. Bornstein?
25 MS. BORNSTEIN: Well, it's actually Ms. Bornstein.

1 (Laughter).
2 MS. OJIMA: I'm sorry, Ms. Bornstein.
3 MS. BORNSTEIN: Aye.
4 CHAIRMAN WALLACE: Let's start over. Secretary,
5 call the roll to see if we're all here.
6 MS. OJIMA: Ms. Neal. Ms. Neal.
7 MS. NEAL: Here. Yes.
8 MS. OJIMA: Thank you. Ms. Hawkins?
9 MS. HAWKINS: Here.
10 MS. OJIMA: Mr. Klein?
11 MR. KLEIN: Here.
12 MS. PETERSON: Wait a minute.
13 MR. MOZILO: No, no, no, no, no.
14 MS. PETERSON: We're voting on the minutes.
15 MS. NEAL: We took you literally, Clark.
16 CHAIRMAN WALLACE: You were listening, Pat.
17 MS. NEAL: I was listening.
18 MR. MOZILO: This is going to be a long day.
19 CHAIRMAN WALLACE: We're approving the minutes and
20 you're here.
21 MS. NEAL: Yes.
22 CHAIRMAN WALLACE: Perfect.
23 MS. OJIMA: Mr. Mozilo?
24 MR. MOZILO: Yes.
25 MS. OJIMA: Mr. Wallace?

1 CHAIRMAN WALLACE: Aye.
2 MS. OJIMA: The minutes have been approved.
3 CHAIRMAN WALLACE: The minutes have been approved.
4 **CHAIRMAN/EXECUTIVE DIRECTOR COMMENTS**
5 Item 3, Chairman and Executive Director comments.
6 I think right up front we wanted to say that we have had some
7 personnel changes. I think all the Board Members, if not
8 others, have a copy of Dick Schermerhorn's letter of
9 resignation dated June 26, 2000. Terri will want to say a
10 word or two. Dick has requested, as I understand it via
11 Terri, that there be no fanfare. Dick has been here since, I
12 believe, 1991 and has made a real contribution to CHFA, but
13 he wants no farewell parties or accolades and the like.
14 Having said that, I think at a minimum the Board
15 ought to authorize the drafting of a resolution thanking Dick
16 for his great contributions, many years of service and so on,
17 even though he, were he here, might not vote for it. But he
18 doesn't have a vote anyway so I recommend that we do that.
19 Hearing no dissent why --
20 MS. BORNSTEIN: I was going to say I would make
21 that motion.
22 MR. KLEIN: I'd second it.
23 CHAIRMAN WALLACE: Fine. Motion by Bornstein,
24 second by Klein, to memorialize Dick Schermerhorn's years of
25 service and contributions to CHFA. Seeing, hearing no

1 discussion, secretary, call the roll on that.
2 MS. OJIMA: Thank you. Ms. Peterson?
3 MS. PETERSON: Aye.
4 MS. OJIMA: Ms. Bornstein?
5 MS. BORNSTEIN: Aye.
6 MS. OJIMA: Ms. Neal?
7 MS. NEAL: Aye.
8 MS. OJIMA: Ms. Hawkins?
9 MS. HAWKINS: Aye.
10 MS. OJIMA: Mr. Klein?
11 MR. KLEIN: Aye.
12 MS. OJIMA: Mr. Mozilo?
13 MR. MOZILO: Aye.
14 MS. OJIMA: Mr. Wallace?
15 MR. WALLACE: Aye.
16 MS. OJIMA: It has been approved.
17 CHAIRMAN WALLACE: The motion has been approved.
18 Having said that, Terri will give you a little bit of the
19 background, I suspect, in her portion of this report. But
20 it's, I don't think, appropriate right at the moment to go
21 into any in-depth inquiry as to whys and wherefores. Should
22 you want to discuss that -- without convening an executive
23 session to protect all parties. So I'm going to suggest that
24 if you have a few questions it may be appropriate to ask
25 Terri during the break or after the meeting.

1 Beyond that, Terri and I have talked about a
2 process by which we will develop a -- That she would come
3 back to the next Board Meeting. I think we have scheduled an
4 extra meeting August 10th at which Terri will be prepared to
5 present a process by which a replacement for Dick
6 Schermerhorn is to be followed and approved by us. So no in-
7 depth discussion today. This is all kind of news. Unless
8 you have really cogent questions you'll get most of your
9 answers at the August Board Meeting as to how we go about
10 replacing him.
11 Secondly, you probably also know that David Beaver
12 our Chief Legal Counsel has requested to step back to the
13 role in which he has served, as I understand it, David, for
14 many years. But to step out of the role of Chief Legal
15 Counsel. And in that connection, again, David, you may want
16 a brief remark or two but I think it's inappropriate to get
17 into an in-depth discussion without convening an executive
18 session. Unless Chief Legal Counsel tells me otherwise,
19 which he will not.
20 And again, the process for replacing David as Chief
21 Legal Counsel, Terri will be coming back in the August
22 meeting to discuss how we are going to go about that. With
23 that, David, if you had anything you wished to say, fine. I
24 do intend to call on Terri and have her say whatever --
25 MS. PARKER: Clark, I don't want to speak for Dave

1 but I think Dave intends to, essentially, follow a tradition
2 and send the Board, since he is Board Secretary, a letter.
3 That is Dave's plan. We will continue to have Dave, the
4 benefit of Dave, in his current capacity until the 15th of
5 August so he will be here at this meeting, he will be here at
6 the next meeting.
3 MR. BEAVER: Yes, that's correct, and I really
8 don't have anything to add at this time.
9 CHAIRMAN WALLACE: Fine. Well, with that, Terri --
10 MS. PARKER: A segue to me? Okay.
11 CHAIRMAN WALLACE: How is that for a smooth pass?
12 MS. PARKER: Well, you stole most of my thunder
13 here.
14 CHAIRMAN WALLACE: Well, then you don't have to say
15 anything, Terri.
16 MS. PARKER: Well, I do want to follow-up on the
17 last comment to let you know that we are already moving ahead
18 on discussions internally about the legal position and what
19 we will do in an interim basis. And Sandy Casey-Herold, who
20 is here -- Sandy, if you'll stand up. Only because of your
21 height. The Board knows Sandy. Sandy --
22 CHAIRMAN WALLACE: Why don't you get on the chair,
23 Sandy.
24 MS. PARKER: Sandy has really served as Dave's
25 number two. She has, when Dave has had other callings,

1 served as Board Secretary so you all know her. She has
2 volunteered to step in and continue sort of carrying the
3 torch so we anticipate from the standpoint of, particularly
4 for the legal staff, to one, benefit from being able to
5 continue to keep Dave's valued expertise and be moving
6 forward to essentially add to the team.
7 The process will be a little bit different for the
8 legal counsel than it will be for the Programs Director
9 because the Programs Director is actually a Board appointment
10 and I'll be talking to you all a little bit more about that
11 at the next meeting.
12 What I do want to add right now is, since
13 Schermerhorn has been here, basically, for a decade and the
14 Agency has grown dramatically -- most of you all know that
15 because you have been here longer than I have. It has grown
16 dramatically. And what we are doing from a Programs
17 standpoint during that time, I think it provides us an
18 Dpportunity to essentially look at how best to organize the
19 Agency moving forward.
20 Given the production that we're doing, the levels
21 are at the highest they have ever been in the Agency's
22 history, and so we need to look at what we need to do from an
23 internal personnel capacity to meet the business plan that
24 the Board has laid out in our last meeting. So I want to
25 take some time; I don't want to rush into this. In the

1 interim Linn Warren is stepping up and, basically, will be
2 directly running multifamily, as he has been doing. He
3 directly will interact with the Board in the capacity of
4 doing all the presentations on our deals, and Ken will be
5 doing the same thing on the single family side.
6 So just as we are not any one person, the Agency
7 and the staff, I think -- I will convey to you that everybody
8 is here, we know what our responsibilities are. We feel we
9 have a very aggressive Business Plan. We are all committed
10 to doing that and we are looking forward to essentially build
11 on the successes of last year, where I can report to you that
12 single family did meet its billion dollar goal. Our actuals
13 at year-end were $1 billion 1 million so the hard work of
14 Ken's staff and, basically accounting staff and everybody
15 else. That is the highest level ever for the Agency. But on
16 the multifamily side Linn and his staff also met and exceeded
17 their goal. We did 133 percent of what our Business Plan
18 last year was. So we are intending to take a little time
19 next week and celebrate the successes.
20 Moving forward, at the last meeting we talked about
21 there may be an opportunity for CHFA to have some additional
22 work based on the state budget that was being considered.
23 The Legislature sent the Governor a budget, In that budget
24 the Governor signed $500 million for housing programs. Most
25 of that money will be in Julie's budget, although CHFA will

1 be, through interagency agreement,.have a $50 million
2 appropriation to be developing a down payment assistance
3 program.
4 The thing that is unique about this down payment
5 assistance program, as opposed to ones we have done in the
6 past, this down payment assistance can be put together with
7 any loan product, any conventional loan product or government
8 loan product that exists. So it can be a CHFA loan, a VA
9 loan, a Bank of America loan, a Fannie loan. So we will be
10 working, and probably bringing back to the Board in September
11 a resolution to start that program the first of October.
12 What was not included in the budget that we thought
13 might be included was a Governor's down payment assistance or
14 a program for teachers. They decided to give money directly
15 to school districts to offer that as incentives, depending on
16 what the school districts wanted to do. So while we will
17 have a new program we will not be doing one that I thought we
18 might likely do, and in that sense work through another
19 program that the Treasurer has through CDLAC to get some
20 additional allocation to run a specific program that could
21 have both a down payment component and a lower interest rate.
22 But we have also got legislation to help redesign
23 our School Facilities Fees Program so we -- With that new
24 legislation that was signed by the Governor this week we
25 actually had two loans the very next day that we were able to

1 approve that we would not have been able to have done had
2 that legislation not been effected. So we do have some more
3 things on our plate than we anticipated when we talked with
4 you all in May. We'll be coming back again with a resolution
5 to do the down payment assistance program and any additional
6 resources the Agency needs to essentially accomplish that
7 work. That concludes my report.
8 CHAIRMAN WALLACE: Excuse me. You said, Ken will
9 be running the interim single family program.
10 MS. PARKER: Correct.
11 CHAIRMAN WALLACE: Which Ken?
12 MS. PARKER: Ken Williams.
13 CHAIRMAN WALLACE: Okay.
14 MS. PARKER: Ken is currently our chief of single
15 family. And basically both of our chiefs on the multifamily
16 side and the single family side, instead of having a program
17 director to report to, in the interim will report to,
18 basically, LaVergne and myself.
19 CHAIRMAN WALLACE: Ken, put up your hand back
20 there. I didn't want Carlson to get this job.
21 MR. CARLSON: Neither did I.
22 CHAIRMAN WALLACE: Okay, questions. Bob.
23 MR. KLEIN: Terri, the school facilities statute
24 that was signed. How does that relate to our programs and
25 what was in that statute?

1 MS. PARKER: This is a program that we have been
2 running on a contractual basis. Money was appropriated,
3 subject to an initiative passing on the 1998 fall election
4 cycle.
5 MR. KLEIN: It's a continuation of that program.
6 MS. PARKER: Yes. And what we had found through
7 the first year of operation, that the income limits for one
8 of the -- there's three programs. The income limits for one
9 of the programs was so low that basically people couldn't --
10 there was no stock out there that people could buy.
11 MR. KLEIN: Right. Right.
12 MS. PARKER: So we essentially were able to go in
13 and demonstrate through some really outstanding analysis that
14 staff did, of what the product was and what the incomes were
15 that were necessary to raise it from very low to at least
16 through moderate, which are the income limits that we operate
17 in our programs that we run. So we are still serving people
18 who are, at maximum, 115 percent of median income but we have
19 a better shot of actually utilizing those dollars and helping
20 people.
21 The other program was limited to sales price of
22 $110,000. Not a lot of product out there for $110,000. The
23 legislative changes were to increase that to $130,000 and
24 also to put an annual escalator in. So as real estate
25 appreciates over the four years of this program it has an

automatic escalator to reflect what the market does.

MR. KLEIN: Okay.

MS. PARKER: So that way we have a better shot of using those general fund dollars.

MR. KLEIN: So it changed both the single family and the multifamily qualifying?

MS. PARKER: No, no. The legislative changes were only on the single family side. The multifamily program is continuing to operate. Linn and the focus group that he has worked with had a number of legal issues that they were concerned about dealing with the community. They came up with a remedy that the community felt comfortable with and we are moving along on that program.

At this particular point in time I don't think that we see that there are any legislative solutions subject to federal law change that will make dramatic change to that. But I think that the interpretations that we were able to do legally -- and Linn can speak to this -- from the community's perspective felt like they would be able to utilize those resources. So we got legislation on the single family side. Multifamily side we have made some changes that the community is aware of earlier this spring and we, on an ongoing basis, will accept applications.

CHAIRMAN WALLACE: Okay, Bob? Any other questions under Item 3? If not, let's move on to Item -- Any questions

1 from the audience on anything we have discussed other than
2 the approval of the minutes? Okay, ready, Item 4, Linn?
3 MR. WARREN: Thank you. Good morning,
4 Mr. Chairman. We have one item which we will not be
5 presenting today, that is the Park Pacific Apartments in
6 Fountain Valley. The sponsor has withdrawn the project for
7 this Board meeting with our concurrence, with the expectation
8 we will bring it back for consideration at the August Board.
9 **RESOLUTION 00-15**
10 So the first project that we have for your review
11 today is Longacres at Seabreeze in San Diego. This is a
12 first loan commitment request in the amount of $1,240,000,
13 8.25 percent interest rate for 30 years. This is a 9 percent
14 taxable transaction located in northern San Diego County,
15 actually in the City of San Diego.
16 The project itself is part of a master planned
17 single family development project in the city. The property
18 is being donated by the master developer and this is an
19 inclusionary zoning project. The City of San Diego is
20 incorporating and requiring some affordability restrictions
21 which I'll discuss in a minute. It's a 38 unit project and
22 it is a family -- Let me show you a few pictures then we can
23 discuss the financing.
24 (Video presentation of project begins.)
25 As you can see, the site is currently under

1 development right now. The site that you see right now is on
2 the right. This is a future road that leads down to the
3 bottom of the project. This is a view from the first floor
4 of the proposed complex, looking down on an existing project
5 in the area. As I said, it will be involved with other
6 single family homes of a fairly high-end nature. The average
7 sales price of the adjacent subdivisions range between
8 $300,000 to $600,000. This is typical of the homes in the
9 Seabreeze Farms development. Centex Homes is the master
10 developer.
11 As one would expect in this part of San Diego the
12 rent differentials for the project are fairly significant.
13 We have rents at 45 percent, 50 percent and 60 percent of
14 median. The 65 percent rent requirement is being imposed by
15 the City as a component of the master development. In this
16 part of San Diego the supply and demand clearly are
17 unbalanced given the demand for housing in San Diego County.
18 As you can see, the market rate, which are the yellow bars,
19 there's a wide difference between the affordable rents and
20 the market rate rents. So from that standpoint we feel that
21 demand for the project will be very high.
22 The developer on this particular project, there
23 will be two general partners. The first is Chelsea
24 Investment Corporation. They are known to us in the fact
25 that they were involved with our Warwick Square project in

1 Tustin, which today is the largest.rehab project that the
2 Agency has done. The second is Pacific Southwest Community
3 Development Corporation, a nonprofit. They have been
4 involved in seven projects in Southern California and in
5 Arizona and they are also involved in the Hampton Square
6 project which is a large rehab directly near our Warwick
7 Square project and by all accounts is being run very well.
8 As I said, the affordability is very good. We have
9 rents at 45, 50 and 65 percent. There are no environmental
10 issues and the master plan has basically dealt with the
11 development effectively. The land for the project is being
12 donated by the developer, which helps defray the costs and
13 will allow for the deep affordability. So this is a fairly
14 straightforward project at 9 percent. Our loan to value, as
15 is indicated on page 838 of your materials, we have a 26
16 percent loan to value and then 22 percent loan to cost so we
17 feel this is a good project. With that we would recommend
18 approval and be happy to answer any questions.
19 (Video presentation of project ends.)
20 CHAIRMAN WALLACE: Bob.
21 MR. KLEIN: On page 840 where it details Income and
22 Expenses it's showing Taxes and Assessments of $832 per unit
23 per year. With a nonprofit involved why is it that there are
24 taxes?
25 MR. WARREN: I believe there are assessments on the

1 property, Bob, as a component of the master development. I
2 have seen inclusionary zoning projects like this in the past
3 in which there are assessments that are being levied even
4 though the taxes may not be charged.
5 MR. KLEIN: So this $832 -- That's a very high
6 assessment per unit per year.
7 MR. WARREN: It is an assessment on the actual
8 development itself.
9 MR. KLEIN: Okay. If I subtract that from the rest
10 of the operating expenses I'm at'about $2900, roughly.
11 MR. WARREN: Yes.
12 MR. KLEIN: These are fairly large units, targeted
13 at relatively low incomes.
14 MR. WARREN: Okay.
15 MR. KLEIN: How do you contrast that with the
16 expenses in the following two projects which are at $3500 a
17 unit, essentially without taxes or any major assessments, and
18 $3500 on the third project as well. Actually, the third
19 project would be at $2800 less it's taxes and assessments.
20 So my question is, if this is a 9 percent project with deep
21 targeting, how do we get to $2900 in expenses when the second
22 project is at $3500 without taxes and does not have as deep a
23 targeting?
24 MR. WARREN: I think when you compare new
25 construction projects with acq rehab projects, which is

1 really what the three that you're referring to after
2 Seabreeze are, I think there is a differential. Plus, I
3 believe that given the demand for this particular project
4 there will be very limited turnover. The maintenance of the
5 units on a regular basis are not going to be as much. And
6 periodically we will get budgets in here on these particular
7 deals which may be lower than what we would expect but
8 certainly are within tolerances. So given the newness of
9 it -- And I agree with you, Bob, they are larger family
10 units. But we have a comfort level with the Chelsea folks
11 and with this other nonprofit that it will be maintained.
12 MR. KLEIN: Okay. The other question related to
13 the interest rate. We're at 8.25.
14 MR. WARREN: That's correct.
15 MR. KLEIN: At a taxable rate I would assume that
16 we could actually, if we wanted to, deliver a lower rate than
17 that. How have we decided to size our taxable debt rate at
18 8.25?
19 MR. WARREN: We periodically check where the market
20 is and this is probably somewhat under market today. We
21 don't move our rates that often. One of the issues that we
22 have with taxable rates is we are not really in a position to
23 compete and we really don't wish to compete directly with
24 other conventional lenders. This was brought to us
25 originally as a 4 percent transaction and then they were able

1 to get credits so the sponsor elected to stay with us.
2 We periodically check and see where comparable
3 rates are with other lenders, B of A, Wells Fargo and such,
4 and we try to peg our rates close to them. Yes, we could
5 come in with a lower rate if we wished but the Board, to date,
6 has not expressed much of an interest in us going after a
7 much lower affordable rate, instead focusing our rates mainly
8 in the tax-exempt bond area. So we did this rate and this
9 program to facilitate the sponsor because he had spent so
10 much time with us already and it seemed appropriate to leave
11 the rate where it was.
12 MR. KLEIN: Okay. I raise it in the context that
13 deep-targeted projects are difficult. They need as much help
14 as possible, normally, on expenses. Just speaking as an
15 individual on the Board, I would certainly be supportive of
16 lower rates to give them deeper operating expenses if that
17 was, in the judgment of the staff, necessary at some time.
18 Because, certainly with large units which are
19 difficult to produce in the first place, getting them to
20 operate on a continued basis in the lower end of the range
21 with deep targeting is very, very challenging. So if we have
22 that kind of discretion, speaking as one individual, I would
23 hope you would look at that as an option that the staff has
24 the ability to work within.
25 MR. WARREN: Okay.

MR. MOZILO: I make a motion that we approve the project.

MS. BORNSTEIN: Second.

CHAIRMAN WALLACE: Motion by Mozilo and second by Bornstein. Any discussion on the motion? Yes, me. You said the project had been donated by --

MR. WARREN: The land itself was donated by the master developer for the project itself.

CHAIRMAN WALLACE: What's the $955 we're showing on page 839 under Acquisition?

MR. WARREN: That is the value that has been assigned to the land under the Sources and Uses.

CHAIRMAN WALLACE: We assigned?

MR. WARREN: It was given to us by the sponsor as the land basis.

CHAIRMAN WALLACE: Okay. Okay. But it's really a zero cost land deal.

MR. WARREN: Really zero. If you look at the Sources it's $950,000 so it nets to zero. There's a $5,000 increment. I think it's an off-site cost or something like that. So it really is zero for land.

CHAIRMAN WALLACE: Okay. Any further questions on the motion to approve? Anybody in the audience wish to speak on this matter? Hearing and seeing none, secretary, call the roll.

MS. OJIMA: Thank you. Ms. Peterson?

MS. PETERSON: Aye.

MS. OJIMA: Ms. Bornstein?

MS. BORNSTEIN: Aye.

MS. OJIMA: Ms. Neal?

MS. NEAL: Aye.

MS. OJIMA: Ms. Hawkins?

MS. HAWKINS: Aye.

MS. OJIMA: Mr. Klein?

MR. KLEIN: Aye.

MS. OJIMA: Mr. Mozilo?

MR. MOZILO: Aye.

MS. OJIMA: Mr. Wallace?

MR. WALLACE: Aye.

MS. OJIMA: Resolution 00-15 has been approved.

CHAIRMAN WALLACE: Wait a minute. Is it 00-15? It is. It's confusing on our agenda. I see a number 00-002-S out Resolution 00-15. Then I see 15 in front of Tice Oaks, the next item.

MS. PARKER: Those are the project numbers, sorry. These are our project numbers.

CHAIRMAN WALLACE: Right.

MS. PARKER: These are our Resolution numbers.

CHAIRMAN WALLACE: Okay. That's clever, Terri. Resolution 00-15 has been approved. So now let's move on to

1 Project number 00-015-N. Tice Oaks, right?

2 **RESOLUTION 00-16**

3 MR. WARREN: We will try to move our numbers better

4 next time. The second project for your consideration is Tice

5 Oaks. This is somewhat different in that this is a project

6 that is in our portfolio as an existing loan. Tice Oaks was

7 originated approximately 20 years ago and it is a 30 year

8 loan with a coterminous Section 8 contract. The sponsors

9 have come to us with a sale proposal with an attempt to

10 leverage the existing Section 8 contract.

11 So as you can see from our materials we have the

12 mortgage request for two loans, and I'll explain the

13 leveraging in just a moment. The first is a loan amount for

14 $2,475,000 at a 6.2 interest rate, 30 year tax-exempt and a

15 second loan for $2,540,000, 6.2 for 11 years. In addition,

16 there will be a locality involvement of two loans from the

17 City of Walnut Creek for a $640,000 CDBG and $600,000 in HOME

18 fund from the County of Contra Costa.

19 As I said, this is a CHFA portfolio loan. With

20 approximately 11 years remaining on the Section 8 contract we

21 have the ability to leverage that income in two ways.. Number

22 one, we can underwrite a loan at the 50 and 60 percent rents

23 which would last for the 30 year period of our normal fixed

24 rate financing. The difference in income between those rents

25 and the Section 8 contract rents, that differential allows us

1 to basically service a second piece of debt which is the 11
2 year, $2,540,000 period. That ends, and is self-amortizing,
3 at the time the Section 8 contract expires.
4 We think this is an important wait to go for this
5 particular project because at this juncture we are insuring
6 an additional 20 years of affordability from the CHFA
7 standpoint and we'll have the additional affordability from a
8 tax credit standpoint. At the same time we are able to use
9 Agency resources to fund the rehabilitation and to seed money
10 for replacement reserves on a long-term basis.
11 As we get closer to the end of the 30 year period
12 it is entirely possible that the sales price of this project
13 would go higher because it could go market and could be
14 unrestricted at the end of the time of the CHFA regulatory
15 period. So we think that this is an appropriate time to
16 refinance this particular project, to put it in the hands of
17 a new sponsor, in this case Mid-Peninsula, and to extend the
18 affordability and do some rehab for a long term. So with
19 that let me show you some slides of the property itself.
20 (Video presentation of project begins.)
21 Tice, as I said, is 19 years old. It is 91 units,
22 all one bedroom. This is a senior project. There are five
23 buildings in almost a garden setting and one-and two-stories.
24 This is Tice Valley Drive, which is in Walnut Creek. This is
25 adjacent to a large, local park and it is relatively near the

1 Rossmoor development, for those that are familiar with this
2 part of Contra Costa County.
3 This is the main entrance to the project. It is
4 very secure. This is really the only primary way in. This
5 leads through the community area and through the main office.
6 It really is a lovely project. This mature landscaping, the
7 shingle theme is throughout all the project. It has been
8 very well maintained. As I said, it's a CHFA portfolio
9 project so our folks have taken good care of this.
10 This is typical of the balconies and the studio
11 areas. There will be some work done in this area. Some of
12 the siding, as you can imagine, has gotten weathered over the
13 years and that will be addressed as part of the
14 rehabilitation. This is the central courtyard. The trees
15 and the wisteria that you see are typical throughout all the
16 project.
17 There will be interior improvements. Somewhat
18 dated, as you can imagine. We are going to have new kitchen
19 cabinets for all the units, showers, shower valves, smoke
20 detectors. On a selected basis, heating and air conditioning
21 units will be upgraded. We are putting a sizable amount of
22 money in the replacement reserves and the long-term capital
23 plans will address any units -- Any AC units that aren't
24 addressed up front will be taken care of over a period of
25 time. Community room. Again, we have many long-time

1 residents in Tice Oaks. As you can imagine, it is a very
2 desirable place to live.
3 Just ,to reiterate: There are many sources of
4 financing for this transaction. We have the two loans from
5 CHFA, the 30 year and the 11 year loan; two subordinate
6 loans, CDBG and HOME. Reserves. These are CHFA reserves
7 that we hold. $760,000 of these reserves will go toward the
8 rehab. The balance of the $200,000 or so will go to seed the
9 replacement reserve project. Then the 4 percent tax credits
10 at the end.
11 The project sponsor, again, is known to us, it is
12 Mid-Peninsula. They have a management interest in the
13 current project and will continue as the manager of the new
14 tax credit project.
15 (Video presentation of project ends.)
16 One of the areas that we need to discuss, though,
17 is the transition off of the Section 8. In 11 years the
18 Section 8 contract will expire. Because of the project cash
19 flows, we will be taking extra money from the project and
20 funding a transition reserve. In the event that the contract
21 cannot be renewed in 11 years the transition reserve will
22 allow the project to move from a Section 8 project-based into
23 the additional tax credit, 50 to 60-type project.
24 If the renewals continue and we have this money
25 built up in this large reserve then the sponsors and CHFA

1 have agreed that the money will go for the benefit of the
2 project as far as, perhaps, additional improvements, and
3 ultimately, the money could go to help repay some of the
4 locality loans. This is a concern for the localities as
5 well. They have indicated that they will not require
6 repayment under their residual receipts until the Section 8
7 situation is resolved in 11 years.
8 So all told the sponsors wish to try to not disturb
9 the tenants as much as possible and we have planned
10 financially for the eventuality of the Section 8 stopping in
11 11 years. But clearly the hope is, and the expectation will
12 be, that the sponsors will seek and accept any renewal of the
13 contracts after the 11 year period. So with that we feel,
14 obviously, it is a very desirable project, one that we would
15 need to try to keep in affordable housing stock and would
16 recommend approval.
17 CHAIRMAN WALLACE: *Any* questions? Jeanne.
18 MS. PETERSON: I had a question which had to do
19 with how the new first mortgage amount is determined. 'If
20 that represents the amount of the current balance on the
21 outstanding first mortgage. And something that we never talk
22 about but I was curious about, and that is, what are the
23 current mortgagors getting out of this as the sellers?
24 MR. WARREN: First of all, the existing balance
25 will essentially be paid off. The A-debt or the first piece

1 of debt is based upon what are essentially the tax credit
2 rents, the 30 percent, the 45, the 50 and 60 percent rents
3 that are being imposed by the various financing sources. So
4 that is how the A piece is sized and the second piece is
5 sized with respect to the Section 8. So there is no real
6 relationship to the existing debt. That really is being paid
7 off, it's a different form of financing.
8 Yes, the sellers are being paid. Their capital
9 accounts are being current and there is some profit going to
10 them out of this. Mid-Peninsula is getting some money out of
11 it, but again, they're staying in the deal and their money
12 will plow back into the project itself. So that's not
13 atypical for these. The sellers are receiving compensation
14 for being in the project for 20 years.
15 CHAIRMAN WALLACE: You have a question mark on your
16 face.
17 MS. PETERSON: Well, I was just curious if there
18 was any limitation on that return or if it was even analyzed
19 as a matter of routine?
20 MR. WARREN: I don't have the numbers with me.
21 Yes, it was analyzed to see how much was leaving the project.
22 The limitation for cash flow on this, Jeanne, is on the
23 actual contract itself. There is a limitation on how much
24 can leave the project under the HAP contract, which we will
25 be continuing to administer.

1 MS. PETERSON: Right.
2 MR. WARREN: There is no limitation that we're
3 aware as far as paying the sellers for the project.
4 MS. PETERSON: Exactly.
5 MR. WARREN: Yes. Yes.
6 MS. PETERSON: So the limitation on the HAP
7 contract really is inapplicable --
8 MR. WARREN: It is inapplicable --
9 MS. PETERSON: -- in a sale situation.
10 MR. WARREN: -- for a sale situation.
11 MS. PETERSON: Yes.
12 MR. WARREN: It is applicable, however, on a cash
13 flow'basis. On a monthly they can't take that much out.
14 MS. PETERSON: All right. My only other question
15 was, whether or not -- The city and the county loans are
16 going to be new loans, right?
17 MR. WARREN: Yes.
18 MS. PETERSON: And they have agreed to subordinate
19 to both of our loans?
20 MR. WARREN: That's correct.
21 MS. PETERSON: Thank you.
22 CHAIRMAN WALLACE: Bob.
23 MR. KLEIN: This project is up for a new
24 allocation? Is that the status?
25 MR. WARREN: Yes.

1 MR. KLEIN: This project; I'm surprised that it
2 passes all three of the 50 percent tests in terms of analysis
3 of tracing proceeds to meet all three of the federal
4 interpretations of the 50 percent test, but I take it, it
5 does.
6 MR. WARREN: Well, we have certainly talked with
7 Mid-Pen about that. And as you know, you have brought that
8 up in the past, Bob.
9 MR. KLEIN: Right.
10 MR. WARREN: And we have looked at those tests and
11 we continue to do so and at this juncture it would appear to
12 be. I think the first test as far as the 50 percent, because
13 we have two levels of debt, that money should pass that, and
14 certainly we can revisit the other tests you have brought up
15 in the past and see if they clear them.
16 MR. KLEIN: I would just suggest that at a very
17 early date someone through a CPA look at all three of those
18 numbers. I think it's a very good project. If it needed a
19 bridge loan or something to allow it enough time to
20 restructure and resubmit for an allocation that was larger to
21 meet all three of those tests, that would be something I
22 would be supportive of. Looking at these numbers, I'm
23 surprised.
24 MR. WARREN: Well, the two tax-exempt pieces do
25 come close to the 50 percent test, you're right.

1 MR. KLEIN: Excuse me?
2 MR. WARREN: They do come close. We will revisit
3 that with the sponsor.
4 MS. PARKER: Let me just add something to this.
5 Dick and Linn have basically been working with the owner and
6 the sponsors, being that this is a portfolio loan, for quite
7 some time. We had a lot of internal discussion about doing
8 this relative to our own internal policies about allowing for
9 projects to be refinanced. There's been a lot of time and
10 effort given to make this work. We have tried in doing this
11 to make this consistent. That we're not treating this
12 project special because we have to have a policy that is
13 applicable to any project, to any owner, to any potential
14 sponsor that comes to us.
15 But we have spent a lot of time on this one because
16 we think that given the local commitment, that the nonprofit
17 who is trying to do this, where this project is located, we
18 obviously want to make this work and continue to capture that
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1 refinance it, they can have some financial return, that
2 CHFA's program is reasonable. It's critical to have that
3 credibility to attract new sponsors that know that we'll work
4 with them to get reasonable compensation after a long hold in
5 a project of this type. So I'm glad to see the staff working
6 through this. They are challenging projects to save
7 affordability but it seems like a very good goal.
8 CHAIRMAN WALLACE: Angelo.
9 MR. MOZILO: Linn, just for the sake of information
10 if you have the numbers available to the two basic questions.
11 One, does it meet the 50 percent test on those three items?
12 It does?
13 MR. WARREN: In our calculation, yes it does.
14 MR. MOZILO: It does?
15 MR. WARREN: Yes.
16 MR. MOZILO: And do you have the amount that the
17 sponsor will receive as a result of the sale?
18 MR. WARREN: I do. I do not have that with me but
19 yes, we have looked at that.
20 MR. MOZILO: The dollar amount?
21 MR. WARREN: The dollar amount, yes.
22 MR. MOZILO: You don't have that number with you?
23 MR. WARREN: The number, no.
24 CHAIRMAN WALLACE: You want the sponsor to stand up
25 and volunteer it?

1 MR. MOZILO: No, I don't.. If he had the
2 information, fine.
3 CHAIRMAN WALLACE: Yes.
4 MR. KLEIN: Mr. Chairman, if it's appropriate, if
5 we ended discussion, I would make a proposal to approve.
6 CHAIRMAN WALLACE: Motion to approve. Is there a
7 second?
8 MR. MOZILO: Second.
9 MS. HAWKINS: I'll second.
10 CHAIRMAN WALLACE: Was that you, Carrie?
11 MS. HAWKINS: Yes.
12 CHAIRMAN WALLACE: Motion by Kle n. Let's give
13 Carrie a chance to get in the record book with a second. Any
14 further discussion from the Board? Any discussion from the
15 audience? If not, secretary, call the roll.
16 MS. OJIMA: Thank you. Ms. Peterson?
17 MS. PETERSON: Aye.
18 MS. OJIMA: Ms. Bornstein?
19 MS. BORNSTEIN: Aye.
20 MS. OJIMA: Ms. Neal?
21 MS. NEAL: Aye.
22 MS. OJIMA: Ms. Hawkins?
23 MS. HAWKINS: Aye.
24 MS. OJIMA: Mr. Klein?
25 MR. KLEIN: Aye.

1 MS. OJIMA: Mr. Mozilo?
2 MR. MOZILO: Aye.
3 MS. OJIMA: Mr. Wallace?
4 MR. WALLACE: Aye.
5 MS. OJIMA: Resolution 00-16 has been approved.
6 CHAIRMAN WALLACE: Resolution 00-16 is approved.
7 Moving on, Linn, to Cascade Apartments.
8 RESOLUTION 00-17
9 MR. WARREN: Cascade Apartments, Mr. Chairman, is
10 located in Sacramento County on Fruitridge, which is the
11 southeasterly portion of the county. This is a request for
12 two loans, the first in the amount of $2,025,000, 6.2 percent
13 interest rate for 30 years, tax exempt, and the second for
14 $70,000, again, the same interest rate, for 1 year, tax
15 exempt. It's essentially a bridge loan to qualify for the 4
16 percent credits.
17 In addition, HCD under their housing program will
18 be lending $1 million at 3 percent interest rate payable from
19 residual receipts for a 55 year period. This project does
20 have an expiring Section 8 contract on it; it expires in
21 2001. There currently is, as the materials indicate, a two
22 year waiting list for the project itself. The sponsor has
23 clearly looked at this as an at-risk project in that within a
24 year or so the Section 8 contract would expire and could go
25 to market rate and have, obviously, an impact on the tenants.

1 With that, we'll look at the project.
2 (Video presentation of project begins.)
3 Cascade, as I said, is located in Sacramento. It
4 was constructed in 1965, it is 74 units in six one- and two-
5 story buildings. There are 52 one-bedrooms and 22 two-
6 bedroom units. This is the project facing on Fruitridge.
7 These are the two-story buildings as they face the street.
8 This is the interior. The project is gated, a fairly recent
9 improvement to the property.
10 These are the one-story buildings. As you can tell
11 from the pictures themselves, one of the areas to be
12 addressed is the landscaping for the particular property.
13 The sponsor does plan to do extensive landscaping and upgrade
14 in the area. Similarly, the play structures are also
15 somewhat dated. Although it is a family project by
16 definition there's a large number of seniors in the project
17 and an equally large number of families. So the sponsors
18 have decided to spend money on the common areas and the play
19 structures as well.
20 As I said, the project is gated. This will
21 continue for the project. Again, these are the two-story
22 buildings in the rear. Much of the rehabilitation will be
23 focused on the interior of the projects. All AC units will
24 be upgraded, dishwashers will be added, the attics will be
25 insulated. It gets warm in Sacramento and there will be some

1 efficiencies from improving that. The cabinets and the
2 counter tops will also be upgraded. The total rehab per unit
3 is respectable, in the neighborhood of $17,000. Again a
4 picture of the typical unit.
5 I need to talk for a few minutes about the relative
6 rents on the property. As you can see from the chart here,
7 the 50 and 60 percent rents from this chart are the same.
8 What we have done is underwritten the project to have the
9 rents at that level. The $479 number and the $553 number are
10 essentially 10 percent below market for this part of
11 Sacramento. The actual, calculated 60 percent rents would be
12 somewhat higher.
13 The staff looked at this. Although there is strong
14 housing demand in Sacramento we felt that the project, its
15 marketability compared to other projects in the area, we
16 would need to underwrite it at a rent that was more
17 achievable on the long run, or at least until such time as
18 the full rehab was completed. So consequently, we have
19 hedged somewhat on our rents and lowered them. We feel this
20 is appropriate given the project. If the sponsor is able to
21 achieve higher rents and maintain lower vacancy that will be
22 fine, hut we feel this reflects an appropriate level for the
23 debt itself.
24 The affordability for the project is fairly
25 straightforward. We have rents at 50 and 60 percent of

1 median. The sponsor is known to us, it is A.F. Evans Company
2 out of the East Bay. We have had a number of projects with
3 the Evans folks,. There will be no nonprofit involved in this
4 particular project.
5 So we view this as certainly an at-risk project.
6 We will be committing approximately $450,000 of Agency funds
7 to assist with the transition at the time the contract
8 expires, although we will be requiring that the sponsor seek
9 and accept renewals of the Section 8 contracts. So with that
10 we would certainly recommend approval.
11 (Video presentation of project ends.)
12 CHAIRMAN WALLACE: Discussion? There's a technical
13 glitch. On page 875 under Project Description you indicate
14 there are 69 buildings in the project. I think that's a
15 couple more than necessary for 74 units. Your prosaic
16 description is 6 buildings, right?
17 MR. WARREN: Yes.
18 CHAIRMAN WALLACE: Now there's a critical factor in
19 our decision.
20 MS. PARKER: We leave these things in for you.
21 CHAIRMAN WALLACE: Sure.
22 MR. WARREN: We'll make the adjustments.
23 MS. PARKER: We have one more, actually, a little
24 thing that Dave needs to speak to.
25 MR. BEAVER: Yes.

1 CHAIRMAN WALLACE: David.

2 MR. BEAVER: Mr. Chairman, just to clarify. The
3 Resolution on page 886 fails to mention the $70,000 bridge
4 loan. .Assuming that this is approved by the Board, we would
5 then be adding that $70,000 also to the Resolution.

6 CHAIRMAN WALLACE: Now that one counts. Yes, Bob.

7 MR. KLEIN: On page 870 under Conversion Scenario
8 you indicate that because of the potential for the expiring
9 Section 8 contract not to be extended that there is a standby
10 operating reserve account and you have $100,000 in the
11 standby operating account being funded by project cash flow
12 and then a $450,000 Standby Operating Commitment. Just
13 conceptually, what is the economic profile of the current
14 tenants? Where are they, in their current rents, compared to
15 the rents we're discussing here? Do the current tenants have
16 the ability to pay at the CHFA rent levels or how much are
17 they off of those rents, and how did *you* size this transition
18 account?

19 MR. WARREN: Some of the tenants could pay but the
20 majority of them could not pay at the rent levels that are
21 being proposed. Hence the need for the $100,000 of cash in
22 the transition. The sizing: We look at approximately a year
23 or two worth of debt service and try to put aside money from
24 either project cash and/or Agency reserves. So in the event
25 the contract ends, a two year period would be appropriate to

1 transition into the 50 and 60 percent rents. Transition
2 periods vary between projects, they vary between markets,
3 they vary between tenant types. The market in this part of
4 Sacramento is essentially fairly mobile. So if the tenants
5 ended up with vouchers there would be some degree of fairly
6 rapid out-migration. It's still somewhat more art than
7 science but we're trying to hedge ourselves against a couple
8 of years worth of debt service as best we can.
9 MS. NEAL: Mr. Chairman.
10 CHAIRMAN WALLACE: Yes, Pat.
11 MS. NEAL: I notice that in the rehabilitation it
12 is going to be done as the tenants vacate. How long is that
13 anticipated, since I also notice the two year waiting list
14 for the vouchers.
15 MR. WARREN: I think they're probably looking at an
16 18 month to 2 year rehabilitation period.
17 MS. NEAL: Okay.
18 MR. WARREN: And my guess is, Pat, in order to meet
19 the time frames they may have to accelerate that. But they
20 are trying to avoid any massive relocation as best they can.
21 CHAIRMAN WALLACE: Any further questions from the
22 Board? From the audience? The Chair will entertain a
23 motion.
24 MS. BORNSTEIN: Move approval.
25 CHAIRMAN WALLACE: Motion by Bornstein.

1 MS. NEAL: Second.
2 CHAIRMAN WALLACE: Second by Neal. *Any* questions
3 on the motion? 'Hearing none, secretary, call the roll.
4 MS. OJIMA: One moment, please.
5 CHAIRMAN WALLACE: Let the record show, one moment,
6 please.
7 MS. OJIMA: Thank you. Ms. Peterson?
8 MS. PETERSON: Aye.
9 MS. OJIMA: Ms. Bornstein?
10 MS. BORNSTEIN: Aye.
11 MS. OJIMA: Ms. Neal?
12 MS. NEAL: Aye.
13 MS. OJIMA: Ms. Hawkins?
14 MS. HAWKINS: Aye.
15 MS. OJIMA: Mr. Klein?
16 MR. KLEIN: Aye.
17 MS. OJIMA: Mr. Mozilo?
18 MR. MOZILO: Aye.
19 MS. OJIMA: Mr. Wallace?
20 MR. WALLACE: Aye.
21 MS. OJIMA: Resolution 00-17 has been approved.
22 CHAIRMAN WALLACE: Resolution 00-17 is hereby
23 approved. Moving on, Linn.
24] 00-18
25 MR. WARREN: Our next project for consideration is

1 Charter Oaks Apartments, again, another expiring Section 8
2 at-risk project. The loan request is for a first loan amount
3 of $4,245,000, 6.2 percent, 30 years, tax exempt. Locality
4 involvement in this area is twofold. Number one, the City of
5 Napa is contributing $237,500 in a residual receipts second
6 loan and there will be a $700,000 unsecured loan from the
7 Northern California Community Loan Fund.
8 The Section 8 contract for Charter Oaks has
9 approximately three more years to run. The NCCLF loan will
10 come in and use excess project cash from the project to pay
11 their debt over the next three to four years. This loan
12 becomes due in year four, actually perhaps year five. At
13 that point in time any unpaid principal balance will be taken
14 out by the City of Napa. If there is any remaining balance
15 left over after that period of time then the sponsor, in this
16 case A.F. Evans, will make up the difference. So the NCCLF
17 loan, even though it's not a deed of trust against our
18 property, they will be utilizing excess project cash to
19 service their debt and it is a five year loan. So with that
20 we'll look at the project.
21 (Video presentation of project begins.)
22 As I said, Charter Oaks is located in Napa. This
23 is the main entrance off of Brown Valley Road. The area
24 surrounding the project is primarily residential, 30 to 40
25 fear old homes. It is 17 years old. A family project, as

1 you can see, with one-, two- and three-bedroom units, all
2 contained within nine two-story buildings. This is typical
3 of the two-story buildings.
4 There is a fair amount of exterior rehab work that
5 would be required. The sidings here obviously deteriorated
6 as well as this type of siding here and the roofs. Over a
7 period of time it deteriorated somewhat. The rehabilitation
8 budget calls for these to be repaired and resurfaced as
9 appropriate.
10 One of the really nice aspects of Charter Oaks is
11 the very low density. It's a 17 acre site containing all of
12 these units. The rehab plan also calls for new play
13 equipment, barbecue and picnic areas and additional exterior
14 lighting throughout all the project. This is typical of a
15 gazebo/picnic area/barbecue area within the project. There
16 is extra room. There is a project garden. This is a small
17 play court which is directly adjacent to the parking area.
18 There are 75 covered parking spaces, one for each
19 of the units. This hillside area up in here is actually a
20 part of the project. There's four acres of hillside area,
21 much of which is sprinkled to prevent fires. So it really is
22 a lovely setting. Obviously one that, given the demand in
23 the area of Napa, in the three year period would be at risk
24 of going market. This is the adjacent neighborhood. This is
25 some of the older sections of the City of Napa. These homes

1 are 30 and 40 years old. A stable; older neighborhood.
2 As you can imagine the rents in Napa have been
3 accelerating somewhat due to the inability to build a lot of
4 new product. The 50 and 60 percent rents are well below
5 market. In this particular case the Section 8 contract that
6 exists is actually above comparable market rents; this will
7 continue. As I indicated earlier, this excess cash will
8 serve to service the Northern California loan debt as well.
9 (Video presentation of project ends.)
10 Because the extra cash is being swept to service
11 the subordinate debt there is not an ability to fund a
12 transition reserve with project-based cash. We will be using
13 a standby commitment from the Agency in the event of a
14 transition. And again, as with the other projects we have
15 discussed this morning, we will require that the sponsors
16 seek renewals and accept renewals to continue the project
17 itself.
18 The sponsor is known to us, it is the A.F. Evans
19 Company, as it was with the Charter Oaks project. There will
20 be a nonprofit involved in this particular project and that
21 is Trinity Housing. They are a small nonprofit; they are
22 known to us. They are involved in another project of CHFA's
23 which is the Playa De Alameda project that we did last year.
24 They are small. They are in the process of capacity
25 building, but the staff within Trinity, Bill Leone, is very

1 experienced in the area of real estate and this would be a
2 good project for their organization to get used to. So with
3 that, we are comfortable with the project and we would
4 recommend approval.
5 CHAIRMAN WALLACE: Okay. Any questions?
6 MR. BEAVER: Mr. Chairman.
7 CHAIRMAN WALLACE: Dave.
8 MR. BEAVER: We have another discrepancy. On page
9 906, the loan amount there. Linn, is it correct that the loan
10 amount is $4,245,000?
11 MR. WARREN: Hang on a second.
12 MR. BEAVER: So then this -- When we pass this
13 Resolution it should be the correct loan amount, which will
14 be -- The Resolution will then be corrected.
15 MR. WARREN: Let's see. Are we giving them more
16 money than we should? $4,245,000.
17 CHAIRMAN WALLACE: So we change that on page 906.
18 Okay. Any further questions from the Board? There's a
19 little discrepancy, I think, as to the vacancy rate on 897
20 versus what you show on 898. One says four percent and the
21 other says five. Typically we are doing five.
22 MR. WARREN: Typically is five.
23 CHAIRMAN WALLACE: So it's probably five percent?
24 MR. WARREN: It is five percent.
25 CHAIRMAN WALLACE: I haven't done the math.

1 MR. WARREN: Yes, Mr. Chairman', the number on the
2 cash flow is the correct one. That's five percent of the
3 $29,943.
4 CHAIRMAN WALLACE: Okay.
5 MR. WARREN: That should be correct.
6 CHAIRMAN WALLACE: Any further questions? Bob.
7 MR. KLEIN: My only question is, I didn't quite
8 understand how this unsecured loan will work. It says on
9 page 890 under Locality Involvement in the second sentence:
10 "This loan will pay the balance of a five-year, unsecured
11 loan of $700,000."
12 MR. WARREN: Let me run through that. The excess
13 Section 8 is really going to be residual cash that is
14 available. We estimate what it's going to be --
15 MR. KLEIN: Right.
16 MR. WARREN: -- and that will go toward the
17 Northern California. It could be more, it could be less. At
18 the time the city loan comes in, in year five, it's estimated
19 that it's been sized to pay off the remaining principal
20 balance of the Northern California Community Loan Fund. If
21 there is something left over, still owed the loan fund, which
22 is possible, then A.F. Evans under a separate recourse
23 agreement, will pay off the balance, but it should be a fairly
24 small number. So they are trying to size something that is
25 going to happen five years in the future.

1 MR. KLEIN: Okay. But this is going to remain
2 unsecured?
3 MR. WARREN: It is not a deed of trust against our
4 property, that's correct. So when it becomes due and payable
5 they cannot impact the property.
6 MR. KLEIN: Because this is expiring in January
7 2003 this does not get preservation points under CDLAC?
8 MR. WARREN: That's correct. To my understanding.
9 MR. KLEIN: All right.
10 CHAIRMAN WALLACE: Any further questions from the
11 Board? From the audience? Anyone wishing to speak on this
12 matter?
13 MS. HAWKINS: I move we approve it.
14 CHAIRMAN WALLACE: Motion to approve by Director
15 Hawkins.
16 MR. MOZILO: Second.
17 CHAIRMAN WALLACE: Second by Director Mozilo. Any
18 questions on the motion? Hearing none, seeing none, all in
19 favor say, aye.
20 (Many Board Members said aye.)
21 CHAIRMAN WALLACE: I gotcha (laughter). Secretary,
22 call the roll.
23 MS. OJIMA: Thank you. Ms. Peterson?
24 MS. PETERSON: Aye.
25 MS. OJIMA: Ms. Bornstein?

MS. BORNSTEIN: Aye.

MS. OJIMA: Ms. Neal?

MS. NEAL: Aye.

MS. OJIMA: Mr. Klein?

MR. KLEIN: Aye.

MS. OJIMA: Mr. Mozilo?

MR. MOZILO: Aye.

MS. OJIMA: Mr. Wallace?

MR. WALLACE: Aye.

MS. OJIMA: Resolution 00-18 has been approved.

CHAIRMAN WALLACE: Resolution 00-18 is hereby approved. Moving on.

MR. WARREN: Thank you, Mr. Chairman.

CHAIRMAN WALLACE: We have passed until August on the next item right, Linn?

MR. WARREN: Yes, yes.

CHAIRMAN WALLACE: So we are looking at Ocean View Apartments. I'll ask Vice Chairman Hawkins to chair the meeting on this item.

RESOLUTION 00-20

MS. HAWKINS: Okay, let's move on then to Item number 99-016-N.

MR. WARREN: Thank you. We have a replacement page on Ocean View. On your materials if you will look at page 936 you should have a replacement page which is the annual

1 Operating Budget. As you can see from 936, the annual taxes
2 are not $302,000 a year. The cash flows are accurate but we
3 just need to replace that one page. Ocean View is an
4 interesting project. This is a first mortgage request in the
5 amount of $9 million.
6 MS. PARKER: Linn, I'm sorry, I don't want to
7 interrupt.
8 MR. WARREN: That's all right.
9 MS. PARKER: I just wanted to make sure that the
10 resolution accurately reflects, then. The number of the CHFA
11 first mortgage hasn't changed?
12 MR. WARREN: No, no. This is just --
13 MS. PARKER: I just wanted to make sure from the
14 standpoint of the resolution.
15 MR. WARREN: The annual operating budget just had a
16 calculation. Nothing else has changed in the project. This
17 is a first mortgage request in the amount of $9,325,000, 5.75
18 percent interest rate, 30 years, 501(c)(3).
19 As I said, this is an interesting project and it
20 has somewhat of a history regarding the owners and the City
21 of Pacifica. The property is the subject, still is
22 technically, of an eminent domain action in San Mateo County.
23 The project was acquired in September of 1998 of the Acosta
24 family in San Francisco.
25 Three weeks after the owners acquired the property

1 they sent notices to all the tenants that rents were going to
2 be raised. Now, this is not a project-based subsidy Section
3 8 project but over a period of time approximately 70 of .the
4 100 units, the tenants had received Section 8 vouchers.
5 Obviously their income is fairly low having to rely upon the
6 vouchers. The balance of the 30 percent were essentially
7 paying unrestricted rents. After the owners acquired the
8 property they sent notices to all the parties that the rents
9 would be raised to, essentially, equivalent market rate and
10 the majority of the Section 8 owners, and a good number of
11 the non-Section 8 owners could not pay that.
12 In July of 1999 the City of Pacifica filed an
13 eminent domain action to acquire the property and to preserve(
14 its affordability. A trial was set for July 10th of this
15 year and a mandatory settlement conference in June of this
16 year arrived at a sales price that was agreeable between the
17 sellers and the City of Pacifica.
18 At the same time the City of Pacifica was working
19 with National Church Residences, and they are a part of the
20 National Affordable Housing Trust from Ohio. The City
21 Manager, David Carmandy, has worked with National Church
22 Residences before in Alhambra in Southern California and
23 asked that they become involved as a nonprofit owner for the
24 property. At the same time CHFA was contacted to provide
25 501(c)(3) financing because, given the time frame that you

1 can see, they have to close this transaction by August 31st.
2 There would not be time to secure tax credits and private
3 activity bond. Plus there were issues, I think, with the ten
4 year rule.
5 So the commitment request in front of us today is
6 to, essentially, provide the acquisition financing €or the
7 property. In addition to our financing there is a fair
8 amount of locality involvement, and interestingly, this is a
9 linkage, if you will, with CHFA's HELP program. The City of
10 Pacifica, to help them pay for the acquisition, applied to
11 and received a recommendation from CHFA's HELP program for
12 $1.65 million. The obligation to repay the HELP money will
13 not come from the Ocean View project but will be an
14 obligation of the City of Pacifica, hence there will be no
15 HELP deed of trust against the property. In addition to
16 that, though, CDBG and HOME funds from the County of San
17 Mateo are being directed toward the project as well as
18 $300,000 in City of Pacifica redevelopment money to help pay
19 for the cost.
20 Now, the loan rate for this project is somewhat
21 different than what we have seen in the past. Approximately
22 a year ago the Agency started a program of 501(c)(3)
23 financing with nonprofits to acquire at-risk properties,
24 those that had some sort of project-based government subsidy.
25 The rate on that particular program was 5 percent. The

1 objective being, clearly, to not have to rely upon bond
2 allocation and credits to preserve affordable housing stock.
3 Typically speaking, there is no project-based
4 subsidy on Ocean View but clearly, from the history of the
5 project, the tenants were at risk. We felt it was
6 appropriate, then, to offer a 5.75 percent rate with the
7 various levels of affordability. We have 50, 60 and 80
8 percent affordability, which is the same affordability that
9 the City of Pacifica would like to see. So with that let me
10 stop and we'll show some pictures of the property itself.
11 (Video presentation of project begins.)
12 As I said, this is located in Pacifica, which is on
13 the coast, about 15 or 20 miles southwest of downtown San
14 Francisco. This is Highway 1, the ocean is right over here.
15 This is the project tucked up against this hillside. Across
16 the street is the community center and all of the shopping is
17 down in here.
18 This is up above the project looking down on it.
19 It is 100 units in, basically, two three-story buildings.
20 This is across the street looking up into the project. This
21 is a convenience market and some small stores that are
22 directly adjacent. This is Crespi Boulevard right here.
23 Looking down on the property this is the community center.
24 As I said, this is a senior project and there are many long-
25 time 20 year residents. There is subterranean parking. The

1 parking ratio is about 50 percent but there is ample street
2 parking, both here on this feeder road here and down on
3 Crespi Boulevard.
4 It's actually a quite nice setting. This is taken
5 from the parking lot of the community center across the
6 street. It is tucked up against this hillside. To the right
7 is a post office but here is the community center directly
8 adjacent to the site itself. This is Crespi. This part of
9 Pacifica is all residential, 30 and 40 year homes.
10 This will give you an indication of the rents that
11 the tenants are facing. The 50 and 60 percent rents are
12 below market. The $1038, which is 80 percent, is essentially
13 where the vouchers for the tenants are set today. So as you
14 can see, the market rate of $1,150 is somewhat higher than
15 what Section 8 owners could pay. There are only four
16 affordable housing projects, really, in all of this part of
17 Pacifica, two of which are for seniors. And because the
18 available land is somewhat limited it's very difficult to
19 build new projects in the area. Very hard for these seniors
20 to find other places to live in the area of Pacifica. They
21 Mould almost have to leave the peninsula entirely to go find
22 any kind of equivalent properties.
23 (Video presentation of project ends.)
24 I need to point out one change on your materials.
25 On page 932 you will see under the paragraphs, Environmental

1 and Contractor that the PNA or Capital Needs Assessment was
2 done by McDonough, Holland and Allen. That's not quite
3 right. That's the law firm that did the eminent domain
4 action. It was done by MTB Group out of Texas.
5 The sponsor, as I indicated, is National Church
6 Residences from Ohio. They have seven projects in Southern
7 California. This is their first foray into Northern
8 California but they are very experienced. They are part of
9 the National Affordable Housing Trust, which also includes
10 Volunteers of America and the Retirement Housing Foundation.
11 There will be some rehab that is being required in
12 the parking, common area and such. But generally speaking,
13 because of the unavailability of a lot of capital initially
14 the rehab will have to be done long term. To that end we
15 have required $1000 per unit deposit and a fair amount of
16 money to be taken out of the cash flow on a regular basis to
17 pay for rehabilitation.
18 So with that we are very comfortable with this. We
19 feel this is an appropriate role for the Agency to become
20 involved in this type of nonprofit financing and clearly we
21 are protecting the asset of the property. So with that I
22 Mould recommend approval, be happy to answer any questions.
23 MS. HAWKINS: Are there any questions? Yes,
24 Yr. Mozilo.
25 MR. MOZILO: In view of the sponsor are there any

1 apparent restrictions on the tenants relative to religious
2 affiliation or anything of that nature?
3 MR. WARREN: No. The group started in the early
4 60's. It was a faith-based and still is a faith-based
5 nonprofit. But no, they are an affordable housing provider
6 with services that are faith-directed, but no, they don't
7 impose any.
8 MR. MOZILO: Thank you.
9 MS. HAWKINS: Yes, Ms. Peterson.
10 MS. PETERSON: I have a couple of observations and
11 questions. One is that it's nice to utilize the 501(c)(3)
12 bond so that we take away neither from the tax credit cap nor
13 from the private activity bond cap.
14 Having said that, I'm a little curious because in
15 the report it says that the income levels, 50, 60 and 80,
16 that there will be 20 units at 50 percent, 8 units at 60 and
17 72 units as high as 80 percent. But back on page 934 it
18 shows really a different unit mix that would be achieving
19 some greater proportions of serving lower income people. It
20 shows 25 at 50, 20 at 60 and 55 at 80. I'm just curious as
21 to if presumably the restrictions that are going to be in the
22 restrictive covenant will be at that higher level that's
23 mentioned at the report. I was a little curious about that
24 because, as we see, those that are at 80 percent have a rent
25 that's over $1,000, which is pretty high.

1 MR. WARREN: We --

2 MS. PETERSON: Especially for getting a real good
3 break on the interest rate.

4 MR. WARREN: The materials on page 934 is what we
5 expect to be the income profile. The 25, the 20 and the 55
6 is the number that, from an underwriting standpoint,
7 regulatory standpoint, that we will be doing. So there is a
8 disconnect between that and the narrative. The Project
9 Summary is what is accurate.

10 Yes, the 80 percent is high. It is basically tied
11 to what the voucher rents are today. We felt it was
12 appropriate from a regulatory standpoint to give the sponsor
13 the ability to charge higher rents if they need to without
14 displacing the tenants. So the County of San Mateo is going
15 to take every effort to make vouchers available to the
16 tenants on an ongoing basis, not just existing ones but on an
17 ongoing basis, at basically the fair market rents they are.

18 Because there is no equity, per se, we felt it was
19 appropriate to allow the higher rents to be in place to
20 generate extra project cash over a period of time. But by no
21 intent do we want to use the higher rents to have rent burdens
22 on the existing tenants.

23 MS. HAWKINS: Go ahead.

24 MR. KLEIN: So if we approve this project the
25 regulatory restrictions will reflect 25 units at 50 percent

1 and 20 units at 60 percent of AMI?.
2 MR. WARREN: That's correct.
3 MR. KLEIN: Okay. I think with that understanding
4 then, the use of the 501(c)(3) with a lower interest rate
5 makes a lot of sense. I had very substantial reservations,
6 as Jeanne did, with the page 932 breakdown that implied under
7 one interpretation there may have only been 28 percent at
8 really below 60 percent of median. But I think with this
9 understanding I clearly understand the objectives and I think
10 it's a very good use of the 501(c)(3) authority, particularly
11 in a very high-cost area that Pacifica represents.
12 MS. PETERSON: I would move approval.
13 MR. KLEIN: Second.
14 MS. HAWKINS: The request for approval has been
15 moved and seconded. Is there any further discussion? I
16 would just like to add that, yes, sometimes it concerns me
17 too that we have to do this mix and get the benefit, but if
18 we don't do it we won't have any at the deeper, lower
19 incomes. So it's just something we have to live with. Any
20 other comments or questions? Hearing none, may we call the
21 roll.
22 MS. OJIMA: Thank you. Ms. Peterson?
23 MS. PETERSON: Aye.
24 MS. OJIMA: Ms. Bornstein?
25 MS. BORNSTEIN: Aye.

1 MS. OJIMA: Ms. Neal?
2 MS. NEAL: Aye.
3 MS. OJIMA: Ms. Hawkins?
4 MS. HAWKINS: Aye.
5 MS. OJIMA: Mr. Klein?
6 MR. KLEIN: Aye.
7 MS. OJIMA: Mr. Mozilo?
8 MR. MOZILO: Aye.
9 MS. OJIMA: Mr. Wallace?
10 MR. WALLACE: Aye.
11 MS. OJIMA: Resolution 00-20 has been approved.
12 MS. HAWKINS: And on that note I will turn the
13 chair back to Mr. Wallace.
14 **RESOLUTION 00-21**
15 CHAIRMAN WALLACE: Thank you, Carrie. Moving on
16 then to 8th and Natoma in San Francisco. Linn.
17 MR. WARREN: Thank you, Mr. Chairman. This is a
18 special needs project in San Francisco. It is our third that
19 we have brought to the Board over the past year and it is a
20 variation of our program. About a year and a half ago, we
21 brought to the Board a project called the ARC of San
22 Francisco, which was a 30 year, 1 percent loan.
23 Approximately nine months later, we brought to the Board a 5
24 year bridge loan in the Tenderloin with TNDC, the Tenderloin
25 Neighborhood Development Corporation, also at 1 percent. The

1 objective behind the bridge loan at 1 percent for tax credits
2 was to leverage more equity for that special needs project.
3 This is a variation of that, a third variation if
4 you will, in which we are going to enter into a loan to
5 lender agreement with Union Bank, who is the construction
6 lender for the 8th and Natoma project. The loan amount
7 request is for $6,500,000 at 1 percent for a 2 year term.
8 And the way the financial structure would work is, on a draw
9 basis we would advance these funds to Union Bank who in turn
10 would loan the money on to the sponsors for the development
11 of the project.
12 The benefit of the interest rate, in this case 1
13 percent, would be passed along to the sponsor. So in most
14 cases Union Bank would probably add 2 points or 200 basis
15 points on top of our rate, thereby saving a fair amount of
16 construction interest for the benefit of the sponsors. Our
17 security in the project will not be a deed of trust. It will
18 be a letter of credit issued by Union Bank in favor of CHFA
19 and will be increased as the draws are commenced.
20 What I would like to do with the Board's permission
21 is ask the Director of Episcopal, Barbara Solomon, to join me
22 up here and talk about the special needs program as I go
23 through the pictures. She can speak better to what her
24 project's desires are better than I.
25 MS. SOLOMON: Thank you.

1 MR. WARREN: Let me take a moment. I'll run
2 through the slides and then ask Barbara to comment on her
3 program for the property.
4 (Video presentation of project begins.)
5 8th and Natoma is a 48 unit complex located in the
6 South of Market area. The unit mix is very broad, one-,
7 two-, three- and four-bedrooms. In addition to the
8 residences there will be 10,700 square feet of services and
9 there will also be administrative offices for Barbara's
10 Episcopal Services Group also in the same building.
11 This building is going to be demolished. This is
12 where the site is to be on 165 8th as well. This is looking
13 down Natoma Street. This is 8th again, where the project is
14 located. This is looking down more into the South of Market
15 area aiong 8th. The project on the left is also managed by
16 Episcopal Services. They have a senior care center on the
17 ground floor so it will be directly adjacent to the project
18 that they are going to build. This is 8th Avenue looking
19 back up Market Street and the Civic Center.
20 As you can imagine with the rents that are involved
21 in this project, they are substantially below the rents in
22 San Francisco. This graph indicates -- The yellow bar is
23 market rents in the city and these are probably fairly
24 conservative. We'll have rents at 35, 45 and 50 percent of
25 median so the affordability is substantial, and clearly,

1 coupled with the needs for the families is very important.
2 So with that, Barb, if I could ask you to comment on your
3 programs and your goal for the project.
4 MS. SOLOMON: Certainly, thank you. I'm very
5 pleased to be here. I appreciate the opportunity to talk to
6 you about the project. It's a very exciting one for us. I
7 am fighting a cold so if I break into coughing give me a
8 minute and I'll be okay.
9 Episcopal Community Services has been around 17
10 years. We started as ten cots in the basement of Grace
11 Cathedral Church on Nob Hill in San Francisco, which, of
12 course, was not loved by the neighborhood. We were quickly
13 moved to the South of Market.
14 We started as shelters, a hot and a cot, they used
15 to call it. You get a cot and you get a breakfast meal. We
16 very quickly realized that it was necessary to provide ever
17 so much more than that to help people turn their lives
18 around. What we do now is have fairly extensive case
19 management services in the two shelters that we run as well
20 as health care, vocational services, skills development and
21 training and basic education as well as a senior center and
22 senior services.
23 We have moved over the last few years through a
24 strategic planning process to the development of supportive
25 housing. We see that as a really critical way in which we

1 can help people move out of homelessness. The shelters are a
2 dead end. The shelters are a place where we work with
3 people, get them back on their feet and they end up back
4 downtown in Tenderloin hotels, maybe with their children,
5 maybe without, and within six to nine months they are often
6 back in the shelters. So we see supportive housing as the
7 place where we want to put our energies and our services.
8 This will be our fifth building that we are
9 involved with; you actually only have four on your materials.
10 Canon Kip Community House, which was a warehouse that we
11 owned that was torn down five-and-a-half years ago was our
12 first facility. It was 100 percent geared towards homeless
13 people, 80 of the units are shelter-plus-care subsidized and
14 people have dual diagnosis within that facility. Most,
15 actually, are triply diagnosed. It's a very intensive
16 support services program. We have been involved in the
17 development of the integrated services network that has been
18 developed by Corporation for Supportive Housing in San
19 Francisco and in the entire Bay Area, which has become a
20 model for how supportive housing can be done with a very
21 difficult-to-serve population.
22 From there we added to that a facility called
23 Pacific Bay Inn, which we are master leasing from a private
24 entity in San Francisco. It was a Tenderloin hotel that had
25 been renovated so it was in very good condition. We're

1 providing supportive housing within that environment in
2 partnership with the Department of Public Health. Also in
3 partnership with Mercy Charities. We have now done several
4 projects with them that we are very pleased to be paxtnering
5 with them and working together. Pacific Bay Inn has the same
6 level of services as Canon Kip.
7 Additionally, we are now the support services
8 provider for Mercy Charities within The Rose, which is their
9 6th Street hotel. This week we are opening the Lanine Hotel,
10 which is again in partnership with the Department of Public
11 Health with Northern California Presbyterian Homes, which is
12 a senior service provider who will be providing some of the
13 support services as well as the property management there.
14 The Lanine is specifically focused on people who are seniors.
15 People who are homeless and seniors in San Francisco are in a
16 much more difficult situation than anybody else so that's
17 going to be our newest facility.
18' And then this one. This one brings us to helping
19 people get back with their families and helping people get
20 off the streets with their families, which is a new area for
21 us. We're spending a lot of time learning about families the
22 next few years -- have been learning the last year and are
23 bringing in as much expertise as we can. 165 8th Street,
24 which does not yet have a name because we haven't found that
25 million dollar donor yet but we will, will provide fairly

1 extensive support services for the people who are there.
2 Everything from a child development center, which will at
3 minimum have infants and toddlers. Now that the Tenderloin
4 Neighborhood Development Corporation building is going in
5 next door and will most likely have a preschool program in it,
6 we will most likely not do the preschool component. We will
7 probably work together with them to make sure that we get
8 everybody served. Originally we expected to have preschool
9 in our's also.
10 Additionally, we expect to do -- We have been
11 working with the Department of Family, Youth and Children in
12 San Francisco to develop after school programs, both
13 recreational and tutorial kinds of programs to help kids in
14 their school. To help them stay in school and focus them on
15 education. We expect to do case management services for the
16 entire families, for individuals as needed. Most of that
17 will most likely be focused on the adults, and that includes
18 everything from mental health services, support services
19 around how you do the daily activities of living, and mental
20 health and substance abuse services.
21 In addition, we are working with one of the
22 hospitals in town, I'm not ready to announce it yet because
23 the deal isn't signed, but we will most likely have a health
24 care clinic provided by one of the local San Francisco
25 hospitals, as opposed to Health Care for the Homeless. But

1 if that doesn't work out, Health Care for the Homeless will
2 have a site within our building and those services will be
3 available. On the first floor -- Can we put the picture back
4 up?
5 MR. WARREN: Certainly.
6 MS. SOLOMON: I don't have my laser pointer.
7 Across the top on the first floor of the building will be our
8 skills center. The skills center does everything from basic
9 computer education, and it's really getting familiar with the
10 computer. There's still people who look at this machine and
11 go, what is that, go away. So it's really just putting their
12 hands on the computer. Helping them get started, helping
13 them get the very basics of computer learning, all the way up
14 to very advanced classes. So there's computer learning.
15 There's GED studies helping people to get their
16 high school degrees if they didn't get it. Helping them get
17 into junior colleges and to City College if that's where they
18 want to go, or helping them get the skills that they need,
19 the educational background that they need for a specific job.
20 We have a food service training program and within that
21 training program they also attend our skills center because
22 they need to learn about weights and measures and identifying
23 food products and being able to read well enough to be able
24 to read a menu. So that program will also be open and
25 available to folks in this program.

1 So the skills center will be a very integral part
2 of the 165 8th Street family building as well as to other
3 homeless clients in the City. I think I hit everything.
4 We're very excited about it, we're excited about the prospect
5 of working with Mercy Charities again. They will be property
6 managing the building and we have had an excellent
7 relationship with them. It's been a very good mission vision
8 kind of approach that's very similar to ours and we're very
9 pleased. So if I can answer any questions I'd be happy to.
10 CHAIRMAN WALLACE: Thank you, Barbara. It's these
11 sorts of projects like you've just described that make us
12 feel real good.
13 MS. SOLOMON: We're happy to help.
14 CHAIRMAN WALLACE: My suspicion is you're going to
15 get an approval. But before that, Pat.
16 MS. NEAL: Yes. Is there a separation between the
17 families and the singles? I mean single occupants as opposed
18 to families.
19 MS. SOLOMON: This building will only be families.
20 MS. NEAL: Okay.
21 MS. SOLOMON: The building catty-corner across the
22 street, Canon Kip, is single adults.
23 MS. NEAL: Okay.
24 MS. SOLOMON: In that building is a senior center
25 and is another part of the skill center, the skill center

1 will be expanding. So it may be that families go across the
2 street for some things but we're expecting mostly the
3 children-oriented programs will remain in the 165 8th
4 building.
5 CHAIRMAN WALLACE: Further questions? Julie.
6 MS. BORNSTEIN: Actually, just a comment. I want
7 to commend staff for looking at some very innovative ways to
8 participate in this project. I know with the homeless
9 projects that we have been involved with, clearly it requires
10 far more than shelter, as you indicated, to really get a
11 handle on this. So I want to extend our appreciation to
12 staff for their innovation and hope we see some more projects
13 like this.
14 CHAIRMAN WALLACE: Yes, Jeanne.
15 MS. PETERSON: I had a question', which I think I
16 got answered, but the question was: Why the construction of
17 making the line to the lender? And is the answer to that,
18 that otherwise we'd kick in prevailing wage requirements?
19 MR. WARREN: Prevailing wage is a requirement and
20 we would be subject to that. Basically, we are not a
21 construction lender. We are not equipped to manage and
22 administer construction loans. So one of the benefits that
23 we can add to this is we can, with the low cost of funds,
24 work through a construction lender that does this on a
25 regular basis, which is Union Bank, and they have the

1 facilities to do it.
2 MS. PETERSON: I would echo what Julie said about
3 this is a really creative way for the Agency to get involved
4 and to add this project. Everybody wants to be involved in
5 this kind of thing. This project did apply for nine percent
6 credits and was awarded the nine percent credit based on many
7 of the things that have been talked about today, the
8 tremendous service amenities and the population that it is
9 going to serve.
10 CHAIRMAN WALLACE: Bob.
11 MR. KLEIN: I first of all would like to say to the
12 sponsor, I have great admiration for the heroic efforts it
13 takes to do a project like this, and certainly, we are very
14 indebted to you for the contribution you are making here. I
15 would like to ask the staff, though, two questions. One is:
16 This says that an interest rate subsidy of $199,000 will be
17 required to reduce the interest rate from 8.25 to 1 percent.
18 But in fact, is our cost of borrowing really 8.25?
19 MR. WARREN: It really isn't, Bob. We looked at
20 that and that is something we probably should have edited
21 out. Really the number should be our cost of funds on an
22 equivalent taxable basis so it's less than $199,000. We did
23 that based upon the taxable rate versus that, so it really is
24 kind of incorrect. It really is a much lower number, or a
25 lower number.

1 MR. KLEIN: Okay. And do we know about what that
2 number is?
3 MR. WARREN: Let me see. Approximately $130,000,
4 $120,000 would be my guess.
5 MR. XLEIN: Okay. The other question that I had is
6 that it looks like a single pay-in of the tax credit proceeds
7 at two years to pay this loan off. Is that the case?
8 MR. WARREN: Yes.
9 MR. KLEIN: Given where the yield curve is right
10 now. I haven't looked at in the last 30 days because I
11 haven't been in the state. But if the yield curve is
12 extremely steep at two years, is it possible that we would be
13 better off, and the sponsor would be better off, giving them
14 up to a three year loan and allowing a staged pay-in of the
15 tax credits, that way they would get more proceeds and we
16 might have a lower borrowing cost?
17 MR. WARREN: It's possible. We may be using FAF
18 money on this particular project, which we have in accounts
19 right now.
20 MR. KLEIN: Okay.
21 MR. WARREN: One of the restrictions that you see
22 in your materials is a ten year affordability restriction at
23 less than 50 percent. That's a requirement of FAF money. So
24 it is not so much we would seek borrowing, although it's
25 possible. We would want to utilize those federal sources to

1 fund this. And that's our goal today.
2 MR. KLEIN: Okay.
3 MS. PARKER: FAF Funds are basically the whole --
4 That provides us the ability to do the interest rates that we
5 have for these programs because that's what they have to be
6 utilized for.
7 MR. WARREN: That's correct.
8 MR. KLEIN: Okay. So, in fact, with FAF funds our
9 costs are very low.
10 MR. WARREN: That's correct.
11 MR. KLEIN: Okay. Well, I'd like to add my
12 congratulations to the staff as well. We really like to see
13 this kind of project. I, of course, think that this is an
14 excellent example of the creativity of the staff.
15 MR. WARREN: Okay.
16 MS. PETERSON: Move for approval.
17 MR. KLEIN: Second.
18 (Tape 1 was changed to tape 2.)
19 CHAIRMAN WALLACE: Jeanne Peterson motion and Klein
20 second. Klein, Carrie Hawkins and all the rest of us,
21 second. Any discussion on the motion from the Board or the
22 audience?
23 MS. HAWKINS: I just would like to add that I've
24 been involved with these kinds of developments with another
25 organization and I cannot tell you the success rate we have

1 had with this kind of housing rather than just retaining
2 people in shelter. And it's been the homeless veteran group
3 in Los Angeles. There's 25,000 homeless veterans on the
4 streets. The federal government spends millions and billion,
5 of dollars in rehabilitation but they go back out on the
6 street. But with transitional housing that is longer term,
7 they are becoming independent very quickly. So I commend
8 you. There are so many niches that we can work together and
9 form alliances. I am also very proud that CHFA is going to
10 be participating in this.
11 CHAIRMAN WALLACE: On that note, secretary, call
12 the roll.
13 MS. OJIMA: Thank you. Ms. Peterson?
14 MS. PETERSON: Aye.
15 MS. OJIMA: Ms. Bornstein?
16 MS. BORNSTEIN: Aye.
17 MS. OJIMA: Ms. Neal?
18 MS. NEAL: Aye.
19 MS. OJIMA: Ms. Hawkins?
20 MS. HAWKINS: Aye.
21 MS. OJIMA: Mr. Klein?
22 MR. KLEIN: Aye.
23 MS. OJIMA: Mr. Mozilo?
24 MR. MOZILO: Aye.
25 MS. OJIMA: Mr. Wallace?

1 MR. WALLACE: Aye.
2 MS. OJIMA: Resolution 00-21 has been approved.
3 CHAIRMAN WALLACE: Resolution 00-21 is hereby
4 approved. Again, well done.
5 MR. WARREN: Thank you.
6 CHAIRMAN WALLACE: I think it's time for
7 Mr. Carlson and we give you a short break, Linn.
8 MR. CARLSON: No, no.
9 MR. WARREN: I think I'm staying. Thank you,
10 though.
11 CHAIRMAN WALLACE: Good job, Linn.
12 MR. WARREN: I get to run the machine,
13 Mr. Chairman.
14 CHAIRMAN WALLACE: We are then on Ken, the first of
15 a couple of items in your bailiwick, Item 5 on the agenda.
16 MS. PARKER: Ken, you'll make introductions?
17 MR. CARLSON: Yes, I will.
18 **RESOLUTION 00-22**
19 Thank you, Mr. Chairman. I'm pleased to be sitting
20 next to Gene Slater, who many of you know. He is the
21 Chairman of the Capital Solutions Group, or CSG Advisors,
22 which under a number of different names has been the leading
23 financial advisor for housing, the kind of housing work that
24 we do, since, I think, 1982. In fact, we were one of their
25 first clients, I think, back in 1982 as well. So Gene has

1 been around a long time, we have known him for quite a while.
2 He has been our advisor for this project, which is the purchase
3 of the Fannie Mae Section 236 loans.
4 We have sort of a coordinated presentation here.
5 I'll give an overview of what is going on and what we will be
6 asking you to approve. Gene is going to talk a little bit
7 about the report that is in your material here and how he got
8 us to this position of what we are proposing today. And then
9 Linn, I think, will talk a little bit about Phase 2. What we
10 hope to do after this project is consummated.
11 There are two major things that happened since we
12 talked to you about this two months ago. First, the project
13 has gotten smaller. The amount of the -- There's still like
14 280 of these loans that Fannie Mae owns that we would like to
15 buy but their unpaid principal balance appears to be around
16 $275 million. We were just flat-out mistaken about the
17 principal amount befpre so it's quite a bit --
18 MS. PARKER: Just for clarification. The
19 information that we were given was --
20 MR. CARLSON: Oh, it would be nice to be able to
21 say that, yes.
22 MS. PARKER: But the number of units is the same.
23 MR. CARLSON: Right. But more importantly, with
24 Gene's help here, we found what we think is a risk-free way to
21 become the mortgagee of record for these projects and be able

1 to carry out Phase 2, which is the whole reason that we want
2 to get involved in this. We won't need to issue commercial
3 paper like we had talked about at the previous meeting or
4 borrow from the state investment pool, the other approach we
5 were talking about.
6 However, we certainly owe thanks to the State
7 Treasurer and his staff for helping us move along on a dual
8 track with being able to prepare or be ready to make a
9 presentation to the Pooled Money Investment Board. In fact,
10 we're even on their calendar in July and I'm hoping if our
11 Board approves the resolution today then I can take us off
12 that agenda.
13 Gene and his firm have done a great many deals with
14 Fannie Mae over the years. We are not the only state HFA
15 that hired them to help with this loan purchase. It looks
16 like we may be the only one who is able to consummate a deal,
17 however. What Gene thought of was asking, going to --
18 Fannie Mae is divided into separate profit centers.
19 The people that own the loans are a profit center. The
20 profit center we're mostly used to working with at Fannie Mae
21 is the Public Finance Division. This Public Finance Division
22 is in charge of buying bonds from state and local housing
23 agencies like ours. Over the years we have sold some $430
24 million of bonds to Fannie Mae. They are certainly one of, I
25 think after the Franklin Fund, is our largest purchaser of

1 bonds.
2 What Gene thought up was going to the bead of that
3 unit, who is Jack Gallagher, Vice President of Public
4 Finance, and talking to him about the best way of doing this
5 where, in effect, we issue a pass-through bond that is backed
6 by those loans and Fannie Mae buys the pass-through bond from
7 us. We have got a little visual here that Linn is going to
8 show us.
9 MR. WARREN: Give me a moment, I will bring it up.
10 MR. CARLSON: Right now what's going on is the
11 portfolio of loans, which we show at the top here, is
12 serviced by a single servicer, GMAC Commercial Lending,
13 whatever it's called. So there are 280-some loans. They
14 service them and then the net after their servicing fee goes
15 straight to Fannie Mae. What we'll be able to do is
16 interpose ourselves. We and our bond trustee will be
17 interposed between the servicer and Fannie Mae so that -- Is
18 there another piece of this coming?
19 MR. WARREN: Yes.
20 MR. CARLSON: Here it comes, okay.
21 MR. WARREN: I'll put it all up, how is that.
22 MR. CARLSON: Here we go, right.
23 MR. WARREN: There you go.
24 MR. CARLSON: Okay. So what will happen now is the
25 servicer will send the accumulated principal and interest

1 payments, after deducting their servicing fee, to our bond
2 trustee. Then our bond trustee will take that money after
3 deducting its own expenses and cost recovery for us will then
4 send the money on to Fannie Mae. So the bonds that we're
5 selling are just a straight, naked pass-through. The bonds
6 will have no stated rate of interest or anything. The bonds
7 are solely backed by the loan portfolio, which will be
8 serviced by the same people and will pass the revenues on to
9 Fannie Mae.
10 So we become, however, the mortgagee of record
11 under this situation and end up being a custodian of the
12 documents as any mortgagee would be. This, as Linn will
13 explain later, has been our goal all along. To have control
14 of the documents and be able to go and talk directly to the
15 borrowers and have them not hang up the phone when we call.
16 So we are very pleased to have this deal set up
17 this way and it's all -- We owe a card of thanks, I think,
18 both to Gene and to Fannie Mae and to Jack Gallagher of their
19 Public Finance Unit. You may recall in our last Annual
20 Report we featured our CHFA partners and there is a picture
21 in there of Jack Gallagher. We are very pleased to have
22 partners like that willing to work with us.
23 CHAIRMAN WALLACE: Is that why we get this
24 Dpportunity, because we --
25 MR. CARLSON: Well, it could be. No, I don't think

1 so. We are recommending that you adopt Resolution 00-22
2 which will authorize the loan purchase as well as the form of
3 a pass-through indenture that Orrick, Herrington has been
4 kind enough to put together. It would be the first kind of
5 indenture of this form we have ever done and there is a copy
6 of it here for you. We would like you to authorize that by
7 approving the resolution. With that I'd like to turn it over
8 to Gene unless there are questions now.
9 MR. MOZILO: Ken, I have a question.
10 MR. CARLSON: Yes, sir.
11 MR. MOZILO: And maybe you're going to be covering
12 this.
13 MR. CARLSON: Yes, sir.
14 MR. MOZILO: This looks like a Rube Goldberg to me
15 and I can't understand why you're doing this. The first
16 configuration with GMAC and Fannie Mae was a straightforward,
17 classic servicer, owner of the securities configuration.
18 MR. CARLSON: Right.
19 MR. MOZILO: What's the benefit to the others? I
20 still don't understand the benefit to us, but what is the
21 benefit to the others? Fannie Mae. GMAC is unaffected by
22 this.
23 MR. CARLSON: Right.
24 MR. MOZILO: What is the benefit to Fannie Mae of
25 going through all this?

1 MR. CARLSON: Well, we think that the benefit to
2 Fannie Mae is probably -- it may well be political, public
3 relations.
4 MR. MOZILO: I don't understand. They own the
5 securities. It satisfies their CRA or whatever requirements
6 they are under.
7 MR. CARLSON: Yes.
8 MR. MOZILO: Why add in "you" to the equation? Why
9 does it help them?
10 MR. CARLSON: Gene thinks he can address that and I
11 think that's a good thing for Gene to talk about here.
12 CHAIRMAN WALLACE: Welcome.
13 MR. SLATER: Hi, how are you?
14 CHAIRMAN WALLACE: Let there be light.
15 MR. SLATER: I'm based in San Francisco although
16 we're a national firm and we have done lots of work in
17 California.
18 MR. MOZILO: Can you speak up, please.
19 MR. SLATER: Yes. I'm based in San Francisco
20 although we're a national firm and we have done lots of work
21 for many more state housing finance agencies than any other
22 firm and for lots of cities in California. Maybe I'll give a
23 couple of sentences of history and it will help get to
24 Angelo's question.
25 Our role, and many other people around the country

1 are working on restructuring of 236 projects. For example,
2 we did two for the San Francisco Redevelopment Agency where
3 the aim was to preserve these interest reduction payments as
4 a tool for future affordability, and Linn may want to talk
5 more about that part of it as part of the restructuring. And
6 because the money is already budgeted by HUD one could attain
7 that under certain rules if a public agency, state or local
8 government, is the owner of the loan at the time the FHA
9 insurance is removed. That's 236(b).
10 MR. MOZILO: Excuse me, because I'm having a
11 problem hearing you.
12 MR. SLATER: Yes.
13 MR. MOZILO: At the time the FHA insurance, what?
14 MR. SLATER: Is terminated.
15 MR. MOZILO: Okay, terminated. Is that the issue?
16 MR. SLATER: Yes.
17 MR. MOZILO: Okay.
18 MR. SLATER: That's what drove all this originally.
19 So we would go on individual loans, whether in San Francisco
20 or Los Angeles or elsewhere, and we'd call up Fannie Mae
21 because they own about half or 60 percent of these loans
22 nationally and said, okay, we have this loan, we'd just like
23 to buy it from you. The borrower is about to prepay because
24 a nonprofit is about to buy it and he's going to prepay at
25 par. But we need to buy it the day before it's going to

1 prepay just so it's owned by a state or local government
2 agency and therefore we can get the credit under these
3 strange federal rules. So that was what drove people wanting
4 to do this.
5 Fannie Mae's accountants then came along last
6 summer and basically concluded that if this portfolio that
7 they had acquired over the years, particularly in the late
8 70's and were simply holding for investment, if they, in
9 fact, were selling lots of individual loans from this, 10 a
10 month, 20 a month, whatever the number was as people had
11 projects around the country, they were now going to require
12 this to be treated in a different way from accounting
13 purposes and Mark-To-Market.
14 MR. MOZILO: It would no longer be an investment.
15 MR. SLATER: Right. So they then said it would be
16 for sale.
17 MR. MOZILO: Right.
18 MR. SLATER: Okay. So they then -- So here they
19 are faced with a conundrum, which is, how do we deal with our
20 desire to be seen as a partner by state and local governments
21 and doing affordable housing, and our desire not to have
22 this, you know, accounting consequence. So they came up with
23 an even more bizarre conclusion. Which was, let us send out
24 a letter to every state and local housing finance agency in
25 the country, last August, which says, there will now be a one

1 year window from now until August 1, 2000. If you want to
2 buy the whole portfolio in your state or any individual loans
3 you have this window to buy these loans. And they announced
4 this.
5 This did two things for them. One, from a PR point
6 of view they can say, we're doing a great thing of making
7 this available to everybody. On the other hand, they were
8 going to be closing the window and avoiding the consequences
9 of the accounting treatment in the future. So that's sort of
10 what drove this.
11 We then started working for -- We are the financial
12 advisors to Washington State Housing Finance Commission, have
13 been for 15 years. They were quite interested, potentially,
14 in responding to this initiative, as you had been. So we
15 contacted Fannie Mae, went through a very long song and dance
16 about, you know, trying to buy the portfolio.
17 One of the things we learned from that process was
18 that although they were making these available for sale the
19 prices at which they were making them for sale were not
20 particularly attractive. They were higher than one would buy
21 on the market for 236 loans by one or two percent. More
22 important, there were significant difficulties as we got into
23 this, buying the loans, potentially at a premium. Some of
24 these loans have a net effective rate of as high as 8.5
25 percent. But the prepayment risk is, who knows what it is,

1 particularly if you as a buyer, your entire objective is to
2 try and find projects in order to encourage people to prepay
3 and to work out new affordability.
4 So this was a problem. How could one arrange third
5 party financing and pay the price that Fannie Mae wanted as
6 the seller of the loans? In the midst of all this, and I
7 think after we began work for the Agency, new federal
8 regulations finally came out with an alternative way to save
9 interest reduction payments through decoupling regulations,
10 but that doesn't put you in the position that Bob was
11 describing, Ken. That being the owner of the loans and being
12 able to contact borrowers and having a statewide initiative
13 to do this.
14 So one of the conclusions we came to in looking at
15 the options were, given that there were alternative ways of
16 proceeding, one should only do this, buy this portfolio, if
17 you could do it in a relatively risk-less and cost-less
18 method. So we then focused -- and this is on the bottom of
19 -- We went through various other variations like asking
20 Fannie Mae other bizarre questions about how to buy -- can we
21 buy the loans, one, off in the future if you don't agree now.
22 The answer to everything was, no.
23 MR. MOZILO: They have to have a one-time event.
24 MR. SLATER: We had a one-time event. And we
25 couldn't prejudge which of the loans out of these 283 loans

1 that we really needed so either you're going to have to buy
2 it all or not. The question is, could we make the economies
3 of scale of doing the whole thing work to our benefit as
4 opposed to our disadvantage. So then we looked at, what are
5 sort of the rules of the game. What we are trying to do
6 here? And at the bottom of 972, I think, in your package, we
7 went through what are sort of the key objectives that we
8 would try and design the financing to meet.
9 One was, that we avoid up-front costs or minimize
10 them and be able to recover them over time. Which although
11 there is now no additional administrative fee we are going to
12 be able to do. Second, we need to avoid prepayment risks,
13 particularly because the prepayments, from your own actions,
14 could cause all sorts of structural problems with a third
15 party financing. We should avoid taking on interest risk by,
16 Eor example, borrowing short term from the Treasurer and then
17 worrying about where rates will be two years from now. Or
18 variable rate debt. The same inherent problems. You can't
19 buy a good interest rate hedge with a portfolio with such
20 incertain prepayments.
21 But you needed the transaction to be as simple and
22 quick to put together as possible. Here we were, basically
23 in mid-May. This has to close by the end of July on $270
24 million on a transaction nobody in the country has ever done
25 before. It has to be taxable because, as Stan indicated,

1 these are loans to existing for-profit owners. Ultimately, we
2 may restructure them one by one on individual projects as a
3 tax exempt 501(c)(3), for example, but right now it has to be
4 taxable.
5 And the biggest problem is, how do we fit Fannie
6 Mae's target prices of selling the portfolio against what a
7 third party financier would do? So based on that and after
8 checking with Ken I called Jack, given that we have done many
9 projects and many of the first things Fannie Mae has done
10 around the country and said, would you be interested in
11 buying -- He knew nothing about this at this point. Would
12 you be interested in buying this on a pass-through basis?
13 There will be a slight haircut to Fannie Mae in
14 this transaction, frankly, which is the trustee fee and the
15 cost of issuance because we didn't want to be financially
16 exposed. There will be a slight haircut. But this is a way
17 of making good on this letter you sent to every agency in the
18 country but nobody else is going to be able to complete. I'm
19 saying, you actually were offering, here is a way to make it
20 real. Here is a way to treat this, from your point of view,
21 a $270 million investment in affordable housing in the
22 country, as a way of preserving IRP's for state and local
23 governments so you can get credit for this. You get it over
24 on your side of public finance for having done this. You
25 just have to convince the people --

1 And the most important part of this, the key
2 sentence in this whole notion Ken alluded to, was we weren't
3 going to be in the middle of negotiating with Fannie Mae. I
4 had spent three months with Washington State trying to
5 negotiate prices on the loans with Fannie Mae, to no avail.
6 You know, well, we've held these for, you know, 15 years,
7 there will be no prepayments. Therefore, there won't -- But
8 the rules have changed. It doesn't matter.
9 So we went through this. There is no point in
10 having endless negotiations that aren't getting anywhere.
11 The aim was, will Jack buy it at the same price that the loan
12 people will sell it. And that's what Fannie Mae has agreed
13 to do. Whatever that price is. And we'll set the price, I
14 guess, officially on Monday. Whether it's 99.7 or 100.1,
15 whatever their price is, Fannie Mae on the public finance
16 side will sell it at the same price. So it was really to make
17 this their problem rather than our problem. That was the
18 entire objective.
19 MR. MOZILO: Let me just -- If I could just pursue
20 this for a second before I lose my thought. Is this part of
21 the GSE 30-30 rule in terms of, does this count in their --
22 is that why they got involved to start with? The GSE
23 legislation requires them to be -- 30 percent of their loans
24 to be in this category, low income.
25 MR. SLATER: I don't actually know. Since what

1 they are doing is switching from holding existing loans to
2 purchasing bonds rather than loans --
3 MR. MOZILO: Whether that counts. Whether that
4 counts anymore.
5 MR. SLATER: I'm not sure I can tell you how it
6 fits within their domain.
7 MR. MOZILO: Okay. If I can reduce it down to the
8 simplest form. Ken, from our viewpoint, if I'm the owner of
9 one of these properties, I'm the borrower. How am I
10 impacted? The fact that I hang up on you now. Why would I
11 not hang up on you under this new configuration? What
12 incentive do I have to talk to you?
13 MR. WARREN: I think that when I approach these,
14 Angelo, I am going to say that we are the mortgagee of
15 record, but at the same breath I'm going to say, I've got a
16 twofold goal here. Number one is, if you wish to refinance
17 your property and stay in it longer term, because these loans
18 are coming due in 10 to 15 years, we have a preservation
19 program to do that. Here it is and would you like to talk
20 about it.
21 Number two, if you want out, and that may be the
22 greater motivation because these folks have been in here for
23 20 years, we also have a program to facilitate sales to both
24 €or-profit and nonprofit. We want to talk to you about that
25 as well. And if they say, why are we doing business with

1 you, my response is, we know all about the IRP structures.
2 We know all about the IRP agreements, we know the
3 regulations. We are in a better position in California to
4 facilitate the close of these deals in your time frame or
5 within anybody else's. And that includes private credit
6 financiers.
7 As Gene has said, we did the first 236 deal three
8 years ago and we've done a bunch since. So we can say all
9 that and they can still hang up on us, quite frankly. That
10 could very well happen.
11 MR. MOZILO: It gives you a potential pipeline.
12 MR. SLATER: Exactly.
13 MR. MOZILO: Is that basically what it does?
14 MR. WARREN: It puts me in a pipeline, yes.
15 MR. MOZILO: And these 236 are California only?
16 MR. WARREN: California only.
17 MR. MOZILO: Okay.
18 MR. SLATER: There are 280, approximately.
19 MR. WARREN: Yes, we should be clear. The 236 is
20 jargon for the type of loan.
21 MR. MOZILO: Okay, that's the FHA project.
22 MR. WARREN: Right, right.
23 MR. MOZILO: Okay. But it's 280 --
24 MR. WARREN: Right, 280-plus.
25 MR. MOZILO: Okay, thank you.

1 MR. WARREN: So basically that's the goal. So yes,
2 there is a risk that at the end of the day they will sell
3 market, get their price and the affordability could be lost.
4 MR. MOZILO: But you don't have the prepayment risk
5 because you're not paying a premium.
6 MR. SLATER: Exactly. Exactly.
7 MR. MOZILO: Or you have mitigated the premium
8 through this.
9 MR. SLATER: Exactly right.
10 MR. WARREN: It would be the same if -- From Fannie
11 Mae's standpoint they can prepay anyway, at any point in time
12 it's the same.
13 CHAIRMAN WALLACE: Let's let Gene finish his --
14 MR. SLATER: I think I was finished.
15 MR. WARREN: Are you done?
16 CHAIRMAN WALLACE: Well, you had one more criteria
17 on the page.
18 MR. SLATER: Oh, did I have another criteria?
19 CHAIRMAN WALLACE: I want to make sure --
20 MR. SLATER: Oh, yes, I'm sorry. Thank you. Well,
21 just given the volatility of interest rates, especially what
22 we were experiencing in May, how do we proceed with this
23 transaction? Have you exposed in terms of wanting to do this
24 and reached a closing table without rates having moved away
25 and your having to put up $5 million to solve the problem.

1 Then there were lots of features in how we built this in, for
2 example. We don't have -- Because we're doing it on a pass-
3 through we don't have a 30 day lag, which on this size
4 portfolio would have been $1.5 million.
5 There are lots of ways that normal financing for
6 this would have cost many -- with underwriters and third
7 party -- it would have cost many millions of dollars. We
8 tried to reduce it to a few hundred thousand. All of which,
9 or virtually all of which, is recoverable from a small fee
10 paid through the transaction.
11 CHAIRMAN WALLACE: Does that complete your --
12 MR. SLATER: Yes.
13 CHAIRMAN WALLACE: Are you ready for, now --
14 MR. SLATER: I'm ready. I'm ready for the next
15 question.
16 CHAIRMAN WALLACE: -- the barrage of questions?
17 MR. SLATER: Yes.
18 CHAIRMAN WALLACE: Okay. Bob.
19 MR. KLEIN: First of all, Gene, I think you have
20 done an excellent job here in structuring this and
21 accomplishing the objectives that were set out. It would
22 appear to me that if CHFA is in control of this portfolio the
23 effective ability to implement purchases by new borrowers
24 would be tremendously enhanced because of our controlling the
25 mortgage package. Our ability to restructure the IRP, deal

1 with the prepayments issues. We have tremendously simplified
2 the ability to bring in new purchasers to take out the
3 existing owners and preserve affordability. Is that a
4 correct assessment?
5 MR. SLATER: I don't know it's enormous. I think it
6 gives you a -- I think what Angelo said is the best way. You
7 have a pipeline, you have accessibility, you have information
8 on the borrowers, information on the performance of the
9 projects. You will know all the details, you won't be in a
10 dark closet. You don't have control over borrowers, you're
11 simply the lender. These loans are prepayable at anytime,
12 you can't change the rules of the game. But it gives Linn,
13 with the kinds of programs you're using, a vehicle and
14 information to use to do that. So I think in that sense,
15 yes.
16 MR. KLEIN: And it gives new nonprofit borrowers or
17 other sponsors who are prepared to come in as purchasers, a
18 great deal more predictability and time certainty in the
19 ability to deliver for them on this execution.
20 MR. SLATER: Right. In fact, one of the
21 interesting things here, one of the reasons Washington State
22 eventually chose not to pursue this was they, unlike you,
23 went ahead and decided or chose to be the PAE, Project
24 Administrating Entity, for HUD for Section 8 loans in the
25 state. They then went -- So they already sort of had a

1 connection to the loans, which you didn't. They then went to
2 HUD and said, if we buy this portfolio is there any conflict,
3 and HUD said, well, now that you mention it, nobody has asked
4 us about this, but now that you mention it, yes, that's a
5 conflict. And precisely the reasons you were getting at, I
6 think, are at the conflict HUD was concerned about.
7 MR. KLEIN: Right.
8 MR. SLATER: That in acting as HUD's agent in
9 restructuring you would have other objectives here as the
10 lender of what could happen. So it's precisely the fact that
11 you didn't pursue this role that both makes it, A, desirable,
12 maybe, to be in this role in terms of a pipeline, and creates
13 the kind of conflict that's desirable for you, in fact.
14 MR. KLEIN: Right.
15 CHAIRMAN WALLACE: Carrie.
16 MS. HAWKINS: Well, it seems to me, after working
17 with Fannie Mae for a long time it is still fascinating to
18 watch this process. And I read through this whole thing
19 simply because -- I mean, Angelo and I have dealt with Fannie
20 Mae so we definitely understand what you go through. But it
21 would seem to me that we're going -- this would be kind of a
22 poster child for them when they go before Congress.
23 MR. WARREN: Yes.
24 MS. HAWKINS: We can make them look good. And
25 Eortunately in this case, it's a good deal for us the way

1 it's structured. But why didn't they do that with any other
2 state? Was it the combination of all the players here?
3 MR. SLATER: Because they had the loan sale people
4 who, frankly, had mixed marching orders. Make this available
5 for sale but don't sell it cheap and if nobody buys it, it's
6 perfectly okay. With no other objectives in life other than
7 just inertia.
8 MS. HAWKINS: Yes, yes.
9 MR. SLATER: And nobody talked to the public
10 finance people about buying it. And I think the answer is,
11 the way you were paying them -- maybe this is the other
12 answer to the original question. How are you paying them?
13 The answer is, they are losing a little money for doing this.
14 The way that you are going to pay them is through PR. And
15 that's, as you know, in terms of their GSE situation, a very
16 significant form of payment to them.
17 MR. MOZILO: Particularly nowadays,
18 MR. WARREN: Yes.
19 MR. SLATER: So the letters *you* write or the joint
20 press releases or whatever other announcements you want to
21 make, those and the personal thank you letters to the
22 Chairman of Fannie Mae thanking Jack for what he did here,
23 those are the things that are significant payments to them.
24 And we found in lots of other dealings we've done, they make
25 a difference.

1 CHAIRMAN WALLACE: So it's not costing us,
2 basically, anything.
3 MR. SLATER: You're advancing somewhere about
4 $300,000 or a little less. Which should be recoverable on a
5 five year average life over the life of the transaction, that
6 amount of money.
7 CHAIRMAN WALLACE: And you've wrung out the
8 interest risk and the other risks that we might have incurred
9 it we jumped at the bait the way it was initially offered.
10 MR. SLATER: That's right.
11 CHAIRMAN WALLACE: Prepayment problems and all the
12 above. So it's essentially fairly risk-free for us. And
13 what we're doing is buying an access to future business.
14 Another source for future business. Is that --
15 MS. PARKER: And also the opportunity in this case,
16 from a benefit side, for potential preservation.
17 MR. WARREN: Yes.
18 MR. KLEIN: Which I think is major.
19 MR. SLATER: Sure.
20 MR. CARLSON: And I think one of the things that
21 hasn't been said here, it was implied. But I think what
22 we'll get is really valuable information about these
23 projects, which otherwise, I think, many people would
24 consider to be confidential. I think we would have had
25 trouble getting the information that we will now get as

1 mortgagee if we had just asked Fannie Mae or GMAC, just send
2 us all the information about these projects so we can talk.
3 MR. MOZILO: Well, they can't. Being a mortgagee I
4 can tell you that having the documents, having access puts
5 you at a great advantage over anybody else.
6 MR. WARREN: One of benefits.
7 MR. MOZILO: And I think that $300,000, if you
8 didn't recover it, is a very cheap price to have access to
9 those people. I compliment you, I echo Bob's comments. I
10 think it's very, very creative.
11 MR. WARREN: I was going to say, we have a
12 servicing agreement, you can see from the chart, with GMAC.
13 And part of that is going to be the operating the histories
14 and the balance sheets of the project. And that will help us
15 to understand what is the best way to restructure some of
16 these things. So one of our first goals is to get the
17 servicing tapes, quite frankly, and analyze them.
18 MR. MOZILO: How about the backup files?
19 MR. WARREN: We have thought about that. At this
20 juncture I think the electronic would be sufficient and may
21 be all we need. The operating histories can be given to us
22 electronically, which may be all we require. We'll see.
23 CHAIRMAN WALLACE: Carrie.
24 MS. HAWKINS: So the way we would be alerted then,
25 obviously, is if there was a request for a payoff or

1 something then that would trigger us being able to get
2 involved before it was over.
3 MR. WARREN: That's correct. Arguably, if there is
4 a prepay that is an indication that something is already
5 underway. But our goal is to react to that very quickly and
6 to comment. If we can do something to save it, fine, and if
7 not, that is one of the consequences.
8 CHAIRMAN WALLACE: Bob.
9 MR. KLEIN: As I understand it, Ken and -- impact
10 as to the entire rest of the staff. The program is really to
11 put together a proactive outreach here. And I would say
12 that, Ken, in following the objectives of the Board in trying
13 to put something like this in place, you are to be
14 complimented greatly as well as the rest of the staff who
15 worked on this mission. I think it's an excellent
16 achievement and the proactive outreach should help us in a
17 number of years to come, really save a lot of units that would
18 otherwise, if we waited until we did get the notice, we would
19 absolutely lose. But in that regard, I would like to make a
20 notion for approval.
21 MR. SLATER: Could I just say one more thing?
22 Because it wasn't said and maybe it's taken for granted, the
23 tole that Stan has played in this. Orrick has been
24 absolutely critical in terms of thinking out all the
25 documents that are involved and working with Fannie Mae's

1 counsel and GMAC's counsel, often at the last minute in terms
2 of getting materials from them, and playing a yeoman role and
3 sort of figuring all this out. Having what, his paralegals
4 sitting there at GMAC this week doing the due diligence on
5 the files. And so Stan has been -- Probably it is true of
6 all your deals but he has been particularly extraordinary on
7 this one.
8 MR. MOZILO: I second the motion.
9 CHAIRMAN WALLACE: That's why we ask Stan to sit in
10 the front row. Stan, you're on board on this?
11 MR. DIRKS: Absolutely.
12 CHAIRMAN WALLACE: I have a motion by Klein with a
13 second by Mozilo to approve Resolution 00-22. Is there any
14 further discussion from the Board and/or the audience on that
15 motion? Hearing none, seeing none, secretary, call the roll.
16 MS. OJIMA: Thank you. Ms. Peterson?
17 MS. PETERSON: Aye.
18 MS. OJIMA: Ms. Bornstein?
19 MS. BORNSTEIN: Aye.
20 MS. OJIMA: Ms. Neal?
21 MS. NEAL: Aye.
22 MS. OJIMA: Ms. Hawkins?
23 MS. HAWKINS: Aye.
24 MS. OJIMA: Mr. Klein?
25 MR. KLEIN: Aye.

1 MS. OJIMA: Mr. Mozilo?
2 MR. MOZILO: Aye.
3 MS. OJIMA: Mr. Wallace?
4 MR. WALLACE: Aye.
5 MS. OJIMA: Resolution 00-22 has been approved.
6 CHAIRMAN WALLACE: Resolution 00-22 hereby
7 approved. Thanks Gene and Stan and Ken. Does that mean Linn
8 gets to relax?
9. MR. WARREN: I don't think so. I'm not quite done
10 yet, am I?
11 MR. CARLSON: Yes, I think so.
12 **RESOLUTION 00-23**
13 CHAIRMAN WALLACE: Well, with that we're ready for
14 Item 6 on our agenda. Again, Ken.
15 MS. PARKER: Actually, Mr. Chairman, if you will
16 let me start.
17 CHAIRMAN WALLACE: and what if I won't? Yes, you
18 may. Okay, Terri.
19 MS. PARKER: Okay. Actually, I think it was a good
20 segue from the prior item to this item. Since it was a
21 discussion and presentation of the wholesaling aspects of
22 these 236 projects that brought the discussion with the Board
23 at our last meeting about CHFA financing and understanding
24 the at-risk debt instruments that the Agency was being
25 involved with that led to the discussion and the adoption of

1 a resolution by the Board to create a subcommittee on
2 financing.
3 The memo that is in your Board book from me I think
4 sort of speaks for itself. Right after that meeting, the
5 staff immediately set to work to discuss how best we could
6 accomplish what we thought that the Board of Directors was
7 looking for. A number of items came up in that discussion
8 that led us to essentially write this memorandum to you and
9 make a further recommendation. That being, because we think
10 -- There is some concern about liability issues but really
11 more fundamentally, we believe that this issue is so
12 fundamental to your due diligence of fiduciary
13 responsibilities that we think it is an important item for
14 all of the Board Members.
15 And we have proposed as an alternative that might
16 be first pursued, an approach that either it be a combination
17 depending on the Board's desires of having Ken at every Board
18 meeting go through a discussion of the most recent financial
19 transactions. He normally includes a report in your Board
20 book but actually do a presentation. And/or to schedule some
21 workshops that we could bring in additional expert people to
22 help with an education process.
23 Ken and I, when we were in New York'a couple of
24 weeks ago, had discussions not only with our swap advisor,
25 Peter Shapiro, but both of our rating agencies, Moody's and

1 S&P, about such activities. We have looked at the idea of
2 perhaps presenting some of the same kind of information to
3 the Board that we have done with our rating agency
4 presentations. We think that going down a path like that, of
5 having the opportunity for all the Board Members of the give
6 and take and the interchange of questions will be a
7 tremendous opportunity for the totality of Board education on
a the subject. And with that, Mr. Chairman, I think we are
9 prepared to answer some questions or really open it up for
10 some sort of discussion among yourselves.
11 CHAIRMAN WALLACE: Ken, did you have anything to
12 add?
13 MR. CARLSON: No, there's a resolution, 00-23 --
14 CHAIRMAN WALLACE: Right.
15 MR. CARLSON: -- which would actually amend the
16 resolution that was passed at the previous meeting. It would
17 add the notions of briefings and workshops to the proposal
18 for the subcommittee.
19 CHAIRMAN WALLACE: Let me make a comment or two,
20 and then I know there's others. Bob, I want to hear from
21 you. We talked a little bit and so have Angelo and I. Terri
22 has talked to many of you. I think the thrust leading from
23 the amendment, if we approve it, is proper. And frankly,
24 it's an area that is kind of, as Bob so aptly mentioned at
25 the last Board Meeting, is gray for a lot of us unless you

1 are really into it. I think we can use some additional
2 adult education in this regard.
3 The recommendation of workshops or staff briefings
4 I think, are both in order. But initially, Terri, I think we
5 would all benefit by having a workshop or two to kind of get
6 more immersed into it. If it means bringing in some of these
7 outside sources to help in our education, I think that's
8 desirable. So initially my sense is that I like the thrust
9 of the amendment. I'd like to schedule at least one or more
10 workshops.' Subsequently, we may or may not decide thereafter
11 that a briefing by Ken and/or an occasional follow-up
12 workshop for newly available information may be beneficial
13 and we could play that as we went.
14 My sense is at least one or two workshops, at least
15 one before the end of the year. Maybe the September meeting,
16 which I think you allude to, would be a good idea. I think
17 it is superior to the subcommittee situation for all the
18 reasons you have mentioned in the memo so I generally
19 encourage the Board to support the amendment.
20 In the process I know it was alluded to and some of
21 us, Angelo and I, have discussed at some length the potential
22 for liability of subcommittees. And that kind of backs you
23 back up to, if there is liability there maybe we ought to
24 have a refresher course on what our liability is absent the
25 subcommittee. In other words, as Board Members. So my sense

1 there -- and, Bob, I want your thoughts too because you and I
2 have discussed this -- is to maybe having a workshop or a
3 portion of the agenda devoted to what is our liability. Are
4 we subjected, potentially, to punitive damages.
5 . I know in my other life, I represent homeowners
6 associations in the Legislature and they have had a bill that
7 has been introduced here this year that resulted from a
8 homeowners association board member going beyond the scope of
9 the board's assignment and creating some bad facts, creating
10 bad judicial decision, and the liability translated to the
11 entire board and was a bankrupting event. So we probably
12 ought to have a little bit better sense of how we are to
13 behave as Board Members as such that we are not creating
14 liability. So that's another thing that I think is
15 potentially coming out of this.
16 All in all, bottom line, I would encourage you to
17 go the route as indicated in the amendment to the Board's
18 prior resolution. I think it's going to be better for us
19 to understand our duties, obligations and potential
20 liabilities if we do this. So with that, further discussion?
21 Bob.
22 MR. KLEIN: I'd like to bifurcate my comments.
23 First of all, as an interim solution I would be supportive of
24 the amendment with the thought that this starts us on a
25 course to where we have a deeper base of knowledge. But

1 generally at the Board, which is certainly a healthy
2 approach, I do believe that for continuity and depth of
3 information it may be necessary to have subcommittees once we
4 have explored the liability issues and potentially had some
5 ways to buffer ourselves from inappropriate liability. But
6 as an interim measure I think this is a good start.
7 As a second set of comments: In terms of liability
8 I can tell you that I, for one, wasn't aware of the nature of
9 the liabilities that could potentially be there. And I think
10 that may be true of other Board Members. If, as Clark
11 nentions and we have discussed, there is potentially punitive
12 damage liability against the Board Members individually in a
13 situation where the Board certainly doesn't control the
14 staff, this liability could come back to surface at the Board
15 level.
16 If that were true it would be very inappropriate, I
17 think, for Board Members of a group like this, serving as
18 volunteers in a charitable purpose, to have that type of
19 exposure. We should concurrently look at supplemental
20 insurance that could potentially protect the Board from that
21 type of liability.
22 Terri mentioned to me that on the STRS Board,
23 historically, there has been supplemental insurance that
24 members have used to deal with this type of liability. I
25 would hope that we could concurrently, in the immediate time

1 frame, get a report that deals with insurance solutions that
2 other boards have utilized in appropriately addressing this
3 liability. I believe it is remote liability. But to the
4 extent that it is possible, things that are possible do
5 happen and we should be prepared and knowledgeable about our
6 options. So I would hope that we could proceed concurrently
7 with that research.
8 After an initial briefing by counsel, our own
9 counsel, hopefully we could also draw upon, potentially, the
10 State Attorney General's Office for supplemental information
11 so we could have the very best resources available and know
12 that there is no conflict in the interpretation of statutes
13 in this area.
14 If it turns out that there are not full and
15 complete ways to address this potential liability issue and
16 do our job in subcommittees and otherwise pursue our duties
17 to the fullest, I think that with or without other boards or
18 commissions at the state level we should pursue legislation
19 to ultimately get this right at the state level. But that
20 said, I do believe this is a very good first step in trying
21 to address the objectives and I am supporting the amendment.
22 CHAIRMAN WALLACE: Any further discussion by the
23 Board? Angelo.
24 MR. MOZILO: Just a couple of comments. I support
25 almost everything Bob said. I think it's just a

1 philosophical difference here. I think that if the issue is
2 so important, and I agree it is important relative to hedging
3 activities and the financial liability, that the full Board
4 should be involved. My experience with subcommittees is that
5 it is very hard to editorialize back to the Board. You have
6 a translation issue as to what I understood and what I
7 translated. I think if it is that important, and I believe
8 that Bob is correct, it is extremely important, that the
9 entire Board should have the same information at the same
10 time without interpretation.
11 I would also want to echo what Bob said relative to
12 insurance. If anything ever happened and someone was held
13 liable on this Board, I think it would be very, very difficult
14 in the future to have this Board supported by people who are
15 knowledgeable and who want to help. It would be a great
16 disservice to the state and to housing.
17 The third is in terms of how this Board would look
18 at these issues. It would be very similar to the way Moody's
19 and S&P, the rating agencies, look at it. It's a risk issue
20 and Moody's and S&P are concerned about risk. And so I would
21 agree with Terri that I think providing us with the kind of
22 information you provide the rating agencies would be very
23 important to us and relevant to the kind of decisions that we
24 have to make. Or at least a better understanding of where
25 you are headed and why you are headed that way. Thank you.

1 CHAIRMAN WALLACE: Thank you. Anyone else?
2 Carrie.
3 MS. HAWKINS: I agree, I think, with almost
4 everything Angelo and Robert said. I think that if we were a
5 large, large Board, just to function we would have to have
6 sub committees. But from my experience, we are a pretty
7 efficient Board at this size. And I agree, I think this is a
8 good amendment and I support the amendment. But I really
9 welcome classes because we have moved so far, so fast as far
10 as the sophisticated financing that we now do.
11 And there is another aspect to this. We deal with
12 the public. Most everyone knows who the Board Members here
13 are, and I'm sure other Board Members get asked questions and
14 sometimes we are put in an awkward position of defending what
15 we do because someone perceives that we are not doing what
16 they think we should be doing. So what I would like to have
17 is a workshop that helps us address some of those questions
18 and why we have to have the ratings we have. And of course
19 the simple answer is, well, we have to maintain our ratings
20 in order to be able to have low interest rates to accomplish
21 what we do. However, sometimes we get questions, but why do
22 you have so many reserves. Well, I can't answer that
23 question adequately so I would like a workshop on those kinds
24 of things.
25 CHAIRMAN WALLACE: The answer to that question is,

1 call Ken Carlson.

2 MS. PARKER: Mr. Chairman, let me just say to all

3 of you, because I know that you have -- We're so fortunate by

4 having such a professional Board and you bring different

5 strengths. A financial housing background, legal background,

6 and you look at issues in different ways. I hope that all of

7 you feel that if there are questions that you get, as Carrie

8 is mentioning or whatever, to the extent that we know we are

9 more than -- Your staff is ready and prepared to essentially

10 get that information for you at any time. If you, through

11 your Board books have items that raise questions, myself,

12 Ken, any of the staff, Linn, we would be delighted to talk

13 with you on the phone. We are available at any point in time

14 to any of you individually to whatever level of depth and

15 time that you have you want to spend. We're doing this 24/7

16 so if you want to get more depth or more particular

17 information about something we are ready to do it.

18 We are also, in that sense, prepared to put some

19 workshop environment that will answer directly those things

20 that we think you are interested in and provide an

21 Dpportunity so the Board Members can have some interchange

22 over what may be some other issues maybe we just are not

23 aware that you are being asked about or sensitive to.

24 CHAIRMAN WALLACE: You still will accept dumb

25 questions.

1 MS. PARKER: Someone once said there are no dumb
2 questions. I prescribe to that.
3 CHAIRMAN WALLACE: Julie.
4 MS. BOFWSTEIN: Thank you, Mr. Chairman. Just a
5 very brief comment. I also support the motion but would
6 actually like to go a little further and speak against the
7 concept of subcommittees. When it comes to this issue it is
8 of such sophistication, as Carrie pointed out, and so
9 integral to us casting an informed vote when we do vote as
10 Board Members that I kind of, seeing us actually essential to
11 carrying out our fiduciary duty of casting an informed vote,
12 that all of the Board Members have this kind of information
13 available to them at that time.
14 In other boards in which I have served where there
15 are active subcommittees and committees of the board
16 operating the nature of the issues on which the full board
17 has to cast their vote are relatively common issues and the
18 committees and subcommittees most often act as fact finders
19 or filtering but they don't act with the separate level of
20 expertise that the full board has. I am concerned because of
21 the nature of this issue that we all move together and all
22 develop the same level of expertise on the issues so that we
23 all cast an informed vote.
24 So just on a personal basis I know I wouldn't have
25 the opportunity to serve on a subcommittee because of my

1 other time commitments but I wouldn't want to feel that my
2 vote was not informed when I cast it. So I would strongly
3 urge the workshop.
4 CHAIRMAN WALLACE: Well put. Anybody else? How do
5 you feel about my suggestion we try the workshops for a bit
6 and then maybe move to Terri's second proposal of staff
7 briefings? Is that acceptable? Well let's try it that way,
8 assuming we get a positive vote. Anyone want to make a
9 motion?
10 MS. HAWKINS: I make a motion.
11 MR. KLEIN: I'd second it.
12 CHAIRMAN WALLACE: Motion by Hawkins, seconded by
13 Klein. Any discussion on the motion? Audience? Well said.
14 Secretary, call the roll.
15 MS. OJIMA: Thank you. Ms. Peterson?
16 MS. PETERSON: Aye.
17 MS. OJIMA: Ms. Bornstein?
18 MS. BORNSTEIN: Aye.
19 MS. OJIMA: Ms. Neal?
20 MS. NEAL: Aye.
21 MS. OJIMA: Ms. Hawkins?
22 MS. HAWKINS: Aye.
23 MS. OJIMA: Mr. Klein?
24 MR. KLEIN: Aye.
25 MS. OJIMA: Mr. Mozilo?

1 MR. MOZILO: Aye.
2 MS. OJIMA: Mr. Wallace?
3 MR. WALLACE: Aye.
4 MS. OJIMA: Resolution 00-23 has been approved.
5 CHAIRMAN WALLACE: Resolution 00-23 hereby
6 approved. Okay, thank you. We'll develop some more. Just
7 quickly. You have heard some of the suggestions. You and I
a will talk further but I think you can expect something on
9 this subject at the September meeting.
10 MS. PARKER: Well, let me tell you what I'm going
11 to do. Since we added the August meeting to your calendars
12 unexpectedly I am going to take a look at -- JoJo will
13 contact all of your various people who are responsible for
14 your calendars and determine when the next meeting is that
15 the majority of Board Members is likely to be there. The
16 next meeting is in San Francisco, the following one is in Los
17 Angeles in September. So I want to make sure that we get the
18 broadest number of Board Members that we can when we have the
19 workshop.
20 We have already begun, though, conversations with
21 the kind of people and set out what might be a workshop
22 agenda. So the staff, since the last meeting, have moved
23 forward on what ideas might be so we could make that be a
24 valuable amount of time. I don't want to commit to you a
25 date. What I'm going to do is essentially look to see what

1 all of your calendars permit collectively.
2 The other thing I want to also say. JoJo and I
3 have been working on next year's calendar and we will be
4 sending that out to you so that you can begin to start
5 marking some of those dates, particularly the meetings in the
6 beginning of the year. Because I know many of you, your
7 calendars fill up very quickly, so we are not waiting until
8 the end of the year and giving you what our January and March
9 meetings are going to be and those dates are already taken.
10 So you have some sense about, and if you can, fit those into
11 your schedules early on.
12 CHAIRMAN WALLACE: Bob.
13 MR. KLEIN: Terri, is it possible that we could get
14 some interim information on these insurance options and
15 addressing what other boards --
16 MS. PARKER: Let me tell you what we'll do at the
17 next Board Meeting. I think that Dave and I have already
18 talked about this, Bob, and thank you for reminding me.
19 Actually, based on our conversation yesterday, I asked Dave to
20 call the chief counsel at STRS to get a little bit more
21 information about this liability insurance. It's been a
22 couple of years and I just can't remember what all it was
23 covering at STRS. But we're checking into that. STRS is
24 having their board meetings when we are so we were not able
25 to get a hold of their --

1 But I think what we would like to try to do is put
2 together some written information and have that available.
3 And we could either do it -- We can do it as soon as the next
4 Board Meeting and be available then or at the following. Or
5 as a result of getting it, even if the Board Members are not
6 there, to deal with any questions for any individual Board
7 Member so that they have that as soon as possible.
8 CHAIRMAN WALLACE: Right. That one is quite
9 timely. So to the degree we can have some sort of a written
10 summary and/or a chance on the August agenda to discuss it I
11 think that's important.
12 MS. PARKER: Dave and his staff actually have --
13 This was one of the things that we talked about and they
14 worked on. I think what he wants to do is spend some more
15 time. Because we were actually, the staff were in a lot of
16 communication with the Attorney General's Office who really
17 is the expert on this.
18 MR. KLEIN: Mr. Chairman, throughout the session
19 today we have complimented the staff, as they should be
20 complimented for their initiative, but we haven't directly
21 addressed the fact that Terri has shown great leadership in
22 really advancing the Board's policy objectives. And I think
23 that we all owe her a debt of gratitude for the tremendous
24 progress that has been made.
25 MS. PARKER: Thank you.

1 MS. BORNSTEIN: Mr. Chairman, could I add one more
2 comment?
3 CHAIRMAN WALLACE: Julie.
4 MS. BORNSTEIN: As Terri mentioned in her remarks,
5 in this year's budget for the state general fund there is
6 significant and substantial support for housing issues.
7 Terri and her entire staff, and particularly Di Richardson,
8 work very closely with the staff in our office, the folks
9 over at the Business, Transportation and Housing Agency. I
10 don't think we could have been as successful as we were in
11 obtaining those funds, and the necessary statutory authority
12 for the programs that those funds will support without the
13 help of the CHFA staff. I want to publicly thank them and
14 let the rest of the Board know of their major involvement.
15 MS. PARKER: Could I follow on the heels of that?
16 One of the things -- I don't want to drag this out but in
17 light of this $500 million, this is the largest general fund
18 appropriation that has ever been made for housing, certainly
19 in California's history, but of any state.
20 Julie and I have already set up some discussions of
21 ways that we can look for CHFA's Business Plan to interrelate
22 with the programs that HCD will be developing, with the
23 Dpportunity, in that sense, to see if there is a greater
24 Dpportunity for those state general fund dollars to be
25 combined with what we could be doing. With the kind of bond

1 financing that we're looking, with the interest rates that
2 we're doing through our swap advisor in the multifamily side
3 to help create even more. To really not lose this
4 opportunity and make it go as far as we possibly can.
5 Obviously in this housing market it's just getting tighter
6 and tighter.
7 So we hope to be -- We may be having some further
8 ideas that we could be talking about and future Board
9 opportunities that may come out of this, some products. We
10 will be looking at it. Again, it will be a challenge to Linn
11 and his creative staff, and Ken, to see if there are things
12 that we can do to partner with HCD.
13 CHAIRMAN WALLACE: Okay. *Any* more accolades?
14 We're going to have a special item on the agenda in the
15 future. Terri, you're doing a great job. I can tell you
16 some of the things that you all don't get involved in just by
17 virtue of being Chairman that these have been kind of trying
18 times, Terri is a real capable trooper. So we all commend
19 you for the way things are going and we're still on an upward
20 plane. So you're doing a great job, all our staff is.
21 And to outreach with HCD, further outreach is
22 certainly commendable. With that in mind, though, I'd like
23 *you* to set aside a little report time on the next agenda on
24 our legal liability. Written and physically on the agenda.
25 And then we'll talk further about the workshops.

1 Armed with that, quickly, Ken. We always tell you
2 that. But you're still on with some reports, are you not?
3 MR. CARLSON: Yes, I am. In fact, Mr. Chairman,
4 could you give me an idea of how much time you would like me
5 to spend.
6 CHAIRMAN WALLACE: Well, I set aside --
7 Anticipating a full agenda I set aside the whole afternoon.
8 (Laughter).
9 MR. CARLSON: Oh, good, good.
10 CHAIRMAN WALLACE: So you've got that.
11 MR. CARLSON: I'm fully prepared.
12 CHAIRMAN WALLACE: And maybe on into the evening,
13 Ken. Do you need it?
14 MR. CARLSON: Not quite.
15 CHAIRMAN WALLACE: The answer is, no?
16 MR. CARLSON: No, of course not.
17 CHAIRMAN WALLACE: I would think 15 minutes or so.
18 Is that sufficient?
19 MR. CARLSON: Yes. I'll try not to use that much
20 time.
21 CHAIRMAN WALLACE: Ten minutes is better.
22 MR. CARLSON: That would be great. I did want to
23 mention that Terri Parker and I went to New York in June.
24 One of the main purposes of the visit was to go to both
25 Moody's and Standard and Poor's with our investment bankers

1 and our swap advisors and talk about our variable rate debt
2 strategy and what we were trying to do and how we thought
3 that that was helping us get to where we all wanted to go.
4 And I think we were very pleased with how the whole
5 presentation went and the reception from the rating agencies.
6 In fact, just earlier this week I was informed from
7 Moody's that they were upgrading the outlook on our general
8 obligation rating of AA3. It was AA3 Stable, now they are
9 saying it is AA3 Positive. We can only assume that that may
10 mean that they are going to look at the possibility of
11 increasing our rating. So we are very pleased about that.
12 What I could do rather than go through -- There is
13 a report in the back of your book plus two reports about
14 transactions that were finished after the Board material was
15 put together. What I have got is a few slides I could show
16 you that are sort of a brief summary of what we told the
17 rating agencies. I think you may find it useful. Mr. Warren
18 here was very helpful in helping me put this together.
19 First, what I wanted to say was that there are
20 really two reasons why we're interested in and take advantage
21 of variable rate debt. One of them is obvious, is there's
22 the interest rate savings. That's obvious. But the other
23 one is that we are -- It's a sort of nasty secret here but
24 organizations like ours axe better off financially when rates
25 are higher. It's counter-intuitive but it's really true.

1 When rates are lower all sorts of bad things happen from a
2 financial point of view. I'm wearing a very narrow, my
3 narrow finance officer hat.
4 But I do want to talk about this with *you* so you
5 will understand why we think it is important to have variable
6 rate debt that is not hedged. In the case of recession or
7 interest rates are low, we will get some return when the rest
8 of our whole program is really doing worse. I put this
9 little chart together to sort of show you. I think there are
10 really four things that have happened that are bad for us
11 financially when rates fall.
12 The first is -- Well, if you think about it,
13 especially with our home loan program, it has an annuity
14 value, it's like an interest-only strip. We, of course,
15 can't control people if they want to pay off their loans and
16 get a new loan from the conventional market at a lower rate.
17 And I've seen this happen. I have been here 17 years and I
18 have seen it happen three or four times where interest rates
19 plummet, people pay our loans off like crazy, and we lose
20 that spread that we had between our bond rate and our loan
21 rate. Which is enormous. It's the source of our wealth. It
22 goes away and it's hard to get it back.
23 What also happens as far as annuity value is that
24 when rates are low it is harder for us to get a decent spread
25 between our mortgages and our bonds. When rates are higher

1 it's easier to lock in a higher spread and still deliver a
2 very valuable loan to either our home buyers or to our
3 affordable housing sponsors.
4 Also, there is a real good correlation between real
5 estate value and interest rates. So when interest rates fall
6 it largely means there has been some recession going on and
7 this is -- If you recall, we restructured a lot of our
8 multifamily portfolio in '94 as a result of the recession
9 that led to the low interest rates in '92 and '93. We ended
10 up with losses there that could have been overcome or offset
11 if we had had variable rate debt outstanding at the time, but
12 we didn't.
13 Also, needless to say, our investment returns fall.
14 When we have a large amount of money always invested in the
15 State Treasurer's Investment Pool. That's basically like a
16 big money market fund and that falls dramatically when rates
17 fall.
18 Also, it's harder for us to have our programs
19 expand when rates are low. Frankly, people say, I don't need
20 CHFA, I can get a good rate somewhere else, whether they are
21 affordable housing sponsors or home buyers. It's when rates
22 are higher like this that we are more important to everyone
23 and we can make more of a difference to people.
24 So those are really the four things that happen.
25 And so when rates rise like they have risen this last year or

1 so it has made it easier for us to make our $1 billion a year
2 goal in single family and it is what has led to, the reason
3 why we have to have an extra Board meeting, because we have
4 got so much business coming in in the multifamily program
5 now. That's the essence of the whole reason why we think
6 that not only should we have a variable rate strategy but a
7 portion of that variable rate ought to be really not hedged
8 externally but is actually acting as a hedge for us against
9 the effects of recession or low interest rates.
10 MR. MOZILO: Ken, can I stop there because I think
11 it's important.
12 MR. CARLSON: Yes, sir.
13 MR. MOZILO: Let's look at this as a receivable and
14 a payable. If you have a variable rate strategy on your
15 debt, which is your payable, and you have fixed rate on your
16 single family, for example, or your multifamily.
17 MR. CARLSON: Right.
18 MR. MOZILO: As rates rise it seems to me you have
19 a problem, you have a mismatch.
20 MR. CARLSON: It just depends on how much of your,
21 on what percentage of your debt is variable, sure.
22 MR. MOZILO: So you're not talking about going
23 entirely --
24 MR. CARLSON: Oh, gosh, no.
25 MR. MOZILO: Okay.

1 MR. CARLSON: No, no.
2 MR. MOZILO: All right. Because you could have a
3 terrible mismatch. That's why we don't have any savings and
4 loans left in the United States.
5 MR. CARLSON: Absolutely, yes. This shows, I
6 think, an overview of all of our variable rate debt today and
7 shows that we have -- Of the almost $1.5 billion of variable
8 rate debt we have now there is a small portion which is tied
9 to variable rate loans. There generally is no mismatch
10 there. There is a portion now that is almost $900 million
11 that as of August 1 will be swapped to a fixed rate. So
12 generally what we have done there is just taken advantage of
13 the swap market and been able to swap away our variable rate
14 risk for a fixed rate. It's a synthetic fixed rate debt.
15 But there's, like, $500 million that is the amount
16 that is, we would call it hedged internally as opposed to
17 externally. This is, like, what have I said here? Maybe 7.5
18 percent of our indebtedness right now so this is a fairly
19 small amount. We are trying to find exactly the right amount
20 that that should be so that when rates fall this will be
21 indifferent to rates falling or rising. That has been the
22 key to this strategy. Trying to get that number to be the
23 right number. Mr. Klein.
24 MR. KLEIN: Ken, what is our total amount of
25 outstanding debt as of August 1?

1 MR. CARLSON: By the time we close the transactions
2 we have I think it's $6.8 billion.
3 MR. KLEIN: $6.8 billion.
4 MR. CARLSON: Right.
5 MR. KLEIN: Well, if it's $6.8 billion, it would be
6 closer to 20 percent.
7 MR. CARLSON: I meant just the $500 million. I was
8 talking about the 7.5 percent.
9 MR. KLEIN: I understand. I understand.
10 MR. MOZILO: Ken, what's the nature of your
11 internal hedge?
12 MR. CARLSON: Well, the internal hedge then is the
13 -- If we go back to the previous, it's the fact that we have
14 at least $150 million of short-term investments. And this
15 annuity value of our home loan program is an enormous hedge.
16 One of the things that we did when we went to --
17 MR. MOZILO: You're talking about the spread.
18 MR. CARLSON: Yes, sir. What we did when we were
19 at the rating agencies, we showed them the work that our
20 investment bankers had done for modeling up the entire home
21 loan indenture and showing what happens in different interest
22 rate environments. How that affects the residual value. In
23 fact, if we go ahead several here I'll show that.
24 This is a summary of some of the material that we
25 showed them. What it shows is that when interest rates --

1 between interest rates being in the -- let's talk about
2 taxable rates, like 5 percent to 10 percent, the red line
3 generally shows there's very little change to our residual
4 value of that indenture as prepayments slow and rates rise.
5 But what is interesting is that when we add the residual
6 value of the indenture to the value of the outside, the cash
7 we have invested in the Treasurer's Pool, as the rates rise
8 we're always better off.
9 What we show here is the one risk that we do bear
10 on our variable rate tax-exempt debt. If for some reason our
11 tax exempt franchise becomes worthless and tax exempt debt
12 trades at the same level as taxable debt, in this situation
13 still the cash we have invested, if it compounds at higher
14 rates, will still offset any losses in the home loan
15 indenture. So from looking at this we can see that we still
16 have -- we could push this envelope farther. Mr. Klein.
17 MR. KLEIN: What is our total amount of reserves
18 right now? And the second question is: If you look at the
19 spread on the existing single family portfolio and you
20 compare that to the unhedged variable rate debt, that spread
21 on an absolute dollar amount annually, what percentage is
22 that of the outstanding variable rate debt? I'm trying to
23 size the cushion we have in the variable rate debt in terms
24 of the annuity value of that spread.
25 MR. CARLSON: Right. We are making about -- The

1 giant home mortgage revenue bond indenture, I think we're
2 making something like $25 million a year net from it. What
3 is unsaid, though, of course, is that there will always be
4 some prepayments, no matter what level things are at.
5 MR. KLEIN: Right.
6 MR. CARLSON: When we have liquidity, we could use
7 liquidity to reduce the amount of variable rate debt we have
8 outstanding. That has been part of the modeling that was
9 done here to show that. The liquidity is used then to retire
10 the variable rate debt if it gets higher than the fixed rate
11 debt.
12 MR. KLEIN: But you effectively have a five percent
13 spread on your unhedged variable rate debt if you're making
14 $25 million a year on your single family portfolio.
15 MR. CARLSON: Okay.
16 MR. KLEIN: And what is the total amount of
17 reserves we have?
18 MR. CARLSON: As far as what is the equity of the
19 Agency? Is that what you're asking? It is in excess of $700
20 million.
21 MR. MOZILO: Ken, can you convert that $25 million
22 to basis points? I can't believe it is 500 basis points.
23 MR. CARLSON: No.
24 MR. MOZILO: There's something wrong.
25 MR. CARLSON: I think that Bob was thinking of it

1 in different terms.
2 MR. MOZILO: It comes to 50 basis points.
3 MR. CARLSON: Right. We are generally getting,
4 trying to get a 50 basis point return per year on the
5 mortgages.
6 MR. KLEIN: I'm relating the aggregate earnings
7 against only the unhedged variable rate debt. So the
8 unhedged variable rate debt is only $500 million of the $6
9 billion. So I'm looking at the aggregate positive spread in
10 relationship to just the unhedged part of our portfolio
11 holdings.
12 CHAIRMAN WALLACE: Well, you lost me. Be that as
13 it may, let's keep it moving.
14 MR. CARLSON: Okay. That's basically a summary of
15 what we showed, we showed the rating agencies. If you back
16 up a little bit I wanted to show one more thing about the
17 debt. There we go. This is a summary. Most of the debt
18 that is not externally hedged is this debt that we have been
19 issuing, I think nine times now for economic re-fundings in
20 the home loan program where we have high rate seasoned loan
21 portfolios, ten-year-old loan portfolios, and we have issued
22 variable rate debt against it and not swapped it out.
23 What this shows is that each time -- What we are
24 showing here is that as we have added on, we have done $435
25 million of this, it's now down to $370 million. Here is the

1 oldest one of these. Three years ago we started doing this.
2 And this portfolio now has paid down by 40-some percent.
3 MR. MOZILO: You're doing it against the higher
4 rate.
5 MR. CARLSON: Right.
6 MR. MOZILO: The higher coupon because that has the
7 greatest potential of prepayments.
8 MR. CARLSON: Right, exactly. So we're able to --
9 We know that the amount of the variable rate debt that we
10 have that's unhedged is largely rolling off quickly so we
11 thought this was the safest way to do it. And we get the
12 biggest spread here because most of this is tax-exempt.
13 We're probably averaging three percent interest against eight
14 percent loans so we get the enormous amount of that. That
15 subsidy value then we are able to use to keep rates low going
16 forward.
17 The other thing I wanted to say was that we
18 completed two more transactions. We have done a $100 million
19 multifamily deal which is -- I passed out a report this
20 morning -- it's the largest new money multifamily deal we've
21 done. I think the $90 million portion is new money. It's
22 the largest one we have done since the very first deal we
23 ever did back in 1979. Obviously this isn't any of my doing.
24 It's the doing of these people to have produced enough demand
25 that we have to do deals this size.

We saved an enormous amount of money by selling variable rate debt and swapping it all out. And I'm really placed that we were able to take a third of it, the longest piece of it, and swap it out against the tax exempt index so we did not have the tax risk in the long run. The portions at which we have the tax risk has a much shorter average life than the portion for which we will not have tax risk. So I'm very pleased about that.

We also did a large -- We locked in swap rates and bond rates yesterday for a large single family transaction which we were able to get through the swap market low enough rates that we're able to do as much as 70 percent of the bonds taxable. So we have, out of a $200 million new money transaction we have $185 million that was done variable and swapped out.

If there are any questions I would be glad to try to answer them.

CHAIRMAN WALLACE: Anybody? Bob.

MR. KLEIN: In the most recent $200 million transaction with the benefit of the swap what was your effective average rate?

MR. CARLSON: The cost of funds, I was told, was going to be about six-forty-three. We asked our underwriters if they had had to model up a fixed rate transaction that had 70 percent of the bonds taxable how much higher would it have

1 been. They said it would have been 68 basis points higher
2 overall. Sixty-eight basis is a huge amount of savings.
3 MR. KLEIN: Now, on your multifamily bonds, you are
4 also doing the swaps?
5 MR. CARLSON: Absolutely, yes.
6 MR. KLEIN: What is our average cost of funds
7 there?
8 MR. CARLSON: Okay. There, our cost of funds -- I
9 had my report right in front of me, what did I do with it?
10 MS. PARKER: Here, Ken, I have it.
11 MR. CARLSON: No, I've got it here, I just have too
12 much paper. How did I lose that? The average cost of funds
13 then, I think, is just about five percent. It would have
14 been lower. We could have kept it lower if we had been
15 taking the tax risk for the entire month. We would have been
16 down into the high fours. But you can see the swaps, the
17 larger swap here had -- with a 15.8 year average life we had
18 a 4.66 swap. Of course we have to add on to that the cost of
19 re-marketing the variable rate bonds and of paying for
20 liquidity from the banks that provide us with liquidity.
21 Together, that's 20 or 25 basis points.
22 MR. MOZILO: Ken.
23 MR. CARLSON: Mr. Mozilo.
24 MR. MOZILO: In the current environment, if you were
25 king for a day, what would be the percentage that you would

1 have in the variable versus fixed debt?
2 MR. CARLSON: Not externally hedged, you mean?
3 MR. MOZILO: Right.
4 MR. CARLSON: Okay. We're still working with our
5 underwriters who are working up a better cash flow modeling
6 so that we can come to that.
7 MR. MOZILO: Are you going to work on two
8 scenarios? One not externally hedged and one externally
9 hedged?
10 MR. CARLSON: Right. Because I think the -- The
11 stuff that we have been able to do externally hedged, we
12 think of that, I think we can think of that as if it were
13 fixed rate debt.
14 MR. MOZILO: Synthetically.
15 MR. CARLSON: Yes, synthetically. But I think the
16 variable rate debt that we have not hedged externally we can
17 -- We're trying to find -- We're working with the rating
18 agencies to try and find what is that right amount that we
19 should have and should it be taxable, should it be tax
20 exempt, should it long average life, short average life. We
21 have been trying to --
22 MS. PARKER: We asked this question of them last
23 fear.
24 MR. CARLSON: Right.
25 MS. PARKER: We asked it again this year of them.

1 MR. CARLSON: Right.
2 MS. PARKER: Some of our underwriters essentially
3 say that we are kind of leading this --
4 MR. CARLSON: Right.
5 MS. PARKER: -- and they are still trying to figure
6 this out But it is a question that we have asked'them to
7 help us on so we can come back and essentially give you the
8 best benefit of what we're looking at.
9 MR. CARLSON: Right.
10 MS. PARKER: One other thing that I wanted to point
11 out of what Ken has been showing you. Merrill, who does the
12 materials in helping us put our books together for going to
13 the rating agencies, one of their members actually worked for
14 one of the rating agencies in the past.
15 The staff actually did the information that the
16 rating agencies always traditionally ask HFA's for, but they
17 also went in and did some separate kinds of analyses that
18 they thought, frankly, were better kinds of questions that we
19 should be answering. That were really, in some cases,
20 greater worst-case scenarios. And even in all of those, when
21 you look at these charts, it essentially demonstrates that
22 what we intuitively think are bad, worst-case scenarios,
23 because of the way we structure ourself we really have ways
24 to cover ourselves.
25 MR. CARLSON: Another thing we have asked the

1 rating agencies to help us with too is to help us better tie
2 our risks to our reserves so we can know, we'll have a better
3 rationale and way to be able to formulize the amount of
4 reserves we should have against the different kinds of risks
5 we have. We hope to work with them over the next year to
6 come to a better understanding of that. It's an area that no
7 one has gone before, at least in our market. It's something
8 banks are familiar with doing but we have some different
9 kinds of risks than banks have.
10 CHAIRMAN WALLACE: Okay, anything more for now?
11 MR. CARLSON: Not for now.
12 CHAIRMAN WALLACE: You shall return. Okay, thank
13 you. Let's wrap that end of it up. Di Richardson has a
14 report in. Anything on the legislative front that's --
15 MS. PARKER: I think Di told me that since she put
16 this in that, basically, virtually every bill has been
17 amended.
18 MS. RICHARDSON: No, not amended, moved.
19 MS. PARKER: Moved, moved, excuse me. Moved from
20 where it was located. Probably by the next time we give you
21 a report, it will be a better reflection of what is likely to
22 come out of the session.
23 CHAIRMAN WALLACE: They are in recess now and back
24 in August --
25 MS. BORNSTEIN: August 7th.

1 CHAIRMAN WALLACE: -- 7th. So we will see some
2 moving as we meet at our next meeting on the 10th.
3 OTHER BOARD MATTERS
4 Okay, any other items that were not on the agenda
5 that Board Members wish to bring forth at this time? Item 7.
6 PUBLIC TESTIMONY
7 Hearing none, anything from the audience? Item 8,
8 public testimony. Seeing none we are adjourned. Thank you
9 very much, good meeting.
10 (The meeting was adjourned at
11 12:26 p.m.)
12 --000--
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1 CERTIFICATION AND
2 DECLARATION OF TRANSCRIBER
3
4 I, Ramona Cota, a duly designated transcriber do
5 hereby declare and certify, under penalty of perjury, that I
6 have transcribed two (2) tapes in number and this covers a
7 total of pages 1 through 132, and which recording was duly
8 recorded at Sacramento, California, in the matter of the
9 Board of Directors Public Meeting of the California Housing
10 Finance Agency on the 13th day of July, 2000, and that the
11 foregoing pages constitute a true, complete and accurate
12 transcript of the aforementioned tapes, to the best of my
13 ability.
14 Dated this 20th day of July, 2000, at Sacramento
15 County, California.
16
17
18 Ramona Cota, Official Transcriber
19
20
21 --ooo--
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25

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Executive Summary

838 Date: 24-Jul-00

Project Profile:

Project :	Homestead Park	*Borrower:*	MP Homestead Park Assoc.
Location:	1601 Tenaka Place	*GP:*	MP Preservation, Inc.
city..	Sunnyvale	*LP:*	TBD
County:	Santa Clara	*Program:*	Tax Exempt
Type:	Family	*CHFA # :*	00-010-N

Financing Summary:

	Final	Per Unit
Permanent		
CHFA First Mortgage	$14,550,000	$69,286
HUD/IRP	$1,777,035	$8,462
Reserves from Seller	$750,000	$3,571
Mid-Peninsula Equity	$620,000	$2,952
City of Sunnyvale	$1,500,000	$7,143
Deferred Developer Equity	$4,203	$20
Tax Credit Equity	$4,088,502	$19,469

Loan to Value

Loan to Cost
62.5%

Unit Mix:

Type	Size	Number	AMI	Rent	Max Income
0 BR	510	20	50%	$551	$30,450
1 BR	655	20	50%	$608	$34,800
2 BR	840	20	50%	$725	$39,150
3 BR	1215	62	50%	$809	$43,500
4 BR	1335	9	50%	$853	$46,975
2 BR	840	67	60%	$785	$46,980
3 BR	1215	8	60%	$876	$52,200
4 BR	1335	2	60%	$924	$56,370
2BR	840	1	Maint	$0	N/A
3 BR	1215	1	Mgr.	$0	N/A
		210			

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CALIFORNIA HOUSING FINANCE AGENCY

Final Commitment

Project Name: Homestead Park Apartments

CHFA Project # 00-010-N

SUMMARY:

This is a Final Commitment request for a tax-exempt first mortgage in the amount of $14,550,000, amortized over 30 years at 6.20% interest and a second mortgage (IRP) in the amount of $1,777,035, amortized over 15 years at 6.20% interest. The project, Homestead Park Apartments, an existing 222-unit, family project is located at 1601 Tenaka Place, Sunnyvale, in Santa Clara County. The total project after acquisition and rehabilitation will be converted to a total of 208 units.

LOANTERMS:	1st Mortgage	IRP LOAN
Loan Amount:	$14,550,000	$1,777,035
Interest Rate:	6.20%	6.20%
Term:	30 years	15 years
Financing:	Tax Exempt	Tax Exempt

LOCALITY INVOLVEMENT:

The City of Sunnyvale is expected to contribute $1,500,000 and Mid-Peninsula will contribute $620,000 toward the purchase of the property. Mid-Peninsula will guarantee the full $2,120,000 equity contribution, to expedite project approval in order to exercise the option purchase agreement on the property.

PARCEL SPLIT

The sponsor, Mid-Peninsula, upon closing the purchase transaction will immediately do a parcel split of the property. Twelve of the units and the day care center will be retained by Mid-Peninsula and the balance (210 units) will be owned by the borrower. Mid-Peninsula will demolish the buildings within the next 1-2 years and construct a second phase. Equity contributions from the City and Mid-Peninsula will be used toward the purchase of the land and the land will be leased to the borrower. CHFA will have its

normal security because both the land and the improvements will be subject to the CHFA Deed of Trust.

SECTION 8 CONTRACT:

Section 236: The project will operate under CHFA and tax credit rents, with income restrictions at 50% and 60% of median income. The project will also be subject to a HUD Section 236 loan that will be purchased by CHFA at the time of the loan closing. The loan is being purchased to preserve the Interest Reduction Payment ("IRP") which is a guaranteed stream of monthly payments from HUD for the benefit of the project. CHFA's responsibilities under the IRP agreement will be to review and approve basic and market rents, approve distributions and enforce housing quality standards. The provisions to be enforced by CHFA will be contained in a regulatory agreement and agreed to by the owners and HUD. The provisions that CHFA must regulate will expire upon the termination of the 236 loan.

Transition of Existing Rents: As part of the continuation of the Interest Reduction Payment ("IRP"), HUD and Mid-Peninsula are in the process of finalizing the following affordability levels. The project is currently subject to several levels of rent resulting from a variety of rent restrictions that currently exist on the project:

Basic Rents, Rent-Supplement and Section 8 Rents:

Eighty (80) tenants currently pay Basic Section 236 Rents which average $524 and are below the 50% AMI level for the county. Fourteen (14) tenants in this category pay rent under the Rent-Supplement program that is essentially a subsidy program not unlike the Section 8 program. The Rent-Supplement tenants pay 30% of income for rent.

Fifty (50) additional units are under a project based Section 8 contract.

The tenant contract portion of the rents for these 130 units will not be increased except for meeting operation expense increases on an annual basis. The sponsors have requested from HUD an increase in the Section 8 contract to bring the contract level up to 42% of AMI for the county.

Section 236 "Market Rents": A significant portion of the tenants (90 units) arey paying Section 236 "Market" rents (the maximum amount of rent payable under the 236 program). Approximately 34 of these tenants have incomes at or below 80% of AMI and are paying less than 30% of their income for rent. The sponsor wishes to gradually raise the rents on these tenants to where they are paying 30% of income. For those tenants at or below 60% of median income, rents will be raised 20% annually (30% annually for tenants between 60% and 80% of AMI) until they reach the maximum allowable rent. It is estimated that these increases will average $90 per month and will be increased thereafter by the allowable AMI increases for the county.

It is estimated that approximately 44 units have tenants with incomes in excess of 80% of median income and have not shared income information. These rents will be raised to true market rents. As the units occupied by these tenants are vacated, they will be rented to tenants at the 50 or 60% income level.

This transition to higher rents will have the affect of forcing some degree of turnover in the units. An additional consequence of this plan is that not all of the 4% tax credits can be claimed initially due to income ineligibility.

Transition Reserve Funding: Thirty percent (30%) of the units are underwritten at 50% of AMI and the balance at 60% of AMI. Clearly, the existing rents on the project are less than the desired 50/60% rent level. Accordingly, a reserve fund needs to be established in order to supplement project income during the transition period. The sponsor will deposit with CHFA a reserve fund of $1,101,000 that will be disbursed on a monthly basis to funds any operation deficits.

PROJECT DESCRIPTION:

The existing 222-unit family project was built in 1973 on a 10.072-acre parcel. Mer acquisition and conversion by Mid Peninsula, 210-units will remain. There will be 25 two and three-story buildings with five different floor plans. There are 20 studio units, 20 one bedroom/one bath units, 88 two bedroodone bath units, 71 three bedroom/1.5 bath units and 11 four bedroom/1.5 bath units. The floor plans range from 510 to 1,335 square feet in unit size with a weighted average of 945 square feet. The studio, one bedroom and two bedroom units are all flats while the three and four bedroom units are two-story, townhouse units. The studio and one bedroom apartments, as well as the three and four bedroom townhouse units, are all located in two story buildings while the two bedroom units are located in eight, three story buildings. On site parking is provided for a total of 318 vehicles in eight, surface parking lots throughout the development. Additional amenities include a community /recreation room, laundry room, four play and/or picnic areas, and a daycare center.

PROPOSED REHABILITATION:

The proposed rehabilitation is estimated to cost $1,887,000 with the following primary components to be addressed:

- Parking/Paving Areas
- Exterior Siding & Painting
- Decks & Landing
- Interiors-Appliances/Flooring/Baths
- Kitchen cabinets
- Roof Repairs
- Landscape/Irrigation
- Dumpster Enclosures
- Mechanical systems
- Termite

RELOCATION:

There will possibly be some temporary relocation of tenants due to the rehabilitation involved. The Agency will require compliance with any and all applicable provisions of the Uniform Relocation Act.

MARKET DEMAND:

The project's primary market area ("PMA") is considered to be within the City of Sunnyvale where the current estimated population is 133,200 and the median income for a two person household is $82,300. Only 20% of the residents in Santa Clara County can afford to buy a home compared with 60% who can qualify elsewhere in the United States. The average rent for a one-bedroom apartment increased 23% over the past two years – 400% higher than the increase in CPI. The housing crisis in Santa Clara County and Silicon Valley at large is so critical that affordable rental units will remain in high demand.

HOUSING SUPPLY:

Sunnyvale has traditionally enjoyed solid housing demand due to its central location, employment opportunities, varied demographic characteristics, and the general appeal of the area. There are two relatively large apartment projects presently under construction in the downtown area of Sunnyvale. A 124-unit apartment building located at Evelyn and Sunnyvale Avenues is being developed by Trammell Crow Co. and Irvine Apartment Communities is constructing 300 apartment units at the comer of El Camino Real and Mathilda Avenue. The current market rents in Sunnyvale for studios are $1,365 to $1,550, one-bedroom units from $1,145 to $1,865 per month, and rents for three-bedroom units go for as much as $2,795 per month. Overall occupancy rates exceed 99% this year.

The supply of housing in Santa Clara County and Sunnyvale is relatively limited. The anticipated increase in this supply is also considered to be limited in the foreseeable future. Although population and employment growth has stabilized in this area, the primary reason for the restricted supply of housing is the lack of available land. The affordable housing rental market should remain strong given the strength of the local economy, low vacancy rates, the lack of affordable housing, steady population growth and the lack of construction of new apartment projects.

Rent Differentials (Proposed Rents vs. Market)

Rent Level	Subject Property	Market Rate Avg.	Menace Btwn Market	Percent of Market
Studio				
50%	$ 551	$ 1,226	$675	45%
One Bedroom				
50%	$608	$ 1,512	$ 904	40%
Two Bedroom				
50%	$ 725	$ 1,742	$1,017	42%
60%	$ 785	$ 1,742	$ 957	45%
Three Bedroom				
50%	$809	$ 2,299	$1,490	35%
60%	$ 876	$ 2,299	$1,423	38%
Four Bedroom				
50%	$ 853	$ 2,414	$1,561	35%
60%	$ 924	$ 2,414	$1,490	38%

OCCUPANCY RESTRICTIONS:

CHFA: 30% of the units (63) restricted to 50% or less of median income.

TCAC: 100% of the units (210) restricted to 60% or less of median income

ENVIRONMENTAL:

A physical needs assessment has been ordered from EMG, Inc. Any recommendations from the report will be incorporated into the final scope of work and will be a condition of the final commitment.

ARTICLE 34:

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

DEVELOPMENT TEAM:

Borrower's profile: The Borrower will *MP* Homestead Park Associates, L.P., a California limited partnership (not yet formed) with *MP* Preservation, Inc., a subsidiary of Mid-Peninsula Housing Corporation, a California public benefit corporation, ("MPHC") as the sole general partner. The *tax* credit equity investor has not yet been identified.

Contractor: MPHC will be soliciting bids from eligible contractors in the near future. Contractor to be determined. Construction estimates were made by the Borrower **and** reviewed by the Agency.

Architect: James Guthrie & Associates **has** been a successful architectural firm since **1977.** Over **140** major residential developments throughout the United States have been completed by the company. The majority of these developments have been in the State of California.

Management **Agent:** Mid-Peninsula Housing Management Corporation will be the managing agent. The management affiliate **has** over **26** rental developments with **1,800 units.**

Project Summary

846 Date: 24-Jul-00

Project Profile:

Project :	Homestead Park	*Appraiser:*	Chris Carneghi
Location:	1601 Tenaka Place		Carneghi & Bautovich
	Sunnyvale	*Cap Rate:*	8.00%
County/Zip:	Santa Clara 94087	*As-Is Value*	$ 39,200,000
Borrower:	MP Homestead Park Assoc.	*After Rehab*	$ 40,000,000
GP:	MP Preservation, Inc.	*Final Value:*	$ 40,000,000
LP:	TBD		
		LTC/LTV:	
Program:	Tax Exempt	*Loan/Cost*	62.5%
CHFA # :	00-010-N	*Loan/Value*	36.4%

Project Description:

Units	210
Handicap Units	N/A
Bldge Type	Acq/Rehab
Buildings	26
Stories	2 & 3
Gross Sq Ft	209,870
Land Sq Ft	428,736
Units/Acre	21
Total Parking	381
Covered Parking	222

Financing Summary:

	Amount	Per Unit	Rate	Term
Permanent				
CHFA First Mortgage	$14,550,000	$69,286	6.20%	30
HUD/IRP	$1,777,035	$8,462	6.20%	15
Reserves from Seller	$750,000	$3,571	0.00%	-
Tax Credit Equity	$4,088,502	$19,469		
City of Sunnyvale	$1,500,000	$7,143	4.00%	30
Mid-Peninsula Equity	$620,000	$2,952		
Deferred Developer Fee	$4,203	$20		

Unit Mix:

Type	Size	Number	AMI	Rent	Max Income
0 BR	510	20	50%	$551	$30,450
1 BR	655	20	50%	$608	$34,800
2 BR	840	20	50%	$725	$39,150
3 BR	1215	62	50%	$809	$43,500
4 BR	1335	9	50%	$853	$46,975
2 BR	840	67	60%	$785	$46,980
3 BR	1215	8	60%	$876	$52,200
4 BR	1335	2	60%	$924	$56,370
2BR	840	1	Maint	$0	N/A
3 BR	1,215	1	Mgr.	$0	N/A
		210			

Fees, Escrows and Reserves:

Escrows	Basis of Requirements		Amount	Security
Commitment Fee	1.00%	of Loan Amount	$163,270	Cash
Finance Fee	1.00%	of Loan Amount	$163,270	Cash
Bond Origination Guarantee	0.00%	of Loan Amount	$0	Letter of Credit
Rent Up Account	0.00%	of Gross Income	$0	Letter of Credit
Operating Expense Reserve	10.00%	of Gross Income	$172,129	Letter of W i t
Marketing	1.75%	of Gross Income	$30,123	Letter of credit
Annual Replacement Reserve Deposit	$438	Per Unit	$72,800	Operations
Initial Deposit to Repl. Res.		Lump Sum	$111,000	Cash
Standby Operating Reserve			$1,101,000	Owner Funds

Sources and Uses — Homestead Park

SOURCES:	Permanent Tax-Exempt	Per Unit
Name of Lender / Source		
CHFA Loan Acq.		
HUD/IRP	1,777,035	8,46[illegible]
CHFA First Mortgage	14,550,000	69,28[illegible]
City of Sunnyvale	1,500,000	7,143
Reserves from Seller	750,000	3,571
Mid-Peninsula Equity	620,000.00	2,952
Total Institutional Financing	19,197,035	91,414
Equity Financing		
Tax Credits	4,088,502	19,469
Developer Equity		
Deferred Developer Equity	4,203	20
Total Equity Financing	4,092,705	19,489
TOTAL SOURCES	23,289,740	110,904

USES:		
Acquisition	19,220,883	91,528
Rehabilitation	1,768,000	8,419
New Construction	0	0
Architectual Fees	55,000	262
Survey and Engineering	15,720	75
Const. Loan Interest & Fees	177,280	844
Permanent Financing	327,041	1,557
Legal Fees	75,000	357
Reserves	313,251	1,492
Contract Costs	0	0
Construction Contingency	150,960	719
Local Fees	0	0
TCAC/Other Costs	209,053	995
PROJECT COSTS	$22,312,188	106,249
Developer Overhead/Profit	$947,552	4,512
Consultant/Processing Agent	$30,000	143
TOTAL USES	$23,289,740	110,904

Annual Operating Budget Homestead Park

		$ per unit
INCOME:		
Total Rental Income	1,711,836	8,152
Laundry	9,450	45
Other Income	0	-
Commercial/Retail	0	-
Gross Potential Income (GPI)	1,721,286	8,197
Less:		
vacancy Loss	86,064	410
Annuity Income	396,000	1,886
Total Net Revenue	2,031,222	9,672
EXPENSES:		
Payroll	212,068	1,010
Administrative	191,074	910
Utilities	129,943	619
Operating and Maintenance	212,384	1,011
Insurance and Business Taxes	55,901	266
Taxes and Assessments	3,000	14
Reserve for Replacement Deposits	72,800	347
Subtotal Operating *Expenses*	877,170	4,177
Financial Expenses		
Mortgage Payments (1st loan)	1,069,371	5,092
Total Financial	1,069,371	5,092
Total Project Expenses	1,946,541	9,269

Cash Flow Homestead Park CHFA # 00-010-N

RENTAL INCOME	2001	2002	2003	2004	2005	2006	2007	2008	2009
Affordable Rent Increase	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*
50% or less Affordable Rents	956,545	976,376	996,637	1,017,339	1,038,490	1,060,102	1,082,185	1,109,239	1,136,970
Affordable Rent Increase	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*
60% Affordable Rents	755,291	865,087	998,303	1,149,533	1,169,504	1,198,742	1,228,710	1,259,428	1,290,914
TOTAL RENTAL INCOME	**1,711,836**	**1,841,462**	**1,994,940**	**2,166,871**	**2,207,994**	**2,258,844**	**2,310,895**	**2,368,667**	**2,427,884**
OTHER INCOME									
Other Income Increase	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*
Laundry	9,450	9,686	9,928	10,177	10,431	10,692	10,959	11,233	11,514
Commercial	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
TOTAL OTHER INCOME	**9,450**	**9,686**	**9,928**	**10,177**	**10,431**	**10,692**	**10,959**	**11,233**	**11,514**
GROSS INCOME	**1,721,286**	**1,851,149**	**2,004,868**	**2,177,048**	**2,218,425**	**2,269,535**	**2,321,854**	**2,379,900**	**2,439,398**
Vacancy Rate :	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*
Vacancy Rate : Affordable	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*
Less: Vacancy Loss	86,064	92,557	100,243	108,852	110,921	113,477	116,093	118,995	121,970
Annuity Income	396,000	305,000	194,000	64,000	61,000	49,000	38,000	26,000	14,000
EFFECTIVE GROSS INCOME	**2,031,222**	**2,063,591**	**2,098,625**	**2,132,195**	**2,168,504**	**2,205,059**	**2,243,761**	**2,286,905**	**2,331,428**
OPERATING EXPENSES									
Annual Expense Increase	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*
Expenses	801,370	833,425	866,762	901,432	937,490	974,989	1,013,989	1,054,548	1,096,730
Replacement Reserve	72,800	72,800	72,800	72,800	72,800	76,440	76,440	76,440	76,440
Annual Tax Increase	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*
Taxes and Assessments	3,000	3,060	3,121	3,184	3,247	3,312	3,378	3,446	3,515
TOTAL EXPENSES	**877,170**	**909,285**	**942,683**	**977,416**	**1,013,537**	**1,054,741**	**1,093,807**	**1,134,434**	**1,176,685**
NET OPERATING INCOME	**1,154,052**	**1,154,307**	**1,155,942**	**1,154,779**	**1,154,967**	**1,150,317**	**1,149,954**	**1,152,471**	**1,154,743**
DEBT SERVICE									
CHFA Loan Acq.									
CHFA - 1st Mortgage	1,069,371	1,069,371	1,069,371	1,069,371	1,069,371	1,069,371	1,069,371	1,069,371	1,069,371
CHFA -									
CASH FLOW after debt service	**84,681**	**84,936**	**86,571**	**85,409**	**85,596**	**80,946**	**80,583**	**83,100**	**85,372**
DEBT COVERAGE RATIO	**1.08**	**1.08**	**1.08**	**1.08**	**1.08**	**1.08**	**1.08**	**1.08**	**1.08**
Partnership Mgm't Fee	**25,000**	**25,000**	**25,000**	**25,000**	**25,000**	**25,000**	**25,000**	**25,000**	**25,000**
Incentive Fee/Land Lease Rent	**59,681**	**59,936**	**61,571**	**60,409**	**60,596**	**55,946**	**55,583**	**58,100**	**60,372**
Annuity Reserve-Transition Res.									
Initial Deposit	1,101,000								
Withdrawal over Year	(396,000)	(305,000)	(194,000)	(64,000)	(61,000)	(49,000)	(38,000)	(26,000)	(14,000)
Interest Earned on Avg. Balance 5.50	19,388	11,533	6,515	4,934	3,393	2,138	1,152	469	97
Balance at End of Year	724,388	430,921	243,436	184,370	126,763	79,902	43,054	17,523	3,620

Cash Flow

RENTAL INCOME	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Affordable Rent Increase	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*
50% or less Affordable Rents	1,165,394	1,194,529	1,224,392	1,255,002	1,286,377	1,318,537	1,351,500	1,385,288	1,419,920	1,455,418
Affordable Rent Increase	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*
60% Affordable Rents	1,323,186	1,356,266	1,390,173	1,424,927	1,460,550	1,497,064	1,534,491	1,572,853	1,612,174	1,652,479
TOTAL RENTAL INCOME	**2,488,581**	**2,550,795**	**2,614,565**	**2,679,929**	**2,746,928**	**2,815,601**	**2,885,991**	**2,958,141**	**3,032,094**	**3,107,896**
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	11,802	12,097	12,399	12,709	13,027	13,353	13,686	14,029	14,379	14,739
Commercial	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
TOTAL OTHER INCOME	**11,802**	**12,097**	**12,399**	**12,709**	**13,027**	**13,353**	**13,686**	**14,029**	**14,379**	**14,739**
GROSS INCOME	**2,500,383**	**2,562,892**	**2,626,964**	**2,692,639**	**2,759,955**	**2,828,953**	**2,899,677**	**2,972,169**	**3,046,473**	**3,122,635**
Vacancy Rate :	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*
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	125,019	128,145	131,348	134,632	137,998	141,448	144,984	148,608	152,324	156,132
Annuity Income	3,000									
EFFECTIVE GROSS INCOME	**2,378,363**	**2,434,748**	**2,495,616**	**2,558,007**	**2,621,957**	**2,687,506**	**2,754,693**	**2,823,561**	**2,894,150**	**2,966,503**
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	1,140,599	1,186,223	1,233,672	1,283,019	1,334,340	1,387,714	1,443,222	1,500,951	1,560,989	1,623,429
Replacement Reserve	76,440	80,262	80,262	80,262	80,262	80,262	84,275	84,275	84,275	84,275
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	3,585	3,657	3,730	3,805	3,881	3,958	4,038	4,118	4,201	4,285
TOTAL EXPENSES	**1,220,625**	**1,270,142**	**1,317,664**	**1,367,086**	**1,418,483**	**1,471,934**	**1,531,535**	**1,589,344**	**1,649,465**	**1,711,988**
NET OPERATING INCOME	**1,157,739**	**1,164,605**	**1,177,952**	**1,190,921**	**1,203,474**	**1,215,572**	**1,223,159**	**1,234,216**	**1,244,685**	**1,254,515**
DEBT SERVICE										
CHFA Loan Acq.										
CHFA - 1st Mortgage	1,069,371	1,069,371	1,069,371	1,069,371	1,069,371	1,069,371	1,069,371	1,069,371	1,069,371	1,069,371
CHFA -										
CASH FLOW after debt service	**88,368**	**95,234**	**108,581**	**121,550**	**134,103**	**146,201**	**153,788**	**164,845**	**175,314**	**185,144**
DEBT COVERAGE RATIO	**1.08**	**1.09**	**1.10**	**1.11**	**1.13**	**1.14**	**1.14**	**1.15**	**1.16**	**1.17**
Partnership Mgm't Fee	**25,000**	**25,000**	**25,000**	**25,000**	**25,000**	**25,000**	**25,000**	**25,000**	**25,000**	**25,000**
Incentive Fee/Land Lease Rent	**63,368**	**70,234**	**83,581**	**96,550**	**109,103**	**121,201**	**128,788**	**139,845**	**150,314**	**160,144**
Annuity Reserve-Transition Res.										
Initial Deposit										
Withdrawal over Year	(3,000)									
Interest Earned on Avg. Balance	17									
Balance at End of Year	637									

Cash Flow

RENTAL INCOME	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Affordable Rent Increase	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*
50% or less Affordable Rents	1,491,803	1,529,098	1,567,326	1,606,509	1,646,672	1,687,839	1,730,034	1,773,285	1,817,617	1,863,058
Affordable Rent Increase	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*
60% Affordable Rents	1,693,791	1,736,135	1,779,539	1,824,027	1,869,628	1,916,369	1,964,278	2,013,385	2,063,719	2,115,312
TOTAL RENTAL INCOME	**3,185,594**	**3,265,234**	**3,346,865**	**3,430,536**	**3,516,300**	**3,604,207**	**3,694,312**	**3,786,670**	**3,881,337**	**3,978,370**
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	15,107	15,485	15,872	16,269	16,676	17,092	17,520	17,958	18,407	18,867
Commercial	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
TOTAL OTHER INCOME	**15,107**	**15,485**	**15,872**	**16,269**	**16,676**	**17,092**	**17,520**	**17,958**	**18,407**	**18,867**
GROSS INCOME	**3,200,701**	**3,280,719**	**3,362,737**	**3,446,805**	**3,532,975**	**3,621,300**	**3,711,832**	**3,804,628**	**3,899,744**	**3,997,237**
Vacancy Rate :	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*
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	160,035	164,036	168,137	172,340	176,649	181,065	185,592	190,231	194,987	199,862
Annuity Income										
EFFECTIVE GROSS INCOME	**3,040,666**	**3,116,683**	**3,194,600**	**3,274,465**	**3,356,326**	**3,440,235**	**3,526,240**	**3,614,396**	**3,704,756**	**3,797,375**
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	1,688,366	1,755,900	1,826,136	1,899,182	1,975,149	2,054,155	2,136,321	2,221,774	2,310,645	2,403,071
Replacement Reserve	84,275	88,489	88,489	88,489	88,489	88,489	92,913	92,913	92,913	92,913
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	4,370	4,458	4,547	4,638	4,731	4,825	4,922	5,020	5,121	5,223
TOTAL EXPENSES	**1,777,011**	**1,848,847**	**1,919,172**	**1,992,309**	**2,068,369**	**2,147,469**	**2,234,156**	**2,319,708**	**2,408,679**	**2,501,207**
NET OPERATING INCOME	**1,263,655**	**1,267,836**	**1,275,428**	**1,282,156**	**1,287,958**	**1,292,765**	**1,292,084**	**1,294,689**	**1,296,077**	**1,296,168**
DEBT SERVICE										
CHFA Loan Acq.										
CHFA - 1st Mortgage	1,069,371	1,069,371	1,069,371	1,069,371	1,069,371	1,069,371	1,069,371	1,069,371	1,069,371	1,069,371
CHFA -										
CASH FLOW after debt service	**194,284**	**198,465**	**206,057**	**212,785**	**218,587**	**223,394**	**222,713**	**225,318**	**226,706**	**226,797**
DEBT COVERAGE RATIO	**1.18**	**1.19**	**1.19**	**1.20**	**1.20**	**1.21**	**1.21**	**1.21**	**1.21**	**1.21**
Partnership Mgm't Fee	**25,000**	**25,000**	**25,000**	**25,000**	**25,000**	**25,000**	**25,000**	**25,000**	**25,000**	**25,000**
Incentive Fee/Land Lease Rent	**169,284**	**173,465**	**181,057**	**187,785**	**193,587**	**198,394**	**197,713**	**200,318**	**201,706**	**201,797**

Annuity Reserve-Transition Res.
Initial Deposit
Withdrawal over Year
Interest Earned on Avg. Balance
Balance at End of Year

Cash Flow

RENTAL INCOME	2030
Affordable Rent Increase	*N/A*
50% or less Affordable Rents	1,909,634
Affordable Rent Increase	*N/A*
60% Affordable Rents	2,168,195
TOTAL RENTAL INCOME	**4,077,829**
OTHER INCOME	
Other Income Increase	*2.50%*
Laundry	19,339
Commercial	N/A
TOTAL OTHER INCOME	**19,339**
GROSS INCOME	**4,097,168**
Vacancy Rate :	*0.00%*
Vacancy Rate : Affordable	*5.00%*
Less: Vacancy Loss	204,858
Annuity Income	
EFFECTIVE GROSS INCOME	**3,892,310**
OPERATING EXPENSES	
Annual Expense Increase	*4.00%*
Expenses	2,499,194
Replacement Reserve	92,913
Annual Tax Increase	*2.00%*
Taxes and Assessments	5,328
TOTAL EXPENSES	**2,597,435**
NET OPERATING INCOME	**1,294,875**
DEBT SERVICE	
CHFA Loan Acq.	
CHFA - 1st Mortgage	1,069,371
CHFA -	
CASH FLOW after debt service	**225,504**
DEBT COVERAGE RATIO	**1.21**
Partnership Mgm't Fee	**25,000**
Incentive Fee/Land Lease Rent	**200,504**
Annuity Reserve-Transition Res.	
Initial Deposit	
Withdrawal over Year	
Interest Earned on Avg. Balance	
Balance at End of Year	

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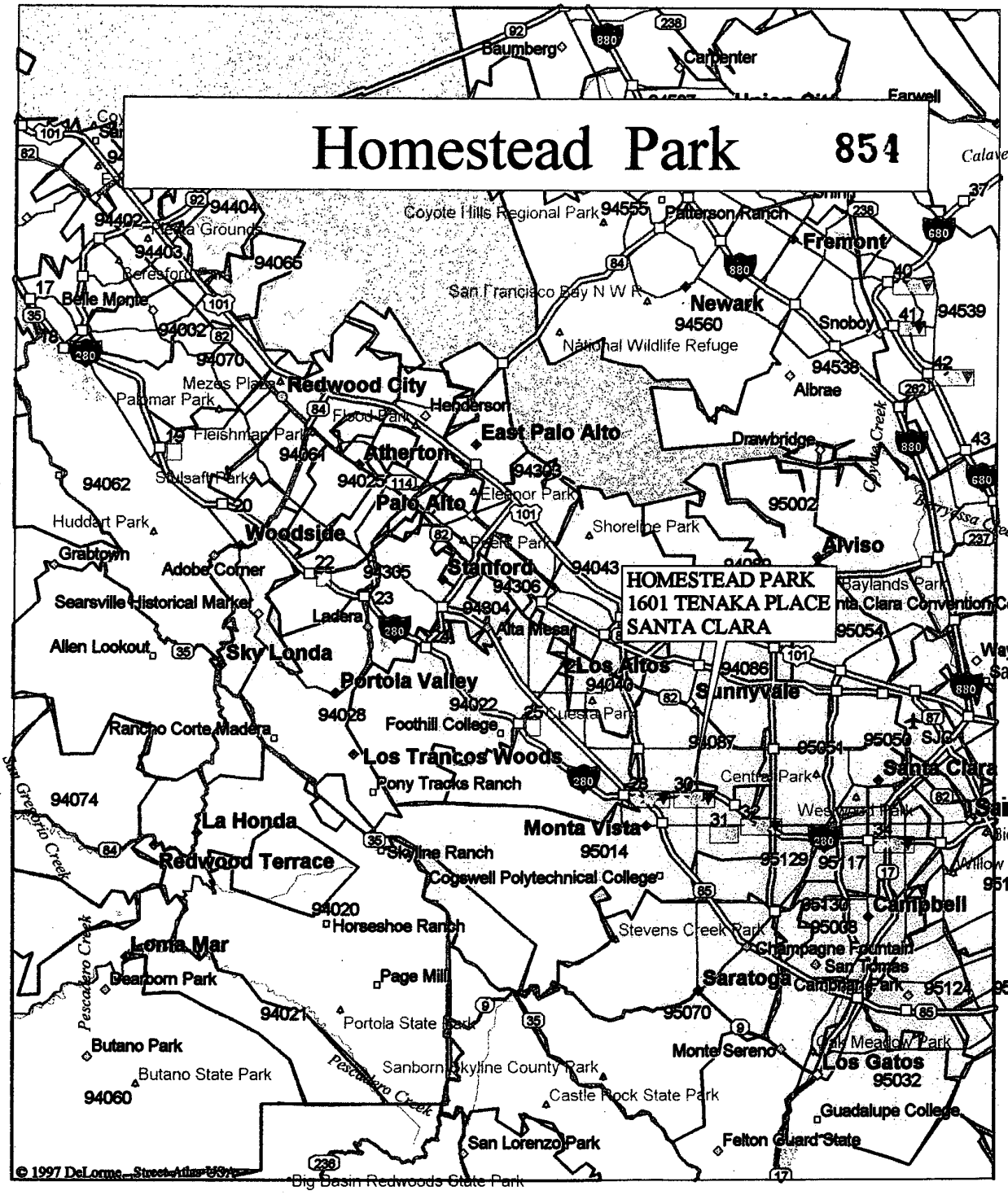
Homestead Park 854



Mag 11.00
Tue Jul 25 15:07 2000
Scale 1:250,000 (at center)

5 Miles

5KM

Major Connector
State Route
Primary State Route
Interstate/Limited Access
Toll Highway

Exit
Point of Interest
County Seat
Small Town
Large City

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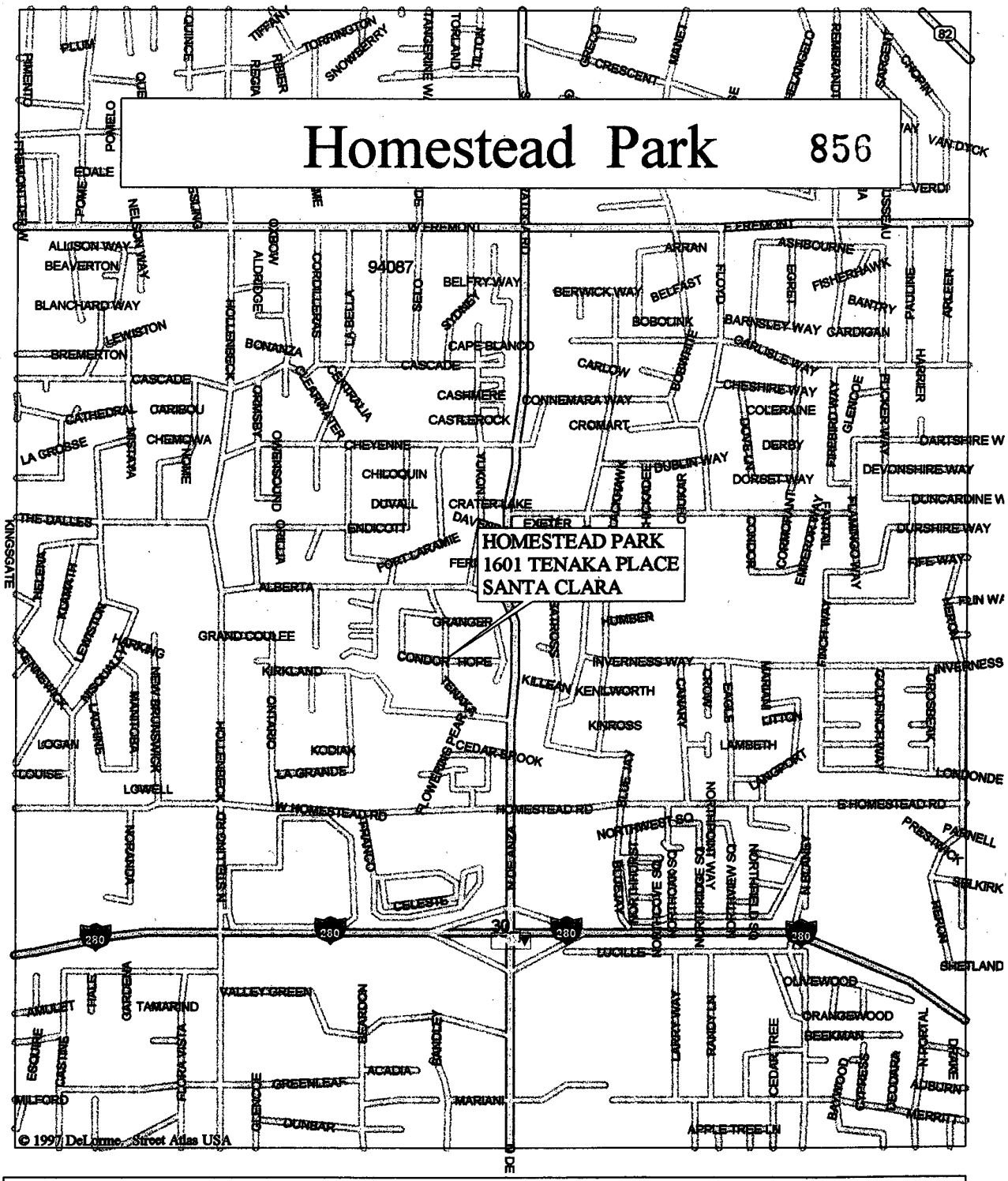
Homestead Park 856



Mag 15.00
Tue Jul 25 15:06 2000
Scale 1:15,625 *(at center)*

1000 Feet

500 Meters

Local Road
Major Connector
State Route
Interstate/Limited Access
Exit

Exit/Gas
Exit/Lodging
Exit/Food

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RESOLUTION 00-24

RESOLUTION AUTHORIZING A FINAL LOAN COMMITMENT

WHEREAS, the California Housing Finance Agency (the "Agency") has received a loan application from Mid-Peninsula Housing Corporation, a California public benefit corporation (the "Borrower"), seeking a loan commitment under the Agency's Preservation Acquisition Loan Program in the mortgage amounts described herein, the proceeds of which are to be used to provide mortgage loans for a 210-unit multifamily housing development located in the City of Sunnyvale to be known as Homestead Park Apartments (the "Development"); and

WHEREAS, the loan application has been reviewed by Agency staff which has prepared its report dated July 24, 2000 (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 and taxable bonds, to declare its reasonable official intent to reimburse prior expenditures for the Development with proceeds of a subsequent borrowing; and

WHEREAS, on June 27, 2000, the Executive Director exercised the authority delegated to 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:

PROJECT NUMBER	DEVELOPMENT NAME/ LOCALITY	NUMBER OF UNITS	MORTGAGE AMOUNTS
00-010-N	Homestead Park Apartments Sunnyvale/Santa Clara	210	$14,550,000 $ 1,777,035 (IRP)

COURT PAPER
STATE OF CALIFORNIA
STD. 113 (REV. 6-72)

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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 increase 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 increases in mortgage amount of more than seven percent (7%), must be submitted to this Board for approval. "Material modifications" as used herein means modifications which, when made 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 or material way.

I hereby certify that this is a true and correct copy of Resolution 00-24 adopted at a duly constituted meeting of the Board of the Agency held on August 10, 2000, at Millbrae, California.

ATTEST:_____
Secretary

COURT PAPER
STATE OF CALIFORNIA
STD 113 (REV. 8-72)

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Executive Summary

860 Date: 24-Jul-00

Project Profile:

Project :	Runnymede	*Borrower:*	MP Runnymede Assoc.
Location:	2301 Cooley Street	*GP:*	*M P* Preservation, Inc. .
City:	East Palo Alto	*LP:*	TBD
County:	San Mateo	*Program:*	Tax Exempt
Type:	Senior	*CHFA # :*	00-013-N

Financing Summary:

	Final	Per Unit
Permanent		
CHFA First Mortgage	$5,290,000	$67,821
RDA Loan	$0	$0
Contributions From Operations	$0	$0
Developer Equity	$0	$0
Deferred Developer Equity	$19,550	$251
Tax Credit Equity	$1,641,720	$21,048
CHFA Taxable Tail	$1,380,000	$17,692

Note: Taxable tail included in 1st Mortgage

Loan to Value	75.6%
Loan to Cost	76.1%

Unit Mix:

Type	Size	Number	AMI	Rent	Max Income
1 BR	557	24	50%	$723	$29,950
1 BR	557	54	60%	$817	$35,940
		78			

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Reserve Requirements	
Unit Mix and Income	
Source and Uses of Funds	7
Operating Budget	8
Project Cash Flows	9
Location Maps (area and site)	10

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CALIFORNIA HOUSING FINANCE AGENCY

Final Commitment

Project Name: Runnymede Gardens

CHFA Project # 00-013-N

SUMMARY:

This is a Final Commitment request for a tax-exempt first mortgage in the amount of $3,910,000 amortized over 30 years at 6.20% interest and a taxable tail in the amount of $1,380,000 amortized over 30 years at 7% interest. The project, Runnymede Gardens, is an existing 78-unit, Section 8 project for the elderly and disabled located at 2301 Cooley Avenue in East Palo Alto, in Santa Mateo County.

LOANTERMS:	**1" Mortgage**
Loan Amount:	$5,290,000*
Interest Rate:	6.45%
Term:	30 years
Financing:	Tax Exempt

NOTE: * Taxable tail included in 1st Mortgage.

LOCALITY INVOLVEMENT:

None

SECTION 8 CONTRACT:

The project will operate under CHFA and tax credit rents, with income restrictions at 50% and 60% of median income. The project based Section 8 contract expires on February 25, 2001 and an extension request will be submitted to HUD for review and approval. The borrower is also requesting an increase in the HUD rents to 50% and 60% of AMI.

Conversion Scenario: The majority of residents are likely to remain a mix of Section 8 and tax credit tenants for several years. Given the uncertainty of the HAP contracts continuing, staff is requiring a standby operating reserve to subsidize project costs. The

Borrower will seek renewals of all Section 8 HAP contracts or the equivalent project-based subsidies for their full term and throughout the project's useful life.

A Standby Operating Account (the "Account") may be required to subsidize the project costs, if required during the transition from Section 8 to non-subsidized rents. Funding of the account is contemplated as follows:

- At permanent loan closing the excess project cashflow shall be deposited into the Account until the total deposits equal $300,000. The Account funds shall be used to cover Agency approved operating shortfalls, which will be drawn on an "As Needed" basis. In addition, the Agency will set aside and additional $300,000 in Agency funds to cover any additional approved operating shortfalls, which be drawn on an "As Needed" basis at 3% interest.

PROJECT DESCRIPTION:

This 78-unit gated, rental project for the elderly and disabled was built in 1979 on a 1.34-acre parcel at the northwest comer of Cooley Avenue in East Palo Alto. The subject development contains 78 one-bedroodone-bath units that range in size from 540 to 574 square feet in size. The apartments are situated around interior hallways with access to the building from the main lobby. The building also includes a manager's office, a recreation/community room, three laundry rooms, a computer room and a small fitness center. On-site parking is available for a total of 23 vehicles.

PROPOSED REHABILITATION:

The proposed rehabilitation is minimal and estimated to cost $437,080 with the following primary components to be addressed:

- Renovation of common areas for compliance with ADA regulations
- Replacement of carpet where necessary
- Replacement of drapes where necessary
- Interior painting where necessary
- Repair/replace some countertops
- Repair of any termite damage
- Replace door handles & locks
- Replace old stoves/refrigerators
- Repair damaged si& walks and asphalt

RELOCATION:

Given the scope of rehab, there is no relocation anticipated.

MARKET DEMAND:

The project's primary market area (PMA) is considered to be the city of East Palo Alto which is a lower-income, predominantly residential community located at the southern boundary of San Mateo County. The California Department of Finance reported a total of 25,100 city residents as of January 1, 2000 with a mean household income average projected to be $57,700. According to DataQuick's Home Sale Price Trends, the median sale price for homes within East Palo Alto was $340,000 in March, 2000; and $517,000 in April 2000. The current development of the Ravenswood Retail Center in East Palo Alto is estimated to create 700 new jobs in a housing market that is already experiencing low vacancy rates and long waiting lists. Average one bedroom rents for comparable projects are $925 per month which is approximately $200 higher than a family earning 50% of the mean household income in East Palo Alto can afford to pay.

HOUSING SUPPLY:

In the past ten years, only 60 multifamily rental units and 169 single family homes have been constructed in East Palo Alto. The proposed redevelopment plans for the City of East Palo Alto call for the development of a 129-unit apartment building by Bridge Housing, and 217 single family homes. The affordable housing rental market should remain strong given the strength of the local economy, low vacancy rates, the lack of affordable housing, steady population growth and the lack of construction of new apartment projects.

Rent Differentials (Proposed Rents vs. Market)

Rent Level	Subject Property	Market Rate Avg.	Difference Btwn Market	Percent of Market
One Bedroom				
50%	$ 723	$ 925	$202	78%
60% TCAC	$ 817	$ 925	$108	88%

OCCUPANCY RESTRICTIONS:

CHFA: 30% of the units (24) restricted to 50% or less of median income.

TCAC: 100% of the units (78) restricted to 60% or less of median income

ENVIRONMENTAL:

The results of a Property Condition Survey of the subject property prepared by EMG on June 6, 2000 indicate minor rehab is required and will be incorporated in the final approved scope of work. A Phase-I study has been ordered from EMG. Any

recommendations from the study will be incorporated into the final scope of work and will be a condition of the final commitment.

ARTICLE 34: A satisfactory opinion letter will be required prior to loan close.

DEVELOPMENT TEAM:

Borrower's profile: The Borrower will MP Runnymede Associates, LP., a California limited partnership (not yet formed) with MP Preservation, Inc, a subsidiary of Mid-Peninsula Housing Corporation, a California public benefit corporation, ("MPHC") as the sole general partner. The tax credit equity investor has not yet been identified.

Contractor: MPHC will be soliciting bids from eligible contractors in the near future. Contractor to be determined. Construction estimates were made by the Borrower and reviewed by the Agency.

Architect: James Guthrie & Associates has been a successful architectural firm since 1977. Over 140 major residential developments have been completed by the company throughout the United States. The majority of these developments have been in the state of California.

Management Agent: Mid-Peninsula Housing Management Corporation will be the managing agent. The management affiliate has over 26 rental developments with 1,800 units, some of which are currently in CHFA's loan portfolio.

Project Summary

866 Date: 24-Jul-00

Project Profile:

Project :	Runnymede	*Appraiser:*	Chris Carneghi Carneghi & Bautovich
Location:	2301 Cooley Street East Palo Alto	*Cap Rate:*	8.00%
unty/Zip:	San Matec	*As-Is Value*	$ 6,600,000
Borrower:	MP Runnymede Assoc.	*After Rehab*	$ 7,000,000
GP:	MP Preservation, Inc.	*Final Value:*	$ 7,000,000
LP:	TBD		
		LTC/LTV:	
Program:	Tax Exempt	*Loan / Cost*	76.1%
CHFA#:	00-013-N	*Loan / Value*	75.6%

Project Description:

Units	78
Handicap Units	
Bldge Type	Acq/Rehab
Buildings	1
stories	3
Gross Sq Ft	44,500
Land Sq Ft	58,570
Units/Acre	68
Total Parking	23
Covered Parking	

Financing Summary:

	Amount	Per Unit	Rate	Term
Permanent				
CHFA First Mortgage	$5,290,000	$67,821	6.45%	30
RDA Loan	$0	$0	0.00%	-
Contributions From Operations	$0	$0	0.00%	
Tax Credit Equity	$1,641,720	$21,048		
Deferred Developer Fee	$19,550	$251		
CHFA Taxable Tail	$1,380,000	$17,692	7.00%	30

Note: Taxable tail included in 1st Mortgage

Unit Mix:

Type	Size	Number	AMI	Rent	Max Income
1 BR	557	24	50%	$723	$29,950
1 BR	557	54	60%	$817	$35,940
		78			

Fees, Escrows and Reserves:

Escrows	Basis of Requirements		Amount	Security
Commitment Fee	1.25%	of Loan Amount	$48,875	Cash
Finance Fee	1.25%	of Loan Amount	$48,875	Cash
Bond Origination Guarantee	1.00%	of Loan Amount	$39,100	Letter of Credit
Rent Up Account	0.00%	of Gross Income	$0	Letter of Credit
Operating Expense Reserve	10.00%	of Gross Income	$90,137	Letter of Credit
Marketing	0.00%	of Gross Income	$0	Letter of Credit
Annual Replacement Reserve Deposit	$350	Per Unit	$27,300	Operations
Initial Deposit to Repl. Res.		Lump sum	$39,000	Cash
Transition Operating Account		HAP Contract	$300,000	Cashflow
Standby Operating Reserve		Lump Sum	$300,000	Agency Fund

Sources and Uses — Runnymede

SOURCES:	Permanent Tax-Exempt	Per unit
Name of Lender / Source		
CHFA Loan Acq.	-	
CHFA Taxable Tail	-	
CHFA First Mortgage	6,290,000	67,821
CHFA HAT	-	
RDA Loan	-	0
Contributions From Operations	-	
Totd Institutional Financing	**5,290,000**	67,821
Equity Financing		
Tax Credits	1,641,720	21,048
Developer Equity		
Deferred Developer Equity	19,550	251
Total Equity Financing	**1,661,270**	**21,298**
TOTAL SOURCES	6,951,270	89,119

USES:		
Acquisition	6,017,846	77,152
Rehabilitation	437,080	6,604
New Construction		
Architectual Fees	10,000	128
Survey and Engineering	10,000	128
Const. Loan Interest & Fees	33,000	423
Permanent Financing	115,602	1,482
Legal Fees	17,500	224
Reserves	129,137	1,656
Contract Costs	12,250	157
Construction Contingency	76,100	976
Local Fees	0	0
TCAC/Other Costs	60,019	769
PROJECT COSTS	**$6,918,534**	**88,699**
Developer Overhead/Profit	$0	0
Consultant/Processing Agent	$32,736	420
TOTAL USES	$6,961,270	89,119

Annual Operating Budget Runnymede

	Total	$ per unit
INCOME:		
Total Rental Income	894,816	11,472
Laundry	6,552	84
Other Income	0	-
Commercial/Retail	0	
Gross Potential Income (GPI)	901,368	11,586
Less:		
Vacancy Loss	37,210	477
Total Net Revenue	864,158	11,079
EXPENSES:		
Payroll	79,560	1,020
Administrative	69,020	885
Utilities	35,100	450
Operating and Maintenance	66,300	850
Insurance and Business Taxes	20,300	260
Taxes and Assessments	0	-
Reserve for Replacement Deposits	27,300	350
Subtotal Operating Expenses	297,880	3,818
Financial Expenses		
Mortgage Payments (1st loan)	399,152	5,117
Total Financial	399,152	8,117
Total Project Expenses	696,732	8,932

Cash Flow Runnymede CHFA # 00-013-N

RENTAL INCOME	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Sec. 8 Increase	*1.50%*	1.50%	*1.50%*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*
Surplus Sec. 8 Income	157,176	159,534	161,927	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Affordable Rent Increase	*1.50%*	1.50%	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*
Affordable Rents	737,640	756,081	774,983	794,358	814,217	834,572	855,436	876,822	898,743	921,211
TOTAL RENTAL INCOME	**894,816**	**915,615**	**936,910**	**794,358**	**814,217**	**834,572**	**855,436**	**876,822**	**898,743**	**921,211**
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	6,552	6,716	6,884	7,056	7,232	7,413	7,598	7,788	7,983	8,183
Commercial	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
TOTAL OTHER INCOME	**6,552**	**6,716**	**6,884**	**7,056**	**7,232**	**7,413**	**7,598**	**7,788**	**7,983**	**8,183**
GROSS INCOME	**901,368**	**922,330**	**943,793**	**801,413**	**821,449**	**841,985**	**863,035**	**884,610**	**906,726**	**929,394**
Vacancy Rate : Sec 8	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*
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	37,210	38,140	39,093	40,071	41,072	42,099	43,152	44,231	45,336	46,470
EFFECTIVE GROSS INCOME	**864,158**	**884,191**	**904,700**	**761,343**	**780,376**	**799,886**	**819,883**	**840,380**	**861,389**	**882,924**
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	270,280	281,091	292,335	304,028	316,189	328,837	341,990	355,670	369,897	384,693
Replacement Reserve	27,300	27,300	27,300	27,300	27,300	27,300	28,665	28,665	28,665	28,665
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	**297,580**	**308,391**	**319,635**	**331,328**	**343,489**	**356,137**	**370,655**	**384,335**	**398,562**	**413,358**
NET OPERATING INCOME	**566,578**	**575,799**	**585,065**	**430,015**	**436,887**	**443,749**	**449,227**	**456,045**	**462,828**	**469,566**
DEBT SERVICE										
CHFA Loan Req.	0									
CHFA - 1st Mortgage	399,152	399,152	399,152	399,152	399,152	399,152	399,152	399,152	399,152	399,152
CHFA -										
CASH FLOW after debt service	**167,427**	**176,648**	**185,914**	**30,863**	**37,735**	**44,597**	**50,076**	**56,893**	**63,676**	**70,415**
Operating Transition Reserv	**100,000**	**100,000**	**100,000**							
Cumulative Reserve Bal.	**100,000**	**200,000**	**300,000**	**300,000**	**300,000**	**300,000**	**300,000**	**300,000**	**300,000**	**300,000**
DEBT COVERAGE RATIO	**1.42**	**1.44**	**1.47**	**1.08**	**1.09**	**1.11**	**1.13**	**1.14**	**1.16**	**1.18**
Net Residual Cashflow	**67,427**	**76,648**	**85,914**	**30,863**	**37,735**	**44,597**	**50,076**	**56,893**	**63,676**	**70,415**

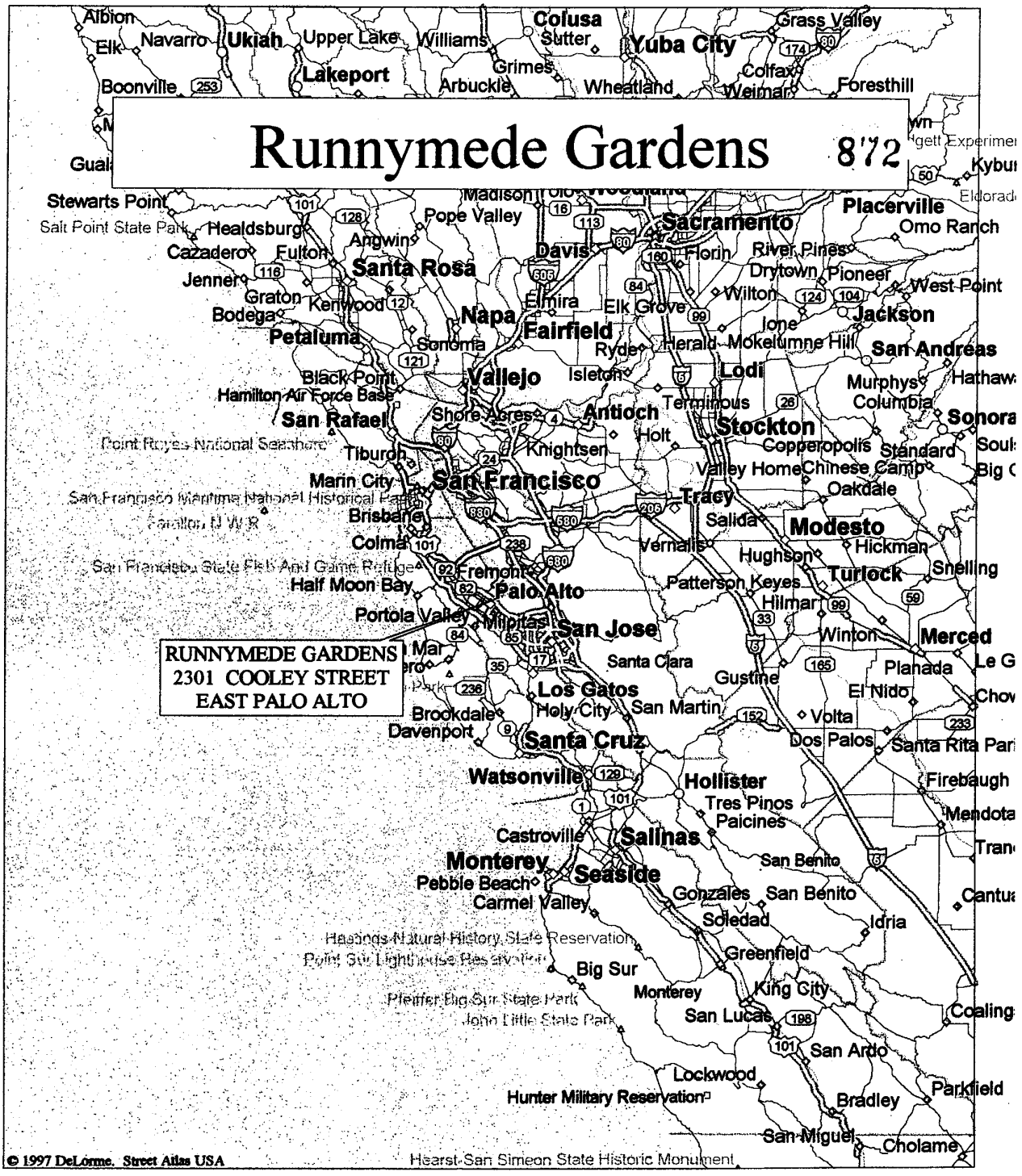
Cash Flow

RENTAL INCOME	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Sec. 8 Increase	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*
Surplus Sec. 8 Income	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	944,242	967,848	992,044	1,016,845	1,042,266	1,068,323	1,095,031	1,122,406	1,150,467	1,179,228
TOTAL RENTAL INCOME	**944,242**	**967,848**	**992,044**	**1,016,845**	**1,042,266**	**1,068,323**	**1,095,031**	**1,122,407**	**1,150,467**	**1,179,228**
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	8,387	8,597	8,812	9,032	9,258	9,489	9,726	9,970	10,219	10,474
Commercial	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
TOTAL OTHER INCOME	**8,387**	**8,597**	**8,812**	**9,032**	**9,258**	**9,489**	**9,726**	**9,970**	**10,219**	**10,474**
GROSS INCOME	**952,629**	**976,444**	**1,000,856**	**1,025,877**	**1,051,524**	**1,077,812**	**1,104,757**	**1,132,376**	**1,160,686**	**1,189,703**
Vacancy Rate : Sec 8	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*
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	47,631	48,822	50,043	51,294	52,576	53,891	55,238	56,619	58,034	59,485
EFFECTIVE GROSS INCOME	**904,997**	**927,622**	**950,813**	**974,583**	**998,948**	**1,023,921**	**1,049,519**	**1,075,757**	**1,102,651**	**1,130,218**
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	400,080	416,084	432,727	450,036	468,038	486,759	506,229	526,479	547,538	569,439
Replacement Reserve	28,665	30,098	30,098	30,098	30,098	30,098	31,603	31,603	31,603	31,603
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	**428,745**	**446,182**	**462,825**	**480,134**	**498,136**	**516,857**	**537,833**	**558,082**	**579,141**	**601,042**
NET OPERATING INCOME	**476,252**	**481,440**	**487,988**	**494,449**	**500,812**	**507,064**	**511,687**	**517,676**	**523,510**	**529,175**
DEBT SERVICE										
CHFA Loan Acq.										
CHFA - 1st Mortgage	399,152	399,152	399,152	399,152	399,152	399,152	399,152	399,152	399,152	399,152
CHFA -										
CASH FLOW after debt service	**77,100**	**82,289**	**88,836**	**95,297**	**101,660**	**107,912**	**112,535**	**118,524**	**124,359**	**130,024**
Operating Transition Reserv										
Cumulative Reserve Bal.										
DEBT COVERAGE RATIO	**1.19**	**1.21**	**1.22**	**1.24**	**1.25**	**1.27**	**1.28**	**1.30**	**1.31**	**1.33**
Net Residual Cashflow	**77,100**	**82,289**	**88,836**	**95,297**	**101,660**	**107,912**	**112,535**	**118,524**	**124,359**	**130,024**

Cash Flow

RENTAL INCOME	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Sec. 8 Increase	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*
Surplus Sec. 8 Income	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	1,208,709	1,238,927	1,269,900	1,301,647	1,334,189	1,367,543	1,401,732	1,436,775	1,472,695	1,509,512
TOTAL RENTAL INCOME	**1,208,709**	**1,238,927**	**1,269,900**	**1,301,647**	**1,334,189**	**1,367,543**	**1,401,732**	**1,436,775**	**1,472,695**	**1,509,512**
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	10,736	11,005	11,280	11,562	11,851	12,147	12,451	12,762	13,081	13,408
Commercial	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
TOTAL OTHER INCOME	**10,736**	**11,005**	**11,280**	**11,562**	**11,851**	**12,147**	**12,451**	**12,762**	**13,081**	**13,408**
GROSS INCOME	**1,219,445**	**1,249,931**	**1,281,180**	**1,313,209**	**1,346,039**	**1,379,690**	**1,414,183**	**1,449,537**	**1,485,776**	**1,522,920**
Vacancy Rate : Sec 8	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*
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	60,972	62,497	64,059	65,660	67,302	68,985	70,709	72,477	74,289	76,146
EFFECTIVE GROSS INCOME	**1,158,473**	**1,187,435**	**1,217,121**	**1,247,549**	**1,278,737**	**1,310,706**	**1,343,474**	**1,377,060**	**1,411,487**	**1,446,774**
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	592,217	615,905	640,542	666,163	692,810	720,522	749,343	779,317	810,490	842,909
Replacement Reserve	31,603	33,183	33,183	33,183	33,183	33,183	34,842	34,842	34,842	34,842
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	**623,820**	**649,089**	**673,725**	**699,347**	**725,993**	**753,706**	**784,186**	**814,159**	**845,332**	**877,752**
NET OPERATING INCOME	**534,653**	**538,346**	**543,396**	**548,202**	**552,744**	**557,000**	**559,288**	**562,901**	**566,155**	**569,022**
DEBT SERVICE										
CHFA Loan Acq.										
CHFA - 1st Mortgage	399,152	399,152	399,152	399,152	399,152	399,152	399,152	399,152	399,152	399,152
CHFA -										
CASH FLOW after debt service	**135,501**	**139,194**	**144,244**	**149,050**	**153,593**	**157,849**	**160,136**	**163,749**	**167,003**	**169,871**
Operating Transition Reserv										
Cumulative Reserve Bal.										
DEBT COVERAGE RATIO	**1.34**	**1.35**	**1.36**	**1.37**	**1.38**	**1.40**	**1.40**	**1.41**	**1.42**	**1.43**
Net Residual Cashflow	**135,501**	**139,194**	**144,244**	**149,050**	**153,593**	**157,849**	**160,136**	**163,749**	**167,003**	**169,871**

Runnymede Gardens 872



Mag *8.00*
Tue Jul 25 15:38 2000
Scale 1:2,000,000 *(at center)*
20 Miles
50 KM

Major Road
Major Highway
Ferry
Interstate/Limited Access
Toll Highway

PointofInterest
County Seat
State Capital
Large City
Park/Reservation

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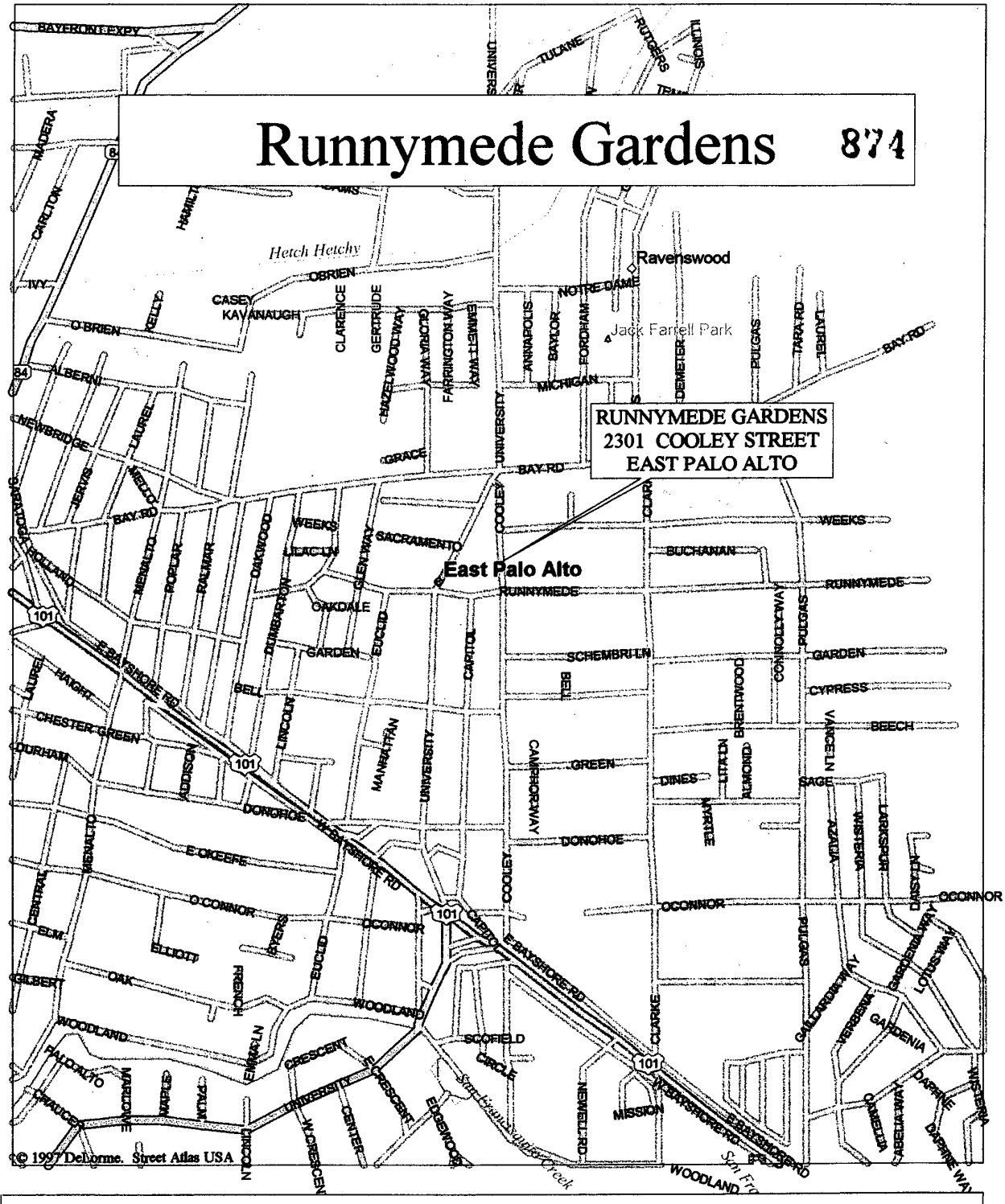
Runnymede Gardens 874



Mag 15.00
Tue Jul 25 15:43 2000
Scale 1:15,625 (at center)
1000 Feet
500 Meters

Local Road
Major connector
State Route
Interstate/Limited Access
Railroad

Small Town
Park/Reservation
Locale
County Boundary
Water

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RESOLUTION 00-25

RESOLUTION AUTHORIZING A FINAL LOAN COMMITMENT

WHEREAS, the California Housing Finance Agency (the "Agency") has received a loan application from Mid-Peninsula Housing Corporation, a California nonprofit public benefit corporation (the "Borrower"), seeking a loan commitment under the Agency's Preservation Acquisition Loan Program in the mortgage amounts described herein, the proceeds of which are to be used to provide mortgage loans for a 78-unit multifamily housing development located in the City of East Palo Alto to be known as Runnymede Gardens (the "Development"); and

WHEREAS, the loan application has been reviewed by Agency staff which has prepared its report dated July 24, 2000 (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 and taxable bonds, to declare its reasonable official intent to reimburse prior expenditures for the Development with proceeds of a subsequent borrowing; and

WHEREAS, on June 27, 2000, the Executive Director exercised the authority delegated to 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:

PROJECT NUMBER	DEVELOPMENT NAME/ LOCALITY	NUMBER OF UNITS	MORTGAGE AMOUNTS
00-013-N	Runnymede Gardens East Palo Alto/San Mateo	78	$5,290,000

COURT PAPER
STATE OF CALIFORNIA
STD 113 (REV. 8-72)

85 34769

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 increase 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 increases in mortgage amount of more than seven percent (7%), must be submitted to this Board for approval. "Material modifications" as used herein means modifications which, when made 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 or material way.

I hereby certify that this is a true and correct copy of Resolution 00-25 adopted at a duly constituted meeting of the Board of the Agency held on August 10, 2000, at Millbrae, California.

ATTEST:_____
Secretary

COURT PAPER
STATE OF CALIFORNIA
STD. 113 (REV. 8-72)

85 34789

Executive Summary

878 Date: 24-Jul-00

Project Profile:

Roject :	Coronado Terrace	*Borrower:*	TBD
Location:	1183 25th Street	*GP:*	Related
city:	San Diego	*GP:*	Wakeland
County:	San Diego	*Program:*	Tax Exempt
Type:	Family	*CHFA # :*	00-024-S

Financing Summary:

	Final	Per Unit
M F A First Mortgage	$16,500,000	$52,885
IRP Bond	$1,847,449	$5,921
NOI during Rehab	$268,401	$860
Other Loans	$0	$0
Developer Equity	$0	$0
Deferred Developer Equity	$108,059	$346
Tax Credits	$6,863,192	$21,997
CHFA Bridge	$0	$0
CHFA Taxable Tail	$1,500,000	$4,808

Note: Taxable Tail included in 1st Mortgage.

Loan to Value
71.0%

Loan to Cost
64.5%

Unit Mix:

Type	Size	Number	AMI	Rent	Max Income
2 BR	865	54	50%	$603	$26,850
3 BR	1139	9	50%	$671	$29,000
2 BR	865	27	50% TCAC	$604	$26,850
3 BR	1,139	5	50% TCAC	$698	$29,000
2 BR	865	185	60%	$698	$32,220
3 BR	1139	30	60%	$837	$34,800
2 BR	865	2	Mgr	$0	N/A
		312			

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Unit Mix and Income	
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CALIFORNIA HOUSING FINANCE AGENCY

Final Commitment

Project Name: Coronado Terrace

CHFA Project # 00-024-S

SUMMARY:

This is a Final Commitment request for a tax-exempt first mortgage in the amount of $15,000,000 amortized over 31 years at 6.20% interest, a taxable tail of $1,500,000 at 7.0% interest; and a HUD IRP second mortgage in the amount of $1,847,449 amortized over 10 years at 5.75% interest. Coronado Terrace is an existing 312-unit Section 8 project located at 1183 25th Street, located in the City and County of San Diego.

LOAN TERMS:	1st Mortgage	IRP Mortgage
Loan Amount:	$16,500,000 *	$1,847,449
Interest Rate:	6.30%	5.75%
Term:	31 years	10 years
Financing:	Tax Exempt	Tax-Exempt

Note: * The first mortgage includes a taxable tail.

LOCALITY INVOLVEMENT:

None

SECTION 8 CONTRACT:

Section 236: The project will operate under CHFA and tax credit rents, with income restrictions at 50% and 60% of median income. The project will also be subject to a HUD Section 236 loan that will be purchased by CHFA at the time of the loan closing. The loan is being purchased to preserve the Interest Reduction Payment ("IRP") which is a guaranteed stream of monthly payments from HUD for the benefit of the project. CHFA's responsibilities under the IRP agreement will be to review and approve basic and market rents, approve distributions and enforce housing quality standards. The provisions to be enforced by CHFA will be contained in a regulatory agreement and agreed to by the

owners and HUD. The provisions that CHFA must regulate will expire upon the termination of the 236 loan.

Current Status: The project based Section 8 contract expires on September 30, 2000 and an extension request has been submitted to HUD for review and approval. The borrower is also requesting an increase in the HUD rents to 50% and 60% of AMI. The entire project has Section 8 subsidy.

Conversion Scenario: The majority of residents are likely to remain a mix of Section 8 and tax credit tenants for several years. Given the uncertainty of the HAP contracts continuing staff is requiring a standby operating reserve to subsidize project costs. The Borrower will seek and accept renewals of all Section 8 HAP contracts or the equivalent project-based subsidies for their full term and throughout the project's useful life.

A Standby Operating Account (the "Account") shall be required to subsidize the project costs, if required during the transition from Section 8 to non-subsidized rents. Funding of the account is contemplated as follows:

- At permanent loan close, the owner will deposit $127,433 into the Account to cover approved operating shortfalls, which will be drawn on an "As Needed" basis.

PROJECT-DESCRIPTION:

This 312-unit project was built in two phases in 1971 & 1974 on a 14-acre site in the small community of Nester located in the southernmost part of the City of San Diego. The units are located within 26 two-story and 4 three-story residential buildings with an additional six buildings of one and two-story design containing the recreation room, administration office, maintenance workshop, storage and six laundry rooms. The unit mix consists of 268 two-bedroodone-bath stack units averaging 860 square feet, and 44 three-bedroodtwo-bath units averaging 1,080 square feet. There are six tot lots and one sport court. Parking consists of 52 tuck under parking spaces and 447 open spaces.

REHABILITATION:

The proposed substantial rehabilitation is estimated to cost $3,425,200 with the following primary components to be address:

- Construction of new rec. building
- Build new tot lots
- Upgrade Landscaping
- Repair asphalt and cracked sidewalks
- Replace leaking windows & screens
- Refinish/replace bath tubdshowers
- Remodel Community Room
- Remodel Maintenance Building
- Upgrade laundry rooms
- Repair roofs & balcony areas
- New refrigerators & garbage disposals
- Replace water heaters, sinks & faucets

- Replace damaged window blinds
- Install hard-wired smoke detectors
- Replace carpeting & paint units
- Install dining room ceiling fans

RELOCATION:

Rehabilitation work will take place over twelve months. Site and common area improvements will commence immediately, while the improvements to the residential structures will be phased on a building by building basis. The developer does not anticipate the need to temporarily relocation tenants, but should the need arise, residents will be provided with referrals to available temporary housing.

Households that no longer income qualify once Section 8 assistance terminates, will be permanently relocated. Funds to address this expense are included in the development budget.

.F DEMANI

The project's primary market area ("PMA") is considered to be the City of San Diego where the current estimated population is 1,228,100 as of January 1, 1999 with an estimated increase to 1.3 million people in year 2000. It is anticipated that the San Diego area will grow by approximately 200,000 residents through year 2001. Present housing, based on an average family size of 2.5 indicates a demand of 14,000 units per year. With 8,500 housing permits, and approximately 2,000 multi-family luxury rental units, this falls short of demand by about 3,500 units per year. This leads to lower vacancy rates and higher rents.

HOUSING SUPPLY:

The project is located in the South Bay region of San Diego County where rents have increased 4.6% in the past six months. Current market rents in the South Bay region average $840 for a two-bedroom unit, and $1,105 for a three-bedroom unit with overall occupancy rates exceeding 98.2% as of March 2000. The closest and newest rental housing development located a few miles north of the subject property will have two bedroom units with rents starting at $1,500 per month. There are no other new or proposed residential developments within the immediate project area. The rental housing market should remain strong given the ever increasing costs of construction, lack of land availability, lack of new construction, nonexistent vacancies and increasing rents.

Rent Differentials (Proposed Rents vs. Market)

Rent Level	Subject property	Market Rate Avg.	Difference Btwn Market	Percent of Market
Two Bedroom				
50% CHFA	$ 603	$840	$237	71%
50% TCAC	$ 604	$840	$236	71%
60% TCAC	$ 698	$840	$142	83%
Three Bedroom				
50% CHFA	$ 671	$1,105	$434	60%
50% TCAC	$ 698	$1,105	$407	63%
60% TCAC	$ 837	$1,105	$268	75%

***OCCUPANCY* RESTRICTIONS:**

CHFA: 20% of the units (63) restricted to 50% or less of median income.

TCAC: 30% of the units (95) restricted to 50% of median income.
70% of the units (217) restricted to 60% of median income.

ENVIRONMENTAL:

EMG completed a Phase I inspection May 17, 2000 that had no significant findings other than the implementation of both a lead-based paint and asbestos Operations and Maintenance Plan, which the project currently has in place and operates under. The Borrower also provided a Property Condition Evaluation prepared by EMG June 28, 2000 which provided the basis for the current scope of work.

ARTICLE 34:

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

DEVELOPMENT TEAM:

Borrower's profile: The Coronado Terrace preservation project is to be undertaken jointly by The Related Companies of California ("Related") as the administrative general partner and Wakeland Housing & Development Corporation, a non-profit public benefit corporation ('Wakeland") as the managing general partner. Related is a for profit developer of affordable housing and has eleven years of multifamily experience in California and has developed over 1,458 units in 9 projects. Wakeland was founded in December 1998 and is the managing general partner in six affordable housing and mixed-income projects totaling aver 1,800 units.

contractor: The Borrower will solicit bids for the proposed rehabilitation once the entire scope of work has been finalized. Preliminary rehabilitation costs were derived from, and based upon the scope of work identified by the Property Condition Evaluation prepared by EMG.

Architect: The architect is Steve Wraight of Wraight Architects in Irvine, CA. Wraight Architects specialize in urban housing and their designs have been acknowledged through local and national awards for site planning sensitivity and contextual architecture. Mr. Wraight has been retained by the City of Anaheim as a design consultant for all housing projects requiring community development review, and subsequently co-authored the City's design guidelines for affordable housing.

Management Agent: Related Management Company ("RMC") will manage the project in conjunction with Wakeland. RMC currently manages all projects developed by Related and prides themselves in providing a superior level of service that helps it attract and retain outstanding residential tenants. RMC has a rigorous preventative maintenance program and ongoing employee training which have enabled the company to keep operating expenses and capital expenditures levels below those of competing projects.

Project Summary

885

Date: 24-Jul-00

Project Profile:

Project : Coronado Terrace
Location: 118325th Street
San Diego
ounty / Zip: San Diego 92164
Borrower: TBD
GP: Related
GP: Wakeland

Program: Tax Exempt
CHFA# : 00-024-S

Appraiser: Dennis Cunningham
Cunningham & Assocs.
Cap Rate: 8.50%
As-Is Value $ 18,500,000
After Rehab $ 23,250,000
Final Value: $ 23,250,000

LTC/LTV:
Loan / Cost 64.6%
Loan / Value 71.0%

Project Description:

Units	312
Handicap Units	NIA
Bldge Type	Acq/Rehab
Buildings	30
Stories	2 & 3
Gross Sq Ft	286,062
Land Sq Ft	611,147
Units/Acre	22
Total Parking	499
Covered Parking	52

Financing Summary:

	Amount	Per Unit	Rate	Term
CHFA First Mortgage	$16,500,000	$52,885	6.30%	31
IRP Bond	$1,847,449	$5,921	5.75%	10
NOI during Rehab	$268,401	$860	0.00%	-
Other Loans	$0	$0		
Developer Equity	$0	$0		
Tax Credit Equity	$6,863,192	$21,997		
Deferred Developer Fee	$108,059	$346		
CHFA Taxable Tail	$1,500,000	$4,808	7.00%	31

Note: Taxable tail included in 1st mortgage.

Unit Mix:

Type	Size	Number	AMI	Rent	Max Income
2 BR	865	54	50%	$603	$26,850
3 BR	1,139	9	50%	$671	$29,000
2 BR	865	27	50% TCAC	$604	$26,850
3 BR	1,139	5	50% TCAC	$698	$29,000
2 BR	865	185	60%	$698	$32,220
3 BR	1,139	30	60%	$837	$34,800
2 BR	865	2	Mgr	0	N/A
		312			

Fees, Escrows and Reserves:

Escrows	Basis of Requirements		Amount	Security
Commitment Fee	1.00%	of Loan Amount	$168,474	Cash
Finance Fee	1.00%	of Loan Amount	$168,474	Cash
Bond Origination Guarantee	0.00%	of Loan Amount	$0	Letter of Credit
Rent Up Account	0.00%	of Gross Income	$0	Letter of Credit
Operating Expense Reserve	10.00%	of Gross Income	$263,792	Letter of Credit
Marketing	1.15%	of Gross income	$30,000	Letter of Credit
Annual Replacement Reserve Deposit	300	PerUnit	$93,600	Operations
Initial Deposit to Repl. Res.	500	PerUnit	$156,000	Cash
Const Defects Agreement	2.50%	12 months	$85,630	Letter of Credit
Transition Reserve	$0	PerUnit	$127,433	Capitalized

Sources and Uses — Coronado Terrace

SOURCES:

Name of Lender / Source	Amount	$ per unit
CHFA First Mortgage	16,500,000	52,885
CHFA Bridge	0	0
CHFA Taxable Tail	0	0
IRP Bond	1,847,449	5,921
NOI during Rehab	268,401	860
Other Loans	0	0
Total Institutional Financing	18,615,850	59,666
Equity Financing		
Tax Credits	6,863,192	21,997
Deferred Developer Equity	108,059	346
Total *Equity* Financing	6,971,251	22,344
TOTAL SOURCES	25,587,101	82,010

USES:

Acquisition	18,200,000	58,333
Rehabilitation	4,021,426	12,889
New Construction	0	0
Architectual Fees	100,000	321
Survey and Engineering	100,000	321
Const. Loan Interest & Fees	278,214	892
Permanent Financing	337,449	1,082
Legal Fees	105,000	337
Reserves	577,225	1,850
Contract Costs	16,750	54
construction contingency	248,032	795
Local Fees	60,000	192
TCAC/Other Costs	343,005	1,099
PROJECT COSTS	24,387,101	78,164
Developer Overhead/Profit	1,200,000	3,846
Consultant/Processing Agent	0	0
TOTAL USES	25,587,101	82,010

Annual Operating Budget Coronado Terrace

	Amount	$ per unit
INCOME:		
Total Rental Income	2,615,460	8,383
Laundry	22,464	72
Other Income	0	-
Commercial/Retail	0	-
Gross Potential Income (GPI)	2,637,924	8,455
Less:		
Vacancy Loss	131,896	423
Total Net Revenue	2,506,028	8,032
EXPENSES:		
Payroll	293,085	939
Administrative	154,571	495
Utilities	356,360	1,142
Operating and Maintenance	182,619	585
Insurance and Business Taxes	67,477	216
Taxes and Assessments	1,764	6
Reserve for Replacement Deposits	93,600	300
Subtotal Operating Expenses	1,149,476	3,684
Financial Expenses		
Mortgage Payments (1st loan)	1,225,566	3,928
Total Financial	1,225,566	3,928
Total Project Expenses	2,375,042	7,612

Cash Flow — Coronado Terrace CHFA # 00-024-S

RENTAL INCOME	Const	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9
Market Rent Increase		*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
Affordable Rent Increase		*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*
Affordable Rents		2,615,460	2,680,846	2,747,867	2,816,564	2,886,978	2,959,153	3,033,131	3,108,960	3,186,684
TOTAL RENTAL INCOME		**2,615,460**	**2,680,846**	**2,747,867**	**2,816,564**	**2,886,978**	**2,959,153**	**3,033,131**	**3,108,960**	**3,186,684**
OTHER INCOME										
Other Income Increase		*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*
Laundry		22,464	23,026	23,601	24,191	24,796	25,416	26,051	26,703	27,370
Commercial		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
TOTAL OTHER INCOME		**22,464**	**23,026**	**23,601**	**24,191**	**24,796**	**25,416**	**26,051**	**26,703**	**27,370**
GROSS INCOME		**2,637,924**	**2,703,872**	**2,771,469**	**2,840,755**	**2,911,774**	**2,984,569**	**3,059,183**	**3,135,662**	**3,214,054**
Vacancy Rate : Market		*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%*
Less: Vacancy Loss		131,896	135,194	138,573	142,038	145,589	149,228	152,959	156,783	160,703
EFFECTIVE GROSS INCOME		**2,506,028**	**2,568,678**	**2,632,895**	**2,698,718**	**2,766,186**	**2,835,340**	**2,906,224**	**2,978,879**	**3,053,351**
OPERATING EXPENSES										
Annual Expense Increase		*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*
Expenses		1,054,112	1,096,276	1,140,128	1,185,733	1,233,162	1,282,488	1,333,788	1,387,139	1,442,625
Replacement Reserve		93,600	93,600	93,600	93,600	93,600	93,600	93,600	93,600	93,600
Annual Tax Increase		*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*
Taxes and Assessments		1,764	1,799	1,835	1,872	1,909	1,948	1,987	2,026	2,067
TOTAL EXPENSES		**1,149,476**	**1,191,676**	**1,235,563**	**1,281,205**	**1,328,671**	**1,376,036**	**1,429,375**	**1,482,766**	**1,538,292**
NET OPERATING INCOME		**1,356,552**	**1,377,002**	**1,397,332**	**1,417,513**	**1,437,514**	**1,457,304**	**1,476,849**	**1,496,113**	**1,515,059**
DEBT SERVICE										
Interest only 1st Year	930,000									
CHFA - 1st Mortgage		1,225,566	1,225,566	1,225,566	1,225,566	1,225,566	1,225,566	1,225,566	1,225,566	1,225,566
CHFA - Bridge Loan		0	0	0	0	0				
CASH FLOW after debt service		**130,985**	**151,436**	**171,766**	**191,947**	**211,948**	**231,738**	**251,283**	**270,547**	**289,493**
DEBT COVERAGE RATIO		**1.11**	**1.12**	**1.14**	**1.16**	**1.17**	**1.19**	**1.21**	**1.22**	**1.24**

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Cash Flow

RENTAL INCOME	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19
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	3,266,351	3,348,010	3,431,710	3,517,503	3,605,440	3,695,576	3,787,965	3,882,665	3,979,731	4,079,225
TOTAL RENTAL INCOME	**3,266,351**	**3,348,010**	**3,431,710**	**3,517,503**	**3,605,440**	**3,695,576**	**3,787,966**	**3,882,665**	**3,979,731**	**4,079,225**
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	28,054	28,756	29,475	30,212	30,967	31,741	32,535	33,348	34,182	35,036
Commercial	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
TOTAL OTHER INCOME	**28,054**	**28,756**	**29,475**	**30,212**	**30,967**	**31,741**	**32,535**	**33,348**	**34,182**	**35,036**
GROSS INCOME	**3,294,405**	**3,376,765**	**3,461,185**	**3,547,714**	**3,636,407**	**3,727,317**	**3,820,500**	**3,916,013**	**4,013,913**	**4,114,261**
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	164,720	168,838	173,059	177,386	181,820	186,366	191,025	195,801	200,696	205,713
EFFECTIVE GROSS INCOME	**3,129,685**	**3,207,927**	**3,288,125**	**3,370,328**	**3,454,587**	**3,540,951**	**3,629,475**	**3,720,212**	**3,813,217**	**3,908,548**
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	1,500,330	1,560,343	1,622,757	1,687,667	1,755,174	1,825,381	1,898,396	1,974,332	2,053,305	2,135,437
Replacement Reserve	93,600	93,600	93,600	93,600	93,600	93,600	93,600	93,600	93,600	93,600
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	2,108	2,150	2,193	2,237	2,282	2,328	2,374	2,422	2,470	2,519
TOTAL EXPENSES	**1,596,038**	**1,656,094**	**1,718,550**	**1,783,504**	**1,851,056**	**1,921,308**	**1,994,370**	**2,070,354**	**2,149,375**	**2,231,557**
NET OPERATING INCOME	**1,533,647**	**1,551,834**	**1,569,575**	**1,586,824**	**1,603,531**	**1,619,643**	**1,635,105**	**1,649,858**	**1,663,842**	**1,676,991**
DEBT SERVICE										
Interest only 1st Year										
CHFA - 1st Mortgage	1,225,566	1,225,566	1,225,566	1,225,566	1,225,566	1,225,566	1,225,566	1,225,566	1,225,566	1,225,566
CHFA - Bridge Loan										
CASH FLOW after debt service	**308,081**	**326,267**	**344,009**	**361,258**	**377,965**	**394,077**	**409,539**	**424,292**	**438,276**	**451,425**
DEBT COVERAGE RATIO	**1.25**	**1.27**	**1.28**	**1.29**	**1.31**	**1.32**	**1.33**	**1.35**	**1.36**	**1.37**

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Cash Flow

RENTAL INCOME	Year 20	Year 21	Year 22	Year 23	Year 24	Year 25	Year 26	Year 27	Year 28	Year 29
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	4,181,205	4,285,735	4,392,879	4,502,701	4,615,268	4,730,650	4,848,916	4,970,139	5,094,392	5,221,752
TOTAL RENTAL INCOME	**4,181,205**	**4,285,735**	**4,392,879**	**4,502,701**	**4,615,268**	**4,730,650**	**4,848,916**	**4,970,139**	**5,094,392**	**5,221,752**
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	35,912	36,810	37,730	38,673	39,640	40,631	41,647	42,688	43,755	44,849
Commercial	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
TOTAL OTHER INCOME	**35,912**	**36,810**	**37,730**	**38,673**	**39,640**	**40,631**	**41,647**	**42,688**	**43,755**	**44,849**
GROSS INCOME	**4,217,117**	**4,322,545**	**4,430,609**	**4,541,374**	**4,654,908**	**4,771,281**	**4,890,563**	**5,012,827**	**5,138,148**	**5,266,602**
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	210,856	216,127	221,530	227,069	232,745	238,564	244,528	250,641	256,907	263,330
EFFECTIVE GROSS INCOME	**4,006,261**	**4,106,418**	**4,209,078**	**4,314,305**	**4,422,163**	**4,532,717**	**4,646,035**	**4,762,186**	**4,881,240**	**5,003,271**
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	2,220,855	2,309,689	2,402,077	2,498,160	2,598,086	2,702,010	2,810,090	2,922,494	3,039,393	3,160,969
Replacement Reserve	93,600	93,600	93,600	93,600	93,600	93,600	93,600	93,600	93,600	93,600
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	2,570	2,621	2,674	2,727	2,782	2,837	2,894	2,952	3,011	3,071
TOTAL EXPENSES	**2,317,025**	**2,405,910**	**2,498,350**	**2,594,487**	**2,694,468**	**2,798,447**	**2,906,584**	**3,019,046**	**3,136,004**	**3,257,640**
NET OPERATING INCOME	**1,689,237**	**1,700,508**	**1,710,728**	**1,719,818**	**1,727,695**	**1,734,270**	**1,739,451**	**1,743,140**	**1,745,236**	**1,745,631**
DEBT SERVICE										
Interest only 1st Year										
CHFA - 1st Mortgage	1,225,566	1,225,566	1,225,566	1,225,566	1,225,566	1,225,566	1,225,566	1,225,566	1,225,566	1,225,566
CHFA - Bridge Loan										
CASH FLOW after debt service	**463,670**	**474,941**	**485,162**	**494,252**	**502,129**	**508,704**	**513,885**	**517,574**	**519,670**	**520,065**
DEBT COVERAGE RATIO	**1.38**	**1.39**	**1.40**	**1.40**	**1.41**	**1.42**	**1.42**	**1.42**	**1.42**	**1.42**

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Cash Flow

RENTAL INCOME	Year 30
Market Rent Increase	*N/A*
Market Rents	N/A
Affordable Rent Increase	*2.50%*
Affordable Rents	5,352,296
TOTAL RENTAL INCOME	**5,352,296**
OTHER INCOME	
Other Income Increase	*2.00%*
Laundry	45,970
Commercial	N/A
TOTAL OTHER INCOME	**45,970**
GROSS INCOME	**5,398,267**
Vacancy Rate : Market	*N/A*
Vacancy Rate : Affordable	*5.00%*
Less: Vacancy Loss	269,913
EFFECTIVE GROSS INCOME	**5,128,353**
OPERATING EXPENSES	
Annual Expense Increase	*4.00%*
Expenses	3,287,408
Replacement Reserve	93,600
Annual Tax Increase	*2.00%*
Taxes and Assessments	3,133
TOTAL EXPENSES	**3,384,141**
NET OPERATING INCOME	**1,744,213**
DEBT SERVICE	
Interest only 1st Year	
CHFA - 1st Mortgage	1,225,566
CHFA - Bridge Loan	
CASH FLOW after debt service	**518,647**
DEBT COVERAGE RATIO	**1.42**

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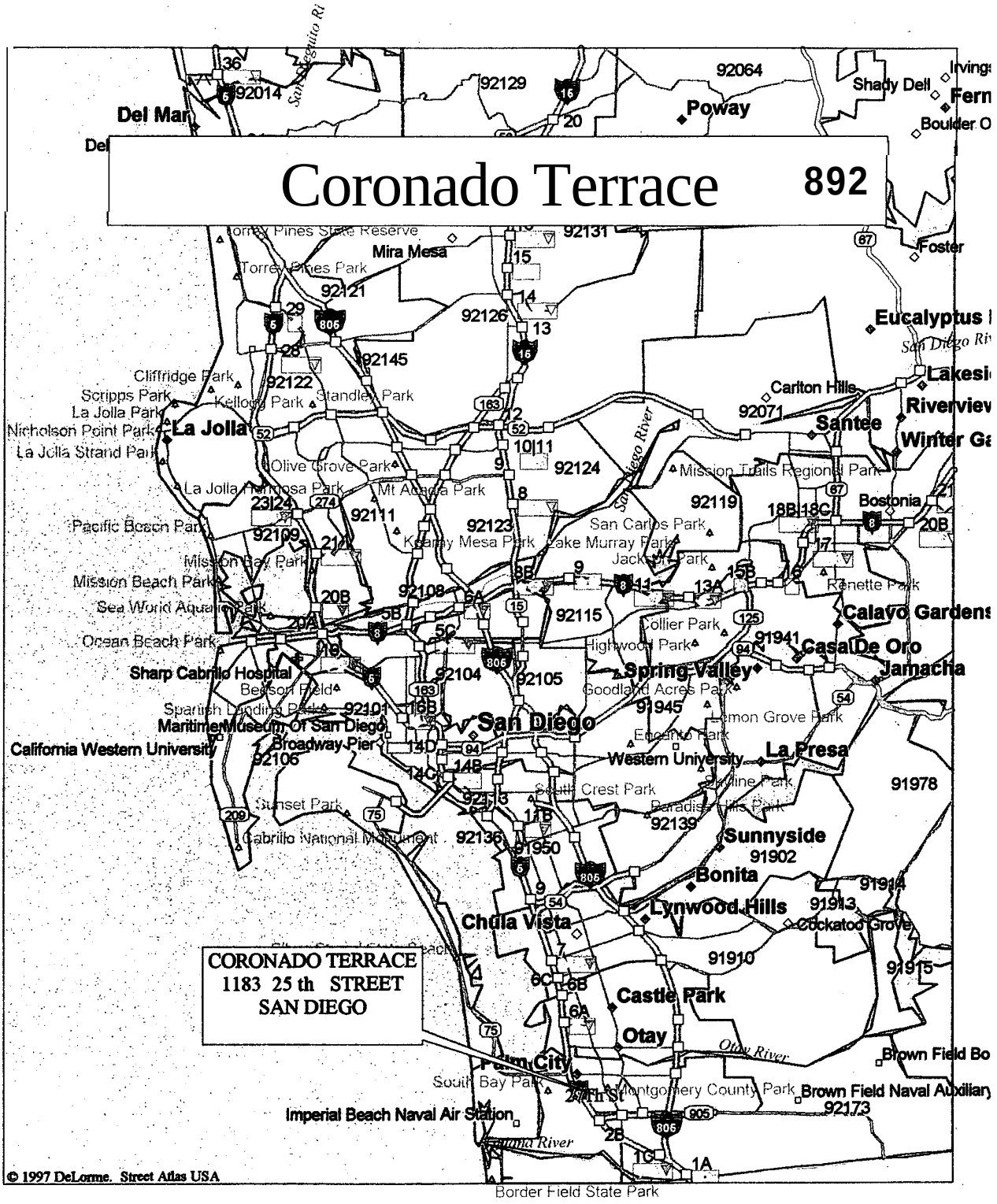
Coronado Terrace 892



Mag 11.00
Tue Jul 25 14472000
scale 1:250,000 *(at center)*
5 Miles
5KM

Major Connector
State Route
Primary State Route
Rest Area
Interstate/Limited Access
Toll Highway
Exit
Point of Interest
Small Town
Hospital

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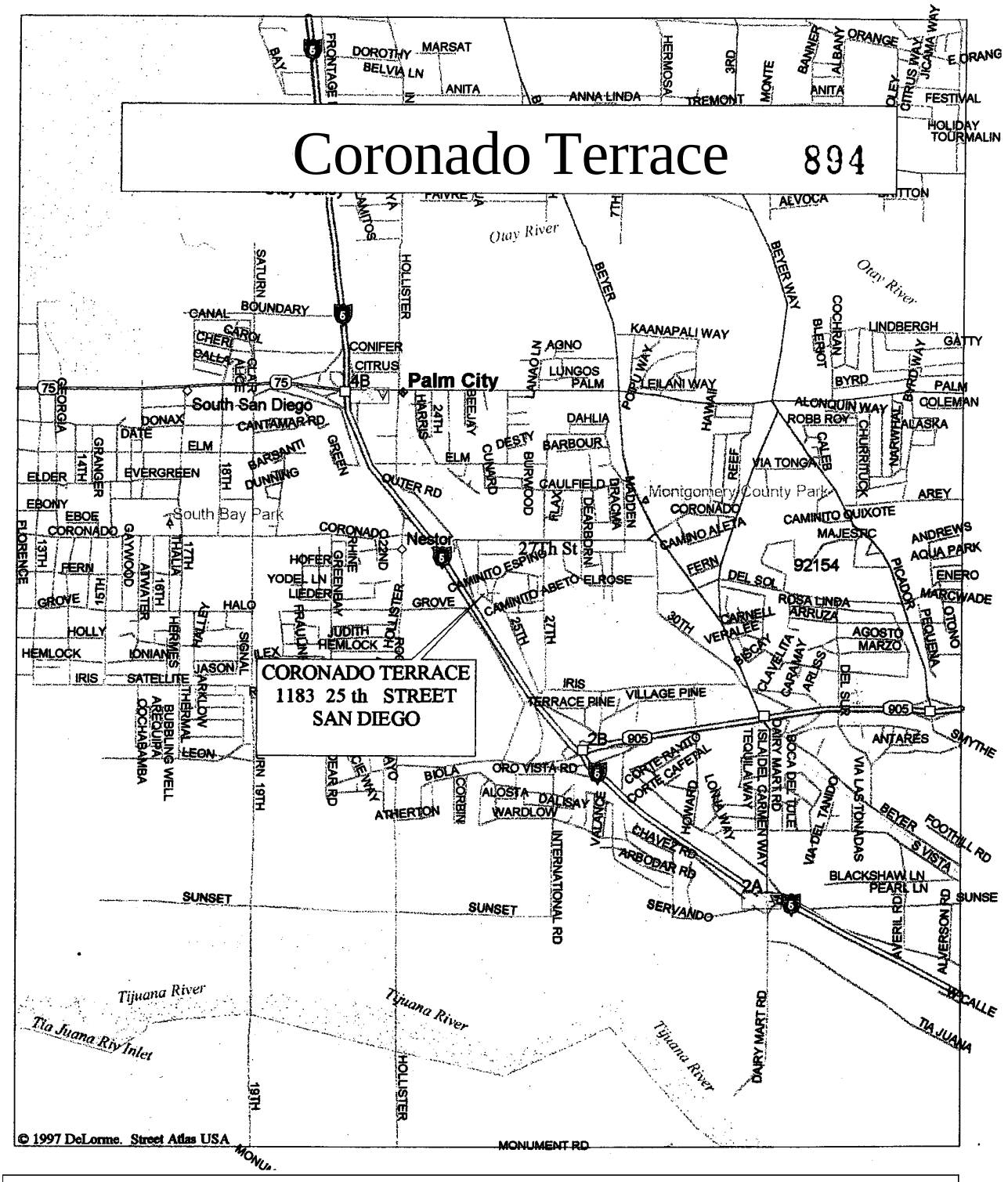
Coronado Terrace 894



Mag 14.00
Tue Jul 25 14:38 2000
Scale 1:31,250 (at center)
2000 Feet
1000 Meters

Local Road
Major Connector
State Route
Interstate/Limited Access
Exit
Railroad
Small Town
Geographic Feature
Park/Reservation
Exit/Gas

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RESOLUTION 00-26

RESOLUTION AUTHORIZING A FINAL LOAN COMMITMENT

WHEREAS, the California Housing Finance Agency (the "Agency") has received a loan application from The Related Companies of California (the "Borrower"), seeking a loan commitment under the Agency's Preservation Acquisition Loan Program in the mortgage amounts described herein, the proceeds of which are to be used to provide mortgage loans for a 312-unit multifamily housing development located in the City of San Diego to be known as Coronado Terrace (the "Development"); and

WHEREAS, the loan application has been reviewed by Agency staff which has prepared its report dated July 24, 2000 (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 and taxable bonds, to declare its reasonable official intent to reimburse prior expenditures for the Development with proceeds of a subsequent borrowing; and

WHEREAS, on June 27, 2000, the Executive Director exercised the authority delegated to 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:

PROJECT NUMBER	DEVELOPMENT NAME/ LOCALITY	NUMBER OF UNITS	MORTGAGE AMOUNTS
00-024-S	Coronado Terrace San Diego/San Diego	312	$16,500,000 $1,847,449 (IRP)

COURT PAPER
STATE OF CALIFORNIA
STD 113 (REV 8-72)

85 34769

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 increase 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 increases in mortgage amount of more than seven percent (7%), must be submitted to this Board for approval. "Material modifications" as used herein means modifications which, when made 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 or material way.

I hereby certify that this is a true and correct copy of Resolution 00-26 adopted at a duly constituted meeting of the Board of the Agency held on August 10, 2000, at Millbrae, California.

ATTEST:_____
secretary

COURT PAPLR
STATE OF CALIFORNIA
STD. 113 (REV 6-72)

85 34769

Executive Summary

898 Date: 24-Jul-00

Project Profile:

Roject :	Plaza Manor	*Bomwer:*	TBD
Location:	2721 Plaza BLvd.	*GP:*	*CAH*
City:	National City	*GP:*	Related
County:	San Diego	*Program:*	Tax Exempt
Type:	Senior/Family	*CHFA# :*	00-025-S

Financing Summary

	Final	Per Unit
CHFA First Mortgage	$15,290,000	$41,102
IRP Bond	$2,099,770	$5,645
NOI during Rehab	$289,245	$778
Other Loans	$0	$0
Developer Equity	$0	$0
Deferred Developer Equity	$6,591	$18
Tax Credits	$6,821,768	$18,338
CHFA Bridge	$0	$0
Taxable Tail	$1,390,060	$3,737

Note: Taxable tail is included in *the* 1st Mortgage.

Loan to Value
78.4%

Loan to Cost
62.4%

Unit Mix:

Type	Size	Number	AMI	Rent	Max Income
0 BR	414	84	46%	$438	$18,800
1 BR	602	56	49%	$493	$21,475
2 BR	822	33	50%	$604	$24,175
3 BR	1041	13	50%	$670	$26,850
2 BR	822	133	60%	$648	$29,010
3 BR	1,041	51	60%	$794	$32,220
2 BR	822	2	Mgr	$0	N/A
		372			

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CALIFORNIA HOUSING FINANCE AGENCY

Final Commitment

Project Name: Plaza Manor

CHFA Project # 00-025-S

SUMMARY:

This is a Final Commitment request for a tax-exempt first mortgage in the amount of $13,900,000 amortized over 31 years at 6.20% interest with a taxable tail of $1,390,000 at 7.0%; and a HUD IRP second mortgage in the amount of $2,099,770 amortized over 10 years at 5.75% interest. Plaza Manor is an existing 372-unit Section 8 project located at 2721 Plaza Boulevard, National City, in San Diego County.

LOAN TERMS:	1st Mortgage	IRP Mortgage
Loan Amount:	$15,290,000*	$2,099,770
Interest Rate:	6.30%	5.75%
Term:	31 years	10 years
Financing:	Tax Exempt	Tax-Exempt

NOTE: * The first mortgage includes a taxable tail.

LOCALITY INVOLVEMENT:

None

SECTION 8 CONTRACT.

Section 236: The project will qua.: under CHFA and tax credit rents, with income restrictions at 50% and 60% of median income. The project will also be subject to a HUD Section 236 loan that will be purchased by CHFA at the time of the loan closing. The loan is being purchased to preserve the Interest Reduction Payment ("IRP") which is a guaranteed stream of monthly payments from HUD for the benefit of the project. CHFA's responsibilities under the IRP agreement will be to review and approve basic and market rents, approve distributions and enforce housing quality standards. The provisions to be enforced by CHFA will be contained in a regulatory agreement and agreed to by the

owners and HUD. The provisions that CHFA must regulate will expire upon the termination of the 236 loan.

Current Status: The project based Section 8 contract expires on September 30, 2000 and an extension request has been submitted to HUD for review and approval. The borrower is also requesting an increase in the HUD rents to 50% and 60% of AMI. All of the units have Section 8 subsidy.

Conversion Scenario: The majority of residents are likely to remain a mix of Section 8 and tax credit tenants for several years. Given the uncertainty of the HAP contracts continuing staff is requiring a standby operating reserve to subsidize project costs. The Borrower will seek renewals of all Section 8 HAP contracts or the equivalent project-based subsidies for their full term and throughout the project's useful life.

A Standby Operating Account (the "Account") shall be required to subsidize the project costs, if required during the transition from Section 8 to non-subsidized rents. Funding of the account is contemplated as follows:

- At permanent loan close the owner shall deposit $145,433 into the Account to cover approved operating shortfalls, which will be drawn on an "As Needed" basis.

PROJECT DESCRIPTION:

This 372-unit project was built in 1970 on 10.7 acres and will be developed with separate senior and family housing areas. The senior housing will be in a seven-story building that has 84 efficiency units measuring 414 square feet and 56 one-bedroom units measuring approximately 602 square feet. The borrower plans on constructing a new day room for senior activities and adding perimeter fencing around the designated "Senior Housing Area". The project has an on-site nutrition program for seniors which includes a noon meal on weekdays and food bank items as available.

The family portion of the development consists of a mix of garden and townhouse units with 168 two-bedroom units averaging 840 square feet, and 64 three-bedroom units measuring 1,041 square feet. There are three children's play areas, a basketball court, a rental office, a meeting room and central laundry rooms. Additional improvements include plans to construct a new community center, a new maintenance building and a leasing office. The entire development has 432 open parking spaces with perimeter fencing along the northern and westerly property lines. Security is provided by an armed guard service that patrols the property 24-hours a day, seven days a week.

PROPOSED REHABILITATION

The proposed substantial rehabilitation is estimated to cost $4,685,000 and includes the following components:

- Construct new recreation building
- Construct new Day Room
- Repair asphalt & sidewalks
- Refinish/replace bath tubs/showers
- Some kitchen cabinet/counters replaced
- Refinish/replace bath tubs/showers
- Install metal screen doors
- Install hard-wired smoke detectors
- Upgrade laundry areas
- Construct new maintenance building
- Construct new leasing office
- Repair/remodel elevators
- Replace water heaters
- New refrigerators & ovens/ranges
- Replace water heaters
- Remodel mid-rise building corridors
- Installdiningroomceiling fans
- Replace carpeting in units

RELOCATION:

Rehabilitation work will take place over twelve months. Site and common area improvements will commence immediately, while the improvements to the residential structures will be completed in phases on a building by building basis. The developer does not anticipate the need to temporarily relocate tenants, but should the need arise, residents will be provided with referrals to available temporary housing.

Households that no longer qualify to remain in the project once Section 8 assistance terminates, will be permanently relocated. Funds to address this expense are included in the development budget.

MARKET DEMAND:

The project's primary market area ("PMA") is considered to be the geographic area within 2 to 4 miles of the subject site, from which a majority of the prospective tenants are expected to be drawn. National City constitutes the micro market or target neighborhood for the project. The year 2000 National City PMA estimated population is 236,110 of which 12,312 households are headed by seniors. Among the 74,749 households in the PMA, 17,099 or 23% would be income qualified for residency in the "family" units of Park Manor. Renters are forecast to account for 65% of the income-qualified households in the National City PMA. Occupancy levels are high across all rental housing types with senior units running at 99% occupancy and family units at 98.8% occupancy.

HOUSING SUPPLY:

Discussions with planning/redevelopment officials of the cities within the PMA identified two other pending affordable projects with a total of 272 units within the defined PMA boundaries. Both are rehab/conversion projects for families with income restrictions at 50% & 60% of median income. Both projects are underway and likely to be 100%

occupied by 1st quarter 2001, diminishing any competitive impact on the subject project. There were no senior projects in the pre-development stages. With current market rate vacancy rates at less than 2%, and affordable rental housing vacancy rates at 0%, there is a strong indication of pent-up demand for rental housing.

Rent Differentials (Proposed Rents vs. Market)

Rent Level	Subject Property	Market Rate Avg.	Difference Btwn Market	Percent of Market
Efficiency Units				
46% CHFA	$ 438	$ 525	$87	83%
One Bedroom				
49% CHFA	$493	$645	$152	76%
49% TCAC	$ 493	$645	$152	76%
Two Bedroom				
50% CHFA	$ 604	$750	$146	80%
60% TCAC	$ 648	$750	$102	86%
Three Bedroom				
50% CHFA	$ 670	$910	$240	73%
60% TCAC	$ 794	$910	$1 16	87%

OCCUPANCY RESTRICTIONS:

CHFA: 20% of the units (75) restricted to 50% or less of median income.

TCAC: 30% of the units (1 12) restricted to 50% or less of median income
70% of the units (260) restricted to 60% of median income.

ENVIRONMENTAL:

EMG completed a Phase I inspection dated May 17, 2000 that had no significant findings other than the implementation of both a lead-based paint and asbestos Operations and Maintenance Plan, which the project currently has in place and operates under. The Borrower also provided a Property Condition Evaluation prepared by EMG dated June 28, 2000 which provided the basis for the current scope of work. The termite report prepared by Orkin Pest Control dated April 5, 2000 showed minor findings of drywood termites and dryrot which will be eradicated and paid for by the seller.

ARTICLE 34:

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

DEVELOPMENT TEAM:

Borrower's profile: The Plaza Manor preservation project is to be undertaken jointly by The Related Companies of California ("Related") as the administrative general partner and Camden Affordable Housing, Inc., a non-profit public benefit corporation ("Camden") as the managing general partner. Related has eleven years of multifamily experience in California and they have developed over 1,458 units in 9 projects. Camden was founded this year and they currently manage 5 projects with 66 units; another three projects with 520 units are pending.

Contractor: The Borrower will solicit bids for the proposed rehabilitation once the entire scope of work has been finalized. Preliminary rehab costs were derived from, and based upon the scope of work identified by the Property Condition Evaluation prepared by EMG.

Architect: The architect is Steve Wraight of Wraight Architects in Irvine, CA. Wraight Architects specialize in urban housing and their designs have been acknowledged through local and national awards for site planning sensitivity and contextual architecture. Mr. Wraight has been retained by the City of Anaheim as a design consultant for all housing projects requiring community development review, and subsequently co-authored the City's design guidelines for affordable housing.

Management Agent: Related Management Company ("RMC") will manage the project in conjunction with Camden. RMC currently manages all projects developed by Related and prides themselves in providing a superior level of service that helps them attract and retain outstanding residential tenants. RMC has a rigorous preventative maintenance program and ongoing employee training which have enabled the company to keep operating expenses and capital expenditures levels below those of competing projects.

Project Summary

905

Date: 24-Jul-00

Project Profile:

Project :	Plaza Manor	*Appraiser:*	Dennis Cunningham
Location:	2721 Plaza BLvd.		Cunningham & Assocs.
	National City	*Cap Rate:*	8.50%
unty/Zip:	San Diego 92060	*As-Is Value*	$ 16,000,000
Borrower:	TBD	*After Rehab*	$ 19,500,000
GP:	CAH	*Finalvalue:*	$ 19,500,000
GP:	Related		
		LTC/LTV:	
Program:	Tax Exempt	*Loan/Cost*	62.4%
CHFA#:	00-025-S	*Loan/Value*	78.4%

Project Description:

Units	372
Handicap Units	NIA
Bldge Type	Acq/Rehab
Buildings	19
Stories	1,2,3 & 7
Gross Sq Ft	283,208
Land sq Ft	466,092
Units/Acre	35
Total Parking	432
Covered Parking	0

Financing Summary:

	Amount	Per Unit	Rate	Term
CHFA First Mortgage	$15,290,000	$41,102	6.30%	31
IRP Bond	$2,099,770	$5,645	5.75%	10
NOI during Rehab	$289,245	$778	0.00%	-
Other Loans	$0	$0		
Developer Equity	$0	$0		
Tax Credit Equity	$6,821,768	$18,338		
Deferred Developer Fee	$6,591	$18		
CHFA Taxable Tail	$1,390,000	$3,737	7.00%	31

Note: Taxable tail is included in the 1st Mortgage.

Unit Mix:

Type	Size	Number	AMI	Rent	Max Income
0 BR	414	84	46%	$438	$18,800
1 BR	602	56	49%	$493	$21,475
2 BR	822	33	50%	$604	$24,175
3 BR	1,041	13	50%	$670	$26,850
2 BR	822	133	60%	$648	$29,010
3 BR	1,041	51	60%	$794	$32,220
2 BR	822	2	Mgr	0	N/A
		372			

Fees, Escrows and Reserves:

Escrows	Basis of Requirements		Amount	Security
Commitment Fee	1.00%	of Loan Amount	$159,998	Cash
Finance Fee	1.00%	of Loan Amount	$159,998	Cash
Bond Origination Guarantee	0.00%	of Loan Amount	$0	Letter of Credit
Rent Up Account	0.00%	of Gross Income	$0	Letter of Credit
Operating Expense Reserve	10.00%	of Gross Income	$272,934	Letter of Credit
Marketing	1.13%	of Gross Income	$30,000	Letter of Credit
Annual Replacement Reserve Deposit	350	PerUnit	$130,200	Operations
Initial Deposit to Repl. Res.	500	PerUnit	$186,000	Cash
Const Defects Agreement	2.50%	12 months	$117,125	Letter of Credit
Transition Reserve			$145,433	Capitalized

Sources and Uses — Plaza Manor

SOURCES:

Name of Lender / Source	Amount	$ per unit
CHFA First Mortgage	15,290,000	41,102
CHFA Bridge	0	0
Taxable Tail	0	0
IRP Bond	2,099,770	6,645
NOI during Rehab	289,245	778
Other Loans	0	0
Total Institutional Financing	17,679,015	47,524
Equity Financing		
Tax Credits	6,821,768	18,338
Deferred Developer Equity	6,591	18
Total Equity Financing	6,828,589	18,586
TOTAL SOURCES	24,507,374	65,880

USES:

Acquisition	15,422,500	41,458
Rehabilitation	5,463,739	14,687
New Construction	0	0
Architectual Fees	100,000	269
Survey and Engineering	100,000	269
Const. Loan Interest & Fees	284,950	766
Permanent Financing	320,495	862
Legal Fees	105,000	282
Reserves	634,367	1,705
Contract Costs	17,250	46
Construction Contingency	370,869	997
Local Fees	75,000	202
TCAC/Other Costs	413,204	1,111
PROJECT COSTS	23,307,374	62,654
Developer Overhead/Profit	1,200,000	3,226
Consultant/Processing Agent	0	0
TOTAL USES	24,507,374	65,880

907

Annual Operating Budget Plaza Manor

	Amount	$ per unit
INCOME:		
Total Rental Income	2,702,556	7,265
	26,784	72
Other Income	0	-
Commercial/Retail	0	-
Gross Potential Income (GPI)	**2,729,340**	**7,337**
Less:		
Vacancy Loss	136,467	367
Total Net Revenue	2,892,879	6,970
EXPENSES:		
Payroll	298,567	803
Administrative	173,724	467
Utilities	432,581	1,163
Operating and Maintenance	207,278	557
Insurance and Business Taxes	71,204	191
Taxes and Assessments	10,488	28
Reserve for Replacement Deposits	130,200	350
Subtotal Operating Expenses	**1,324,042**	**3,559**
Financial Expenses		
Mortgage Payments (1st loan)	1,135,691	3,053
Total Financial	1,135,691	3,053
Total Project Expenses	2,459,733	6,612

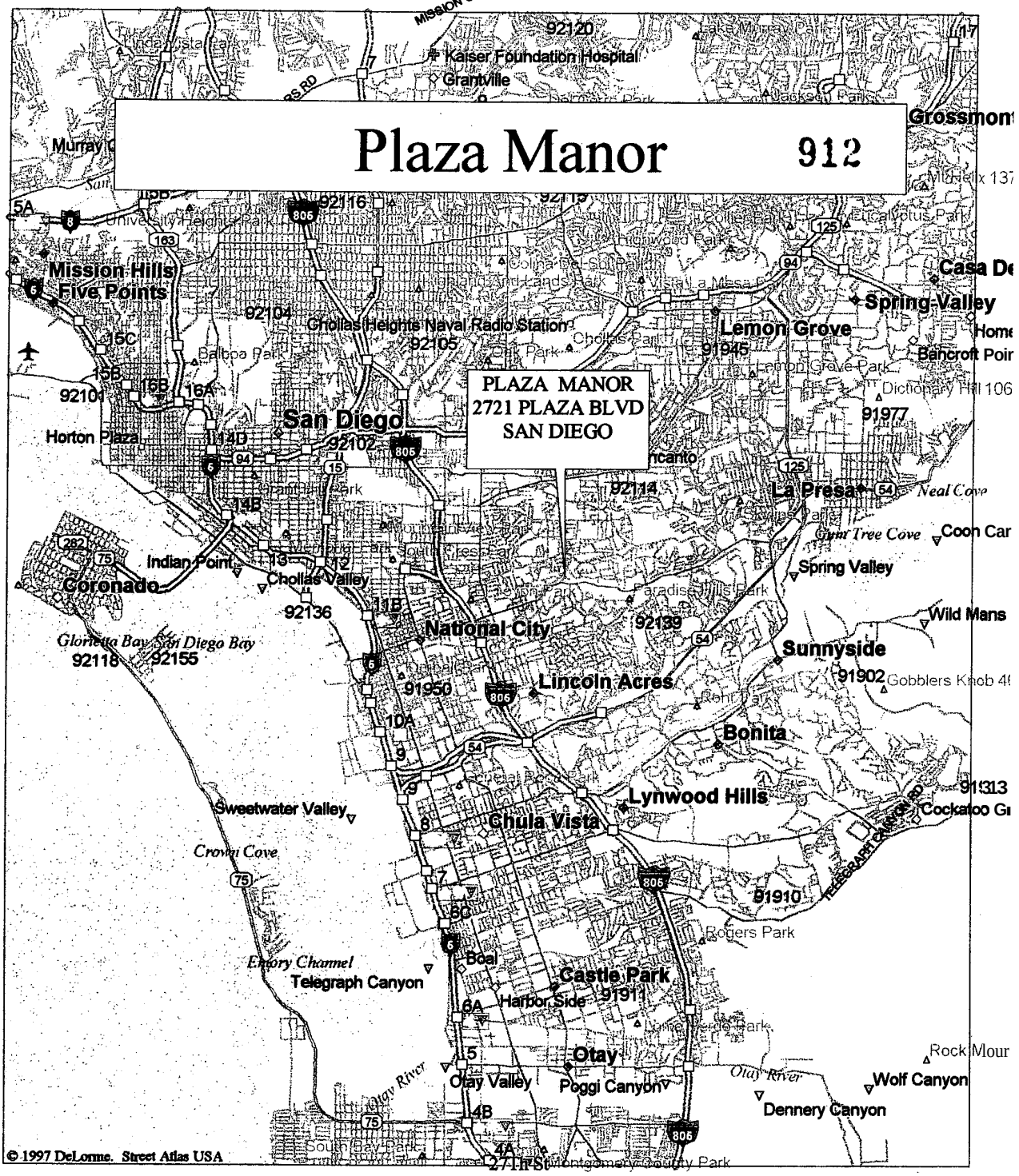
Cash Flow — Plaza Manor — CHFA # 00-025-S

RENTAL INCOME	Const.	2001	2002	2003	2004	2005	2006	2007	2008	2009
Sec. 8 Incease		*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*
Sec. 8 Rents		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%*
Affordable Rents		2,702,556	2,770,120	2,839,373	2,910,357	2,983,116	3,057,694	3,134,136	3,212,490	3,292,802
TOTAL RENTAL INCOME		**2,702,556**	**2,770,120**	**2,839,373**	**2,910,357**	**2,983,116**	**3,057,694**	**3,134,136**	**3,212,490**	**3,292,802**
OTHER INCOME										
Other Income Increase		*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*
Laundry		26,784	27,454	28,140	28,843	29,565	30,304	31,061	31,838	32,634
Commercial		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
TOTAL OTHER INCOME		**26,784**	**27,454**	**28,140**	**28,843**	**29,565**	**30,304**	**31,061**	**31,838**	**32,634**
GROSS INCOME		**2,729,340**	**2,797,574**	**2,867,513**	**2,939,201**	**3,012,681**	**3,087,998**	**3,165,198**	**3,244,328**	**3,325,436**
Vacancy Rate : Market		*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%*
Less: Vacancy Loss		136,467	139,879	143,376	146,960	150,634	154,400	158,260	162,216	166,272
EFFECTIVE GROSS INCOME		**2,592,873**	**2,657,695**	**2,724,137**	**2,792,241**	**2,862,047**	**2,933,598**	**3,006,938**	**3,082,111**	**3,159,164**
OPERATING EXPENSES										
Annual Expense Increase		*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*
Expenses		1,183,354	1,230,688	1,279,916	1,331,112	1,384,357	1,439,731	1,497,320	1,557,213	1,619,502
Replacement Reserve		130,200	130,200	130,200	130,200	130,200	130,200	130,200	130,200	130,200
Annual Tax Increase		*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*
Taxes and Assessments		10,488	10,698	10,912	11,130	11,353	11,580	11,811	12,047	12,288
TOTAL EXPENSES		**1,324,042**	**1,371,586**	**1,421,027**	**1,472,442**	**1,525,909**	**1,581,511**	**1,639,332**	**1,699,461**	**1,761,990**
NET OPERATING INCOME		**1,268,831**	**1,286,109**	**1,303,110**	**1,319,798**	**1,336,137**	**1,352,087**	**1,367,606**	**1,382,651**	**1,397,174**
DEBT SERVICE										
Interest only 1st Yr.	861,800									
CHFA - 1st Mortgage		1,135,691	1,135,691	1,135,691	1,135,691	1,135,691	1,135,691	1,135,691	1,135,691	1,135,691
CHFA - Bridge Loan		0	0	0	0	0				
CASH FLOW after debt service		**133,140**	**150,418**	**167,419**	**184,107**	**200,446**	**216,396**	**231,915**	**246,959**	**261,483**
DEBT COVERAGE RATIO		**1.12**	**1.13**	**1.15**	**1.16**	**1.18**	**1.19**	**1.20**	**1.22**	**1.23**

Flow

RENTAL INCOME	2030	2019
ase	*N/A*	*/A*
s	N/A	N/A
Rent Increase	*2.50%*	0%
Rents	5,530,531	65
ENTAL INCOME	**5,530,531**	35
ICOME		
me Increase	*2.50%*	0%
	54,811	74
al	N/A	N/A
THER INCOME	**54,811**	74
ICOME	**5,585,342**	9
ate : Market	*N/A*	/A
ate : Affordable	*5.00%*	%
ncy Loss	279,267	2
VE GROSS INCOME	**5,306,075**	7
NG EXPENSES		
pense Increase	*4.00%*	%
	3,690,469	8
nt Reserve	130,200	0
x Increase	*2.00%*	%
Assessments	18,625	9
XPENSES	**3,839,294**	8
RATING INCOME	**1,466,781**	9
RVICE		
ly 1st Yr. @ 7%		
t Mortgage	1,135,691	1
ridge Loan		
W after debt service	**331,090**	8
OVERAGE RATIO	**1.29**	2

Plaza Manor 912



Mag 12.00
Tue Jul 25 15:18 2000
Scale 1:125,000 (at center)
2 Miles
2 KM

Local Road
Major Connector
State Route
Walkway/Stairway
Interstate/Limited Access
Toll Highway
Exit
Utility/Pipe
Railroad
Point of Interest

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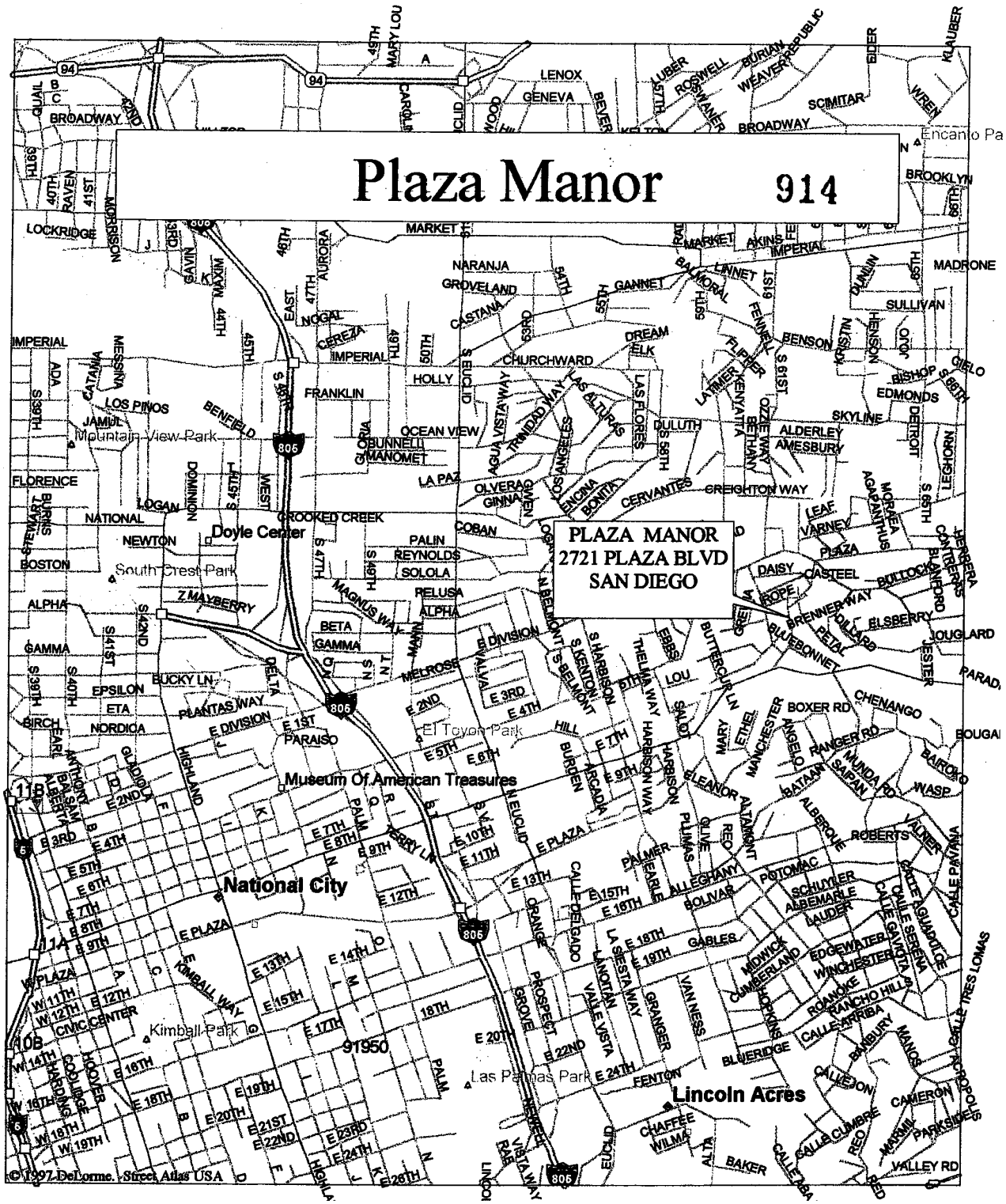
Plaza Manor 914



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Tue Jul 25 15:15 2000
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
Exit/Gas

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RESOLUTION AUTHORIZING A FINAL LOAN COMMITMENT

WHEREAS, the California Housing Finance Agency (the "Agency") has received a loan application from The Related Companies of California (the "Borrower"), seeking a loan commitment under the Agency's Preservation Acquisition Loan Program in the mortgage amounts described herein, the proceeds of which are to be used to provide mortgage loans for a 372-unit multifamily housing development located in the City of National City to be known as Plaza Manor (the "Development"); and

WHEREAS, the loan application has been reviewed by Agency staff which has prepared its report dated July 24, 2000 (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 and taxable bonds, to declare its reasonable official intent to reimburse prior expenditures for the Development with proceeds of a subsequent borrowing; and

WHEREAS, on June 27, 2000, the Executive Director exercised the authority delegated to 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:

PROJECT NUMBER	DEVELOPMENT NAME/ LOCALITY	NUMBER OF UNITS	MORTGAGE AMOUNTS
00-025-S	Plaza Manor National City/San Diego	372	$15,290,000 $ 2,099,770 (IRP)

CO PAPER
STATE OF CALIFORNIA
STD 113 (REV 8-72)
85 34769

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 increase the mortgage mount 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 increases in mortgage mount of more than seven percent (7%), must be submitted to this Board for approval. "Material modifications" as used herein means modifications which, when made 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 or material way.

I hereby certify that this is a true and correct copy of Resolution 00-27 adopted at a duly constituted meeting of the Board of the Agency held on August 10, 2000, at Millbrae, California.

ATTEST:_____
Secretary

COURT PAPER
STATE OF CALIFORNIA
STD 113 (REV. 8-72)

85 34769

Executive Summary

918 Date: 24-Jul-00

Project Profile:

Project :	Vista Terrace Hills	*Borrower:*	TBD
Location:	1606 Del Sur Blvd.	*GP:*	Wakeland
City:	San Ysidro	*GP:*	Related Capital
County:	San Diego	*Program:*	Tax Exempt
Type:	Family	*CHFA # :*	00-023-S

Financing Summary

	Final	Per Unit
CHFA First Mortgage	$17,380,000	$66,336
IRP Bond	$1,895,527	$7,235
NOI during Rehab	$305,275	$1,165
Other Loans	$0	$0
Developer Equity	$0	$0
Deferred Developer Equity	$0	$0
Tax Credits	$7,356,116	$28,077
(CHFA Taxable Tail	$1,680,000	$6,031

Loan to Value
72.4%

Loan to cost

Unit Mix:

Type	Size	Number	AMI	Rent	Max Income
3 BR	1103	42	50%	$670	$26,850
4 BR	1247	11	50%	$725	$29,000
3 BR	1103	21	50% TCAC	$698	$26,850
4 BR	1247	6	50% TCAC	$778	$29,000
3 BR	1103	145	60%	$837	$32,220
4 BR	1247	35	60%	$934	$34,800
3 BR	1103	2	Mgr	$0	N/A
		262			

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CALIFORNIA HOUSING FINANCE AGENCY

Final Commitment

Project Name: Vista Terrace Hills

CHFA Project # 00-023-S

SUMMARY:

This is a Final Commitment request for a tax-exempt first mortgage in the mount of $15,800,000 amortized over 31 years at 6.20% interest with a taxable tail of $1,580,000 at 7.0%; and a HUD IRP second mortgage in the mount of $1,895,527 amortized over 10 years at 5.75% interest. Vista Terrace Hills is an existing 262-unit Section 8 project located at 1606 Del Sur Boulevard, San Ysidro, in San Diego County.

LOANTERMS:	1st Mortgage	IRP Mortgage
Loan Amount:	$17,380,000*	$1,895,527
Interest Rate:	6.30%	5.75%
Term:	31 years	10 years
Financing:	Tax Exempt	Tax-Exempt

NOTE: * The first mortgage includes a taxable tail.

LOCALITY INVOLVEMENT:

None

SECTION 8 CONTRACT:

Section 236: The project will operate under CHFA and tax credit rents, with income restrictions at 50% and 60% of median income. The project is also subject to a HUD Section 236 loan'thatwill be purchased by CHFA at the time of the loan closing. The loan is being purchased *to* preserve the Interest Reduction Payment ("IRP") which is a guaranteed stream of monthly payments from HUD for the benefit of the project. CHFA's responsibilitiesunder the IRP agreement will be to review and approve basic and market rents, approve distributions and enforce housing quality standards. The provisions to be enforced by CHFA will be contained in a regulatory agreement and agreed to by the

owners and HUD. The provisions that CHFA must regulate will expire upon the termination of the 236 loan.

Current Status: The project based Section 8 contract expires on September 30, 2000 and an extension request has been submitted to HUD for review and approval. The borrower is also requesting an increase in the HUD rents to 50% and 60% of AMI. All of the units have Section 8 subsidy.

Conversion Scenario: The majority of residents are likely to remain a mix of Section 8 and tax credit tenants for several years. Given the uncertainty of the HAP contracts continuing, staff is requiring a standby operating reserve to subsidize project costs. The Borrower will seek and accept renewals of all Section 8 HAP contracts or the equivalent project-based subsidies for their full term and throughout the project's useful life.

A Standby Operating Account (the **Account") shall be required to subsidize the project costs, if required during the transition from Section 8 to non-subsidized rents. Funding of the account is contemplated as follows:

- At permanent loan close the owner shall deposit $114,150 into the Account to cover approved operating shortfalls, which will be drawn on an "As Needed" basis.

PROJECT DESCRIPTION:

The 262-unit project was built in 1970 on 10.8 acres. The residential units are in 26 three-story residential buildings with an additional 6 buildings of one and two-story design containing the recreation room, maintenance workshop and storage and laundry rooms. The unit mix consists of 70 three-bedroodtwo-bath stacked units measuring 1080 square feet; 140 three-bedroodtwo-bath townhomes measuring 1054 square feet, and 52 four-bedroodtwo-bath stacked units measuring 1247 square feet. There are 271 open parking spaces a sport court, three tot lots and five laundry rooms.

PROPOSED REHABILITATION:

The proposed substantial rehabilitation is estimated to cost $3,850,000 and will include the following components:

- Repair eroded areas around buildings
- Build new tot lots
- Repair asphalt & sidewalks
- Refinish/replace bath tubs/showers
- Some kitchen cabinet/counters replaced
- Refinish/replace bath tubs/showers
- Construct new recreation building
- Remodel administration building
- Add security lighting and cameras
- Replace water heaters
- New refrigerators & ovens/ranges
- Replace water heaters

- Install metal screen doors
- Replace leaking windows
- Upgrade laundry areas
- Repair roofs and exterior stairs
- Install dining room ceiling fans
- Replace carpeting in half of the units

RELOCATION:

Rehabilitation work will take place over twelve months. Site and common area improvements will commence immediately, while the improvements to the residential structures will be phased on a building by building basis. The developer does not anticipate the need to temporarily relocate tenants, but should the need arise, residents will be provided with referrals to available temporary housing.

Households that no longer qualify to remain in the project once Section 8 assistance terminates, will be permanently relocated. Funds to address this expense are included in the development budget.

ET DEMAND:

The project's primary market area ("PMA") is considered to be the South Bay region of San Diego County where rents have increased 4.6% within the last six months and approximately 7% within the last year. The population of San Ysidro is approximately 6,350 persons, with the majority of household incomes between $10,000 and $50,000. The average income is $30,093 which is approximately 32% lower than San Diego's reported average income of $44,375.00. With San Diego County's estimated growth of 200,000 residents over the next two years, and vacancy rates at their lowest in years, affordable housing options will continue to remain in high demand.

HOUSING SUPPLY:

Within the South County area of San Diego there are 481 rental complexes with a total of 57,821 units. Current vacancy rates are at 1.43% with average monthly rents of $843 for an 820 square foot unit. Within the immediate vicinity of the subject property there are five comparable projects with a total of 1,538 units, of which only 211 of the units had three or four bedrooms. Large family subsidized rental units have extensive waiting lists with a 0% vacancy rate.

There is no new construction of rental housing proposed within the City of San Ysidro and it is anticipated that rents will continue to increase at the rate of 7-8% per year with no increase in vacancies.

Rent Differentials (Proposed Rents vs. Market)

Rent Level	Subject Property	Market Rate Avg.	Difference Btwn Market	Percent of Market
Three Bedroom				
50% CHFA	$ 670	$985	$315	**68%**
50% TCAC	$ 698	$985	$287	**70%**
60% TCAC	$ 837	$985	$148	**84%**
Four Bedroom				
50% CHFA	$ 725	$ 1,150	$425	63%
50% TCAC	$ 778	$1,150	$372	67%
60% TCAC	$ 934	$1,150	$216	81%

OCCUPANCY RESTRICTIONS:

CHFA: 20% of the units (53) restricted to ***50%*** or less of median income.

TCAC: 30% of the units **(80)** restricted to ***50%*** or less of median income
70% of the units (1**82**) restricted to 60% of median income.

ENVIRONMENTAL:

EMG completed a Phase I inspection dated May 17, 2000 that had **no** significant findings other than the implementation of both a lead-based paint and'asbestos Operations **and** Maintenance Plan, which the project currently has in place under which it operates. The borrower also provided a Property Condition Evaluation prepared by EMG dated June 26, 2000 that provided the basis for the current scope of work. The termite **report** prepared by Orkin Pest Control on April 6, 2000 showed minor findings of drywood and subterranean termites with scattered dryrot which will be irradiated during the **scope** of rehab.

ARTICLE 34:

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

DEVELOPMENT TEAM:

Borrower's profile: The **Vista** Terrace Hills preservation project is ***to*** **be** undertaken jointly **by** The Related Companies of California ("Related") **as** the administrative general partner **and** Wakeland Housing & Development Corporation, **a** non-profit public benefit corporation ('Wakeland") **as** the managing general partner. Related has eleven years of multifamily experience in California and have developed over 1,458 units in 9 projects.

Wakeland was founded in December 1998 and is the managing general partner in six affordable housing and mixed-income projects totaling over 1,800 units.

Contractor: The Borrower will solicit bids for the proposed rehabilitation once the entire scope of work has been finalized. Preliminary rehab costs were derived from, and based upon the scope of work identified by the Property Condition Evaluation prepared by EMG.

Architect: The architect is Steve Wraight of Wraight Architects in Irvine, CA. Wraight Architects specialize in urban housing and their designs have been acknowledged through local and national awards for site planning sensitivity and contextual architecture. Mr. Wraight has been retained by the City'of Anaheim as a design consultant for all housing projects requiring community development review, and subsequently co-authored the City's design guidelines for affordable housing.

Management Agent: Related Management Company (RMC) will manage the project in conjunction with Wakeland. RMC currently manages all projects developed by Related and prides themselves in providing a superior level of service that helps it attract and retain outstanding residential tenants. RMC has a rigorous preventative maintenance program and ongoing employee training which have enabled the company to keep operating expenses and capital expenditures levels below those of competing projects.

Project Summary

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Date: 24-Jul-00

Project Profile:

Project : Vista Terrace Hills
Location: 1606 Del Sur Blvd.
San Ysidro
ounty/Zip: San Diego 92173
Borrower: TBD
GP: Wakeland
GP: Related Capital
LP TBD
Program: Tax Exempt
CHFA #: 00-023-S

Appraiser: Dennis Cunningham
Cunningham & Assocs.
Cap *Rate:* 8.50%
As-Is Value $ 20,000,000
After Rehab $ 24,000,000
Final Value: $ 24,000,000

LTC/LTV:
Loan/Cost 64.5%
Loan/Value 72.4%

Project Description:

Units	262
Handicap Units	NA
Bldge Type	Acq/Rehab
Buildings	26
Stories	2 & 3
Gross sq Ft	306,830
Land Sq Ft	447,797
Units/Acre	25
Total Parking	271
Covered Parking	0

Financing Summary:

	Amount	Per Unit	Rate	Term
CHFA First Mortgage	$17,380,000	$66,336	6.30%	31
IRP Bond	$1,895,527	$7,235	5.75%	10
NOI during Rehab	$305,275	$1,165	0.00%	-
Other Loans	$0	$0		
Developer Equity	$0	$0		
Tax Credit Equity	$7,356,116	$28,077		
Deferred Developer Fee	$0	$0		
CHFA Taxable Tail	$1,580,000	$6,031	7.00%	31

Note: Taxable Tail included in 1st mortgage.

Unit Mix:

Type	Size	Number	AMI	Rent	Max Income
3 BR	1,103	42	50%	$670	$26,850
4 BR	1,247	11	50%	$725	$29,000
3 BR	1,103	21	50% TCAC	$698	$26,850
4 BR	1,247	6	50% TCAC	$778	$29,000
3 BR	1,103	145	60%	$837	$32,220
4 BR	1,247	35	60%	$934	$34,800
3 BR	1103	2	Mgr	0	N/A
		262			

Fees, Escrows and Reserves:

Escrows	Basis of Requirements		Amount	Security
Commitment Fee	1.00%	of Loan Amount	$176,955	Cash
Finance Fee	1.00%	of Loan Amount	$176,955	Cash
Bond Origination Guarantee	0.00%	of Loan Amount	$0	Letter of Credit
Rent Up Account	0.00%	of Gross Income	$0	Letter of Credit
Operating Expense Reserve	10.00%	of Gross Income	$259,566	Letter of Credit
Marketing	1.35%	of Gross Income	$35,000	Letter of Credit
Annual Replacement Reserve Deposit	300	PerUnit	$78,600	Operations
Initial Deposit to Repl. Res.	500	PerUnit	$131,000	Cash
Const Defects Agreement	2.50%	12 months	$96,250	Letter of Credit
Transition Reserve	$0	PerUnit	$114,150	Capitalized

Sources and Uses — Vista Terrace Hills

SOURCES:

Name of Lender / Source	Amount	$ per unit
CHFA First Mortgage	17,380,000	66,336
CHFA Bridge	0	0
CHFA Taxable Tail	0	0
IRP Bond	1,895,527	7,235
NOI during Rehab	305,275	1,165
Other Loans	0	0
Total Institutional Financing	19,580,802	74,736
Equity Financing		
Tax Credits	7,356,116	28,077
Deferred Developer Equity	0	0
Total Equity Financing	7,366,116	28,077
TOTAL SOURCES	26,936,918	102,813

USES:

Acquisition	18,957,500	72,357
Rehabilitation	4,507,769	17,205
New Construction	0	0
Architectual Fees	110,000	420
Survey and Engineering	100,000	382
Const. Loan Interest & Fees	291,516	1,113
Permanent Financing	359,411	1,372
Legal Fees	105,000	401
Reserves	539,716	2,060
Contract Costs	16,750	64
Construction Contingency	322,592	1,231
Local Fees	60,000	229
TCAC/Other Costs	366,664	1,399
PROJECT COSTS	25,736,918	98,233
Developer Overhead/Profit	1,200,000	4,580
Consultant/Processing Agent	0	0
TOTAL USES	26,936,918	102,813

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Annual Operating Budget Vista Terrace Hills

		$ per unit
INCOME:		
Total Rental Income	2,576,801	9,835
Laundry	18,864	72
Other Income	0	-
Commercial/Retail	0	-
Gross Potential Income (GPI)	2,595,665	9,907
Less:		
Vacancy Loss	129,783	495
Total Net Revenue	2,465,882	9,412
EXPENSES:		
Payroll	257,671	983
Administrative	146,597	560
Utilities	317,086	1,210
Operating and Maintenance	153,633	586
Insurance and Business Taxes	60,336	230
Taxes and Assessments	5,244	20
Reserve for Replacement Deposits	78,600	300
Subtotal operating Expenses	1,019,167	3,890
Financial Expenses		
Mortgage Payments (1st loan)	1,290,930	4,927
Total Financial	1,290,930	4,927
Total Roject Expenses	2,310,097	8,817

Cash Flow — Vista Terrace Hills CHFA # 00-023-S

RENTAL INCOME	Const	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9
Market Rent Increase		*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
Affordable Rent Increase		*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*
Affordable Rents		2,576,801	2,641,221	2,707,251	2,774,933	2,844,306	2,915,414	2,988,299	3,063,006	3,139,582
TOTAL RENTAL INCOME		**2,576,801**	**2,641,221**	**2,707,251**	**2,774,933**	**2,844,306**	**2,915,414**	**2,988,299**	**3,063,006**	**3,139,582**
OTHER INCOME										
Other Income Increase		*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*
Laundry		18,864	19,336	19,819	20,314	20,822	21,343	21,876	22,423	22,984
Commercial		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
TOTAL OTHER INCOME		**18,864**	**19,336**	**19,819**	**20,314**	**20,822**	**21,343**	**21,876**	**22,423**	**22,984**
GROSS INCOME		**2,595,665**	**2,660,556**	**2,727,070**	**2,795,247**	**2,865,128**	**2,936,756**	**3,010,175**	**3,085,430**	**3,162,566**
Vacancy Rate : Market		*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%*
Less: Vacancy Loss		129,783	133,028	136,354	139,762	143,256	146,838	150,509	154,271	158,128
EFFECTIVE GROSS INCOME		**2,465,882**	**2,527,529**	**2,590,717**	**2,655,485**	**2,721,872**	**2,789,919**	**2,859,667**	**2,931,158**	**3,004,437**
OPERATING EXPENSES										
Annual Expense Increase		*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*
Expenses		935,323	972,736	1,011,645	1,052,111	1,094,196	1,137,963	1,183,482	1,230,821	1,280,054
Replacement Reserve		78,600	78,600	78,600	78,600	78,600	78,600	78,600	78,600	78,600
Annual Tax Increase		*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*
Taxes and Assessments		5,244	5,349	5,456	5,565	5,676	5,790	5,906	6,024	6,144
TOTAL EXPENSES		**1,019,167**	**1,056,685**	**1,095,701**	**1,136,276**	**1,178,472**	**1,222,353**	**1,267,988**	**1,315,445**	**1,364,798**
NET OPERATING INCOME		**1,446,715**	**1,470,844**	**1,495,016**	**1,519,209**	**1,543,400**	**1,567,565**	**1,591,679**	**1,615,713**	**1,639,639**
DEBT SERVICE										
Interest only 1st Year	979,600									
CHFA - 1st Mortgage		1,290,930	1,290,930	1,290,930	1,290,930	1,290,930	1,290,930	1,290,930	1,290,930	1,290,930
CHFA - Bridge Loan		0	0	0	0	0				
CASH FLOW after debt service		**155,785**	**179,914**	**204,086**	**228,279**	**252,470**	**276,636**	**300,749**	**324,784**	**348,709**
DEBT COVERAGE RATIO		**1.12**	**1.14**	**1.16**	**1.18**	**1.20**	**1.21**	**1.23**	**1.25**	**1.27**

Cash Flow

RENTAL INCOME	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19
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	3,218,071	3,298,523	3,380,986	3,465,511	3,552,148	3,640,952	3,731,976	3,825,275	3,920,907	4,018,930
TOTAL RENTAL INCOME	**3,218,071**	**3,298,523**	**3,380,986**	**3,465,511**	**3,552,148**	**3,640,952**	**3,731,976**	**3,825,275**	**3,920,907**	**4,018,930**
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	23,559	24,148	24,751	25,370	26,004	26,654	27,321	28,004	28,704	29,421
Commercial	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
TOTAL OTHER INCOME	**23,559**	**24,148**	**24,751**	**25,370**	**26,004**	**26,654**	**27,321**	**28,004**	**28,704**	**29,421**
GROSS INCOME	**3,241,630**	**3,322,670**	**3,405,737**	**3,490,881**	**3,578,153**	**3,667,606**	**3,759,297**	**3,853,279**	**3,949,611**	**4,048,351**
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	162,081	166,134	170,287	174,544	178,908	183,380	187,965	192,664	197,481	202,418
EFFECTIVE GROSS INCOME	**3,079,548**	**3,156,537**	**3,235,450**	**3,316,337**	**3,399,245**	**3,484,226**	**3,571,332**	**3,660,615**	**3,752,130**	**3,845,934**
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	1,331,256	1,384,507	1,439,887	1,497,482	1,557,382	1,619,677	1,684,464	1,751,842	1,821,916	1,894,793
Replacement Reserve	78,600	78,600	78,600	78,600	78,600	78,600	78,600	78,600	78,600	78,600
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	6,267	6,392	6,520	6,651	6,784	6,919	7,058	7,199	7,343	7,490
TOTAL EXPENSES	**1,416,123**	**1,469,499**	**1,525,007**	**1,582,733**	**1,642,765**	**1,705,196**	**1,770,122**	**1,837,641**	**1,907,859**	**1,980,883**
NET OPERATING INCOME	**1,663,425**	**1,687,038**	**1,710,443**	**1,733,604**	**1,756,480**	**1,779,030**	**1,801,210**	**1,822,974**	**1,844,271**	**1,865,051**
DEBT SERVICE										
Interest only 1st Year										
CHFA - 1st Mortgage	1,290,930	1,290,930	1,290,930	1,290,930	1,290,930	1,290,930	1,290,930	1,290,930	1,290,930	1,290,930
CHFA - Bridge Loan										
CASH FLOW after debt service	**372,495**	**396,108**	**419,514**	**442,674**	**465,550**	**488,100**	**510,281**	**532,044**	**553,342**	**574,122**
DEBT COVERAGE RATIO	**1.29**	**1.31**	**1.32**	**1.34**	**1.36**	**1.38**	**1.40**	**1.41**	**1.43**	**1.44**

Cash Flow

RENTAL INCOME	Year 20	Year 21	Year 22	Year 23	Year 24	Year 25	Year 26	Year 27	Year 28	Year 29
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	4,119,403	4,222,388	4,327,948	4,436,147	4,547,050	4,660,726	4,777,245	4,896,676	5,019,093	5,144,570
TOTAL RENTAL INCOME	**4,119,403**	**4,222,388**	**4,327,948**	**4,436,147**	**4,547,050**	**4,660,726**	**4,777,245**	**4,896,676**	**5,019,093**	**5,144,570**
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	30,157	30,911	31,684	32,476	33,288	34,120	34,973	35,847	36,743	37,662
Commercial	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
TOTAL OTHER INCOME	**30,157**	**30,911**	**31,684**	**32,476**	**33,288**	**34,120**	**34,973**	**35,847**	**36,743**	**37,662**
GROSS INCOME	**4,149,560**	**4,253,299**	**4,359,632**	**4,468,622**	**4,580,338**	**4,694,846**	**4,812,217**	**4,932,523**	**5,055,836**	**5,182,232**
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	207,478	212,665	217,982	223,431	229,017	234,742	240,611	246,626	252,792	259,112
EFFECTIVE GROSS INCOME	**3,942,082**	**4,040,634**	**4,141,650**	**4,245,191**	**4,351,321**	**4,460,104**	**4,571,607**	**4,685,897**	**4,803,044**	**4,923,120**
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	1,970,584	2,049,408	2,131,384	2,216,640	2,305,305	2,397,517	2,493,418	2,593,155	2,696,881	2,804,756
Replacement Reserve	78,600	78,600	78,600	78,600	78,600	78,600	78,600	78,600	78,600	78,600
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	7,640	7,792	7,948	8,107	8,269	8,435	8,603	8,775	8,951	9,130
TOTAL EXPENSES	**2,056,824**	**2,135,800**	**2,217,932**	**2,303,347**	**2,392,174**	**2,484,552**	**2,580,621**	**2,680,530**	**2,784,432**	**2,892,486**
NET OPERATING INCOME	**1,885,258**	**1,904,834**	**1,923,718**	**1,941,845**	**1,959,147**	**1,975,552**	**1,990,985**	**2,005,367**	**2,018,612**	**2,030,634**
DEBT SERVICE										
Interest only 1st Year										
CHFA - 1st Mortgage	1,290,930	1,290,930	1,290,930	1,290,930	1,290,930	1,290,930	1,290,930	1,290,930	1,290,930	1,290,930
CHFA - Bridge Loan										
CASH FLOW after debt service	**594,328**	**613,904**	**632,788**	**650,915**	**668,217**	**684,622**	**700,056**	**714,437**	**727,683**	**739,705**
DEBT COVERAGE RATIO	**1.46**	**1.48**	**1.49**	**1.50**	**1.52**	**1.53**	**1.54**	**1.55**	**1.56**	**1.57**

Cash Flow

RENTAL INCOME	Year 30
Market Rent Increase	*N/A*
Market Rents	N/A
Affordable Rent Increase	*2.50%*
Affordable Rents	5,273,184
TOTAL RENTAL INCOME	**5,273,184**

OTHER INCOME	
Other Income Increase	*2.50%*
Laundry	38,603
Commercial	N/A
TOTAL OTHER INCOME	**38,603**

[redacted] COME	5, 1,788

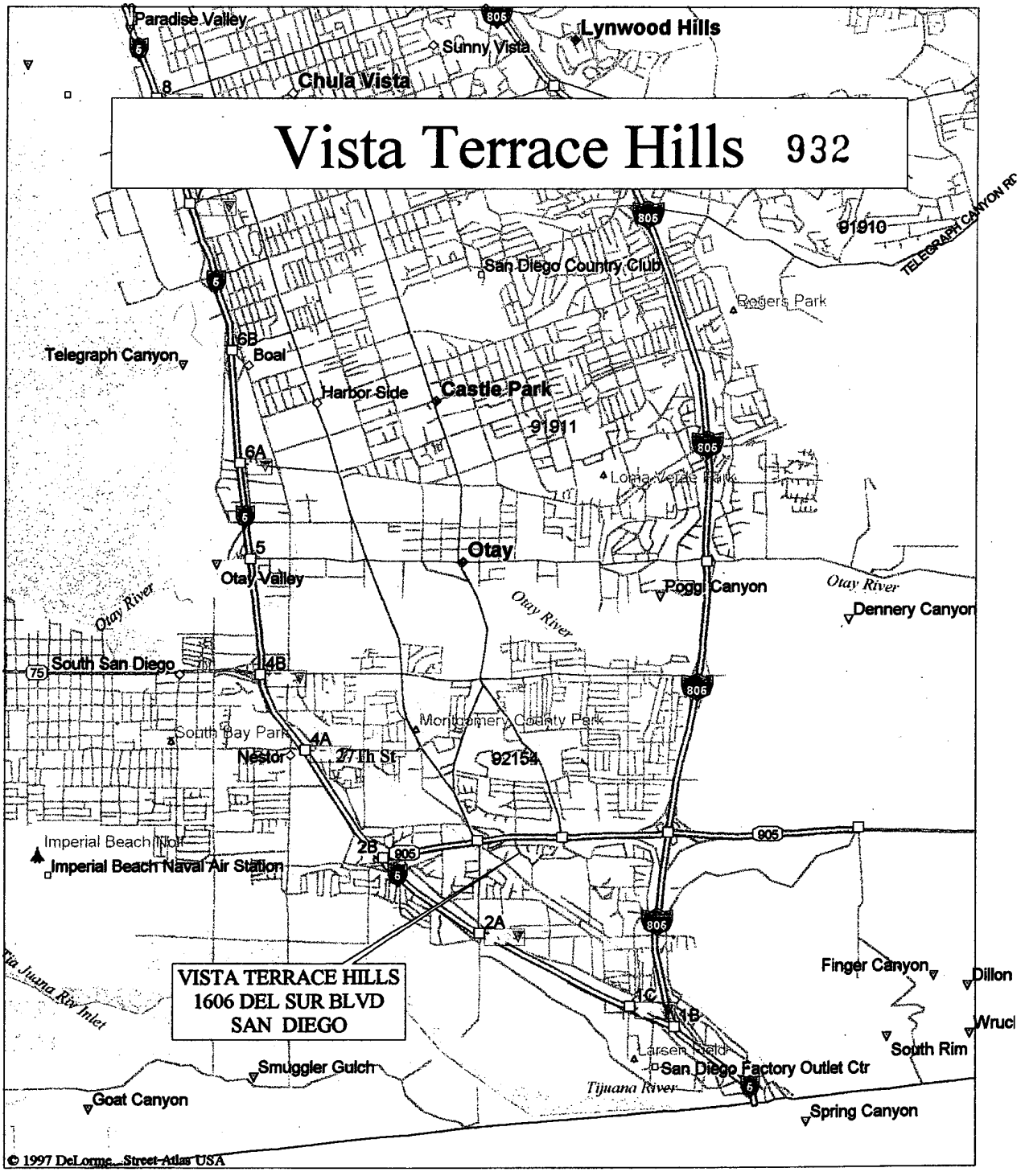
Vacancy Rate : Market	*N/A*
Vacancy Rate : Affordable	*5.00%*
Less: Vacancy Loss	265,589
EFFECTIVE GROSS INCOME	**5,046,198**

OPERATING EXPENSES	
Annual Expense Increase	*4.00%*
Expenses	2,916,946
Replacement Reserve	78,600
Annual Tax Increase	*2.00%*
Taxes and Assessments	9,313
TOTAL EXPENSES	**3,004,859**

NET OPERATING INCOME	**2,041,339**

DEBT SERVICE	
Interest only 1st Year	
CHFA - 1st Mortgage	1,290,930
CHFA - Bridge Loan	
CASH FLOW after debt service	**750,410**
DEBT COVERAGE RATIO	**1.58**

Vista Terrace Hills 932



Mag 13.00
Tue Jul 25 15:27 2000
Scale 1:62,500 *(at center)*

2KM

Local Road
Major Connector
State Route
Interstate/Limited Access
Exit

Utility/Pipe
Railroad
PointofInterest
Small Town
Geographic Feature

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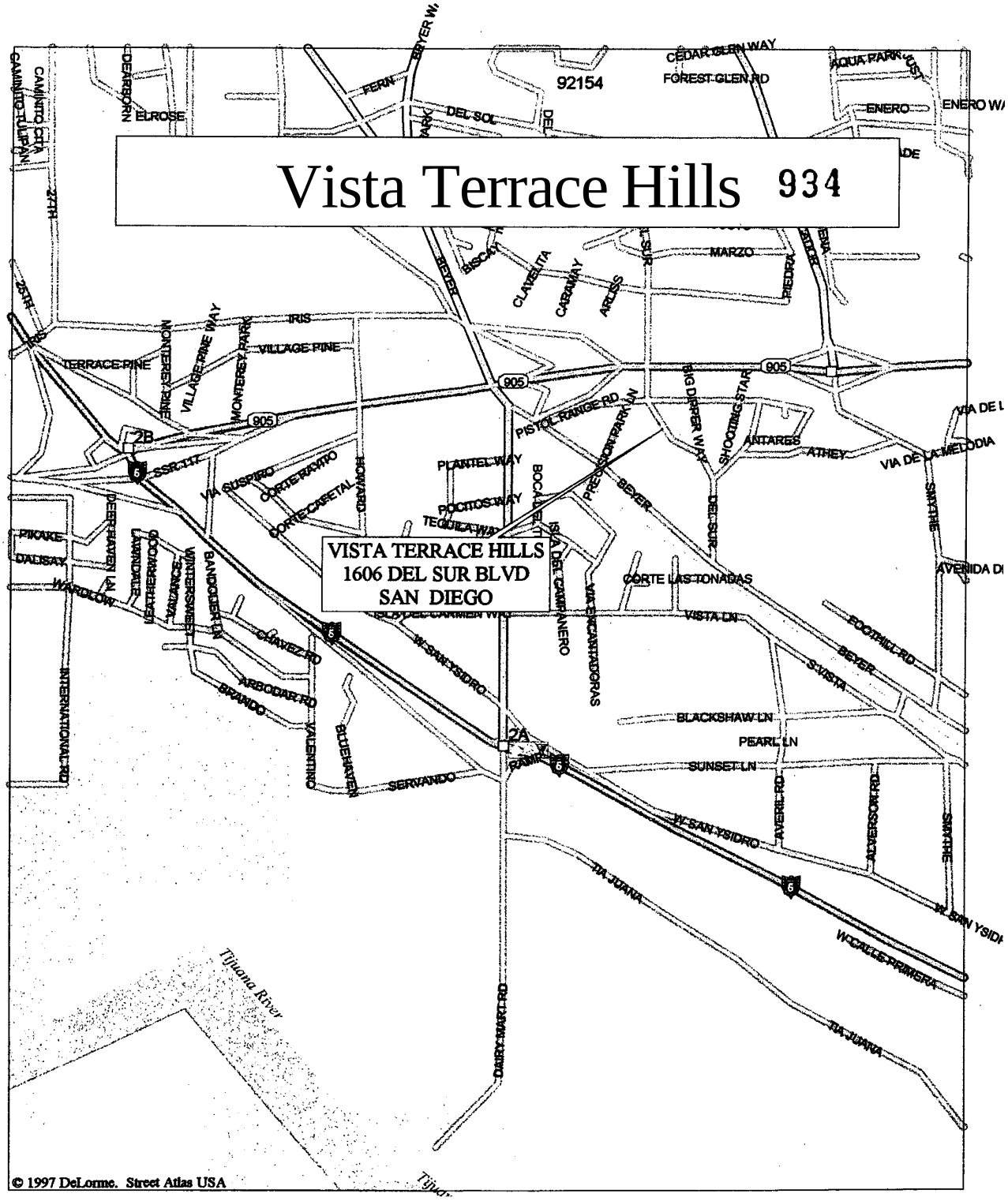
Vista Terrace Hills 934



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Tue Jul 25 15:25 2000
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1000 Feet

500 Meters

Local Road
Major Connector
Interstate/Limited Access
Exit
Railroad

Exit/Gas
Exit/Lodging
Exit/Food
Water
River/Canal

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RESOLUTION 00-28

RESOLUTION AUTHORIZING A FINAL LOAN COMMITMENT

WHEREAS, the California Housing Finance Agency (the "Agency") has received a loan application from The Related Companies of California (the "Borrower"), seeking a loan commitment under the Agency's Preservation Acquisition Loan Program in the mortgage amounts described herein, the proceeds of which are to be used to provide mortgage loans for a 262-unit multifamily housing development located in the City of San Ysidro to be known as Vista Terrace Hills (the "Development"); and

WHEREAS, the loan application has been reviewed by Agency staff which has prepared its report dated July 24, 2000 (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 and taxable bonds, to declare its reasonable official intent to reimburse prior expenditures for the Development with proceeds of a subsequent borrowing; and

WHEREAS, on June 27, 2000, the Executive Director exercised the authority delegated to 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:

PROJECT NUMBER	DEVELOPMENT NAME/ LOCALITY	NUMBER OF UNITS	MORTGAGE AMOUNTS
00-023-S	Vista Terrace Hills San Ysidro/San Diego	262	$17,380,000 $ 1,895,527 (IRP)

COURTPAPER
STATE OF CALIFORNIA
STD 113 (REV 8-72)

85 34769

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 increase 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 increases in mortgage amount of more than seven percent (7%), must be submitted to this Board for approval. "Material modifications" as used herein means modifications which, when made 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 or material way.

I hereby certify that this is a true and correct copy of Resolution 00-28 adopted at a duly constituted meeting of the Board of the Agency held on August 10, 2000, at Millbrae, California.

ATTEST:_____
secretary

COURT PAPER
STATE OF CALIFORNIA
STD 113 (REV. 8-72)

85 34769

Executive Summary

938 Date: 24-Jul-00

Project Profile:

Project :	Thomas Paine Apts.	*Bomwec*	TBD
Location:	1157 Turk St.	*GP:*	BAMEC
City:	San Francisco	*GP:*	Telesis West
County:	San Francisco	*Program:*	Tax Exempt
Type:	Family	*CHFA# :*	00-021-N

Financing Summary:

	Final	Per Unit
Permanent		
CHFA First Mortgage	$5,785,200	$59,641
HUD/IRP	$819,744	$8,451
Reserves from Seller	$330,000	$3,402
Contributions From Operations	$0	$0
Developer Equity	$0	$0
Deferred Developer Fee	$87,869	$906
Tax Credit Equity	$2,326,545	$23,985
CHFA Taxable Tail	$920,200	$9,487

Note: Taxable Tail included in 1st Mortgage

Loan to Value
47.8%
Loan to Cost
62.5%

Unit Mix:

Type	Size	Number	AMI	Rent	Max Income
0 BR	510	1	50%	$625	$26,225
1 BR	625	6	50%	$661	$29,950
2 BR	990	5	50%	$779	$33,700
3 BR	1015	5	50%	$850	$37,450
4 BR	1210	3	50%	$913	$40,450
0 BR	510	5	60%	$756	$31,470
1 BR	625	24	60%	$802	$35,940
2 BR	990	17	60%	$948	$40,440
3 BR	1015	20	60%	$1,083	$44,940
4 BR	1210	10	60%	$1,206	$48,540
2 BR	990	1	Mgr.	$948	N/A
		97			

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Project Cash Flows	10
Location Maps (area and site)	11

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CALIFORNIA HOUSING FINANCE AGENCY

Final Commitment

Project Name: Thomas Paine Square

CHFA Project #00-021-N

SUMMARY

This is a Final Commitment request for a tax-exempt first mortgage in the amount of $4,865,000 amortized over 30 years at 6.20%, a taxable tail included in the first mortgage of $920,200 for 30 years at 7.0% and an IRP loan in the amount of $819,744 for 11 years at 5.75%. Thomas Paine Square is a 97-unit family preservation project located at 1157 Turk Street, San Francisco, in San Francisco County.

LOAN TERMS:	1st MORTGAGE	IRP LOAN
Loan Amount:	$5,785,200	$819,744
Interest Rate:	6.35%	5.75%
Term:	30 years	11 years
Financing:	Tax- Exempt	Tax-Exempt

Note: Taxable tail is included in the 1st mortgage.

The funds for the purchase of the IRP loan will be expended at the time of the permanent loan closing. The rehabilitation of the project will commence after permanent loan closing using seller replacement reserves and investor pay-ins.

LOCALITY INVOLVEMENT:

There is no financial involvement from the locality in this project. The project is located in the Western Addition Redevelopment Project Area A02 and is under the jurisdiction of the San Francisco Redevelopment Agency (the "'Redevelopment Agency"). The Redevelopment Agency has not imposed any additional income restrictions or limitations.

SECTION 8 CONTRACT:

Section 236: The project will operate under CHFA and tax credit rents, with income restrictions at 50% and 60% of median income. The project will also be subject to a

HUD Section 236 loan that will be purchased by CHFA at the time of the loan closing. The loan is being purchased to preserve the Interest Reduction Payment ("IRP") which is a guaranteed stream of monthly payments from HUD for the benefit of the project. CHFA's responsibilities under the IRP agreement will be to review and approve basic and market rents, approve distributions and enforce housing quality standards. The provisions to be enforced by CHFA will be contained in a regulatory agreement and agreed to by the borrower and HUD. The provisions that CHFA must regulate will expire upon the termination of the 236 loan.

Current Status: The project based Section 8 contract expired on June 30, 2000 and an extension quest has been submitted to HUD for review and approval. The borrower is also requesting an increase in the HUD rents to 60% AMI. The IRP, after refinancing with HUD, will be subject to the decoupling provisions contained in HUD's notice H 00-8 dated May 15, 2000. The transfer of the property to a new owner extends the affordability of the project for 30 years with CHFA affordable rents and the borrower will continue requesting and accepting annual requests for Section 8 renewals.

Conversion Scenario: The majority of residents are likely to remain a mix of Section 8 and tax credit tenants for several years. Given the uncertainty of the HAP contracts continuing, staff is requiring a standby operating reserve to subsidize project costs. The Borrower will seek renewals of all Section 8 HAP contracts or the equivalent project-based subsidies for their full term and throughout the project's useful life.

A Standby Operating Account (the "Account") may be required to subsidize the project costs, if required, during the transition from Section 8 to non-subsidized rents. Funding of the Account is contemplated as follows:

- The Agency will provide a $900,000 Standby Operating Commitment to cover approved operating shortfalls, which will be drawn on an "As Needed" basis at 3% interest.

PROJECT DESCRIPTION:

This 28-year old project has eight, two and three-story buildings with a total of 6 studios, 30 one-bedroom units, 24 two-bedroom/one bath units, 25 three-bedroom/one bath units and 13 four bedroodone and one-half bath units. The studio, one and two bedroom units are flats. One of the two-bedroom units was converted into a manager's office and will continue to be used for this purpose. The three and four bedroom units are townhouse style and each townhouse unit has an individual exterior entrance. The floor plans range from 510 square feet to 1,210 square feet in size.

Of the total 68 parking spaces, 12 units have enclosed garage parking and the remaining 56 spaces are open within the project. In addition to the apartment buildings, there is a

recreation building that contains a meeting room with a kitchen, and laundry facilities. Additional amenities include a barbecue area and landscaped open space with benches.

PROPOSED REHABILITATION:

Thomas Paine Square is currently a master metered project for both gas and electricity service. Since there is little immediate rehabilitation work necessary, the bulk of the' $920,000 rehabilitation budget will be spent installing individual gas and electricity meters. The proposed scope of work is based on the work proposed by the borrower with input from the physical needs assessment prepared by EMG on June 2, 2000. The major rehab components include the following:

- Roof replacement
- Wall shingle repair and painting
- Patio fencing replacement
- ADA compliance issues
- Parking area repairs
- Individual metering of gas and electrical systems
- Replace some heating & A/C units
- Hardwired smoke detectors in bedrooms
- Install GFI circuits
- New play area equipment
- Concrete work to shore up central terrace area

RELOCATION:

Given the minimal scope of work, relocation is not anticipated. The Agency will require compliance with any and all applicable provisions of the Uniform Relocation Act.

LAND:

San Francisco is the geographic center of a major metropolitan area consisting of nine counties surrounding the San Francisco Bay. The Bay Area is the fourth largest metropolitan center in the United States with a population exceeding 5.7 million. As of December 1999, the median household income was $68,000 and unemployment was 1.8%.

The high demand for rental housing and the shortage of buildable lots has kept San Francisco rental costs at roughly two times the national average. Rents on newly occupied units rose 7.3% from 1997 and 1998, and increased another 8.3% between January and September 1999. The preservation of affordable units is described as "very

important" in the San Francisco 2000 Consolidated Plan and the City has made their preservation a top priority.

Rent Differentials (Market vs. Restricted Subject Rents)

Rent Level	Subject	Section 8	Market	Dif. Btwn Market	% of Market
studio					
50% rents	$625	$617	$950	$325	66 %
60% rents	$756	$617	$950	$194	80 %
One Bedroom					
50% rents	$661	$706	$1,150	$489	58 %
60% rents	$802	$706	$ 1,150	$348	70 %
Two Bedroom					
50% rents	$779	$879	$ 1,750	$ 971	45 %
60% rents	$948	$879	$ 1,750	$802	54 %
Three Bedroom					
50% rents	$ 850	$ 1,009	$ 1,800	$950	47 %
60% rents	$ 1,083	$ 1,009	$ 1,800	$717	60 %
Four Bedroom					
50% rents	$ 913	$ 1,126	$2,100	$ 1,187	43 %
60% rents	$ 1,206	$ 1,126	$2,100	$ 894	57 %

HOUSING SUPPLY:

Home ownership is unaffordable for most of the population in the Bay Area. The San Francisco housing stock in 1996 was comprised of 17% single-family homes and 83% multifamily homes. Approximately 65% of the housing stock were renter occupied. Since 1980, 88% of new construction has been multifamily housing, but of this percentage, most has been for-sale product.

In November 1999, the average home price in San Francisco was $420,000. Average home prices increased 186% from 1980 to 1990. There was a 110% increase in rent for a two-bedroom unit during the same period, in spite of rent control restrictions that exist in the city of San Francisco. Rental projects built before 1979 operate under rent control with "vacancy de-control." While a unit is occupied the annual increases are limited to 60% of annual CPI. The rent can be raised to current market rates when a tenant vacates the unit. This can result in significant discrepancies in rental rates based on the length of tenant occupancy. Tenant advocacy groups complain that landlords are increasing evicting tenants in order to increase rents to market levels. In all areas the vacancy rate is considered nonexistent.

As part of the redevelopment area, there is one new HOPE 6 project under construction directly across the street from the project. The new project will be called Yerba Buena Plaza and will be a medium density project for families.

OCCUPANCY RESTRICTIONS:

CHFA:	20% of the units (20) restricted to 50% of median income.
TCAC:	100% of the units (97) restricted to 60% of median income.

ENVIRONMENTAL:

A Phase I report was prepared by Lowney Associates and is dated July 6, 2000. A combined lead-based paint and asbestos inspection report was prepared by Health Science Associates and is dated June 26, 2000. No adverse findings were noted on the Phase I report. Asbestos was found in the drywall, the wall texture coat and in some floor tile but can be contained. An Operations and Maintenance Plan ("O&M Plan") is required and will be submitted to the Agency prior to issuing the final commitment.

ARTICLE 34:

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

DEVELOPMENT TEAM

Borrower's Profile: The Borrower is a yet to be formed California limited partnership with Bethel African Methodist Episcopal Church of San Francisco, a California nonprofit public benefit corporation ("BAMEC") as the managing general partner and Telesis West, a Delaware corporation as the administrative general partner. BAMEC has developed 5 projects with a total of 631 units. Telesis West has developed and rehabilitated 2,175 units. The tax credit equity investor has not yet been identified.

Contractor: BAMEC will soon be soliciting bids from eligible contractors. Construction cost estimates were completed by Telesis West using construction estimates provided by the existing owner to HUD as part of their 2000 budget.

Architect: Given the limited scope of rehabilitation, an architect will not be required.

Management Agent: BAMEC will retain Alton Management Corporation ("Alton") as the property manager. Alton has seven years of market rate and affordable housing management experience. They currently manage over 2,200 units in 22 rental projects.

Project Summary

945

Date 24-Jul-00

Project Profile:

Project :	Thomas Paine Apts.	*Appraiser:*	Chris Carneghi	*Units*	97
Location:	1157 Turk St.		Carneghi & Bautovich	*Handicap Units*	NIA
	San Francisco	*Cap Rate:*	9.75%	*Bldge Type*	Acq/Rehab
County/Zip:	S.F. 94102	*As-Is Value*	$ 10,800,000	*Buildings*	8
Borrower:	TBD	*After Rehab*	$ 12,100,000	*Stories*	2 & 3
GP:	BAMEC	*Final Value:*	$ 12,100,000	*Gross Sq Ft*	98,815
GP:	Telesis West			*Land Sq Ft*	100,902
LP	TBD	*LTC/LTV:*		*Units/Acre*	42
Program:	Tax Exempt	*Loan/Cost*	62.5%	*Total Parking*	68
CHFA #:	00-021-N	*Loan/Value*	47.8%	*Covered Parking*	12

Financing Summary:

	Amount	Per Unit	Rate	Term
Permanent				
CHFA First Mortgage	$5,785,200	$59,641	6.35%	30
HUD/IRP	$819,744	$8,451	5.75%	11
Reserves from Seller	$330,000	$3,402	0.00%	
Contributions From Operations	$0	$0	0.00%	
Tax Credit Equity	$2,326,545	$23,985		
Deferred Developer Fee	$87,869	$906		
CHFA Taxable Tail	$920,200	$9,487	7.00%	30

Unit Mix:

Type	Size	Number	AMI	Rent	Max Income
0 BR	510	1	50%	$625	$26,225
1 BR	625	6	50%	$661	$29,950
2 BR	990	5	50%	$779	$33,700
3 BR	1015	5	50%	$850	$37,450
4 BR	1210	3	50%	$913	$40,450
0 BR	510	5	60%	$756	$31,470
1 BR	625	24	60%	$802	$35,940
2 BR	990	17	60%	$948	$40,440
3 BR	1015	20	60%	$1,083	$44,940
4 BR	1210	10	60%	$1,206	$48,540
2 BR	990	1	Mgr.	$948	N/A
		97			

Fees, Escrows and Reserves:

Escrows	Basis of Requirements		Amount	Security
Commitment Fee	1.26%	of Loan Amount	$71,059	Cash
Finance Fee	1.25%	of Loan Amount	$71,059	Cash
Bond Origination Guarantee	1.m	of Loan Amount	$56,847	Letter of Credit
Rent Up Account	0.00%	of Gross Income	$0	Letter of Credit
Operating Expense Reserve	10.00%	of Gross Income	$107,634	Letter of Credit
Marketing	0.00%	of Gross Income	$0	Letter of credit
Annual Replacement Reserve Deposit	$300	Per Unit	$29,100	Operations
Initial Deposit to Repl. Res.	$300	Lump Sum	$29,100	Cash
Construction Defects Security Agreeme	2.50%	Rehabilitation Cost	$23,000	Letter of Credit
Standby Operating Commitment			$900,000	Agency Funds

Sources and Uses — Thomas Paine Squa

SOURCES:

Name of Lender / Source	Permanent Tax-Exempt	Per unit
HUD/IRP	819,744	8,451
CHFA First Mortgage	6,785,200	69,641
CHFA Taxable Tail	-	0
Reserves from Seller	330,000	3,402
Contributions From Operations	-	0
Total Institutional Financing	6,934,944	71,494
Equity Financing		
Tax Credits	2,326,545	23,985
Developer Equity	-	0
Deferred Developer Equity	87,869	906
Total Equity Financing	2,414,414	24,891
TOTAL SOURCES	9,349,358	96,385

USES:

Acquisition	$7,012,500	72,294
Rehabilitation	920,000	9,485
New Construction	-	0
Architectual Fees	50,600	522
Survey and Engineering	-	0
Const. Loan Interest & Fees	33,000	340
Permanent Financing	167,619	1,728
Legal Fees	32,500	335
Reserves	195,092	2,011
Contract Costs	13,750	142
Construction Contingency	127,000	1,309
Local Fees	45,000	464
TCAC/Other Costs	102,494	1,057
PROJECT COSTS	$8,699,554	89,686
Developer Overhead/Profit	$404,804	4,173
Consultant/Processing Agent	$145,000	1,495
TOTAL USES	$9,249,358	95,354

Annual Operating Budget — Thomas Paine Square

		$ per unit
INCOME:		
Total Rental Income	1,071,444	11,046
Laundry	4,900	51
Other Income	0	-
Commercial/Retail	0	-
Gross Potential Income (GPI)	1,076,344	11,096
Less:		
Vacancy Loss	53,817	555
Total Net Revenue	1,022,527	10,542
EXPENSES:		
Payroll	156,284	1,611
Administrative	94,776	977
Utilities	126,256	1,302
Operating and Maintenance	109,215	1,126
Insurance and Business Taxes	30,800	318
Taxes and Assessments	3,000	31
Reserve for Replacement Deposits	29,100	300
Subtotal Operating Expenses	549,431	5,664
Financial Expenses		
Mortgage Payments (1st loan)	431,971	4,453
Total Financial	431,971	4,453
Total Project Expenses	981,402	10,118

Cash Flow — Thomas Paine Square — CHFA # 00-021-N

RENTAL INCOME	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Sec. 8 Increase	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*
Surplus Sec. 8 Income	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	1,071,444	1,098,230	1,125,686	1,153,828	1,182,674	1,212,241	1,242,547	1,273,610	1,305,450	1,338,087
TOTAL RENTAL INCOME	**1,071,444**	**1,098,230**	**1,125,686**	**1,153,828**	**1,182,674**	**1,212,241**	**1,242,547**	**1,273,610**	**1,305,450**	**1,338,087**
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	4,900	5,023	5,149	5,277	5,409	5,544	5,683	5,825	5,971	6,120
Commercial	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
TOTAL OTHER INCOME	**4,900**	**5,023**	**5,149**	**5,277**	**5,409**	**5,544**	**5,683**	**5,825**	**5,971**	**6,120**
GROSS INCOME	**1,076,344**	**1,103,253**	**1,130,834**	**1,159,105**	**1,188,083**	**1,217,785**	**1,248,230**	**1,279,435**	**1,311,421**	**1,[illegible]207**
Vacancy Rate : Sec 8	*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	53,817	55,163	56,542	57,955	59,404	60,889	62,411	63,972	65,571	67,210
EFFECTIVE GROSS INCOME	**1,022,527**	**1,048,090**	**1,074,293**	**1,101,150**	**1,128,679**	**1,156,896**	**1,185,818**	**1,215,464**	**1,245,850**	**1,276,996**
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	517,331	538,024	559,545	581,927	605,204	629,412	654,589	680,772	708,003	736,323
Replacement Reserve	29,100	29,100	29,100	29,100	30,555	30,555	30,555	30,555	30,555	32,083
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	3,000	3,060	3,121	3,184	3,247	3,312	3,378	3,446	3,515	3,585
TOTAL EXPENSES	**549,431**	**570,184**	**591,766**	**614,211**	**639,006**	**663,280**	**688,522**	**714,773**	**742,073**	**771,991**
NET OPERATING INCOME	**473,096**	**477,906**	**482,526**	**486,939**	**489,672**	**493,616**	**497,296**	**500,690**	**503,777**	**505,005**
DEBT SERVICE										
CHFA - 1st Mortgage	431,971	431,971	431,971	431,971	431,971	431,971	431,971	431,971	431,971	431,971
CHFA - HAT	0	0	0	0	0	0	0	0	0	0
CASH FLOW after debt service	**41,125**	**45,935**	**50,555**	**54,968**	**57,701**	**61,645**	**65,325**	**68,719**	**71,806**	**73,034**
Operating Transition Reserv	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Cumulative Reserve Bal.	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
DEBT COVERAGE RATIO	**1.10**	**1.11**	**1.12**	**1.13**	**1.13**	**1.14**	**1.15**	**1.16**	**1.17**	**1.17**
Net Residual Cashflow	**41,125**	**45,935**	**50,555**	**54,968**	**57,701**	**61,645**	**65,325**	**68,719**	**71,806**	**73,034**

948

Cash Flow

RENTAL INCOME	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Sec. 8 Increase	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*
Surplus Sec. 8 Income	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	1,371,539	1,405,827	1,440,973	1,476,997	1,513,922	1,551,770	1,590,565	1,630,329	1,671,087	1,712,864
TOTAL RENTAL INCOME	**1,371,539**	**1,405,827**	**1,440,973**	**1,476,997**	**1,513,922**	**1,551,770**	**1,590,565**	**1,630,329**	**1,671,087**	**1,712,864**
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	6,273	6,430	6,591	6,755	6,924	7,097	7,275	7,457	7,643	7,834
Commercial	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
TOTAL OTHER INCOME	**6,273**	**6,430**	**6,591**	**6,755**	**6,924**	**7,097**	**7,275**	**7,457**	**7,643**	**7,834**
GROSS INCOME	**1,377,812**	**1,412,257**	**1,447,564**	**1,483,753**	**1,520,847**	**1,558,868**	**1,597,839**	**1,637,785**	**1,678,730**	**1,720,698**
Vacancy Rate : Sec 8	*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	68,891	70,613	72,378	74,188	76,042	77,943	79,892	81,889	83,936	86,035
EFFECTIVE GROSS INCOME	**1,308,921**	**1,341,644**	**1,375,185**	**1,409,565**	**1,444,804**	**1,480,924**	**1,517,947**	**1,555,896**	**1,594,794**	**1,634,663**
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	765,776	796,407	828,264	861,394	895,850	931,684	968,951	1,007,709	1,048,018	1,089,938
Replacement Reserve	32,083	32,083	32,083	32,083	33,687	33,687	33,687	33,687	33,687	35,371
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	3,657	3,730	3,805	3,881	3,958	4,038	4,118	4,201	4,285	4,370
TOTAL EXPENSES	**801,516**	**832,220**	**864,151**	**897,358**	**933,495**	**969,408**	**1,006,757**	**1,045,597**	**1,085,989**	**1,129,680**
NET OPERATING INCOME	**507,405**	**509,424**	**511,034**	**512,207**	**511,309**	**511,516**	**511,191**	**510,299**	**508,804**	**504,983**
DEBT SERVICE										
CHFA - 1st Mortgage	431,971	431,971	431,971	431,971	431,971	431,971	431,971	431,971	431,971	431,971
CHFA - HAT	0	0	0	0	0	0	0	0	0	0
CASH FLOW after debt service	**75,434**	**77,453**	**79,063**	**80,236**	**79,338**	**79,545**	**79,220**	**78,328**	**76,833**	**73,012**
Operating Transition Reserv	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Cumulative Reserve Bal.	**0**	**0**	**0**	**0**	**0**	**0**	**0**			
DEBT COVERAGE RATIO	**1.17**	**1.18**	**1.18**	**1.19**	**1.18**	**1.18**	**1.18**	**1.18**	**1.18**	**1.17**
Net Residual Cashflow	**75,434**	**77,453**	**79,063**	**80,236**	**79,338**	**79,545**	**79,220**	**78,328**	**76,833**	**73,012**

Cash Flow

RENTAL INCOME	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Sec. 8 Increase	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*
Surplus Sec. 8 Income	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	1,755,686	1,799,578	1,844,567	1,890,682	1,937,949	1,986,397	2,036,057	2,086,959	2,139,133	2,192,611
TOTAL RENTAL INCOME	**1,755,686**	**1,799,578**	**1,844,567**	**1,890,682**	**1,937,949**	**1,986,397**	**2,036,057**	**2,086,959**	**2,139,133**	**2,192,611**
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	8,030	8,231	8,436	8,647	8,864	9,085	9,312	9,545	9,784	10,028
Commercial	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
TOTAL OTHER INCOME	**8,030**	**8,231**	**8,436**	**8,647**	**8,864**	**9,085**	**9,312**	**9,545**	**9,784**	**10,028**
GROSS INCOME	**1,763,716**	**1,807,809**	**1,853,004**	**1,899,329**	**1,946,812**	**1,995,482**	**2,045,370**	**2,096,504**	**2,148,916**	**2,202,639**
Vacancy Rate : Sec 8	*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	88,186	90,390	92,650	94,966	97,341	99,774	102,268	104,825	107,446	110,132
EFFECTIVE GROSS INCOME	**1,675,530**	**1,717,418**	**1,760,354**	**1,804,362**	**1,849,472**	**1,895,708**	**1,943,101**	**1,991,679**	**2,041,471**	**2,092,507**
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	1,133,536	1,178,877	1,226,032	1,275,074	1,326,077	1,379,120	1,434,285	1,491,656	1,551,322	1,613,375
Replacement Reserve	35,371	35,371	35,371	35,371	37,140	37,140	37,140	37,140	37,140	37,140
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	4,458	4,547	4,638	4,731	4,825	4,922	5,020	5,121	5,223	5,328
TOTAL EXPENSES	**1,173,365**	**1,218,796**	**1,266,042**	**1,315,176**	**1,368,042**	**1,421,181**	**1,476,445**	**1,533,916**	**1,593,685**	**1,655,842**
NET OPERATING INCOME	**502,165**	**498,623**	**494,312**	**489,187**	**481,430**	**474,527**	**466,656**	**457,762**	**447,785**	**436,665**
DEBT SERVICE										
CHFA - 1st Mortgage	431,971	431,971	431,971	431,971	431,971	431,971	431,971	431,971	431,971	431,971
CHFA - HAT	0	0	0	0	0	0	0	0	0	0
CASH FLOW after debt service	**70,194**	**66,652**	**62,341**	**57,216**	**49,459**	**42,556**	**34,685**	**25,791**	**15,815**	**4,694**
Operating Transition Reserv	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	
Cumulative Reserve Bal.										
DEBT COVERAGE RATIO	**1.16**	**1.15**	**1.14**	**1.13**	**1.11**	**1.10**	**1.08**	**1.06**	**1.04**	**1.01**
Net Residual Cashflow	**70,194**	**66,652**	**62,341**	**57,216**	**49,459**	**42,556**	**34,685**	**25,791**	**15,815**	**4,694**

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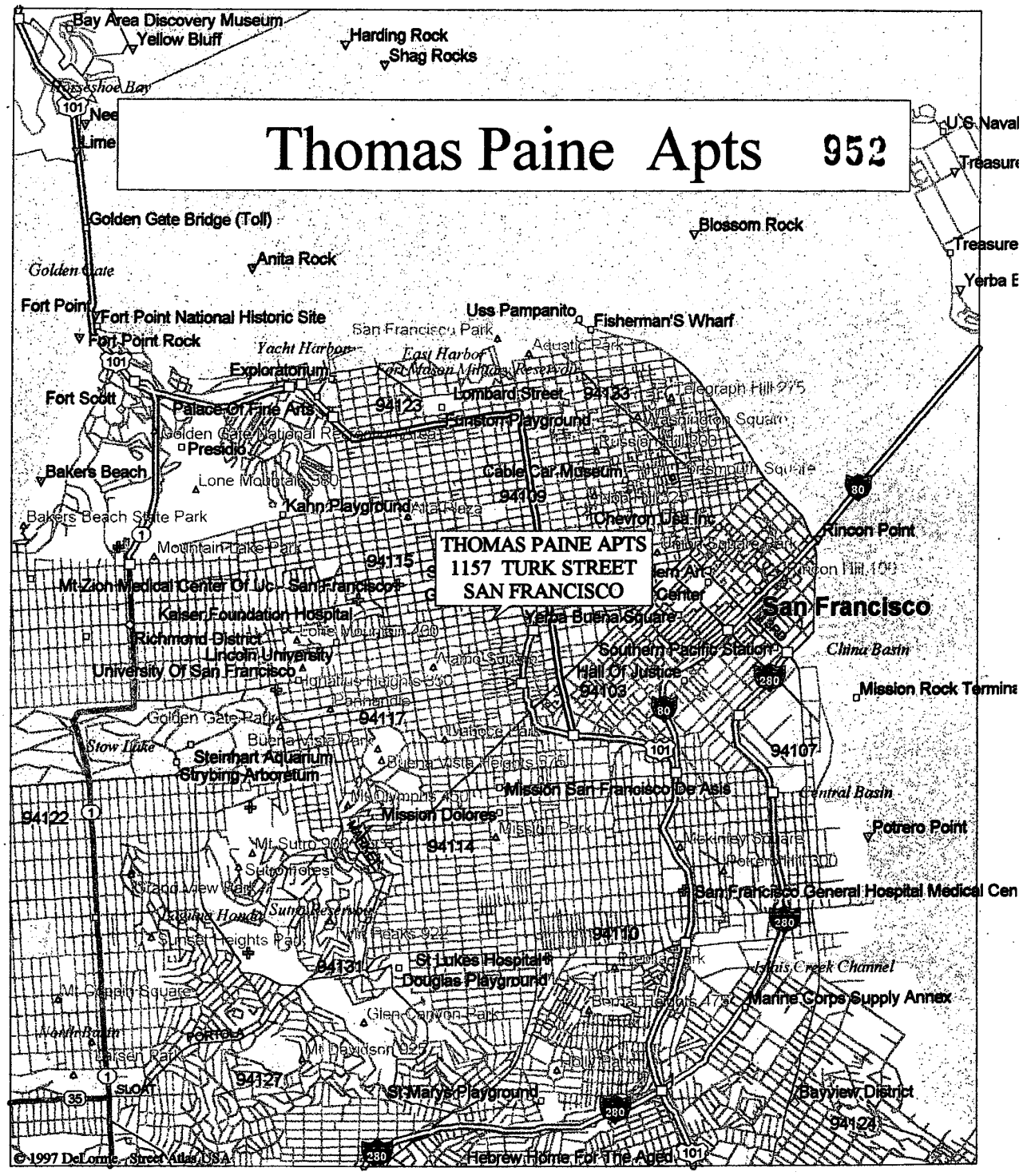
Thomas Paine Apts 952



Mag 13.00
Tw Jul 25 15:53 2000
scale 1:62,500 *(at center)*
1 Miles
2KM

Local Road
Major Connector
Primary State Route
Walkway/Stairway
Interstate/Limited Access
Toll Highway
US Highway
Exit
Railroad
Point of Interest

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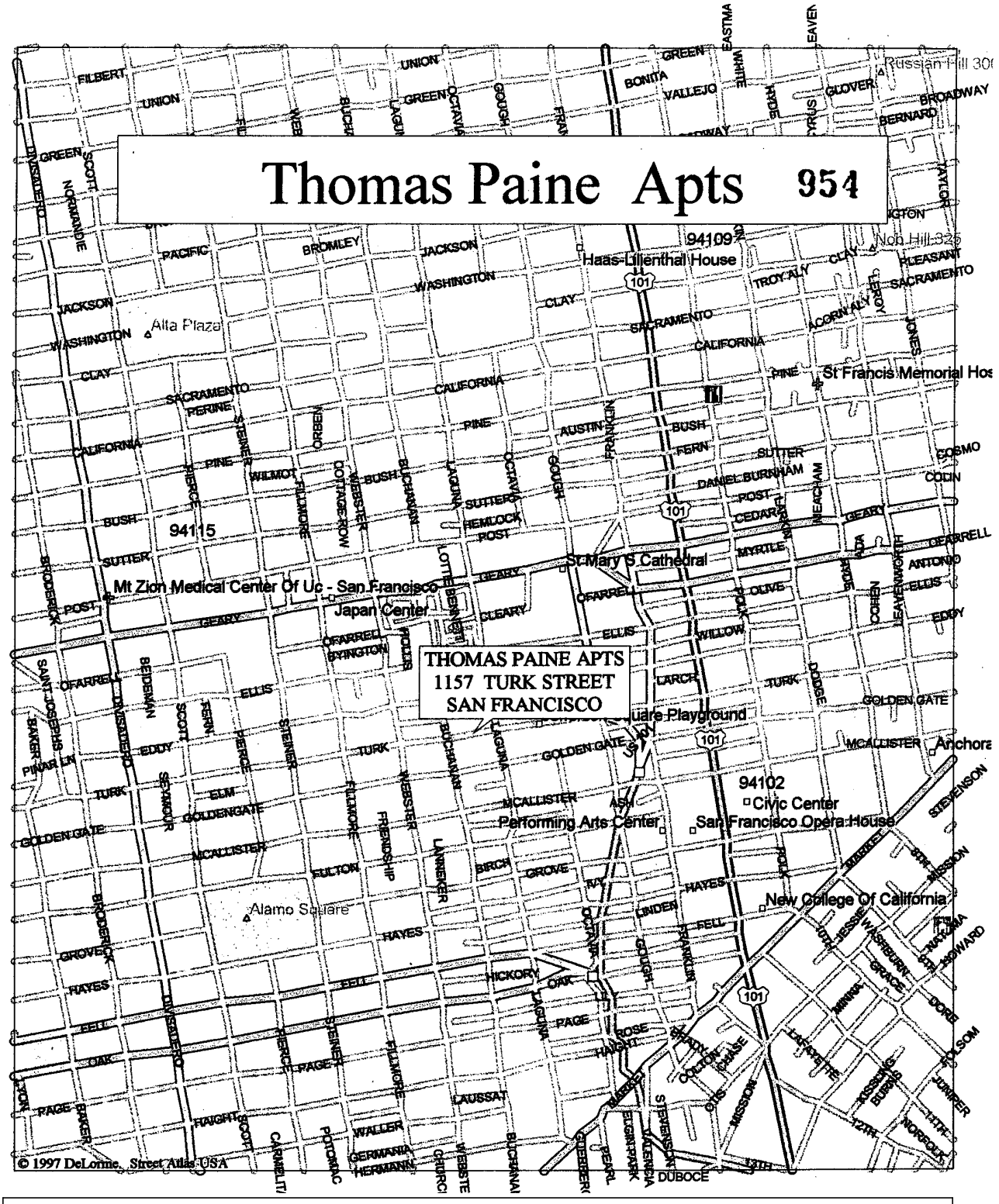
Thomas Paine Apts 954



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Tue Jul 25 15:52 2000
Scale 1:15,625 *(at center)*

1000 Feet

500 Meters

Local Road
Major Connector
Interstate/Limited Access
US Highway
Exit

Point of Interest
Summit
Hospital
Park/Reservation
City Park

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RESOLUTION 00-29

RESOLUTION AUTHORIZING A **FINAL,** ***LOAN*** COMMITMENT

WHEREAS, the California Housing **Finance** Agency (the "Agency") **has** received a loan application from Bethel *African* Methodist Episcopal Church of San Francisco, a California nonprofit public benefit corporation (the "Borrower"), seeking a loan commitment under the Agency's Preservation Acquisition **Loan Program** in the mortgage **mounts** described herein, the praceeds of which **are** to **be** used to provide mortgage loans for a 98-unit multifamily housing development located in the City of San Francisco to **be known as** Thomas Paine Square (the "Development"); **and**

WHEREAS, the loan application **has** been reviewed by Agency **staff** which **has** prepared its **report** dated July 24, 2000 (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 and taxable bonds, **to** declare its reasonable official intent to reimburse prior expenditures for the Development with proceeds of **a** subsequent borrowing; and

WHEREAS, on June 27, 2000, the Executive Director exercised the authority delegated to 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:

PROJECT NUMBER	DEVELOPMENT NAME/ LOCALITY	NUMBER OF UNITS	MORTGAGE AMOUNTS
00-021-N	Thomas Paine Square San Francisco/San Francisco	*98*	$5,785,200 $ 819,744 (IRP)

COUNTY PAPER
STATE OF CALIFORNIA
STD. 113 (REV 8-72)
85 34769

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 increase 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 increases in mortgage amount of more than seven percent (7%), must be submitted to this Board for approval. "Material modifications" as used herein means modifications which, when made 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 or material way.

I hereby certify that this is a true and correct copy of Resolution 00-29 adopted at a duly constituted meeting of the Board of the Agency held on August 10, 2000, at Millbrae, California.

ATTEST!_____
Secretary

COURT PAPER
STATE OF CALIFORNIA
STD 113 (REV 8-72)

85 34769

Executive Summary

958 Date: 24-Jut-00

Project Profile:

Project :	17th Street Commons	*Borrower:*	Capitol Area Dvlmt Auth.
Location:	1506 17th Street	*GP:*	Capitol Area Dvlmt Auth.
City:	Sacramento	*LP:*	none
County:	Sacramento	*Program:*	501(C)(3)
Type:	Family	*CHFA # :*	99-024-N

Financing Summary:

	Final	Per Unit
CHFA First Mortgage	$1,419,000	$49,271
HOME Funds	$0	$0
SHRA Loan	$0	$0
Other Loans	$0	$0
AHP Funds	$0	$0
Borrowers Cash Contribution	$0	$0
Other	$0	$0
Tax Credit Equity	$0	$0
CHFA Bridge	$0	$0
CHFA HAT	$0	$0

Loan to Value
78.0%

Loan to Cost
100.0%

Unit Mix:

Type	Size	Number	AMI	Rent	Max Income
1 BR	602	3	50%	$492	$21,150
2 BR	904	2	50%	$542	$23,800
3 BR	1100	1	50%	$589	$26,450
1 BR	602	3	60%	$495	$25,380
2 BR	904	2	60%	$661	$28,560
3 BR	1100	1	60%	$722	$31,740
1 BR	1100-1115	2	Market	$700	Open
1 BR	905-913	4	Market	$700	Open
1 BR	602	1	Market	$550	Open
2 BR	920	5	Market	$730	Open
3 BR	1100	4	Market	$900	Open
2 BR	920	1	Manager	$0	Open
		29			

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CALIFORNIA HOUSING FINANCE AGENCY

Final Commitment

Project Name: 17th Street Commons

CHFA Project # 99-024-N

SUMMARY:

This is a Final Commitment request for a 501(c)(3) permanent first mortgage in the amount of $1,419,000, amortized over 30 years at 6.20% interest. 17th Street Commons is an existing 25-unit family project and office building which is to be converted into a 29-unit family project. The project is located at 1506 17th Street and 1614 O Street in the city and County of Sacramento.

LOANTERMS:	PERMANENT
Loan Amount:	$1,419,000
Interest Rate:	6.20%
Term:	30 years
Financing:	501(c)(3)

LOCALITY INVOLVEMENT.

The Sacramento Housing and Redevelopment Agency ("SHRA") will provide a $343,000 construction loan to pay for the office conversion and residential rehabilitation. SHRA has an existing second mortgage of $445,000, at zero percent interest, for 30 years.

PROJECT DESCRIPTION:

The project consists of three buildings: a three-story apartment building constructed in 1900 and rehabilitated in 1984; a-two story building built in 1984 and an office building constructed as an apartment building in 1900. The unit mix includes 10 one-bedroom units of various sizes, 9 two-bedroom units between 904-920 square feet and 6 1,100 square foot three-bedroom units.

F)SED REHABILITATION:

The proposed rehabilitation of $343,000 is based on the Physical Needs Assessment prepared by EMG Corporation on and will include the following:

- Conversion of office space to 4 residential units
- Rehabilitation of existing buildings:
  - Repair deteriorated glue lam support beams in garage
  - Rehabilitate 4 bathrooms
  - Rehabilitate 4 kitchens
  - Replace 4 water heaters
  - Paint exterior stairs
  - Paint exterior wall siding
  - Repair concrete walkways
  - Site drainage work
  - Minor termite repair

RELOCATION:

The units require minimal interior rehabilitation and will not require the permanent relocation of tenants. Should temporary relocation be required the Agency will require compliance with all applicable provisions of the Uniform Relocation Act.

MARKET DEMAND:

The primary market area ("PMA") is downtown Sacramento. This is a single and multi-family residential area bordering the central business district that includes a large number of government office buildings. The project is well located with respect to employment centers, public transportation and freeway access Comparable projects in the area are experiencing vacancy rates ranging from 0% to 5.0% with an average adjusted vacancy rate of 2.5%. Rents for multifamily units have increased during the last two years by an average of 5.5% annually. The 1990 median household income in the PMA is estimated to be $24,100 compared to the Sacramento County median income of $47,600.

Strong occupancy rates of 97% to 99% over the last several years indicate a continuing demand for additional units in the downtown areas. However, there are very few vacant infill lots available and the rehabilitation of existing structures will be the primary source for housing in the PMA.

Of the tenants in the existing 25 residential units, all but two are income qualified according to CHFA and TCAC's requirements. Minimal vacancies are projected during the rehabilitation.

HOUSING SUPPLY:

Vacancy rates in the projects vary but are consistently lower than the Greater Sacramento area. Rehabilitation and renovation of existing housing both single and multi-family in the PMA will continue, thereby making the PMA more and more desirable.

Adjacent to the subject property, a 69-unit conventional family apartment is under construction. These units, which are similar in size to subject, will rent from $725 to $1,250 per month.

In a survey of more than 500 multifamily rental units in six projects, 13 units were vacant. Vacancy rates have fallen from 11.2% in 1994 to their current adjusted average level of 2.8%. The strong occupancy rates over the past several years indicate a continued demand for additional units in the downtown area. The continuing desirability for the area, will continue to put pressure on the current supply and the rental rate in the downtown area. Overall the rental market in the area will continue strong.

Rent Differentials (Proposed Rents vs. Market)

Rent Level	Subject Property	Market Rate Avg.	Difference Btwn Market	Percent of Market
One bedroom				
50%	$492	$700	$208	70%
60%	$495	$700	$205	71%
Two Bedroom				
50%	$542	$730	$188	74%
60%	$661	$730	$69	91%
Three Bedroom				
50%	$589	$900	$311	65%
50%	$722	$900	$178	80%

OCCUPANCY RESTRICTIONS:

CHFA: 20% of the units (6) restricted to 50% or less of median income.
20% of the units (6) restricted to 60% or less of median income.

ENVIRONMENTAL:

CHFA received a Phase 1 Environmental Assessment Report prepared by Kleinfelder Inc. dated December 15, 1999. No adverse conditions were noted. The report recommended asbestos and lead paint testing due to the age of the project. HBT Environmental conducted the lead based paint and asbestos tests on January 21, 2000 and February 9, 2000. No asbestos was found, but the report did recommend some lead paint encapsulation on door jams and windowsills. These recommendations are included in the rehabilitation scope of work. An Operation and Management Plan will also be implemented.

ARTICLE 34:

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

DEVELOPMENT TEAM:

Borrower's profile: The borrower is the Capitol Area Development Authority, a joint power authority created by the State of California and the City of Sacramento ("CADA"). CADA coordinates the redevelopment of residential and commercial properties in the area that encircles the State Capitol, and has a 5 member appointed Board of Directors. CADA developed and manages the Brannan Court Apartments in the CHFA loan portfolio.

Contractor: Paul Keamey Construction is the contractor for the office conversion and as well as for the replacement work of the garage glue lam beams. The contractor specializes in rehabilitation work in Sacramento, and over the last 5 years he has rehabilitated 25 single family and 125 multifamily units.

As part of borrower's cost saving efforts, CADA maintenance staff will perform the small amount of rehabilitation of the existing units.

Architect: Peter Simon Architecture Co. a licensed California architect and has been practicing since 1969. His practice focuses on single and multi-family housing. He has worked on 540 Sacramento single family and multifamily residential units.

Management Agent: The property management division of CADA will manage this development. They presently manage 752 residential units in 47 projects.

Project Summary — 17th Street Commons

964 Date: 24-Jul-00

Project Profile:

Project:	17th Street Commons	Appraiser:	Timothy Wright, MAI	
location:	1506 17th Street		Palmer, Groth & Pieta	
	Sacramento	Cap Rate:	8.50%	
County/Zip:	Sacramento 95814	Market:	$ 1,820,000	
Borrower:	Capitol Area Dvlmt Auth.	Income:	$ 1,820,000	
GP:	Capitol Area Dvlmt Auth.	Final Value:	$ 1,820,000	
LP:	none			
		LTC/LTV:		
program:	501(C)(3)	Loan/Cost	100.0%	
CHFA #:	99-024-N	Loan/Value	78.0%	

Project Description:

Units	29
Handicap Units	1
Bldg. Type	Acq/Rehab
Buildings	3
Stories	2 8 3
Gross Sq Ft	27,026
Land Sq Ft	44,800
Units/Acre	28
Total parking	16
Covered Parking	6

Financing Summary:

	Amount	Per Unit	Rete	Term
CHFA First Mortgage	$1,419,000	$49,271	6.2%	30
HOME Funds	$0	SO	0.00%	
SHRA Loan	$0	$0	0.00%	
Other Loans	$0	$0	0.00%	
AHP Funds	$0	SO	0.00%	
Borrowers Cash Contribution	SO	$0'		
Other	SO	SO		
Tax Credit Equity	SO	SO		
CHFA Bridge	SO	$0	0.00%	
CHFA HAT	$0	$0	0.00%	

Unit Mix:

Type	Size	Number	AMI	Rent	Max Income
1 BR	602	3	50%	$492	$21,150
2 BR	904	2	50%	$542	$23,800
3 BR	1,100	1	50%	$589	$26,450
1 BR	602	3	60%	$495	$25,380
2 BR	904	2	60%	$661	$28,560
3 BR	1,100	1	60%	$722	$31,740
1 BR	1100-1115	2	Market	$700	Open
1 BR	905-913	4	Market	$700	Open
1 BR	602	1	Market	$550	Open
2 BR	920	5	Market	$730	Open
3 BR	1,100	4	Market	$900	Open
2 BR	920	1	Manager	$0	Open
		29			

Fees, Escrows and Reserves:

Fees, Escrows & Reserves	Basis of	Requirements	Amount	Security
Commitment Fee	1.25%	of Loan Amount	$17,738	Cash
Finance Fee	1.25%	of Loan Amount	$17.738	Cash
Bond Origination Guarantee	1.00%	of Loan Amount	$14,190	Letter of Credit
Rent Up Reserve	5%	of Gross Income	$11,498	Letter of Credit
Operating Expense Reserve	10%	of Gross Income	$22,996	Letter of Credit
Marketing Reserve	5%	of Gross Income	$11,498	Letter of Credit
Initial Replacement Reserve	$1,000	per Unit	$29,000	Cash
Annual Replacement Reserve	$350	per Unit	$10,150	Operations
Construction Defects Aareement	2.5%	Hard Costs/12 month:	$8,264	Letter of Credit

Sources and Uses 17th Street Commons

SOURCES:		
Name of Lender / Source	Amount	$ per unit
CHFA First Mortgage	1,419,000	49,271
HOME Funds	0	0
CHFA HAT	0	0
SHRA Loan	0	0
Other Loans	0	0
AHP Funds	0	0
Total Institutional Financing	**1,419,000**	49,271
Equity Financing		
Borrowers Cash Contribution	0	0
Mher		
Tax Credit Equity	0	0
Total Equity Financing	0	0
TOTAL SOURCES	1,419,000	49,271

USES:		
Acquisition	795,000	27,604
Rehabilitation	343,093	11,913
Yew Construction	0	0
Architectual Fees	9,500	330
Survey and Engineering	0	0
Const. Loan Interest & Fees	26,485	920
Permanent Financing Fees	54,125	1,879
Legal Fees	10,000	347
Reserves	74,991	2,604
Contract Costs	7,750	269
Construction Contingencies	65,711	2,282
Local Fees	0	0
TCAC/Other Costs	22,345	776
PROJECT COSTS	**1,409,000**	48,924
Developer Fee	0	0
Project Administration	0	
Consultant/Processing Agent	10,000	347
TOTAL USES	1,419,000	49,271

Annual Operating Budget — 17th Street Commons

		$ per unit
INCOME:		
Total Rental Income	223,188	7,750
Laundry	1,728	60
Parking	5,040	175
Gross Potential Income (GPI)	229,956	7,985
Less:		
Vacancy Loss	11,498	399
Total Net Revenue	218,458	7,585
EXPENSES:		
Payroll	9,000	313
Administrative	16,623	577
Utilities	22,400	778
Operating and Maintenance	22,000	764
Insurance and Business Taxes	8,300	288
Taxes and Assessments	10,816	376
Reserve for Replacement Deposits	10,080	350
Subtotal Operating Expenses	99,219	3,445
Financial Expenses		
Mortgage Payments (1st loan)	104,291	3,621
Total Financial	104,291	3,621
Total Project Expenses	203,510	7,066

Cash Flow 17th Street Commons CHFA # 99-024-N

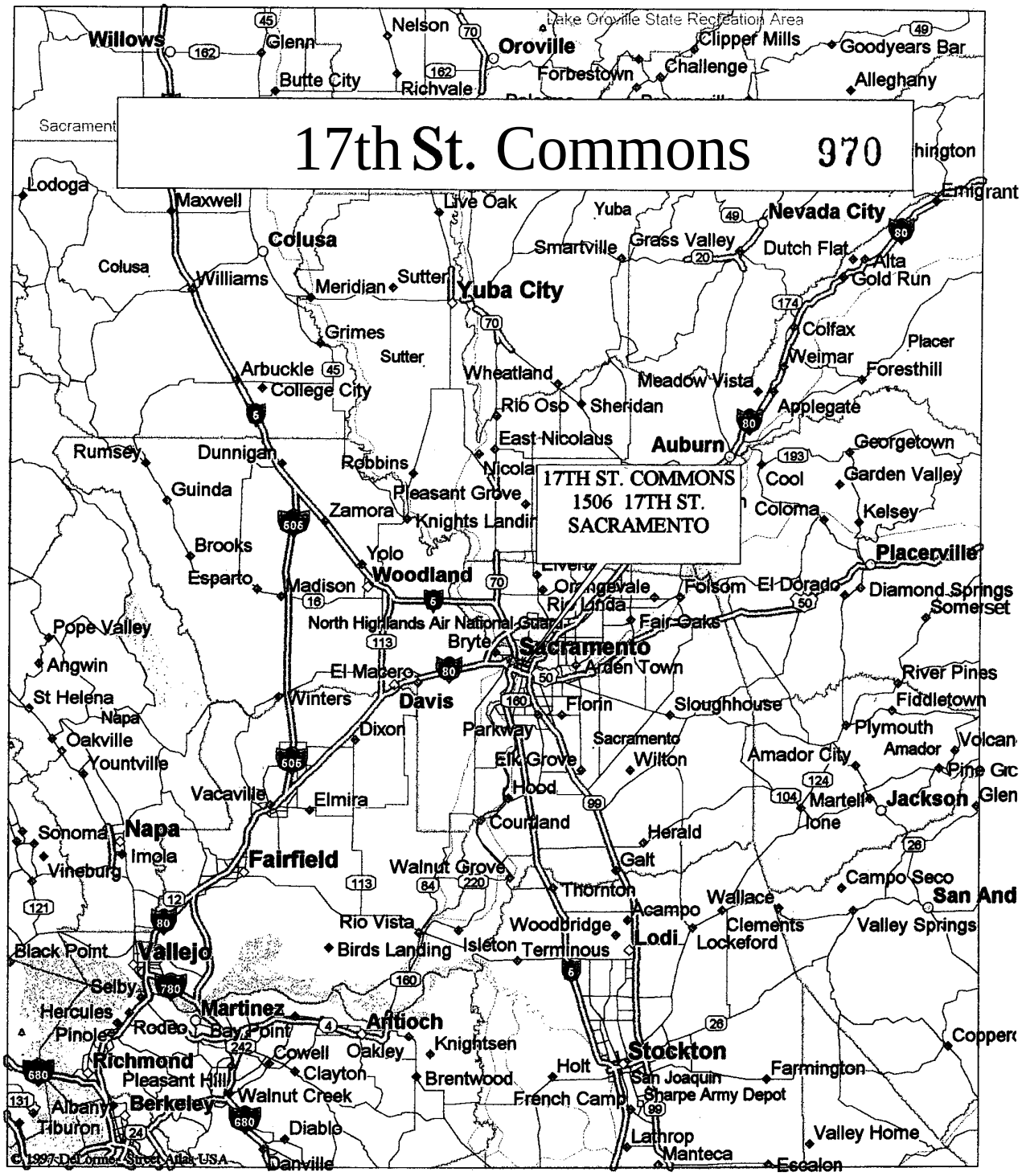
RENTAL INCOME	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Market Rent Increase	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*
Market Rents	144,000	147,600	151,290	155,072	158,949	162,923	166,996	171,171	175,450	179,836
Affordable Rent Increase	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*
Affordable Rents	79,188	81,168	83,197	85,277	87,409	89,594	91,834	94,130	96,483	98,895
TOTAL RENTAL INCOME	**223,188**	**228,768**	**234,487**	**240,349**	**246,358**	**252,517**	**258,830**	**265,300**	**271,933**	**278,731**
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	1,728	1,771	1,815	1,861	1,907	1,955	2,004	2,054	2,105	2,158
Parking for Market Units	5,040	5,166	5,295	5,428	5,563	5,702	5,845	5,991	6,141	6,294
TOTAL OTHER INCOME	**6,768**	**6,937**	**7,111**	**7,288**	**7,471**	**7,657**	**7,849**	**8,045**	**8,246**	**8,452**
GROSS INCOME	**229,956**	**235,705**	**241,598**	**247,637**	**253,828**	**260,174**	**266,678**	**273,345**	**280,179**	**287,184**
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	11,498	11,785	12,080	12,382	12,691	13,009	13,334	13,667	14,009	14,359
EFFECTIVE GROSS INCOME	**218,458**	**223,920**	**229,518**	**235,256**	**241,137**	**247,165**	**253,345**	**259,678**	**266,170**	**272,824**
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	78,323	81,456	84,714	88,103	91,627	95,292	99,103	103,068	107,190	111,478
Replacement Reserve	10,080	10,080	10,080	10,080	10,080	10,584	10,584	10,584	10,584	10,584
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	10,816	11,032	11,253	11,478	11,708	11,942	12,181	12,424	12,673	12,926
TOTAL EXPENSES	**99,219**	**102,568**	**106,047**	**109,661**	**113,414**	**117,818**	**121,868**	**126,076**	**130,447**	**134,988**
NET OPERATING INCOME	**119,239**	**121,352**	**123,471**	**125,595**	**127,723**	**129,348**	**131,477**	**133,602**	**135,723**	**137,836**
DEBT SERVICE										
CHFA - 1st Mortgage	104,291	104,291	104,291	104,291	104,291	104,291	104,291	104,291	104,291	104,291
CHFA - Bridge Loan	0	0	0	0	0					
CHFA - HAT Loan	0	0	0	0	0					
CASH FLOW after debt servic	**14,948**	**17,060**	**19,179**	**21,304**	**23,431**	**25,057**	**27,185**	**29,311**	**31,432**	**33,545**
DEBT COVERAGE RATIO	**1.14**	**1.16**	**1.18**	**1.20**	**1.22**	**1.24**	**1.26**	**1.28**	**1.30**	**1.32**

Cash Flow

RENTAL INCOME	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20
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	184,332	188,940	193,664	198,506	203,468	208,555	213,769	219,113	224,591	230,206
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	101,367	103,902	106,499	109,162	111,891	114,688	117,555	120,494	123,506	126,594
TOTAL RENTAL INCOME	**285,700**	**292,842**	**300,163**	**307,667**	**315,359**	**323,243**	**331,324**	**339,607**	**348,097**	**356,800**
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	2,212	2,267	2,324	2,382	2,442	2,503	2,565	2,629	2,695	2,762
Parking for Market Units	6,452	6,613	6,778	6,948	7,121	7,299	7,482	7,669	7,861	8,057
TOTAL OTHER INCOME	**8,664**	**8,880**	**9,102**	**9,330**	**9,563**	**9,802**	**10,047**	**10,298**	**10,556**	**10,820**
GROSS INCOME	**294,363**	**301,722**	**309,265**	**316,997**	**324,922**	**333,045**	**341,371**	**349,905**	**358,653**	**367,619**
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	14,718	15,086	15,463	15,850	16,246	16,652	17,069	17,495	17,933	18,381
EFFECTIVE GROSS INCOME	**279,645**	**286,636**	**293,802**	**301,147**	**308,676**	**316,393**	**324,302**	**332,410**	**340,720**	**349,238**
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	115,937	120,575	125,398	130,413	135,630	141,055	146,697	152,565	158,668	165,015
Replacement Reserve	11,113	11,113	11,113	11,113	11,113	11,669	11,669	11,669	11,669	11,669
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	13,185	13,448	13,717	13,992	14,271	14,557	14,848	15,145	15,448	15,757
TOTAL EXPENSES	**140,235**	**145,136**	**150,228**	**155,518**	**161,015**	**167,281**	**173,214**	**179,379**	**185,785**	**192,440**
NET OPERATING INCOME	**139,410**	**141,500**	**143,574**	**145,629**	**147,661**	**149,112**	**151,088**	**153,031**	**154,936**	**156,798**
DEBT SERVICE										
CHFA - 1st Mortgage	104,291	104,291	104,291	104,291	104,291	104,291	104,291	104,291	104,291	104,291
CHFA - Bridge Loan										
CHFA - HAT Loan										
CASH FLOW after debt servic	**35,119**	**37,209**	**39,283**	**41,338**	**N,370**	**44,821**	**46,797**	**48,740**	**50,644**	**52,507**
DEBT COVERAGE RATIO	**1.34**	**1.36**	**1.38**	**1.40**	**1.42**	**1.43**	**1.45**	**1.47**	**1.49**	**1.50**

Cash Flow

RENTAL INCOME	Year 21	Year 22	Year 23	Year 24	Year 25	Year 26	Year 27	Year 28	Year 29	Year 30
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	235,961	241,860	247,906	254,104	260,457	266,968	273,642	280,483	287,495	294,683
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	129,759	133,003	136,328	139,736	143,229	146,810	150,480	154,242	158,098	162,051
TOTAL RENTAL INCOME	**365,720**	**374,863**	**384,234**	**393,840**	**403,686**	**413,778**	**424,123**	**434,726**	**445,594**	**456,734**
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
Parking for Market Units	8,259	8,465	8,677	8,894	9,116	9,344	9,577	9,817	10,062	10,314
TOTAL OTHER INCOME	**11,090**	**11,367**	**11,652**	**11,943**	**12,241**	**12,547**	**12,861**	**13,183**	**13,512**	**13,850**
GROSS INCOME	**376,810**	**386,230**	**395,886**	**405,783**	**415,927**	**426,326**	**436,984**	**447,908**	**459,106**	**470,584**
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	18,840	19,311	19,794	20,289	20,796	21,316	21,849	22,395	22,955	23,529
EFFECTIVE GROSS INCOME	**357,969**	**366,918**	**376,091**	**385,494**	**395,131**	**405,009**	**415,135**	**425,513**	**436,151**	**447,055**
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	171,615	178,480	185,619	193,044	200,765	208,796	217,148	225,834	234,867	244,262
Replacement Reserve	12,252	12,252	12,252	12,252	12,252	12,865	12,865	12,865	12,865	12,865
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	16,072	16,393	16,721	17,056	17,397	17,745	18,100	18,462	18,831	19,208
TOTAL EXPENSES	**199,939**	**207,125**	**214,593**	**222,352**	**230,415**	**239,406**	**248,113**	**257,160**	**266,563**	**276,334**
NET OPERATING INCOME	**158,030**	**159,793**	**161,499**	**163,142**	**164,716**	**165,604**	**167,022**	**168,352**	**169,588**	**170,720**
DEBT SERVICE										
CHFA - 1st Mortgage	104,291	104,291	104,291	104,291	104,291	104,291	104,291	104,291	104,291	104,291
CHFA - Bridge Loan										
CHFA - HAT Loan										
CASH FLOW after debt servic	**53,739**	**55,502**	**57,208**	**58,851**	**60,425**	**61,312**	**62,731**	**64,061**	**65,297**	**66,429**
DEBT COVERAGE RATIO	**1.52**	**1.53**	**1.55**	**1.56**	**1.58**	**1.59**	**1.60**	**1.61**	**1.63**	**1.64**


17th St. Commons 970
17TH ST. COMMONS
1506 17TH ST.
SACRAMENTO
Willows
Glenn
Butte City
Nelson
Richvale
Oroville
Lake Oroville State Recreation Area
Clipper Mills
Challenge
Forbestown
Goodyears Bar
Alleghany
Lodoga
Maxwell
Colusa
Williams
Meridian
Sutter
Yuba City
Live Oak
Yuba
Smartville
Grass Valley
Nevada City
Dutch Flat
Alta
Gold Run
Emigrant
Grimes
Sutter
Arbuckle
College City
Wheatland
Rio Oso
Sheridan
Meadow Vista
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Applegate
Auburn
Georgetown
Garden Valley
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Coloma
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Dunnigan
Robbins
East Nicolaus
Nicolaus
Pleasant Grove
Zamora
Knights Landing
Guinda
Brooks
Esparto
Madison
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Woodland
Orangevale
Folsom
El Dorado
Diamond Springs
Somerset
Pope Valley
Angwin
St Helena
Napa
Oakville
Yountville
North Highlands Air National Guard
Fair Oaks
Bryte
Sacramento
Arden Town
El Macero
Winters
Davis
Florin
Sloughhouse
River Pines
Fiddletown
Plymouth
Volcan
Amador
Amador City
Dixon
Parkway
Sacramento
Elk Grove
Wilton
Vacaville
Elmira
Hood
Courtland
Herald
Martell
Jackson
Ione
Sonoma
Napa
Imola
Vineburg
Fairfield
Walnut Grove
Galt
Thornton
Campo Seco
San And
Rio Vista
Birds Landing
Isleton
Woodbridge
Terminous
Lodi
Acampo
Wallace
Clements
Lockeford
Valley Springs
Black Point
Vallejo
Selby
Hercules
Pinole
Rodeo
Martinez
Bay Point
Antioch
Knightsen
Richmond
Cowell
Oakley
Clayton
Brentwood
Holt
Stockton
San Joaquin
Farmington
Pleasant Hill
Walnut Creek
French Camp
Sharpe Army Depot
Albany
Berkeley
Tiburon
Diable
Lathrop
Manteca
Valley Home
Escalon
Danville
Copperc
© 1997 DeLorme Street Atlas USA
Mag 9.00
Fri Jul 28 13:47 2000
Scale 1:1,000,000 (at center)
20 Miles
20 KM
Major Road
Major Highway
Ferry
Interstate/Limited Access
Toll Highway
Point of Interest
County Seat
State Capital
Large City
Park/Reservation

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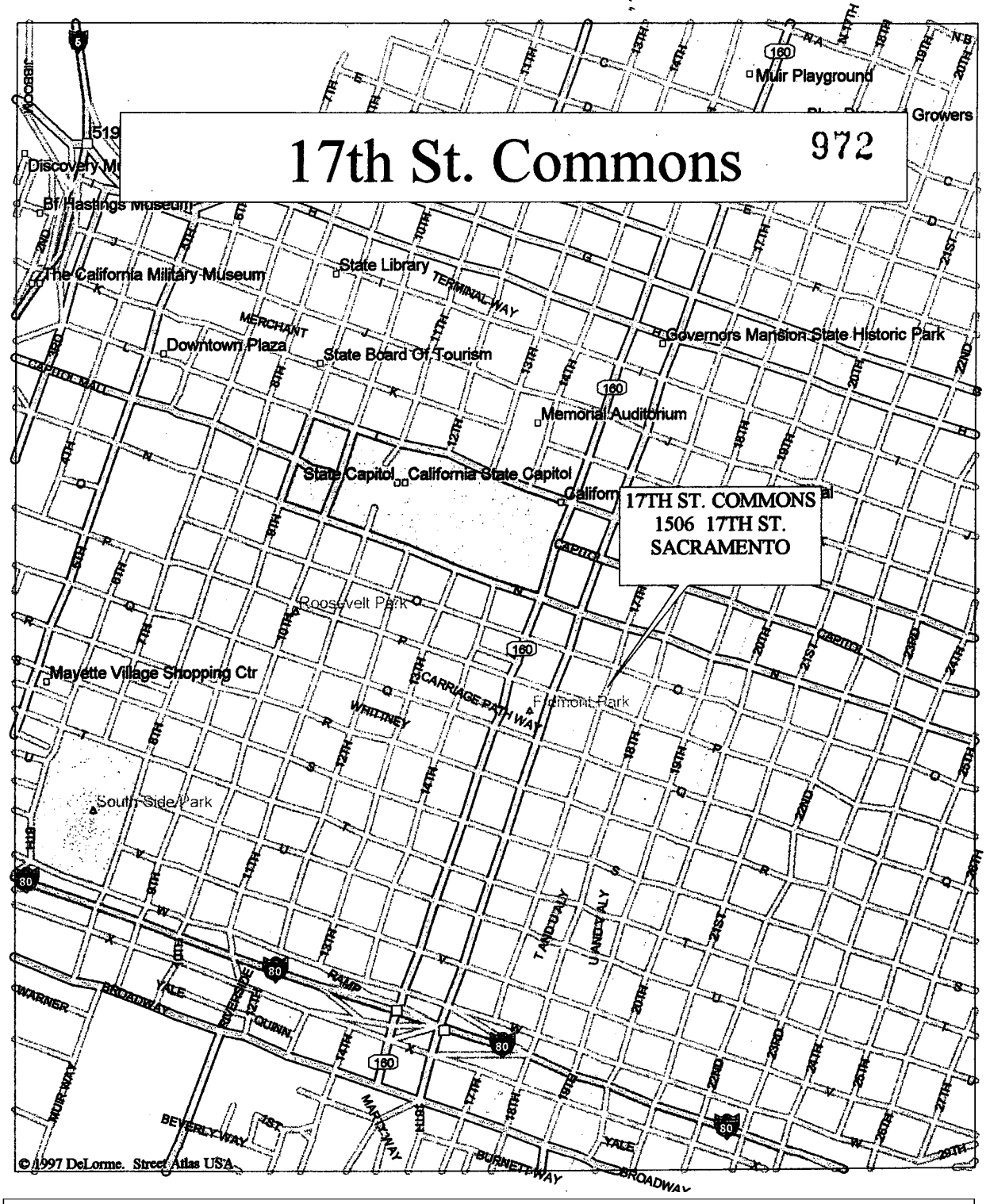
17th St. Commons

972



Mag 15.00
Fri Jul 28 13:49 2000
Scale 1:15,625 (at center)

1000 Feet

500 Meters

Local Road
Major Connector
State Route
Interstate/Limited Access
Exit

Railroad
Point of Interest
Park/Reservation
water
City Park

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RESOLUTION 00-30

RESOLUTION AUTHORIZING A FINAL LOAN COMMITMENT

WHEREAS, the California Housing Finance Agency (the "Agency") has received a loan application from Capitol Area Development Authority (the "Borrower") seeking a loan commitment under the Agency's 501(c)(3) Loan Program in the mortgage amounts described herein, the proceeds of which are to be used to provide a mortgage loan for a 29-unit multifamily housing development located in the City of Sacramento to be known as Seventeenth Street Commons (the "Development"); and

WHEREAS, the loan application has been reviewed by Agency staff which has prepared its report dated July 24, 2000 (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 November 8, 1999, the Executive Director exercised the authority delegated to 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:

PROJECT NUMBER	DEVELOPMENT NAME/ LOCALITY	NUMBER OF UNITS	MORTGAGE AMOUNT
00-024-N	Seventeenth Street Commons Sacramento/Sacramento	29	$1,419,000

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STATE OF CALIFORNIA
STD. 113 (REV. 8-72)

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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 increase 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 increases in mortgage amount of more than seven percent (7%), must be submitted to this Board for approval. "Material modifications" as used herein means modifications which, when made 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 or material way.

I hereby certify that this is a true and correct copy of Resolution 00-30 adopted at a duly constituted meeting of the Board of the Agency held on August 10, 2000, at Millbrae, California.

ATTEST:_____
Secretary

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Executive Summary

976 Date: July 24,2000

Project Profile:

Project:	Saratoga Snrs Phase II	*Borrower:*	Saratoga II L.P.
Location:	Burton/Ulatis Dr	*GP:*	Nehemiah Progressive
City:	Vacaville	*LP:*	TBD
County:	Solano	*Program:*	Tax Exempt
Type:	Senior	*CHFA #:*	00-026-N

Financing Summary:

	Final	Per Unit
CHFA First Mortgage	$5,730,000	$47,750
CHFA BRIDGE	$0	$0
Redev. Agency	$566,000	$4,717
Project Net Income	$88,401	$737
AHP Funds	$0	$0
Borrowers Cash Contribution	$0	$0
Deferred Developer Equity	$1,148,377	$9,570
Tax Credit Equity	$3,314,129	$27,618
CHFA Bridge	$0	$0
CHFA HAT-	$0	$0

Loan to Value
70.0%

Loan to Cost
52.8%

Unit Mix:

Type	Size	Number	AMI	Rent	Max Income
1 BR	618	19	50%	$469	$18,650
2 BR	877	5	50%	$558	$21,325
1 BR	618	56	60%	$570	$22,380
2 BR	877	19	60%	$678	$25,590
1 BR	618	20	40%	$369	$14,920
1 BR	618	1	Manager	$600	N/A
		120			

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CALIFORNIA HOUSING FINANCE AGENCY

Final Commitment

Project Name: Saratoga Seniors Apartments

CHFA Project #00-026-N

SUMMARY:

This is a Final Commitment request for a tax-exempt first mortgage in the amount of $5,730,000 amortized over 30 years at 6.20%. Saratoga Seniors Apartments, Phase II is a 120-unit new construction project for seniors located at the comer of Burton and Ulatis Drive in Vacaville in Solano County.

LOAN TERMS:	1" MORTGAGE
Loan Amount	$5,730,000
Interest Rate:	6.20%
Term:	30 years
Financing:	Tax- Exempt

LOCALITY INVOLVEMENT:

The Vacaville Redevelopment Agency will provide $566,000 in HOME funds at 3.0% for 30 years.

PROJECT DESCRIPTION

The site is a 6.19 acre irregularly shaped parcel that was zoned CO (commercial office) with an RO (residential overlay) designation. This allows for the development of a residential project with up to 123units.

This project is phase 2 of an existing, adjacent 107 unit senior complex known as Saratoga Senior Apartments. The project is new construction and will consist of 9 two-story apartment buildings and a clubhouse. The unit mix consists of % one-bedroom, one bath units (618 square feet) and 24 two-bedroom, one bath units (872 square feet). Units will be plumbed for washer/dryer hookups.

The clubhouse includes a lobby, conference room, a computer center, a crafts room, library, game room and a full kitchen. Laundry facilities and management offices are also located within the clubhouse. Tenants will have access to the swimming pool at phase 1. There will be a total of 150 parking spaces consisting of 95 carports, 25 garages and 30 uncovered spaces.

MARKET DEMAND:

Solano County is part of the nine-county San Francisco Bay Area that is the fourth largest metropolitan center in the United States with a population exceeding 5.7 million. Growth within the county increased as land became more expensive in areas closer to San Francisco. Between 1990 and 1998 the population in Solano County increased by 12.6%. This increase resulted from businesses that moved to the East Bay seeking to reduce expenses and relocate closer to the labor force. Solano County attracts people looking for affordable housing which is still out of reach in neighboring communities like Walnut Creek and Concord.

The population in Vacaville during the 1990's more than doubled from 43,367 to 89,300. Economic expansion within the county has been moderate and has not kept pace with the population increase. Currently over 30% of Solano County's labor force works outside of the county.

The pending and final closure of Mare Island Naval Station in 1996 impacted the Vacaville market through 1995. Since then market conditions have improved, vacancy levels have decreased and rents have increased over the past three years. Current vacancy rates range from 0.0% to 2.2%, generally averaging 0.5% and are not expected to change. Within the primary market area of this project, over 37% of the population qualifies for senior housing.

Rent Differentials (Market vs. Restricted Subject Rents)

Rent Level	Subject	Market	Dif. Btwn Market	% of Market
One Bedroom				
40% rents	$369	$700	$331	53%
50% rents	$469	$700	$231	67%
60% rents	$570	$700	$130	82%
Two Bedroom				
50% rents	$558	$900	$342	62%
60% rents	$678	$900	$222	76%

HOUSING SUPPLY:

The median cost of a single-family home in Vacaville, as of March 31, 2000 was $172,000, a 13.7% increase from the previous year. Most of the construction starts have been for single family homes. During the past ten years, building permits for 4,795 residential units were issued. Of those 698 were for multifamily and of that number, 593 units were issued in 1998 and 1999.

Of the 13 senior and multifamily projects in the surrounding area only two, Rose Garden Senior Apartments and Country Gardens Senior Apartments were constructed after 1990. Both projects are LIHTC projects and with a combined total of 180 units, they are the only senior projects in the neighborhood that are in direct competition with this project. Rose Garden Senior Apartments was completed in phases in 1990 and 1993 and Country Gardens Senior Apartments was completed in 1998.

There are four projects, planned, under construction or recently completed in Vacaville. Walnut Grove Senior Apartments, a 117 unit market rate project just opened phase 1 (85 units) in June 2000; the remaining phase of the project will be completed in September 2000. 58 of the 85 units were pre-leased. River Oaks, a 316-unit luxury apartment complex and Poppy Gardens Senior Apartments an 80-unit market rate apartment complex are scheduled for completion in 2000. 50% of the units at Poppy Gardens are pre-leased. Currently the only other planned project is The Oaks Senior Apartments, a proposed 78-unit complex.

In spite of the projects in the development stages, the supply is expected to remain low and demand for housing is expected to remain high. None of the complexes surveyed offer any rent concessions.

OCCUPANCY RESTRICTIONS:

HOME:	17% of the units (20) are restricted to 40% of median income
CHFA	20% of the units (24) are restricted to 50% of median income.
TCAC	100% of the units (120) restricted to 60% of median income.

ENVIRONMENTAL:

A Phase I report was prepared by Raney Geotechnical and is dated June 16, 2000. No adverse conditions were noted.

ARTICLE 34:

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

DEVELOPMENT TEAM

Borrower's Profile: The Borrower is Saratoga 11 L.P., a California Limited Partnership with St. Anton Partners, LLC, a California limited liability corporation as the general partner and St. Anton Capital, LLC, a California limited liability company as the limited partner. Upon completion of construction, Nehemiah Progressive Housing Corp., a California nonprofit public benefit corporation ("Nehemiah") will become the sole general partner, with the tax credit equity investor Edison Capital Housing Partners Investments and St. Anton Partners, LLC as co-limited partners. Nehemiah is the managing general partner on seven projects with a total of 1,064 units. St. Anton Partners, LLC is the principal in four projects under construction with 385 units and on fourteen existing projects.

Contractor: Hurley Construction Inc. ("Hurley") has been selected as the general contractor. Construction costs were completed based on a bid by Hurley who was also the contractor on Renwick Square Apartments and Sutter Square Apartments, two projects in CHFA's loan portfolio. Hurley was also the contractor on phase 1 of the project.

Architect: Graber Rasmussen Architects are the architects on this project. Graber Rasmussen Architects was founded in 1982 and they are a full service, commercial and residential architectural firm. They were the architect for two other apartment projects constructed by St. Anton Partners, a multifamily project and a senior project.

Management **Agent:** St Anton Management Inc. and Jon Berkley Management Inc. ("Jon Berkley") will co-manage the property. Jon Berkley will be the on-site property manager and St. Anton Management Inc. will oversee the financial aspect of the project. Jon Berkley was founded in 1979 currently manages 45 multifamily projects with a total of 3,370 units.

Project Summary

Date: 24-Jul-00

Project Profile:

Project: Saratoga Snrs Phase II
Location: Burton/Ulatis Dr
Vacaville
County/Zip: Solano 95687
Borrower: Saratoga II L.P.
GP: Nehemiah Progressive
LP: TBD

Program: Tax Exempt
CHFA #: 00-026-N

Appraiser: Timothy Wright
Palmer Groth & Pietka
Cap Rate: 8.00%
Market: $ 8,080,000
Income: $ 8,180,000
Final Value: $ 8,180,000

LTC/LTV:
Loan/Cost 52.8%
Loan/Value 70.0%

Project Description:

Units	120
Handicap Units	6
Bldg. Type	New Construction
Buildings	9
Stories	1 6 2
Gross Sq Ft	89,402
Land Sq Ft	269,636
Units/Acre	19
Total Parking	150
Covered Parking	120

Financing Summary:

	Amount	Per Unit	Rate	Term
CHFA First Mortgage	$5,730,000	$47,750	6.20%	30
Redev. Agency	$566,000	$4,717	3.00%	30
Project Net Income	$88,401	$737	0.00%	-
AHP Funds	$0	$0	0.00%	-
Borrowers Cash Contribution	$0	$0		-
Deferred Developer Equity	$1,148,377	$9,570		
Tax Credit Equity	$3,314,129	$27,618		
CHFA Bridge	$0	$0	0.00%	-
CHFA HAT	$0	$0	0.00%	-

Unit Mix:

Type	Size	Number	AMI	Rent	Max Income
1 BR	618	19	50%	$469	$18,650
2 BR	877	5	50%	$558	$21,325
1 BR	618	56	60%	$570	$22,380
2 BR	877	19	60%	$678	$25,590
1 BR	618	20	40%	$369	$14,920
1 BR	618	1	Manager	$600	N/A
		120			

Fees, Escrows and Reserves:

Escrows & Reserves	Basis of Requirements		Amount	Security
Commitment Fee	1.00%	of Loan Amount	$57,300	Cash
Finance Fee	1.00%	of Loan Amount	$57,300	Cash
Bond Origination Guarantee	1.00%	of Loan Amount	$57,300	Letter of Credit
Rent Up Account Reserve	15%	of Gross Income	$120,092	Letter of Credit
Operating Expense Reserve	10%	of Gross Income	$80,062	Letter of Credit
Marketing Reserve	10%	of Gross Income	$80,062	Letter of Credit
Annual Replacement Reserve	0.6%	of Hard Costs	$27,600	Operations
Const. Defects Agreement	2.5%	Hard Cost/12 Months	$125,001	LOC

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Sources and Uses Saratoga Snrs Phase II

SOURCES:

Name of Lender / Source	Amount	$per unit
CHFA First Mortgage	5,730,000	47,750
CHFA BRIDGE	0	0
CHFA HAT	0	0
Redev. Agency	566,000	4,717
Other Loans	88,401	737
AHP Funds	0	0
Total Institutional Financing	**6,384,401**	**53,203**
Equity Financing		
Borrowers Cash Contribution	0	0
Deferred Developer Equity	1,148,377	0,570
Tax Credit Equity	3,314,129	27,618
Total Equity Financing	4,462,506	37,180
TOTAL SOURCES	10,846,907	90,391

USES:

Acquisition	365,000	3,042
Rehabilitation	0	0
New Construction	5,860,276	48,836
Architectual Fees	80,000	667
Survey and Engineering	30,000	250
Const. Loan Interest & Fees	640,074	5,334
Permanent Financing Fees	119,600	007
Legal Fees	40,000	333
Reserves	280,216	2,335
Contract costs	13,000	108
Construction Contingency	348,002	2,900
Local Fees	0	0
TCAC/Other *Costs*	1,870,730	15,589
PROJECT COSTS	**9,646,907**	80,381
Developer Overhead/Profit	1,200,000	10,000
Consultant/Processing Agent	0	0
TOTAL USES	**10,846,907**	80,391

Annual Operating Budget **Saratoga Snrs Phase II**

	Amount	$ per unit
INCOME:		
Total Rental Income	773,796	6,448
Laundry	4,320	36
Other Income	0	-
Garage Rentals	22,500	188
Gross Potential Income (GPI)	800,616	6,672
Less:		
Vacancy Loss	40,031	334
Total Net Revenue	760,585	6,338
EXPENSES:		
Payroll	75,460	629
Administrative	54,023	450
Utilities	60,913	508
Operating and Maintenance	62,707	523
Insurance and Business Taxes	13,789	115
Taxes and Assessments	6,962	58
Reserve for Replacement Deposits	27,600	230
Subtotal Operating Expenses	301,454	2,512
Financial Expenses		
Mortgage Payments (1st loan)	421,134	3,509
Total Financial	421,134	3,509
Total Project Expenses	722,588	6,022

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Cash Flow — Saratoga Snrs Phase II CHFA # 00-026-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	0	0	0	0	0	0	0	0	0	0
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	773,796	793,141	812,969	833,294	854,126	875,479	897,366	919,800	942,795	966,365
TOTAL RENTAL INCOME	**773,796**	**793,141**	**812,969**	**833,294**	**854,126**	**875,479**	**897,366**	**919,800**	**942,795**	**966,365**
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	4,320	4,428	4,539	4,652	4,768	4,888	5,010	5,135	5,264	5,395
Parking	22,500	23,063	23,639	24,230	24,836	25,457	26,093	26,745	27,414	28,099
TOTAL OTHER INCOME	**26,820**	**27,491**	**28,178**	**28,882**	**29,604**	**30,344**	**31,103**	**31,881**	**32,678**	**33,495**
GROSS INCOME	**800,616**	**820,631**	**841,147**	**862,176**	**883,730**	**905,824**	**928,469**	**951,681**	**975,473**	**999,860**
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	40,031	41,032	42,057	43,109	44,187	45,291	46,423	47,584	48,774	49,993
EFFECTIVE GROSS INCOME	**760,585**	**779,600**	**799,090**	**819,067**	**839,544**	**860,532**	**882,046**	**904,097**	**926,699**	**949,867**
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	273,854	284,808	296,200	308,049	320,370	333,185	346,513	360,373	374,788	389,780
Replacement Reserve	27,600	27,600	27,600	27,600	27,600	27,600	27,600	27,600	27,600	27,600
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	**301,454**	**312,408**	**323,800**	**335,649**	**347,970**	**360,785**	**374,113**	**387,973**	**402,388**	**417,380**
NET OPERATING INCOME	**459,131**	**467,192**	**475,289**	**483,419**	**491,573**	**499,747**	**507,933**	**516,124**	**524,311**	**532,487**
DEBT SERVICE										
CHFA - 1st Mortgage	421,134	42[illegible],134	421,134	421,134	421,134	421,134	421,134	421,134	421,134	421,134
CHFA - Bridge Loan	0	0	0	0	0					
CHFA - HAT Loan	0	0	0	0	0					
CASH FLOW after debt servic	**37,998**	**46,058**	**54,156**	**62,285**	**70,440**	**78,613**	**86,799**	**94,990**	**103,177**	**111,353**
DEBT COVERAGE RATIO	**1.09**	**1.11**	**1.13**	**1.15**	**1.17**	**1.19**	**1.21**	**1.23**	**1.24**	**1.26**

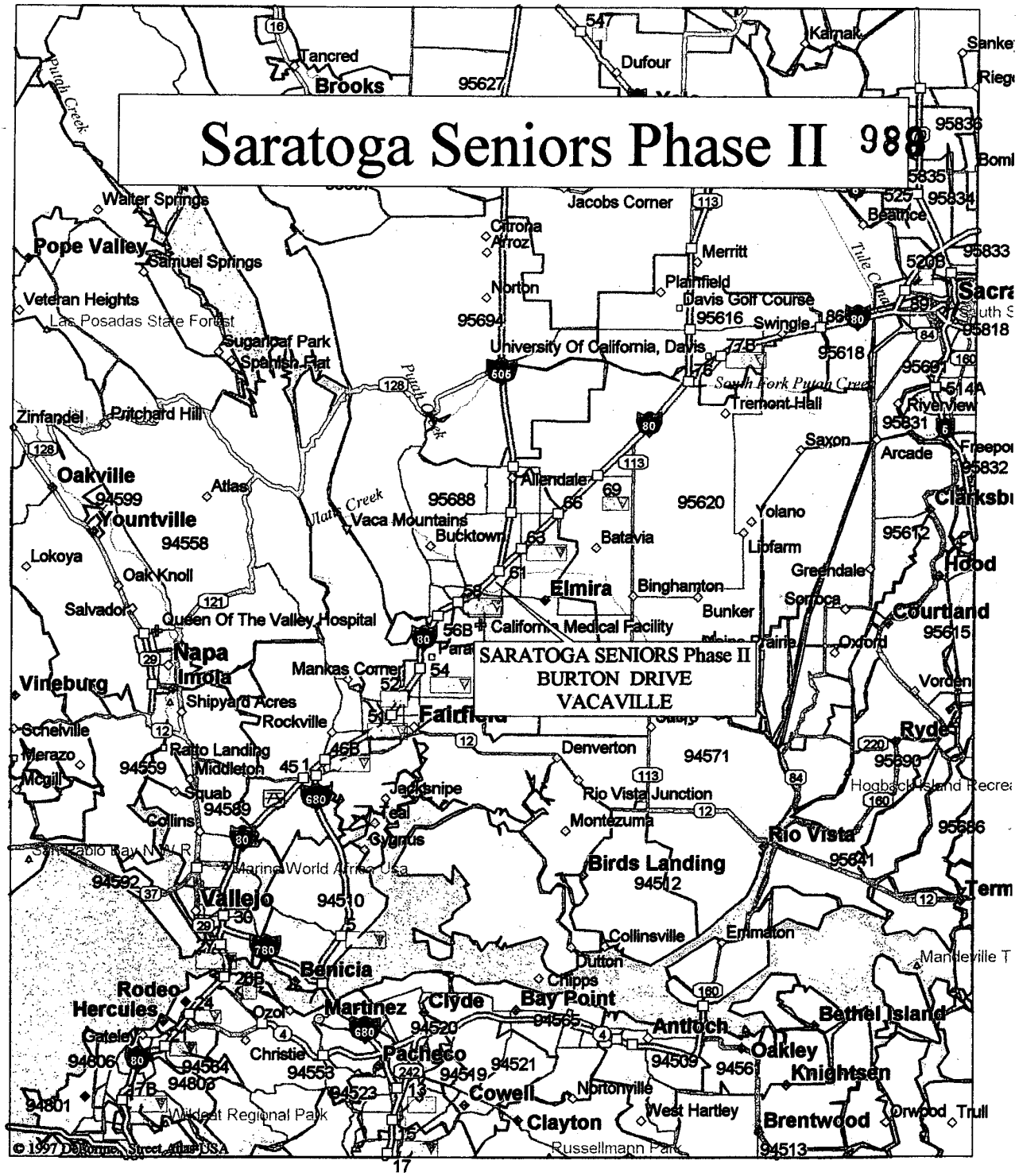
Cash Flow

RENTAL INCOME	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20
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	0	0	0	0	0	0	0	0	0	0
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	990,524	1,015,287	1,040,670	1,066,686	1,093,353	1,120,687	1,148,705	1,177,422	1,206,858	1,237,029
TOTAL RENTAL INCOME	**990,524**	**1,015,287**	**1,040,670**	**1,066,686**	**1,093,354**	**1,120,687**	**1,148,705**	**1,177,422**	**1,206,858**	**1,237,029**
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	5,530	5,668	5,810	5,955	6,104	6,257	6,413	6,573	6,738	6,906
Parking	28,802	29,522	30,260	31,016	31,792	32,587	33,401	34,236	35,092	35,970
TOTAL OTHER INCOME	**34,332**	**35,190**	**36,070**	**36,972**	**37,896**	**38,843**	**39,814**	**40,810**	**41,830**	**42,876**
GROSS INCOME	**1,024,856**	**1,050,[illegible]**	[illegible]	**1,1[illegible]658**	**1,131,249**	**1[illegible]**	**1[illegible],519**	**1,218,232**	**1,248,688**	**1,279,905**
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	51,243	52,524	53,837	55,183	56,562	57,977	59,426	60,912	62,434	63,995
EFFECTIVE GROSS INCOME	**973,613**	**997,954**	**1,022,903**	**1,048,475**	**1,074,687**	**1,101,554**	**1,129,093**	**1,157,320**	**1,186,253**	**1,215,910**
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	405,371	421,586	438,449	455,987	474,227	493,196	512,923	533,440	554,778	576,969
Replacement Reserve	27,600	27,600	27,600	27,600	27,600	27,600	27,600	27,600	27,600	27,600
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	**432,971**	**449,186**	**466,049**	**483,587**	**501,827**	**520,796**	**540,523**	**561,040**	**582,378**	**604,569**
NET OPERATING INCOME	**540,643**	**548,768**	**556,853**	**564,888**	**572,860**	**580,759**	**588,570**	**596,280**	**603,875**	**611,341**
DEBT SERVICE										
CHFA - 1st Mortgage	421,134	421,134	421,134	421,134	42[illegible]	421,134	421[illegible]	421,134	421,134	421 34
CHFA - Bridge Loan										
CHFA - HAT Loan										
CASH FLOW after debt servic	**119,509**	**127,634**	**135,720**	**[illegible]754**	**15 ,727**	**159,625**	**167,436**	**175,146**	**182,742**	**190,207**
DEBT COVERAGE RATIO	**1.28**	**1.30**	**1.32**	**1.34**	**1.36**	**1.38**	**1.40**	**1.42**	**1.43**	**1.45**

Cash Flow

RENTAL INCOME	Year 21	Year 22	Year 23	Year 24	Year 25	Year 26	Year 27	Year 28	Year 29	Year 30
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	0	0	0	0	0	0	0	0	0	0
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	1,267,955	1,299,654	1,332,145	1,365,449	1,399,585	1,434,575	1,470,439	1,507,200	1,544,880	1,583,502
TOTAL RENTAL INCOME	1,267,955	1,299,654	1,332,145	1,365,449	1,399,585	1,434,575	1,470,439	1,507,200	1,544,880	1,583,502
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	7,079	7,256	7,437	7,623	7,814	8,009	8,209	8,414	8,625	8,840
Parking	36,869	37,791	38,735	39,704	40,696	41,714	42,757	43,826	44,921	46,044
TOTAL OTHER INCOME	43,948	45,046	46,173	47,327	48,510	49,723	50,966	52,240	53,546	54,885
GROSS INCOME	1,31 [illegible]03	[illegible]	1,378,318	1,412,776	1,448,095	1,484,297	1,521,405	1,559,440	1,598,426	1,638,387
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	65,595	67,235	68,916	70,639	72,405	74,215	76,070	77,972	79,921	81,919
EFFECTIVE GROSS INCOME	1,246,307	1,277,465	1,309,402	1,342,137	1,375,690	1,410,082	1,445,335	1,481,468	1,518,505	1,556,467
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	600,048	624,050	649,012	674,972	701,971	730,050	759,252	789,622	821,207	854,055
Replacement Reserve	27,600	27,600	27,600	27,600	27,600	27,600	27,600	27,600	27,600	27,600
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	627,648	651,650	676,612	702,572	729,571	757,650	786,852	817,222	848,807	881,655
NET OPERATING INCOME	618,660	625,815	632,790	639,565	646,119	652,433	658,483	664,246	669,698	674,812
DEBT SERVICE										
CHFA - 1st Mortgage	421,134	421,134	421,134	421,134	421,134	421,134	421,134	421,134	421,134	421,134
CHFA - Bridge Loan										
CHFA - HAT Loan										
CASH FLOW after debt servic	197,526	204,682	211,656	218,431	224,985	231,299	237,349	243,112	248,564	253,678
DEBT COVERAGE RATIO	1.47	1.49	1.50	1.52	1.53	1.55	1.56	1.58	1.59	1.60

Saratoga Seniors Phase II



Mag 10.00
Tue Jul 25 16:10 2000
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10 Miles
10KM

Major Connector
State Route
Primary State Route
Ferry
Interstate/Limited Access
Toll Highway
Rest Area with facilities
Exit
Point of Interest
County Seat

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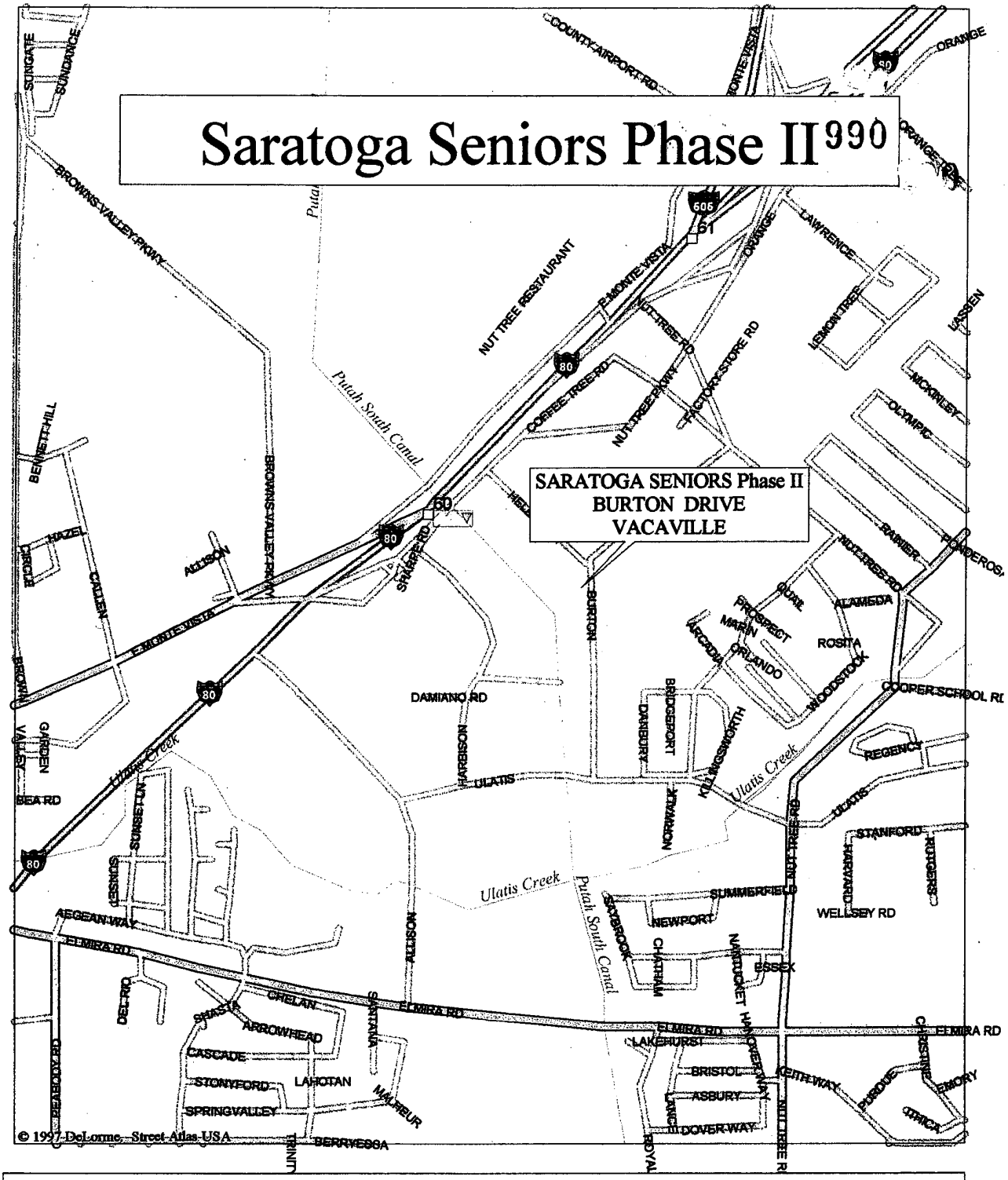
Saratoga Seniors Phase II 990



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1000 Feet
500 Meters

Local Road
Major Connector
Interstate/Limited Access
Exit
Railroad

Exit/Gas
Exit/Lodging
Exit/Food
River/Canal

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RESOLUTION 00-31

RESOLUTION AUTHORIZING A FINAL LOAN COMMITMENT

WHEREAS, the California Housing Finance Agency (the "Agency") has received a loan application from Saratoga II L.P., 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 on a 120-unit multifamily housing development located in the City of Vacaville to be known as Saratoga Senior Apartments (the "Development"); and

WHEREAS, the loan application has been reviewed by Agency staff which has prepared its report dated July 24, 2000 (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 June 27, 2000, the Executive Director exercised the authority delegated to 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:

PROJECT NUMBER	DEVELOPMENT NAME/ LOCALITY	NUMBER OF UNITS	MORTGAGE AMOUNT
00-026-N	Saratoga Senior Apartments Vacaville/Solano	120	$5,730,000

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STD. 113 (REV 8-72)

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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 increase 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 increases in mortgage amount of more than seven percent (7%), must be submitted to this Board for approval. "Material modifications" as used herein means modifications which, when made 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 or material way.

I hereby certify that this is a true and correct copy of Resolution 00-31 adopted at a duly constituted meeting of the Board of the Agency held on August 10, 2000, at Millbrae, California.

ATTEST:_____
Secretary

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CALIFORNIA HOUSING FINANCE AGENCY
Final Commitment
Project Name: Baldwin Park Land Acquisition
CHFA Project #00-030-S

SUMMARY:

This is a Final Commitment request for an acquisition land loan in the amount of $641,250 at 6.5% simple interest for twelve months. The Borrower is Baldwin Park Family Housing limited partnership with Thomas Safran & Associates ("Safran") as general partner.

A short term acquisition loan was made by the initial equity investor, to acquire property from Mr. Chui on September 16, 1999. The Chui property is part of three property purchases by Safran that combined with the land owned by the Redevelopment Agency of the City of Baldwin Park ("the City,') will comprise the Baldwin Park project. The sales price for the Chui property was approximately $1,100,000 and the requested mortgage loan represents a 59% LTV.

The CHFA loan will be repaid from the loan made by the Redevelopment Agency of the City of Baldwin Park under the terms and conditions spelled out in the DDA Agreement dated July 14, 2000. Payments of $333,750 are disbursed at the end of January and July respectively during a two year period which began in January 2000 and ends July 2001. The July payment has been made and two payments remain. Safran has applied for 9% tax credits in the current tax credit round.

The vacant site is located in Baldwin Park and is surrounded by residential and commercial property. The site consists of eight parcels bisected by a public right of way (an alley) that are to be combined. Safran has submitted a request to abandon the alley that separates two of the sites. The parcels are located at the following street addresses: 13020 & 13050 Ramona Boulevard, 13122 Corack Street and 13043 Francisquito Avenue. The parcel at 13050 Ramona Boulevard is a former service station that has been tom down and the parcel is vacant. Safran has purchased the parcels on Ramona Boulevard and Corack Street; the City owns the final parcel on Francisquito Avenue.

This project is designed to replace affordable housing within the Baldwin Park area that has been eliminated for the development of commercial/industrial structures. The City will convey fee simple title to the borrower in consideration for Safran's construction and management of a 71 unit affordable project on the site.

SITE DESCRIPTION:

The project contains 2.87 acres net, including the alley that is to be abandoned. Current zoning is (R-1) single family dwelling and (C-2) general commercial. The project

requires an alteration of the planned land use to multifamily residential which is consistent with the proposed General Plan 2020 Land Use designation.

The sites are generally vacant although one parcel has a concrete pad from a previously existing single family dwelling and there is a boarded up single family dwelling with a garage on another parcel.

A Phase I and Phase II report was prepared by California Environmental and dated May 1998. The report cited the possibility of an undiscovered suspect waste oil tank and recommended a soil vapor study.

A Subsurface Site Assessment Shallow and Trenching report was also completed by California Environmental in January 2000. As part of the report they searched for the waste oil tank and were unable to locate one. They did discover a two-stage clarifier that was apparently installed without permits. The report recommends that the two-stage clarifier be removed during future grading.

A Geotechnical Engineering Investigation report dated April 7, 2000 concluded that the project is feasible from a geotechnical engineering standpoint.

A Negative Declaration was prepared and a Notice of Determination filed on August 26, 1999.

PROJECT PROPOSAL:

Safran's proposal contemplates the following development scenarios:

- Affordable housing for families and seniors
- Community center facilities with media center and laundry room
- A pool, spa, tot lots and basketball court
- Computer room
- Landscaped open space

Safran will construct 12 two and three story residential building and a multi-purpose community center building. The parking will be open parking clustered in two locations; one adjacent to Corak Street and the other adjacent to Ramona Boulevard.

The 71 units will be a combination of senior and family units; 35 units for seniors and 36 multifamily units. The age restriction for the senior units, as imposed by the City, is 62 years of age.

The City is requiring that 20% of the units (15) be rented to tenants with median incomes of 50% or less and 60% of the units (43) be rented to tenants with median incomes of

60%or less. The City affordability restriction is to remain in place for no less than thirty-five years and no more than 60 years.

ACQUISITION SOURCES & USES

• Land Purchase Price	$1,100,000
• Investor Loan	($ 975,000)
• Equity	$ 125,000

• Investor Loan	$ 975,000
• City July, 2000 Pay-In	$ (333,750)
• CHFA Loan	$ 641,250

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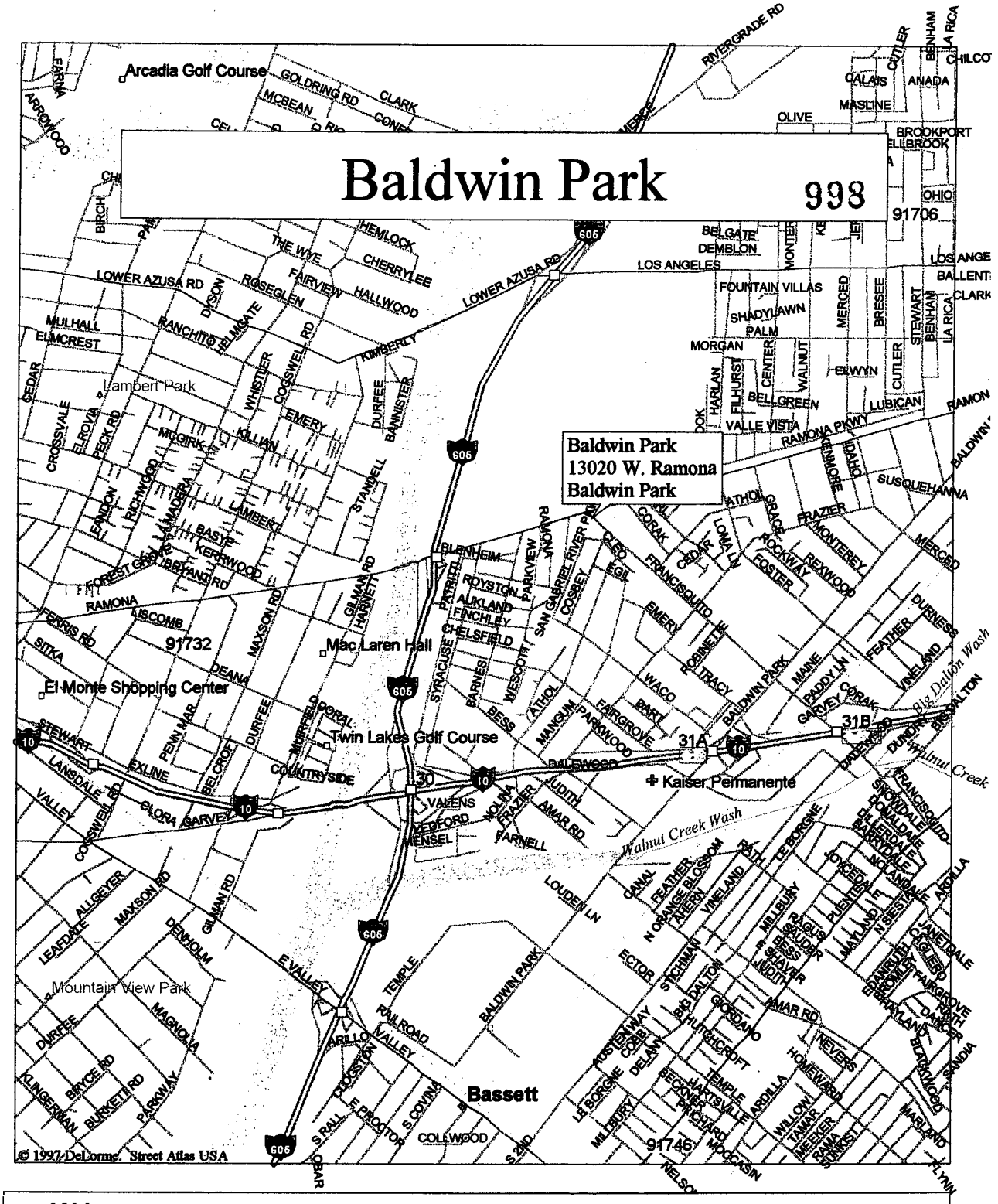

Mag 14.W
Fri Jul 28 14:03 2000
scale 1:31,250 (at center)

2000 Feet

1000 Meters

Local Road
Majorconnector
Interstate/Limited Access
Exit
Railroad

Point of Interest
Small Town
Hospital
Park/Reservation
Exit/Gas

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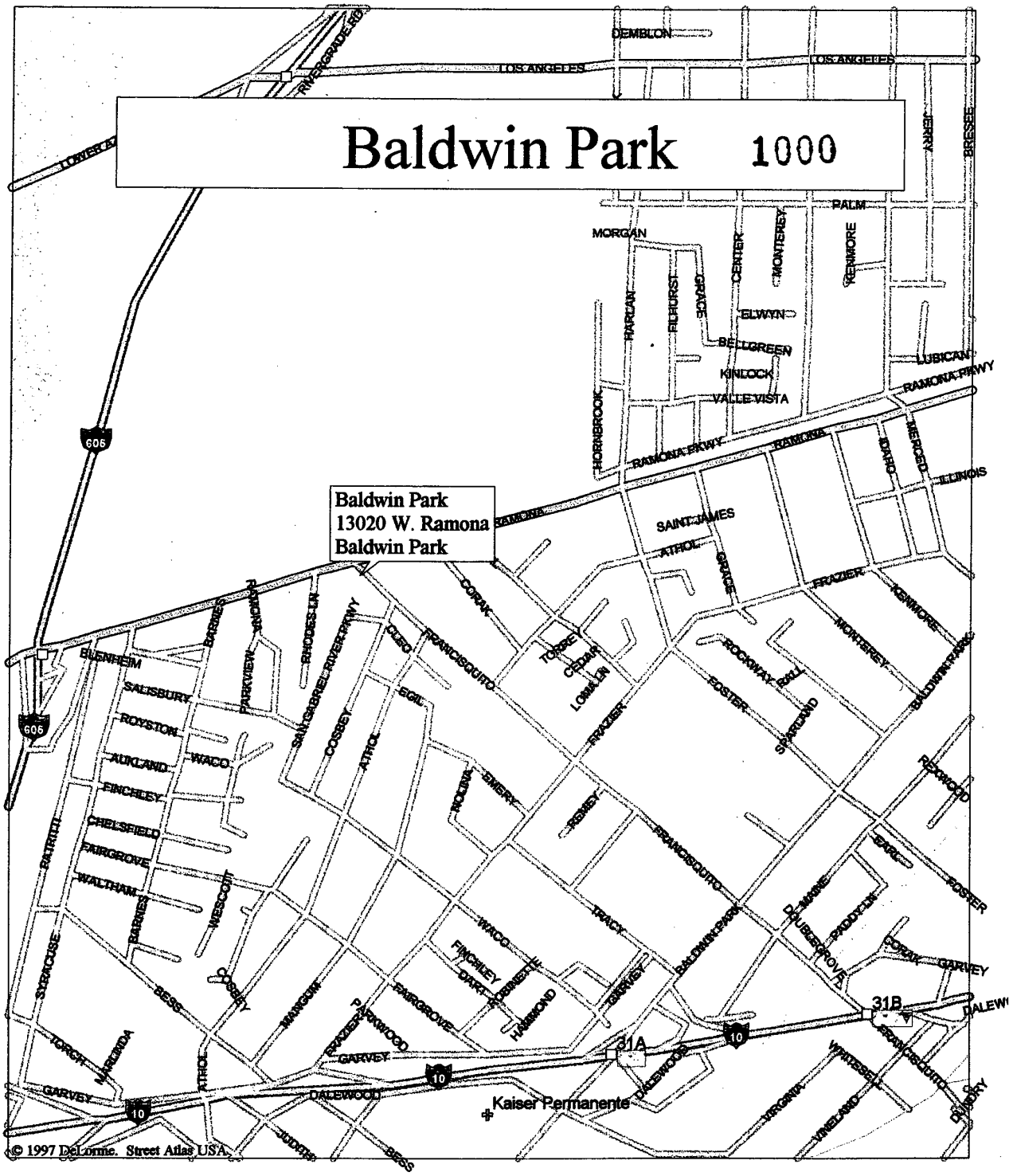

Mag 15.00
Fri Jul 28 14:04 2000
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Local Road
Major Connector
Interstate/Limited Access
Exit
Railroad

Hospital
Exit/Gas
Exit/Lodging
Exit/Food
Water

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RESOLUTION 00-32

RESOLUTION AUTHORIZING A FINAL LOAN COMMITMENT

WHEREAS, the California Housing Finance Agency (the "Agency") has received a loan application from Baldwin Park Family Housing Limited Partnership (the "Borrower"), seeking a loan commitment under the Agency's Housing Assistance Trust Funds in the mortgage amount described herein, the proceeds of which are to be used for interim financing for the acquisition of a parcel of land necessary for the construction of a multifamily housing development located in the City of Baldwin Park to be known as Baldwin Park (the "Development"); and

WHEREAS, the loan application has been reviewed by Agency staff which has prepared its report dated July 24, 2000 (the "Staff Report") recommending Board approval subject to certain recommended terms and conditions; 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:

PROJECT NUMBER	DEVELOPMENT NAME/ LOCALITY	NUMBER OF UNITS	MORTGAGE AMOUNT
00-030-S	Baldwin Park Baldwin Park/Los Angeles		$641,250

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STD 113 (REV 8-72)

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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 increase 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 increases in mortgage amount of more than seven percent (7%), must be submitted to this Board for approval. "Material modifications" as used herein means modifications which, when made 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 or material way.

I hereby certify that this is a true and correct copy of Resolution 00-32 adopted at a duly constituted meeting of the Board of the Agency held on August 10, 2000, at Millbrae, California.

ATTEST:_____
Secretary

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