Wednesday, March 20,2002

Holiday Inn Capitol Plaza
300 J Street
Sacramento, California
(916)446-0100

9:30 a.m.

1. Roll Call.

2. Approval of the minutes of the January 10,2002 Board of Directors meeting.

3. Chairman/Executive Director comments.

4. Discussion, recommendation and possible action relative to final loan commitments for the following projects: (Linn Warren)

NUMBER	DEVELOPMENT	LOCALITY	UNITS	
01-007-s	Singing Wood Apartments	El Monte/ Los Angeles	110	
Resolution 02-04............				.814
01-041-S	Burbank Senior Artists Colony	Burbank/ Los Angeles	141	
Resolution 02-05............				..834
00-030-S	Baldwin Park Apartments	Baldwin Park/ Los Angeles	71	
Resolution 02-06............				..854
02-002-N	Carrillo Place	Santa Rosa/ Sonoma	68	
Resolution 02-07............				..876
02-003-S	Beechwood Manor	Lancaster/ Los Angeles	100	
Resolution 02-08............				..896

02-004-N	Ferris Drive	Novato/ Marin	7	

02-005-N	Michele Circle	Novato/ Marin	7	

5. Discussion, recommendation and possible action relative to a final loan commitment modification on the following project: (Linn Warren)

NUMBER	DEVELOPMENT	LOCALITY	UNITS
01-040-N	Southlake Tower	Oakland/ Alameda	130

6. Discussion of new **2002/03-2006/07** Business Plan.

7. Discussion of other Board matters and reports.

8. Public testimony: Discussion only of other matters to be brought to the Board's attention.

NOTES

HOTEL PARKING: Parking is available as follows: (1) limited valet parking is available at the hotel; and (2) city parking lot is next door at rates of $1.50 per hour for the first two hours, $1.00 per additional hour, with a maximum of $13.00.

FUTURE MEETING DATE: Next CHFA Board of Directors Meeting will be May 16, 2002, at the Hilton Burbank Airport & Convention Center, Burbank, California.

STATE OF CALIFORNIA

CALIFORNIA HOUSING FINANCE AGENCY

COPY

BOARD OF DIRECTORS

PUBLIC MEETING

The Westin
San Francisco International Airport
1 Old Bayshore Highway
Millbrae, California

Thursday, January 10, 2002
9:30 a.m. to 12:14 p.m.

Reported and Transcribed by: Ramona Cota

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A P P E A R A N C E S

Directors Present:

CLARK WALLACE, Chairman

JULIE I. BORNSTEIN

EDWARD M. CZUKER

CARRIE A. HAWKINS

KEN S. HOBBS

ROBERT N. KLEIN II

LUPITA OCHOA

THERESA PARKER

JEANNE PETERSON

ANNETTE PORINI

CATHY SANDOVAL

JACK SHINE

Staff Present:

TOM HUGHES, General Counsel

JOJO OJIMA

APPEARANCES (CONTINUED)

For the Staff of the Agency:

MARGARET ALVAREZ

KENNETH CARLSON

JIM LISKA

DOM MAIO

CHRIS PENNY

JOHN SCHIENLE

JERRY SMART

LINN WARREN

ABE TSADIK

Counsel to the Agency:

STANLEY DIRKS, Orrick, Herrington & Sutcliffe

Members of the Public:

NONE

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PROCEEDINGS

THURSDAY, JANUARY 11, 2002 MILLBRAE, CALIFORNIA 9:38 A.M.

CHAIRMAN WALLACE: Let's call the meeting to order. I will have the secretary call the roll.

ROLL CALL

MS. OJIMA: Thank you. Ms. Peterson for Mr. Angelides?

MS. PETERSON: Here.

MS. OJIMA: Ms. Bornstein?

MS. BORNSTEIN: Here.

MS. OJIMA: Ms. Sandoval for Ms. Contreras-Sweet?

(No response).

MS. OJIMA: Mr. Czuker?

MR. CZUKER: Here.

MS. OJIMA: Ms. Easton?

(No response).

MS. OJIMA: Ms. Hawkins?

MS. HAWKINS: Here.

MS. OJIMA: Mr. Hobbs?

MR. HOBBS: Here.

MS. OJIMA: Mr. Klein?

(No response).

MS. OJIMA: Mr. Shine?

MR. SHINE: Here.

MS. OJIMA: Mr. Wallace?

CHAIRMAN WALLACE: Here.

MS. OJIMA: Ms. Porini for Mr. Gage?

MS. PORINI: Here.

MS. OJIMA: Ms. Ochoa for Mr. Nissen?

(No response).

MS. OJIMA: Ms. Parker?

MS. PARKER: Here.

MS. OJIMA: We have a quorum.

CHAIRMAN WALLACE: We have a quorum; we can do business.

APPROVAL OF THE MINUTES OF THE NOVEMBER 8, 2001 MEETING

Let's take Item 2 and then I have got a couple of introductions. Item 2 is approval of the minutes, knowing full well you have all read them thoroughly, as I did.

MS. PETERSON: So moved.

MR. HOBBS: Second.

CHAIRMAN WALLACE: I have got a motion by Peterson, second by Hobbs. Any discussion, amendments, changes, deletions?

MS. HAWKINS: I would like to add that I did read them and I am so glad to know where you learned how to swim.

CHAIRMAN WALLACE: Yes, I read that part too. I have been half-drowned ever since. That's history. Thank you. Hearing no/seeing no additions, deletions, etcetera, I will have the secretary call the roll for approval of the minutes of the November 8, 2001 Board of Directors meeting.

MS. OJIMA: Thank you, Mr. Chairman. Ms. Peterson?

MS. PETERSON: Aye.

MS. OJIMA: Ms. Bornstein?

MS. BORNSTEIN: Aye.

MS. OJIMA: Ms. Sandoval?

(No response).

MS. OJIMA: Mr. Czuker?

MR. CZUKER: Aye.

MS. OJIMA: Ms. Hawkins?

MS. HAWKINS: I believe I can vote to approve since I read them, even though I was not here. Yes.

MS. OJIMA: Mr. Hobbs?

MR. HOBBS: Aye.

MS. OJIMA: Mr. Klein?

(No response).

MS. OJIMA: Mr. Shine?

MR. SHINE: Aye.

CHAIRMAN WALLACE: Did you read them, Jack?

MR. SHINE: Yes, I sure did.

MS. OJIMA: Mr. Wallace?

CHAIRMAN WALLACE: Aye.

MS. OJIMA: The minutes have been approved.

MS. PARKER: JoJo, just -- I am going to do this, Tom, since we need to record this. Cathy Sandoval will be a designee for the Agency Secretary. She does not have her letter of delegation, which is what she is trying to do right now. So until she has an authorizing letter of delegation she does not have the ability to vote.

MS. OJIMA: Okay.

MS. PARKER: So my suggestion for this vote is that she not be included.

MS. OJIMA: Got it.

MS. PARKER: I think you have a quorum and it is not necessary.

MS. OJIMA: All right.

MS. PARKER: Once that gets taken care of we'll --

CHAIRMAN WALLACE: Which could be any moment, maybe.

MS. PARKER: Right. That is what she is doing right now.

CHAIRMAN WALLACE: Okay. Hopefully, she will be able to join us before too long.

CHAIRMAN/EXECUTIVE DIRECTOR COMMENTS

Okay, Item 3, the Chairman and Executive Director comments. For me it is a pleasure to make a couple of announcements, and not so pleasant in a couple. But all in all, it has got to be done, somebody has got to do it. First of all, we are delighted that Ed Czuker after a long, arduous and time-consuming ... has been re-approved and has re-upped and is a continuing member. You can tell by his warm smile that he is thrilled to be reappointed. So, Eddie, we are just delighted.

MR. CZUKER: Thank you very much, Mr. Chairman.

CHAIRMAN WALLACE: Ed has made some significant contributions and we are very pleased with his knowledge in our field. Secondly, I am delighted for the first time to announce -- Not the first time to announce it but to welcome Jack Shine, sitting next to Ed. Let me read a little from this wonderful biography that Jack wrote. (Laughter). That's not true. He edited it and approved it but it was all his supporters that drafted this.

Jack is President and CEO of First Financial Group of Companies. He has been in the Los Angeles area for almost 40 years. He is best-known for his highly successful American Beauty Homes product that he has been building since 1963. If you didn't discern it already, Jack is a builder. I think, Jack, you and I met when I was Commissioner and you were active in CBIA. He has been very active in the building industry ranks, both state and nationally.

The only black mark is he graduated from USC, but we will forgive you for that, Jack. I see you entered the real estate industry in 1958, which is the same year I came in, so we are old hands at this. We have been there, done that. As I said, he has been active in the BIA. He is past president of the BIA, Building Industry Association of Southern California back in 1986. He has had many honors there. He has been very active in NAHB, the National Association of Home Builders, including Regional Vice President representing California and Hawaii.

In addition, he has, in his non-business hours, made significant contributions in music and arts in the greater Los Angeles area, including past president of the Los Angeles County Music and Performing Arts Commission. He is a founder of the Music Center, a wonderful place. He has been involved with the LA County Museum of Art through its American Arts Council and many others, including Habitat for Humanity. Jack, you have got a wonderful résumé and we expect you to be a very significant contributing member of this organization. We all welcome you.

MR. SHINE: Thank you.

CHAIRMAN WALLACE: And you are welcome to respond and correct the record about SC or anything else that I said in your behalf.

MR. SHINE: I won't do any kind of outreach for USC at this moment but we'll think about it.

(Ms. Lupita Ochoa entered the meeting room.)

CHAIRMAN WALLACE: Okay. Again, we are delighted to have you with us. Now I have another honor in that we have had two of our most erstwhile CHFA members who have seen fit to find greener pastures and/or live the good life in a little greater degree than sometimes you can do here. Jim Liska, who has retired from CHFA recently, if you would come up. I would like to give you a resolution from the Board. And while you are doing it we will see if we can find that resolution. Let me suggest that -- A couple of highlights from the whereases. We would not get out by noon if I read them all. Jim, I know you will understand.

MR. LISKA: Yes.

CHAIRMAN WALLACE: But he's been with CHFA for six years as our senior mortgage loan officer for multifamily programs. He was raised in Chicago. He went to Miami University in 1966, got his bachelors in political science, a necessary requisite for this sort of six years here. He got his masters in public administration from Golden Gate University in nearby San Francisco.

He has had a varied career in the lending business including with HUD, where he became director of single family and managed a large staff involved in home ownership processing. In 1986 Jim entered the private sector with Westland Mortgage where he was a production coordinator. Seven loan offices and monthly closings as high as $60 million. He has been an appraiser, he has been a chief appraiser for HUD, Freddie Mac, Fannie Mae.

He joined us in 1995 as a mortgage officer. He has been involved in the underwriting and processing of 111 loan commitments involving $730 million, representing over 10,000 units and personally closed 72 multifamily loans in significant millions of dollars. And he's well-known within the Agency for his contributions of delivering Eli's blueberry cheesecake from Chicago along with the best French and pizza restaurants in the greater Chicago area. Now that's --

MS. PARKER: With great reluctance.

MS. BORNSTEIN: You didn't tell us that.

(Mr. Robert Klein entered the meeting room.)

CHAIRMAN WALLACE: Now you tell us. If we had known that as a Board we probably would have altered this resolution somewhat. But, Jim, we are very pleased with all the contributions you have made in behalf of this organization and are proud to present you --

MR. LISKA: Thank you.

CHAIRMAN WALLACE: -- with our fondest hope for your future and this resolution for your past contribution.

MR. LISKA: Thank you, I appreciate it very much.

CHAIRMAN WALLACE: Thank you. Let the cheesecake roll, in oh so many places. And it is with a great deal of mixed emotions that we ask John Schienle, who retired on

December 31, about ten days ago, but is still here working for the organization -- I don't know if this is going to be a pattern and practice, John, but if you will come forward I have a resolution that the Board wants me to present to you. While you are coming forward I will highlight a few of the items about the last 13 years that you have spent in the service of the State of California and the CaHLIF program. You have become Mr. CaHLIF in the minds of many throughout the country. You have helped create a wonderful program. It is with the impediment of coming from Wisconsin to do that.

MR. SCHIENLE: It's near Chicago.

CHAIRMAN WALLACE: No more cheesecake. John graduated from the University of Wisconsin in Madison where he badgered the university. (Laughter). For those of you who don't know, that's the Wisconsin Badgers. In 1958 John entered the mortgage banking business by joining Hastings, Schienle and Associates. Were you any relation to that partnership? You are the Schienle?

MR. SCHIENLE: Yes.

CHAIRMAN WALLACE: You weren't the Hastings, you were the Schienle.

MR. SCHIENLE: That's right.

CHAIRMAN WALLACE: Then he moved on to Foremost Guaranty Corporation and Mortgage Insurance Corporation, where he served as the EO/CEO and on their Board of

Directors. In 1986 he moved on again to form his own company, Schienle and Associates, and he became a member of CHFA in 1988. He has achieved considerable seniority in doing so and has been responsible for many of our programs in the insurance arena. Too numerous to mention, but significant as they affect affordable housing in California. As I mentioned, John retired effective the 31st day of December, 2001 and we are very proud of the contributions that you have made to this organization and the people of California. So we want to recognize you too, John, with a resolution with whereases and resolved that you are a great guy and you have done a great job.

MR. SCHIENLE: Thank you.

CHAIRMAN WALLACE: And you are not quite through yet. He is going to stick around and make the report this morning and then he is going to head for the hills. But we are very proud of all you have done, John.

MR. SCHIENLE: Thank you. Thank you.

CHAIRMAN WALLACE: Thank you very much.

MS. PARKER: John is heading for Chicago. Maybe the attraction of the cheesecake.

CHAIRMAN WALLACE: I couldn't hear that over the applause. John is heading for Chicago, where he is going to badger people again?

MS. PARKER: No, I said it may be the appeal of the cheesecake, although I have to say for John, his family is in the area. We have given him a bad time about going to Chicago from California but he has told us--which I was personally worried about John's mental health--that he is not going right away because he does realize it is snowing there. So he is going to be in California. John is here today as a volunteer because when he retired he retired. He said he would not come back and help us out as a retiree and do anything. But he, given his commitment to the organization, was willing to come down and do this final presentation and allow us, in that sense, this opportunity to honor him today.

CHAIRMAN WALLACE: We are very proud of you, John.

MR. SCHIENLE: Thank you to all.

CHAIRMAN WALLACE: Thank you. And thanks for showing up pro bono. We still need you, obviously. That's basically my role in Item 3. Terri, did you have some comments or items.

MS. PARKER: Mr. Chairman, thank you. I just have a couple of items to follow up on. Just to essentially say to all of you that we have had a very good holiday. The staff had a good holiday and have come back. We have already gotten into our preparations for the beginning of this year and the second half of our Business Plan.

I think that starts today with us doing an update for you about where we are. We think we have a lot of good things to talk about. A lot of energy about where we are going forward. So we will hear about that today. This is, to some extent, our meeting that begins the process for the staff, of us, redoing our next annual Business Plan, which we will be bringing back to you in May. So this is our first opportunity to update and then start getting a feeling from the Board Members about particular areas of interest.

I wanted to let you all know that since I will be starting my fifth year as the Executive Director -- When I first came on board I was able to come out and spend some time with each one of the Board Members. Then two years later, when I knew a little bit more, I was able to come back and spend some more time. It's been two years and I thought it was time again to be able to come out and make appointments with each of you to meet, talk a little bit about what we are doing from a staff perspective, what your areas of interest are. I know that we chat, certainly, tremendous participation during the Board Meeting, but I think it gives us a chance to find out if there are particular things, especially for some of you that I do not get to see as often as some of my colleagues in Sacramento. I will be making appointments between now and the next Board Meeting to come down and spend a little bit of time with each of you and I look forward to doing that.

As we mentioned at the last Board Meeting and you looked at the minutes, your two colleagues, Angelo Mozilo and Angela Easton, are not with us any longer. I just wanted to let you know that we have gotten nice plaques done for them and when I go to LA next, we will be delivering those and all of your good wishes and conveyances. And if it is still possible for them to join us when we are in LA we will certainly be trying to see if we can do that.

CHAIRMAN WALLACE: Which is May?

MS. PARKER: That meeting is May 16.

CHAIRMAN WALLACE: And we will invite them?

MS. PARKER: Right. So as part of getting out and meeting with you, we are also internally doing an update. I am meeting with all the managers to go through mid-year with their action plans. That annual process, or semi-annual process, of basically seeing where we are internally of meeting our goals and accomplishments.

The good news I have for all of you: I think when we talked a little bit you were all aware of what the economic and financial situation of the state is. The Governor is releasing the budget today. The budget shortfall forecast is somewhere in the $14 billion range. That will have a big impact on general fund funded budgets, particularly my colleague, Julie Bornstein. We are hoping, as we have in the past, to have CHFA be as much of an economic stimulus as it can to fill in, in this particular environment.

We had talked about the fact that the Governor had initiated a freeze several months ago that affected all state agencies. I want to report back to you today that the California Housing Finance Agency has a freeze exemption from the Department of Finance, which we appreciate. I believe we were probably one of the first state agencies to get this. We, in that sense, have the ability to hire, to recruit and retain, to get the necessary staff to accomplish what we need to be accomplishing.

The last couple of things with that in mind, in that sense, of us recruiting and retaining people: With John's retirement we actually are in the envious situation of announcing John's replacement. Some of the positions have taken us a little longer but I am very pleased to, essentially, say in this case that we will have a full core senior management team moving into this year.

I am going to introduce, just briefly, our newest staff member, Nancy Abreu. Nancy, are you here? Nancy, if you would stand. I will make sure everybody gets introduced and you spend some time. Nancy is joining us. She was Executive Vice President and Credit Risk Executive for Bank of America. She has a long banking history in real estate and credit. I think we are very exceptionally fortunate to be able to bring somebody of Nancy's background and caliber into government. Nancy is a retired executive for Bank of America but was interested in, at this point in time in her life, coming back and using this point in her career to give something back and serve in a government role. Obviously, given Nancy's prior jobs, our salaries don't in any way compensate for her level of experience but I think --

CHAIRMAN WALLACE: But we have less bureaucracy than B of A.

MS. PARKER: Nancy's press release was issued yesterday by the Governor's Office so she is newly street-legal. We can announce her appointment today. This is her first meeting. You will be seeing her. She will certainly be picking up John's baton from that standpoint of really trying to grow the CaHLIF program. So I wanted to let you know, just more than anything else, where we are from the staff standpoint and we look forward to the accomplishments that we can bring to the Board at our next meetings. Thank you, Mr. Chairman.

(Ms. Cathy Sandoval entered the meeting room.)

Cathy, when you were gone we did do one vote, which was the Board Minutes, and I explained to people that you were trying to get your letter of delegation so you had the official authority to vote. Cathy has just presented us with a letter so that she now is also officially street-legal.

CHAIRMAN WALLACE: Is that good? Cathy, nice to have you here.

MS. SANDOVAL: Thank you.

CHAIRMAN WALLACE: This is great efficiency on the part of Agency.

MS. SANDOVAL: Thank you very much.

CHAIRMAN WALLACE: So you can participate fully and vote. How do you vote on the minutes that you did not see and have not read?

MS. SANDOVAL: I read them before I got here so I approve.

MS. PARKER: Mr. Chairman, just as a letter of introduction, and please correct me if I am wrong. Cathy has been with the Agency --

MS. SANDOVAL: Since April.

MS. PARKER: Yes. I was going to say, almost a year. Her title is Chief of Staff to the Agency Secretary and we welcome her. She has a distinguished background, both in her education, including a law degree, and prior service in a governmental role.

CHAIRMAN WALLACE: Are you going to be our regular then? Does that mean --

MS. SANDOVAL: No, Pat Neal will continue to serve.

CHAIRMAN WALLACE: Pat will continue.

MS. SANDOVAL: She had a conflicting meeting with the Coastal Commission today.

CHAIRMAN WALLACE: Correct.

MS. SANDOVAL: The many different roles that we have to serve.

CHAIRMAN WALLACE: Well, thank you for filling in.

MS. SANDOVAL: Thank you very much.

CHAIRMAN WALLACE: We are delighted to have you with us.

MS. SANDOVAL: Great to be here.

CHAIRMAN WALLACE: Okay. *Any* questions on any of the items in Item 3 that either Terri or I have discussed with you? Board? Audience?

SION OF [200112002 BUSINESS PLAN UPDA

Moving on to Item 4, let's launch into our preliminary presentation and update of the Business Plan. Are you going first, Jerry?

MR. SMART: Yes, Mr. Chairman. Good morning, Mr. Chairman and Members of the Board. We began our fiscal year with a $1 billion goal for providing affordable financing for first-time home buyers. As this slide illustrates, we are well on our way to achieving that. As of December 31 we have already purchased nearly 3,400 loans for $445 million. Not shown here, however, is that we do have a pipeline representing about $390 million that we have already registered. Not all of that, of course, will deliver, but that combined is approximately $830-some million. So we are pretty assured that we are going to achieve our goal or come very close to reaching it.

Presently, though, we are at 89 percent of mortgages purchased on a year-to-date level on a monthly basis. This chart provides you with kind of a background of where we are on production by fiscal year. Last year we had a goal of $1 billion, which we did achieve. Seventy-five percent of that, of course, represented resale housing, 25 percent new. We are at kind of the same levels this year, $445 million; 25 percent is roughly new construction.

As a side note: For calendar year 2001 we completed the year with purchasing $985 million for 7,600 loans. That brings our total single family lending since we began the program in 1977 to $10.4 billion. That's 110,500 single family first time home buyers that have received CHFA financing. We are now currently servicing 54,200 loans for $5.3 billion.

This chart that is loading up now is a history for the last two years on our registration and interest rates. It will come up shortly. It's a lot of data here that is taking a while to build. I think.

CHAIRMAN WALLACE: And we have it, Jerry.

MS. PARKER: You have it.

CHAIRMAN WALLACE: At least the Board has it.

MR. WARREN: Go ahead and talk about it, it's okay.
MR. SMART: Okay. Anyway, what we were trying to illustrate with this chart was how we graphically track the Fannie Mae interest rate and where our production levels were. We're kind of frozen here. Anyway, what we wanted to illustrate --
CHAIRMAN WALLACE: That's because John is going to Chicago.
MR. SMART: -- was that we used the Fannie Mae interest rate as a benchmark, which is the blue line. As you can see, that's the 60 day delivery rate for 30 year fixed rate loans. That's our benchmark. We, of course, every week analyze where we are on a given week as far as total productivity, given our source of funds, the costs and the deliveries. We adjust our rates accordingly if we need to improve our volume, as the volume dictates.
What I wanted to point out here was that the red bars indicate the gross reservation volume. You will note that in the last three months we have had a pretty good delivery rate on registrations, despite of the events of 9/11 and the economic recession. I think we have taken in over $420 million in reservations since that point in time. But that is not by happenstance, that is by efforts that we have made to adjust our interest rates according to the market conditions, increasing our income limits and making

adjustments to some of our down payment assistance programs to keep that volume to a level where we can achieve our $1 billion goal at the end of the year.

On this slide that is coming up --

CHAIRMAN WALLACE: Jerry, Bob has got a question.

MR. SMART: Sure.

MR. KLEIN: Jerry, just a quick question. On the point on the prior slide where our yellow line crossed over the Fannie Mae rate.

MR. SMART: Yes.

MR. KLEIN: Is that caused by a reasonable time delay in restructuring the interest rate levels that we could deliver in order to get below Fannie Mae again? I mean, there's a steep fall-off in the January/February period of the Fannie Mae rate and our rate temporarily goes above the Fannie Mae rate.

MR. SMART:. Yes.

MR. KLEIN: Do we have a kind of an institutional, structural time period where we need to respond to these precipitous drop-offs because Ken needs some time to restructure our interest rate delivery capacity?

MR. SMART: Well, primarily it is tracking our volume and where our volume level is at that point in time. Although our registrations were not as high, we did have a pipeline that we were trying to work down. We seldom, of course, exceed the Fannie Mae rate but we did at this point in time. I truly can't remember what the occurrence was in February.

MS. PARKER: Mr. Klein, we look at our production every day. Every day I would get a little note about what our production level was. I think day-before-yesterday we had an $8 million day. During the Christmas holidays we had a $15 million day. So we are tracking every day what our volume is, relative to how much capacity we have because of bond cap authorization and our ability to create resources.

Last year, I think what you see is that we moved through a period last year where our volume got a little ahead, particularly during the holidays, of where we thought it might be. So we had to back off on our interest rate a little bit to bring the volume down so that we would be able to -- It is very important for us to try to be in the market 365 days a year. So we did not want to peak too soon during the year and then have to raise interest rates and all of our lenders, for all intents and purposes, have a couple of months where CHFA would not be viable. So we, essentially, slowed it down a little bit to get back into where we felt we needed to be in order to kind of have a 365 day projection.

MR. KLEIN: And that is very helpful, I appreciate the information.

MS. PARKER: One other point that I would mention about that, that is going to be interesting: Ken, I don't know if you were going to say this, but CDLAC just ended its fiscal year. And because there was some carryover in allocation, actually, the Housing Finance Agency received an increase of about $70 million from this last year's allocation; half of which we will share with the locals going forward. So it will be interesting for us looking at our Business Plan ahead. We will have, essentially, $35 million that we were not anticipating to have of allocation for Mr. Carlson to work wonders with. He will be talking about that with all of you of how that will fit into our Business Plan for next year.

MR. SMART: Just as a side note too, that one time was also the period in which we were just introducing our CHDAP program. That program was taking off and so we were trying to control our level of lending at that point.

CHAIRMAN WALLACE: Which program, Jerry?

MR. SMART: Our California Homebuyers Downpayment Assistance Program.

CHAIRMAN WALLACE: All right.

MR. SMART: We use acronyms often. CHDAP is one of the many that we have adopted.

CHAIRMAN WALLACE: Right.

MR. SMART: This next slide illustrates to the extent the down payment assistance is associated with our first mortgage program. YOU will see that for the current fiscal year only $30 million of our first mortgages are without any sort of down payment assistance--that's 7 percent--compared to last year, where 23 percent of our first mortgages were without down payment assistance. Our CHAP program, which is primarily our basic down payment assistance program, offering 3 percent deferred payment loans. Thirty-nine percent of our first mortgages currently have a CHAP or 100 percent loan program down payment assistance attached with it.

The California Homebuyers Downpayment Assistance or CHDAP. That program, of course, basically was terminated in August. As you will recall, it was a $SO million program where we were allocated the funds, but given the budget crisis that came about, we were required to revert $18 million of those funds at the end of June. The figure there, the $204 million, was associated with registrations that we had taken prior to that date and they delivered in the first quarter of this fiscal year.

The AHPP is our Affordable Housing Partnership Program. That is a joint program with localities in which we provide reduced interest rate funding for loans in which localities provide down payment assistance. Eight percent of our financing is associated with that particular program. We now have over 182 localities that are approved to participate.

This upcoming slide is an illustration to give you an idea of the total loan volume that we are processing. Last year we had first mortgages purchased of over 8,000 loans. We also had subordinate financing that we processed, 7,300 loans, for a total of 15,600. That only represents about two-thirds of the total volume that is actually processed by the home ownership staff. About one-third of all the loans that we actually review fall out. So there is a significant volume that we actually process for the staff.

Just as a side note: Our average loan amounts are currently $132,000 with an average price of $139,400. So what we will see in the coming year is a reduced volume of lending but we will achieve the total dollar amounts given the increasing loan amounts that we are experiencing.

CHAIRMAN WALLACE: Jerry, on this 2001/2002: That's six months production? Loans purchased since July 1?

MR. SMART: That's correct.

CHAIRMAN WALLACE: So are we looking at -- Which is not quite half of what we did last year. I am hearing you say we are pretty much on target. Do we enjoy a greater resurgence in the second half of our fiscal year?

MR. SMART: Well, in part, yes. This represents only purchased loans and we have kind of a 90 day lag period for delivery. This does not represent the $390 million in loans that we have already registered through this point in time. These are just purchased loans.

CHAIRMAN WALLACE: But are we likely to achieve that? Based on this it looks like we are, unless there are seasonal differences or other factors, it looks like we are unlikely to achieve what we --

MR. SMART: Well, currently we are about 89 percent of our purchase goal on a year-to-date basis.

CHAIRMAN WALLACE: Okay.

MS. PARKER: But I think what Jerry was saying is that we may not make as many loans but the dollar amount of loans is greater on average than they were last year.

MR. SMART: Yes.

MS. PARKER: Therefore, we are hoping to meet the $1 billion goal that the Governor has asked for a number of years for us to meet. But probably the actual number of loans will be less than it was in the prior year. So, on a dollar value we will meet that. If we were comparing year to year on the number of loans we would probably be down.

CHAIRMAN WALLACE: Bob.

MR. KLEIN: And at the end of our fiscal year do we have a characteristic period where our lag is foreshortened and we take and close loans faster than normal or is it evenly, in fact, spread?

MR. SMART: We try to manage our registrations during the course of the year. But, in essence, it is the registrations we take through April, that we expect those deliveries will be received by the end of the fiscal year.

MS. PARKER: I think to answer the question a little bit is, if we do not think we are going to make $1 billion the staff work 24/7 to meet that. But if we are going to go over $1 billion and that would impact $1 billion next year, we try to process them according to our timely ones but not make people work 24 hours a day.

MR. KLEIN: It sounds like good management.

MR. SMART: This slide illustrates the funding for our second loan programs, the grant programs. The first portion is the School Facility Fee Down Payment Assistance Program. This program we finally concluded at the end of December with the granting of $7.5 million in grants. I think that was about 1,300 grants for the fiscal year. For the total program we funded $12.6 million for 4,200 grants. This was an initial program offering down payment assistance as a partial rebate or full rebate of the school facility fees to home buyers. It was $108 million that we started out with on the home ownership program side but most of those funds were reverted back to the Department of Finance at the end of June. We had a six month extension for a small piece which we just concluded.

CHAIRMAN WALLACE: That's it?

MR. SMART: That's it, yes. We are concluded with that program and we will not be involved in it to any further extent. Our California Homebuyers Downpayment Assistance Program. This is just to illustrate that we purchased $13 million in down payment assistance. This is inclusive of those down payment assistance loans either with a CHFA first or non-CHFA first. If you will recall, this program was devised and allowed the Agency to provide funding for non-CHFA first time home buyers. We do have a commitment, though, a residual commitment of $2 million set aside for self-help financing. That will probably deliver in the next year to year and a half.

Of course, our CHAP program, which is a 100 percent loan program. We have currently purchased 5.3. We do have $8 million in the pipeline and we truly expect that we will achieve that $50 million goal that we set at the beginning of the fiscal year. The 100 percent program is a 3 percent down payment assistance deferred payment loan.

MR. HOBBS: Mr. Chairman, just a quick question.

CHAIRMAN WALLACE: Yes, Mr. Hobbs.

MR. HOBBS: Did I hear the self-help housing program, the $10 million commitment, would deliver by the end of this fiscal year or is that our goal?

MR. SMART: Mr. Hobbs, I did not catch your question.

MR. HOBBS: The self-help housing program. Did I hear you correctly that we expect to deliver that by the end of this fiscal year?

MR. SMART: Those are permanent loan funds --

MR. HOBBS: That's correct.

MR. SMART: -- that we expect to have deliveries within the next fiscal year, yes.

MR. HOBBS: Okay, good.

MS. PARKER: Maybe just to clarify, Mr. Hobbs: With respect to --

MR. HOBBS: I know how hard we worked on it.

MS. PARKER: Right. That's why, essentially, we made a commitment to them. We can't allocate the dollars until the homes are done because of the lag time, so we have, essentially -- I'm trying to think in finance terms. We have committed those funds to the projects, we expect them to be delivered this year, so that has been taken into consideration. And that is the only area of this program. Everything else was also a reservation that would be closing before the end of the year.

MR. KLEIN: Mr. Chairman, if I could do a follow-on question.

CHAIRMAN WALLACE: Bob.

MR. KLEIN: The previous chart showed that all but seven percent of our originations had some form of assistance. Since it appears that a number of our down payment assistance programs and assistance programs with school fees have ended as of December because we have gone through our reservations, will we have a more difficult time in the second half of our year if we do not create some substitute for these assistance programs that are now not available?

MS. PARKER: I think sometimes I feel like we must pay our Board Members to ask these questions for us, and I appreciate you doing so.

CHAIRMAN WALLACE: Go ahead.

MS. PARKER: Because it leads into the transition segment of what Jerry is going to talk about now with the CHDAP program.

MR. SMART: We introduced two new down payment assistance programs. The HiCAP, which is our High Cost Area Program, introduced in September. This is one of the down payment assistance programs that we added to our portfolio to increase our level of funding to offset our CHDAP program and the School Facility Fee. We also truly believe that we will need to expand the level of funding for our CHAP program to offset what we have lost in the CHDAP, the California Homebuyers Downpayment Assistance.

MS. PARKER: Jerry, did not show you a chart, Mr. Klein, that I think what we have done is -- And that's, obviously, part of our Business Plan discussion about how much we allocated for the CHAP program for this year. That we are probably going at a pace that we will exceed what the Business Plan was projecting but what we have resources to do. So we have been using that to back up and continuing to loan. That has been part of the success of us doing as much business as we have, on the down payment assistance.

It will be what we will certainly be talking about with you, going through into the Business Plan for next year. Whether there is the possibility of a housing bond which might have down payment assistance, but we are seeing more and more loans needing that. And the success of our first mortgage program is the ability to have access to down payment assistance. So all of these programs and our ability to look at additional bond cap, as a possibility to use for down payment assistance as opposed to first mortgages, they will all be part of what we will be talking to you about.

MR. KLEIN: Thank you.

MR. SMART:, The HiCAP program, as I indicated, we introduced in September. A program that was devised to provide assistance through counties that were severely impacted by high employment growth and the lack of affordable housing. You will recall the Board approved this program last May. As introduced, we have already achieved reservations. There are only 11. I know that that's a low level but given the area in which we are working and the level of funding that we did last year I think we are making great progress. We are trying to work with localities to provide additional assistance and we have made some strides. We are working with San Mateo County and Santa Clara County, with their local housing authorities, to provide assistance and truly believe that this will become a very viable program in the coming months.

CHAIRMAN WALLACE: How many counties involved?

MR. SMART: Only three counties at present.

CHAIRMAN WALLACE: Just these three.

MR. SMART: San Francisco, San Mateo and Santa Clara.

MS. PARKER: I think some of our Board Members said that they didn't want us to include Marin. (Laughter).

CHAIRMAN WALLACE: My goodness.

MR. SMART: To date we have reserved $3.2 million in our first mortgages and $275,000 in seconds. This is a $25,000 second mortgage that we offer at three percent.

The next program that we introduced was our Extra Credit Teacher Program. This program was developed to assist qualified teachers and principals to purchase a home. It was designed to assist low performing schools to recruit and retain credentialed teachers. Of course, we include their academic standard. So far we have reserved 62 reservations for $11 million of first mortgages and $465,000 in seconds which are at 3 percent size. Thirteen counties are participating. This is a statewide program and so far we have had 13 counties. Of course, you can see that Los Angeles County is by far the biggest participant. Yes.

MS. SANDOVAL: What is driving the demand and the difference in the participation between the counties?

MR. SMART: Basically, it's limited to low performing schools and the biggest concentration, of course, is in Los Angeles. We see our greatest production there. We are heavily involved in a marketing effort to continue with this program. The funding that we have, I think, allocation totals of $66 million now that we will be providing in first mortgage financing coupled with a 3 percent second mortgage.

MS. PARKER: Jerry, what day did we go out on the street with this program?

MR. SMART: I believe it was July 2 that we introduced the program.

CHAIRMAN WALLACE: I'm kind of surprised, for example, Alameda County. That means one loan.

MR. SMART: That's true. Alameda County has been a difficult county for us to work in.

MS. PARKER: You basically have to go back and look at sales price.

MR. SMART: It's the sales price limitation issue.

MS. PARKER: And then the teachers' salary. That's part of the whole problem, the disparity between the salaries, which sometimes are -- The teacher's salary would need to increase 300 to 400 percent to get the median price home in many counties in the state.

CHAIRMAN WALLACE: Then the program is not set up right. It does not mean -- It is probably statutory but, my gosh, Alameda is crying all the time. My wife used to teach there many years ago. It's a tough place to teach. And if any place it is needed, it is a high cost of housing area with relatively low teacher salaries and turnover, all of which Alameda has to be a bellwether for. It is not a case of us not getting the word out?

MR. SMART: Oh no, no. We have flooded the area with -- We have a marketing program in which we have attempted to reference the program to all of the low performing schools. We have been involved with the various teacher recruiting centers providing literature and information on the program. We have met and provided workshops to local lenders and realtors, not only in Oakland and Alameda County but other areas of the state, and will continue to do so on a regular basis.

CHAIRMAN WALLACE: Is there any pipeline?

MR. SMART: Well, this is the pipeline, basically.

CHAIRMAN WALLACE: This is it.

MR. SMART: We have 62 reservations since we started. We have not actually purchased any loans yet.

CHAIRMAN WALLACE: Okay.

MR. SMART: But these will deliver probably within the next month or two.

CHAIRMAN WALLACE: Do we have competition from somewhere else?

MR. SMART: Most of these localities do have their own down payment assistance program for teachers.

CHAIRMAN WALLACE: Quicker, easier?

MR. SMART: Particularly like LA and Orange County, they have extra credit teacher programs.

CHAIRMAN WALLACE: Should we be joint venturing with those programs?

MR. SMART: We have attempted to and they have chosen to go their own way on that particular program.

MS. PARKER: Mr. Chairman, I think maybe Jeanne can speak, since we are one administrator. This is the program the Treasurer's Office is running; the Treasurer's Office asked us if we would participate in this. Localities started their programs a year ahead of us because last year with the change in the school facilities down payment assistance program and the new CHDAP program we felt that we were not in a position to start a third down payment assistance program, particularly with some of the staff changes, and be able to do a credible job.

But the Treasurer's Office asked us. We put together a proposal that we felt that we could do, a statewide program. And our program does combine, where it is eligible, with our CHDAP down payment assistance program. When we had CHAP it could be layered in there. In any of those three high cost counties it also can be layered. So we have been trying to. I think it just speaks as much to the dilemma of making a teacher's salary go to where the price of housing is across the state than almost anything else. But Jeanne can probably speak to the local programs.

MS. PETERSON: Well, I just did want to say that this whole idea was an idea of the Treasurer's to set aside some of the mortgage revenue bond, private activity bond cap specifically, to assist teachers. There are several caveats with it. They have to be in low performing school districts that are at a five or a six or something numerically in terms of their performance. Teachers have to make a commitment to stay in those school districts for a certain length of time.

It was envisioned, first of all, as a specific program to incentivize good teachers being able to become home buyers in very high cost counties and in these low performing schools. It has been difficult. Even the program that Terri described, the first year of that, because the level--not the CHFA level, not the statewide level, but in the level of the local participants--there is a requirement that the school districts also be involved in this. Generally speaking, there has been some down payment assistance given by the local municipalities.

It is very tough for the reasons that have already been mentioned. Teachers' salaries are oftentimes low enough that they are not going to score high enough, given the sales prices of the housing, to be able to put this together. But from CDLAC's perspective and the State Treasurer's Office perspective, we are very happy that CHFA got involved in it and hope to see it expand. Quite frankly, although it may not look like a lot of production at this point it's something that I think we should all be proud of and that we will continue to see expanding.

CHAIRMAN WALLACE: School is still out, so to speak.

MR. HOBBS: Mr. Chairman.

CHAIRMAN WALLACE: It's too soon to tell, maybe? Six months?

MS. PETERSON: To tell what?

CHAIRMAN WALLACE: To tell if 62 reservations is a howling success.

MR. SMART: Mr. Chairman, it's typical for a new down payment assistance program to take a while to start up.

CHAIRMAN WALLACE: School is still out.

MR. SMART: Even with our successful CHDAP program and our CHAP program, the 100 percent program; it took a while for those to start delivering, to get the word out and get our lenders and the real estate community involved and understanding what we were offering.

CHAIRMAN WALLACE: I can appreciate that.

MR. SMART: It is a long lead time.

CHAIRMAN WALLACE: A year from today maybe we re-assess.

MR. SMART: Right.

CHAIRMAN WALLACE: Yes.

MS. PORINI: Yes. I was just going to add, as one of several of the folks here who sits on CDLAC as well as tax credit allocation. What Jeanne, I don't think said is, that we have made a number of modifications in the program. And, for instance, San Francisco initially expressed their interest in the program but then came in quite late because they just had some local problems getting the program together. So I think all of those things combined with the fact that it is a new program mean that it is going to be a while until we really see the results.

CHAIRMAN WALLACE: Thank you, Annette.

MS. PARKER: Maybe to add to that. The Treasurer's Office, particularly the Executive Director of the CDLAC committee, intended to do a survey this year of the participants in the program to see if there were impediments to a higher delivery. I think that they are in that process now. To look if they needed to come back and make some changes to the regulation or statutes to the program to help it be more effective.

MR. SMART: Some of the issues that are faced, of course, are that this is for low performing schools, the bottom 30 percent, and for credentialed teachers. Therein is part of the problem or the issue. Of course, we are dealing with new teachers, basically entry level, and most of the teachers, of course, are already in the move-up market. Our playing field is very limited but it is beginning to show some progress.

CHAIRMAN WALLACE: Okay. Bob.

MR. KLEIN: I know that ABAG, among others, has recently released plans incorporating local jurisdictions' intent to have more inclusionary zoning to meet their housing affordability components. But even with inclusionary zoning the price limits in many of these counties like Alameda may exceed what is allowed under our program. Should we consider spreading our high cost limit experiment to teachers across. the state in the higher cost counties? Because as a specific credit worthy and deserving group it might be quite reasonable to extend our experiment and try to accommodate this program, given the realities of the sale prices, even with the benefit of inclusionary zoning attempts. Maybe Julie could comment on that.

MS. BORNSTEIN: In terms of spreading this program, it actually, I think, is more of a question for the Treasurer, who originally designed the program. I think what we are hearing is that it is probably not an unwise thing to limit it, as it is limited now, until it gets up and running. 'Then, I think, when everyone feels that we have got a product that works smoothly and that districts know about, we can start to expand it. It is not just the ABAG area that is using inclusionary zoning, it is very common in the San Diego region as well.

MR. KLEIN: Yes.

MS. BORNSTEIN: It may, in fact, actually be spreading as a phenomena. We just hear anecdotally in our office but I know there are a number of jurisdictions in the San Diego area. I would expect that the program staff could probably comment as to whether it is appropriate to expand it at this young stage or whether we want to stick with the parameters that we have got now and move on at a later time.

MS. PARKER: Mr. Klein, two comments. One of them, I think in this study that the Treasurer's Office is doing, they are looking at whether or not they should expand this to move up, instead of the bottom third, to perhaps the bottom half of low performing schools. As you might recall, in the

Governor's second budget the Governor proposed an appropriation in the Housing Finance Agency to do down payment assistance for teachers. During that budget cycle it ended up that that money, instead of being appropriated at the state level to do down payment assistance, was given to the local school districts for them to create recruitment and retention programs at the local level. We have tried to talk with those schools and we invited them to see if we could put together some packages.

But with respect to your other point of whether or not we should be expanding the HiCAP program. I think that will be part of our Business Plan discussion. You know, we had a very limited amount of money. Certainly in those three counties the teachers are eligible for both but it will be a question of policy decision for you all to see whether or not you might want us to be using that or whether we can look at using that money in a broader number of counties for teachers. I think we only have enough money to make about 300 loans in HiCAP so that was part of the reason why we picked such a small number of counties. Because we were not going to be able to do a lot anyway.

CHAIRMAN WALLACE: Carrie.

MS. HAWKINS: It is always difficult when you have a program that is such a small program because it still takes a loan officer, and a lender, to know how to use the program.

And the practicalities of it are that you have to train your staff. You have to know the program. So the combination of the first - There are many obstacles, so it is real tough. Especially in a boommarket where interest rates have been historically low. Loan officers are paid on a commission. And for them to take time to get trained on a program with 300 possible loans around three counties -- How many loan officers are going to take that time when they have got everyone, probably including in this room, you have mortgage refinancing. So it is kind of a -- That's the practical side of it.

CHAIRMAN WALLACE: Well put. Having said that, and with studies going on, I think our staff should be sensitive to any recommendations that we -- It really is not in our jurisdiction to make the changes. Studies are going on in the Treasurer's Office. School is still out six months into the program. Having said that, any input we can have into our Business Plan that we think should be passed on I think the staff should be sensitive to our concerns, as evidenced here in this all too long discussion on this issue. So, Jerry, take that for what --

MR. SMART: Okay, moving on. Our Self-Help Builder Assistance Program. As you know, at the beginning of the fiscal year we increased the funding level for this program to $2.5 million, providing construction and development financing for nonprofits using the mutual self-help construction method. We increased the loan size, individual loan size from $300,000 to $500,000. So far we have taken in four applications, of which we have currently approved three, the other one is pending, for $1.3 million. We do expect additional applications coming through by February and by the end of the year we anticipate that we will exceed our goal of $2.5 million.

Of course, there is the issue that this program may be impacted by SB 975, prevailing wage. It is kind of a wait and see to see how the industry copes with the issues on prevailing wage, particularly with the self-help program. We may suffer some slowdown or funding issues with this program going forward. We are hopeful.

The next two slides are just to give you an update on demographics with respect to our program. Currently over 73 percent of our financing goes to minority first time home buyers. The largest piece, as you can see, is Hispanic home buyers at 62 percent and rising. There is some increase over last year, which was 59 percent. The total for the year was 72 percent last year so we have already increased our level of funding for minorities.

Lastly, this slide illustrates how we are doing with respect to low income financing. Fifty-four percent of our total financing goes to the low income households. Nine percent to the very low, 44 percent to low and the rest is, of course, moderate. Now, this level may increase -- I should say, the moderate level may increase given the fact that we have had to raise our income limits in order to adjust for the volume. Of course, with the interest rates we expect that will have an impact on our portfolio going forward. But right now we are at 54 percent for low income financing.

CHAIRMAN WALLACE: Question, Julie?

MS. BORNSTEIN: Thank you, Mr. Chairman. Jerry, in the 50 percent or less, the loans made in that category: Do you have any data that shows how many of those are in the self-help program and how many might be outside the self-help program?

MR. SMART: Our self-help program, I believe we have purchased, so far, $2 million. Almost all of those are low income, at 80 percent or less. That's 100 percent for the self-help program.

MS. BORNSTEIN: Thank you.

MS. PARKER: They are such a small percentage of our overall amount that even with the income category would be pretty --

MS. BORNSTEIN: But given prices in California, the fact that we are able to make loans to individuals who make 50 percent or less of the area median outside the self-help program is actually encouraging.

MS. PARKER: I think it has been a policy, certainly a policy that the Board and the staff have been trying to have our product go to the lowest incomes possible. As you all know, we have an interest rate structure that gives our best loan to people who are most impacted from an income standpoint and the cost of housing.

It was actually only just after September 11 that we raised our incomes in the Central Valley to the maximum allowed under federal law, which we had dampened down to make sure that we were pushing it to the lowest incomes. And we only did that in order to be able to meet our $1 billion commitment, so we had resources so we at least would get them out. But I think we are very proud of being able to be successful to develop a product that, in that sense, really goes --

Ken has data. It's not like we are all doing this in 80 percent below median incomes in the Central Valley. This is basically statewide. We are meeting or above meeting what our targets on a per capita basis in Los Angeles and Southern California. I think that really goes to -- And these are based on the strictest definition of income so it is not the income of county or statewide, it is county income.

MR. SMART: Yes.

CHAIRMAN WALLACE: *Any* other questions for Jerry?

MR. SMART: That concludes my --

CHAIRMAN WALLACE: Thank you, Jerry, that is very helpful, and you have gotten some reaction that helps you when we get into the next Business Plan. Okay, is John next or questions? Cathy.

MS. SANDOVAL: One quick question, thank you. Do we have any sense of what the impact has been of raising the income limits in the rural areas? How has that affected demand and has that been helpful?

MS. PARKER: I'm sure we probably have some data. I don't think we have done it because it has been so new but I think we are tracking that. We have continued to meet what our delivery has been. Jerry, I don't know if you have anything. Because it has been, maybe, five or six weeks.

MR. SMART: That's true. It is a little bit early yet to have any particular data. Those increased income levels, actually, would be just reservations. We do not really have any deliveries on those yet. I would be happy to provide further information.

CHAIRMAN WALLACE: *Any* further questions from the Board or the audience?

MS. PARKER: We would certainly have that information available when we do our Business Plan in May.

CHAIRMAN WALLACE: Okay, Dr. Schienle.

MR. SCHIENLE: Good morning, Mr. Chairman and Members of the Board. I have just four charts which segregate our application volume, our insurance volume, into four basic programs. This follows the presentation that we made, Terri, Dick LaVergne and I, made to Standard and Poors about a month ago. In the aggregate, where our goal is due about $700 million for the year, we are halfway and we are halfway to our goal. So we expect to achieve the goal of $700 million for the year. Some programs are above goal, some are below and I will go through and make some comments on each one.

The first one is the CHFA program which has a goal of $40 million, which is between five and ten percent of our total volume for the year. So the CHFA portion of what we do is diminished from what it had been. Where we started with all of our business with CHFA, now CHFA essentially is an FHA/VA program. With prices in high-cost areas there is little room for us to operate within income and price limits. The next page is Freddie Mac 100 percent production. We have competition now from the private MIs, when this started we did not. They are in the market too but they are --

MS. PARKER: You still don't have the right slide, Dom.

MR. MAIO: Yes, we don't have that slide in here I don't think. Here it is, okay.

MR. SCHIENLE: But the MIs are taking high credit score business so we are being adversely selected. We started discussions, all of us, with the realtors, with Angelo Mozilo, Clark, Members of the Board, about two months ago. In following up on that we talked to Angelo about Countrywide increasing production through Countrywide in 100 percent loans, essentially by having lower credit scores. Right now we are limited to 620.

We agreed with Countrywide we would go down as low as 540 but it would be Countrywide's responsibility to negotiate that with Fannie Mae, along with the price, so that Fannie Mae would not price up on low credit score loans as they are doing, typically charging more than one percent higher interest for low credit score loans. We put the burden, which Angelo agreed to negotiate with Fannie Mae, to prevent that from happening. Countrywide is actively talking to Fannie Mae but the price -- There is agreement in terms of doing the program but I have not heard how the pricing is turning out yet. So if that happens then this line will turn upward if we can hold the pricing with Fannie Mae.

The next slide is PERS and STRS production. Most of it is STRS production and it is mainly the 95/5 program, which is 100 percent financing for teachers and members of the school districts. That has exceeded our expectations and it has greatly exceeded what STRS thought might happen. But this is a teacher program, mainly, and it is 100 percent financing. It is meeting a need that the private market does not offer. STRS does have competitive interest rates and limited closing costs so there is a benefit to the teachers.

The next slide is our Fannie Mae RDA production, which is one of the oldies. This is now in its sixth year. It is mostly a 97 percent loan with a 3 percent silent second. The 3 percent silent second is mainly funded by our borrowing from Allstate, which is used to fund these loans. That just drives along. One of the interesting things is that one of the major lenders is not doing the STRS program but wants to offer 100 percent financing for teachers that uses the 97/3 to do it. In its mind it has a proprietary brand rather than the STRS program that everyone else is doing. But there are teacher loans in this program as well.

CHAIRMAN WALLACE: Bob.

MR. KLEIN: How does the program work? We're borrowing the silent second from Allstate. How does that work?

MR. SCHIENLE: We borrow the money. We have so far borrowed $7.5 million at approximately the same rate that we would pay if we borrowed from the SMIF Fund from the state. Then we add onto our mortgage insurance premium the amount of interest to pay Allstate, which essentially is 17 basis points. So for 97 we charge 78 basis points. We add the 17 basis points onto that and we charge the borrower 95. So they are paying for the interest on the Allstate loan as we go.

MR. KLEIN: Okay.

CHAIRMAN WALLACE: Okay, Bob?

MR. KLEIN: (Nodded).

MR. SCHIENLE: And the last one is our newest uenture into reducing payments for borrowers. This is the 80/17 program that we are doing with STRS. We started off in an LA-only test pilot in May and now we have expanded that to statewide. In the meantime STRS has increased their loan limits from $350,000 to approximately $600,000 so that this program can work in high cost areas. Up until now it would not work in high cost areas. So we can move back into the Bay Area and offer lower payments loans. This has a 17 percent deferred payment loan funded by STRS. When everyone is up and running in the Bay Area we think this is going to be a significant program for teachers. Because they are making payments on an 80 percent loan and can afford to live near their school. It is the same idea as the teacher program but at a higher loan limit.

CHAIRMAN WALLACE: Questions?

MR. KLEIN: If everyone else understands this program maybe I could find out about it afterwards but this is a very intriguing program. I would like to understand the

17 percent feature, how the interest accrual works on that.

MS. PARKER: Mr. Klein --

CHAIRMAN WALLACE: Everybody else understands it, Bob.

MR. SCHIENLE: It's simple interest, Bob.

CHAIRMAN WALLACE: Don't you worry about that part.

MR. SCHIENLE: Bob, all of our seconds are simple interest and STRS is funding this. The rate on the second is simple interest but it is the same rate as the first. So if they have a 7 percent first compounding loan they have a 7 percent simple interest deferred payment second of 17 percent.

MR. KLEIN: And it's working as a -- It's truly deferred until when?

MR. SCHIENLE: Thirty years.

MR. KLEIN: So it is working almost like an appreciation-type mortgage because it is building up an accrual factor.

MR. SCHIENLE: Right, right. But it's simple so it's not building, it's a straight.

MR. KLEIN: It is a very helpful structure.

CHAIRMAN WALLACE: Anyone else wants to admit like 3ob did --

MR. SCHIENLE: Just one last comment. We are now in our sixth year. Except for the CHFA loans we have four or five other programs and we have had one loss, one claim in five years. So we will have the second successive zero loss ratio year.

MR. KLEIN: I think that's phenomenal with this kind of creativity. That is just a tremendous record.

CHAIRMAN WALLACE: Okay, John, thank you. Any further questions?

MS. PARKER: I think John has told us that he has left us at a point in time where there's a number of new programs that have just been implemented that will have substantial growth. We will try, when we put our Business Plan together this year -- As you know, last year John met and exceeded a little bit his Business Plan goal. He has always tried to have a goal that sort of was a real target to push for and I think we became concerned that perhaps some people, when John was not being able to--not for things of his control--implement as quickly, that we were not as committed to the program.

So this last year when we did the Business Plan goal we tried to make it an additional target to shoot for but a more real, what we believed we could achieve. So what John is basically leaving us, leaving the organization after a decade, is a number of new programs. A total sea change of the mortgage insurance that was originally designed to help CHFA first mortgages that are now virtually almost entirely in the conventional market and with a tremendous amount of program growth that we can move forward with.

CHAIRMAN WALLACE: Thank you, John. Carrie.

MS. HAWKINS: I cannot miss this opportunity to thank you, John, for the job you have done. For those of you who are not familiar with my background, I was a lender and participated in various programs. As Robert commented on the fact that what a commendable track record that CaHLIF has of not having losses, that was not at the expense of not serving the borrower. And I can attest to that because of the loans that we underwrote. I don't think a loan officer or an underwriter ever complained that a worthy borrower had not been approved. They would always work very well.

So to strike that balance along with the deepest recession we have had in probably California history as far as real estate values at a point during the last ten years, to have the track record and come through that without a loss ratio, a minimal loss ratio, having a minimal loss ratio. So I just have to say it has been a real honor to serve on a Board where we have had such a good insurance program.

MR. SCHIENLE: Thank you.

MR. KLEIN: I would like to supplement my comments by saying that the PERS and STRS programs are very exciting and have tremendous potential. Along with all the other programs you have put together I am extremely impressed with the operation and it is a privilege, as Carrie said, to have served on the Board in a period where this innovation took place.

MR. SCHIENLE: Thank you.

CHAIRMAN WALLACE: We better give you an audio tape of this last half hour as a departing gift, John. Thanks again. Linn Warren, multifamily.

MR. WARREN: Thank you, Mr. Chairman and Members of the Board. I will commence with the multifamily review for midyear. This is the cumulative production chart for the year, similar to what we showed you last year. These are the approvals from the Board for the fiscal year. The program goal for this year was $250 million. I will point out that this was an increase from last year's goal of $200 million and that was an increase from the prior year goal of $125 million. This is consistent with our plan to ramp-up multifamily as rapidly as is practical for the program.

This year looks like we will probably fall a little bit short of the goal. That is primarily due to a couple of reasons. We are at about the same number of projects that we had at this time last year. We have 19 in commitments npproval versus 21 at this time last year, but we are at nbout 1,000 less number of units and about $60-70 million less in loan volume. Sometimes we get flows like this where :he projects are relatively small. The other area, of course, is the increased competition, as is always out there with us, in the multifamily area, and we are competing against other very aggressive lenders. This happens. But we shall see.

As you can see for the March and May, this is really tied to the next two rounds of the bond allocation. We have approximately 20 loans in our pipeline so we may make $250 million, we will have to wait and see. But we will be busy for the rest of the spring. This chart shows the balance between the types of loan products that we have had. Those on the Board that have been here for a while will see that we have seen a progression from preservation over to new construction. This year we are at about -- This is estimated where we are going to be at the end of June, $116 million in new construction versus $67 million for preservation. Of course, the $30 million green wedge is, basically, market rate projects that are taken into the affordable housing stock, then $10 million for special needs.

The reason for this is as the Agency is becoming more accepted for financing for new construction it is predominately our product line, if you will, these days and the preservation transactions that we are involved with are by and large larger ones. The Board will recall the projects we have done with Related with the Girsten Properties as sellers. So that seems to be where we are focusing.

We do want to correct this trend, however. Later on when I get into the initiatives for this year and for the next year I will explore a couple of areas that we think are important that we pursue.

I'll talk about accomplishments for this year. We received two NCSHA awards, one for our 501(c)(3) preservation acquisition--I don't know if Jim is still here, he probably went back to work--but Jim was instrumental in implementing the 501(c)(3) acquisition program. We are very pleased with that. Also a national award for our HELP program, I believe Doug Smoot is here, stand up. Doug is the program manager for HELP and really has done a wonderful job on that. We are very pleased with those two programs.

During the summer we, the CHFA staff in conjunction with the California Housing Partnership, Janet Falk's group, ran financial analyses and commenced studies of our HUD 202 refinancing program. As the Board will recall, at the end of 2002 Congress passed legislation that allowed these nonprofit-owned senior projects to be refinanced, and more importantly, to be syndicated to bring in more capital sources.

The nonprofit community has been slow to embrace this refinancing, mainly because such would be a change to the culture of the ownership of the 202s, which is interesting. So we have taken our time. We spent a great deal of time running financial models over the summer. We are now marketing and we have a couple of initiatives that I will share with you in a minute as to how to best maximize our resources and leverage our 501(c)(3) financing.

We commenced our Loan-to-Lender funding program. We have 11 of these, almost exclusively linked with HCD's MHP program. In addition to that, we are in discussions with HCD--we actually finalized them by and large--for joint processing and closing for MHP-related loans. So we are trying to implement some economies of scale between our two departments and certainly help the industry close these two pieces of the financing more quickly.

To date, we have ten loans closed, a little bit less than we had at this time last year, for $68 million. I would like to show two here which I think are particularly significant and kind of a history of what we have done. The first on the left is Santa Ana Towers. This was a 100 percent Section 8 project. About two-and-a-half years ago we were approached by the Safran folks in Los Angeles to provide a high-leveraged, high-LTV acquisition loan that we had to turn around in about two or three months. This was the first one that we had done like this and it set the prototype for later on in the 501(c)(3) financing program. We closed the permanent loan a couple of weeks ago. The rehabilitation is complete; the tenants are very happy. So we are very pleased with this project. It turned out very, very well.

The project on the right is the Ambassador Hotel. This is a large Loan-to-Lender special needs project in the middle of the Tenderloin District in San Francisco, 142 units. Again, we are very pleased to be involved with this. The sponsor on this particular project is the Tenderloin Neighborhood Development Corporation. We are passing through three percent taxable money as part of the construction piece and saving them a fair amount of interest costs. Again, we are particularly proud of these two projects.

Going back to our closings. The HELP program completed their first round of awards for this year, $10.9 million to 16 localities representing approximately 1,600 units of new or rehabilitated housing.

Program Initiatives: Let me put up all the preservation ones for a moment so we can chat about these. They are all sort of interlinked. The Board has seen recently the introduction of the A&B structure on our Section 8 lending. The B structure, which is a subordinate loan also made by CHFA, which is lent against the Section 8 income over and above the normal affordable rents. This is a structure which has really taken hold throughout the country and we intend to employ this as appropriate through our preservation efforts. We want to also link this with FHA Risk Share to bring that program back into the fold with CHFA. Two purposes: Number one, it is good to have your portfolio ensured; and two, the introduction or reintroduction of risk share will reduce the capital requirements that are imposed on us by the rating agencies. So we wish to do that.

The next area is the expiring tax credit projects. What has now been known, perhaps fortunately or unfortunately, as the Y15 projects. These are the very first projects that were done 15 years ago and are now coming up on their expiration period. These first ones will be probably, by all accounts, the greatest challenges because there will be different demands of owners, of investors and such like that. So we want to look to these not so much only from the 501(c)(3) financing standpoint, because there will be for-profit purchases, but I think this first batch of the Y15 models will have to be diligent. As quick in our financing as we are with the 501(c)(3)-type financing and certainly flexible, we hope to avoid doing transactions that require additional subsidies to make them work but that issue remains to be seen. We do not know where that is going to end up.

The 236 portfolio: This portfolio, interestingly since we purchased it from Fannie Mae, very limited runoff. Not too many opt outs, a few but not very many. What we are focusing on are basically portfolio refinancings or scattered site refinancings throughout mainly the LA area, some in Northern California. So we are continuing to work with that.

Most of the nonprofits are comfortable with their ownership. Many of the for-profits are asking for sales prices that are unrealistic and require fairly deep subsidies to make work but we will continue on this program. Hopefully, we will have some more closings in the future.

In the new construction area: Again, as I said earlier, this is part of our main product line but we are continuing to look at the urban in-fill and the moderate market rate components. There is the ongoing debate, particularly in the urban areas, as to what extent should subsidies and state, local and federal agencies be involved in financing for moderate rate or working family, that group of income between 60 and perhaps 100 percent of median income.

CHFA thinks it is appropriate that we are involved in this and we are also encouraging the introduction of market rate units to help pay from a debt side versus the subsidy side to build these in-fill projects. So we have actually, several of these in the pipeline--mainly in urban areas, a couple in the suburban areas--that the Board will be seeing in the next couple of Board Meetings.

(Tape 1 was changed to tape 2.)

In our special programs area: This is a new thing that I would like to comment for a few minutes on. The last couple of HELP rounds that the Agency had were very strongly subscribed. We think it is appropriate now in talking with localities to look at lending for the tax increment. Not on a long-term basis, as some localities do, but on shorter, three to five years, for those particular localities that don't as a regular basis issue bonds against their increment. Our goal here is to make it a shorter term loan at a higher interest rate, we would borrow the funds for this, and essentially 'set up a demand-based funding situation.

The criteria for doing these types of deals would be similar to the housing criteria that we impose for HELP but it would have greater funding availability versus waiting for the rounds. We are in the very preliminary stages on this discussion. We are not certain that this is going to work, but we certainly feel that after discussions with some localities that this might be worth pursuing. But we will know more in the future. Yes, Bob.

MR. KLEIN: If you could explain for me, please. Three to five years. Why is it that we would not make longer term loans since the increment will be a 30 year flow, predictably?

MR. WARREN: We started off with the idea of recycling the funds fairly quickly, I think, and we are trying to peg smaller-type loans, Mr. Klein, in the $1 million range, $1.5 million range. We are not precluding ourselves from doing that. This was just like the first baby step in this area. I will point out that we have several projects in our portfolio in which we have made 25 year loans against the increment on a regular pledge basis. That is part of our standard tool kit. There is really no reason why we can't. We are just starting off with a lower number and it could go up.

MR. KLEIN: We would not need an allocation in this case so this was an area that we could potentially expand significantly if it is successful. The other point, while I'm asking a question, was in relationship to the program that you have gone through. In our basic program, production rehab has been a significant portion. There are fewer ten-year qualified rehab properties out there at this point, which makes it more difficult to get the production accomplished. But this new 202 program that HUD has theoretically worked their way through implementing, could you explain what HUD's guidelines are on the 202 program?

MR. WARREN: Interestingly, the regulations or guidelines are technically not out yet. The way the Legislation was passed is a 202 refinancing could be done today in the absence of promulgated regulations by HUD. I don't know the status of it but most of the industry is basically going forward in the absence of the regulations and guidelines from HUD. The legislation is sufficiently clear to do so.

And there is a push to do it because, as you know, the first ones through with HUD on new program transactions are the ones that pretty much get the deals approved the way they would like them done. Then after a period of time a critical mass forms and precedents are set and then it becomes kind of calcified and you can't really get your deals done.

So the short answer to your question is, most of us are going forward in the absence of regulations and HUD, by all accounts, with the recommendations from the hubs, are recommending these on a case by case basis. Particularly the syndications. That is new. If there is any area with the 202 regs it will probably be fairly draconian. It is going to be in the syndication area and not so much in the 501(c)(3) refis. That is our sense today. But we are not waiting, short answer.

The other area in our special projects is our small loans to small business initiatives. We believe that an appropriate place for the Agency to be involved here is with predevelopment money or development loans for incubator projects. Those small developers that do not have large capital resources, may not necessarily have strong or substantial lines of credit for development, in which we would make loans, essentially against the property, for again, small apartment complexes. Maybe 20 units or so as a target range. Ten to 20, we'll see what the appropriate size is, and small scattered-site home ownerships on our small business area.

We have a couple of other initiatives that we are looking toward in this area as far as potential assistance with contractors, bonds and such like that. But again, in the next month or so we should have a better idea of what we handle with our small business initiatives.

One major push for us this year will be a formal analysis on our Section 8 portfolio. We have approximately 150 loans in this area dating back approximately 20 years when the originations started. As I have said in prior Board Meetings, these loans are now in mid-life. We have a number of questions in front of us on how to handle the Section 8 portfolio. The recapitalization, the refinancing, the change of ownership, protection of tenants, the extension of affordability; all wrapped into the money that we have borrowed to finance these, the impact on that; the impact on the income that we derive from these programs, these loans to fund HELP and other programs, the debt, and how HUD is going to react on renewals.

We have pretty much felt that the way to approach this is with a very formal study, a very comprehensive study. Senior staff, whenever we get one of these issues, we think of things that we have not thought of before. It is very complex. It is probably the most complex real estate issue that we have in front of the Agency today. So we are commencing a process to retain consultants to go forward on this. We don't know how long it is going to take to get this done. It might take some time. But we feel that we want to make proper decisions and we want to do this correctly. So you will hear more about this as we go forward. The Board has seen Section 8 portfolio refinancings in the past. They serve as a very good test bed for us on how to do these but the time has come for us to make this more formal. There will be more on this in the future.

Process improvements. *Any* bank should change the way it does things to keep current. As I said at the outset, we do suffer somewhat from the competition that we face so we need to leverage our internal resources as best we can so we are increasingly migrating toward out-sourcing and contracting. The first, in the HUD 202, the syndications, we will be working with CHPC.

In that area, from a marketing standpoint, we are still very interested and involved in assisted living in senior housing. We are in discussions with the Zigler Securities to help us leverage those areas. Rick Price, who I have known for a number of years, and I have met and we are looking at ways to couple their expertise and our financing to get into the assisted living area. By way of note, the ledicaid waiver legislation, the Aroner bill, is still vorking its way through the process. We are hopeful that particular piece of legislation will help us in leveraging assisted living.

In the area of special needs and supportive housing. As the Board will recall, these are very complex issues. We are in discussions with the Corporation for Supportive Housing, Carla Javits' operation, to help us in the same way with the HUD 202s. To help us evaluate special ieeds and supportive housing projects and leverage our own internal staff.

And in a final area in conjunction with General Counsel, to leverage in Mr. Hughes', the legal area, to use outside counsel for loan closes that are appropriate to leverage our own legal staff. So that is where we are headed. I believe that is the end of it. As I said, we have a fairly busy spring ahead of us with the two CDLAC rounds but a number of initiatives that we are going to try to undertake at the same time.

CHAIRMAN WALLACE: Are there impediments, Linn, to this out-sourcing? Typically it is tougher. And we have a freeze exemption. It's just you are trying to speed up the processing in these areas?

MR. WARREN: It's two areas, Mr. Chairman. It is the acceleration of the process and it is also expertise. I think, perhaps, the latter is somewhat overlooked. Each year these things get more complex. Particularly assisted living, it is very complex and we need to get the horsepower. If we cannot generate it internally we have to go out and get it. That is basically it.

CHAIRMAN WALLACE: And that is not a great hurdle for us to leap over?

MR. WARREN: Any out-sourcing situation still requires an in-house review of the work product so we still have that particular hurdle that we have to deal with. So it is -- The alternative is to not do a whole lot more. We think it is an appropriate bill.

CHAIRMAN WALLACE: Thank you. Bob.

MR. KLEIN: Two things. One is, the demographics for senior housing are extraordinarily compelling. We have a gross lack of facilities for seniors and congregate assisted care and the lending markets are virtually shut down, totally shut down in this area. It takes unbelievable levels of guarantees to get senior projects done, principally because the major banking institutions, now being national, suffered huge losses in the midwest and the south where there were not the building restrictions and growth restrictions that we have in California that really control supply. So there was massive over-building in those areas and B of A and others suffered $1 billion of losses, in particular, in this industry because of, really, uncontrolled and uncoordinated production.

In California we have huge lead times on production. Everyone knows a long time before a project is going to construction what is going to be built for two or three years because the entitlement process is so rigorous. We have tremendous waiting lists on senior housing for congregate and assisted care.

The option for people, if they do not have congregate care where they can get meals, do not have to drive, where in assisted care they can remain independent, active in activities but have medication assistance and help in dressing or help in bathing. The option for them is to go from independent living into a nursing home. That is a devastating impact on any quality of life they were to have. It really removes their dignity; it puts them into a hospital-type environment. Even the best nursing homes are a very depressing environment for someone who has dedicated their lives and is trying to end their life with some dignity and some social interaction.

So I would suggest that from a public policy viewpoint there is a huge void in the private markets here. And if we can constructively help address that void we would be providing a great service to the state.

The second general comment I would like to make is that I feel that our multifamily staff has done a tremendous job in getting to the $200 million level in production. I think the State Treasurer three years ago personally appeared here as a Member of the Board and asked us to try and get to that benchmark, which then was a great leap. The staff has done a tremendous job, of outreach and innovation reform of our process in getting here, and I think they deserve a tremendous commendation for their efforts.

CHAIRMAN WALLACE: I agree, and we all agree. It is going up rapidly. Linn, you are doing a great job.

MR. WARREN: Thank you, Mr. Chairman.

MS. BORNSTEIN: Mr. Chairman.

CHAIRMAN WALLACE: Julie.

MS. BORNSTEIN: One other comment, Linn, just to give you a forewarning. YOU may very well not only meet but exceed your goal. We just had our last NOFA in the multifamily housing program. If you recall, we originally went out with a $70 million NOFA, but because of the budget shortfall we were asked to reduce that to $43 million. So we sre offering the last $43 million in that program. Applications were due this week. We are oversubscribed more than three-to-one. So we will have a number of very good projects we will not be able to fund and I suspect you may hear from some of them.

MR. WARREN: Yes. And the demand for MHP, Ms. Bornstein, is not slight. We have several in our pipeline that are MHP linked and they are going after it. But you are absolutely right. We are already trying to think about, if that is not available what is plan B. We will see what we can do.

CHAIRMAN WALLACE: Okay, any further questions? Board? Audience? Anybody? Thank you, all of you. It has been very helpful. I hope we have given you a little food for thought as you start wending your way for the next Business Plan. Okay.

MR. WARREN: Thank you, Mr. Chairman.

RESOLUTIONS 02-01, 02-02, 02-03

CHAIRMAN WALLACE: Let's go to Item 5 and I am going to ask Carrie to chair it.

MS. HAWKINS: Thank you, Mr. Chairman. Mr. Carlson.

(Mr. Clark Wallace exited the meeting room.)

MR. CARLSON: Thank you, Madam Chairman. I am Ken Carlson; I am the Director of Financing. I have three action items for your consideration. Every year at this time I come before you and ask for the general authority, the delegation of powers, to enable us to raise the money that makes all these wonderful loan programs that you have just been hearing about possible. Again I beg your approval of these resolutions again. There are actually three separate action items, 5, 6 and 7. The first one is the single family bond authorization, there is multifamily bond authorization, then there is a separate authorization to allow us to apply to the California Debt Limit Allocation Committee.

Madam Chairman, I can go through these separately and you could vote separately or I could go through it all and then you could vote at the end, whichever is your pleasure.

MS. HAWKINS: I think it would be good to have you go through them and then we will vote on them all together, if that is acceptable.

MR. CARLSON: You may need to make separate actions.

MR. HUGHES: We will have to have a separate vote on each resolution.

MS. HAWKINS: At the end. But you can do your presentation and then we will just vote at the same time on all three.

MR. CARLSON: Thank you. One of the most important things about the first resolution, 02-01, is what limits are you imposing on the staff. The first is that we would issue bonds no greater than the dollar amount of bond principal that is being retired. And those would, of course, be re-funding bonds. The second would be no more than the amount of allocation that is provided to us from the California Debt Limit Allocation Committee. Of course, for tax-exempt bonds this is fairly obvious. The third would be a $900 million limit on any kind of taxable bonds that was not included in the first category. Just as an example, last year we issued $1.4 billion worth of single family bonds and we came under those several categories.

What the plans are in 2002 are to continue our bimonthly, that's every other month, issuance of single family bonds. We need to raise, obviously, $1 billion of capital to make $1 billion worth of loans. We have tried to do that every other month so we can lock in our cost of funds on a periodic basis throughout the year to reduce interest rate risk. Those are our home mortgage revenue bonds, which are the main financing engine that the Agency has used over the last 20 years. I think home mortgage revenue bonds now comprise about 73 percent of our total debt. Those are rated Aa2/AA- but often we have them insured.

There are also going to be various issues of draw down bonds, which are the type of facility that we discussed at the previous meeting and you authorized our issuance. In fact, we have entered into a contract to deliver just about $200 million of draw down bonds already and there is a small report I distributed. The purpose of this program, as you may recall, is to provide us with a very low cost means of taking tax-exempt authority and better managing it and distributing it throughout the year. We have to preserve it in some way and the way to preserve it is to have some kind of tax-exempt debt outstanding. This will be just for a short term product that we will then refund into our main line product when the time comes.

(Mr. Clark Wallace re-entered the meeting room.)

Another thing that we will continue to do is borrow from the State pooled money investment program. This is a great internal mechanism for borrowing for loan warehousing. We may find that we need to increase the amount of this borrowing. The resolutions that have been approved the last few years have authorized us to do as much as $250 million of all types of short-term borrowing for loan warehousing and our current loan from the State is $150 million. We may end up increasing the amount of that loan but I do not think we need to increase the limitation that has been in the resolutions for the last few years. We are also contemplating borrowing $15 million from the Bank of America for loan warehousing as well.

The multifamily bond authorization. Again we are being limited to the dollar amount of bonds being retired. The dollar amount of new tax-exempt authority from the California Debt Limit Allocation Committee. Up to $400 million for other types of tax-exempt bonds such as 501(c)(3) bonds, plus taxable bonds, plus another $300 million for loan acquisitions like we did for the Fannie Mae Section 236 portfolio.

Our financing plans in 2002. We are going to be issuing a giant $1.7 million in draw down bonds to preserve the authority from a small multifamily allocation that we got at the very end of the year. We will take those bonds and then re-fund them into our first real issuance which we think will occur in May. These three dates are what we call our normal issues. These are dates that are in conjunction with meetings of the California Debt Limit Allocation Committee that will, I think, take place in March, July and September, I believe.

Speaking of that committee. There is a separate resolution to authorize us to apply to them again. This is just like last year. We would like authority to apply for up to $600 million. I think right now we are contemplating a $400 million application for single family. It does not really matter how much we apply for, they will give us what -- The committee's intention, I believe, as stated in the procedures, is to take the whole pie for the year, how much authority there will be. As you can see in the report here there should be something close to $2.6 billion to cut up. Whatever amount is set aside for single family. We understand through the procedures that 50 percent of that would come to CHFA with the adjustment for the carry-forward from last year that Terri talked about earlier.

On the multifamily side as much as $400 million. It is unlikely, I think, that we would get applications in that amount. Of course, we can not apply for anything other than what we get applications for from borrowers, so that is sort of self-determining there. Why don't we end it there in the interest of time. I am glad to answer any questions. There are three separate resolutions here; I think you need to take separate action on them. But I am happy to answer questions now.

MS. HAWKINS: Thank you, Ken. Mr. Wallace has returned so I will turn the chair back to him.

MR. HOBBS: Mr. Chairman, I have one quick question.

CHAIRMAN WALLACE: Ken.

MR. HOBBS: With regard to the draw down bonds. I heard Mr. Carlson correctly and he is doing an exemplary job, as usual. There are some reduction issuance costs. Are we limiting ourselves in terms of the use of those bonds? Do we have a maximum dollar amount in terms of the use of draw down bonds or are we going to try to mirror our potential allocation?

MR. CARLSON: Mr. Hobbs, the new resolution for draw down bonds, unlike the one that was approved in November, will have no separate limitation on the amount of draw down bonds. The amount of draw down bonds then will be subject to the same limitations, the general limitations, for the program. So there should be no arbitrary problem like that.

MR. HOBBS: I was just looking for flexibility and to make sure the staff --

MR. CARLSON: Yes, we think we have the most. We have all we need now, thank you.

MR. HOBBS: Thank you.

CHAIRMAN WALLACE: Ed.

MR. CZUKER: I wanted to commend Ken again for all the hard effort he does and the creative way he handles the various bond issues and maximizing the use of layering and the interest rate fluctuations so that we continue to be successful at passing along below market rates to the various types, whether it is single family, multifamily, which clearly helps all of us provide a greater public benefit for affordable housing. All of the staff for what they are doing in trying to reach to different programs, creative programs, to utilize, for example, the draw down bonds and to look to new product types such as the vacuums in different areas of the marketplace such as the moderate income levels and so forth. So I really think that the staff is doing a tremendous job and I just want to thank Ken as well as all the prior speakers for the great presentation. We look forward to continued work in the years ahead.

CHAIRMAN WALLACE: Thank you, Ed. I think Ken would give you a resolution but we are fearful it might cause you to retire.

MR. CZUKER: I would like to so move approval of the resolution.

CHAIRMAN WALLACE: Let's do --

MR. CZUKER: Do we need to do them one at a time?

CHAIRMAN WALLACE: Yes.

MR. HUGHES: I would recommend, Mr. Chairman, that the, Board consider each one of them separately, and as a matter of good practice, that we solicit public comment on each one of them separately, even though we have done a joint presentation.

CHAIRMAN WALLACE: Shall do. Ed, can you do that as to Item 5, Resolution 02-01?

MR. CZUKER: Yes. So moved.

MS. BORNSTEIN: Second.

CHAIRMAN WALLACE: A second by Julie. Is there any discussion on that resolution or any questions by the Board? Bob.

MR. KLEIN: I just have a related question to this. In terms of preserving our authority that is rolling over.

How much of our authority that is currently rolling over from preexisting bond issues are we losing due to the ten-year rule at the federal level?

MR. CARLSON: Right now it's a little over half. For instance, during this semi-annual period for which we determine bond principal retirements we have just over $500 million of bond principal retirements in the home loan program. The $198,655,000 number is the amount of the draw down bonds. That is the amount that can be recycled. The rest is primarily money that is lost through the application of the ten-year rule. Some of that, of course, is taxable bonds being paid down. But I would guess that it is between 50 and 60 percent we are losing.

CHAIRMAN WALLACE: Ken, give us a quick synopsis of the ten-year rule. We have got some new members and some old ones with memory problems.

MR. CARLSON: Yes. The ten-year rule is the federal law that the National Council of State Housing Agencies is working with Congress to try to get repealed. It is a law that says that in home loan programs financed by tax-exempt bonds, from a date ten years after the original bonds were issued, prepayments received then cannot be recycled and made into new loans.

So this affects us, we end up with prepayments that originated from -- And we may be -- This is hard to explain but during that first ten year period, of course, we can recycle. We may be talking about the grandsons of original loans that are paying off. But once that ten year period is reached--and it is very complicated to keep track of all this--then we cannot recycle that authority again. We have to use that prepayment just to retire bonds.

CHAIRMAN WALLACE: And by recycle, we re-lend it in the first ten years.

MR. CARLSON: Right.

CHAIRMAN WALLACE: After that point in time we have got to pay off the bond holder.

MR. CARLSON: That's right.

CHAIRMAN WALLACE: And by recycling it gives us leverage that allows us to do our thing much more broadly than we otherwise would. It's a big number.

MS. PARKER: Mr. Chairman, just to perhaps give the Board an update. As you know, we have been working on this. The Governor wrote a letter to the California delegation last year, which we have been trying to work on getting co-sponsorship. It was particularly difficult to work on this issue in a post-September 11 situation. Many members did not have offices. I believe Senator Boxer is still out of an office. But we have been working a lot and we actually were able, just from late last fall, to increase our co-sponsorship from 12 percent to 57 percent. So we now have 31 members signed on.

The Treasurer, just in the last two or three weeks, wrote a letter to the delegation encouraging those that had not co-sponsored to please sign on and to express his appreciation for those that had. So we have got about 23 members left that we need to look to. I do not know that we are going to be as effective as getting 91 percent of the delegation that we got last time but I think that we can bring our numbers up to, hopefully, in the 80 percent range. NCSHA is working on this. Some of our colleagues in other states, the Northeast and the Southeast have as much as 70 percent of their entire delegation so the West is at the moment really lagging. We are trying to do everything we can to move those numbers up.

CHAIRMAN WALLACE: Any further questions on Resolution 02-01 from the Board? From the audience? Hearing and seeing none, secretary, call the roll.

MS. OJIMA: Thank you, Mr. Chairman. Ms. Peterson?

MS. PETERSON: Aye.

MS. OJIMA: Ms. Bornstein?

MS. BORNSTEIN: Aye.

MS. OJIMA: Ms. Sandoval?

MS. SANDOVAL: Aye.

MS. OJIMA: Mr. Czuker?

MR. CZUKER: Aye.

MS. OJIMA: Ms. Hawkins?

MS. HAWKINS: Aye.

MS. OJIMA: Mr. Hobbs?

MR. HOBBS: Aye.

MS. OJIMA: Mr. Klein?

MR. KLEIN: Aye.

MS. OJIMA: Mr. Shine?

KR. SHINE: Aye.

MS. OJIMA: Mr. Wallace?

CHAIRMAN WALLACE: Aye.

MS. OJIMA: Resolution 02-01 has been approved.

CHAIRMAN WALLACE: Resolution 02-01 is hereby approved. We have had the discussion, same chapter, almost same verse, on Item 6, Resolution 02-02.

MR. CZUKER: So moved.

CHAIRMAN WALLACE: Czuker moves.

MR. HOBBS: Second.

CHAIRMAN WALLACE: Hobbs seconds. Any discussion by the Board? Any discussion by the audience? Hearing and seeing none, secretary, call the roll.

MS. OJIMA: Thank you, Mr. Chairman. Ms. Peterson?

MS. PETERSON: Aye.

MS. OJIMA: Ms. Bornstein?

MS. BORNSTEIN: Aye.

MS. OJIMA: Ms. Sandoval?

MS. SANDOVAL: Aye.
MS. OJIMA: Mr. Czuker?
MR. CZUKER: Aye.
MS. OJIMA: Ms. Hawkins?
MS. HAWKINS: Aye.
MS. OJIMA: Mr. Hobbs?
MR. HOBBS: Aye.
MS. OJIMA: Mr. Klein?
MR. KLEIN: Aye.
MS. OJIMA: Mr. Shine?
MR. SHINE: Aye.
MS. OJIMA: Mr. Wallace?
CHAIRMAN WALLACE: Aye.
MS. OJIMA: Resolution 02-02 has been approved.
CHAIRMAN WALLACE: Resolution 02-02 is hereby approved. Let's go to the private activity bond volume cap allocation resolution.
MR. CZUKER: Resolution 02-03 is hereby moved.
CHAIRMAN WALLACE: That's even better.
MS. HAWKINS: I will second.
CHAIRMAN WALLACE: Czuker and Hawkins. *Any* discussion by the Board? Jeanne.
MS. PETERSON: Yes. I would like to state for the record that while I will be voting for this authorization to approve the application to CDLAC that CDLAC will reserve the

right to independently review the application in the context of other demands, applications and public policies.

CHAIRMAN WALLACE: Come on, Jeanne. Here we go again.

MS. PARKER: Julie and I, as non-voting members on CDLAC, support Jeanne in that we have to be able to independently --

CHAIRMAN WALLACE: You guys really stick together.

MS. PARKER: -- do our fiduciary responsibilities, Mr. Chairman.

CHAIRMAN WALLACE: That's why we have got you sitting there together, so you can connive like that.

MS. PARKER: Actually, I should apologize because we have a voting member here.

CHAIRMAN WALLACE: Annette.

MS. PARKER: Two voting members. You have a quorum of CDLAC here.

CHAIRMAN WALLACE: Annette, why don't you go get a cup of coffee.

MS. PORINI: Fortunately, I'm a non-voting member here. I do honor my fiduciary responsibilities to CDLAC.

CHAIRMAN WALLACE: Totally understood. Thank you, Jeanne. And having heard that, and with that admonition, is there any other discussion by the Members of the Board on 02-03? By the audience? Hearing and seeing none, secretary, call the roll.

MS. OJIMA: Thank you, Mr. Chairman. Ms. Peterson?

MS. PETERSON: Aye.

MS. OJIMA: Ms. Bornstein?

MS. BORNSTEIN: Aye.

MS. OJIMA: Ms. Sandoval?

MS. SANDOVAL: Aye.

MS. OJIMA: Mr. Czuker?

MR. CZUKER: Aye.

MS. OJIMA: Ms. Hawkins?

MS. HAWKINS: Aye.

MS. OJIMA: Mr. Hobbs?

MR. HOBBS: Aye.

MS. OJIMA: Mr. Klein?

MR. KLEIN: Aye.

MS. OJIMA: Mr. Shine?

MR. SHINE: Aye.

MS. OJIMA: Mr. Wallace?

CHAIRMAN WALLACE: Aye.

MS. OJIMA: Resolution 02-03 has been approved.

CHAIRMAN WALLACE: 02-03 is hereby approved.

PORTFOLIO BRIEFING

Okay, moving on to the next page of your agenda, Item 8, the portfolio briefing that we requested at, I think, the last meeting.

MS. PARKER: Right.

CHAIRMAN WALLACE: Margaret.

MS. PARKER: Mr. Chairman, I want to introduce, I think you all know Margaret Alvarez, and she will introduce her staff. The subject of the status of our portfolio came up in our discussions at our last Board Meeting. I think, actually, it provided a wonderful opportunity for us to do a little education, particularly given that we do not have projects to submit to you. To use this as an opportunity to educate the Board on the portfolio in totality. Margaret and her staff have done quite a bit of a book that I think will be refreshing information.

MS. ALVAREZ: Now that my colleagues have you all warmed up, or out of your mind or something, it is a good time to talk about Asset Management. We do not often get to talk about our department so I am very happy to be able to share what Asset Management does. I'll introduce you to my partners in the business of Asset Management: Chris Penny, who is the housing finance officer, on my right here, in the Northern California office, and Abe Tsadik, who has the same role in the Southern California office. I also work out of the Southern California office--a great lover of LA--and commute to Sacramento as needed. Anyway, I am happy to have a chance to be here and talk about --

CHAIRMAN WALLACE: Margaret, pull that mike --

MS. ALVAREZ: Closer?

CHAIRMAN WALLACE: -- just a tad closer, please.

MS. ALVAREZ: Okay.

CHAIRMAN WALLACE: Thank you.

MS. ALVAREZ: I wanted just to show everyone that the portfolio overall is in good shape. I wanted to also take this opportunity to just kind of educate you all or let you know what the portfolio looks like and what we have in the multifamily program at this time. As of the first of December we have 358 projects. Just so you will know, there are about 198 in the Northern California region and 160 in Southern California.

You could really take the CHFA multifamily portfolio and put it in two pots, a Section 8 pot and a non-Section 8 pot, which we also call unsubsidized 80/20. I will try to stick with non-Section 8 so that people do not get confused. In our Section 8 portfolio we have 164 projects representing about 9,200 units, all of which are Section 8 units and are controlled by Section 8 and the Agency. The average size of those properties is 56 units. In our non-Section 8 portfolio we have 194 projects representing about 20,000 units overall, 2,600 of which are controlled by CHFA. The average size of those properties is 103 units.

The portfolio, as I said, is in very good shape overall. What makes it that way is monitoring, which is what

Asset Management does. So just to go through --

CHAIRMAN WALLACE: Margaret.

MS. ALVAREZ: Yes.

CHAIRMAN WALLACE: You have a question.

MR. CZUKER: On the last slide. Controlled by *CHFA*. What does that mean, controlled units?

MS. ALVAREZ: Those are the units that are set aside, designated by regulatory controls to be the lower income tenants. Like when Linn gives his presentations and says there's X amount at 30 percent or 40 percent of area median income. Those are the units.

MR. CZUKER: So in other words, they are restricted by regulatory agreements to outside of tax credits or other program limits. CHFA's regulatory requirements.

MS. ALVAREZ: Correct.

MR. CZUKER: I understand. The properties are not owned or under the management control of CHFA.

MS. ALVAREZ: No.

MS. PARKER: But it could also mean that some of those units are market rate, and in that sense, also not controlled by us. Correct, Margaret?

MS. ALVAREZ: Correct. Within Asset Management we have several building inspectors who perform physical inspections at least once a year of every single asset in CHFA's portfolio. They literally start at the roof and work their way down. They look at all the physical components and also the individual CHFA units. They talk to a site manager while they are at the property. If they see things that they don't like, and we also follow with a written report, kind of ranking all the components and then follow-up on those reports.

We have asset managers who are reviewing annual financial audits of the properties, annual operating budgets, monthly financial reports, and also are receiving and approving Reserve for Replacement requests, which we call RFRs. We have tenant compliance staff on all our subsidized units -- on all our units, each project. They are auditing the subsidized units, the CHFA-controlled units, to make sure that the people that are living in those units are the ones that should be living there.

Just as a little bit of bragging rights here. I wanted to point out that we are also audited by outside agencies and people, CHFA as a whole. In the last year the three audits that were performed of CHFA, and that also involved Asset Management, we got all passing scores from all of those. In fact, I put a quote up there from the Single Audit that is done by Deloitte & Touche that there were no matters under CHFA's internal control where there were material weaknesses. So again, we are trying to do a very good job for the Board and the State of California.

Just some informational slides here. About 40 percent of our portfolio is nonprofit-owned and about 60 percent is owned by for-profit ownership.

CHAIRMAN WALLACE: What has the trend been, Margaret, in that?

MS. ALVAREZ: I think it has been holding pretty steady to that trend.

CHAIRMAN WALLACE: The last five years about 60/40?

MS. ALVAREZ: I don't know. I'm just guessing but I think it has been pretty much the same, whatever time period you pick.

Of our occupancy type we have got about 66 percent that are family projects, 30 percent that are elderly and 4 percent that are what we call *other*, which are the special need projects. It may be a combination of family, elderly and disabled projects and so forth.

So if you are looking at just the units that CHFA regulates on this next slide you can see that I have separated it Section 8 and non-Section 8. It really shows chat we are hitting the target that we are supposed to hit as Ear as families' income. On the Section 8 side the majority have incomes between $7,500 and 10,000 a year. The non-Section 8 are more spread out, but you can see that they are really basically between $7,500 and $20,000 a year.

If you look at the rent that the tenants are paying, again, just in the regulated units, most of the Section 8 tenants are in that $100 to $200 a month rent range that is coming out of pocket. Of course, the whole program of HUD, the balance of the rent is subsidized. If you look at the non-Section 8 side, they generally pay between $300 and $500 per month. That again is, if anybody has been trying to find a rental, those are very good rates for that group of people.

I think this next slide on the age of the portfolio really shows what I was talking about, about our two buckets of portfolio. Our first Section 8 loan closed in January of 1978 and all the loans for Section 8 were made between 1975 and 1982. The first non-Section 8 loan closed in 1984 so al those buildings are much newer. In fact, 48 percent of the non-Section 8 properties closed in the last five years and 74 percent closed in the last 10 years. You will see a little blip of blue on the 1997-2001 and that is the three Section 8 projects that this Board approved over the last year or two, which were Padre, O'Farrell and Sycamore Square.

MR. KLEIN: In the 1997-2001 period that chart shows projects. How many units of the total portfolio are represented in that time period?

MS. ALVAREZ: I have no idea but I could find that for you. I would say because it is mostly the 80/20s if you would just use the average, 106 per unit, you can kind of figure that out there. I see 98 so it's maybe 100 times 100 for 100,000 units -- 10,000 units.

MR. KLEIN: About 10,000 units.

MS. ALVAREZ: Excuse me, I have got to add my digits here, 10,000.

MR. KLEIN: So it is about a third of our total portfolio is in the last three to four years?

MS. ALVAREZ: Right.

MR. KLEIN: That's a tremendous increase.

MS. ALVAREZ: When I did this slide -- I mean, I knew Section 8 stopped but it is pretty shocking when you see how much business we have had. That's why we are all so busy, I guess, in Asset Management and Programs.

CHAIRMAN WALLACE: Bob is trying to reflect that the impetus for this tremendous growth is this contemporary Board. Right, Bob?

MR. KLEIN: I thought it was your leadership, Mr. Chairman.

CHAIRMAN WALLACE: Let's get back to serious Ratters here.

MS. ALVAREZ: Each of our projects in the multifamily group has a reserve for replacement account, and I will get into that a little bit later. But just to go over the Section 8 portfolio: We have got that first big group there. Well, let's start at the 11 percent. We have got 11 percent of the units that have $0 to $1,000 per unit in their reserve account. I am kind of just using $1,000 there. Primarily because that is a HUD minimum requirement so that was just a good benchmark to use. That represents 15 buildings in our portfolio. The next group there of 57 percent: Seventy-five of our buildings have $1,000 to $5,000 per unit in their reserves. Then that 24 percent represents Ehe $5,000 to $10,000 and then the 8 percent is the people who have over $10,000 in their R for R.

On our non-Section 8 portfolio I would remind everybody that these buildings are much newer. You have got 37 percent that have $0 to $1,000, 60 percent that have $1,000 to $5,000 and 3 percent that have more than $5,000. Just pulling out that group that has the less than $1,000, that 37 percent. This represents 57 projects and 32 are less than five years old, 14 are less than ten years old and 11 are ten years old or older.

For maintaining the portfolio our number one tool in our pocket here is the reserve for replacement account. That reserve for replacement was created expressly for the purpose of making capital improvements to maintain the asset. Individual expenses over $5,000 are reviewed and approved by the Asset Management staff. We work with our borrowers to plan and budget for capital expenses throughout the year but primarily at the operating budget time. As part of the budgeting process, or when we are doing loan modifications or portfolio refis or workouts, we are requiring PNAs and reserve studies so that we can take a longer view, a look of what is needed at the property and adjust their R for R accordingly.

CHAIRMAN WALLACE: For new members, PNAs are?

MS. ALVAREZ: Physical Needs Assessments.

CHAIRMAN WALLACE: Okay.

MS. ALVAREZ: Knowing that we have got an older portfolio, particularly on the Section 8 side, we have been coming up with some ideas within our department and our Agency of what we are going to do about those. We are finding that there are some cities that are willing to provide some locality funds for capital needs. We also have one project in the Fresno area that has been talking to HCD about getting some money for their capital needs on a matching basis and have talked to us about matching whatever amount they get from HCD.

Within the Agency we have been considering what kinds of loans and programs we could possibly put into place to help people who do have capital needs. Then of course, as Linn was saying in his report, we look at our own portfolio as a preservation portfolio as well. Then I think really the key is the early identification. With our staff of asset nanagers looking at the sites every year and talking to the borrowers throughout the year, that is really the key for figuring out where we have some problems and making plans to resolve those problems.

CHAIRMAN WALLACE: Margaret, is it typical -- A lot of these loans that Linn brings us are getting subsidies from three, four or five different sources. Do the others have funds reserves? Do they reserve for that? Maybe it's a question for Linn. Are we it? Are our reserves the source for maintenance and rehab?

MS. ALVAREZ: You know, I don't know the answer to that. I believe we are the only ones having a reserve fund. Is Linn here?

MR. WARREN: To answer your question, Mr. Chairman, several years ago --

CHAIRMAN WALLACE: This is Linn Warren.

MR. WARREN: Yes, I'm Linn Warren, I'm with the Agency. Several years ago we were the only ones holding reserves, interestingly enough. As the subsidies have increased there are increasingly reserve requirements being imposed by subordinate lenders. MHP is a good example of a program that is setting forth some good strong guidelines for reserves. Equity investors have always set forth reserves on tax credit deals; that has always been there. We refer to them as, below the line, we don't see them but they are there.

Now localities are increasingly looking at reserves. What we are trying to do is to not place an overburden on the projects. To enter into agreements with localities, show them our reserves and say, here is what we have, do you still need to have additional reserves. But there really is a trend forming in which subordinate or subsidy sources are asking for their own set of reserves or at least a better demonstration of the existence of reserves to satisfy themselves. It is a healthy trend. We have to be careful not to get too overboard but yes, it is beginning to get up there.

CHAIRMAN WALLACE: Linn, so all of a sudden we have some serious problem. What is the priority? How do we work it then, or is it too soon to tell as to whose reserves get drawn on first?

MR. WARREN: I pick up the phone, call Margaret and tell her there is a problem. The short answer is I think that the Agency has a position that as lead lender, and since our funds are borrowed, we wish to exercise control over the utilization of the reserves. This is a function of us being firstly in position, but more importantly, as being the chief regulator in many of these situations. And we do it that way not only from a statutorily but from a business standpoint. If something begins to go sideways on the project we want to be in the driver's seat as to how these things are resolved.

Sometimes, and we have not gotten to the point, fortunately, in our portfolio, in which we have to talk to other participants in the use of their reserves. Hopefully we will never get there. But I think our goal is for us to be in control.

CHAIRMAN WALLACE: Thank you.

MR. WARREN: You're welcome.

CHAIRMAN WALLACE: That was helpful.

MS. ALVAREZ: If I did not make that clear before, the reserve for replacements are funds that are in our bank account at CHFA. The borrowers are asking us for approval to spend it and we are sending them a check. So it is something we are able to have very good control on.

Really what precipitated my being with you today was your conversation at a last meeting, where I was not here, about environmental hazards. So I just wanted to talk about the three biggies, the first one being lead paint. All our Section 8 portfolio was built after 1978 and does not have lead paint. There are some projects that the Board has approved and come into the portfolio that were not in that initial pool, in that first group, some acquisition rehab projects. Those we always have a study done and the lead paint is either contained or eradicated and there are ongoing operations and maintenance plans for containing that lead.

Asbestos the same thing. There is no asbestos in our original Section 8 portfolio or our original 80/20 non-Section 8 new construction. And again, as acquisition rehabs come into the portfolio, that is an issue that is taken care of before the loans close.

Regarding mold: In going through our portfolio we had three instances of mold, all of which were successfully mitigated. I just brought this as a visual here. This is my pile of mold information that I just get without asking for in about a month's time. It is a hot topic, and it is something that we are attending seminars for. Our inspectors are very attuned to mold. We are looking for it when we are doing inspections. We are sending information to the projects as it is appropriate and it is something they are hearing when they go to various conferences and training. So it is kind of the latest and greatest hot topic and I just wanted to show you all, we are keeping educated on the topic and really looking out for it.

Just in closing, I again just wanted to assure the Board that the portfolio is in good shape overall. We have tools and good staff people in place. I think when the founding fathers of CHFA put the whole organization together they really did well to think out financial protections and physical protections for a long-term portfolio. It's working. Twenty-five years later it is working. If there's any questions Abe, Chris and I would be happy to answer them.

CHAIRMAN WALLACE: Bob, as a founding father do you want to respond to that last remark?

MR. KLEIN: You are doing a phenomenal job. But I think Jeanne --

CHAIRMAN WALLACE: Jeanne.

MS. PETERSON: I had a question and a comment. On the breakdown of the projects where is the Section 236 portfolio that we purchased last year? Is that --

MS. ALVAREZ: That is not reflected in here because we are not --

MS. PETERSON: Because we are not --

MS. ALVAREZ: GMAC services that, we are not servicing it.

MS. PETERSON: Okay. And the other part of that question is, on the non-Section 8 portfolio we showed almost exactly 20,000 units. The minimum amount of restricted units would be 20 percent, which would bring us to needing to have 4,000--as your nomenclature says, CHFA-controlled units--but we have less than 3,000. Just a little curious about that. Maybe there isn't an explanation you can give me today for that but --

MS. ALVAREZ: There probably isn't but I could get that for you. I would just say that the trend has been to ask for more over the years.

MS. PETERSON: But the minimum should be 20 percent.

MS. ALVAREZ: Yes, you're right.

MS. PETERSON: And it's less than 20 percent.

MR. KLEIN: I think that statistic represents -- And maybe I should ask it as a question. Does it represent CHFA-controlled units in addition to units that are under CDLAC regulatory agreements or TCAC regulatory agreements?

MS. PETERSON: I don't think so.

MS. ALVAREZ: No, it should have represented exactly what CHFA controls per our regulatory agreements.

MR. KLEIN: The full amount.

MS. ALVAREZ: So we may have a wrong number in there. Maybe we hit a wrong key.

MR. KLEIN: Okay.

MS. PETERSON: I would suspect it would be --

MS. ALVAREZ: Twenty people look at this over and over.

MS. PARKER: Margaret, is it possible that there are some of those units that are controlled through local regulatory agreements?

MS. ALVAREZ: No, there would be at least 20 and probably, actually, more. Because in recent years there's been -- That's a very good question. See, I'm glad people are paying attention. But in recent times, if you look at your Board packet and what you are all approving, there's actually more than 20 percent. The number should be higher.

MS. PETERSON: Right.

MS. PARKER: We'll go back and check the number out.

MS. ALVAREZ: We'll go back and check on that.

MS. PETERSON: I would be curious about that.

MS. ALVAREZ: We'll have a retraction next meeting.

MS. PETERSON: Thank you. And my comment is that at the tax credit committee where we have ongoing compliance monitoring requirements, that used to be just tenant file compliance and now includes physical inspections, we do have a good working relationship with our colleagues at HCD and with you all and we appreciate that. We, in fact, wish that it could be even more inclusive. I just wanted to have it iterated for the Board's purposes about the percent of units that you do file inspections and physical inspections on, which I believe is ten percent; is that right?

MS. ALVAREZ: Right.

MS. PETERSON: So for each project the actual inspections are 10 percent of the units, both on the tenant file and on the physical side?

MS. ALVAREZ: Right.

MS. PETERSON: And the standard that you use for the physical inspections is?

MR. PENNY: It's basically --

MS. PETERSON: Your own?

MR. PENNY: Pardon?

MS. PETERSON: CHFA's?

MR. PENNY: It's basically CHFA's standard combined with a lot of the old Section 8, HQS-type standards. Really we are there to monitor the management company to make sure there's no deferred maintenance and that things are working well.

MS. PETERSON: We would hope that CHFA would increase its requirement to 20 percent, which would be really useful for tax credit.

CHAIRMAN WALLACE: How do we get our back scratched then, Jeanne, from you? (Laughter). Do we get more tax credit allocation for doing that?

MS. PETERSON: By my attendance at all your meetings. (Laughter).

CHAIRMAN WALLACE: That's priceless.

MS. PETERSON: No, actually the three of our agencies try to combine our monitoring responsibilities.

CHAIRMAN WALLACE: Which really makes sense.

MS. PETERSON: And it really does.

CHAIRMAN WALLACE: If you were an outsider looking at government you would say, there is the classic overkill by all three of them spending monies to do the same doggone thing. And so to the degree you can further that, that makes a lot of sense.

MS. ALVAREZ: Actually, if I could just jump in here. The three agencies meet annually, and Chris has a meeting with them later this month, and we discuss our monitoring schedules and try to share information with each other as we can.

CHAIRMAN WALLACE: Good.

MS. ALVAREZ: Because our properties overlap. It is a very good working relationship.

MR. TSADIK: And also --

CHAIRMAN WALLACE: I'm sure it is.

MR. TSADIK: I'm sorry, Mr. Chairman.

CHAIRMAN WALLACE: Yes.

MR. TSADIK: In response to that question. We do an inspection of more than, really, the minimum ten percent. There are times, even, the inspectors do anywhere between 15 to 20 percent.

CHAIRMAN WALLACE: Julie.

MS. BORNSTEIN: Mr. Chairman, in terms of what we all get out of this is we get better customer service. Because I don't think any of us want one of our sponsors to call us up and say, what are you guys doing here?, tax credits was here last weekend, my local RDA is here tomorrow. So we do give good customer service. We at HCD are very appreciative because with our growing portfolio the administrative expense of doing the proper managing and monitoring of the portfolio is almost prohibitive and so it is helpful to us to be able to partner and we thank you for that. Then, since Jeanne, Terri and I are all testifying in front of the Little Hoover Commission in two weeks on this issue we are going to be able to say to them proudly that we have efficiencies in government in that we cooperate in the monitoring.

CHAIRMAN WALLACE: That's encouraging. I know you guys are sharing a lot of information. It is a delight to have you serving in this capacity and it is going to get better, I'm sure. Bob.

MR. KLEIN: When you look at the CHFA-controlled unit statistic it would be helpful to know what percentage of the affordable units have been created in the last four-year period, the 1997-2001. Because as was mentioned, we have in the most recent four or five years had very high percentages of affordability. I would not be surprised if that number is really 12,000 with 60 percent affordability in that portfolio. In the early years there were some projects with very low percentages of affordability so it would be an important statistic to take note of. what percentage of the total number of affordable multifamily units had been produced in this most recent period?

CHAIRMAN WALLACE: Margaret, well done.

. MS. ALVAREZ: I have a good team.

CHAIRMAN WALLACE: Margaret and team, well done. We appreciate it. Thank you very much.

OTHER BOARD MATTERS

We will move on to Item 9. That has to do with other Board matters or reports. Anything that was not agendized otherwise that should be put forth. Board Members?

MS. PARKER: Mr. Chairman, if I could just make a quick comment. We did not put a leg. report in because the session has barely started. Di will have one at our next meeting. But under the Report category in the handouts there is a very thick portion and that is recent press releases of CHFA programs. I would like to thank Dawn -- and Dawn has part of her staff, Sandy, here today. That may be more press releases than we have done on CHFA in totality, let alone -- it's just the last couple of months. We thought it would be worthwhile to include them so you can see the kinds of press that we are getting.

A number of those articles are about the teacher program that the marketing staff has really been trying to get out there and market hard on, so we are hoping that these kinds of efforts will increase our visibility. We are looking forward to the next year actually talking about things like trying to brand our image so that we don't become the total stealth housing Agency, that people do know about the programs that we are providing.

CHAIRMAN WALLACE: Dawn, I think you were introduced at our last Board Meeting but stand up so people-- And Sandy too. That's Dawn and Sandy. There's a new dawn awaking. And I appreciate the inclusion. I think you ought to keep doing that. They're doing a bang-up job. Again, welcome aboard, it's refreshing. Any other items?

PUBLIC TESTIMONY

Hearing and seeing none, any testimony from members of the public, Item 10, that otherwise was not agendized? We don't have very many of these, though we had an interesting one last year. Anyone?

Okay, the next meeting is in March at the Holiday Inn Capitol Plaza in Sacramento, it's March 20, down by old town. For parking, if you haven't already got it -- Do you have any validation certificates? Which you usually do but your face says you don't.

MS. OJIMA: No. I asked.

CHAIRMAN WALLACE: Nice going, JoJo. At any rate, you are on your own for parking. Other than that we will see you in March. Good meeting, well done, thanks to the staff for all their excellent presentations. We are adjourned.

(The meeting was adjourned at 12:14 p.m.)

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CERTIFICATION AND

DECLARATION OF TRANSCRIBER

I, Ramona Cota, a duly designated transcriber do hereby declare and certify, under penalty of perjury, that I have transcribed two (2) tapes in number and this covers a total of pages 1 through 110, and which recording was duly recorded at Millbrae, California, in the matter of the Board of Directors Public Meeting of the California Housing Finance Agency on the 10th day of January, 2002, and that the foregoing pages constitute a true, complete and accurate transcript of the aforementioned tapes, to the best of my ability.

Dated this 18th day of January, 2002, at Sacramento County, California.

Ramona Cota

Ramona Cota, Official Transcriber

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CALIFORNIA HOUSING FINANCE AGENCY

Final Commitment
Singing Wood
CHFA # 01-007-S

SUMMARY

This is a final commitment request for a tax-exempt first mortgage loan in the amount of $4,270,000; and a $1,350,000 Bridge Loan. Security for the loans will be a proposed 110-unit senior apartment community located in El Monte in Los Angeles County.

LOAN TERMS:

1st Mortgage Amount	$ 4,270,000
Interest Rate	5.5%
Term	30 year fixed, fully amortized
Financing	Tax-Exempt
Bridge Loan	$ 1,350,000
Interest Rate	5.5%
Term	2 years
Financing	Tax-Exempt

LOCALITY INVOLVEMENT:

Housing Authority of the County of Los Angeles ("HACOLA")

City of Industry Program Funds
$1,000,000: 3% - 30 years – residual receipt

City of El Monte

HOME Funds	$ 750,000
CDBG Program Income	$ 650,000
CRA Set-aside	$ 350,000
Water Department – Grant	$ 50,000
	$ 1,800,000

The HOME Funds
$750,000: 3.0% - 30 years – residual receipt

The CDBG Program Income Funds
$650,000: 3% - 30 years – residual receipt

The CRA Set-aside
$350,000: 3% - 30 years – residual receipt

Water Department - Grant
$50,000

PROJECT DESCRIPTION:

A. Site Design

The subject site is slightly trapezoidal in shape with approximately 243 feet of frontage along the south side of East Valley Boulevard; 387 feet along the east side of Gibson Road; and 342 feet along the west side of Rockwell Avenue. The site is an assemblage of eleven (11) parcels containing approximately 87,251 square feet or 2.003 acres. East Valley Boulevard is a four lane asphalt paved street with streetlights, sidewalks, curbs, gutters and drains. Gibson Road and Rockwell Avenue are residential beyond the first 400 feet south of East Valley Boulevard which experiences traffic from the hotel and industrial properties.

B. Project Description

The improvements will consist of 3 two and three-story elevator-served wood frame garden style apartment buildings and a two-story freestanding elevator-served community building. There will be 98 one-bedroom and 12 two-bedroom apartment units. Each unit will be equipped with a frost-free refrigerator/freezer, disposal, range/oven and range hood, and central heating and air conditioning.

Common area amenities will include a freestanding recreation building that will have a multi-purpose room, kitchen, fitness center, library, classroom, television lounge, laundry facilities and project office. Open spaces will contain courtyards, sitting benches, walkways and attractive landscaping. Vehicular ingress and egress for tenant parking is located at the rear of the parcel and is accessed from either Gibson Road or Rockwell Avenue. Guest parking and pedestrian access is from Gibson Road. There are 49 on-site gated tenant parking spaces and 6 guest spaces.

C. Project Location

The subject is located on the south side of East Valley Boulevard between Gibson Road and Rockwell Avenue in the western portion of the City of El Monte. It is located in an area of modest quality housing that includes a mix of senior and general occupancy apartments, as well as single family homes. The site has good access and visibility characteristics and is in convenient proximity to the downtown shopping area and other services

There are retail stores, restaurants, and other services located directly across East Valley Boulevard to the north. Immediately to the west across Gibson Road is the Gibson Inn Motel. Immediately to the east across Rockwell Avenue are an automotive repair facility and a multi-tenant industrial building. To the rear of the subject, along Gibson Road and Rockwell Avenue are a mixture of apartments and older single-family residences.

There are six hospitals and medical facilities within a three-mile radius of the subject. A general practice medical office is located less than one quarter mile from the site on East Valley Boulevard. A large retail center, including a large grocery store is within one mile of the subject. Access to public transportation is good with bus service along East Valley Boulevard. The Metrolink station, approximately one-quarter mile to the east, provides convenient rail service that is approximately twenty minutes to downtown Los Angeles and to a central hub that can be taken to all points in the Los Angeles Basin.

MARKET:

A. Market Overview

The City of El Monte is situated in the eastern portion of the County of Los Angeles. Los Angeles County is bordered by Kern County to the north, San Bernardino and Riverside Counties to the east, Orange County to the south, and Ventura County and the Pacific Ocean to the west. The population of the Greater Los Angeles metropolitan area exceeds 13.5 million, of which 94% live within a sixty mile radius of the City of Los Angeles. According to the California Department of Finance, Los Angeles County alone has a population of approximately 9,370,000. The population of the Greater Los Angeles metropolitan area is forecast to be the most populated area in the United States by the year 2005, with a population approaching 16 million.

B. Market Demand

The project's primary market area ("PMA") consists of neighborhoods lying within a **3.2** mile radius of the subject site. The PMA includes the cities of El Monte, Rosemead and Temple City. The population of the PMA totals **283,578** persons comprising **77,564** households. There are **23,889** senior households, equating to **31%** of the household base, of which **13,894** households, or **18%,** are age 65-plus. The rate of population growth in the market area is constrained by a lack of new residential construction. The population is projected to grow at a rate of only one-half percent per year over the next year. Age ***65+*** households are projected to increase by **69** households per year.

The median income is **$45,150** versus a county average of **$47,475.** Approximately **41%** of the areas households have incomes below $35,000. Forty-nine percent of the households are renters The primary tenant group is middle to low income households.

With the exception of the subject there are presently no senior projects proposed for development in El Monte. The under supplied market condition is projected to persist as the opportunities for construction of new projects is severely limited due to a lack of sites and high land costs.

C. Housing Supply

Over the past five years, an average of only **47** mulit-family units were constructed in El Monte annually. Construction activity is severely constrained by a lack of vacant land for new development. Consequently,pent-up demand for new units has accumulated.

The average apartment occupancy rate as of March **2001** was **96.8%.** The average rent for a one-bedroom unit is **$670** per month. Two-bedroom units range from **$765** to **$950.**

The median home value is approximately **$230,000.**

PROJECT FEASIBILITY:

Market rate rents for comparable properties average **$660** for a one-bedroom unit and **$790** for a two-bedroom unit.

Projected rents for the subject average **$451 - $586** for a one-bedroom unit and **$512 - $553** for a two-bedroom unit.

A. Rent Differentials (Market versus Restricted)

Unit Type	Subject	Market Rate Average	$ Difference	% Market
One Bedroom		$660		
50%	$451		$ 209	68%
50%	$461		$ 199	70%
60%	$586		$ 74	89%
Two Bedroom		*$790*		
50%	$512		$278	65%
50%	$553		$237	70%

OCCUPANCY RESTRICTIONS:

CHFA Twenty-two units **(20%)** will be restricted at ***50%*** or less of AMI for thirty (30) years

HACOLA City of Industry Program Funds (Regulatory Agreement)
59 units, **(54%)** will be restricted at 50% or less of AMI for thirty (30) years

City of El Monte Home (Regulatory Agreement)
11 units **(10%)** will be restricted at ***50%*** or less of AMI for thirty (30) years

CDBG (Regulatory Agreement)
8 units **(7%)** will be restricted at 50% or less of AMI for thirty (30) years

CRA Set-aside (Regulatory Agreement)
6 units (5%) will be restricted at 50% or less of AMI for thirty (30) years

CTCAC California Tax Credit Allocation Committee
59 units **(54%)** will be restricted at 50% or less of AMI
51 units **(46%)** will be restricted at **60%** or less of AMI
The regulatory term will be fifty-five (55) years

The Housing Authority of the County of Los Angeles, the City of El Monte, and the California Tax Credit Allocation Committee regulatory and affordability agreements, and all other regulatory and financial constraints, will be subordinated to the California Housing Finance Agency's regulatory agreement and deed of trust.

ENVIRONMENTAL:

Orswell & Kasman, Inc. ("O&K") conducted a Phase I Environmental Site Assessment on May 8, 2001. Based on a review of regulatory records and a visual inspection of the site and surrounding area, no detrimental environmental conditions were observed on the subject property. Based on the results of this assessment, O&K concludes that no further environmental studies are recommended for this site.

ARTICLE 34:

A satisfactory opinion letter will be required prior to permanent loan funding.

DEVELOPMENT TEAM:

A. Borrower's Profile

Singing Wood Senior Housing, a California limited partnership

Managing General Partner – Community Housing Assistance Program, Inc.

Community Housing Assistance Program, Inc. ("CHAPA") is a California 501(c)(3) nonprofit public benefit charitable corporation which was founded in 1991. Its mission is to foster and provide charitable assistance, social services and relief to those with an inability to afford the necessities of life without undue hardship. CHAPA and its related nonprofit organizations own or manage seventy-seven properties totaling over 7,900 units of affordable housing throughout the Western United States.

B. General Contractor

Texton Construction Co. Inc.

Texton Construction Co. Inc. ("Texton") originated in 1981 in Houston Texas as Pacific Engineering. Texton is the successor company created when the company became incorporated in 1982. In 1987 its operation moved to Los Angeles, California. Texton Construction has experience in residential and public works construction.

C. Architect

Hatch Colasuonno Studio

Hatch Colasuonno Studio ("HCS") is a Los Angeles based architecture and planning organization. HCS was founded seventeen years ago and is composed of six design professionals and supporting specialized consultants. Work has been performed for both profit and nonprofit developers in rehabilitation and new construction projects. A specific focus of the organization has been special needs housing with related support services for disabled people, homeless or abused children, the elderly and impoverished families.

D. Management Agent

WNC Management, Inc

WNC Management, Inc. is a full-service property management company that specializes in affordable rental housing in Southern California. The company is the on-site management arm of WNC & Associates, Inc., a national real estate company founded in 1971. WNC and Associates, Inc., is one of the largest investor/owners of affordable housing in the country and through its affiliates, has acquired more than 25,000 affordable housing units in **40** states. The WNC Companies have expertise in on-site property management, property acquisition and finance, construction, asset management and investment capital formation.

Project Summary

Date: 5-Mar-02

Project Profile:

Project: Singing Wood
Location: 10100 Valley Road
El Monte 91731
County: Los Angeles
Borrower: Singing Wood Sr Hsg, CA LP
GP: Community Hsg Assistance Program:
GP: -
LP: TBD
Program: tax-exempt
CHFA #: 01-007-S

Cap Rate:	8.00%
Market:	$8,000,000
Income:	$7,700,000
Final Value:	$7,700,000

LTC/LTV:

Loan/Cost	52.2%
A Loan/Value	55.5%
A & B Loans/Value	73.0%

Project Description:

Units	110
Handicap Units	6
Bldge Type	New Construction
Buildings	4
Stories	2 8 3
Gross Sq Ft	80,437
Land Sq Ft	87,251
Units/Acre	55
Total Parking	55
Covered Parking	0

Financing Summary:

	Amount	Per Unit	Rate	Term
CHFA First Mortgage	$4,270,000	$38,818	5.50%	30
City of El Monte	$1,800,000	$16,364	3.00%	30
HACOLA - City of Industry	$1,000,000	$9,091	3.00%	30
Borrower Contribution				-
Deferred Developer Equity	$321,437	$2.922		-
Tax Credit Equity	$3,365,657	$30,597		-
CHFA HAT	$0	$0	0.00%	
CHFA Bridge	$1,350,000	$12,273	5.50%	2

Unit Mix:

Type	Manager		50%	CHFA	50%	TCAC	60%	TCAC	Market		Total
	number	rent	number	rent	number	rent	number	rent	number	rent	
1 bedroom	1	$670	20	$451	28	$461	50	$586	0	$0	99
2 bedroom			2	$512	9	$553	0	$0	0	$0	11
3 bedroom			0	$0	0	$0	0	$0	0	$0	0
4 bedroom			0	$0	0	$0	0	$0	0	$0	0
subtotal	1		22		37		50		0		
											110

Fees, Escrows, and Reserves:

	Basis of Requirements		Amount	Security
Fees				
Loan fees	2.00%	of Loan Amounts	$112,400	Cash
Escrows				
Bond Origination Guarantee	1.00%	of Loan Amount	$56.200	Letter of Credit
Inspection fee	$1,500	x months of construction	$22,500	Cash
Construction Defect	2.50%	of Hard Costs	$137,500	Letter of Credit
Reserves				
Utility Stabilization Reserve	0.00%	of Utilities	$0	Cash
Operating Expense Reserve	10.00%	of Gross Income	$69,479	Letter of Credit
Initial Deposit to Replacement Reserve	$0	Per Unit	$0	Cash
Replacement Reserve Deposit	$ 300.00	Per Unit	$33.000	Operations
Rent-Up Reserve	15.00%	of Gross Income	$104,218	Cash
Marketing	10.00%	of Gross Income	$69,479	Cash
Completion Guarantee	0.00%	Construction Costs	$0	LOC

Sources and Uses — Singing Wood

SOURCES:

Name of Lender / Source	Amount	$ per unit
CHFA First Mortgage	4,270,000	38,818
CHFA HAT	0	0
	0	0
City of El Monte	1,800,000	16,364
HACOLA - City of Industry	1,000,000	
Total Institutional Financing	**7,070,000**	**64,273**
Equity Financing		
		0
I a x Credits	3,365,657	30,597
Deferred Developer Equity	321,437	2,922
Total Equity Financing	**3,687,094**	**33,519**
TOTAL SOURCES	**10,757,094**	**97,792**

USES:

Acquisition	1,507,000	13,700
Rehabilitation	0	0
New Construction	6,178,773	56,171
Architectural Fees	175,000	1,591
Survey and Engineering	10,000	91
Const. Loan Interest & Fees	355,625	3,233
Permanent Financing	285,400	2,595
Legal Fees	70,000	636
Reserves	243,176	2,211
Contract Costs	16,500	150
Construction Contingency	240,000	2,182
Local Fees	425,000	3,864
TCAC/Other Costs	125,620	1,142
PROJECT COSTS	**9,632,094**	**87,564**
Developer Overhead/Profit	1,100,000	10,000
Consultant/Processing Agent	25,000	227
TOTAL USES	**10,757,094**	**97,792**

Annual Operating Budget — Singing Wood

		$ per unit
INCOME:		
Total Rental Income	694,788	6,316
Laundry	5,280	48
Other Income	0	-
Commercial/Retail	0	-
Gross Potential Income (GPI)	**700,068**	**6,364**
Less:		
Vacancy Loss	35,003	318
Total Net Revenue	**665,065**	**6,046**
EXPENSES:		
Payroll	79,365	722
Administrative	54,736	498
Utilities	55,000	500
Operating and Maintenance	62,200	565
Insurance and Business Taxes	30,000	273
Taxes and Assessments	23,439	213
Reserve for Replacement Deposits	33,000	300
Subtotal Operating Expenses	**337,740**	***3,070***
Financial Expenses		
Mortgage Payments (1st loan)	290,935	2,645
Total Financial	**290,935**	**2,645**
Total Project Expenses	**628,675**	**5,715**

Cash Flow — Singing Wood — CHFA # 01-007-S

RENTAL INCOME	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Market Rent Increase	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*
Market Rate Rents	0	0	0	0	0	0	0	0	0	0
Affordable Rent Increase	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*
Affordable Rents	694,788	708,684	722,857	737,31S	752,061	767,102	782,444	798,093	81d,OSS	830,336
TOTAL RENTAL INCOME	**694,788**	**708,684**	**722,857**	**737,31S**	**752,061**	**767,102**	**782,444**	**798,093**	**81d,OSS**	**830,336**
OTHER INCOME										
Other Income Increase	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*
Laundry	5,280	5,386	5,493	5,603	5,715	5,830	5,946	6,066	6,186	6,310
Other	0	0	0	0	0	0	0	0	0	0
TOTAL OTHER INCOME	**5,280**	**5,386**	**5,493**	**5,603**	**5,71S**	**5,830**	**5,946**	**6,065**	**6,186**	**6,310**
GROSS INCOME	**700,068**	**714,069**	**728,351**	**742,918**	**757,776**	**772,932**	**788,390**	**804,158**	**820,241**	**836,646**
Vacancy Rate: Market Rate Rents	*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	ƎS,OOƎ	35,703	36,418	37,146	37,889	38,647	39,420	40,208	41,012	41,832
EFFECTIVE GROSS INCOME	**665,065**	**678,366**	**691,933**	**705,772**	**719,887**	**734,285**	**748,970**	**763,950**	**779,229**	**794,814**
OPERATING EXPENSES										
Annual Expense Increase	*3.50%*	*3.50%*	*3.50%*	*%SO%*	*3.50%*	*3.50%*	*%SO%*	*3.50%*	*%SO%*	*3.50%*
	289,740	299,881	310,377	321,240	332,483	344,120	356,164	368,630	381,532	394,886
Expenses / Replacement Reserve	33,000	33,000	33,000	33,000	33,000	34,650	34,650	34,650	34,650	34,650
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	15,000	15,300	15,606	15,918	16,236	16,561	16,892	17,230	17,575	17,926
TOTAL EXPENSES	**337,740**	**348,181**	**358,983**	**370,158**	**381,720**	**395,331**	**407,707**	**420,510**	**433,757**	**447,462**
NET OPERATING INCOME	**ƆTLEZS**	**330,185**	**332,950**	**335,614**	**338,167**	**338,953**	**341,263**	**OPPEPC**	**345,472**	**347,352**
DEBT SERVICE										
CHFA - 1st Mortgage	290,935	290,935	290,935	290,935	290,935	290,935	290,935	290,966	290,935	290,935
CHFA - Bridge Loan	731,184	731,184								
CHFA - HAT Loan (ammortizing)										
Cash Flow	**36,390**	**39,250**	**42,015**	**44,679**	**47,232**	**48,018**	**50,328**	**SZ,SOS**	**54,537**	**56,417**
DCR CHFA A	**1.13**	**1.13**	**1.14**	**1.15**	**1.16**	**1.17**	**1.17**	**1.18**	**1.19**	**1.59**

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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	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*
Market Rate Rents	0	0	0	0	0	0	0	0	0	0
Affordable Rent Increase	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*
Affordable Rents	846,943	863,882	881,159	898,782	916,758	935,093	953,795	972,871	992,328	1,012,175
TOTAL RENTAL INCOME	**846,943**	**863,882**	**881,159**	**898,782**	**916,758**	**935,093**	**953,795**	**972,871**	**992,328**	**1,012,175**
OTHER INCOME										
Other Income Increase	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*
Laundry	6,436	6,565	6,696	6,830	6,967	7,106	7,248	7,393	7,541	7,692
Other	0	0	0	0	0	0	0	0	0	0
TOTAL OTHER INCOME	**6,436**	**6,565**	6,696	**6,830**	**6,967**	**7,106**	**7,248**	**7,393**	**7,541**	7,692
GROSS INCOME	**853,379**	**870,447**	**887,855**	**905,613**	**923,725**	**942,199**	**961,043**	**980,264**	999,869	**1,019,867**
Vacancy Rate: Market Rate Rents	*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	42,669	43,522	44,393	45,281	46,186	47,110	48,052	49,013	49,993	50,993
EFFECTIVE GROSS INCOME	**810,710**	**826,925**	**843,462**	**860,332**	**877,539**	**895,089**	**912,991**	**931,251**	**949,876**	**968,874**
OPERATING EXPENSES										
Annual Expense Increase	*3.50%*	*3.50%*	%SO%	3.SO%	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*
Expenses	408,707	423,012	437,817	453,141	469,001	**487,761**	507,271	527,562	548,664	570,611
Replacement Reserve	36,383	**36,383**	**36,383**	**36,383**	**38,202**	38,202	38,202	38,202	38,202	40,112
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	18,285	18,651	19,024	19,404	19,792	20,188	20,592	21,004	21,424	21,852
TOTAL EXPENSES	**463,374**	**478,045**	**493,223**	**508,927**	**526,994**	**546,1SO**	**566,064**	**586,767**	**608,290**	**632,575**
NET OPERATING INCOME	**347,336**	**348,880**	**350,239**	**351,[illegible]**	**350,545**	**348,939**	**346,927**	**344,484**	**341,587**	**336,299**
DEBT SERVICE										
CHFA - 1st Mortgage	290,935	290,935	290,935	290,935	290,935	290,935	290,935	290,935	290,935	290,935
CHFA - **Bridge** Loan										
CHFA - HAT Loan **(ammortizing)**										
Cash Flow	**56,401**	**57,945**	**59,304**	**60,469**	**59,609**	**58,004**	**55,992**	**53,549**	**50,652**	**45,364**
DCR CHFA Λ	**1.19**	**1.20**	**1.20**	**1.21**	**1.20**	**1.20**	**1.19**	**1.18**	**1.17**	**1.16**

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	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*
Market Rate Rents	0	0	0	0	0	0	0	0	0	0
Affordable Rent Increase	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*
Affordable Rents	1,032,418	1,053,067	1,074,128	1,095,611	1,117,523	1,139,873	1,162,671	1,185,924	1,209,643	1,233,836
TOTAL RENTAL INCOME	**1,032,418**	**1,053,067**	**1,074,128**	**1,095,611**	**1,117,523**	**1,139,873**	**1,162,671**	**1,185,924**	**1,209,643**	**1,233,836**
OTHER INCOME										
Other Income Increase	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*
Laundry	7,846	8,003	8.163	8.326	8.493	8,662	8,836	9,012	9.193	9,376
Other	0	0	0	0	0	0	0	0	0	0
TOTAL OTHER INCOME	**7,846**	**8,003**	**8,163**	**8,326**	**8,493**	**8,662**	**8,836**	**9.01 2**	**9,193**	**9,376**
GROSS INCOME	**1,040,264**	**1,061,070**	**1,082,291**	**1,103,937**	**1,126,015**	**1,148,536**	**1,171,506**	**1,194,937**	**1,218,835**	**1,243,212**
Vacancy Rate: Market Rate Rents	*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	52,013	53,053	54,115	55,197	56,301	57,427	58,575	59,747	60,942	62,161
EFFECTIVE GROSS INCOME	**988,251**	**1,008,017**	**1,028,176**	**1,048,740**	**1,069,714**	**1,091,109**	**1,112,931**	**1,135,190**	**1,157,893**	**1,181,051**
OPERATING EXPENSES										
Annual Expense Increase	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*3.50%*	*3.50%*	*3.50%*	*3.50%*	*3.50%*	*3.50%*
Expenses	593,435	617,173	641,860	667,534	694,235	718,534	743,682	769,711	796,651	824,534
Replacement Reserve	40,112	40,112	40,112	40,112	42,117	42,117	42,117	42,117	42,117	42,117
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	22,289	22,735	23,190	23,653	24,127	24,609	25,101	25,603	26,115	26,638
TOTAL EXPENSES	**655,836**	**680,019**	**705,161**	**731,299**	**760,479**	**785,260**	**810,901**	**837,432**	**864,884**	**893,289**
NET OPERATING INCOME	**332,415**	**327,997**	**323,015**	**317,440**	**309,235**	**305,849**	**302,031**	**297,758**	**293,010**	**287,762**
DEBT SERVICE										
CHFA - 1st Mortgage	290,935	290,935	290,935	290,935	290,935	290,935	290,935	290,935	290,935	290,935
CHFA - Bridge Loan										
CHFA - HAT Loan (ammortizing)								0	0	0
Cash Flow	**41,480**	**37,062**	**32,080**	**26,505**	**18,300**	**14,914**	**11,096**	**6,823**	**2,075**	**(3,173)**
DCRCHFA A	**1.14**	**1.13**	**1.11**	**1.09**	**1.06**	**1.05**	**1.04**	**1.02**	**1.01**	**0.99**

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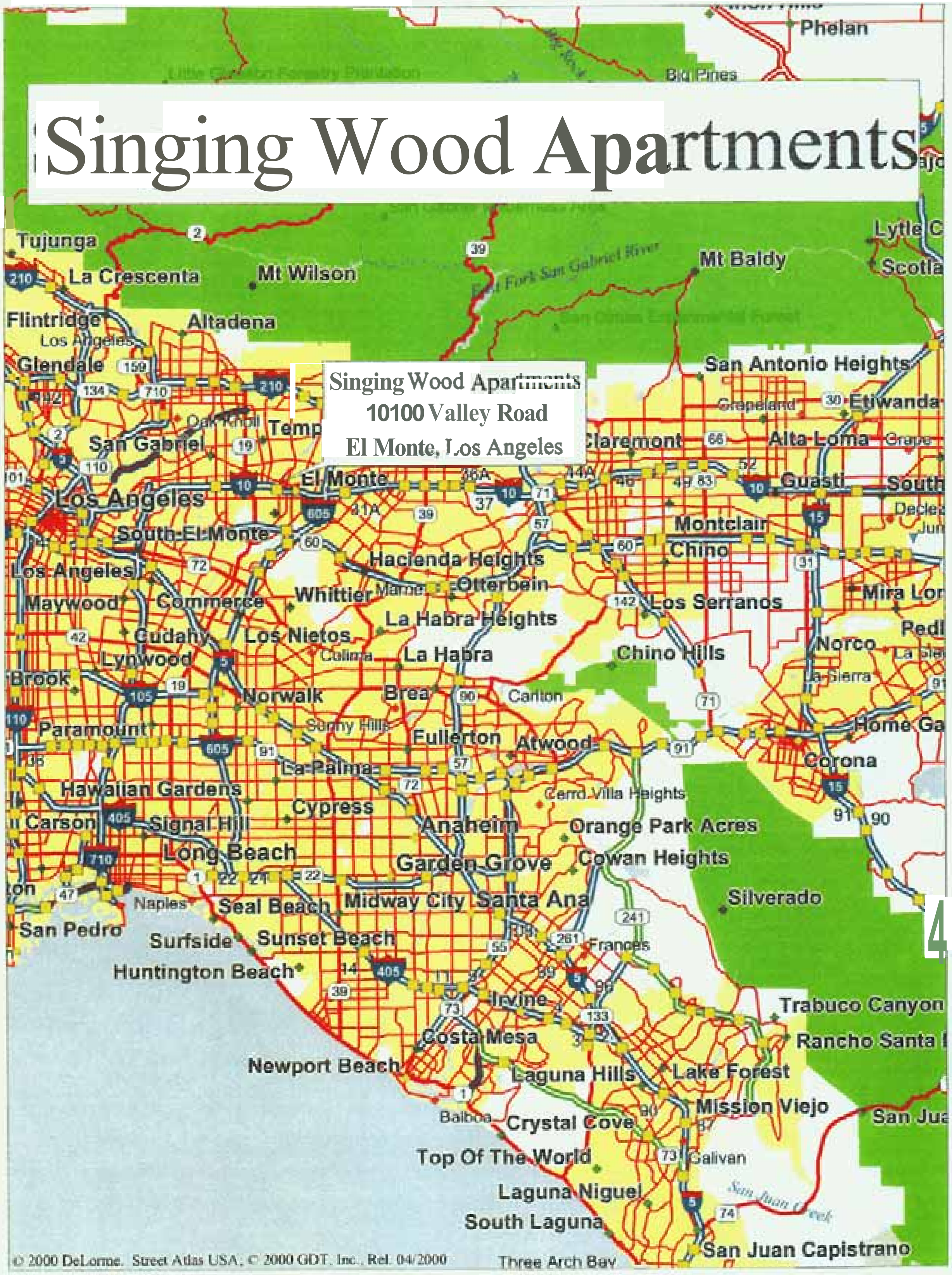
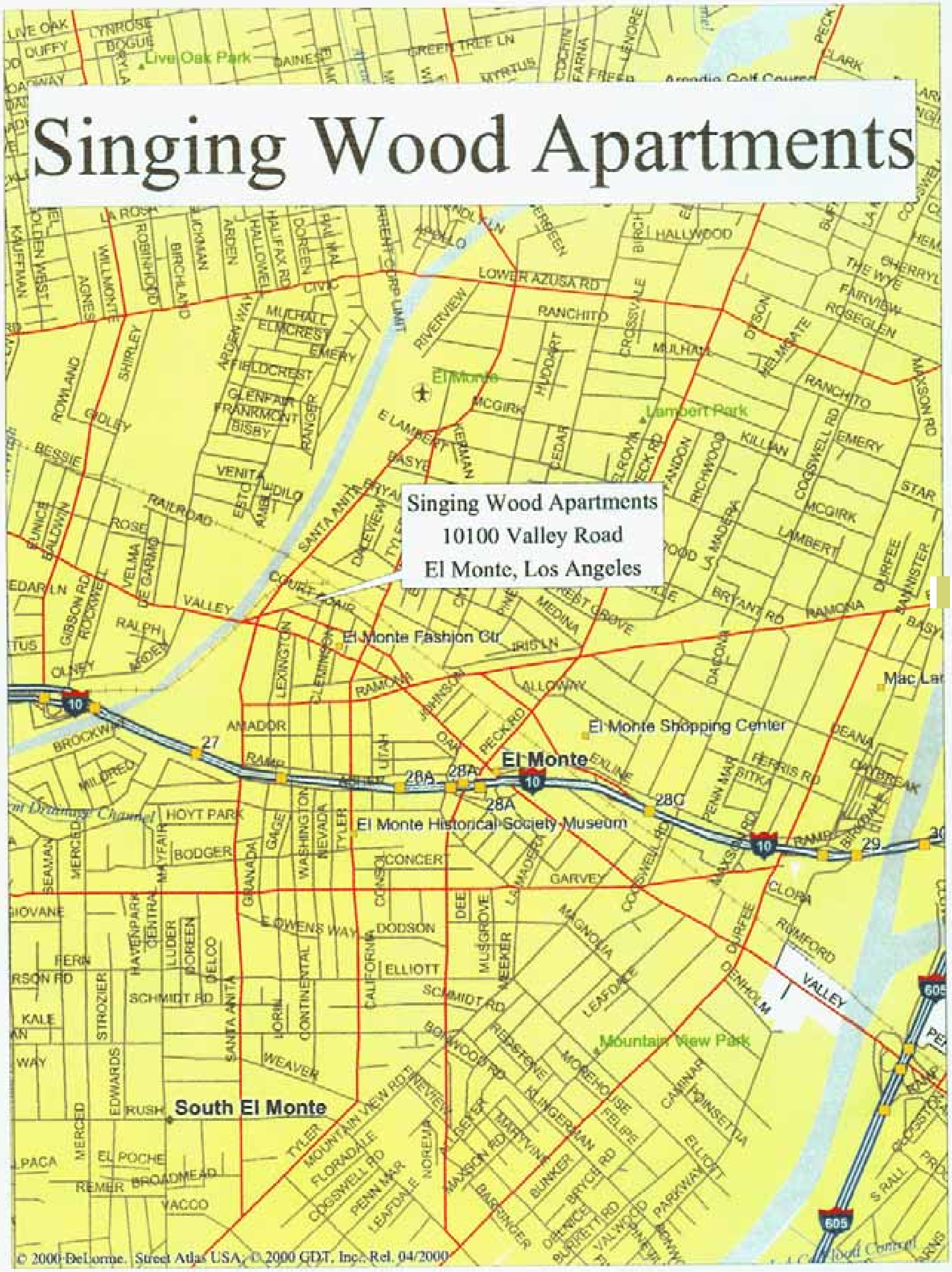
Singing Wood Apartments




Singing Wood Apartments
Singing Wood Apartments
10100 Valley Road
El Monte, Los Angeles
El Monte Fashion Ctr
El Monte Shopping Center
El Monte
El Monte Historical Society Museum
South El Monte
Live Oak Park
Lambert Park
Mountain View Park
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RESOLUTION 02-04

RESOLUTION AUTHORIZING A *FINAL* LOAN COMMITMENT

WHEREAS, the California Housing Finance Agency (the "Agency") has received a loan application from Community Housing Assistance Program, Inc., a California nonprofit public benefit charitable corporation (the "Borrower"), seeking a loan commitment under the Agency's Tax-Exempt Loan Program in the mortgage amount described herein, the proceeds of which are to be used to provide a mortgage loan on a 110-unit multifamily housing development located in the City of El Monte to be known as Singing Wood Apartments (the "Development"); and

WHEREAS, the loan application has been reviewed by Agency staff which has prepared its report dated March 5,2002 (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 January 15,2002, 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 Multifamily Programs of the Agency is hereby authorized to execute and deliver a final Commitment letter, subject to his/her recommended terms and conditions, including those 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
01-007-S	Singing Wood Apartments El Monte/Los Angeles	110	1st Mortgage: Bridge Loan:	$4,270,000 $1,350,000

Resolution **02-04**
Page **2**

2. The Executive Director, or in his/her absence, either the Chief Deputy Director or the Director of Multifamily 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 Multifamily 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 02-04 adopted at a duly constituted meeting of the Board of the Agency held on March **20,2002,** at Sacramento, California.

ATTEST:________________
Secretary

CALIFORNIA HOUSING FINANCE AGENCY

Final Commitment

Burbank Senior Artists Colony

CHFA Ln. # 01-041-S

SUMMARY:

This is a Final Commitment request for a first mortgage, tax-exempt loan in the amount of **$14,970,000** at **5.70%,** amortized over forty years. Burbank Senior Artists Colony, is a **141** unit, mixed-income, new construction project. The project is for seniors, aged 55 and over and is located at **280** W. Verdugo Avenue, Burbank, in Los Angeles County.

LOAN TERMS:

1st Mortgage Amount:	**$14,970,000**
Interest Rate:	**5.70%**
Term:	**40** year fixed, fully amortized
Financing:	Tax-Exempt

LOCALITY INVOLVEMENT:

The borrower has received **$3,250,000** from the City of Burbank, Community Development Department of which $750,000 is from HOME funds and **$2,500,000** from the **20%** Low/Moderate Income Housing Fund RDA Set-Aside Funds. Both loans are at 3.0% for fifty-five years and payments are residual receipts.

PROJECT DESCRIPTION:

A. Site Design

The land is zoned PD **2000-1** that allows for residential development (senior housing) of no greater than 95 units per acre. The project is on a 1.5 acre site, is zoned for the intended use and complies with the City's General Plan.

The site currently contains seven commercial buildings, one single family dwelling and eight multi-family units that will be demolished.

The site currently contains seven commercial buildings, one single family dwelling and eight multi-family units that will be demolished.

B. Project Description

The project will include a four-story building over a parking garage. The construction will be wood frame with stucco siding over a concrete parking garage. The building will have a pitched composition shingle roof, elevators, trash chutes, gated access and perimeter fencing.

There are 113 one-bedroom, one-bath units (approximately 650 sq. ft.) and 28 two-bedroom, two-bath units (approximately 900 sq. ft.) Unit amenities will include central air conditioning, balconies or patios (with storage), microwaves, internet access, dishwashers, ceiling fans and vaulted ceilings on the top floors. The parking garage will have a total 136 parking places. Project amenities are designed to attract seniors with an interest in the arts and the entertainment fields. These amenities will include a lobby with a gallery, editing bays/workrooms, library, club room, business center, theatre, fitness center, game room, swimming pool, gardening area and spa.

C. Relocation

Relocation of commercial and residential tenants will begin shortly and is expected to take three months. The relocation is expected to cost approximately $850,000 and it will involve seven businesses and nine residential units. The developer, Meta Housing Corporation is responsible for the cost of the relocation, pursuant to the City of Burbank's adopted rules and regulations. The developer intends to contract with Pacific Relocation Consultants, a relocation firm approved by the City of Burbank.

D. Project Location

The project is located in the heart of the City of Burbank in a mixed-use area. The project is an in-fill assemblage parcel located at the southeast corner of San Fernando Boulevard and Verdugo Avenue at the southern border of the Burbank's Central Business District. The project is within the Burbank Center Commercial General Business zone and also within the South San Fernando Redevelopment Project Area ("the Redevelopment Area"). This site is considered an "opportunity site" by the City of Burbank due to its "obsolete and underutilized structures". According to the Blight Assessment Study for the City of Burbank the site is located in an area that exhibits "conditions of physical and economic blight" that can only be alleviated by redevelopment."

To the north of the project are two HUD-financed, 7 and 8 story high-rise residential towers. To the east is a three story brick office building; to the southeast are numerous multifamily buildings; to the south is the Miller Kindergarten School and to the west are one and two-story commercial buildings. The Kindergarten is an important component of an intergenerational program which will be part of an outreach program sponsored by the project. The semi-public plaza at the front portion of the project connects at two controlled points with the school. This connection will allow children to interact with the tenants in controlled situations.

The closest grocery/shopping center is 1/3 mile south of the project. Two existing bus stops are within ½ block of the project. Burbank Local Transit operates three peak time shuttles and provides connecting service from the downtown Burbank Metrolink station to the Central Business District, the studios and Saint Joseph Hospital. The Jocelyn Senior Center is located within the Olive Avenue Recreational Center, just one mile west of the project. The senior center provides a lunch program and a full slate of activities.

MARKET:

A. Market Overview

The site is located in the County of Los Angeles. Burbank is home to major film and television studios including Disney, NBC and Warner Brothers. Over 20,000 people work in the media business in the City of Burbank. According to a market study performed by Ann Roulac and Company in September 2001, there are approximately 36,536 people in the one mile area surrounding the project. The median income within this same area is $37,736 which is significantly less than the median income of $45,760 in the city of Burbank and $46,786 in Los Angeles County.

A market study update ("the market study"), prepared by National Survey Systems in January 2002 defines the Burbank Primary Market Area ('PMA") as the city of Burbank and the adjacent areas of Glendale, North Hollywood, Valley Village, Montrose and Verdugo City.

B. Market Demand

The market study reviewed eight market rate, general occupancy projects totaling 2,154 units and three market rate senior apartment projects totaling 319 units. The three senior projects reviewed as part of the market study have age restrictions of 55+, although the average age is 74. Senior couples account for only 7% of the tenancy which may reflect the absence of two-bedroom units and the high percentage of studio units in these older senior projects.

According to the market study, as of January 2002, the three senior projects have a 99.7% occupancy rate. Excluding one of general occupancy projects (Lakeside), general occupancy projects have an average occupancy rate of 97.6%. Lakeside is a 750 unit project that is rebuilding occupancy after its renovation and has a current occupancy rate of 92.7%. In the general occupancy projects, the occupancy rates for two-bedroom/two-bath units are higher than two-bedroom/one-bath units (96.3% vs. 91.0%). Turnover in the PMA, according to the market study, is low for urban submarkets in California, which points to pent-up demand.

C. Housing Supply

The three senior projects surveyed contain primarily market rate units **(84%)** with **16%** of the units income-restricted at approximately **60%** of median income. All three senior projects were constructed in the **1980's** and due to the age of these projects, the units are smaller than those planned for this project and have fewer amenities than those now found in most senior projects. All of the senior units in the PMA are studios and one-bedroom units and none of the senior units surveyed has a swimming pool, spa, dishwashers, patios or balcony storage, or washer/dryer hook-ups. All of these features are more prevalent among the general occupancy projects in the PMA.

The eight general occupancy projects reviewed in the market study provide no affordable housing units. Most of the general occupancy units were constructed in the **1960's** and two projects (Kenwood Mews and Lakeside) have been renovated. Approximately **80%** of the general occupancy product are one or two bedroom units.

PROJECT FEASIBILITY:

This project is designed to attract active, market rate, senior tenants. The amenity package and the size of the units exceed what is currently available in the PMA, and the market rents approach the upper end of the market. However, this project also reflects unit size, mix and amenities found in senior market rate projects recently constructed in the Los Angeles area. In general, new senior housing units are larger, and there is less interest in studio apartments. Amenity packages are expanding and the disposable income seniors are willing to spend for this product is increasing.

One of the most significant amenities available at the project will be the unique programs available to the residents. These programs will be organized and managed by More Than Shelter For Seniors ("MTSFS") which was formed in **1999 as** a partnership between Western Services Foundation (the managing general partner on this project) and Century Housing Corporation. MTSFS's goal is to deliver life-enhancing services to low-income senior residents of affordable apartment communities. MTSFS has programs available in the area of arts, health and wellness, educational and intergenerational interaction. In addition, MTSFS will design programs specifically for the tenants of this project. They will create a senior independent film company, a senior theatre group, an artists-in-residency fine arts collective, a music group and an intergenerational arts mentorship program with Miller Kindergarten School, the school adjacent to the project. These programs will be available to all tenants, regardless of their income level, who reside at the project. The program with Miller Kindergarten has been created with the cooperation of the Burbank Unified School District and will be expanded **to** include K through second grade.

A. Rent Differentials (Market vs. Restricted)

Rent Level	Subject Project	Mkt.Rate Avg.	Difference	% of Market
One Bedroom		$1,280		
50%	$488		$792	38%
65%	$590		$690	46%
Market	$1,152		$128	90%
Two Bedroom		$1,605		
50%	$585		$1,020	36%
60%	$708		$897	44%
Market	$1,445		$160	90%

B. Estimated Lease-Up Period

The market study estimates the 42 income-restricted units will be 100% leased within one month. The market rate units, the bulk of the project, are expected to be leased within 8 months of completion, perhaps sooner, depending upon the marketing campaign.

OCCUPANCY RESTRICTIONS:

CHFA: 20% of the units (29) will be restricted to 50% or less of median income.
10% of the units (14) will be restricted to 60% or less of median income.

HOME: 2% of the units (2) will be restricted to 50% or less of median income.
6% of the units (8) will be restricted to 60% or less of median income.

TCAC: 30% of the units (43) will be restricted to 60% or less of median income.

ENVIRONMENTAL:

The project is an in-fill site that includes businesses and residences at the following street addresses: 402 through 422 San Fernando Road and 208 through 268 Verdugo Avenue. Over the years the site has seen many commercial uses including restaurants, a candy shop and retail stores, a car wash, a blue printing store, an electric motor repair shop, a bearings warehouse, an aircraft weapon warehouse, a motor coach repair and maintenance yard for Burbank City Lines and a commercial laundry facility. Several Phase I Environmental Assessment Reports have been completed on various addresses at the site.

A Phase I Environmental Assessment Report was prepared on October 12, 2000 by Orswell & Kasman, Inc. The report covered all property addresses now included in the 1.5 acre site. The report recommended the removal of an underground storage tank located at 230 East Verdugo Avenue, proper disposal of waste oil from the 412 South San Fernando Boulevard property, further study on both a second underground tank that had been sealed at 240 East Verdugo Avenue, and around a waste water clarifier/sump located at 412 South San Fernando Boulevard.

Another Phase I Environmental Assessment Report was completed on June 28, 2000 by Harding Lawson Associates ("Harding"). This report only covers the buildings located at 412-422 San Fernando Boulevard. Harding recommended a soil sample study to determine if any impact to the soil from a previously existing car wash has occurred. They also recommended soil samples from a drain located at 420-422 South San Fernando Boulevard and a sampling program to test for potential asbestos, because some structures on the property were constructed prior to 1978.

Harding then performed a Phase II Environmental Site Assessment on November 9,2000. They recommended the water clarifier be removed under the supervision of an environmental professional.

A Subsurface Site Assessment was performed by California Environmental for the buildings located at 230 and 240 East Verdugo Avenue to search for hydrocarbons beneath the soil. No detectable levels were found.

An Asbestos & Lead Inspection was performed by CAMCO Group Inc. on March 19, 2001. Lead based paint was found in two units located at 264 and 268 San Fernando Avenue. A follow-up inspection to include destructive testing of wall cavities and other concealed spaces was recommended and will be completed before construction begins.

A Supplemental Environment Testing report was completed on April 3, 2001 by California Environmental. It included a shallow soil vapor survey and an asbestos and lead based paint survey. The study confirmed the lead based paint findings in the CAMCO Group Inc. study and found no detectable levels of chlorinated solvent vapors.

Many of these reports are now dated, did not incorporate the entire site and cannot be relied upon by the Agency. The developer has requested a new comprehensive Phase I Environmental Assessment from California Environmental, which will incorporate all the findings and can be used by all interested parties. In addition, the seismic report and a noise report have been ordered. The final commitment will require that these reports and their findings be acceptable to the Agency.

ARTICLE 34:

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

DEVELOPMENT TEAM:

A. Borrower's Profile

The project will be owned by Burbank Senior Artists Colony, L.P., a California limited partnership, with Western Services Foundation Inc., a California nonprofit public benefit corporation ("Western Services") as the managing general partner and Meta Housing Corporation, a California Corporation ("Meta Housing',) as the administrative general partner. Meta Housing has developed or rehabilitated 14 senior projects with a total of 1,875 units since it's inception in 1993. Western Services will oversee the marketing, leasing and management of the project.

B. Contractor

The project will be constructed by Cobalt Construction Company ("Cobalt"). Cobalt was founded in 1946 and is a family owned and managed construction company. They specialize in multifamily tax credit projects in California. Between 1993 and 2002 they completed thirteen new construction, multifamily projects with a total of 1,657 units and one 176-unit rehab project.

C. Architect

Scheurer Architects, Inc., a California Corporation is the architect on the project. They were founded in 1991 and focus exclusively on residential architecture. Scheurer Architects, Inc. have designed 1,105 senior apartment units and 600 general occupancy apartments and condominium units, including a 186 unit senior apartment project (Valley Village) for the developer.

D. Management Agent

Western Seniors Housing Inc., a California Corporation will manage the project. They currently manage eleven senior projects in California with a total of 1,350 units..

Project Summary

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Date: 4-Mar-02

Project Profile:

Project:	Burbank Senior Artists Colony		
Location:	San Fernando & Verdugo		
	Burbank 91502	Cap Rate:	8.00%
County:	Los Angeles	Market:	$19,700,000
Borrower:	Burbank Senior Artists Colony	*Income:*	$19,525,000
GP:	WSF Inc.	Final Value:	$19,525,000
GP:	Meta Housing Corporation		
		LTC/LTV:	
Program:	Tax Exempt	*Loan/Cost*	72.4%
CHFA #:	01-041-S	*Loan/Value*	76.7%

Project Description:

Units	141
Handicap Units	7
Bldge Type	New Const.
Buildings	2
Stones	4
Gross *Sq Ft*	121,563
Land Sq Ft	65.340
Units/Acre	94
Total Parking	141
Covered Parking	141

Financing Summary:

	Amount	Per Unit	Rate	Term
CHFA First Mortgage	$14,970,000	$106,170	5.70%	**40**
CHFA HAT'	**$0**	$0	**0.00%**	
City of Burbank-RDA	$3,250,000	$23,050	3.00%	
AHP	$0	$0	3.00%	
Loan 6	$0	$0	0.00%	
Loan 7	$0	$0	**0.00%**	
Grants	**$0**	$0	0.00%	
Contributions From Operations	$0	**$0**		
Borrower Contribution	$0	**$0**		
Deferred Developer Equity	$852.315	$6.045		
Tax Credit Equity	$1,603,596	**$11,373**		
CHFA Bridge	*$0*	$0	0.00%	-
CHFA HAT*	$0	$0	**0.00%**	-

Unit Mix:

Type	Manager		50% AMI		60% AMI		80% AMI		Market		Total
	number	rent	number	rent*	number	rent*	number	rent*	number	rent	
1 bedroom			23	488	11	590	0	0	79	1152	113
2 bedroom	1	1152	6	585	3	708	0	0	18	1445	28
3 bedroom			0	0	0	0	0	0	0	0	0
4 bedroom			0	0	0	0	0	0	0	0	0
subtotal	1		29		14		0		97		
											141

* net rent

Fees, Escrows, and Reserves:

Fees	Basis of Requirements	Amount	Security
Loan fees	2.00% of Loan Amount	$299,400	Cash
Escrows			
Bond Origination Guarantee	1.00% of Loan Amount	$149,700	Letter of Credit
Inspection fee	$1,500 x months of construction	$22,500	Cash
Construction Defect	2.50% of Hard Costs	$183.725	Letter of Credit
Reserves			
Utility Stabilization Reserve	150.00% of Utilities	$105,750	Letter of Credit
Operating Expense Reserve	10.00% of Gross Income	$170,668	Letter of Credit
Initial Deposit to Replacement Reserve	0.00% of Gross Income	**$0**	Letter of Credit
Annual Replacement Reserve Deposit	0.60% of Hard Costs	$44,094	Operations

Sources and Uses — Burbank Senior Artists Colony

SOURCES:

Name of Lender / Source	Amount	$ per unit
CHFA First Mortgage	14,970,000	106,170
CHFA Bridge	0	0
CHFA HAT*	0	0
City of Burbank-RDA	3,250,000	23,050
AHP	0	0
Other Loans	0	0
Total Institutional Financing	**18,220,000**	**129,220**
Equity Financing		
Tax Credits	1,603,596	11,373
Deferred Developer Equity	852,315	6,045
Total Equity Financing	**2,455,911**	**17,418**
TOTAL SOURCES	**20,675,911**	**146,638**

USES:

Acquisition	4,353,663	30,877
Rehabilitation	0	0
New Construction	9,503,321	67,399
Architectual Fees	376,838	2,673
Survey and Engineering	284,251	2,016
Const. Loan Interest & Fees	1,746,155	12,384
Permanent Financing	322,355	2,286
Legal Fees	185,000	1,312
Reserves	276,418	1,960
Contract Costs	42,000	298
Construction Contingency	484,991	3,440
Local Fees	483,374	3,428
TCAC/Other Costs	1,417,545	10,054
PROJECT COSTS	**19,475,911**	**138,127**
Developer Overhead/Profit	1,200,000	8,511
Consultant/Processing Agent	0	0
TOTAL USES	**20,675,911**	**146,638**

Annual Operating Budget — Burbank Senior Artists Colony

		$ per unit
INCOME:		
Total Rental Income	1,698,216	12,044
Laundry	8,460	60
Other Income	0	
Commercial/Retail	**0**	**-**
Gross Potential Income (GPI)	**1,706,676**	**12,104**
Less:		
Vacancy Loss	107,369	761
Total Net Revenue	**1,599,307**	**11,343**
EXPENSES:		
Payroll	87,000	617
Administrative	93,700	665
Utilities	105,750	750
Operating and Maintenance	95,420	677
Insurance and Business Taxes	49,639	352
Taxes and Assessments	109,361	776
Reserve for Replacement Deposits	44,094	313
Subtotal Operating Expenses	**584,964**	**4,149**
Financial Expenses		
Mortgage Payments (1st loan)	951,099	6,745
Total Financial	**951,099**	**6,745**
Total Project Expenses	**1,536,063**	**10,894**

Cash Flow — Burbank Senior Artists Colony — CHFA # 01-041-S

RENTAL INCOME	Year1	Year2	Year3	Year4	Year5	Year6	Year7	Year8	Year9	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	1,404,216	1,439,321	,475,304	1,512,187	1,549,992	1,588,742	,628,460	1,669,172	1,710,901	1,753,673
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	294.000	301,350	308,884	316,606	324,521	332,634	340,950	349,474	358,210	367,166
TOTAL RENTAL INCOME	**1,698,216**	**1,740,671**	**,784,188**	**1,828,793**	**1,874,513**	**1;921,376**	**,969,410**	**2,018,645**	**2,069,111**	**2,120,839**
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	8,460	8,672	8,888	9,110	9,338	9,572	9,811	10,056	10,308	10,565
Other Income	0	0	0	0	*0*	*0*	*0*	0	0	0
TOTAL OTHER INCOME	**8,460**	**8,672**	**8,888**	**9,110**	**9,338**	**9,572**	**9,811**	**10,056**	**10,308**	**10,565**
GROSS INCOME	**1,706,676**	**1,749,343**	**1,793,076**	**1,837,903**	**1,883,851**	**1,930,947**	**1,979,221**	**2,028,701**	**2,079,419**	**2,131,404**
Vacancy Rate :Market	*7.00%*	*7.00%*	*7.00%*	*7.00%*	*7.00%*	*7.00%*	*7.00%*	*7.00%*	*7.00%*	*7.00%*
Vacancy Rate :Affordable	*3.00%*	*3.00%*	*3.00%*	3.00%	*3.00%*	*3.00%*	*3.00%*	*3.00%*	*3.00%*	*3.00%*
Less: Vacancy Loss	107,369	110,053	112,804	115,625	118,515	121,478	124,515	127,628	130,819	134,089
EFFECTIVE GROSS INCOME	**1.599.307**	**1.639.290**	**1.680.272**	**1.722.279**	**1.765.336**	**1.809.469**	**1.854.706**	**1.901.074**	**1.948.600**	**1.997.315**
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	431,509	448,769	466.720	485,389	504,804	524,997	545,996	567,836	590,550	614,172
Replacement Reserve	44,094	44,094	44,094	44,094	44,094	46,299	46,299	46,299	46,299	46,299
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	109,361	111,548	113.779	116,055	118,376	120,743	123,158	125,621	128,134	130,697
TOTAL EXPENSES	**584,964**	**604,412**	**624,593**	**645,538**	**667,274**	**692,039**	**715,454**	**739,757**	**764,982**	**791,167**
NET OPERATING INCOME	**1,014,343**	**1,034,878**	**1,055,679**	**1,076,741**	**1,098,061**	**1,117,430**	**1,139,252**	**1,161,317**	**1,183,618**	**1,206,148**
DEBT SERVICE										
CHFA - 1st Mortgage	951,099	951,099	951,099	951,099	951,099	951,099	951,099	951,099	951,099	951,099
CHFA - Bridge Loan	***0***	***0***	***0***	***0***	***0***					
CHFA - HAT Loan (amortizing)	***0***	***0***	***0***	***0***	***0***					
CASH FLOW after debt service	**63,244**	**83,779**	**104,580**	**125,642**	**146,962**	**166,331**	**188,153**	**210,218**	**232,519**	**255,049**
DEBT COVERAGE RATIO	**1.07**	**1.09**	**1.11**	**1.13**	**1.15**	**1.17**	**1.20**	**1.22**	**1.24**	**1.27**

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Cash Flow

RENTAL INCOME	Year11	Year12	Year 13	Year 14	Year15	Year 16	Year 17	Year 18	Year 19	Year20
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	1,797,515	1,842,453	1,888,514	1,935,727	1,984,120	2,033,723	2,084,567	2,136,681	2,190,098	2,244,850
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	376,345	385,753	395,397	405.282	415,414	425,000	436,445	447,356	458,540	470,003
TOTAL RENTAL INCOME	**2,173,860**	**2,228,207**	**2,283,912**	**2,341,010**	**2,399,535**	**2,459,523**	**2,521,011**	**2,584,036**	**2,648,637**	**2,714,853**
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	10,830	11,100	11,378	11,662	11,954	12,253	12,559	12,873	13,195	13,525
Other Income	0	0	0	*0*	*0*	*0*	*0*	**0**	**0**	**0**
TOTAL OTHER INCOME	**10,830**	**11,100**	**11,378**	**11,662**	**11,954**	**12,253**	**12,559**	**12,873**	**13,195**	**13,525**
GROSS INCOME	**2,184,690**	**2,239,307**	**2,295,289**	**2,352,672**	**2,411,489**	**2,471,776**	**2,533,570**	**2,596,909**	**2,661,832**	**2,728,378**
Vacancy Rate :Market	*7.00%*	*7.00%*	*7.00%*	*7.00%*	*7.00%*	*7.00%*	*7.00%*	*7.00%*	*7.00%*	*7.00%*
Vacancy Rate :Affordable	*3.00%*	*3.00%*	*3.00%*	*3.00%*	*3.00%*	*3.00%*	*3.00%*	*3.00%*	*3.00%*	*3.00%*
Less: Vacancy Loss	137,441	140,877	144,399	148,009	151,709	155,502	159,390	163,375	167,459	171,645
EFFECTIVE GROSS INCOME	**2,047,248**	**2,098,429**	**2,150,890**	**2,204,662**	**2,259,779**	**2,316,274**	**2,374,180**	**2,433,535**	**2,494,373**	**2,556,733**
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	638,739	664,288	690,860	718,494	747,234	777,123	808,208	840,536	874,158	909.124
Replacement Reserve	46,299	48,614	48,614	48,614	48,614	48,614	51,044	51,044	51,044	51,044
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	133,310	135,977	138,696	141,470	144,300	147,186	150,129	153,132	156,194	159,318
TOTAL EXPENSES	**818,348**	**848,879**	**878,170**	**908,578**	**940,147**	**972,922**	**1,009,382**	**1,044,713**	**1,081,397**	**1,119,487**
NET OPERATING INCOME	**1,228,900**	**1,249,551**	**1,272,721**	**1,296,084**	**1,319,632**	**1,343,351**	**1,364,799**	**1,388,822**	**1,412,976**	**1,437,246**
DEBT SERVICE										
CHFA - 1st Mortgage	951,099	951,099	951,099	951,099	951,099	951,099	951,099	951,099	951,099	951,099
CHFA - Bridge Loan										
CHFA - HAT Loan (amortizing)										
CASH FLOW after debt service	**277,801**	**298,452**	**321,622**	**344,986**	**368,533**	**392,252**	**413,700**	**437,723**	**461,877**	**486,147**
DEBT COVERAGE RATIO	**1.29**	**1.31**	**1.34**	**1.36**	**1.39**	**1.41**	**1.43**	**1.46**	**1.49**	**1.51**

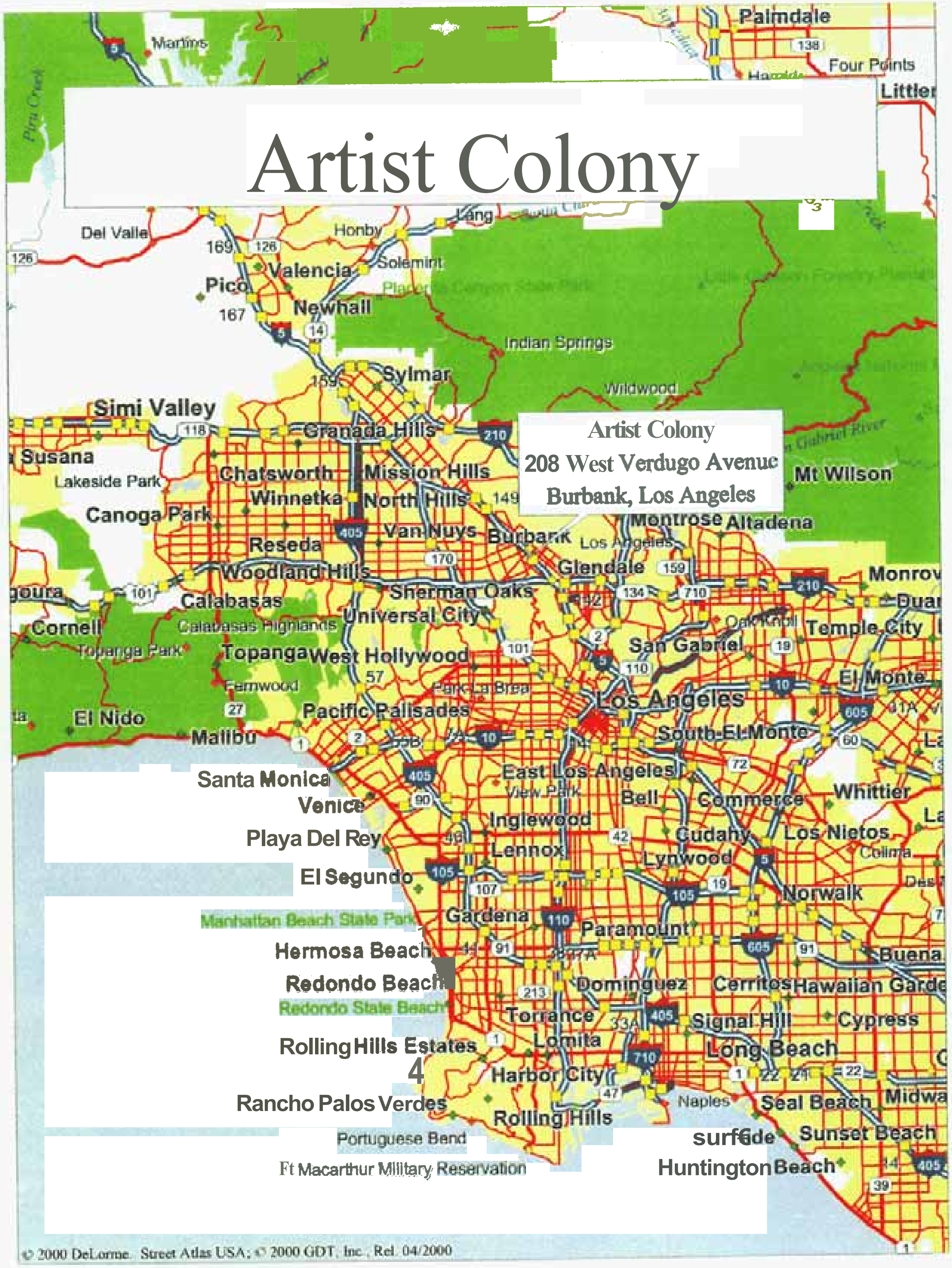
Cash Flow

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	2,300,971	2,358,496	2,417,458	2,477,895	2,539,842	2,603,338	2,668,421	2,735,132	2,803,510	2,873,598
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	481,753	493,797	506,142	518,796	531,765	545,060	558,686	572,653	586,970	601,644
TOTAL RENTAL INCOME	**2,782,725**	**2,852,293**	**2,923,600**	**2,996,690**	**3,071,607**	**3,148,398**	**3,227,107**	**3,307,785**	**3,390,480**	**3,475,242**
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	13,863	14,209	14,564	14,929	15,302	15,684	16,076	16,478	16,890	17,313
Other Income	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	0	0
TOTAL OTHER INCOME	**13,863**	**14,209**	**14,564**	**14,929**	**15,302**	**15,684**	**16,076**	**16,478**	**16,890**	**17,313**
GROSS INCOME	**2,796,587**	**2,866,502**	**2,938,165**	**3,011,619**	**9.086.909**	**3,164,082**	**3,243,184**	**3,324,264**	**3,407,370**	**3,492,554**
Vacancy Rate : Market	*7.00%*	*7.00%*	*7.00%*	*7.00%*	*7.00%*	*7.00%*	*7.00%*	*7.00%*	*7.00%*	*7.00%*
Vacancy Rate : Affordable	*3.00%*	*3.00%*	*3.00%*	*3.00%*	*3.00%*	*3.00%*	*3.00%*	*3.00%*	*3.00%*	*3.00%*
Less: Vacancy Loss	175,936	180,335	184,843	189,464	194,201	199,056	204,032	209,133	214,362	219,721
EFFECTIVE GROSS INCOME	**2,620,651**	**2,686,167**	**2,753,321**	**2,822,154**	**2,892,708**	**2,965,026**	**3,039,152**	**3,115,130**	**3,193,009**	**3,272,834**
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	945,489	983,309	1,022,641	1,063,547	1,106,089	1,150,332	1,196,345	1,244,199	1,293,967	1,345,726
Replacement Reserve	51,044	53,597	53,597	53,597	53,597	53,597	56,277	56,277	56,277	56,277
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	162,505	165,755	169,070	172,451	175,900	179,418	183,007	186,667	190,400	194,208
TOTAL EXPENSES	**1,159,038**	**1,202,660**	**1,245,308**	**1,289,595**	**1,335,586**	**1,383,347**	**1,435,629**	**1,487,143**	**1,540,644**	**1,596,211**
NET OPERATING INCOME	**1,461,613**	**1,483,507**	**1,508,014**	**1,532,560**	**1,557,123**	**1,581,679**	**1,603,523**	**1,627,988**	**1,652,365**	**1,676,623**
DEBT SERVICE										
CHFA - 1st Mortgage	951,099	951,099	961,099	961,099	961,099	951,099	961,099	951,099	961,099	951,099
CHFA - Bridge Loan										
CHFA - HAT Loan (amortizing)										
CASH FLOW after debt service	**510,514**	**532,408**	**556,915**	**581,461**	**606,024**	**630,580**	**652,424**	**676,889**	**701,266**	**725,524**
DEBT COVERAGE RATIO	**1.54**	**1.66**	**1.69**	**1.61**	**1.64**	**1.66**	**1.69**	**1.71**	**1.74**	**1.76**

Cash Flow

RENTAL INCOME	Year 31	Year 32	Year 33	Year 34	Year 35	Year 36	Year 37	Year 38	Year 39	Year 40
Market Rent Increase	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*
Market Rents	2,945,438	3,019,074	3,094,551	3,171,915	3,251,212	3,332,493	3,415,805	3,501,200	3,588,730	3,678,448
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	616,686	632,102	647,905	664,102	680,705	697,722	715,165	733,045	751,371	770,155
TOTAL RENTAL INCOME	**3,562,123**	**3,651,176**	**3,742,455**	**3,836,017**	**3,931,917**	**4,030,215**	**4,130,970**	**4,234,245**	**4,340,101**	**4,448,603**
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	17,745	18,189	18,644	19,110	19,688	20,077	20,579	21,094	21,621	22,162
Other Income	0	0	0	0	0	0	0	0	0	0
TOTAL OTHER INCOME	**17,745**	**18,189**	**18,644**	**19,110**	**19,588**	**20,077**	**20,579**	**21,094**	**21,621**	**22,162**
GROSS INCOME	**3,579,868**	**3,669,365**	**3,761,099**	**3,855,127**	**3,951,505**	**4,050,292**	**4,151,550**	**4,255,338**	**4,361,722**	**4,470,765**
Vacancy Rate : Market	*7.00%*	*7.00%*	*7.00%*	*7.00%*	*7.00%*	*7.00%*	*7.00%*	*7.00%*	*7.00%*	*7.00%*
Vacancy Rate : Affordable	*3.00%*	*3.00%*	*3.00%*	*3.00%*	*3.00%*	*3.00%*	*3.00%*	*3.00%*	*3.00%*	*3.00%*
Less: Vacancy Loss	225,214	230,844	236,616	242,530	248,594	254,808	261,179	267,708	274,401	281,261
EFFECTIVE GROSS INCOME	**3,354,655**	**3,438,521**	**3,524,484**	**3,612,596**	**3,702,911**	**3,795,484**	**3,890,371**	**3,987,630**	**4,087,321**	**4,189,504**
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	1,999,666	1,455,537	1,513,759	1,574,309	1,637,281	1,702,773	1,770,884	1,841,719	1,915,388	1,992,003
Replacement Reserve	56,277	69,090	69,090	59,090	59,090	59,090	62,045	62,045	62,045	62,045
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	198,092	202,054	206,096	210,217	214,421	218,710	223,084	227,546	232,097	236,739
TOTAL EXPENSES	**1,653,924**	**1,716,682**	**1,778,944**	**1,843,617**	**1,910,793**	**1,980,573**	**2,056,013**	**2,131,310**	**2,209,529**	**2,290,787**
NET OPERATING INCOME	**1,700,731**	**1,721,839**	**1,745,540**	**1,768,980**	**1,792,118**	**1,814,911**	**1,834,358**	**1,856,321**	**1,877,792**	**1,898,717**
DEBT SERVICE										
CHFA - 1st Mortgage	951,099	951,099	961,099	961,099	951,099	961,099	951,099	961,099	961,099	951,099
CHFA - Bridge Loan										
CHFA - HAT Loan (amortizing)										
CASH FLOW after debt service	**749,632**	**770,740**	**794,441**	**817,881**	**841,019**	**863,812**	**883,259**	**905,222**	**926,693**	**947,618**
DEBT COVERAGE RATIO	**1.79**	**1.81**	**1.84**	**1.86**	**1.88**	**1.91**	**1.93**	**1.95**	**1.97**	**2.00**

847


Artist Colony
Artist Colony
208 West Verdugo Avenue
Burbank, Los Angeles
Palmdale
Four Points
Del Valle
Honby
Valencia
Solemint
Pico
Newhall
Indian Springs
Wildwood
Sylmar
Simi Valley
Granada Hills
Susana
Lakeside Park
Chatsworth
Mission Hills
Mt Wilson
Winnetka
North Hills
Canoga Park
Montrose
Altadena
Van Nuys
Burbank
Reseda
Glendale
Woodland Hills
Sherman Oaks
Monrov
Calabasas
Cornell
Universal City
Calabasas Highlands
Temple City
Topanga Park
Topanga
West Hollywood
San Gabriel
Fernwood
El Monte
Park La Brea
El Nido
Pacific Palisades
Los Angeles
Malibu
South El Monte
Santa Monica
East Los Angeles
Venice
View Park
Bell
Commerce
Whittier
Playa Del Rey
Inglewood
Cudahy
Los Nietos
Lennox
Lynwood
El Segundo
Norwalk
Manhattan Beach State Park
Gardena
Paramount
Hermosa Beach
Redondo Beach
Dominguez
Cerritos
Hawaiian Garde
Redondo State Beach
Torrance
Signal Hill
Cypress
Rolling Hills Estates
Lomita
Long Beach
Harbor City
Rancho Palos Verdes
Naples
Seal Beach
Rolling Hills
Portuguese Bend
Sunset Beach
Ft Macarthur Military Reservation
Huntington Beach
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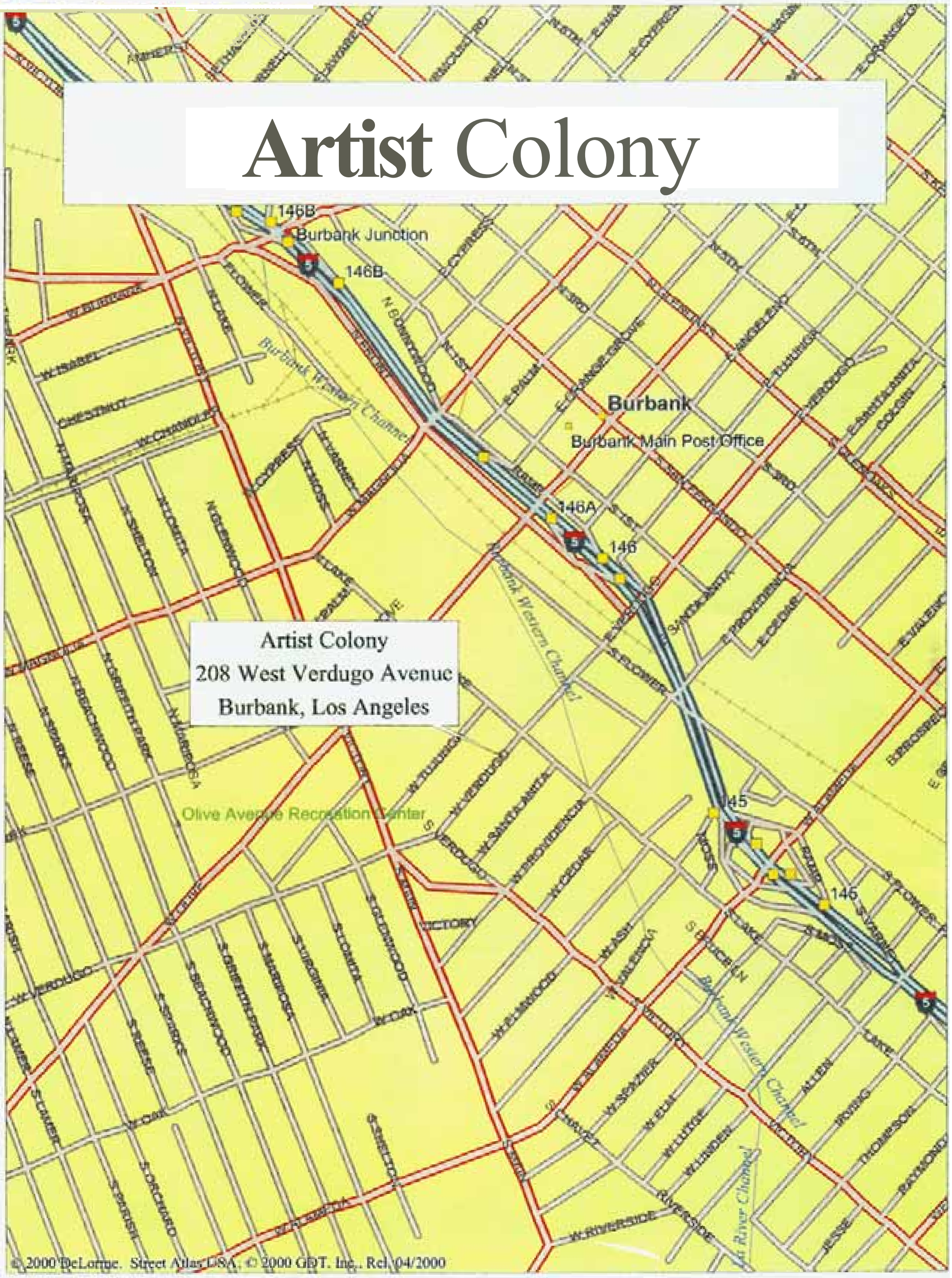
Artist Colony
Burbank Junction
146B
146B
Burbank
Burbank Main Post Office
146A
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Artist Colony
208 West Verdugo Avenue
Burbank, Los Angeles
Olive Avenue Recreation Center
145
146
Burbank Western Channel
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RESOLUTION 02-05

RESOLUTION AUTHORIZING A FINAL LOAN COMMITMENT

WHEREAS, the California Housing Finance Agency (the "Agency") has received a loan application from Meta Housing Corporation, a California corporation (the "Borrower"), seeking a loan commitment under the Agency's Tax-Exempt Loan Program in the mortgage amount described herein, the proceeds of which are to be used to provide a mortgage loan on a 141-unit multifamily housing development located in the City of Burbank to be known as Burbank Senior Artists Colony (the "Development"); and

WHEREAS, the loan application has been reviewed by Agency staff which has prepared its report dated March 4,2002 (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 January 22,2002, 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 Multifamily Programs of the Agency is hereby authorized to execute and deliver a final commitment letter, subject to his/her recommended terms and conditions, including those 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
01-041-S	Burbank Senior Artists Colony Burbank/Los Angeles	141	$14,970,000

2. The Executive Director, or in his/her absence, either the Chief Deputy Director or the Director of Multifamily 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 Multifamily 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 02-05 adopted at a duly constituted meeting of the Board of the Agency held on March 20, 2002, at Sacramento, Califomia.

ATTEST:________________
Secretary

CALIFORNIA HOUSING FINANCE AGENCY

Final Commitment
Baldwin Park Apartments
CHFA Loan #00-030-S

SUMMARY:

This is a Final Commitment request for a tax-exempt, first mortgage loan in the amount of $3,660,000, and a bridge loan in the amount of $3,700,000. In addition there will be an $8,400,000 Loan to Lender taxable loan through Bank of America. Security for the first mortgage loan will be a newly constructed **71** unit family apartment community owned by Baldwin Park Family Housing Limited Partnership, a limited partnership with Thomas Safran & Associates and Housing Corporation of America as co-general partners. The project will be located at 13030 West Ramona Blvd., in Baldwin Park. Thirty-five of the units will be for families, thirty-five units will be marketed for seniors, and there will be one manager's unit.

LOAN TERMS:

First Mortgage Amount	$3,660,000
Interest Rate	**5.70%**
Term	40 year fixed, fully amortized
Financing	Tax-exempt Bond
Bridge Loan	$3,700,000
Interest Rate	**5.70%**
Term	**1** year, simple interest
Financing	Tax-exempt Bond
Loan to Lender	$8,400,000
Interest Rate	**3.00 %**
Term	**2** year, simple interest
Financing	Taxable Loan

LOCALITY INVOLVEMENT:

The property will have secondary financing from the State of California Department of Housing and Community Development (CA-HCD), the Redevelopment Agency of the City of Baldwin Park (RA-BP), and the Housing Authority of the County of Los Angeles (HA-LA).

CA-HCD awarded a Multi-Family Housing Program loan of **$3,159,029 to** the project in May 2001. RA-BP awarded funds in the amount of $1,555,000 to the project in June 2000 for the purpose of acquisition financing and off-site improvements. In addition, RA-BP acquired a portion of the site, and agreed to sell it to the developer for one dollar, subject to the terms and conditions of the Second Amended and Restated Disposition and Development Agreement, dated June 2001. HA-LA awarded funds from the City of Industry Program of $344,435 to the project in April 2000. The repayment of all three loans will be from residual receipts.

PROJECT DESCRIPTION:

A. Site Design

The subject site is located at the southwest corner of Ramona Blvd. and Corak Street in the City of Baldwin Park. It will have 240 feet of frontage along Corak Street, 150 feet of frontage along Francisquito Ave, and 482 feet of frontage with 3 curb cuts along Ramona Blvd. The final site will include parts of an alley that will be vacated by the City of Baldwin Park. The site has an estimated land area of 2.89 acres, is relatively level, and is irregular in shape. The site currently contains one small vacated commercial building that will be demolished.

B. Project Description

The proposed project will have 14 two level apartment buildings with 70 units and a large 4,400 square foot community building with a manager's unit on the second level. Thirty-five of the units will be for families and thirty-five units will be marketed for seniors. The senior restrictions of the Fair Housing Act will not apply because the developer is not regulating any of the units as senior housing. Thomas Safran & Associates is locating the one-bedrooms in an area intended for senior tenants and they will advertise in publications used by seniors, but if non-senior applicants apply and are qualified, the units will be rented to them.

The community center will include a pool and spa area behind the building with two restrooms, a security fence, and a concrete deck. The interior of the community building will include a leasing center, an administrative office, a kitchen, a laundry area, a recreation room, a library, a mailbox area, and a computer room. After school programs, such as tutoring, computer classes, reading sessions and crafts will be offered to children living in the project by the Resident Services Coordinator.

The project will have large front yard areas that will be well landscaped and will include several playgrounds and barbecue areas. There will be 98 grade-level parking spaces on-site, with a parking ratio of 1.38 spaces per unit.

The units in the project will consist of one, two and three bedroom flats, and three and four bedroom townhomes. Each unit will have a private balcony or patio with exterior storage. The units will be carpeted in the living areas, with vinyl floor covering in the kitchens and baths. The kitchens will include a gas stove and range, garbage disposal, a built-in dishwasher, linoleum counter tops and wood cabinets. The units will have individual forced air gas heaters and air conditioners. Each unit will have a gas water heater.

C. Relocation

There will be no relocation required since the project site is currently vacant with the exception of one small vacant commercial building which will be demolished prior to starting construction.

D. Project Location

The subject site is located at the southwest corner of Ramona Blvd. and Corak Street in Baldwin Park. The land uses adjacent to the subject site include commercial and light industrial along Ramona Blvd. to the east of the subject. Single family homes with recent sales prices in the $150,000 range are located south of the subject site. A recently completed business park with landscaped front yard areas is to the north of the subject. A recently completed shopping center, an AM-PM convenience store, and an Arco gas station are to the west. The only new residential development in the immediate area is a small single family subdivision less than one block west of the subject site. There is also older multi-family development in the neighborhood.

One of the subject sites strongest advantages is its location on a major east and west arterial. Ramona Blvd. runs through the middle of Baldwin Park and provides easy access from the site to several nearby employment and shopping areas, as well as the San Gabriel Freeway (605) which is just two blocks west of the site. The San Bernardino Freeway (10) is less than one mile south of the subject, and the Foothill Freeway (210) is less than three miles north of the subject. Public bus transportation is available on Ramona Blvd. right in front of the site and two Metrolink Stations are within a two mile radius of the site.

The subject site is a good location for an apartment complex. Six public schools, employment areas, hospitals and government agencies are within a ten minute commute from the subject. In addition, two major shopping areas including an Office Depot, Target, and Food for Less, several restaurants, dentist offices, and video rental stores are all within a ten minute commute.

MARKET:

A. Market Overview

The proposed project will be located in Baldwin Park, Los Angeles County, California. Baldwin Park is within the Los Angeles metropolitan statistical area (MSA), which has a population of 9,529,721, according to the Housing Market Study ("Market Study") dated June 12,2001. Since 1990, the population has been increasing by 0.8% per year in Los Angeles County.

Los Angeles County has had an annual job growth rate of 0.4% since 1990. The county's employment base increased by 4.3% between April 2000 and April 2001. Wage and salary employment in the Los Angeles MSA rose 2% per year between 1994 and 2000. In April 2001, the unemployment rate was 4.8%, slightly higher than the state and national rates. Major employers are in the government, education, aeronautical, healthcare, services and retail trade sectors.

The subject site is in the eastern section of Los Angeles County, a suburban area commonly referred to as the San Gabriel Valley. The area is situated around the crossroads of Interstates 605 (San Gabriel Freeway) and 10 (San Bernardino Freeway), and includes the communities of Arcadia, City of Industry, Hacienda Heights, San Dimas and Whittier among others.

Baldwin Park has a population of 74,490, and is located 120 miles north of San Diego and 250 miles east of Las Vegas, at the foot of the San Gabriel Mountains. It is a suburban area situated 17 miles north of downtown Los Angeles, and is convenient to four major airports, the port of Los Angeles and numerous employment centers. Since 1990, population has increased 0.7% per year in Baldwin Park.

B. Market Demand

The primary market area for this project extends north to the Santa Fe Dam and flood control basin, south to Interstate 10, east including the western portion of Covina, and west to the San Gabriel River. Persons outside these boundaries are not likely to consider living in the market area due to physical barriers that limit the commuting patterns. The market area, which includes portions of Covina and Irwindale, had 139,399 residents in 2000, and covers approximately 10 square miles. National Decision Systems, Inc. projects the market area population to increase by 1.1% per year to 144,148 by 2003.

Between 1990 and 2000, the primary market area gained 227 households per year. Renters comprise 39.5% of the households in the primary market area. In 1990 there were 4.13 persons per renter household in Baldwin Park and 3.78 persons per renter household in the primary market area. Although 74% of the market area renter households have three or more people, only 9% of the units in the San Gabriel Valley have three or more bedrooms. As a result there is a shortage of rental housing for large households. The subjects' proposed three and four-bedroom units are suitable for this underserved segment and will help alleviate overcrowding. As of May 30, 2001 the Baldwin Park Housing Authority had a waiting list of over 2,500 applicants, one-third of which are estimated to be seniors.

C. Housing Supply

This primary market area is known for its housing affordability. Median home prices in Baldwin Park and the neighboring communities are some of the lowest in the metropolitan region. Increased demand for housing combined with very little construction has been the catalyst for low vacancies in the market area. Rental housing in the market area is typified by garden style apartments built from 1950 to 1980 using standard wood frame construction, stucco exteriors and pitched asphalt roofs. Over half the rental stock is 30 years or older, and there is very little renovation occurring in the market area. Ninety-one percent of the housing choices available to renters are studios, and one and two-bedroom units, however, 57% of the market area renters require three and four-bedroom units.

From 1990 to 2001 the construction of 627 new units was authorized in the market area, with multiple dwellings comprising 22% of the total. During this period, multifamily housing starts in the City of Baldwin Park averaged 12 units per year. According to the Planning Departments of Baldwin Park and Covina, other than the subject, there are no apartment projects planned or under construction in the market area. Single family residences comprise 53% of the rental units in the market area, 44% of the rental units are multi-family, 2% are mobile homes, and 1% are other structural types. Occupancy rates in the San Gabriel sub-market have fluctuated between 96% and 99% since the second quarter of 1999.

Two LIHTC projects have recently been placed in service in the market area. Lark Ellen Village, developed by TSA, is a 122 unit apartment complex that has units at the 40%, 50% and 60% AMI levels. The project was 100% leased before being placed in service in July 1998. The Promenade is a 124 unit project that was renovated and placed in service in October 1999. The property has over 400 households on its waiting list for units at the 40% and 50% AMI levels.

PROJECT FEASIBILITY:

A. Rent Differentials (Market vs. Restricted)

According to the Market Study the average price of homes sold in the market area in 2000 was $155,773. Assuming a person makes a 5% down payment and obtains a 30 year fixed mortgage at 7%, the monthly costs are $1,230, which is greater than the subject's proposed four bedroom rents of $502 and $888.

Unit Type	Rent Level	Subject Rents	Rent Survey (Appraisal)	Rent Survey Difference	% of Market Rents
One Bedroom	Seniors 35%	326	775	449	42%
One Bedroom	Seniors 60%	575	775	200	74%
Two Bedroom	Seniors 35%	389	900	511	43%
Two Bedroom	Family 60%	689	900	211	77%
Three Bedroom Flat	Manager - 60%	798	1150	352	69%
Three Bedroom Townhome	Family 35%	452	1200	748	38%
Three Bedroom Townhome	Family 60%	798	1200	402	67%
Four Bedroom Townhome	Family 35%	502	1300	798	39%
Four Bedroom Townhome	Family 60%	888	1300	412	68%

B. Estimated Lease-Up Period

The Market Study concludes that the project will lease between 30 to 40 units per month and be fully occupied within two months. This is a similar rate of absorption experienced at comparable LIHTC projects.

OCCUPANCY RESTRICTIONS:

The occupancy restrictions described below are expected to reflect those in the final Regulatory Agreements.

CHFA: 20% of the units (14) will be restricted at 50% or less AMI

TCAC: 100% of the units (70) will be restricted at 60% or less AMI

HCD: 30% of the units (21) will be restricted at 35% or less AMI

RDA of the City of Baldwin Park:
20% of the units (14) will be restricted at 50% or less AMI
80% of the units (56) will be restricted at 60% or less AMI

Housing Authority of the County of Los Angeles:
20% of the units (14) will be restricted at 50% or less AMI

AHP: 20% of the units (14) will be restricted at 50% or less AMI

ENVIRONMENTAL:

The following environmental reports have been completed: a) California Environmental Preliminary Environmental Site Assessment Phase I and Geophysical Survey Phase II dated May 1998, b) California Environmental Subsurface Site Assessment, Shallow Trenching and Soil Sampling report dated January 2000, and c) California Environmental update letter dated November 2001. In addition, a Geotechnical Engineering Investigation dated January 2001 and an update letter dated October 2001 by Geotechnologies Inc., and an Acoustical Analysis by Davy and Associates Inc. have been completed.

The California Environmental Preliminary Environmental Site Assessment Phase I and Geophysical Survey Phase II dated May 1998 concludes that:

a) The subject property included an automobile service station that was demolished in 1988.
b) Three gasoline USTs were removed from the site in 1989. No contamination was evident during their removal.
c) The subject property is located within the Azusa Study Area of San Gabriel Valley Superfund, however, it is not located within an area of known groundwater contamination
d) An inspection report on file with the County of Los Angeles Department of Public Works indicated that a waste oil tank was suspected as located onsite, but the suspected waste oil tank not found then, or when the May 1998 Geophysical Survey was completed.
e) The Arco Service Station located adjacent to the subject site is listed as contaminated. California Environmental considers it unlikely that this offsite property has impacted the

soil beneath the subject property. There have been a three unauthorized releases at the Arco Station, but all three cases have been closed. The Arco Station is located to the west of the subject site and the groundwater gradient is reported to be in a westerly direction.

California Environmental recommended implementation of the second phase of the subsurface assessment and a soil vapor survey in order to determine if the suspect waste oil tank had a release which impacted the soil beneath the property. The California Environmental Subsurface Site Assessment, Shallow Trenching and Soil Sampling report dated January 2000 addresses these issues. Trenching was conducted to locate the "suspect" waste oil tank, however no waste oil tank was discovered and California Environmental considers it unlikely that the "suspect" waste oil tank remains on site.

Six abandoned 2-inch diameter pipes and a two-stage clarifier were discovered during the trenching activities. Soil samples obtained near the clarifier did not contain elevated concentrations of heavy metals. California Environmental recommends that the two-stage clarifier be removed during grading. The California Environmental update letter dated November 2001, states that the condition of the property has not changed, and that additional research is not recommended.

ARTICLE 34:

An opinion letter dated March 2001 from Alvarez-Glasman & Colvin was received. It states that "this development would not be considered a "low rent housing project" for purposes of the requirement of voter approval under Article 34." The opinion letter is subject to review and approval by CHFA's legal department.

DEVELOPMENT TEAM:

A. Borrower's Profile

The borrower is Baldwin Park Family Housing Limited Partnership, a California limited partnership. The developer and initial managing general partner is Thomas Safran & Associates, Inc. (TSA). TSA has specialized in affordable housing projects for over 20 years and has developed over 2,750 units of rental housing in California. They currently own, as general partners, approximately 2,350 units of which they manage over 1,400 units. They manage several projects in the CHFA portfolio, including Villaggio I and II, Lark Ellen Village and Santa Ana Towers.

Housing Corporation of America (HCA) will be the co-general partner during construction. They will convert to the managing general partner after construction completion. HCA is a Utah non-profit public benefit corporation founded in 1988 to preserve and provide affordable housing and to improve the communities where these projects are located.

B. Management Agent

Thomas Safran & Associates, Inc. will be the management company for the project. They manage over 1,400 units including several in the CHFA portfolio. TSA developments consistently receive superior ratings from HUD and other monitoring agencies during property management reviews and physical inspections. TSA will employ Brackenhoff Management Group, Inc. (BMG) ,as the sub-management agent. TSA has done business with BMG for over 12 years. BMG was established in July 1997, based on Mr. Brackenhoff's twenty plus years in the affordable housing industry managing Section 8, tax credit and conventional projects.

C. Contractor

Alpha Construction Inc. was incorporated in 1965, and has specialized in new construction projects throughout Southern California. Irvin Laxineta, President, has been a licensed general contractor since 1957, and has worked with TSA on five developments, including two that have been financed by CHFA – Villaggio I and II.

D. Architect

Kanner Architects is a 53 year old, third generation firm located in Los Angeles. Kanner Architects' buildings have won more than two dozen significant design awards, of which 15 were given by the American Institute of Architects. Kanner Architects have designed office buildings, schools, shopping centers, commercial buildings, restaurants, banks, apartment buildings, condominiums and single family homes.

Project Summary

Loan to Lender Date: 4-Mar-02

Project Profile:

Project : Baldwin Park Apartments
Location: 13030 West Ramona Blvd.
Baldwin Park 91706-3702
County: Los Angeles
Borrower: Baldwin Park Family Housing Limite
GP: Thomas Safran & Associates
GP: Housing Corporation of America
LP: Alliant Capital
Program: Tax Exempt
CHFA #: 00-030-S

Cap Rate:	**8.50%**
Market:	$6,000,000
Income:	$6,000,000
Final *Valu*	$6,000,000
LTC/LTV:	
Loan/Cost	28.0%
Loan/Valu	61.0%

Project Description:

units	71
Handicap Units	2
Bldge *Type*	New Const.
Buildings	14
Stones	2
Gross Sq Ft	63,105
Land Sq *Ft*	125.815
Units/Acre	25
Total Parking	98
Covered Parking	*0*

Financing Summary:

	Amount	Per Unit	Rate	**Term**
CHFA First Mortgage	$3,660,000	$51.549	5.70%	**40**
CHFA HAT'	$0	SO	0.00%	-
HCD/MHP	$3,159,029	$44,493	**0.00%**	**55**
RDA	$1,555,000	$21.901	3.49%	**55**
Industry Funds	$344.435	$4,851	0.00%	-
AHP	$320.185	$4,510	0.00%	-
Grants	**$0**	$0	**0.00%**	-
Contributions From Operations	$0	$0		-
Borrower Contribution	$0	**$0**		-
Deferred Developer **Equity**	$598,347	$8.427		-
Tax Credit Equity	$3,455,509	$48,669		
CHFA Bridge	$3,700,000	$52.1 13	5.70%	**1**
Loan to Lender-Taxable	$8,400,000	$118.310	3.00%	**2**

Unit Mix:

Type	**Manager**		**35% AMI**		**50% AMI**		**60% AMI**		**Market**		**Total**
	number	**rent**	**number**	**rent***	**number**	**rent***	**number**	**rent***	**number**	**rent***	
1 bedroom			**8**	**326**	**0**	**0**	**19**	**575**	**0**	**0**	**27**
2 bedroom			**6**	**389**	**0**	**0**	**15**	**689**	**0**	**0**	**21**
3 bedroom	**1**	**798**	**6**	**452**	**0**	**0**	**14**	**798**	**0**	**0**	**21**
4 bedroom			**1**	**502**	**0**	**0**	**1**	**888**	**0**	**0**	**2**
subtotal	**1**		**21**		**0**		**49**		**0**		
			*** net rent**								**71**

Fees, Escrows, and Reserves:

Fees	Basis of Requirements	Amount	Security
Loan fees	2.00% of LTL/Perm	$120,600	Cash
Escrows			
Bond Origination Guarantee	**1.00%** of Loan Amount	$73,600	LOC
Inspection fee	$1,500 x months of constr.	$30,000	Cash
Construction Defect	2.50% of Hard Costs	$126.134	LOC
Reserves			
Utility Stabilization Reserve	**150.00%** of Utilities	$24,413	LOC
Operating Expense Reserve	10.00% of Gross Income	$51.240	LOC
Initial Deposit to Replacement Reserve	0.00% of Gross Income	$0	Letter of Credit
Annual RR Deposit - New Constr. A	**$350** per unit	$24,850	Operations

Baldwin Park Apartments

SOURCES:

Name of Lender/ Source	**Amount**	**$ per unit**
CHFA First Mortgage	3,660,000	51,549
CHFA Bridge	0	0
CHFA HAT*	0	0
HCD/MHP	3,159,029	44,493
RDA	1,555,000	21,901
Other Loans	664,620	9,361
Total Institutional Financing	**9,038,649**	**127,305**
Equity Financing		
Tax Credits	3,455,509	48,669
Borrower Contribution	-	
Deferred Developer Equity	598,347	8,427
Total Equity Financing	**4,053,856**	**57,097**
TOTAL SOURCES	**13,092,505**	**184,401**

USES:

Acquisition	1,950,000	27,465
Rehabilitation	0	0
New Construction	6,800,965	95,788
Architectual Fees	390,000	5,493
Survey and Engineering	83,800	1,180
Const. Loan Interest & Fees	874,207	12,313
Permanent Financing	332,000	4,676
Legal Fees	0	0
Reserves	91,000	1,282
Contract Costs	46,500	655
Construction Contingency	464,834	6,547
Local Fees	358,679	5,052
TCAC/Other Costs	500,520	7,050
PROJECT COSTS	**11,892,505**	**167,500**
Developer Overhead/Profit	1,200,000	16,901
Consultant/Processing Agent	0	0
TOTAL USES	**13,092,505**	**184,401**

Annual Operating Budget — Baldwin Park Apartments

		$ per unit
INCOME:		
Total Rental Income	507,288	7,145
Laundry	5,112	72
Other Income	0	-
Commercial/Retail	0	-
Gross Potential Income (GPI)	**512,400**	**7,217**
Less:		
Vacancy **Loss**	25,620	361
Total Net Revenue	**486,780**	**6,856**
EXPENSES:		
Payroll	76,915	1,083
Administrative	46,300	652
Utilities	31,175	439
Operating and Maintenance	26,000	366
Insurance and Business Taxes	20,371	287
Taxes and Assessments	2,250	32
Reserve for Replacement Deposits	24,850	350
Subtotal Operating Expenses	**227,861**	**3,209**
Financial Expenses		
Mortgage Payments (1st loan)	232,533	3,275
Total Financial	**232,533**	**3,275**
Total Project Expenses	**460,394**	**6,484**

Cash Flow	Baldwin Park Apartments			CHFA # 00-030-S								
ENTAL INCOME	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12
arket Rent Increase	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
arket Rents	0	0	0	0	0	0	0	0	0	0	0	0
ffordable Rent Increase	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*
fordable Rents	507,288	519,970	532,969	546,294	559,951	573,950	588,299	603,006	618,081	633,533	649,372	665,606
OTAL RENTAL INCOME	**507,288**	**519,970**	**532,969**	**546,294**	**559,951**	**573,950**	**588,299**	**603,006**	**618,081**	**633,533**	**649,372**	**665,606**
THER INCOME												
ther Income Increase	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*
undry	5,112	5,240	5,371	5,505	5,643	5,784	5,928	6,077	6,228	6,384	6,544	6,707
ther Income	0	0	0	0	0	0	0	0	0	0	0	0
OTAL OTHER INCOME	**5,112**	**5,240**	**5,371**	**5,505**	**5,643**	**5,784**	**5,928**	**6,077**	**6,228**	**6,384**	**6,544**	**6,707**
ROSS INCOME	**512,400**	**525,210**	**538,340**	**551,799**	**565,594**	**579,734**	**594,227**	**609,083**	**624,310**	**639,917**	**655,915**	**672,313**
acancy Rate : Market	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
acancy Rate : Affordable	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*
ss: Vacancy Loss	25,620	26,261	26,917	27,590	28,280	28,987	29,711	30,454	31,215	31,996	32,796	33,616
FECTIVE GROSS INCOME	**486,780**	**498,950**	**511,423**	**524,209**	**537,314**	550,747	**564,516**	**578,628**	**593,094**	**607,922**	**623,120**	**638,698**
PERATING EXPENSES												
nual Expense Increase	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*
penses	200,761	208,792	217,143	225,829	234,862	244,257	254,027	264,188	274,756	285,746	297,176	309,063
eplacement Reserve	24,850	24,850	24,850	24,850	24,850	26,093	26,093	26,093	26,093	26,093	27,397	27,397
nual Tax Increase	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*
xes and Assessments	2,250	2,295	2,341	2,388	2,435	2,484	2,534	2,585	2,636	2,689	2,743	2,798
OTAL EXPENSES	**227,861**	**235,937**	**244,334**	**253,067**	**262,148**	**272,833**	**282,653**	**292,865**	**303,484**	**314,527**	**327,316**	**339,257**
ET OPERATING INCOME	**258,919**	**263,013**	**267,089**	**271,142**	**275,166**	**277,913**	**281,862**	**285,763**	**289,610**	**293,394**	**295,804**	**299,440**
EBT SERVICE												
HFA - 1st Mortgage	232,533	232,533	232,533	232,533	232,533	232,533	232,533	232,533	232,533	232,533	232,533	232,533
HFA - Bridge Loan	3,910,900	0	0	0	0							
HFA - HAT Loan (ammortizing)	0	0	0	0	0							
SH FLOW after debt service	**26,386**	**30,480**	**34,556**	**38,609**	**42,633**	**45,380**	**49,329**	**53,230**	**57,077**	**60,861**	**63,271**	**66,907**
EBT COVERAGE RATIO	**1.11**	**1.13**	**1.15**	**1.17**	**1.18**	**1.20**	**1.21**	**1.23**	**1.25**	**1.26**	**1.27**	**1.29**

Cash Flow

RENTAL INCOME	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20	Year 21	Year 22	Year 23	Year 24
Market Rent Increase	0	0	0	*0*	*0*	*0*	*0*	*0*	*0*	0	0	0
Market Rents	0	0	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%***	***2.50%***	***2.50%***
Affordable Rents	682,246	699,302	716,785	734,704	753,072	771,899	791,196	810,976	831,250	852,032	873,333	895,166
TOTAL RENTAL INCOME	**682,246**	**699,302**	**716,785**	**734,704**	**753,072**	**771,899**	**791,196**	**810,976**	**831,250**	**852,032**	**873,333**	**895,166**
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%***	***2.50%***	***2.50%***
Laundry	6,875	7,047	7,223	7,404	7,589	7,779	7,973	8,172	8,377	8,586	8,801	9,021
Other Income	0	0	0	0	0	0	0	0	0	**0**	**0**	**0**
TOTAL OTHER INCOME	**6,875**	**7,047**	**7,223**	**7,404**	**7,589**	**7,779**	**7,973**	**8,172**	**8,377**	**8,586**	**8,801**	**9,021**
GROSS INCOME	**689,121**	**706,349**	**724,008**	**742,108**	**760,661**	**779,677**	**799,169**	**819,148**	**839,627**	**860,618**	**882,133**	**904,187**
Vacancy Rate : Market	***0***	***0***	***0***	*0*	*0*	*0*	*0*	***0***	*0*	*0*	*0*	*0*
Vacancy Rate :Affordable	***5.00%***	***5.00%***	***5.00%***	***5.00%***	***5.00%***	***5.00%***	***5.00%***	***5.00%***	***5.00%***	***5.00%***	***5.00%***	***5.00%***
Less: Vacancy Loss	34,456	35,317	36,200	37,105	38.033	38,984	39,958	40,957	41,981	43,031	44,107	45,209
EFFECTIVE GROSS INCOME	**654,665**	**671,032**	**687,807**	**705,003**	**722,628**	**740,693**	**759,211**	**778,191**	**797,646**	**817,587**	**838,027**	**858,977**
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%	4.00%	4.00%
Expenses	321,425	334,282	347,654	361,560	376,022	391,063	406,705	422,974	439.893	457,488	475,788	494,819
Replacement Reserve	27,397	27,397	27,397	28,767	28,767	28,767	28,767	28,767	30.205	30,205	30,205	30,205
Annual Tax Increase	***2.00%***	2.00%	***2.00%***	***2.00%***	***2.00%***	***2.00%***	***2.00%***	***2.00%***	***2.00%***	***2.00%***	***2.00%***	***2.00%***
Taxes and Assessments	2,854	2,911	2,969	3,028	3,089	3,151	3,214	3.278	3,343	3,410	3,478	3,548
TOTAL EXPENSES	**351,676**	**364,590**	**378,019**	**393,355**	**407,878**	**422,980**	**438,686**	**455,019**	**473,441**	**491,104**	**509,472**	**528,573**
NET OPERATING INCOME	**302,989**	**306,442**	**309,788**	**311,648**	**314,750**	**317,713**	**320,525**	**323,172**	**324,204**	**326,483**	**328,555**	**330,404**
DEBT SERVICE												
CHFA - 1st Mortgage	232,533	232,533	232,533	232,533	232,533	232,533	232,533	232,533	232,533	232,533	232,533	232,533
CHFA - Bridge Loan												
CHFA - HAT Loan (ammortizing)												
CASH FLOW after debt service	**70,456**	**73,908**	**77,255**	**79,115**	**82,217**	**85,180**	**87,991**	**90,639**	**91,671**	**93,950**	**96,022**	**97,871**
DEBT COVERAGE RATIO	**1.30**	**1.32**	**1.33**	**1.34**	**1.35**	**1.37**	**1.38**	**1.39**	**1.39**	**1.40**	**1.41**	**1.42**

Cash Flow

ENTAL INCOME	Year 25	Year 26	Year 27	Year 28	Year 29	Year 30	Year 31	Year 32	Year 33	Year 34	Year 35	Year 36
arket Rent Increase	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
arket Rents	0	0	0	0	0	0	0	0	0	0	0	0
ffordable Rent Increase	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*
ffordable Rents	917,545	940,484	963,996	988,096	1,012,798	1,038,118	1,064,071	1,090,673	1,117,939	1,145,888	1,174,535	1,203,899
OTAL RENTAL INCOME	917,545	**940,484**	**963,996**	988,096	1,012,798	**1,038,118**	**1,064,071**	1,090,673	**1,117,939**	**1,145,888**	**1,174,535**	1,203,899
THER INCOME												
ther Income Increase	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*	*2.50%*
aundry	9,246	9,477	9,714	9,957	10,206	10,461	10,723	10,991	11,266	11,547	11,836	12,132
ther Income	0	0	0	0	0	0	0	0	0	0	0	0
OTAL OTHER INCOME	9,246	9,477	9,714	9,957	**10,206**	10,461	10,723	10,991	11,266	11,547	11,836	12,132
ROSS INCOME	**926,791**	949,961	973,710	998,053	1,023,004	**1,048,579**	1,074,794	1,101,663	1,129,205	1,157,435	1,186,371	1,216,030
acancy Rate : Market	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
acancy Rate : Affordable	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*
ess: Vacancy Loss	46,340	47,498	48,685	49,903	51,150	52,429	53,740	55,083	56,460	57,872	59,319	60,802
FFECTIVE GROSS INCOME	**880,452**	**902,463**	**925,024**	**948,150**	**971,854**	**996,150**	**1,021,054**	**1,046,580**	**1,072,745**	**1,099,563**	**1,127,053**	**1,155,229**
PERATING EXPENSES												
nnual Expense Increase	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*	*4.00%*
xpenses	514,612	535,197	556,605	578,869	602,023	626,104	651,149	677,198	704,282	732,454	761,752	792,222
eplacement Reserve	30,205	31,716	31,716	31,716	31,716	31,716	33,301	33,301	33,301	33,301	33,301	34,966
nnual Tax Increase	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*
axes and Assessments	3,619	3,691	3,765	3,840	3,917	3,996	4,076	4,157	4,240	4,325	4,412	4,500
OTAL EXPENSES	548,436	570,604	592,085	614,425	637,656	661,816	688,526	714,653	741,824	770,080	799,465	831,688
NET OPERATING INCOME	**332,015**	331,859	332,939	333,725	334,197	334,335	332,528	331,927	330,921	**329,483**	327,588	323,541
EBT SERVICE												
HFA - 1st Mortgage	232,533	232,533	232,533	232,533	232,533	232,533	232,533	232,533	232,533	232,533	232,533	235,559
HFA - Bridge Loan												
HFA - HAT Loan (ammortizing)												
ASH FLOW after debt service	**99,482**	99,326	100,406	**101,192**	101,664	**101,801**	99,995	99,394	98,388	96,950	95,055	**87,982**
EBT COVERAGE RATIO	**1.43**	**1.43**	**1.43**	**1.44**	**1.44**	**1.44**	**1.43**	**1.43**	**1.42**	**1.42**	**1.41**	**1.37**

Cash Flow

ENTAL INCOME	Year 37	Year 38	Year 39	Year 40
larket Rent Increase	*0*	*0*	*0*	0
arket Rents	0	0	0	0
ffordable Rent Increase	2.50%	2.50%	2.50%	2.50%
ffordabie Rents	1,233,996	1,264,846	1,296,467	1,328,879
OTAL RENTAL INCOME	1,233,996	1,264,846	1,296,467	1,328,879
THER INCOME				
lher Income Increase	2.50%	2.50%	2.50%	2.50%
aundry	12,435	12,746	13,065	13,391
ther income	**0**	0	0	**0**
3TAL OTHER INCOME	12,435	12,746	13,065	13,391
ROSS INCOME	1,246,431	1,277,592	1,309,532	1,342,270
scancy Rafe :Market	*0*	*0*	*0*	0
scancy Rate :Affordable	5.00%	*5.00%*	5.00%	5.00%
ss: Vacancy Loss	62,322	63,880	65,477	67,113
FFECTIVE GROSS INCOME	1,184,110	1,213,712	1,244,055	1,275,156
PERATING EXPENSES				
nnual Expense Increase	*4.00%*	*4.00%*	*4.00%*	4.00%
xpenses	823,911	856,867	891,142	926,787
eplacement Reserve	34,966	34,966	34,966	34,966
nnual Tax Increase	2.00%	2.00%	*2.00%*	2.00%
axes and Assessments	4,590	4,682	4,775	4,871
DTAL EXPENSES	863,467	896,515	930,883	966,625
ET OPERATING INCOME	320,643	317,197	313,172	308,532
EBT SERVICE				
HFA - 1st Mortgage	235,559	235,559	235,559	235,559
HFA - Bridge Loan				
HFA - HAT Loan (ammortizing)				
ASH FLOW after debt service	85,084	81,638	77,613	72,973
EBT COVERAGE RATIO	1.36	1.35	1.33	1.31

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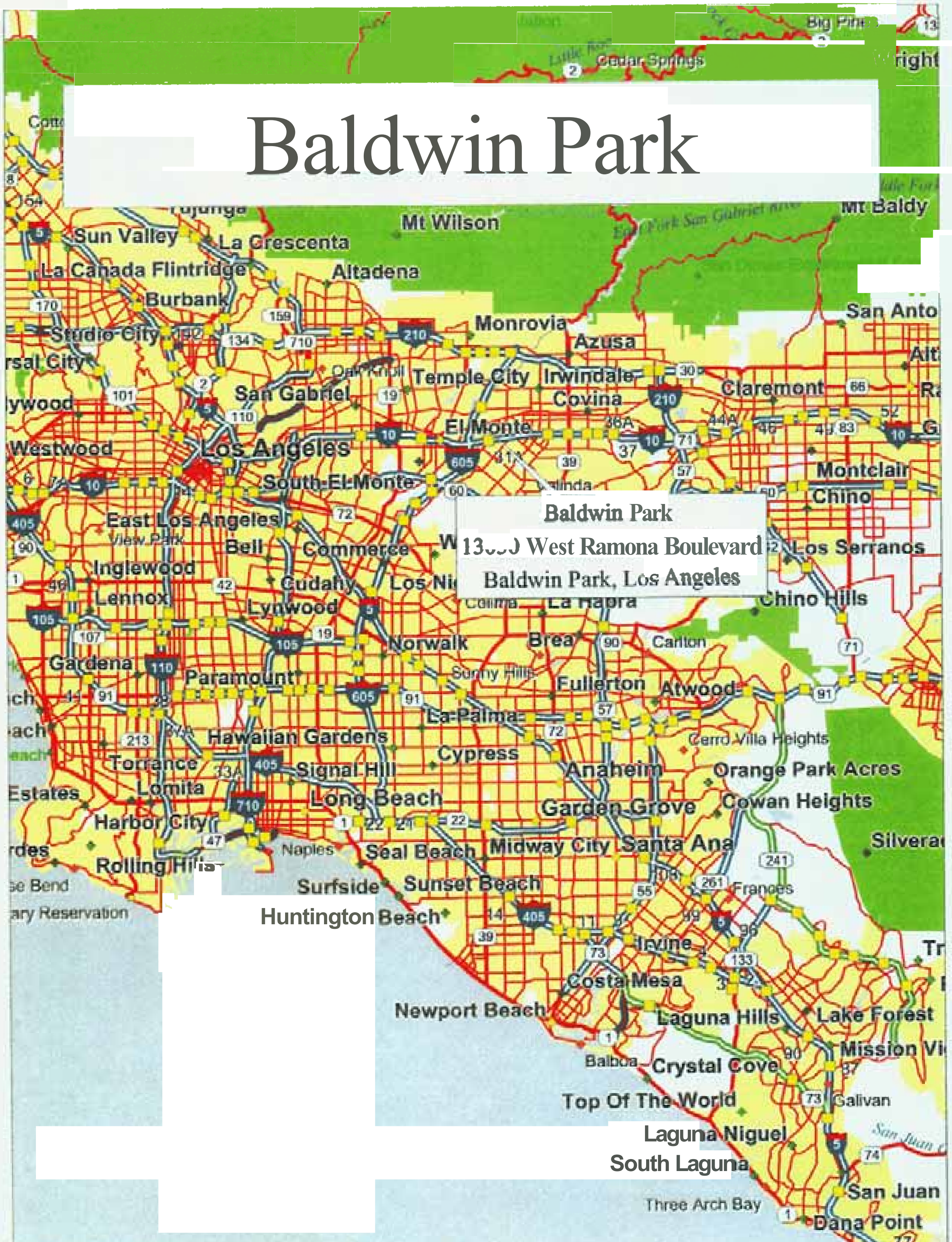
Baldwin Park



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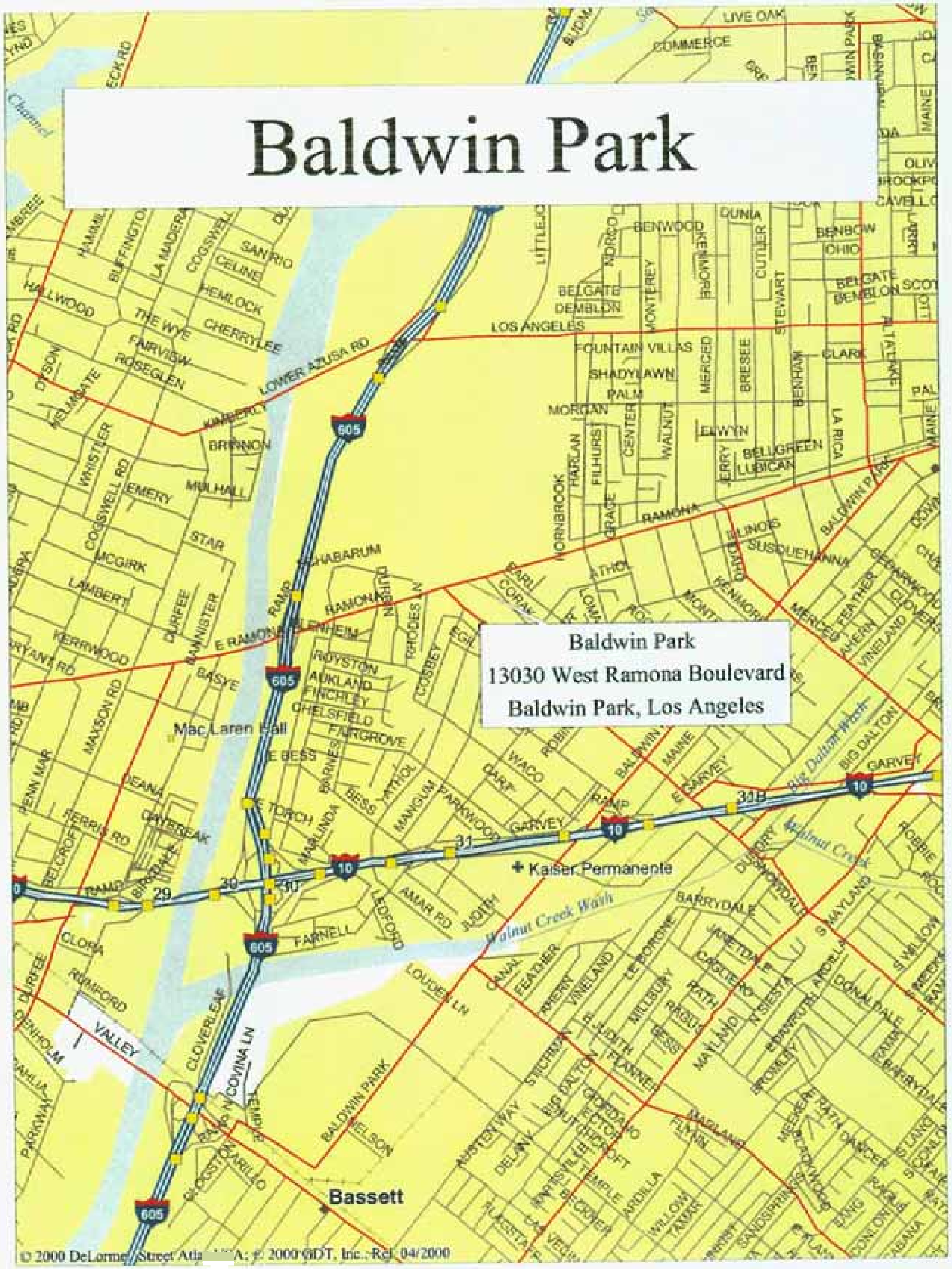
Baldwin Park
Baldwin Park
13030 West Ramona Boulevard
Baldwin Park, Los Angeles
Mac Laren Hall
Kaiser Permanente
Bassett
Walnut Creek Wash
LOWER AZUSA RD
LOS ANGELES
RAMONA
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GARVEY
BALDWIN PARK
605
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RESOLUTION 02-06

RESOLUTION AUTHORIZING A FINAL LOAN COMMITMENT

WHEREAS, the California Housing Finance Agency (the "Agency") has received a loan application from Thomas Safran & Associates, Inc., (the "Borrower"), seeking a loan commitment under the Agency's Loan-to-Lender and Tax-Exempt Loan Programs in the mortgage amount described herein, the proceeds of which are to be used to provide financing for a 71-unit multifamily housing development located in the City of Baldwin Park to be known as Baldwin Park Apartments (the "Development"); and

WHEREAS, the loan application has been reviewed by Agency staff which has prepared its report dated March 4,2002 (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 January 22,2002, 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 Multifamily Programs of the Agency is hereby authorized to execute and deliver a final commitment letter, subject to his/her 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 Apartments Baldwin Park/Los Angeles	71	First Mortgage: Loan-to-Lender: Tax-Exempt Bridge:	$3,660,000 $8,400,000 $3,700,000

2. The Executive Director, or in his/her absence, either the Chief Deputy Director or the Director of Multifamily 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%)** and modify the interest rate charged on the Loan-to-Lender loan based upon the then cost of funds 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 Multifamily 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 **02-06** adopted at a duly constituted meeting of the Board of the Agency held on March **20, 2002,** at Sacramento, California.

ATTEST:________________
Secretary

CALIFORNIA HOUSING FINANCE AGENCY

Final Commitment

Carrillo Place Apartments

CHFA Ln. # 02-002-N

SUMMARY:

This is a Final Commitment request for a tax-exempt, first mortgage in the amount of $2,475,000 at 5.50%, amortized over thirty years and a Bridge loan in the amount of $3,200,000 at ***5.50%*** for one year. Carrillo Place Apartments is a 68 unit, family, new construction project that will include flats and townhomes. The project will be located at 3257,3273 & 3275 Moorland Avenue, Santa Rosa, in Sonoma County.

LOAN TERMS:

1st Mortgage Amount:	$2,475,000
Interest Rate:	5.50%
Term:	30 year fixed, fully amortized
Financing:	Tax-Exempt
Bridge Loan Amount:	$3,200,000
Interest Rate:	***5.50%***
Term:	1 year, simple interest
Financing:	Tax-Exempt

LOCALITY INVOLVEMENT:

Sonoma County Community Development Commission has approved a HOME loan in the amount of $553,836, a CDBG loan in the amount of $382,727 and a HOME CHDO loan in the amount of $477,300. All three loans are at 3.0% for thirty years and payments are residual receipts.

OTHER FINANCING:

The Department of Developmental Services with the State of California, Health and Human Services Agency ("DDS") has committed a $150,000 grant to the project. Luther Burbank Savings and Loan obtained AHP financing in the amount of $343,200 and Housing and Community Development awarded the borrower MHP financing in the amount of $3,075,829 at 3% for 55 years.

PROJECT DESCRIPTION:

A. Site Design

Four parcels were merged to make up the site that is zoned R2-B6 or "Urban Residential, 10 units per acre". This zoning allows a maximum of 37 units on the 3.71 acre site. The site has been zoned a "Type A" Housing Opportunity program site which allows a density bonus of up to 100% for affordable housing projects or a maximum of 74 units for this project. The site as zoned meets the existing zoning requirements.

The project is located in an unincorporated area, proximate to the Santa Rosa city limits. The City of Santa Rosa ("Santa Rosa") is providing water to the site. Sonoma County is providing sewer as well as the street and infrastructure requirements. While the jurisdiction for the site is with the County of Sonoma, it must also conform to Santa Rosa's General Plan.

The site originally contained four residential structure, one has been demolished and the remaining three residential units are to be demolished soon.

B. Project Description

The HOME CHDO, CDBG and the DDS loan require a total of ten units set aside for the developmentally and mentally disabled. Five of the units in the development must be wheel chair accessible and two units must be accessible to the sensory disabled.

There are a total of 68 apartments and townhouse units in fourteen buildings. The buildings will be two-story walk-ups of wood frame construction and composition shingle roofs. The unit configuration is as follows: 4 studio apartments, 8 one-bedroom/one bath units, 22 two-bedroom/1 bath units, 28 three-bedroomlone and 1/2 bath units, and 6 four-bedroodtwo bath units. The studio, one-bedroom and two-bedroom units are flats. The three and four-bedroom units are townhomes. All units will include garbage disposals, dishwashers and balconies or patios. Washer/dryer hook-ups will be included in all of the three and four-bedroom units. Additional amenities will include a tot lot, a picnic area and a community center that will include a laundry room, a kitchen, office space and a maintenance room. There will be 135 uncovered parking spaces.

The site is surrounded by single family subdivisions to the East and the South, light industrial to the West and single family homes and multifamily projects to the North.

C. Relocation

Demolition of the remaining three residential homes is expected to take three months. The tenant relocation is expected to cost approximately $1 15,650 and the developer has contracted with Pacific Relocation Consultants to prepare and administer the relocation plan. The relocation will conform to the Uniform Relocation Assistance and Real Property Acquisition Policy Act of 1970 (as amended).

D. Project Location

The project is located in an unincorporated portion of the city of Santa Rosa and Sonoma County. The site borders a Northwestern Pacific Railroad right of way on the west. The railroad is not being used and no trains have operated during the past two years.

The site also contains some designated wetlands area in a corner section of the property which is addressed further in the Environmental section of this report.

MARKET:

A. Market Overview

The site is located in Sonoma County in the incorporated community of Santa Rosa. Santa Rosa began as a bedroom community for San Francisco and has since become a population and economic center in its own right. There were 443,700 people in Sonoma County and 152,442 in Santa Rosa in 2001 according to Claritas. The median home price in Sonoma County was $351,000 in the first quarter of 2001. Approximately 80% of the housing in Sonoma County is single family housing. Median household income is $61,800 in the Sonoma County-Santa Rosa MSA for 2001, an increase of 6.3% over 2000 ($58,100). The three largest employers in Sonoma County are Hewlett Packard, Medtronic and Fireman's Fund. In Santa Rosa, other major employers are the County of Sonoma, Santa Rosa Junior College, the Santa Rosa School District, Kaiser Permanente and Santa Rosa Memorial Hospital.

A market study prepared by Susan M. Burnett, MAI on May 25, 2001 ("the Market Study"), defines the Primary Market Area ('PMA") as the city limits of Santa Rosa and the boundaries of the southwest quadrant. The boundaries of the southwest quadrant are Highway 12 to the north; Interstate 101 to the East; Todd Road to the South and Wright Avenue to the West. The Market Study reviewed nine market rate projects with a total of 405 units and twelve affordable housing projects with a total of 856 units.

B. Market Demand

According to the Sonoma County Consolidated Plan 2000 ("the Plan") low and moderate-income households find it virtually impossible to purchase housing. The Plan estimates that the income needed by a family of four to purchase a home in Sonoma County would be 140% of the area median income.

The Plan states that the number of families needing affordable housing has increased since 1995, while the availability of affordable housing in the county has decreased. Overcrowding is a significant problem in Sonoma County, particularly among larger family households, who cannot afford larger accommodations. Vacancy rates, which were at 5% in 1995 are less than 1% as of May 2001 in the affordable projects. As of this same date, no market rate projects reported a vacancy rate larger than 3%.

As of May 2001, the Santa Rosa Housing Authority had a Section 8 waiting list of 1,252 households. Of those households, 785 are waiting for two and three-bedroom units. The waiting list has been closed and 6,000 households have asked to be notified when the list re-opens.

C. Housing Supply

In Santa Rosa there are 227 proposed affordable apartment units in four apartment projects and 992 approved apartment units in the planning process. Of the 992 approved units, 300+ are restricted to seniors and 139 are affordable family units. Most of the market rate construction is occurring in the northern and southeastern quadrants of Santa Rosa, areas outside the location of this project.

The Market Study identified an unmet demand for four bedroom units. All four bedroom market rate comparables are single family rental homes, because there are no market rate four-bedroom units. There are 32 affordable four-bedroom units among the twelve affordable projects.

There were also very few studio and three bedroom units in the market rate projects. In the affordable housing projects there are only 4 studios units.

According to a rental survey of Sonoma County, prepared by Marcus & Millichap, all market rate apartment amenities include: a pool, carports, dishwashers and garbage disposals. Most of the market rate units include air conditioning and most of the projects have a pool. The Market Study concurs with these findings and adds a spa to the amenity mix.

PROJECT FEASIBILITY:

A. Rent Differentials (Market vs. Restricted)

Rent Level	Subject Project	Mkt.Rate Avg.	Difference	% of Market
Studios		$688		
30% SMI	$280		$408	41%
50%	$514		$174	75%
60%	N/A			
One Bedroom		$871		
30% SMI	$295		$576	34%
50%	$545		$326	63%
60%	$660		$211	76%
Two Bedroom		$1,124		
30% SMI	$350		$774	32%
50%	$651		$473	58%
60%	$790		$334	71%
Three Bedroom		$1,319		
30% SMI	$407		$912	31%
50%	$754		$565	58%
60%	$914		$405	70%
Four Bedroom		$1,645		
30% SMI	N/A			
50%	$779		$866	48%
60%	$1,020		$625	39%

B. Estimated Lease-Up Period

Affordable housing in Santa Rosa is in short supply. The Market Study states, based on the absorption of other affordable units in Santa Rosa, the project would be fully leased within three months.

OCCUPANCY RESTRICTIONS:

CHFA: 20% of the units (13) will be restricted to 50% or less of median income.

CDBG: 100% of the units (67) will be restricted to 80% or less of median income.

HOME:	12% of the units (8) will be restricted to 50% or less of median income. 5% of the units (3) will be restricted to 60% or less of median income.
MHP:	37% of the units (24) will be restricted to 30% or less of state median income.
AHP:	60% of the units (40) will be restricted to 50% or less of median income.
TCAC:	100% of the units (66) will be restricted to 60% or less of median income.

ENVIRONMENTAL:

A Phase I Environmental Assessment Report was completed by Harris & Lee Environmental Sciences on January 3, 2002. The scope of the report does not include an Asbestos or Lead-Based Paint review.

An Asbestos and Lead Inspection Report was completed by Ralph Curran Company in February 2001. The report showed evidence of lead based paint on the exterior walls and trim in the four homes and one garage located at 3257, 3273, 3273A and 3275 Moorland Avenue. Evidence of asbestos in the floor tile and the fiberboard was found in all the homes except 3275 Moorland Avenue. A reliance letter acceptable to the Agency will be required.

A Negative Declaration was adopted by the Somona County Design Review on May 16, 2001 affirming that the project would not have a significant effect on the environment.

A Wetland Delineation Report was prepared on December 1, 2000, by Golden Bear Biostudies. It determined that a total of .15 acres of the site is wetlands. The wetlands in question consist of seasonally saturated and/or ponded seasonal wetlands of relatively low quality. No specials status species were observed at the site in one year of spring surveys. Because intrastate wetlands are regulated by the regional Water Quality Control Board,. the Sonoma County Permit and Resource Management Department has required a letter stating that any potential impact on biotic resources has been mitigated to their satisfaction. That letter, dated November 19, 2001 waives the need for waste discharge requirements assuming certain conditions, generally impacting erosion control, are met. These conditions will be incorporated into the plans and specifications for the project.

A Noise Study was completed in June 2000 by AEM Consulting ("AEM"). AEM determined that the railroad had not been operational since 1998 and no noise attenuation measures were necessary. An updated study was completed on February 23, 2001 by Illingworth & Rodkin, Inc. Although the most recent study concluded that no trains are currently being operated on these tracks, there is sufficient interest in operating trains in the future. Therefore, Illingworth & Rodkin assumed one train per day during the daytime and one train per day during the nighttime. They recommended forced air mechanical ventilation for the two buildings nearest the tracks. This recommendation is being incorporated into the plans and specifications.

In addition, a seismic evaluation report on the project is in process. The final commitment will require that the recommendations of the seismic report be incorporated into the project's design.

ARTICLE 34:

We have a letter dated January 2, 2002 from the Sonoma County Community Development Commission stating that there is sufficient Article 34 allocation available should Article 34 apply to this project. They will allocate the units upon receipt of a letter from the borrower's counsel stating that the project requires an allocation from the Article 34 authorization. A satisfactory opinion letter from the borrower's counsel will be required prior to loan close.

DEVELOPMENT TEAM:

A. Borrower's Profile

The project will be owned by to be formed limited partnership. The developer is Burbank Housing Development Corporation, a California nonprofit public benefit corporation ("BHDC") and Community Housing Development Corporation of Santa Rosa, a California nonprofit public benefit corporation ("CHDC").

BHDC has developed 1,819 units of affordable housing in 52 projects during the past 21 years in California. Three projects in the past 5 years (Panas Place, Canyon Run and West Oaks) have been funded by CHFA and are part of the Agency's existing portfolio. CHDC was certified as a Community Housing Development Organization ("CHDO') by the Santa Rosa Housing and Redevelopment Authority in April, 1996. In May 2001, it was designated a CHDO by the Sonoma County Board of Supervisors under the County's HOME program.

BHDC's mission is to develop and improve affordable housing opportunities in Somona County for very low-income people of all ages and backgrounds. CHDC has a comparable mission with a special interest in people living with disabilities.

B. **Contractor**

The project will be constructed by Wright Contracting, Inc. which has been engaged in institutional and commercial construction throughout Northern California since 1953. They have completed 18 affordable housing projects totaling 1,167 units.

C. Architect

Katherine Austin, AIA, Architect, a self-employed architect since 1995. Ms. Austin has 10 years of architectural experience with an emphasis on affordable apartment projects. Since 1995 she has designed seven multifamily projects totaling 115 units.

D. Management Agent

Burbank Housing Management Corporation, a California, non-profit public benefit corporation will manage the project. They currently manage 1,300 units developed by BHDC including the three projects that are part of the Agency's portfolio and were mentioned previously.

Project Summary

Date: 5-Mar-02

Project Profile:

Project:	Carrillo Place		
Location:	3257.3273 & 3275 Moorland Ave.		
	Santa Rosa 95407	*Cap Rate:*	7.00%
County:	Sonoma	*Market:*	$7,700,000
Borrower:	Burbank Housing	*Income:*	$6,900,000
GP:	TED	*Final Value:*	$7,700,000
GP:	TED		
LP:	TBD	***LTC/LTV:***	
Program:	Tax Exempt	*Loan/Cost*	21.3%
CHFA #:	02-035-S	*Loan/Value*	32.1%

Project Description:

Units	68
Handicap Units	1
Bldge Type	New Const.
Buildings	15
Stories	2
Gross Sq Ft	67,067
Land Sq Ft	162.043
Units/Acre	18
Total Parking	0
Covered Parking	0

Financing Summary:

	Amount	Per Unit	Rate	Term
CHFA First Mortgage	$2,475.000	$36.397	5.50%	30
CHFA HAT'	$0	$0	0.00%	
Sonoma County HOME	$553,836	$8,145	3.00%	30
Sonoma County HOME/CHDO	$477,300	$7,019	3.00%	30
MHP	$3,075,829	$45,233	0.00%	
AHP	$343,200	$5,047	0.00%	30
Sonoma CDBG	$382.727	$5,628	0.00%	55
Dept. of Devel. Services	$150,000	$2.206		
Lender Grant	$5,000	$74		
Deferred Developer Equity	$62,630	$921		
Tax Credit Equity	$4,095,992	$60,235		
CHFA Bridge	$3,200,000	$47,059	5.50%	1
CHFA HAT'	$0	$0	0.00%	

Unit Mix:

Type	Manager		30% SMI		50% AMI		60% AMI		Market		Total
	number	rent	number	rent*	number	rent*	number	rent*	number	rent*	
Studios			3	280	1	514		660	0	0	4
1 bedroom			4	295	1	545	3	660	0	0	8
2 bedroom			9	350	7	651	6	790	0	0	22
3 bedroom	2	685	8	407	6	754	12	914	0	0	28
4 bedroom			0	0	1	779	5	1020	0	0	6
subtotal	2		24		16		26		0		
											68

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Fees, Escrows, and Reserves:

Fees	Basis of Requirements	Amount	Seci
Loan fees	2.00% of Loan Amount	$113.500	Cash
Escrows			
Bond Orignation Guarantee	1.00% of Loan Amount	$56,750	Letter of Credit
Inspection Fees	$1,500 x months of construction	$22,500	Cash
Construction Defect	2.50% of Hard Costs	$171.868	Letter of Credit
Reserves			
Utility Stabilization Reserve	150.00% of Utilities	$37.350	Letter of Credit
Operating Expense Reserve	10.00% of Gross Income	$136,436	Cash
Initial Deposit to Replacement Reserve	0.00% of Gross Income	$0	Letter of Credit
Annual Replacement Reserve Deposit	$350 per unit	$23,800	Operations

Sources and Uses

Carrillo Place

SOURCES:

Name of Lender / Source	Amount	$ per unit
CHFA First Mortgage	2,475,000	36,397
CHFA Bridge	0	0
CHFA HAT*	0	0
Sonoma County HOME	553,836	8,145
Sonoma County HOME/CHDO	477,300	7,019
MHP	3,075,829	45,233
AHP	343,200	5,047
Sonoma CDBG	382,727	5,628
Other Loans	155,000	2,279
Total Institutional Financing	**7,462,892**	**109,748**
Equity Financing		
Tax Credits	4,095,992	60,235
Deferred Developer Equity	62,630	921
Total Equity Financing	**4,158,622**	**61,156**
TOTAL SOURCES	**11,621,514**	**170,905**

USES:

Acquisition	999,818	14,703
Rehabilitation	0	0
New Construction	6,874,737	101,099
Architectual Fees	85,000	1,250
Survey and Engineering	71,250	1,048
Const. Loan Interest & Fees	673,408	9,903
Permanent Financing	300,000	4,412
Legal Fees	25,000	368
Reserves	141,436	2,080
Contract Costs	26,250	386
Construction Contingency	467,775	6,879
Local Fees	188,023	2,765
TCAC/Other Costs	977,817	14,380
PROJECT COSTS	**10,830,514**	**159,272**
Developer Overhead/Profit	585,000	8,603
Consultant/Processing Agent	206,000	3,029
TOTAL USES	**11,621,514**	**170,905**

Annual Operating Budget

Carrillo Place

		$ per unit
INCOME:		
Total Rental Income	522,036	7,677
Laundry	4,292	63
Other Income	0	
Commercial/Retail	0	-
Gross Potential Income (GPI)	**526,328**	**7,740**
Less:		
Vacancy **Loss**	18,419	271
Total Net Revenue	**507,909**	**7,469**
EXPENSES:		
Payroll	57,040	839
Administrative	56,900	837
Utilities	57,500	846
Operating and Maintenance	71,100	1,046
insurance and Business Taxes	22,548	332
Taxes and Assessments	5,700	84
Reserve for Replacement Deposits	23,800	350
Subtotal Operating Expenses	**294,588**	**4,332**
Financial Expenses		
Mortgage Payments (1st loan)	168,633	2,480
Total Financial	**168,633**	**2,480**
Total Project Expenses	**463,221**	**6,812**

Cash Flow **Carrillo Place** **CHFA # 02-035-S**

RENTAL INCOME	Year1	Year2	Year3	Year4	Year5	Year6	Year7	Year8	Year9	Year 10
Market Rent Increase	0	0	0	0	0	0	0	0	0	0
Market Rents	0	0	0	0	0	0	0	0	0	O
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	522,036	535,087	548,464	562,176	576,230	590,636	605,402	620,537	636,050	651,951
TOTAL RENTAL INCOME	522,036	535,087	548,464	562,176	576,230	590,636	605,402	620,537	636,050	651,951
OTHER INCOME										
Other Income Increase	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	200%	2.00%
Laundry	4,292	4,378	4,466	4,555	4,646	4,739	4,834	4,930	5,029	5,130
Other Income	0	0	0	0	0	0	0	0	0	0
TOTAL OTHER INCOME	4,292	4,378	4,466	4,555	4,646	4,739	4,834	4,930	5,029	5,130
GROSS INCOME	526,328	539,465	552,930	566,731	580,876	595,375	610,235	625,467	641,079	657,081
Vacancy Rate :Market	0	0	0	0	0	0	0	0	0	0
Vacancy Rate :Affordable	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%
Less: Vacancy Loss	23,666	24,257	24,862	25,483	26,119	26,770	27,439	28,124	28,826	29,545
EFFECTIVE GROSS INCOME	502,662	515,208	528,068	541,248	554,757	568,604	582,797	597,344	612,254	627,536
OPERATING EXPENSES										
Annual Expense Increase	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
Expenses	265,088	274,366	283,969	293,908	304,194	314,841	325,861	337,266	349,070	361,287
Replacement Reserve	23,800	23,800	23,800	23,800	23,800	24,990	24,990	24,990	24,990	24,990
Annual Tax Increase	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Taxes and Assessments	5,700	5,814	5,930	6,049	6,170	6,293	6,419	6,548	6,678	6,812
TOTAL EXPENSES	294,588	303,980	313,699	323,756	334,164	346,124	357,270	368,803	380,738	393,090
NET OPERATING INCOME	208.074	211.228	214.369	217.492	220.593	222.480	225.527	228.540	231.515	234.446
DEBT SERVICE										
CHFA - 1st Mortgage	168,633	168,633	168,633	168,633	168,633	168,633	168,633	168,633	168,633	168,633
CHFA - Bridge Loan	3,296,133									
CASH FLOW after debt service	39,441	42,595	45,735	48,858	51,960	53,846	56,894	59,907	62,882	65,813
DEBT COVERAGE RATIO	1.23	1.25	1.27	1.29	1.31	1.32	1.34	1.36	1.37	1.39

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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	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
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	668,250	684,956	702,080	719,632	737,623	756,064	774,965	794,340	814,198	834,553
TOTAL RENTAL INCOME	**668,250**	**684,956**	**702,080**	**719,632**	**737,623**	**756,064**	**774,965**	**794,340**	**814,198**	**834,553**
OTHER INCOME										
Other Income Increase	*2.00%*	*2.00%*	2.00%	2.00%	*2.00%*	*2.00%*	2.00%	2.00%	2.00%	2.00%
Laundry	5,232	5,337	5,443	5,552	5,663	5,777	5,892	6,010	6,130	6,253
Other Income	0	0	0	0	*0*	*0*	*0*	0	0	0
TOTAL OTHER INCOME	**5,232**	**5,337**	**5,443**	**5,552**	**5,663**	**5,777**	**5,892**	**6,010**	**6,130**	**6,253**
GROSS INCOME	**673,482**	**690,293**	**707,524**	**725,185**	**743,287**	**761,840**	**780,858**	**800,350**	**820,328**	**840.806**
Vacancy Rate :Market	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	0	0
Vacancy Rate :Affordable	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%
Less: Vacancy Loss	30,283	31,038	31,813	32.607	33,421	34,255	35,111	35,987	36,885	37,806
EFFECTIVE GROSS INCOME	**643,200**	**659,255**	**675.711**	**692,577**	**709,865**	**727,585**	**745,747**	**764,363**	**783,443**	**803,000**
OPERATING EXPENSES										
Annual Expense Increase	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
Expenses	373,933	387,020	400,566	414.586	429,096	444,115	459.659	475,747	492,398	509,632
Replacement Reserve	26,240	26,240	26,240	26,240	26,240	27,551	27,551	27,551	27,551	27,551
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	6,948	7,087	7,229	7,374	7,521	7,671	7,825	7,981	8,141	8,304
TOTAL EXPENSES	**407,120**	**420,347**	**434,034**	**448,199**	**462,857**	**479,337**	**495,035**	**511,279**	**528,090**	**545,487**
NET OPERATING INCOME	**236,079**	**238,908**	**241,676**	**244,379**	**247,009**	**248,248**	**250,712**	**253,083**	**255,353**	**257,513**
DEBT SERVICE										
CHFA - 1st Mortgage	168,633	168,633	168,633	168,633	168,633	168,633	168,633	168,633	168,633	168,633
CHFA - Bridge Loan										
CASH FLOW after debt service	**67,446**	**70,275**	**73,043**	**75,745**	**78,375**	**79,614**	**82,079**	**84,450**	**86,719**	**88,879**
DEBT COVERAGE RATIO	**1.40**	**1.42**	**1.43**	**1.45**	**1.46**	**1.47**	**1.49**	**1.50**	**1.51**	**1.53**

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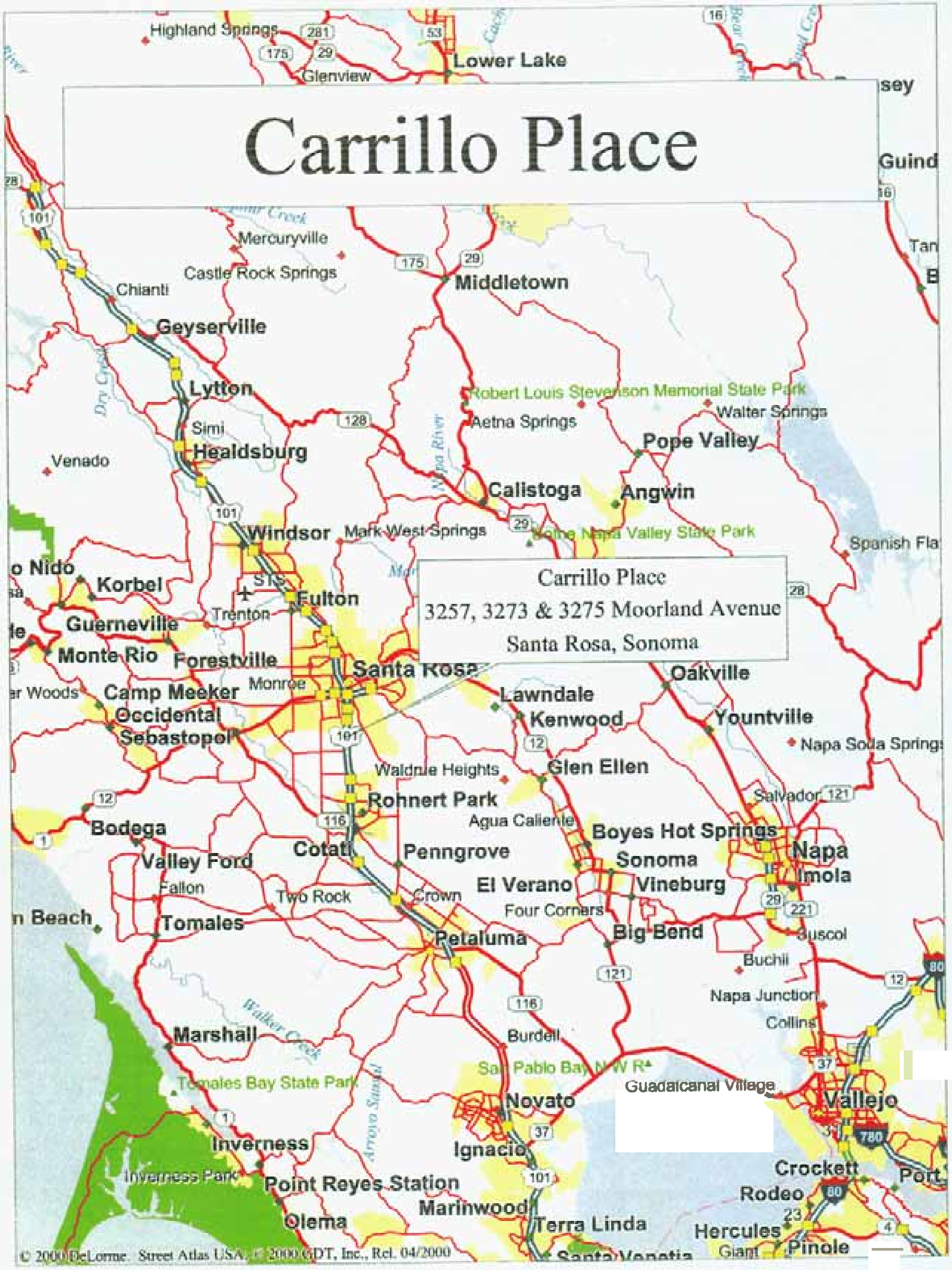
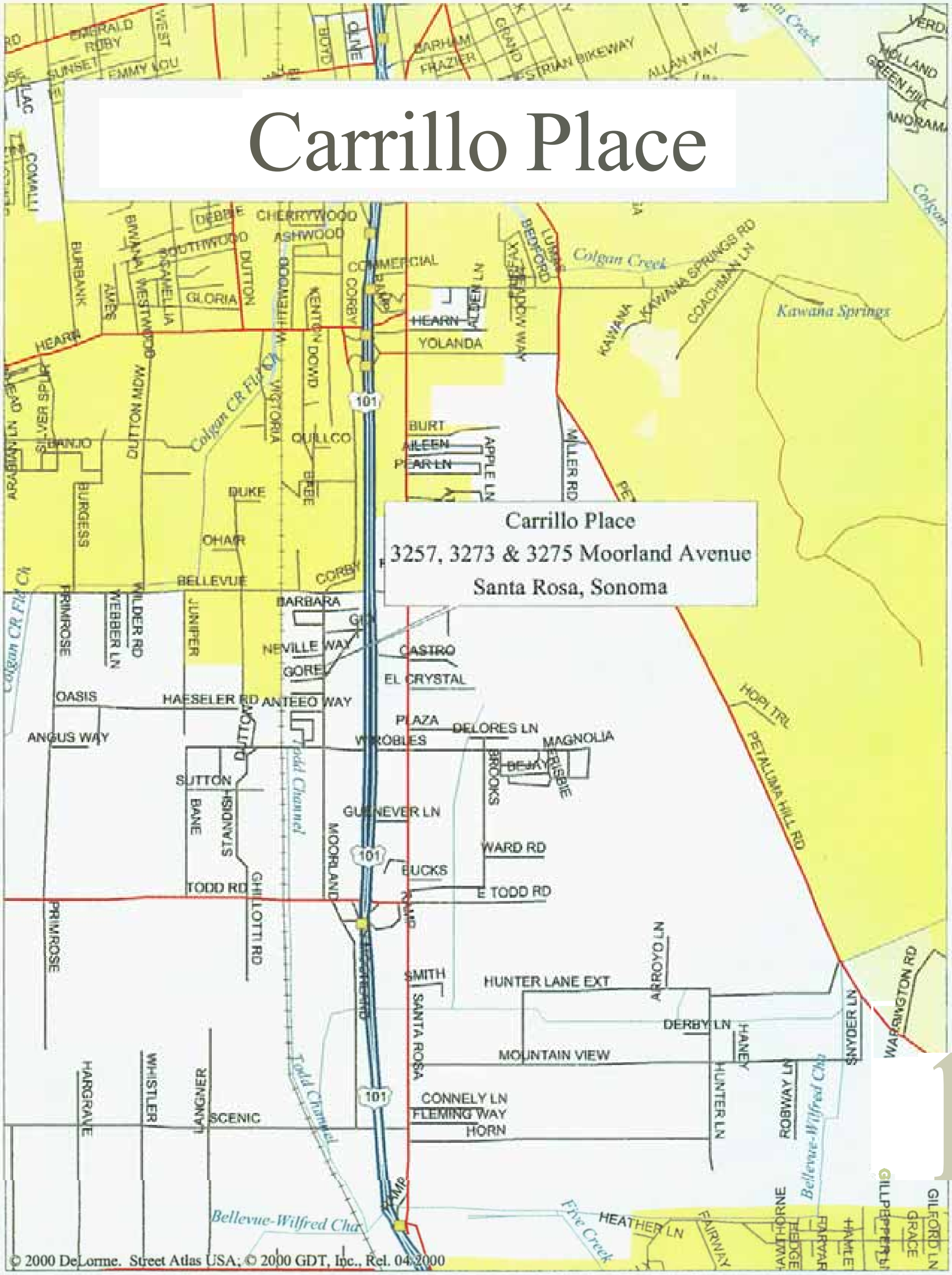
Cash Flow

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	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
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	**855,417**	876,802	898,722	921,190	944,220	**967,826**	992,021	1,016,822	1,042,242	**1,068,298**
TOTAL RENTAL INCOME	**855,417**	876,802	898,722	921,190	944,220	**967,826**	992,021	1,016,822	1,042,242	**1,068,298**
OTHER INCOME										
Other Income Increase	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*
Laundry	6,378	6,505	6,636	6,768	6,904	7,042	7,183	7,326	7,473	7,622
Other Income	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
TOTAL OTHER INCOME	**6,378**	6,505	6,636	6,768	6,904	7,042	7,183	7,326	7,473	7,622
GROSS INCOME	**861,795**	**883,308**	**905,358**	**927,959**	951,124	**974,867**	999,204	1,024,148	1,049,715	1,075,921
Vacancy Rate : Market	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Vacancy Rate : Affordable	*4.50%*	*4.50%*	*4.50%*	*4.50%*	*4.50%*	*4.50%*	*4.50%*	*4.50%*	*4.50%*	*4.50%*
Less: Vacancy Loss	**38,750**	39,717	40,709	41,725	42,766	43,834	44,928	46,050	[illegible]	48,378
EFFECTIVE GROSS INCOME	823,045	**843,591**	**864,649**	886,234	908,357	931,033	954,275	978,098	1,002,516	[illegible]
OPERATING EXPENSES										
Annual Expense Increase	*3.50%*	*3.50%*	*3.50%*	*3.50%*	*3.50%*	*3.50%*	*3.50%*	*3.50%*	*3.50%*	*3.50%*
Expenses	527,469	545,930	565,038	**584,814**	605,283	**626,467**	**648,394**	671,088	694,576	718,886
Replacement Reserve	28,929	28,929	28,929	28,929	28,929	30,376	30,376	30,376	30,376	**30,376**
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	**8,470**	8,639	8,812	8,988	9,168	9,351	9,538	9,729	9,924	10,122
TOTAL EXPENSES	**564,868**	**583,499**	602,779	622,731	**643,380**	666,194	688,808	711,192	**734,875**	**759,384**
NET OPERATING INCOME	258,177	260,092	261,870	263,502	**264,978**	**264,839**	265,968	266,906	**267,641**	268,159
DEBT SERVICE										
CHFA - 1st Mortgage	168,633	168,633	168,633	168,633	168,633	168,633	168,633	168,633	168,633	168,633
CHFA - Bridge Loan										
CASH FLOW after debt service	89,544	91,459	93,237	94,869	96,344	96,206	97,334	98,272	99,007	99,526
DEBT COVERAGE RATIO	**1.53**	**1.54**	**1.55**	1.56	**1.57**	**1.57**	**1.58**	**1.58**	1.59	1.59

Carrillo Place




Carrillo Place
Carrillo Place
3257, 3273 & 3275 Moorland Avenue
Santa Rosa, Sonoma
Colgan Creek
Kawana Springs
Colgan CR Flt Ch
Todd Channel
Bellevue-Wilfred Chn
Five Creek
101
HEARN
YOLANDA
BELLEVUE
BARBARA
CASTRO
EL CRYSTAL
HAESELER RD
ANTEEO WAY
W ROBLES
GUENEVER LN
MOORLAND
TODD RD
E TODD RD
SANTA ROSA
HUNTER LANE EXT
MOUNTAIN VIEW
PETALUMA HILL RD
HOPI TRL
MILLER RD
HEATHER LN
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RESOLUTION 02-07

RESOLUTION AUTHORIZING A FINAL LOAN COMMITMENT

WHEREAS, the California Housing Finance Agency (the "Agency") has received a loan application from Burbank Housing Development Corporation, a California nonprofit public benefit corporation (the "Borrower"), seeking a loan commitment under the Agency's Tax-Exempt Loan Program in the mortgage amount described herein, the proceeds of which are to be used to provide a mortgage loan on a 68-unit multifamily housing development located in the City of Santa Rosa to be known as Carrillo Place (the "Development"); and

WHEREAS, the loan application has been reviewed by Agency staff which has prepared its report dated March 5,2002 (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 January 15,2002, 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 Multifamily Programs of the Agency is hereby authorized to execute and deliver a final commitment letter, subject to his/her recommended terms and conditions, including those 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
02-002-N	Carrillo Place Santa Rosa/Sonoma	68	Permanent: $2,475,000 Bridge: $3,200,000

2. The Executive Director, or in his/her absence, either the Chief Deputy Director or the Director of Multifamily 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 Multifamily 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 **02-07** adopted at a duly constituted meeting of the Board of the Agency held on March **20, 2002,** at Sacramento, California.

ATTEST:________________
Secretary

CALIFORNIA HOUSING FINANCE AGENCY

Final Commitment
Beechwood Manor
CHFA Ln. #02-003-S

SUMMARY:

This is a Final Commitment request for three loans, a First mortgage in the amount of $775,000 amortized over twenty years, a Second mortgage in the amount of $620,229 which will be repaid over eight years with HUD Interest Reduction Payments (the "IRP Mortgage"), and a Lender Loan in the amount of $6,780,000. The First and Second mortgages are tax-exempt. The Lender Loan will have a tax-exempt component and a taxable tail. The project is Beechwood Manor Apartments, a 100 unit, family, acquisition/rehabilitation project located at 44063 Beech Avenue, in the City of Lancaster in Los Angeles County.

LOAN TERMS:

1st Mortgage Amount:	$775,000
Interest Rate:	5.50%
Term:	**20** years, fully amortized
Financing:	Tax-Exempt
IRP Mortgage Amount:	$620,229
Interest Rate:	***5.50%***
Term:	8 Years
Financing:	Tax- Exempt
Lender Loan:	$6,780,000

Tax Exempt (Lender Loan):	$4,050,000
Interest Rate:	$5.50%
Term:	2 years
Financing:	Tax-Exempt
Taxable (Lender Loan):	$2,730,000
Interest Rate:	3.00%
Term:	2 years
Financing:	Taxable

HUD Section 236 Loan

236 Loan - Current Status. The project was financed under the **236** program, a HUD below market rate program. There is no Section **8** Housing Assistance Payment ("HAP") contract associated with this project. The project rents were set by a HUD regulatory agreement when the project was built and financed in 1971. The owner may, under current regulations, prepay the HUD **236** loan, and therefore the project is at-risk. The original **236** loan will be repaid at acquisition closing.

HUD **236** loans were written with a guaranteed stream of monthly payments from HUD for the benefit of the project called the Interest Reduction Payment ("IRP"). The IRP income stream will be available to the property and will support the new CHFA IRP loan. (Note: The IRP component of the **236** loan was designed to foster affordability by subsidizing the debt service on permanent mortgages).

In order to refinance the original **236** mortgage and maintain the benefits of the IRP stream ("Decoupling") for the property, HUD requires the following:

- The property be conveyed subject to a HUD Section **236** Use Agreement,
- A public agency agrees to act as the administrator of the IRP regulatory agreement in HUD's place.

CHFA has agreed to act as the administrator. CHFA's responsibilities under the IRP agreement will be to review and approve operating expenses and grant rent increases based upon operating cost increases, approve distributions and enforce housing quality standards. The provisions to be enforced by CHFA will be contained in a CHFA regulatory agreement and agreed to by the owners and HUD. The provisions that CHFA must regulate will expire five years after the termination of the original 236 loan.

Conversion Scenario. The following scenario is being contemplated:

- CHFA will assume the role administrator of the **236** Administrator from HUD at the Acquisition loan closing, and HUD will assign the IRP payments to CHFA. Because the Agency is assuming regulatory responsibilities, CHFA will place a regulatory agreement on the property.
- CHFA will assign the IRP payments the acquisition lender, Low Income Housing Fund (LIHF), at acquisition loan closing. When the Construction loan closes, CHFA will assign the IRP payments to the construction lender Wells Fargo Bank. CHFA will retain the IRP payments after the Agency permanent loans close.
- The CHFA Permanent Mortgage was underwritten utilizing the lower of the current HUD **236** rents, and the MHP rents. The **236** regulatory requirements will govern until October of **2015.**
- At the termination of the **236** Regulatory Agreements, the rents will gradually increase to the MHP/TCAC/CHFA regulated rents.

LOCALITY INVOLVEMENT:

There is no locality financing. The project received a loan commitment of $3,996,135 from HCD's Multifamily Housing Program (MHP) program. The MHP loan has a 55 year term and a 3.0% interest rate. Loan payments are payable from residual receipts.

CHFA's tax exempt Lender Loan will allow the project to meet the 50% bond financing test, and qualify for the 4% Low Income Tax Credit, despite the fact project rents only support a small permanent loan.

PROJECT DESCRIPTION:

A. Project Description

Beechwood Manor Apartments is a HUD 236 project built in 1971 consisting of 100 units in 28 two story garden style buildings on a 4.47 acre parcel. One of the units is reserved for the manager and 99 of the units are rentable.

The property offers three floor plans ranging from one to three bedrooms. All of the units are flats. There are 150 carports and 50 open parking spaces.

- 20 of the units are one bedroom-one bath, 664 square foot units.
- 59 of the units are two-bedroom, one bath, and 816 square foot units.
- 21 of the units are three-bedroom, one and one-half bath, and 1,045 square foot units.

The units are competitively sized for the Lancaster market. Some of the units have walk in closets and other elements associated with market rate product. However, the current site amenities are minimal. Currently no units have dishwashers. There is no swimming pool, community room, or security gates, and the landscaping is very sparse. The proposed rehabilitation plan will address many of these deficiencies.

B. Project Location

Beechwood Manor is located 1.9 miles east of Highway 14 at 44063 Beech Street in Lancaster. Beech Street is a short residential feeder street between Avenue J and Avenue K. It has limited commercial visibility. The surrounding land uses consist primarily of single-family homes and four and six unit multifamily buildings. The neighborhood is stable.

Proximity to retail and services is very good with four major supermarkets within 1.5 miles of the property and a wide variety of regional retail shopping within 2 miles. The site is located within 1.5 miles from the local elementary, intermediate school, junior high and high schools.

C. Rehabilitation

A Physical Needs Assessment ("PNA") report was prepared by Bertie Chawla of Professional Associates Construction Services, Inc. and dated July 10,2001.

The scope of work recommends a total of $1,810,000 in hard costs for repairs. Renovations will include:

- Replacing all carport roofs and sheeting.
- Site grading and a new drainage system to deal with ponding on the site.
- Enlarging the laundry room to accommodate 10 washer/dryers.
- New heat pumps/HVAC for all units.
- Ground Fault Interrupters (GFI's), exhaust fans, ceiling fans, water saver toilets, and hard wired smoke detectors installed in all units.
- Exterior stucco repairs and new paint for all buildings.
- New railings on second floor units.
- New roofing for all buildings.
- New landscaping throughout the project.
- Heat pumps/ HVAC in all units.
- New security fencing and entry gates.
- Asphalt repair/replacement as needed and slurry seal.
- Energy efficient exterior lighting installed throughout the property.
- New water heaters adequately sized for family use installed throughout the property.
- ADA compliance issues.
- Individual gas metering.
- Plumbing upgrades/repairs as needed.
- Structural repairs if required by the Agency's seismic reports.
- All repairs required by the termite and dry rot report.

Additionally, the developer plans to do the following additional work to make the project more competitive.

- New cabinets, carpeting, paint, carpeting, and appliances in 40% of the units.
- New dishwashers in all units.
- Expanding and reconfiguring the existing community building to add a recreation room.
- Agency Staff recommendations for dual glazing for all windows and sliding glass doors.
- Agency Staff recommendations for removing all existing concrete driveways and existing asphalt fire road and replace with grass Crete or other water absorbent material as approved by the local fire department.

- o Expanding the existing laundry room.
- o Replacing the existing tot lots.

A seismic study was conducted by URS for the Agency, and the project meets the Agency's structural requirements.

D. Relocation

The Agency will require a relocation plan as a condition of loan closing. No involuntary relocation is planned, but income information shows that a few residents do not meet TCAC income guidelines. The over income residents will be offered full benefits due under the Uniform Relocation Act to voluntarily relocate.

MARKET:

A. Market Overview

The subject property is located in Lancaster in the Antelope Valley. The Antelope Valley is part of the Mohave Desert sub-region which comprises 3,400 square miles and is characterized as "high desert". Today the area is the largest testing center for jet aircraft, missiles and space vehicles. The aerospace industry provides 13,700 jobs in Antelope Valley and defense contractors provide an additional 7,000 jobs. The Antelope Valley population can be characterized as stable, and is made up of both professional and skilled crafts people. A majority of the areas workforce travels from the Antelope Valley to work sites in the San Fernando and San Gabriel Valleys.

The population of Lancaster was 116,895 in 2000. Lancaster ranks 44th of the California's 456 cities and is the 8th largest city in Los Angeles County. It is located seventy miles northwest of San Bernardino, fifty-six miles north of Los Angeles and fifty-six miles westerly of Victorville. Aerospace, manufacturing, and the government are the major employers in Lancaster. There is some agricultural employment. Lancaster enjoys the advantage of proximity to Edwards Air Force base.

Due to moderate land prices the area has grown dramatically since 1984. It has a young work force that commutes up to seventy-five miles daily to nearby employment centers.

The Lancaster area has a high proportion of single family detached units (61%). The majority of the housing stock is 15 or fewer years old. The median housing price in Lancaster is 41% lower than countywide median prices ($133,688 versus $226,447 in 1990 values). Presently some overbuilding is apparent in the single family market and units can be purchased for as little as $80,000. The City's General Plan provides ample zoning for housing in all price ranges. The City Planning Department has indicated that no growth restrictions or moratoriums exist, and none are planned.

In the 1990, a major employer, Lockheed transferred most of its divisions to other locations. This transfer of jobs out of the area, combined with the recession in the early 1990's, resulted in 30% to 50% vacancy rates, and the lowering of housing prices. Lockheed has since announced that it is moving divisions back into Lancaster and has leased new facilities. The area remains vulnerable to changes in the fortunes of the aerospace industry.

B. Market Demand

The Lancaster area grew at a rate of 1.8% per year between 1990 and 2000, and is projected to grow at a 1.5% per year rate through 2005. The average household income for Lancaster residents in 2000 was $46,240. In 2000, the unemployment rate in Lancaster was 5.6%. There were 40,006 households in Lancaster in 2000, with an average household size of 2.82 persons. Renters account for 38%. Approximately 6,360 renter households (16 percent of the families in Lancaster) are income qualified to rent at the subject property.

Rents increased 4% between 1999 and 2000, and 7.6% between 2000 and 2001, and occupancy remained steady at 97%. This is a change from the mid 1990's when rental rates fell, and vacancies soared. The turnover rate in Lancaster is approximately 35% per year.

The market study by National Survey Systems in December 2001 projected stabilized occupancy of 95%+, and a lower turnover rate of 15% to 20% per year based upon pent up demand for below market rentals.

C. Housing Supply

Apartments make up 8,800 or 24% of the housing market in Lancaster. Most of the rental housing was built in the 1980's. There are no low income tax credit family projects in Lancaster.

The market study done by National Survey Systems in December 2001, surveyed 14 market rate family projects on the east side of Highway 14, totaling 3,102 units. All 14 properties were newer than the subject property or in remodeled condition and included floor plans similar to the subject property. The surveyed properties are approximately 15 years old and each has approximately 222 units. The average occupancy level in the 14 properties was 97.2%, with 4 of the properties at 100% occupancy. One bedroom units have the highest occupancy (98%) and two bedroom units the lowest occupancy levels (97%).

The survey found that 176 of the units 3,102 units were income restricted. 79 of the restricted units were restricted to *50%* and the remaining 97 units were restricted to 80% of area median income

Site amenities typically include project security gates, fencing, a swimming pool, a spa, a clubhouse/manager's office, carport parking and green belt areas. Sixty percent of the properties offer garages, but charge an additional rental fee for them. Unit amenities include air conditioners, dishwashers, and ceiling fans.

The market study found that after rehab, the unit floor plans and amenities in this project will be comparable to those offered in market rate apartments. Site amenities will not be comparable with the market rate projects because the project will not offer a pool, a spa, or garages.

PROJECT FEASIBILITY:

A. Rent Differentials (Market vs. Restricted)

Rent Level	Number	Subject Project	Mkt. Rate Average	Differenc e	Percent of Market
One Bedroom			**$575**		
HUD236 – 37%AMI	19	$323		$252	56%
MHP – 35% AMI	1	$323		$252	56%
Two-Bedroom			**$645**		
HUD236 – 37%AMI	40	$404		$241	63%
MHP – 35% AMI	12	$411		$234	64%
Three Bedroom			**$800**		
HUD236 – 37%AMI	9	$436		$337	58%
MHP – 35% AMI	12	$478		$322	61%
Manager	1				

B. Estimated Lease-Up Period

Not Applicable. The project is currently 100% occupied and has a waiting list.

OCCUPANCY RESTRICTIONS:

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

TCAC: 100% of the units (99) will be restricted to 60% or less of area median income.

MHP: 68% of the units (68) will be restricted to 35% of State Median Income for 55 years.

HUD 236: 100% of the units (99) will be regulated by the 236 regulatory agreements until October 2015 (the termination of the HUD 236 deed of trust plus 5 years). The current 236 rents are at or below 35% of area median income.

ENVIRONMENTAL:

CHFA received a Phase I Environmental Assessment Report prepared by Pacific Environmental Company dated March 28, 2001. No environmental concerns were noted, but the report recommended an asbestos and lead based paint surveys due to the age of the building.

A lead-based paint survey was conducted by Natec International, Inc. of Garden Grove on February 15, 2002 to 1997 HUD standards. It concluded that no lead paint hazards were present in the units, but that 10 front entry doors had lead paint above HUD action standards. The report recommended that the 10 doors be removed and that the building be established as a "lead free" facility.

An asbestos study was done by Pacific Environmental, dated February 12, 2002. It identified the presence of asbestos in the exterior stucco, interior drywall joint compound in all units, all unit ceilings, all original vinyl flooring, around HVAC ducts, and in the transited vent pipes. The study found that the asbestos containing materials are in good condition and does not pose a health hazard in its current condition. The report recommended that all future renovation, demolition, construction or abatement activities with the potential for disturbing the ACM product, be performed by properly trained and qualified personnel. These activities should employ state of the art techniques and be conducted in accordance with all applicable local, State and Federal laws and regulations.

ARTICLE 34:

An acceptable Article 34 Opinion letter will be required.

DEVELOPMENT TEAM:

A. Borrower's profile

The Sponsor, LINC Housing, is a California 5010 (3) affordable housing development corporation established in 1993. From 1984 until 1993 LINC Housing was an affiliate of the Corporate Fund for Housing (CFH), a non-profit organization formed by the Southern California Association of Governments. LINC's mission is to promote affordable housing development throughout California by working with local governments, the for-profit development community, lenders, and corporate investors. LINC currently is the owner, managing general partner or co-general partner of 21 projects with a total of 3,300 units.

LINC formed a strategic alliance with Community Housing Management Services (CHMS) in 1999. This alliance, known as LINC/Community Management Services is currently providing high quality property management and residential services at eleven LINC properties, totaling 2,000 units.

B. Contractor

The Contractor will be Steven Construction, Inc. They have been in business since 1980.

C. Architect

Takeichi & Associates will be the principal architect for the project. Tom Takeichi is a graduate of University of Southern California and has practiced for over 30 years in Southern California. He has extensive experience in large civic projects as well as commercial and community based projects. His clients include the Los Angeles Community Redevelopment Agency (CRA), the City and County of Los Angeles, the Hollywood Cultural Institute, and the Little Tokyo Service Center.

D. Management Agent

The Management Agent will be the Community Housing Management Services (CHMS), a California non-profit management corporation. CHMS currently manages 15 projects serving 3,208 residents throughout the greater Los Angeles area, 11 with LINC. CHMS manages three housing developments in Palmdale in the Antelope Valley.

Affiliated with the Episcopal Church, CHMS has over 20 years of experience in combining social services with quality housing management. CHMS plans to provide the residents of Beechwood Manor with a variety of social services.

Project Summary

Date: 4-Feb-02

ject Profile:

Project :	Beechwood Manor	*Appraiser:*	Dennis Cunningham, MAI
Location:	44063 Beech Avenue		Dennis B. Cunningham & Associates
	Lancaster, CA	*Cap Rate:*	10.50%
County/Zip:	Los Angeles 93534	*As-Is Value*	$ 2,450,000
Borrower:	LMC Beechwood Limited Partnership	*After Rehab*	$ 3,200,000
Sponsor	LINC Housing	*Final Value:*	$ 3,200,000
Investor:	TBD		
Type:	Family/Preservation	***LTC/LTV:***	
Program:	tax-exempt	*Loan/Cost*	17.3%
CHFA # :	02003-S	*Loan/Value*	43.6%

Project Description:

Units	100
Handicap Units	N/A
Bldg. Type	Rehab
Buildings	28
Stories	2
Gross Sq Ft	85.156
Land S9 Ft	194.685
Units/Acre	22
Total Parking	201
Covered Parking	150

Financing Summary:

	Amount	Per Unit	Rate	Term
Permanent				
CHFA First	$775.000	$7,750	5.50%	20
CHFA IRP	$620,229	$6,202	5.50%	8
MPH	$3,996,135	$39.961	3.00%	55
Cash Flow during Operations	$268,733	$2,687		
Tax Credit Equity	$2,408,600	$24,086		
Deferred Developer Fee	$0	$0		
CHFA Loan to Lender - Taxable	$2,730,000	$27,300	3.00%	2
CHFA Loan to Lender - Tax Exempt	$4,050,000	$40,500	5.50%	2

Unit Mix:

Type	Size	Number	AMI	Rent	Max Income
1 BR	664	1	Section 236	$323	$26,160
2 BR	816	18	Section 236	$411	$29,430
3 BR	1045	12	Section 236	$478	$39,890
1 BR	664	19	35% SMI	$323	$13,131
2BR	816	40	35% SMI	$404	$15,771
3 BR	1045	9	35% SMI	$463	$18,206
3 BR	970	1	Manager	N/A	N/A
		100			

Escrows	Basis of Requirements		Amount	Security
Commitment Fee	1.00%	of Permanent Loan	$13,952	Cash
Lender Loan Fee	1.00%	of Lender Loan	$67,800	Cash
Bond Origination Guarantee	1.00%	of Bond Amt	$40,500	Letter of Credit
Utility Reserve	150.00%	1st year utility	$72,776	Cash
Operating Expense Reserve	10.00%	of Gross Income	$48,481	Cash/LOC
Annual Replacement Reserve Deposit	$400	Per Unit	$40,000	Operating
Initial Deposit to Replacement Reserve	$1,000	Per Unit	$100,000	Cash
Construction Defect Security	2.5%	Hard Const Costs	$66.413	Letter of Credit

Sources and Uses

Beechwood Manor

SOURCES:

Name of Lender / Source	Amount	$ per sq ft	$ per unit
CHFA First	775,000	9	7.750
CHFA IRP	620,229	7	6,202
MPH	3,996,135	47	39,961
Total Institutional Financing	**5,391,364**	**63**	**53,914**
Equity Financing			
Tax Credits	2,408,600	28	24,086
Deferred Developer Equity	0	0	80,687
Income from Operations	268,733	3	2,687
Total Equity Financing	**2,677,333**	**31**	**107,460**
TOTAL SOURCES	**8,068,697**	**95**	**80,687**

USES:

Acquisition	3,055,000	36	30,550
Rehabilitation	2,76 1,903	32	27,619
New Construction	0	0	0
Architectual Fees	30,000	0	300
Survey and Engineering	5,000	0	50
Const. Loan Interest & Fees	486,195	6	4,862
Permanent Financing	109,752	1	1,098
Legal Fees	29,000	0	290
Reserves	226,581	3	2,266
Contract Costs	26,000	0	260
Construction Contingency	423,000	5	4,230
Local Fees	0	0	0
TCAC/Other Costs	166,266	2	1,663
PROJECT COSTS	**7,318,697**	**86**	**73,187**
Developer Overhead/Profit	700,000	8	7,000
Consultant/Processing Agent	50,000	1	500
TOTAL USES	**8,068,697**	**95**	**80,687**

Annual Operating Budget — Beechwood Manor

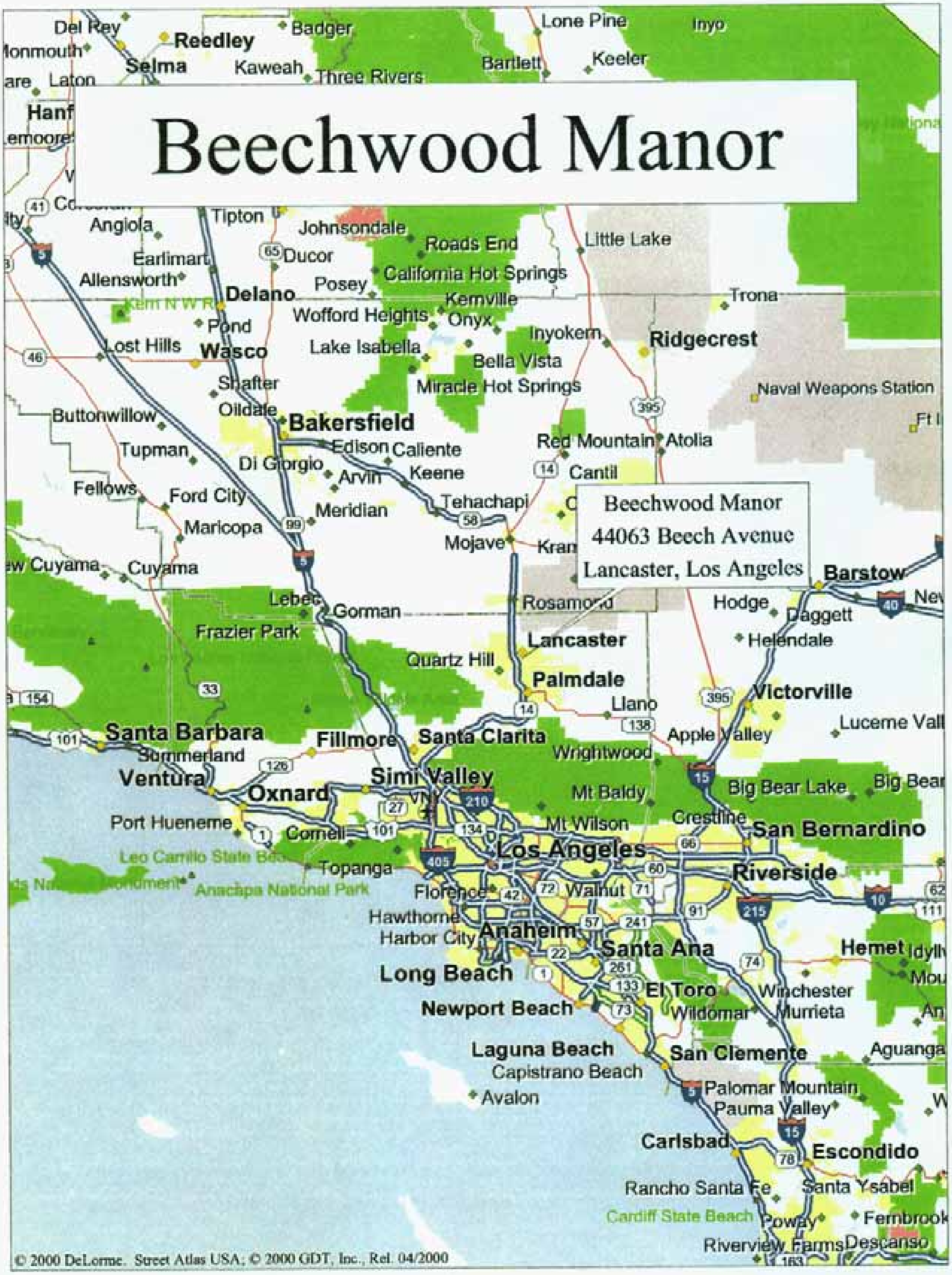
		$ per unit
INCOME:		
Total Rental Income	479,052	4,791
Laundry	5,760	58
Other Income	0	0
Commercial/Retail	0	**0**
Gross Potential Income (GPI)	**484,812**	**4,848**
Less:		
Vacancy Loss	24,241	242
Total Net Revenue	**460,571**	**4,606**
EXPENSES:		
Payroll	68,886	689
Administrative	67.451	675
Utilities	56,558	566
Operating and Maintenance	73,296	733
Insurance and Business Taxes	18,508	185
Taxes and Assessments	9,318	93
Reserve for Replacement Deposits	40,000	400
Subtotal Operating Expenses	**334,017**	**3,340**
Financial Expenses		
Mortgage Payments (1st loan)	63,974	**640**
Total Financial	**63,974**	**640**
Total Project Expenses	**397,991**	**3,980**

Cash Flow Beechwood Manor CHFA # 02003-S

RENTAL INCOME	1	2	3	4	5	6	7	8	9	10
Market Increase	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
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	479,052	491,028	503.304	515,887	528,784	542,003	555.553	569.442	583.678	598.270
TOTAL RENTAL INCOME	479,052	491,028	503,304	515,887	528,784	542,003	555,553	569,442	583,678	598,270
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	5.760	5.904	6.052	6,203	6.358	65 17	6.680	6,847	7.018	7.193
Commercial	NIA	NIA	NIA	NIA	NIA	NIA	NIA	NIA	NIA	NIA
TOTAL OTHER INCOME	5,760	5,904	6,052	6,203	6,358	6,517	6,680	6,847	7,018	7,193
GROSS INCOME	484,812	496,932	509,356	522,089	535,142	548,520	562,233	576,289	590,696	605,464
Vucuncy Rate: Murker	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
VucuncyRate IRP	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	24.24 I	24.847	25.468	26,104	26.757	27,426	28.1 12	28,814	29.535	30,273
EFFECTIVE GROSS INCOME	460,571	472,086	483,888	495,985	508,385	521,094	534,122	547,475	561,162	575,191
OPERATING EXPENSES										
Annuul Expense Increase	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Expenses	284.699	296.087	307.93 I	320,248	333.058	346.380	360,235	374,645	389,63I	405.216
Replacement Reserve	40,000	40,000	40,000	40,000	40,000	42,000	42,000	42,000	42,000	42,000
Annuul Tax Increase	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Taxes and Assessments	9,318	9,504	9,694	9,888	10,086	10,288	10,494	10,703	10,918	11,136
TOTAL EXPENSES	334,017	345,592	357,625	370,136	383,144	398,668	412,729	427,348	442,548	458,352
NET OPERATING INCOME	126,554	126,494	126,263	125,849	125,241	122,426	121,393	120,126	118,613	116,839
DEBT SERVICE										
CHFA First	63,974	63.974	63.974	63.974	63.974	63.974	63.974	63.974	63,974	63.974
MHP Debt Service	16,784	16.784	16,784	16.784	16,784	16.784	16,784	16,784	16,784	16,784
CASH FLOW after debt service	45,797	45,737	45,505	45,091	44,483	41,669	40,635	39,369	37,856	36,081
DEBT COVERAGE RATIO	1.57	1.57	1.56	1.56	1.55	1.52	1.50	1.49	1.47	1.45
Net Residual Cashflow	45,797	45,737	45,505	45,091	44,483	41,669	40,635	39,369	37,856	36,081

Cash Flow

RENTAL INCOME	11	12	13	14	15	16	17	18	19	20
Market Increase	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
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	613,227	628,558	644.272	660.378	676,888	693.810	711,155	728.934	747,158	765.837
TOTAL RENTAL INCOME	613,227	628,558	644,272	660,378	676,888	693,810	711,155	728,934	747,158	765,837
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	7.373	7.558	7.747	7.940	8.139	8,342	8,551	8,765	8,984	9.208
Commercial	N/A	N/A	NIA	NIA	NIA	N/A	NIA	NIA	N/A	N/A
TOTAL OTHER INCOME	7,373	7,558	7,747	7,940	8.139	8,342	8,551	8,765	8,984	9,208
GROSS INCOME	620,600	636,115	652,018	668,319	685,027	702,152	719,706	737,699	756,141	775,045
Vucuncy Rare: Market	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Vucuncy Rate IRP	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%				
Vucuncy Rate :Affordable	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Less: Vacancy Lass	31.030	31.806	32,601	33.416	34.251	35.108	35,985	36.885	37.807	38.752
EFFECTIVE GROSS INCOME	589,570	604,310	619,417	634,903	650,775	667,045	683,721	700,814	718,334	736,293
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	421,424	438.281	455,8 13	474.045	493,007	512,727	533,236	554,566	576.748	599.81 8
Replacement Reserve	44.100	44,100	44,100	44.100	44.100	46.305	46,305	46,305	46.305	46.305
Annuul Tux Increase	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Taxes and Assessments	11.359	11.586	11.817	12.054	12,295	12,541	12.792	13,047	13.308	13.575
TOTAL EXPENSES	476,883	493,967	511,730	530,199	549,402	571,573	592,333	613,918	636,362	659,698
NET OPERATING INCOME	112,687	110,342	107,687	104,704	101,374	95,472	91,388	86,896	81,972	76,595
DEBT SERVICE										
CHFA first	63,974	63.974	63,974	63,974	63,974	63.974	63.974	63,974	63,974	63.974
MHP Debt Service	16.784	16.784	16.784	16.784	16.784	16,784	16.784	16.784	16.784	16,784
CASH FLOW after debt service	31,930	29,585	26,930	23,946	20,616	14,714	10,630	6,138	1,215	(4,163)
DEBT COVERAGE RATIO	1.40	1.37	1.33	1.30	1.26	1.18	1.13	1.08	1.02	0.95
Net Residual Cashflow	31,930	29,585	26,930	23,946	20,616	14,714	10,630	6,138	1,215	(4,163)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Anaheim
Santa Ana
Long Beach
Newport Beach
Laguna Beach
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Ridgecrest
Delano
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Naval Weapons Station
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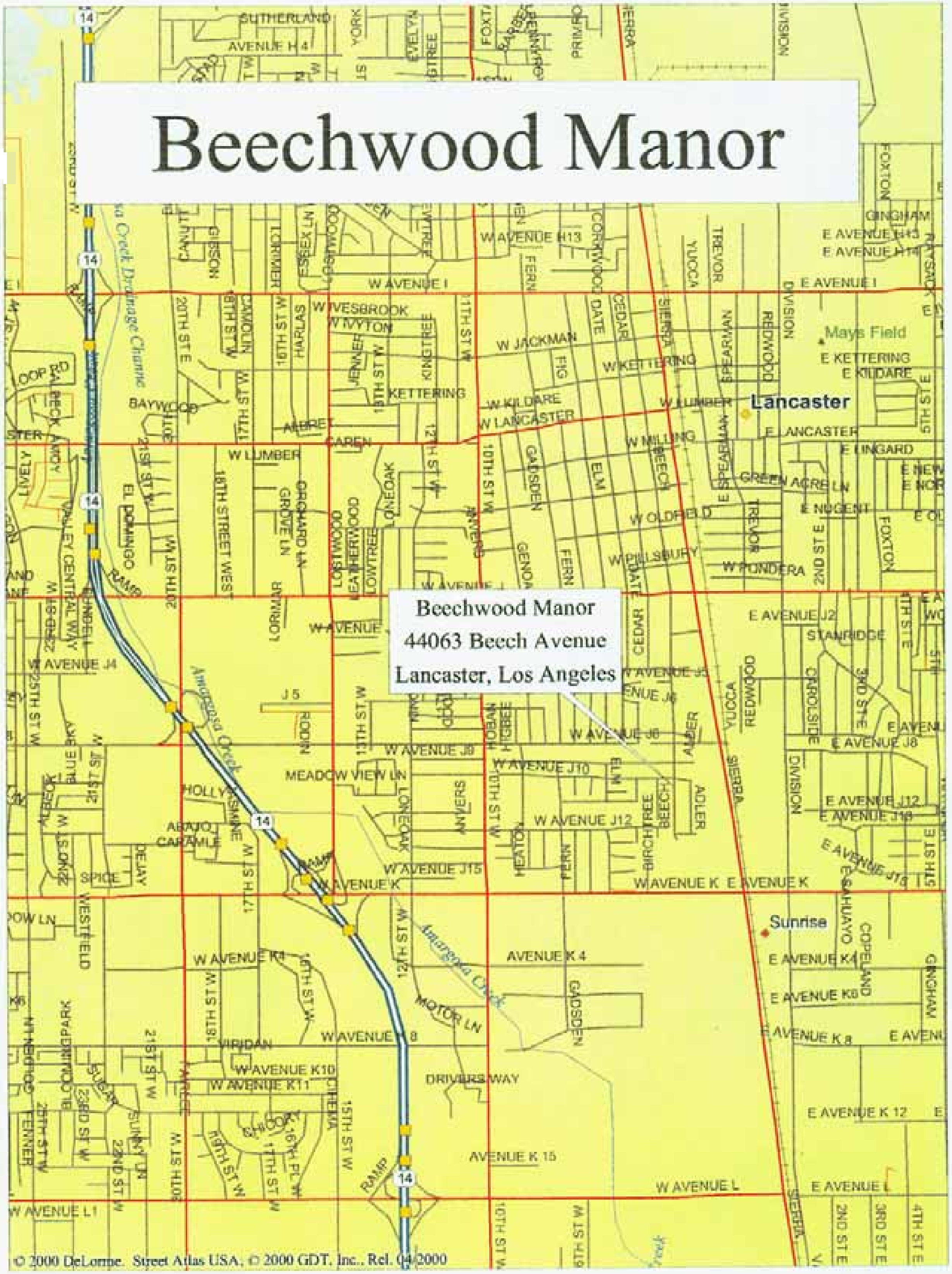
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Lancaster, Los Angeles
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RESOLUTION 02-08

RESOLUTION AUTHORIZING A FINAL LOAN COMMITMENT

WHEREAS, the California Housing Finance Agency (the "Agency") has received a loan application from LINC Housing, a California 501(c)(3) affordable housing development corporation (the "Borrower"), seeking a loan commitment under the Agency's Loan-to-Lender and Tax-Exempt Loan Programs in the mortgage amount described herein, the proceeds of which are to be used to provide financing for a 100-unit multifamily housing development located in the City of Lancaster to be known as Beechwood Manor (the "Development"); and

WHEREAS, the loan application has been reviewed by Agency staff which has prepared its report dated March 4,2002 (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 January 22,2002, 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 Multifamily Programs of the Agency is hereby authorized to execute and deliver a final commitment letter, subject to his/her 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
02-003-S	Beechwood Manor Lancaster/Los Angeles	100	First Mortgage: $ 775,000 Loan-to-Lender: $6,780,000 IRP Mortgage: $ 620,229

2. The Executive Director, or in his/her absence, either the Chief Deputy Director or the Director of Multifamily 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%) and modify the interest rate charged on the Loan-to-Lender loan based upon the then cost of funds 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 Multifamily 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 **02-08** adopted at a duly constituted meeting of the Board of the Agency held on March **20,2002,** at Sacramento, California.

ATTEST:________________
Secretary

CALIFORNIA HOUSING FINANCE AGENCY

Final Commitment

Special Needs Lending Program

Ferris Drive

CHFA Ln #: 02004N

SUMMARY:

This is a Final Commitment request for a 1st Mortgage in the amount of $425,000 for a group home for severely developmentally disabled adults located at 1106 Ferris Drive, Novato, CA. 94945, Marin County. The Sponsor is the Cedars of Marin.

LOAN TERMS:

1st Mortgage Amount:	**$ 425,000**
Interest Rate:	1.00%
Term:	15 years
Financing:	FAF Funds/Taxable

SPECIAL NEEDS TERMS:

Interest Subsidy

The Agency anticipates utilizing available financial resources to provide a First Mortgage loan with a 1% interest rate. The reduced interest rate is required due to the extremely low income of the developmentally disabled tenants, and the high construction costs in Marin County.

LOCALITY INVOLVEMENT:

The County of Marin has allocated $115,000 in HOME funds for rehabilitation of 1106 Ferris Drive. The HOME loan will be due upon sale of the property. No interest will be charged, but upon sale the Borrower would owe the County 13.85% of any appreciation on the property in addition to the original principal.

The Marin County Housing Authority has also allocated 6 units of Site-specific Section 8 rental subsidies for the home.

GAP FUNDING:

The Borrower, The Cedars of Marin ("Cedars") will contribute **$107,030** in cash for Ferris Drive from Cedar's Future Fund, a fund set up to provide for replacement and remodeling of the Cedar's physical facilities. The Department of Developmental Services has granted $200,000 towards the acquisition cost of the property.

SPECIAL NEEDS POPULATION:

The residents of the home will be adults with developmental disabilities. A house manager, who will perform property management functions and will assist residents with personal care functions, will be present when residents are in the house. The house manager will have staffing relief two days a week. Additional staff will be in the house during some hours. During the day residents will be at various day programs and recreational activities.

SPECIAL NEEDS PROGRAM:

Through individually tailored programs, Cedars provides training in independent living skills, work opportunities, and social and recreational activities. Cedars operates five formal day activity programs, numerous special events, activities, and trips. Day Programs include:

- The Textile Art Center: Begun in **1981,** the TAC was the first State-licensed hand-weaving program for developmentally disabled adults. This day activity and work service program includes weaving, animal husbandry, and gardening.

- The Community Challenges Program: Begun in **1990,** this is an adult daytime development program that includes art studio experience, art therapy, and volunteer experience.

- The Communitv Integration Program: Begun in **1994,** this program provides individual assistance for those needing short-term assistance while in transition.

- The Communitv Living Skills Program: Begun in **1984,** this program provides individual training in personal growth, independent living skills, self-advocacy, recreation/leisure, pre-vocational skills, and utilization of community resources.

- <u>The Textile Arts Senior Program</u>: Begun in **1995,** this program is an adult development center for individuals over ***55*** years of age.

Funding For the Residential Program and Support Services

Most of the residents will receive $812 in Supplemental Social Security Income (SSI) monthly. Cedars will assign **30%** of the SSI income ($244) to housing costs and the remaining 70% ***($568)*** to food and utilities. If an individual receives other public benefits or income from other sources, 30% of the resident's total income will be allocated to rent,

The Cedars has received six site-specific Section 8 vouchers from the Marin County Housing Authority for the project home. Cedars will sign a Memorandum of Understanding to use **6** site specific Section 8 Vouchers for ten years. The Vouchers are subject to annual appropriations, and are renewable at the end the contract period pending the availability of funds.

The rent approved by the Housing Authority for Walter House is currently $800 per bedroom. (Walter House is another Cedars' operated group home financed through the CHFA Special Needs program in **1999.)** In anticipation of an increase in the Section 8 payment standard before occupancy, the Section 8 income has been underwritten at $820.

Regional Center Support for the Residential Program

In addition to SSI income and Section 8 rental subsidy income, both homes have access to residential support payments of at least $2,013 per resident per month from the Golden Gate Regional Center (GGRC). The Cedars uses these funds to pay the salary of the house manager and other staff in the house and for support services for residents. However, Cedars has the discretion to utilize part of these funds for residential costs as needed.

The GGRC director has written to the Agency to indicate strong support for the home and their intention to provide funding for both the residential and training components on a continuing and permanent basis. GGRC staff also advocated with the Department of Developmental Services (DDS) to obtain a $200,000 grant for site acquisition for this project.

PROJECT AND MARKET AREA:

The Agency commissioned a single-family appraisal report, which was prepared by A.M. Crofts dated March 2002. Ferris Drive appraised at **$635,000.**

The property is located in Novato California, a residential town of 50,000 people in Northern Marin County. The Ferris Drive property is located near downtown Novato.

The property is served by public transportation. It is located in an older, but well maintained, single-family subdivision. The property has an existing small 1,200 square foot single-family home that will be demolished except for the slab and utility hookups. A new structure will be built. Upon completion, the Ferris Drive property will be 3,015 square feet (including garage) and will have six bedrooms and two baths for residents, a bedroom and bath for the house parent, an office which will double as a bedroom for the relief house manager, and a guest bathroom. The home will be wheelchair accessible. Construction on the property is expected to begin in late March of 2002.

ENVIRONMENTAL:

The Agency required an ASTM Transaction Screen in place of a Phase I report. That report was conducted in February 2002 and no adverse findings were made.

An asbestos study was done on February 26, 2002. The asbestos report dated March 4, 2002, said that asbestos was found in the existing structure, which will be abated and removed by certified asbestos removal contractors according to prevailing environmental standards and locality requirements. A lead based paint study was completed on March 1, 2002, and no evidence of lead based paint was found.

OCCUPANCY RESTRICTIONS:

CHFA: 100% of the bedrooms will be restricted to 50% or less of median income.

HOME: Two of the bedrooms will be restricted by HOME for a period of 40 years. The rent for one (1) of the bedrooms will be restricted to 30% of 50% of Area Median Income, and one (1) will be restricted to 30% of 80% of the Area Median Income.

ARTICLE 34 AUTHORITY:

An appropriate Article 34 legal opinion will be required prior to closing.

DEVELOPMENT TEAM:

A. Borrower's Profile:

Cedars started in 1919 as a boarding school for six developmentally disabled children on a rented summer estate in Ross. It was originally a partnership of two students of Maria Montessori who believed they could apply the Montessori teaching methods to help the developmentally disabled lead productive lives. The Cedars became a non-profit corporation in 1965. Today its operating budget is approximately $4,300,000.

Cedars currently serves 170 developmentally disabled persons, 114 of whom reside in facilities owned by the Cedars. The Cedars houses 72 developmentally disabled adults at its headquarters in Ross. In addition Cedars currently operates 8 group homes for 42 developmentally disabled adults. Five of the homes have HUD 202/811 mortgages. Another (Walter House) has a CHFA Special Needs Loan.

The Cedars will own Ferris Drive. The Agency will not require that the project be owned by a single asset entity as a condition of the final commitment.

B. Development Consultant

Katherine Crecelius is a self-employed multifamily development consultant. She has been the development consultant for fourteen group homes in Marin and Napa including six built by the Borrower. Her clients include Ecumenical Association for Housing, Tenants and Owners Development Council, Buckelew Programs, Mental Health Association for San Mateo County, and Burbank Housing Development Corporation.

C. Architect

KodamaDiseno is an architectural design firm with 37 years of experience in community based affordable housing design, and public agency architecture and planning. The firm has been involved with over 80 non-profit housing organizations, community groups, and municipalities. KodamaDiseno has designed six other group homes for The Cedars.

D. Management Agent

Cedars will self-manage the group home. Cedars has the appropriate licenses, certifications, and staff capabilities for a 24-hour facility of this type. Cedars has maintenance and accounting staff for property management and required reporting.

E. Contractor

Ridgeview Builders, Inc. of Santa Rosa will be the general contractor for the rehabilitation of Ferris Drive. Ridgeview has been in business since 1998. Their average job size is $50,000 to $80,000 but Ridgeview has undertaken construction projects as large as a $2,500,000 school building. Ridgeview clients include the Petaluma Hospital District, Buckelew Community Housing Development Organization, Novato Unified School District, St. Joseph Health System, Sutter Medical, and Santa Rosa City School. The construction costs in the staff report are based upon contractor estimates.

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Project Summary

Date: 5-Mar-02

Project Profile:

Project :	Ferris Drive	***Appraiser:***	Art Crofts
Location:	1106 Ferris Drive		AM. Crofts and Associates
	Novato	***Appraisal:***	Fannie Mae 439 **Appraisal**
County/Zip:	Marin 94945	***Market***	**$** 635,000
Borrower:	The Cedars of Marin		
Program:	**Special** Needs Lending Program	***Final Value:***	8 635,000
CHFA #	:02004N		

LTC/LTV:

Loan/Cost	50.2%
Loan/Value	66.9%

Project Description:

Bedrooms	7
Handicap Units	6
Bldge Type	New Const.
Buildings	1 Group Home
Stories	1
Gross Sq Ft	3.015
Land So Ft	7,500
Units/Acre	**41**
Total Parking	4
Covered Parking	2

Financing Summary:

	Amount	Per Unit	Rate	Term
CHFA First Mortgage	$425,000	$60,714		;
HOME Loan	$115,000	$16,429	0.00%	due on sale
Department of Developmental Services Grant	$200,000	$28,571		
Borrower Contribution	**$107,030**	**$15,290**		

Type	Indiv. Space	Size	Number	AMI	Rent	Max Income
Group Home	Bd & Bath	400	1	Manager		
Group Home	Bedroom	144	6	50%	$244	**$35,650**

Fees, Escrows and Reserves:

Escrows	**Basis of Requirements**		**Amount**	**Security**
Commitment Fee	1.00%	of Loan Amount	$4,250	Cash
Annual Replacement Reserve Deposit			$600	Operations

Sources and Uses

1106 Ferris Drive

SOURCES:

Name of Lender/ Source	Amount	% of total	$ per sq ft	$ per unit
CHFA First Mortgage	425,000	50.18%	140.96	60,714
HOME	115,000	13.58%	38.14	16,429
Total Institutional Financing	540,000	63.75%	179.10	77,143
Equity Financing				
Developer Equity	107,030	12.64%	35.50	15,290
DDS Grant	200,000	23.61%	66.33	28,571
Total Equity Financing	307,030	36.25%	101.83	43,861
TOTAL SOURCES	847,030	100.00%	280.94	121,004

USES:

Acquisition	331,000	39.08%	109.78	47,286
Rehabilitation	404,000	47.70%	134.00	57,714
New Construction	0	0.00%	0	0
Architectual Fees	25,545	3.02%	8.47	3,649
Survey and Engineering	2,800	0.33%	0.93	400
Const. Loan Interest & Fees	7,400	0.87%	2.45	1,057
Permanent Financing	6,750	0.80%	2.24	964
Legal Fees	5,000	0.59%	1.66	714
Reserves	0	0.00%	0	0
Contract Costs	700	0.08%	0.23	100
Construction Contingency	20,000	2.36%	6.63	2,857
Local Fees	11,095	1.31%	3.68	1,585
Other Costs	24,740	2.92%	8.21	3,534
PROJECT COSTS	839,030	99.06%	278.29	119,861
Developer Overhead/Profit	0	0.00%	0	0
Consultant/Processing Agent	8,000	0.94%	2.65	1,143
TOTAL USES	847,030	100.00%	280.94	121,004

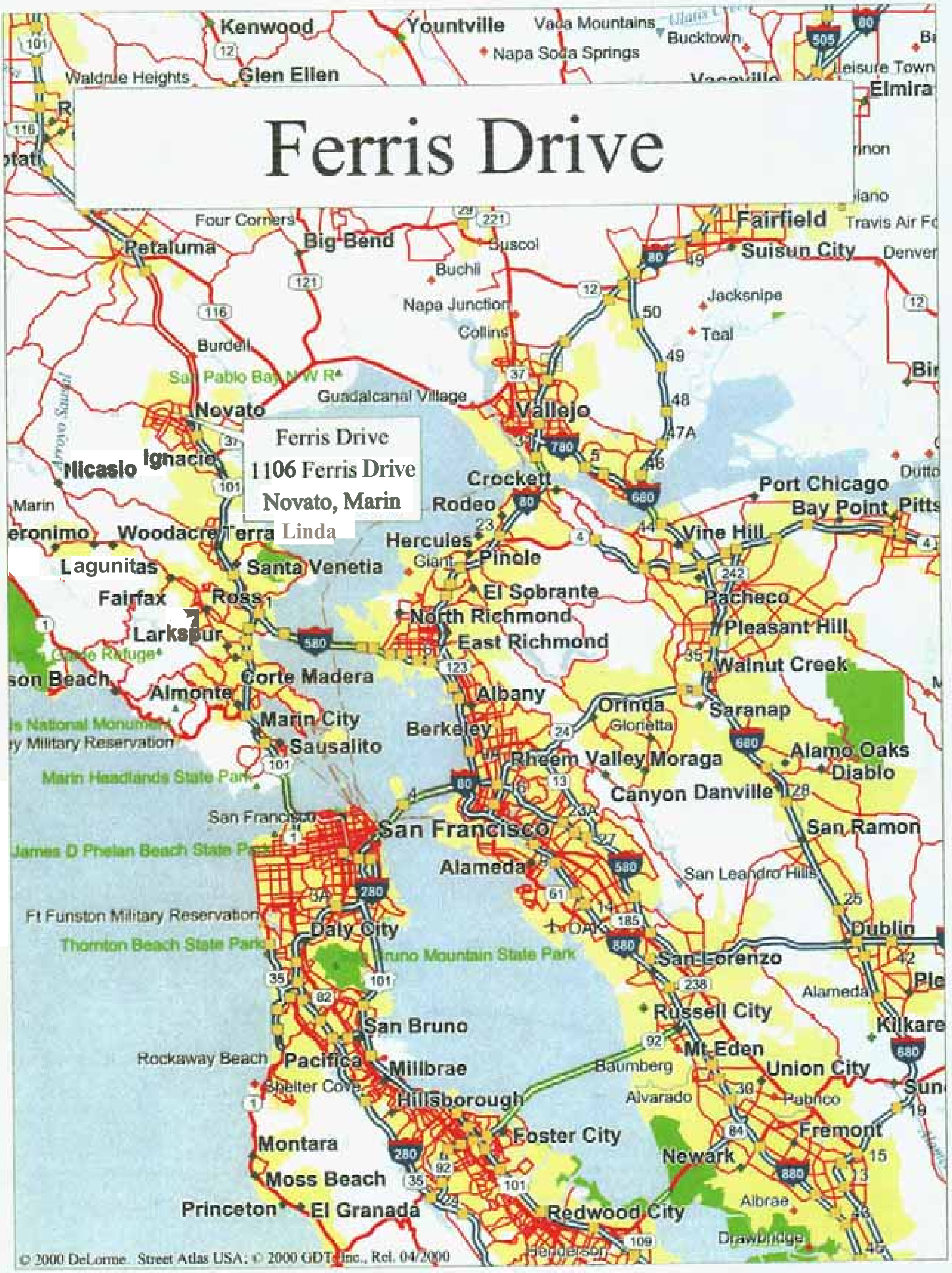
Annual Operating Budget	1106 Ferris Drive			Social Service Funding		
	Amount	Pct. of Total	$per Unit	Amount	Pct. of Total	$ per Unit
INCOME:						
Total Rental Income - SSI	17,539	29.7%	2,506	40,925	22.0%	5,846
Golden Gate Regional Center	0	0.0%	0	144,936	78.0%	20,705
Laundry	0	0.0%	0	0	0.0%	0
Section 8 Income	41,501	70.3%	5,929	0	0.0%	0
Gross Potential Income (GPI)	59,040	100.0%	8,434	185,861	100.0%	26,552
Less:						
Vacancy Loss	2,952	5.0%	422	9,293	5.0%	1,328
Total Net Revenue	56,088	95.0%	8,013	176,568	95.0%	25,224
EXPENSES:						
Payroll	8,765	16.5%	1,252	58.500	33.1%	8,357
Administrative	5,900	11.1%	843	0	0.0%	0
Utilities	2,300	4.3%	329	0	0.0%	0
Services	0	0.0%	0	79,189	44.8%	11,313
Food	0	0.0%	0	38,879	22.0%	5.554
Operating and Maintenance	3,000	5.7%	429	0	0.0%	0
Insurance and Business Taxes	1,618	3.1%	231	0	0.0%	0
Taxes and Assessments	300	0.6%	43	0	0.0%	0
Reserve for Replacement Deposits	600	1.1%	86	0	0.0%	0
Subtotal Operating Expenses	22,483	42.4%	3,212	176,568	100.0%	25,224
Financial Expenses						
Mortgage Payments (1st loan)	30,523	57.6%	4.360	0	0.0%	0
Total Financial	30,523	57.6%	4,360	0	0.0%	0
Total Project Expenses	53,006	100.0%	7,572	176.568	100.0%	25,224

Cash Flow 1106 Ferris Drive CHFA # 02004N

RENTAL INCOME	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8
Section 8 increase	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Section 8 increment	41,501	42,331	43,177	44,041	44,922	45,820	46,737	47,671
Affordable Rent Increase	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Affordable Rents	17,539	17,715	17,892	18,071	18,251	18,434	18,618	18,804
TOTAL RENTAL INCOME	**59,040**	**60,045**	**61,069**	**62,112**	**63,173**	**64,254**	**65,355**	**66,476**
OTHER INCOME								
Other Income Increase	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Laundry	N/A	N/A	N/A	N/A	N/A	NIA	NIA	NIA
Other Income	NA	NIA	NIA	NIA	NIA	NIA	NIA	NIA
TOTAL OTHER INCOME	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
GROSS INCOME	**59,040**	**60,045**	**61,069**	**62,112**	**63,173**	**64,254**	**65,355**	**66,476**
Vacancy Rate :Section 8	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%
Less: Vacancy Loss	2,952	3,002	3,053	3,106	3,159	3,213	3,268	3,324
EFFECTIVE GROSS **INCOME**	**56,088**	**57,043**	**58,016**	**59,006**	**60,015**	**61,041**	**62,087**	**63,152**
OPERATING EXPENSES								
Annual Expense Increase	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Expenses	21,583	22,446	23,344	24,278	25,249	26,259	27,309	28,402
Replacement Reserve	600	600	600	600	600	600	600	600
Annual Tax Increase	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Taxes and Assessments	300	306	312	318	325	331	338	345
TOTAL EXPENSES	**22,483**	**23,352**	**24,256**	**25,196**	**26,174**	**27,190**	**28,247**	**29,346**
NET OPERATING INCOME	**33,605**	**33,691**	**33,759**	**33,810**	**33,841**	**33,851**	**33,840**	**33,806**
DEBT SERVICE								
CHFA - 1st Mortgage	30,523	30,523	30,523	30,523	30,523	30,523	30,523	30,523
CASH FLOW **after debt service**	**3,082**	**3,168**	**3,236**	**3,286**	**3,317**	**3,328**	**3,317**	**3,282**
DEBT COVERAGE RATIO	**1.10**	**1.10**	**1.11**	**1.11**	**1.11**	**1.11**	**1.11**	**1.11**

Cash Flow

RENTAL INCOME	Year9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15
Section 8 increase	***2.00%***	***2.00%***	***2.00%***	***2.00%***	***2.00%***	***2.00%***	2.00%
Section 8 increment	48,625	49,597	50,589	51,601	52,633	53,686	54,759
Affordable Rent Increase	***1.00%***	***1.00%***	***1.00%***	***1.00%***	1.00%	***1.00%***	1.00%
Affordable Rents	18,992	19,182	19,374	19,568	19,764	19,961	20,161
TOTAL RENTAL INCOME	**67,617**	**68,780**	**69,963**	**71,169**	**72,397**	**73,647**	**74,920**
OTHER INCOME							
Other Income Increase	***2.00%***	***2.00%***	***2.00%***	***2.00%***	2.00%	2.00%	2.00%
Laundry	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Other Income	NIA	NIA	N/A	NIA	N/A	N/A	N/A
TOTAL OTHER INCOME	**0**	**0**	**0**	***0***	***0***	***0***	***0***
GROSS INCOME	**67,617**	**68,780**	**69,963**	**71,169**	**72,397**	**73,647**	**74,920**
Vacancy Rate :Section 8	***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%
Less: Vacancy Loss	3,381	3,439	3,498	3,558	3,620	3,682	3,746
EFFECTIVE GROSS INCOME	**64,236**	**65,341**	**66,465**	**67,611**	**68,777**	**69,965**	**71,174**
OPERATING EXPENSES							
Annual Expense ***Increase***	4.00%	4.00%	**4.00%**	**4.00%**	4.00%	4.00%	4.00%
Expenses	29,538	30,719	31,948	33,226	34,555	35,937	37,375
Replacement Reserve	600	600	600	600	600	600	600
Annual Tax Increase	***2.00%***	***2.00%***	***2.00%***	***2.00%***	2.00%	2.00%	2.00%
Taxes and Assessments	351	359	366	373	380	388	396
TOTAL EXPENSES	**30,489**	**31,678**	**32,914**	**34,199**	**35,536**	**36,925**	**38,371**
NET OPERATING INCOME	**33,747**	**33,663**	**33,551**	**33,411**	**33,241**	**33,039**	**32,804**
DEBT SERVICE							
CHFA - **1st** Mortgage	30,523	30,523	30,523	30,523	30,523	30,523	30,523
CASH FLOW after **debt service**	**3,224**	**3,139**	**3,028**	**2,888**	**2,718**	**2,516**	**2,280**
DEBT COVERAGE RATIO	**1.11**	**1.10**	**1.10**	**1.09**	**1.09**	**1.08**	**1.07**


Ferris Drive
Ferris Drive
1106 Ferris Drive
Novato, Marin
Linda
Kenwood
Yountville
Vaca Mountains
Bucktown
Napa Soda Springs
Waldrule Heights
Glen Ellen
Leisure Town
Elmira
Four Corners
Big Bend
Buscol
Fairfield
Travis Air F
Suisun City
Denver
Petaluma
Buchli
Napa Junction
Jacksnipe
Collins
Teal
Burdell
San Pablo Bay N W R
Guadalcanal Village
Vallejo
Novato
Nicasio
Ignacio
Marin
Crockett
Rodeo
Port Chicago
Bay Point
Vine Hill
Woodacre
Terra
Hercules
Giant
Pinole
Lagunitas
Santa Venetia
El Sobrante
Pacheco
Fairfax
Ross
North Richmond
Pleasant Hill
Larkspur
East Richmond
Walnut Creek
Corte Madera
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Orinda
Saranap
Marin City
Gloriетta
Berkeley
Sausalito
Rheem Valley
Moraga
Alamo Oaks
Diablo
Marin Headlands State Park
Canyon
Danville
San Francisco
San Ramon
James D Phelan Beach State Park
Alameda
San Leandro Hills
Ft Funston Military Reservation
Daly City
Dublin
Thornton Beach State Park
San Lorenzo
Russell City
Kilkare
San Bruno
Mt Eden
Rockaway Beach
Pacifica
Millbrae
Baumberg
Union City
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Drawbridge
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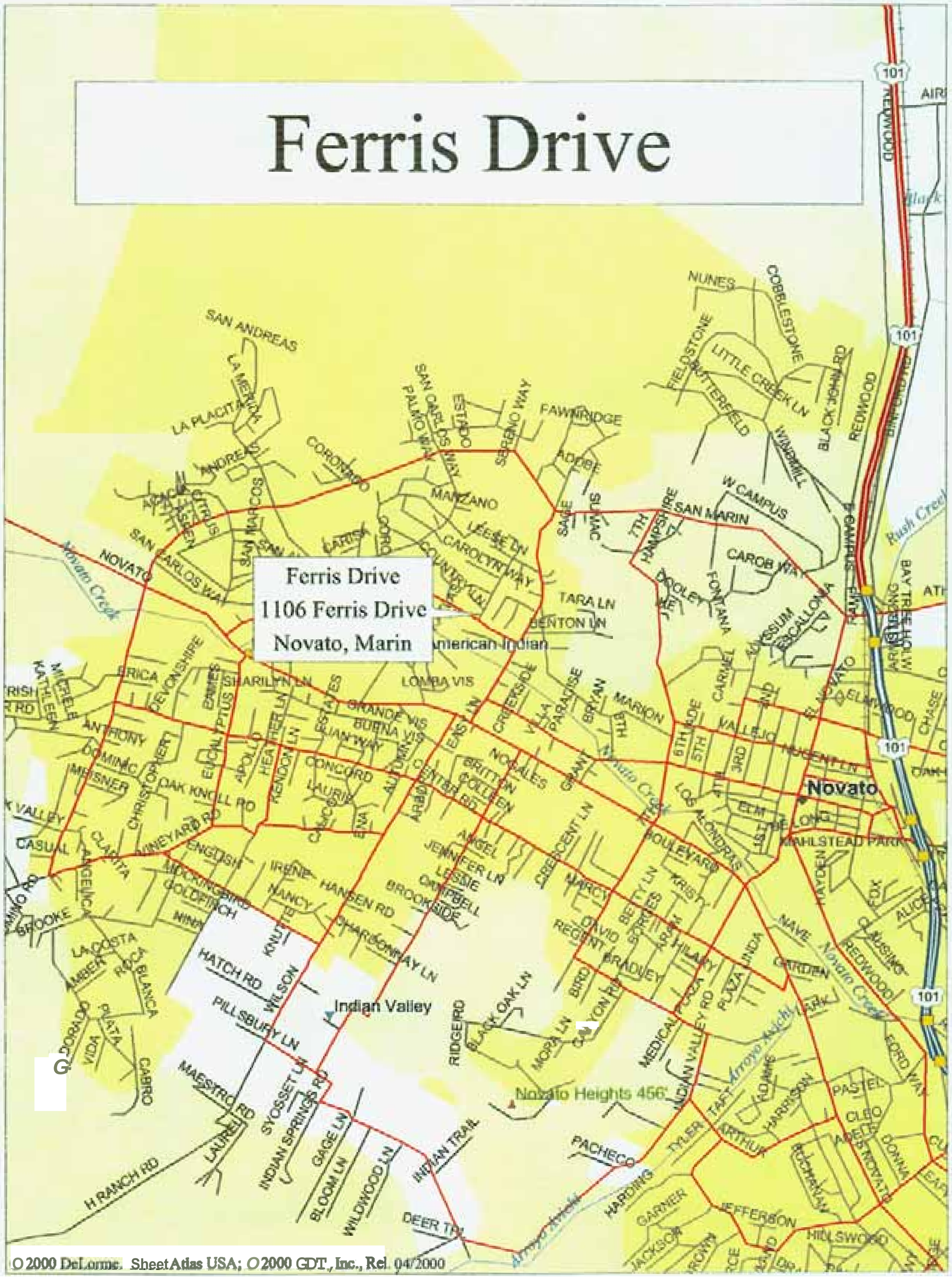
Ferris Drive
Ferris Drive
1106 Ferris Drive
Novato, Marin
Novato
Indian Valley
Novato Heights 456'
American Indian
101
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RESOLUTION 02-09

RESOLUTION AUTHORIZING A FINAL LOAN COMMITMENT

WHEREAS, the California Housing Finance Agency (the "Agency") has received a loan application from The Cedars of Marin, a California nonprofit public benefit corporation (the "Borrower") seeking a loan commitment under the Agency's Special Needs Loan Program in the amount described herein, the proceeds of which are to be used to provide a loan for a development to be known as Ferris Drive (the "Development"); and

WHEREAS, the application from the Borrower has requested that the Agency make the loan to The Cedars of Marin under the Agency's Special Needs Loan Program for the Development; and

WHEREAS, the loan application has been reviewed by Agency staff which has prepared its report dated March 5,2002 (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 Multifamily 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 NO.	DEVELOPMENT NAME/ LOCALITY	NO. UNITS	LOAN AMOUNT
02-004-N	Ferris Drive Novato/Marin	7	**$425,000**

2. The Executive Director, or in his/her absence, either the Chief Deputy Director or the Director of Multifamily 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 the Board for

approval. "Material modifications" as used herein means modifications which, in the discretion of the Executive Director, or in his/her absence, either the Chief Deputy Director or the Director of Multifamily Programs of the Agency, change the legal, financial or public purpose aspects of the final commitment in a substantial way.

I hereby certify that this is a true and correct copy of Resolution **02-09** adopted at a duly constituted meeting of the Board of the Agency held on March **20,2002,** at Sacramento, California.

ATTEST:________________
Secretary

CALIFORNIA HOUSING FINANCE AGENCY

Final Commitment
Special Needs Lending Program
101 Michele Circle
CHFA Loan Number: 02005N

SUMMARY:

This is a request for a Final Commitment for a First Mortgage Loan for a group home for adults with severe developmental disabilities. The property is located at 101 Michele Circle, in the City of Novato, in Marin County. The Borrower is the Cedars of Marin.

LOAN TERMS:

1st Mortgage Amount:	$ 425,000
Interest Rate:	**1.00%**
Term:	**15**
Financing:	FAF Funds/Taxable

SPECIAL NEEDS TERMS:

Interest Subsidy

The Agency anticipates utilizing available financial resources to provide a First Mortgage loan with a 1% interest rate. The reduced interest rate is required due to the extremely low income of the developmentally disabled tenants, and the high construction costs in Marin County.

LOCALITY INVOLVEMENT:

The Marin County Housing Authority has also allocated 6 units of Site-specific Section 8 rental subsidies for the home.

GAP FUNDING:

The Borrower, The Cedars of Marin ("Cedars") will contribute **$234,230** in cash for **101** Michele Circle from Cedar's Future Fund, a fund set up to provide for replacement and remodeling of the Cedar's physical facilities. The Department of Developmental Services has granted **$200,000** towards the acquisition cost of the property.

SPECIAL NEEDS POPULATION:

The residents of the home will be adults with developmental disabilities. **A** house manager, who will perform property management functions and will assist residents with personal care functions, will be present when residents are in the house. The house manager will have staffing relief two days **a** week. Additional staff will be in the house during some hours. During the day residents will be at various day programs and recreational activities.

SPECIAL NEEDS PROGRAM:

Through individually tailored programs, Cedars provides training in independent living skills, work opportunities, and social and recreational activities. Cedars operate five formal day activity programs, and numerous special events, activities, and trips. Day Programs include:

- The Textile Art Center: Begun in **1981,** the TAC was the first State-licensed hand-weaving program for developmentally disabled adults. This day activity and work service program includes weaving, animal husbandry, and gardening.

- The Community Challenges Program: Begun in **1990,** this is an adult daytime development program that includes art studio experience, *art* therapy, and volunteer experience.

- The Communitv Integration Program: Begun in **1994** this program provides individual assistance for those needing short-term assistance while in transition.

- The Community Living Skills Program: Begun in **1984,** this program provides individual training in personal growth, independent living skills, self-advocacy, recreation/leisure, pre-vocational skills, and utilization of community resources.

- The Textile Arts Senior Program: Begun in **1995,** this program is an adult development center for individuals over ***55*** years of age.

Funding For the Residential Program and Support Services

Most of the residents will receive **$8 12** in Supplemental Social Security Income (SSI) monthly. Cedars will assigns **30%** of the SSI income **($244)** to housing costs and the remaining 70% ***($568)*** to food and utilities. If an individual receives other public benefits or income from other sources, 30% of the resident's total income will be allocated to rent.

The Cedars has received six site-specific Section 8 vouchers from the Marin County Housing Authority for the project home. The rent approved by the Housing Authority for Walter House is currently $800 per bedroom. (Walter House is another group home financed through the CHFA Special Needs program in 1999). In anticipation of an increase in the Section 8 payment standard before occupancy, the Section 8 income has been underwritten at $820. Cedars will sign a Memorandum of Understanding to use 6 site specific Section 8 Vouchers for ten years. The vouchers are subject to annual appropriations. The vouchers are also renewable pending the availability of funds.

Regional Center Support for the Residential Program

In addition to SSI income and Section 8 rental subsidy income, both homes have access to residential support payments of at least $2013 per resident per month from the Golden Gate Regional Center (GGRC). The Cedars uses these funds to pay the salary of the house manager and other staff in the house and for support services for residents. However, Cedars has the discretion to utilize part of these funds for residential costs as needed.

The GGRC director has written to the Agency to indicate strong support for the subject property. GGRC's intention is to provide funding for both the residential and training components on a continuing and permanent basis. GGRC staff also advocated with the Department of Developmental Services (DDS) to obtain a grant of $200,000 for site acquisition for this project.

PROJECT AND MARKET AREA:

The Agency commissioned a single-family appraisal report, which was prepared by A.M. Crofts dated March 2002. Michele Circle appraised at $690,000.

The property is located in Novato California, a residential town of 50,000 people in Northern Marin County. Michele Circle is located within walking distance of a neighborhood shopping center that includes a supermarket, pizza parlor, and other retail stores. The property is served by public transportation. It is located in an older, but well maintained, single-family subdivision. The existing property is a 1200 square foot house. The structure will be saved and will be completely remodeled and 1800 square feet of living space will be added. After the remodeling, Michele Circle will be 3480 square feet (including garage) and will have six bedrooms and two baths for residents, a bedroom and bath for the house parent and an office, which will double as a bedroom for the relief house manager, and a guest bathroom. The home will be wheelchair accessible. Construction is expected is start in late March of 2002.

OCCUPANCY RESTRICTIONS:

CHFA: 100% of the units will be restricted to 50% or less of median income.

ENVIRONMENTAL:

The Agency required an ASTM Transaction Screen in place of a Phase I report. That report was conducted on February 26,2002. No adverse conditions were reported.

The asbestos survey was conducted on March 26,2002 and a report was issued on March 4, 2002, which reported finding asbestos in the existing structure. The borrower is planning to remove all of the asbestos. The removal will be done by certified asbestos removal contractors and done to prevailing environmental standards.

The lead based paint study was completed on March 1, 2002. Indications of lead paint were found in the ceramic tile glaze and the exterior trim paint. The samples have been sent to the appropriate labs to determine if the lead content is at above levels that require remediation. An O & M plan will be required if the lead paint is found to be at actionable levels and will be maintained on site.

ARTICLE 34 AUTHORITY:

An appropriate Article 34 legal opinion will be required prior to closing.

DEVELOPMENT TEAM:

A. Borrower's Profile

Cedars started in 1919 as a boarding school for six developmentally disabled children on a rented summer estate in Ross. It was originally a partnership of two students of Maria Montessori who believed they could apply the Montessori teaching methods to help the developmentally disabled lead productive lives. The Cedars became a non-profit corporation in 1965. Today its operating budget is approximately $4,300,000.

Today Cedars serves 170 developmentally disabled persons, 114 of whom reside in facilities owned by the Cedars. The Cedars houses 72 developmentally disabled adults at its headquarters in Ross. In addition Cedars currently operates 8 group homes for 42 developmentally disabled adults. Five of the homes have HUD 202/811 mortgages. Another (Walter House) has a CHFA Special Needs Loan.

The Cedars will own Michele Circle. The Agency will not require that the project be owned by a single asset entity as a condition of the final commitment.

B. Development Consultant.

Katherine Crecelius is a self-employed multifamily development consultant. She has been the development consultant for fourteen group homes in Marin and Napa including six built by the Borrower. Her clients include Ecumenical Association for Housing, Tenants and Owners Development Council, Buckelew Programs, Mental Health Association for San Mateo County, and Burbank Housing Development Corporation.

C. Architect.

KodamaDiseno is an architectural design firm with 37 years of experience in community based affordable housing design, and public agency architecture and planning. The firm has been involved with over 80 non-profit housing organizations, community groups, and municipalities. KodamaDiseno has designed six other group homes for The Cedars..

D. Management Agent.

Cedars will self-manage the group home. Cedars has appropriate licenses, certifications, and staff capabilities for a 24-hour facility of this type. Cedars has maintenance and accounting staff for property management and required reporting.

E. Contractor

Ridgeview Builders, Inc. of Santa Rosa will be the general contractor for the rehabilitation of both homes. Ridgeview has been in business since 1998. Their average job size is $50,000 to $80,000 but Ridgeview has undertaken construction projects as large as a $2,500,000 school building. Ridgeview clients include the Petaluma Hospital District, Buckelew Community Housing Development Organization, Novato Unified School District, St. Joseph Health System, Sutter Medical, and Santa Rosa City School. The costs in the Agency staff report are based upon the contractor's estimates.

Project Summary

Date: 5-Mar-02

Project Profile:

Project : Michele Circle
Location: 101 Michele Circle
Novato
County/Zip: Marin 94947
Borrower: The Cedars of Marin
Program: Special Needs Lending Program
CHFA # : 02005N

Appraiser: A.M. Crofts
A.M. Crofts and Associates
Appraisal: Fannie Mae 439 Appraisal
Market $ 690,000
Income: NA
Final Value: $ 690,000

LTC/LTV:
Loan/Cost 49.5%
Loan/Value 61.6%

Project Description:

Bedrooms	7
Handicap Units	6
Bldg. Type	Substantial Rehab
Buildings	1 Group Home
Stories	1
Gross Sq Ft	3,480
Land Sq Ft	10,000
Units/Acre	30
Total Parking	4
Covered Parking	2

Financing Summary:

	Amount	Per Unit	Rate	Term
CHFA First Mortgage	$425,000	$60,714	1.00%	15
Department of Developmental Services Grant	$200,000	$28,571		
Borrower Contribution	$234,030	$33,433		

Unit Mix:

Type	Indiv. Space	Size	Number	AMI	Rent	Max Income
Group Home	Bd & Bath	400	1	Manager		
Group Home	Bedroom	144	6	50%	$244	$35,650

Fees, Escrows and Reserves:

Escrows	Basis of Requirements		Amount	Security
Commitment Fee	1.00%	of Loan Amount	$4,250	Cash
Annual Replacement Reserve Deposit			$600	Operations

Sources and Uses

101 Michele Circle

SOURCES:

Name of Lender / Source	Amount	% of total	$ per sq ft	$ per unit
CHFA First Mortgage	425,000	49.47%	140.96	60,714
Total Institutional Financing	**425,000**	**49.47%**	**140.96**	**60,714**
***Equity** Financing*				
Borrower Contribution	234,030	27.24%	77.62	33,433
Department of Developmental Services	200,000	23.28%	66.33	28,571
Total Equity Financing	**434,030**	**50.53%**	**143.96**	**62,004**
TOTAL SOURCES	**859,030**	**100.00%**	**284.92**	**122,719**

USES:

Acquisition	377,000	43.89%	125.04	53,857
Rehabilitation	371,000	43.19%	123.05	53,000
New Construction	0	0.00%	0	0
Architectual Fees	25,545	2.97%	8.47	3,649
Survey and Engineering	2,800	0.33%	0.93	400
Const. Loan Interest & Fees	6,400	0.75%	2.12	914
Permanent Financing	6,750	0.79%	2.24	964
Legal Fees	5,000	0.58%	1.66	714
Reserves	0	0.00%	0	0
Contract Costs	700	0.08%	0.23	100
Construction Contingency	20,000	2.33%	6.63	2,857
Local Fees	11,095	1.29%	3.68	1,585
Other Costs	24,740	2.88%	8.21	3,534
PROJECT COSTS	851,030	99.07%	282.27	121,576
Developer Overhead/Profit	0	0.00%	0	0
Consultant/Processing Agent	8,000	0.93%	2.30	1,143
TOTAL USES	859,030	100.00%	284.92	122,719

Annual Operating Budget

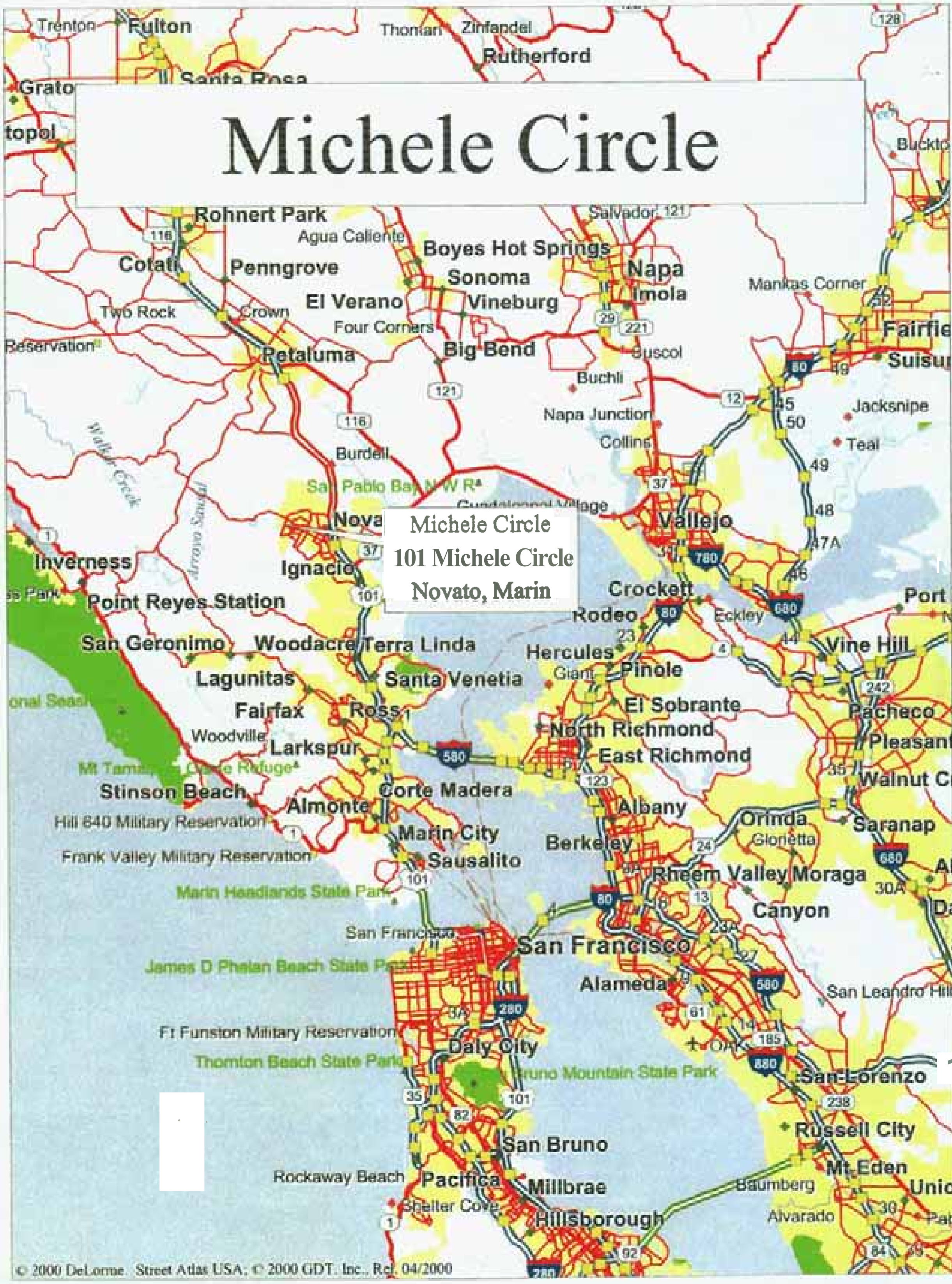
	101 Michele Circle			Social Service Funding		
	Amount	Pct. of Total	$ per Unit	Amount	Pct. of Total	$ per Unit
INCOME:						
Total Rental Income - SSI	17,539	29.7%	2,506	40,925	22.0%	5.846
Golden Gate Regional Center	0	0.0%	0	144,936	78.0%	20,705
Laundry	0	0.0%	0	0	0.0%	0
Section 8 Income	41,501	70.3%	5,929	0	0.0%	(
Gross Potential Income (GPI)	59,040	100.0%	8,434	185,861	100.0%	26,552
Less:						
Vacancy Loss	2.952	5.0%	422	9,293	5.0%	1,328
Total Net Revenue	56,088	95.0%	8,013	176,568	95.0%	25,224
EXPENSES:						
Payroll	8,765	16.6%	1,252	58,500	33.1%	8,357
Administrative	5.900	11.1%	843	0	0.0%	0
Utilities	2,300	4.3%	329	0	0.0%	0
Services	0	0.0%	0	79,189	44.8%	11,313
Food	0	0.0%	0	38,879	22.0%	5,554
Operating and Maintenance	3,000	5.7%	429	0	0.0%	0
Insurance and Business Taxes	1,535	2.9%	219	0	0.0%	0
Taxes and Assessments	300	0.6%	43	0	0.0%	0
Reserve for Replacement Deposits	600	1.1%	86	0	0.0%	0
Subtotal Operating Expenses	22,400	42.3%	3,200	176,568	100.0%	25,224
Financial Expenses						
Mortgage Payments (1st loan)	30,523	57.7%	4,360	0	0.0%	0
Total Financial	30.523	57.7%	4,360	0	0.0%	0
Total Project Expenses	52,923	100.0%	7,560	176,568	100.0%	25,224

Cash Flow — 101 Michele Circle — CHFA # 02005N

RENTAL INCOME	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8
Section 8 increase	***2.00%***	***2.00%***	***2.00%***	***2.00%***	***2.00%***	***2.00%***	***2.00%***	***2.00%***
Section 8 increment	41,501	42,331	43,177	44,041	44,922	45,820	46,737	47,671
AffordableRent Increase	***1.00%***	***1.00%***	***1.00%***	***1.00%***	***1.00%***	***1.00%***	***1.00%***	***1.00%***
Affordable Rents	17,539	17,715	17,892	18,071	18,251	18,434	18,618	18,804
TOTAL RENTAL INCOME	**59,040**	**60,045**	**61,069**	**62,112**	**63,173**	**64,254**	**65,355**	**66,476**
OTHER INCOME								
Other Income Increase	2.00%	2.00%	2.00%	2.00%	***2.00%***	2.00%	2.00%	***2.00%***
Laundry	N/A	NIA	NIA	NIA	N/A	NIA	NIA	NIA
Other Income	NA	NA	NA	NA	NA	NA	NA	NA
TOTAL OTHER INCOME	***0***	***0***	***0***	***0***	***0***	***0***	***0***	0
GROSS INCOME	**59,040**	**60,045**	**61,069**	**62,112**	**63,173**	**64,254**	**65,355**	**66,476**
Vacancy Rate :Section 8	***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%***
Less: Vacancy Loss	2,952	3,002	3,053	3,106	3,159	3,213	3,268	3,324
EFFECTIVE GROSS INCOME	**56,088**	**57,043**	**58,016**	**59,006**	**60,015**	**61,041**	**62,087**	**63,152**
OPERATING EXPENSES								
Annual Expense Increase	***4.00%***	***4.00%***	***4.00%***	***4.00%***	***4.00%***	4.00%	4.00%	4.00%
Expenses	21,583	22,446	23,344	24,278	25,249	26,259	27,309	28,402
Replacement Reserve	600	600	600	600	600	600	600	600
Annual Tax Increase	***2.00%***	***2.00%***	***2.00%***	*2.00%*	*2.00%*	2.00%	2.00%	2.00%
Taxes and Assessments	300	306	312	318	325	331	338	345
TOTAL EXPENSES	**22,483**	**23,352**	**24,256**	**25,196**	**26,174**	**27,190**	**28,247**	**29,346**
NET OPERATING INCOME	**33,605**	**33,691**	**33,759**	**33,810**	**33,841**	**33,851**	**33,840**	**33,806**
DEBT SERVICE								
CHFA - 1st Mortgage	30,523	30,523	30,523	30,523	30,523	30,523	30,523	30,523
CASH FLOW after **debt service**	**3,082**	**3,168**	**3,236**	**3,286**	**3,317**	**3,328**	**3,317**	**3,282**
DEBT COVERAGE RATIO	1.10	**1.10**	**1.11**	**1.11**	**1.11**	**1.11**	**1.11**	**1.11**

Cash Flow

RENTAL INCOME	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15
Section 8 increase	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Section 8 increment	48,625	49,597	50,589	51,601	52,633	53,686	54,759
Affordable Rent Increase	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	1.00%
Affordable Rents	18,992	19,182	19,374	19,568	19,764	19,961	20,161
TOTAL RENTAL INCOME	67,617	68,780	69,963	71,169	72,397	73,647	74,920
OTHER INCOME							
Other income Increase	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Laundry	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Other Income	NA	NA	NA	NA	NA	NA	NA
TOTAL OTHER INCOME	0	0	0	0	0	0	0
GROSS INCOME	67,617	68,780	69,963	71,169	72,397	73,647	74,920
Vacancy Rate :Section 8	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%
Less: Vacancy Loss	3,381	3,439	3,498	3,558	3,620	3,682	3,746
EFFECTIVE GROSS INCOME	64,236	65,341	66,465	67,611	68,777	69,965	71,174
OPERATING EXPENSES							
Annual Expense Increase	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Expenses	29,538	30,719	31,948	33,226	34,555	35,937	37,375
Replacement Reserve	600	600	600	600	600	600	600
Annual Tax Increase	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Taxes and Assessments	351	359	366	373	380	388	396
TOTAL EXPENSES	30,489	31,678	32,914	34,199	35,536	36,925	38,371
NET OPERATING INCOME	33,747	33,663	33,551	33,411	33,241	33,039	32,804
DEBT SERVICE							
CHFA - 1st Mortgage	30,523	30,523	30,523	30,523	30,523	30,523	30,523
CASH FLOW after debt service	3,224	3,139	3,028	2,888	2,718	2,516	2,280
DEBT COVERAGE RATIO	1.11	1.10	1.10	1.09	1.09	1.08	1.07


Michele Circle
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101 Michele Circle
Novato, Marin
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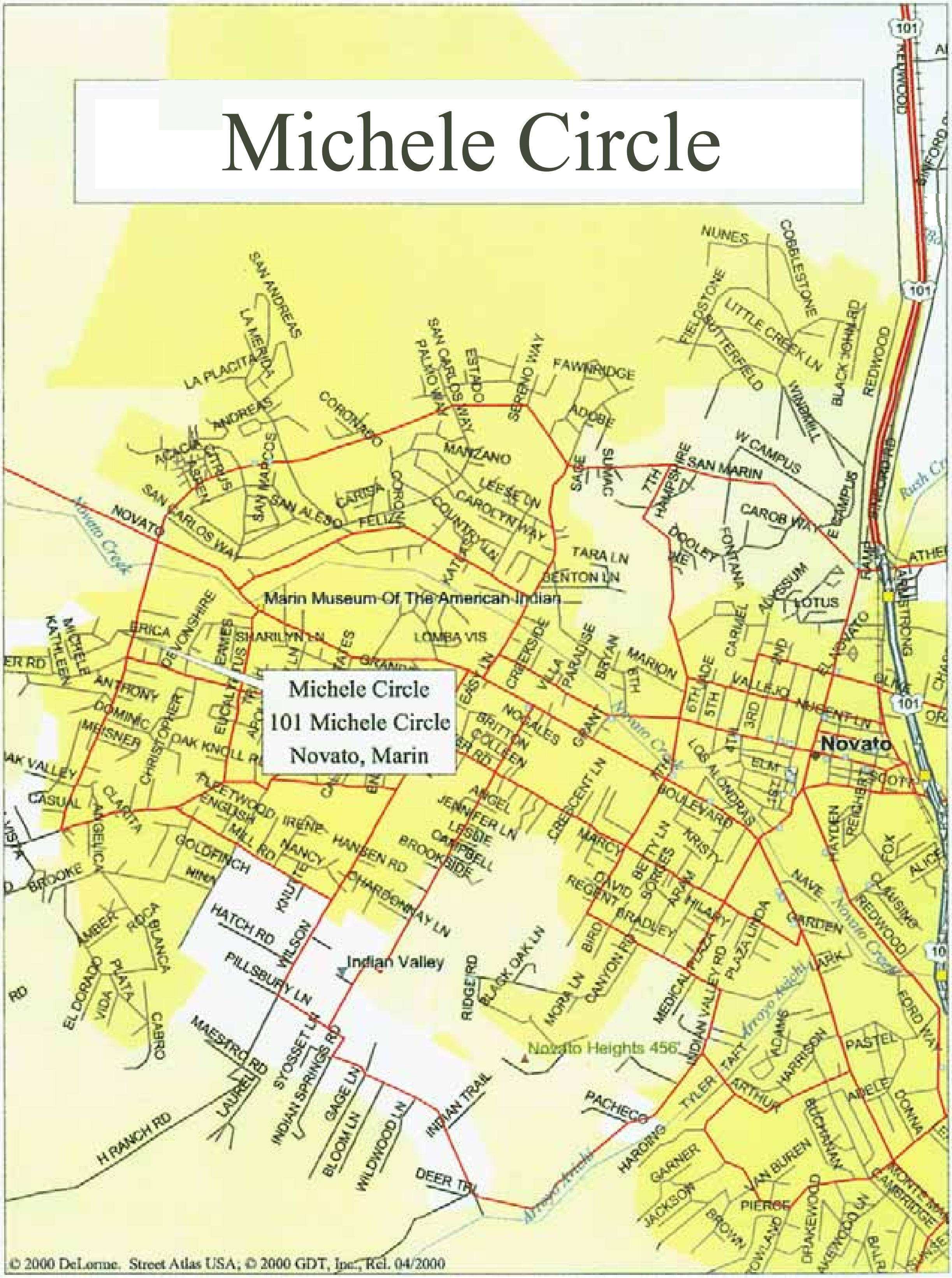
Michele Circle



RESOLUTION 02-10

RESOLUTION AUTHORIZING A FINAL LOAN COMMITMENT

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WHEREAS, the application from the Borrower has requested that the Agency make the loan to The Cedars of Marin under the Agency's Special Needs Loan Program for the Development; and

WHEREAS, the loan application has been reviewed by Agency staff which has prepared its report dated March 5,2002 (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 Multifamily 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 NO.	DEVELOPMENT NAME/ LOCALITY	NO. UNITS	LOAN AMOUNT
02-005-N	Michele Circle Novato/Marin	7	$425,000

2. The Executive Director, or in his/her absence, either the Chief Deputy Director or the Director of Multifamily 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 the Board for

approval. "Material modifications" as used herein means modifications which, in the discretion of the Executive Director, or in his/her absence, either the Chief Deputy Director or the Director of Multifamily Programs of the Agency, change the legal, financial or public purpose aspects of the final commitment in a substantial way.

I hereby certify that this is a true and correct copy of Resolution **02-10** adopted at a duly constituted meeting of the Board of the Agency held on March **20,2002,** at Sacramento, California.

ATTEST:________________
Secretary

CALIFORNIA HOUSING FINANCE AGENCY

Final Commitment Modification

Southlake Tower Apartments

CHFA # 01-040-N

SUMMARY:

The project is Southlake Tower Apartments, an existing 130 unit senior project located at 1501 Alice Street in Oakland, California, in Alameda County. In November 2001, the Board of Directors approved a two loans totaling $7,320,000 for this project.

This loan modification is for an additional $1,010,000 interest only, acquisition loan. The loan will have a one year term, with two six month extensions, and will be repaid with a permanent loan from the City of Oakland. This loan, together with the two Agency permanent loans, will to allow the sponsor to purchase the property from the current owners.

LOAN TERMS:

1st Mortgage Amount:	**$6,500,000**
Interest Rate	5.50%
Term	30 year fixed, fully amortized
Financing	501(c) (3) Bond, Tax-Exempt
Insurance	FHA Risk Share
2nd Mortgage Amount:	$820,000
Interest Rate	6.50%
Term	15 year fixed, fully amortized
Financing	501(c) (3) Bond, Tax-Exempt
Acquisition Loan:	$1,010,000
Interest Rate	5.5%
Term	1 year, interest only
Financing	Taxable

LOCALITY INVOLVEMENT:

The Oakland city staff has recommended a $1,445,266, 3.00%, thirty year, residual receipts loan to the Oakland City Council. The Oakland City Council will act on this recommendation on March 12, 2002. The Oakland city staff has indicated a willingness to expedite their loan closing process, but cannot guarantee that the City loan will close before the borrower's purchase option expires.

The Agency will only make the Agency Acquisition Loan if the City of Oakland is not able to close their permanent loan simultaneously with the closing of the Agency's two permanent loans. The Agency is relying upon the City of Oakland's $1,445,226 permanent loan to repay CHFA's acquisition loan. Therefore, funding of the Agency's acquisition loan will be contingent upon receipt of **a** binding commitment letter from the City of Oakland, to the Agency's satisfaction.

Reason for this Modification

The project needs an Agency acquisition loan to allow the Borrower to go forward with the acquisition of the property according to the seller's timetable, and to avoid the hardship of additional cash outlays. The borrower has an option to purchase the property, which expires on April 30, 2002. Extensions are available to the project until July 31, 2002. The first one-month extension will require a deposit of **$100,000** and will be due on April 15th, 2002. Subsequent one-month extensions will require additional deposits of **$50,000** per month.

Current Status/Environmental Issue

At the time of the initial commitment the Agency was reviewing a draft of the Phase I report prepared by KERAMIDA in October of 2001. The Phase I report indicated the possible existence of an underground storage tank on the south parking lot area. A gasoline pump island that recorded on the 1950 Sanborn Fire Insurance Map and the absence of records indicated that the tank was removed.

The existence of the tank was confirmed by a geophysical survey, which was performed in November 2001. Ten percent (10 %) of the tank is located on the Southlake Towers Property and ninety percent (90%) of the tank is located on a neighboring parcel owned by Rite Way Parking. By state law, the tank finding will require notification to the City of Oakland and the Alameda County Environmental Health Department and or the California Regional Water Quality Board and removal of the tank. The typical remedy includes removal of the tank and the removal of the contaminated soil, if any, and possible cleanup and/or ground water monitoring. The tank removal and cleanup typically take between 20 to 60 days from the date the permit application is filed. The adjacent parcel owner can be required to cooperate with the removal **as** part of the local approval process. Assessment and likely monitoring takes two years and involves the installation of three to four shallow ground wells and semi annual sampling. The length of time required to receive a "final clean water letter" is typically two years, but can take longer and timing is dependant on the involvement level of the local agencies. Costs can be capped at $60,000.

The owner has given their approval for the tank removal, and has agreed to pay for the removal out of current project reserves. This kind of tank removal is fairly straightforward, and the environmental records indicate that the potential of gross contamination from the UST is minimal for the following reasons:

- o The filling station was used for only a few years. Tank and piping corrosion that result in substantial leakage typically occurs over a span of **40** of 50 years.

- o Typical leakage from a 3000 to 5000 gallon tank of this kind is limited to a few gallons of gasoline and gasoline typically biodegrades rapidly. Contamination is typically limited to a few feet of soil surrounding the tank itself.

- o The filling station was closed before the use of additives in gas (MBTE's and leaded gas) that are likely to result in high cleanup costs, or burdensome expectations of the owner.

- o The groundwater and soil in downtown Oakland is known to be contaminated. Because it is contaminated, the City and County are unlikely to require extensive assessment and cleanup activities, and are unlikely to require the remediation of areas contaminated by off-site sources. Monitoring is typically used for data collection purposes.

The Agency will require that the tank be removed as a condition of our final commitment, but will not require that monitoring be completed. Instead of requiring a "clean water letter" which can take two years, we will require a certification from an environmental consultant, acceptable to the Agency, which meets the following conditions:

- o That the tank was removed with the approval and concurrence of the appropriate environmental agencies.

- o That all required visual and chemical assessment of the soil and piping in the UST area were made, and all contaminated soil was cleaned or removed.

- o That the visual and chemical assessments indicate that there is no potential for additional cleanup requirements.

- o That the borrower has installed all monitoring wells required by the environmental agencies, and

- o That the consultant will be involved in the monitoring process.

Project Summary

Date: 4-Mar-02

Project Profile:

Project : Southlake Tower
Location: 1501 Alice Street
Oakland 94612
County: Alameda
Borrower: Christian Church Homes

Cap Rate: 8.00%
Market: $8,190,000
Income: $8.1**30,000**
Final Value: $8,130,000

Program: 501©(3)
CHFA # : 01040N

LTC/LTV:

Loan/Cost	85.0%
A *Loan/Value*	80.0%
A & B Loans/Valu	**90.0%**

Project Description:

Units	130
Handicap Units	0
Bldge Type	Acquistion
Buildings	1
Stories	8
Gross Sq Fl	92,000
Land Sq Ft	34,730
Units/Acre	163
Total Parking	31
Covered Parking	0

Financing Summary:

	Amount	Per Unit	Rate	Term
CHFA First Mortgage	$6,500,000	**$50,000**	5.50%	30
City of Oakland	$1,445,226	$11,117	3.00%	30
Seller Reserves	$283,000			
CHFA Acquisition Loan	**$1,010,000**	$7,769	5.50%	1
CHFA HAT	$820,000	$6.308	6.50%	15

Unit Mix:

Type	Manager		36% AMI		50% AMI		60% AMI		Market		Total
	number	rent	number	rent*	number	rent*	number	rent*	number	rent*	
1 bedroom	1		0	0	26	716	103	860	0	0	130
2 bedroom			0	0	0	0	0	0	0	0	0
3 bedroom			0	0	0	0	0	0	0	0	0
4 bedroom			0	0	0	0	0	0	0	0	0
subtotal	1		0		26		103		0		
											130

* CHFA is underwriting the A loan to the project rents, and the B loan to the Section 8 Increment.

Fees, Escrows, and Reserves:

Fees	Basis of Requirements		Amount	Security
Loan fees	**2.00%**	of Loan Amounts	$146,400	Cash
Bridge Loan Fee	1.00%	of Loan Amounts	$10,100	Cash
Escrows				
Bond Origination Guarantee	100%	of Loan Amount	$83,300	Letter of Credit
Inspection fee	$1,500	x months of construction	**$3,000**	Cash
Construction Defect Security	2.50%	of Hard Costs	$9,944	Letter of Credit
Reserves				
Utilitity Stabilization Reserve	150.00%	of Utilities	**N/A**	Cash
Operating Expense Reserve	10.00%	of Gross Income	$152.462	Letter of Credit
Initial Deposit to Replacement Reserve	$1,000	Per Unit	$130,000	Cash
Replacement Reserve Deposit	$250	Per Unit	$32,500	Operations
Transition Operating Reserve	20.00%	of Gross Income	$300,000	Operations
Completion Guarantee	20.00%	Rehab Costs	$79.555	Operations

Sources and Uses

Southlake Tower

SOURCES:

Name of Lender / Source	Amount	City Take Out	$ per unit
CHFA First Mortgage	6,500,000	0	50,000
CHFA Acquisition Loan	1,010,000	0	7,769
CHFA HAT*	820,000	0	6,308
City of Oakland	0	1,445,226	*0*
Total Institutional Financing	**8,330,000**	**1,445,226**	**64,077**
Equity Financing			
Seller Reserves	283,000	0	2,177
Tax Credits	0	0	0
Deferred Developer Equity	**0**	**0**	**0**
Total Equity Financing	**283,000**	**0**	**2,177**
TOTAL SOURCES	**8,613,000**	**1,445,226**	**66,254**

USES:

Acquisition	8,130,000	$1,010,000	62,538
Rehabilitation	60,000	397,777	462
New Construction	0	0	0
Architectual Fees	0	0	0
Survey and Engineering	0	0	0
Const. Loan interest & Fees	0	0	0
Permanent Financing	170,000	0	1,308
Legal Fees	15,000	10,000	115
Reserves	130,000	0	1,000
Contract Costs	12,000	0	92
Construction Contingency	63,000	22,449	485
Local Fees	0	0	0
TCAC/Other Costs	18,000	0	138
PROJECT COSTS	**8,598,000**	**1,440,226**	**66,138**
DeveloperOverhead/Profit	0	5,000	0
Consultant/Processing Agent	15,000	5,000	115
TOTAL USES	**8,613,000**	**1,445,226**	**66,254**

Annual Operating Budget

Southlake Tower

		$ per unit
INCOME:		
Total Rental Income	1,516,824	11,668
Laundry	7,800	60
Other Income	70,511	542
Commercial/Retail	0	0
Gross Potential Income (GPI)	**1,595,135**	**12,270**
Less:		
Vacancy Loss	64,698	498
Total Net Revenue	**1,530,437**	**11,773**
EXPENSES:		
Payroll	170,707	1,313
Administrative	146,875	1,130
Utilities	153,050	1,177
Operating and Maintenance	150,850	1,160
Insurance and Business Taxes	47,775	367
Taxes and Assessments	16,488	127
Reserve for Replacement Deposits	32,500	250
Subtotal Operating Expenses	**710,245**	**5,525**
Financial Expenses		
Mortgage Payments (1st loan)	442,875	3,407
Total Financial	**442,075**	**3,407**
Total Project Expenses	**1,161,120**	**0,932**

Cash Flow — Southlake Tower — CHFA # 01040N

RENTAL INCOME	Year 1	Year 2	Year 3	Year 4	Year5	Year6	Year7	Year8	Year9	Year10
Market Rent Increase	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Section 8 Increment	230,668	235.282	239,987	244,787	249,683	254.676	259.770	264,965	270,265	275,670
Affordable Rent Increase	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Affordable Rents	1,286,156	1,311,879	1,338,116	1,364,879	1,392,176	1,420,020	1,448,420	1,477,389	1,506,937	1,537,075
TOTAL RENTAL INCOME	1,516,824	1,547,160	1,578,104	1,609,666	1,641,859	1,674,696	1,708,190	1,742,354	1,777,201	1,812,745
OTHER INCOME										
Other Income Increase	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Laundry	7.800	7,956	8,115	8.277	8,443	8,612	8,784	8,960	9,139	9,322
Other	0	0	0	0	0	0	0	0	0	0
TOTAL OTHER INCOME	7,800	7,956	8,115	8,277	8,443	8,612	8,784	8,960	9,139	9,322
GROSS INCOME	1,524,624	1,555,116	1,586,219	1,617,943	1,650,302	1,683,308	1,716,974	1,751,314	1,786,340	1,822,067
Vacancy Rate: Section 8 Increment	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%
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	64,698	89,520	91,310	93,137	94,999	96,899	98,837	100,814	102,830	104,887
EFFECTIVE GROSS INCOME	1,459,926	1,465,597	1,494,909	1,524,807	1,555,303	1,586,409	1,618,137	1,650,500	1,683,510	1,717,180
OPERATING EXPENSES										
Annual Expense Increase	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
Expenses-	669.257	692,681	716,924	742,017	767,987	794,867	822,687	851,481	881,283	912,128
Replacement Reserve	32,500	32,500	32,500	32,500	32,500	34,125	34,125	34,125	34,125	34,125
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	16,488	16,818	17,154	17,497	17,847	18,204	18,568	18,940	19,318	19,705
TOTAL EXPENSES	718,245	741,998	766,579	792,014	818,334	847,196	875,380	904,546	934,726	965,958
NET OPERATING INCOME	741,681	723.598	728,330	732,793	736,968	739,213	742,757	745,954	748,783	751,222
DEBT SERVICE										
CHFA - 1st Mortgage	442,875	442,875	442,875	442,875	442,875	442,875	442,875	442,875	442,875	442,875
CHFA - Acquisition Loan (Interest Only)	55,550	1,010,000		0	0					
CHFA - HAT Loan (ammortizing)	85,717	85,717	85,717	85,717	85,717	85,717	85,717	85,717	85,717	85,717
Cash flow after CHFA loans	157,539	195,006	199,738	204,200	208,376	210,621	214,164	217,362	220,191	222,630
DCR CHFA A&B	1.27	1.37	1.38	1.39	1.39	1.40	1.41	1.41	1.42	1.42
TOR Payment	50,000	50,000	50,000	50,000	50,000	50,000				
Cash flow after CHFA loans & TOR	107,539	145,006	149,738	154,200	158,376	160,621				

Cash Flow

RENTAL INCOME	Year11	Year 12	Year13	Year14	Year15	Year16	Year17	Year18	Year 19	Year20
Market Rent Increase	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Section 8 Increment	281,183	286,807	292.543	298,394	304.362	310.449	316,658	322.991	329.451	336.040
Affordable Rent Increase	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Affordable Rents	1,567,817	1,599,173	1,631,157	1,663,780	1,697,055	1,730,996	1,765,616	1,800,929	1,836,947	1,873,686
TOTAL RENTAL INCOME	1,849,000	1,885,980	1,923,700	1,962,174	2,001,417	2,041,445	2,002,274	2,123,920	2,166,398	2,209,726
OTHER INCOME										
Other Income Increase	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Laundry	9,508	9,698	9,892	10,090	10,292	10,498	10,708	10,922	11,140	11,363
Other	0	0	0	0	0	0	0	0	0	0
TOTAL OTHER INCOME	9,508	9,698	9,892	10,090	10,292	10,490	10,708	10,922	11,140	11,363
GROSS INCOME	1,858,508	1,895,678	1,933,592	1,972,264	2,011,709	2,051,943	2,092,982	2,134,842	2,177,539	2,221,089
Vacancy Rate: Section 8 Increment	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%
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	106,985	109,124	111,307	113,533	115,804	118.120	120,482	122.892	125,349	127,856
EFFECTIVE GROSS INCOME	1,751,524	1,786,554	1,822,285	1,858,731	1,895,905	1,933,824	1,972,500	2,011,950	2,052,189	2,093,233
OPERATING EXPENSES										
Annual Expense Increase	3.50%	3.50%	3.50%	3.50%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Expenses	944,053	977,094	1,011,293	1,046,688	1,083,322	1,126,655	1,171,721	1,218,590	1,267,333	1,318,027
Replacement Reserve	35,831	35,831	35.831	35,831	37,623	37,623	37,623	37,623	37.623	39,504
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	20,099	20,501	20.911	21,329	21.756	22,191	22,634	23.087	23,549	24,020
TOTAL EXPENSES	999,983	1,033,426	1,068,035	1,103,848	1,142,700	1,186,468	1,231,978	1,279,300	1,328,505	1,381,551
NET OPERATING INCOME	751,541	753,128	754,250	754,883	753,205	747,355	740,522	732,650	723,684	711,682
DEBT SERVICE										
CHFA - 1st Mortgage	442,875	442,875	442.875	442,875	442,875	442,875	442,875	442,875	442,875	442,875
CHFA - Acquisition Loan (Interest Only)										
CHFA - HAT Loan (ammortizing)	85.717	85,717	85,717	85,717	85,717	0	0	0	0	0
Cash flow after CHFA loans	222,949	224,535	225,658	226,290	224.613	304,480	297,646	289,775	280,808	268,807
DCR CHFA A&B	1.42	1.42	1.43	1.43	1.42	1.69	1.67	1.65	1.63	1.61
TOR Payment										
Cash flow after CHFA loans & TOR										

Cash Flow

RENTAL INCOME	Year21	Year22	Year23	Year24	Year25	Year26	Year27	Year28	Year29	Year30
Market Rent Increase	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*
Section 8 Increment	342,761	349,616	356,608	363.741	371,015	378,436	386,004	393,724	401,599	409,631
Affordable Rent Increase	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*
Affordable Rents	1,911,160	1,949,383	1,988,371	2,028,138	2,068,701	2,110,075	2,152,276	2,195,322	2,239,228	2,284,013
TOTAL RENTAL INCOME	2,253,921	2,298,999	2,344,979	2,391,879	2,439,716	2,488,511	2,538,281	2,589,046	2,640,827	2,693,644
OTHER INCOME										
Other Income Increase	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*
Laundry	11,590	11,822	12,059	12.300	12,546	12,797	13,053	13,314	13,580	13,852
Other	0	0	0	0	0	0	0	0	0	0
TOTAL OTHER INCOME	11,590	11,822	12,059	12,300	12.546	12,797	13,053	13,314	13,580	13,852
GROSS INCOME	2,265,511	2,310,821	2,357,038	2,404,178	2,452,262	2,501,307	2,551,333	2,602,360	2,654,407	2,707,495
Vacancy Rate: Section 8 Increment	*10.00%*	*10.00%*	*10.00%*	*10.00%*	*10.00%*	*10.00%*	*10.00%*	*10.00%*	*10.00%*	*10.00%*
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	130.414	133,022	135,682	138.396	141.164	143,987	146.867	149,804	152.800	155,856
EFFECTIVE GROSS INCOME	2,135,097	2,177,799	2,221,355	2,265,783	2,311,098	2,357,320	2,404,467	2,452,556	2,501,607	2,551,639
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	1,370,748	1,425,578	1,482,601	1,541,905	1,603,581	1,667,724	1,734,433	1,803,811	1,875,963	1,951,002
Replacement Reserve	39,504	39,504	39,504	39,504	41,479	41,479	41,479	41,479	41,479	41,479
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	24,500	24,990	25,490	26,000	26,520	27.050	27,591	28,143	28,706	29,280
TOTAL EXPENSES	1,434,752	1,490,072	1,547,595	1,607,409	1,671,580	1,736,254	1,803,504	1,873,433	1,946,148	2,021,761
NET OPERATING INCOME	700.345	687,727	673,760	658,374	639,518	621,066	600,963	579,123	555,459	529,878
DEBT SERVICE										
CHFA - **1st** Mortgage	442,875	442,875	442,875	442,875	442,875	442,875	442,875	442,875	442.875	442.875
CHFA - Acquisition Loan (Interest Only)										
CHFA - HAT Loan (ammortizing)	0	0	0	0	0	0	0	0	0	0
Cash flow after CHFA loans	257,470	244,852	230,885	215,498	196,643	178,191	158,087	136,247	112,583	87,003
DCR CHFA AQB	1.58	1.55	1.52	1.49	1.44	1.40	1.36	1.31	1.25	1.20
TOR Payment										
Cash flow after CHFA loans & TOR										

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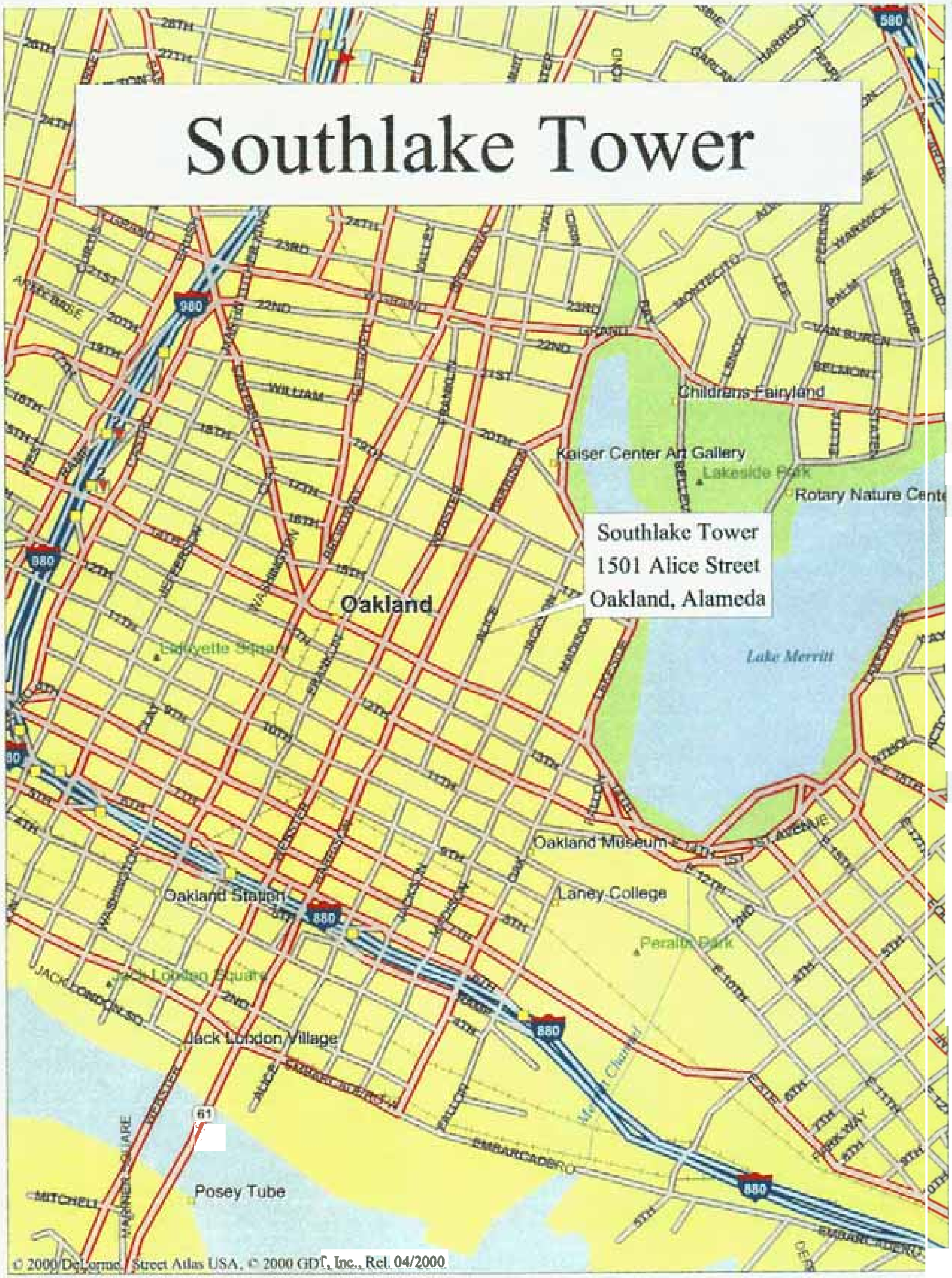

RESOLUTION 02-11

RESOLUTION AUTHORIZING A FINAL
LOAN COMMITMENT MODIFICATION

WHEREAS, the California Housing Finance Agency (the "Agency") has received a loan application from Christian Church Homes of Northern California (the "Borrower"), seeking a loan commitment under the Agency's Tax-Exempt Loan Program in the mortgage amounts described herein, the proceeds of which are to be used to provide mortgage loans for a 130-unit multifamily housing development located in the City of Oakland to be known as Southlake Tower (the "Development"); and

WHEREAS, the loan application has been reviewed by Agency staff which has prepared its report dated March 4,2002 (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 March 4,2002, 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 modified 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 Multifamily Programs of the Agency is hereby authorized to execute and deliver a modified 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 NO.	DEVELOPMENT NAME/ LOCALITY	NO. UNITS	LOAN AMOUNT
01-040-N	Southlake Tower Oakland/Alameda	130	$1,010,000 (Acquisition Loan)

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

3. All other material modifications to the final commitment, including 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 Multifamily 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 02-11 adopted at a duly constituted meeting of the Board of the Agency held on March 20, 2002, at Sacramento, California.

ATTEST:________________
Secretary