REPORTS

2000

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State of California

MEMORANDUM

2002

To: Board of Directors

Date: May 22,2002

Ken Carlson

Ken Carlson, Director of Financing

From: **CALIFORNIA HOUSING FINANCE AGENCY**

Subject: REPORT OF BOND SALE AND INTEREST RATE SWAP AGREEMENTS HOME MORTGAGE REVENUE BONDS 2002 SERIES HJK

On May 21st we set interest rates for $26.4 million of fixed rate bonds and set swap rates for $173.6 million of variable rate bonds for a total of $200 million. The transaction proceeds will be used to fund approximately 1,300 new loans.

Unlike our last two transactions, where our tax-exemputaxable blend was 50/50, we structured the bonds for this transaction using a 65/35 blend. A smaller percentage of taxable bonds was necessary because we lowered our mortgage rates twice during the past two months and, as a result, had to compensate for the lower rate loan pool by issuing fewer taxable bonds. The 65/35 mix provides an overall interest cost of 4.89% that will be supported by our anticipated loan portfolio, with loan rates expected to range from 5.5% to 6.75%. In comparison, the interest cost for the previous issue was 5.29%.

As expected, we were again faced with very low short-term investment rates. As we wait for our lenders to send us loans for purchase, our bond proceeds are invested at rates significantly below our cost of funds. The current daily rate for the State investment pool, where we are investing our proceeds, is 2.75%, giving us negative carry of 2.14%. Therefore, we again decided to delay the delivery of a portion of the bonds and delay the commencement of the swaps until a time when most of the loans would be originated.

The bonds were structured in three series as shown on the table on page 2. The $70 million Series H bonds are taxable variable rate LIBOR index bonds that this time are being purchased by the Federal Home Loan Bank of Topeka. The San Francisco Federal Home Loan Bank, our usual buyer, was working to solve a regulatory problem before it could buy more of our bonds. While the regulatory problem has now been solved, arrangements with the Topeka FHLB had already been made. The $103.6 million Series J bonds are tax-exempt variable rate demand obligations with liquidity provided by Lloyds Bank. For both the Series H and J bonds we have arranged interest rate swaps to provide a fixed rate cost of funds. The interest rate swaps are structured with declining notional amounts that match the expected amortization of the corresponding variable rate bonds. The $26.4 million Series K bonds were structured as three maturities of capital appreciation bonds (CAB).

hmrb 2002 HIJK/dlc

2003

SERIES	H	J	K
$ Amount	$70,000,000	$103,570,000	$26,429,545
Type of Bonds	Indexed Floaters	VRDO	CAB
Tax Treatment	Taxable	AMT	AMT
Maturities	2022	2033	2015,2022, 2033
Average Life	4.8 yrs.	12.5 yrs.	N/A
Interest Rates	Variable	Variable	5.70-6.25%
Reset Frequency	Quarterly	Daily	N/A
Swap Rates	5.535%	3.863%	N/A
Bond Delivery Date	6/6/02	8/8/02	8/8/02
Swap Start Date	11/1/02	8/8/02	N/A
Credit Rating	Aaa/AAA	Aaa/AAA	Aaa/AAA
Bond Insurer	MBIA	MBIA	MBIA

State of California

M E M O R A N D U M

2004

To: Board of Directors

Date: May 22,2002

Ken Carlson

Ken Carlson, Director of Financing

From: **CALIFORNIA HOUSING FINANCE AGENCY**

Subject: REPORT OF BOND SALE AND INTEREST RATE SWAP AGREEMENTS MULTIFAMILY HOUSING REVENUE BONDS III, 2002 SERIES A

On May 22nd we set swap rates for $32,850,000 out of $48,350,000 of multifamily variable rate bonds to be issued on June 5th. All of the bonds will be issued as variable rate demand obligations, for which interest rates will be reset weekly and interest paid semiannually. The bonds are backed by our Aa3/AA- general obligation as well as by a standby bond purchase agreement with Fannie Mae.

The bonds will be issued to provide funds to finance new loans to six multifamily projects and to refund one prior CHFA bond issue totaling $20,295,000. A total of five prior loans will be transferred as a result of the refunding. Attached is a listing of all the loans to be financed by the bonds.

As shown in the table below, we have obtained two interest rate swaps, together in an amount related to the new and transferred permanent loans. Amounts related to construction loans and bridge loans and one small transferred loan are not being swapped. For both swaps we were able to utilize the Bond Market Association ("BMA") index of tax-exempt variable rates. By using this index we avoid assuming risks associated with any future changes in marginal federal income tax rates. The variable rate we receive from our swap counterparty will be linked to the BMA index even if tax-exempt rates are the same as taxable rates (in the event that the tax exemption is no longer of value). In addition, we have chosen to delay the starting dates for both swaps. Delayed starts enable us to minimize negative investment arbitrage during the period between the issuance of the bonds and the date new loans are funded.

Amount of Swap	Start Dates	End Dates	Interest Rates	Floating Rate Index
$19,575,000	8/1/2002	8/1/2032	4.50%	BMA – 0.15%
$13,275,000	2/1/2004	2/1/2037	4.89%	BMA – 0.15%

Attachment

2005

Attachment

Project Name		Loan Amount	Interest Rate		Actual/Projected Loan Origination Date
New Loans					
Baldwin Park	$	7,360,000	5.70%		01-Apr-04
Beechwood Manor		4,050,000	5.50%		01-Apr-04
Carillo Place		5,675,000	5.50%		31-Oct-03
Far East Building		1,700,000	3.00%	(1)	01-Nov-03
Singing Wood Senior		5,620,000	5.50%		01-Jun-03
Winter Creek		3,650,000	5.50%		02-Jan-04
Total	$	28,055,000			
Old Loans Transferred from Prior Bond Issue					
Altadena Vistas	$	732,797	8.75%	(2)	01-Apr-95
Altamont Apartments		8,740,737	7.95%	(2)	01-Jun-92
Villa Anaheim		4,035,425	8.50%	(2)	01-Jul-94
Madera Villa		5,092,475	8.35%	(2)	01-Apr-94
Villa Spring Apartments		2,044,922	8.40%	(2)	01-Mar-94
Total	$	20,654,357			
Grand Total	$	48,709,357			

(1) The Agency expects to subsidize the interest rate on this loan to 5.70%. This is a special needs project.

(2) In connection with the refunding of the prior bonds, all of these borrowers will be offered a 6.50% for a new 30 year term, except Altadena Vistas, which will be offered a 4% rate.

State of California 2006

MEMORANDUM

To: Board of Directors **Date:** May 22,2002

Ken Carlson

Ken Carlson, Director of Financing

From: **CALIFORNIA HOUSING FINANCE AGENCY**

Subject: UPDATE ON VARIABLE RATE BONDS AND INTEREST RATE SWAPS

The following report describes our bond and swap positions as of the June 6 Board meeting. It takes into account bond pricings and interest rate swap agreements arranged prior to the Board meeting even if actual issuance or swap commencement takes place on a later date. Since the previous Board meeting, we have arranged to issue $248 million of new bonds, of which $222 million will be variable. Of this amount, $207 million is being swapped to fixed rates.

Variable Rate Debt Exposure

The total amount of CHFA variable rate debt currently outstanding or priced for future delivery is $3.5 billion, 43% of our $8.13 billion of total indebtedness. As shown in the table below, our "net" variable rate exposure is $7 13 million, just under 8.8% of our indebtedness. The net amount of variable rate bonds is the amount that is neither swapped to fixed rates nor directly backed by complementary variable rate loans or investments.

VARIABLE RATE DEBT
($ *in millions)*

	Tied Directly to Variable Rate Assets	Swapped to Fixed Rate	Not Swapped or Tied to Variable Rate Assets	Total Variable Rate Debt
Single Family	$220	$2,177	$617	**$3,014**
Multifamily	18	376	96	**490**
Total	$238	$2,553	$713	**$3,504**

2007

As discussed in each previous report, our $7 13 million of net exposure provides the Agency with a useful internal hedge against today's low interest rate scenario, where we are experiencing low short-term investment rates and fast loan prepayments. For example, interest rates for the State Treasurer's investment pool, where we invest our single family bond proceeds, have now fallen 2.75%. In addition, the incidence of single family loan prepayments increased early in 2001 from an average of $30 million per month in 1999 and 2000 to an average of $78 million per month for the last 14 months. This high rate of prepayments has kept our loan portfolio from expanding in spite of our $1 billion per year of new production. However, debt service savings on our unswapped variable rate bonds should help to offset the economic consequences of low investment rates and high prepayments. As an example, the interest rates on our $433 million of unswapped taxable variable rate bonds have dropped to levels in the 1.70% - 2.0% range as a result of the Federal Reserve's many rate cuts.

The table below summarizes this current risk position.

NET VARIABLE RATE DEBT
($ *in millions)*

	Tax-Exempt	Taxable	Totals
Short average life	$202	$277	$479
Long average life	78	156	234
TOTALS	$280	$433	$713

Interest Rate Swaps

Currently, we have arranged a total of 51 swaps with seven different counterparties for a combined notional amount exceeding $2.55 billion. These interest rate swaps generate significant debt service savings in comparison to our alternative of issuing fixed-rate bonds. This savings will help us continue to offer exceptionally low interest rates to multifamily sponsors and to serve a great many additional homebuyers.

The table below provides a summary of our current notional swap amounts.

INTEREST RATE SWAPS
($ *in millions)*

	Tax-Exempt	Taxable	Totals
Single family	$792	**$1,385**	$2,177
Multifamily	376	*0*	376
TOTALS	**$1,168**	$1,385	$2,553

2008

The table below shows the diversification of our swaps among the seven firms acting as our swap counterparties. Note that our swaps with Lehman Brothers, Bear Steams, and Goldman Sachs are with structured subsidiaries that are special purpose vehicles used only for derivative products. We have chosen to use these subsidiaries because the senior credit of those firms is not as strong as that of the others.

SWAP COUNTERPARTIES

Swap Counterparty	Credit Ratings Moodys	S & P	Notional Amounts Swapped *($ in millions)*	Number of Swaps
Merrill Lynch Capital Services Inc.	Aa3	AA-	$ 943.2	18
Lehman Brothers Derivative Products Inc.	Aaa	AAA	536.1	13
Salomon Brothers Holding Company Inc.	Aal	AA-	405.4	8
Bear Steams Financial Products Inc.	Aaa	AAA	459.1	7
UBS AG (Union Bank of Switzerland Aktiengesellschaft)	Aa2	AA+	101.5	2
JPMorgan Chase Bank - New York	Aa2	AA	97.1	2
Goldman Sachs Mitsui Marine Derivative Products, L.P.	Aaa	AA+	10.7	1
			$2,553.1	51

Note that, with interest rate swaps, the "notional amount" (equal to the principal amount of the swapped bonds) itself is not at risk. Instead, the risk is that a counterparty would default and, because of market changes, the terms of the original swap could not be replicated without additional cost.

Because all of our swaps have been entered into to establish "synthetic" fixed rates for our variable rate bonds, we receive floating rate payments from our counterparties in exchange for a fixed rate obligation on our part. In today's market, with very low short-term rates, the

2009

net periodic payment owed under our swap agreements is from us to our counterparties. As an example, on our February 1,2002 semiannual debt service payment date, we made a total of $28.1 million of net payments to our seven counterparties. Conversely, if short-term rates were to rise above the fixed rates of our swap agreements, then the net payment would run in the opposite direction, and we would be on the receiving end.

Risk of Changes to Tax Law

It should be noted that, for an estimated *$864* million of the $1.168 billion of tax-exempt bonds swapped to a fixed rate, CHFA remains exposed to certain tax-related risks. In return for significantly higher savings, we have chosen through these interest rate swaps to retain exposure to the risk of changes in tax laws that would lessen the advantage of tax-exempt bonds in comparison to taxable securities. In addition, we bear this same risk for $301 million of our tax-exempt variable rate bonds which we have not swapped to a fixed rate. Together, these two categories of variable rate bonds total $1.165 billion, 14.3% of our $8.13 billion of bonds outstanding. This risk of tax law changes is the same risk that investors take every time they purchase our fixed-rate tax-exempt bonds.

Types of Variable Rate Debt

The table below shows our variable rate debt sorted by type, i.e., whether auction rate, indexed rate, or variable rate demand obligations (VRDOs). Auction and indexed rate securities cannot be "put" back to us by investors; hence they typically bear higher rates of interest than do "put-able" bonds such as VRDOs.

TYPES OF VARIABLE RATE DEBT
($ in millions)

	Auction Rate Bonds	Indexed Rate Bonds	Variable Rate Demand Obligations	Total Variable Rate Debt
Single Family	$102	$1,290	$1,622	$3,014
Multifamily	0	2	488	490
Total	$102	$1,292	$2,110	$3,504

Since September of 2000 we had been able to sell all of our taxable single family variable rate bonds to the Federal Home Loan Bank of San Francisco. Ten different issues totaling over $1 billion were purchased by the San Francisco FHLB. However, because of a temporary regulatory delay, the San Francisco FHLB arranged for its sister bank in Topeka to purchase $70 million of new CHFA bonds. These bonds have been designed as indexed rate securities and have no put feature.

Liauiditv Providers

The following table shows the financial institutions currently providing CHFA with liquidity in the form of standby bond purchase agreements for our VRDOs. Under these agreements, if our variable rate bonds are put back to us and cannot be remarketed, these institutions are obligated to buy the bonds from our remarketing agents. As a result of our solicitation last fall, Lloyds TSB and Bank of Nova Scotia are providing liquidity for our single family VRDOs being issued in 2002. Fannie Mae is providing liquidity for this year's multifamily VRDOs and is expected to provide liquidity for any single family VRDOs we may issue to finance down payment assistance loans. We have also very recently begun discussions with Freddie Mac asking them to act as a liquidity provider.

LIQUIDITY PROVIDERS
($ *in millions)*

Financial Institution	$ Amount of Bonds	Type of Bonds
Commerzbank	$ 300.0	SF
Lloyds TSB	273.3	SF
CalSTRS	266.6	SF/MF
Fannie Mae	257.6	MF
Westdeutsche Landesbank	206.4	SF/MF
Landesbank Hessen-Thuringen	185.1	MF
KBC	155.3	SF
Bayerische Landesbank	142.6	SF
Bank of New York	101.6	SF
Bank of America	87.1	SF
Bank of Nova Scotia	70.0	SF
State Street	36.6	SF
Morgan Guaranty	28.4	SF/MF
Total	$2,110.6	

2011

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2012

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TO: Board of Directors

DATE: March 16,2002

FROM: Dawn Hulbert
Director of Marketing
California Housing Finance Agency

SUBJECT: LAUNCH OF TEACHERS' LOAN PROGRAMS WEBSITE

In our ongoing efforts to market the Extra Credit Teachers' Program, CHFA has launched a new website geared towards teachers who are looking for home financing. The address is www.TeachersHomeLoanResource.com.

As you'll see from the attached print up, the site contains several links to obtain information regarding home loan programs available to educators. These links were found through internet research. They will be periodically updated.

The site was created as a dot-com, and independent of CHFA, to avoid any perception that this a specific CHFA program in order to provide a level playing field. It is also an attempt to help educators find programs that will assist them in their home buying efforts, in the event they are not qualified for the Extra Credit Teacher Program.

An announcement of the site and the services provided is being prepared. It will be e-mailed from TeachersHomeLoanResource.com to all School District Administrators and Superintendents at the County Offices of Education for distribution to school workers.

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2014

TEACHERS' HOME LOAN RESOURCE

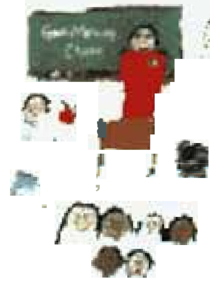
Links to Teacher Loan Programs:

California Housing Finance Agency
The Extra Credit Teacher Program provides a below market market interest rate CHFA first loan, together with a forgivable interest CHFA second loan to assist qualified teachers and principals to purchase their first home.

California State Treasurers Office
Under the Extra Credit Teacher Home Purchase Program, teachers and principals who commit to serve in designated low performing schools for five years will qualify for tax credits or reduced interest rate loans to purchase a home.

CalSTRS Home Loan Program
California State Teachers' Retirement System (CalSTRS) participants can use the CalSTRS Home Loan Program to refinance their existing home loan or to buy a new home.

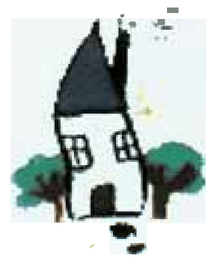
Housing and Urban Development (HUD)
What are the benefits for the teacher?
If you qualify, you can get a 50 percent discount on a HUD-owned, one family home home in a designated Revitalization Area.



Affordable housing for educators continues to be a huge hurdle in California where the average teacher salary is $38,635 and the statewide median housing price is $276,590. Despite daunting statistics, there is good news in the form of unique programs for educators:

- Low interest rate home loans are available specifically for teachers.
- The California Department of Education has a grant program to help with housing.
- Some banking institutions offer loans up to 100% of the home sales price.
- Some local and state government agencies offer down payment assistance grants, gifts or forgivable interest loans to teachers.

Now more than ever, obtaining informaticn on specialty programs is important. The more tools you have to find a home - loan, grant or "layered" funding - the closer you are to making homeownership a reality.



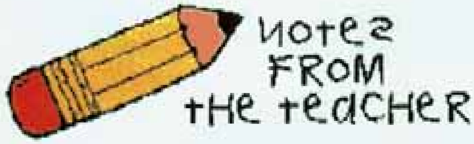
An internet search for teacher home loan programs yields over 26,000 responses - an unwieldy amount of information. As a starting point, this site provides a random sampling of organizations arid services that link educators to home buying resources.

We hope you can use these links to familiarize yourself with program information, understand the concept of "layering" (combining funds from several sources to help with down payments or closing costs) and identify lenders who are familiar with target programs for educators.

**teachershomeloanresource.com does not assume responsibility for the content of links provided.*

Your feedback counts!
If there is a program or service you would like to see added or wish to provide personal feedback for this web site, contact us by clicking on the pencil below.

2015



NEXT

2016

TEACHERS' HOME LOAN RESOURCE

LINKS TO TEACHERS' HOME LOAN PROGRAMS (Continued)

The Los Angeles Teachers Mortgage Assistance Program (LATMAP)

LATMAP was created to help current and new teachers, along with other qualified district personnel, take advantage of the various special home mortgage programs currently available.

California Teachers Association (CTA)

The real estate market may be red-hot in California, but low salaries have left many teachers out in the cold. With so many educators unable to afford to live in the areas where they teach, housing programs for teachers are being developed by local, state and federal government, as well as communities. Such plans include home loans, subsidized housing and the opportunity to purchase homes at bargain prices.

Santa Clara County MCC Program (Teacher Mortgage Credit Certifcates)

Through the use of an MCC, eligible teachers in Santa Clara County can increase their ability to qualify for a mortgage loan by reducing their federal income tax liability in the form of a tax credit. MCC Recipients can take up to 20% of their annual mortgage interest payments as a dollar-for-follar tax credit, thereby reducing their federal income tax bill.

CalTeach

Allows public agencies such as cities and counties to use CDLAC tax credis or mortgage revenue bonds to support a program to recruit and retain teachers.

Mortgage Programs for Teachers from Bank of America

As one of the premier home mortgage lenders in the country, Bank of America is dedicated to investing in the well being and revitalization of the neighborhoods and communities we serve. Because teachers play a critical role in their communities, Bank of America has developed two innovative new home loans with unique features and benefits to help teachers overcome the high cost of homeownership.

Golden Feather Realty Services

Officer/Teacher Next Door Program

Properties offered under this program will be designated as "Good Neighbor" Officer/Teacher listings. At the time of listing under this program, the price of the property will be reduced to 50% of the appraised value, and all eligible parties will receive an additional 50% discount (off of the already reduced price) upon closing the sale.

Southern California Home Financing Authority (SCHFA)

The purpose of the Teachers Home Mortgage Program is to provide homeownership opportunities to qualified teachers purchasing homes in the County of Los Angeles areas or the County of Orange areas.

City of Los Angeles

Teachers don't wait! There is a special first come, first served home ownership program just for you.

This program offers assistance to credentialed teachers who teach at low performing schools. Teachers who qualify take advantage of a 6.5% fixed rate loan and receive down payment assistance. Once qualified, teachers can purchase homes within the City of Los Angeles.

Housing Authority of the County of Santa Cruz

The MCC can help make it possible to afford a home, even in a high-cost area like Santa Cruz county, by reducing the amount of Federal income tax you have to pay, thus giving you more available income to qualify for a mortgage loan.

Sacramento Housing and Redevelopment Agency (SHRA)

The Teacher Home Purchase program is designed to assist teachers or principals working in a low performing school by providing homeownership assistance. The program offers Mortgage Credit Certificates along with downpayment assistance.

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