

1
2 RESOLUTION NO. 05-03
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4

5 RESOLUTION OF THE CALIFORNIA HOUSING FINANCE AGENCY
6 AUTHORIZING THE ISSUANCE OF THE AGENCY'S BONDS, SHORT- AND
7 LONG-TERM CREDIT FACILITIES , AND RELATED FINANCIAL
8 AGREEMENTS AND CONTRACTS OF SERVICES FOR THE PURPOSE OF
9 FINANCING LOANS TO LOCAL PUBLIC ENTITIES TO ASSIST LOCAL PUBLIC
10 ENTITIES IN PROVIDING OR MAKING AFFORDABLE HOUSING AVAILABLE
11 TO LOW- OR MODERATE-INCOME PERSONS OR FAMILIES
12

13 WHEREAS, California Health and Safety Code Section 51065.5
14 provides that the California Housing Finance Agency (the "Agency") may make
15 unsecured loans or loans secured by assets other than real property to local public
16 entities, and that the loans may be funded by the proceeds of bonds or other Agency
17 funds to assist local public entities in providing or making affordable housing to low- or
18 moderate-income persons or families ("Affordable Housing");
19

20 WHEREAS, the California Housing Finance Agency (the "Agency") has
21 determined that there exists a need in California for the financing of loans ("Loans") to
22 be made to local public entities ("Local Agencies") to assist Local Agencies in
23 providing or making Affordable Housing available to low- or moderate-income persons
24 or families and that there exists a need for such Loans to be made to finance costs
25 incurred by Local Agencies prior to the design and/or approval of the specific housing
26 developments or residential structures of which such Affordable Housing is to be
27 comprised and prior to the final determination of the percentage of the development that
28 will be Affordable Housing;
29

30 WHEREAS, the Agency has determined that it is in the public interest
31 for the Agency to provide such financial assistance by means of an ongoing program
32 (the "Program") to make or acquire such Loans;
33

34 WHEREAS, pursuant to Parts 1 through 4 of Division 31 of the Health
35 and Safety Code of the State of California (the "Act"), the Agency has the authority to
36 issue bonds to provide sufficient funds to finance the Program, including the making of
37 Loans, the payment of capitalized interest on the bonds, the establishment of reserves to
38 secure the bonds, and the payment of other costs of the Agency incident to, and
39 necessary or convenient to, the issuance of the bonds; and
40

41 WHEREAS, pursuant to the Act, the Agency has the authority to enter
42 into short-term and long-term credit facilities for the purposes of financing the Program,
43 including the making of Loans and the payment of other costs of the Agency incident
44 to, and necessary or convenient to, the issuance of the bonds;
45

1 NOW, THEREFORE, BE IT RESOLVED, by the California Housing
2 Finance Agency as follows:

3
4 Section 1. Determination of Need and Amount. The Agency is of the
5 opinion and hereby determines that the offer, sale and issuance of one or more series of
6 bonds (the "Bonds"), in an aggregate amount not to exceed \$50,000,000 is necessary to
7 provide sufficient funds for the Program.

8
9 Section 2. Authorization and Timing. The Bonds are hereby
10 authorized to be issued at such time or times on or before the day 30 days after the date
11 on which is held the first meeting in the year 2006 of the Board of Directors of the
12 Agency at which a quorum is present, as the Executive Director deems appropriate,
13 upon consultation with the Treasurer of the State of California (the "Treasurer") as to
14 the timing of each such issuance; provided, however, that if the Bonds are sold at a time
15 on or before the day 30 days after the date on which is held such meeting, pursuant to a
16 forward purchase or drawdown agreement providing for the issuance of such Bonds on
17 a later date on or before August 1, 2007, upon specified terms and conditions, such
18 Bonds may be issued on such later date.

19
20 Section 3. Approval of Indentures, Supplemental Indentures and
21 Certain Other Financing Documents. (a) The Executive Director and the Secretary
22 of the Board of Directors of the Agency (the "Secretary") are hereby authorized and
23 directed, for and on behalf and in the name of the Agency in connection with the
24 issuance of Bonds, to execute and acknowledge and to deliver to a duly qualified bank
25 or trust company selected by the Executive Director to act, with the approval of the
26 Treasurer, as trustee (the "Trustee"), one or more new indentures (the "New
27 Indentures"), in one or more forms similar to one or more of the following (collectively,
28 the "Prior Indentures"):

- 29
30 (1) the Multifamily Housing Revenue Bond III Indenture, dated as of March
31 1, 1997;
32
33 (2) the form of commercial paper note indenture presented to the May 11,
34 2000 meeting of the Agency; or
35
36 (3) the Housing Program Bond Indenture, dated November 1, 2004.

37
38 Each such New Indenture may be executed, acknowledged and delivered
39 with such changes therein as the officers executing the same approve upon consultation
40 with the Agency's legal counsel, such approval to be conclusively evidenced by the
41 execution and delivery thereof.

42
43 (b) For each series of Bonds, the Executive Director and the Secretary
44 are hereby authorized and directed, for and on behalf and in the name of the Agency, if
45 appropriate, to execute and acknowledge and to deliver with respect to each series of
46 Bonds, a supplemental indenture (a "Supplemental Indenture") under either one of the

1 Prior Indentures or a New Indenture and in substantially the form of any supplemental
2 indenture or series indenture executed or approved in connection with any of the Prior
3 Indentures, in each case, with such changes therein as the officers executing the same
4 approve upon consultation with the Agency's legal counsel, such approval to be
5 conclusively evidenced by the execution and delivery thereof.
6

7 The Executive Director is hereby expressly authorized and directed, for
8 and on behalf and in the name of the Agency, to determine in furtherance of the
9 objectives of the Program those matters required to be determined under the applicable
10 Prior Indenture or the New Indenture, as appropriate, in connection with the issuance of
11 each such series.
12

13 (c) For each series of Bonds, the Executive Director is hereby
14 authorized and directed to execute, and the Secretary is hereby authorized to attest, for
15 and in the name and on behalf of the Agency and under its seal, if and to the extent
16 appropriate, a reimbursement agreement, a letter of credit agreement or any other
17 arrangement with respect to credit or liquidity support in substantially the forms of the
18 reimbursement agreements, letter of credit agreements or other such arrangements
19 contemplated under the Prior Indentures or New Indentures or used in connection with
20 the bonds issued under one or more of the Prior Indentures.
21

22 (d) Any New Indenture, Supplemental Indenture, reimbursement
23 agreement, letter of credit agreement or other such arrangement as finally executed may
24 include such modifications as the Executive Director may deem necessary or desirable
25 in furtherance of the objectives of the Program, including, but not limited to, one or
26 more of the following provisions:
27

- 28 (1) for the Agency's insured or uninsured, limited or general, obligation to
29 pay any debt secured thereby,
30
- 31 (2) for a pledge of an amount of the Supplementary Bond Security Account
32 to the extent necessary to obtain an appropriate credit rating or
33 appropriate credit enhancement,
34
- 35 (3) for a pledge of additional revenues which may be released periodically to
36 the Agency from the lien of one or more indentures heretofore entered
37 into by the Agency, including but not limited to one or more of the
38 following:
 - 39 (A) the Prior Indentures,
40
 - 41 (B) the Home Mortgage Revenue Bond Indenture, dated as of
42 September 1, 1982, as amended, and
43
 - 44 (C) the indentures under which are issued the Single Family
45 Mortgage Bonds,
46

- 1
2 (4) for a deposit of such other available assets of the Agency in an
3 appropriate amount in furtherance of the Program,
4
5 (5) for a liquidity facility,
6
7 (6) for contingent or deferred interest, or
8
9 (7) for the use or application of payments or receipts under any arrangement
10 entered into under Section 9 of this resolution.
11

12 **Section 4. Approval of Forms and Terms of Bonds.** The Bonds shall
13 be in such denominations, have such registration provisions, be executed in such
14 manner, be payable in such medium of payment at such place or places within or
15 without California, be subject to such terms of redemption (including from such sinking
16 fund installments as may be provided for) and contain such terms and conditions as
17 each Indenture as finally approved shall provide. The Bonds shall have the maturity or
18 maturities and shall bear interest at the fixed, adjustable or variable rate or rates deemed
19 appropriate by the Executive Director in furtherance of the objectives of the Program;
20 provided that no Bond shall have a term in excess of fifty years or bear interest at a
21 stated rate in excess of fifteen percent (15%) per annum (in the case of variable rate
22 bonds, a maximum floating interest rate of twenty-five percent (25%) per annum).
23 Commercial paper shall be treated for these purposes as variable rate bonds. Any of the
24 Bonds and the Supplemental Indenture(s) may contain such provisions as may be
25 necessary to accommodate an option to put such Bonds prior to maturity for purchase
26 by or on behalf of the Agency or a person other than the Agency, to accommodate the
27 requirements of any provider of bond insurance or other credit or liquidity enhancement
28 or to accommodate the requirements of purchasers of Dutch auction bonds or indexed
29 floaters.
30

31 **Section 5. Authorization of Disclosure.** The Executive Director is
32 hereby authorized to circulate one or more preliminary official statements relating to the
33 Bonds and, after the sale of the Bonds, to execute and circulate one or more official
34 statements relating to the Bonds, and the circulation of such preliminary official
35 statement and such official statement to prospective and actual purchasers of the Bonds
36 is hereby approved. The Executive Director is further authorized to hold information
37 meetings concerning the Bonds and to distribute other information and material relating
38 to the Bonds.
39

40 **Section 6. Authorization of Sale of Bonds.** The Bonds are hereby
41 authorized to be sold at negotiated or competitive sale or sales. The Executive Director
42 is hereby authorized and directed, for and in the name and on behalf of the Agency, to
43 execute and deliver one or more agreements, by and among the Agency, the Treasurer
44 and such purchasers or underwriters as the Executive Director may select (the
45 "Purchasers"), relating to the sale of the Bonds, in such form as the Executive Director
46 may approve upon consultation with the Agency's legal counsel, such approval to be

1 evidenced conclusively by the execution and delivery of said agreements by the
2 Executive Director.

3
4 The Treasurer is hereby authorized and requested, without further action
5 of this Board and unless instructed otherwise by this Board, to sell the Bonds pursuant
6 to the terms and conditions set forth in each such agreement as finally executed on
7 behalf of the Agency. The Treasurer is hereby further authorized and requested to
8 deposit the proceeds of any good faith deposit to be received by the Treasurer under the
9 terms of such agreement in a special trust account for the benefit of the Agency, and the
10 amount of such deposit shall be retained by the Agency, applied at the time of delivery
11 of the applicable Bonds as part of the purchase price thereof, or returned to the
12 Purchasers, as provided in such agreement.

13
14 **Section 7. Authorization of Execution of Bonds.** The Executive
15 Director is hereby authorized and directed to execute, and the Secretary of this Board is
16 hereby authorized and directed to attest, for and on behalf and in the name of the
17 Agency and under its seal, the Bonds, in an aggregate amount not to exceed the amount
18 authorized hereby, in accordance with each New Indenture or Supplemental Indenture
19 in one or more of the forms set forth in such New Indenture or Supplemental Indenture.

20
21 **Section 8. Authorization of Delivery of Bonds.** The Bonds when so
22 executed, shall be delivered to the Trustee to be authenticated by or caused to be
23 authenticated by the Trustee. The Trustee is hereby requested and directed to
24 authenticate, or cause to be authenticated, the Bonds by the execution of the certificate
25 of authentication and registration appearing thereon, and to deliver or cause to be
26 delivered the Bonds when duly executed and authenticated to the Purchasers in
27 accordance with written instructions executed on behalf of the Agency by the Executive
28 Director, which instructions said officer is hereby authorized and directed, for and on
29 behalf and in the name of the Agency, to execute and deliver to the Trustee. Such
30 instructions shall provide for the delivery of the Bonds to the Purchasers, upon payment
31 of the purchase price thereof.

32
33 **Section 9. Authorization of Related Financial Agreements.** The
34 Executive Director and the other officers of the Agency are hereby authorized to enter
35 into, for and in the name and on behalf of the Agency, any and all agreements and
36 documents designed (i) to reduce or hedge the amount or duration of any payment,
37 interest rate, spread or similar risk, (ii) to result in a lower cost of borrowing when used
38 in combination with the issuance or carrying of bonds or investments, or (iii) to enhance
39 the relationship between risk and return with respect to the Program or any portion
40 thereof. To the extent authorized by Government Code Section 5922, such agreements
41 or other documents may include (a) interest rate swap agreements, (b) forward payment
42 conversion agreements, (c) futures or other contracts providing for payments based on
43 levels of, or changes in, interest rates or other indices, (d) contracts to exchange cash
44 flows for a series of payments, or (e) contracts, including, without limitation, interest
45 rate floors or caps, options, puts or calls to hedge payment, interest rate, spread or
46 similar exposure, and in each such case may be entered into in anticipation of the

1 issuance of bonds at such times as may be determined by such officers. Such
2 agreements and other documents are authorized to be entered into with parties selected
3 by the Executive Director, after giving due consideration for the creditworthiness of the
4 counterparties, where applicable, or any other criteria in furtherance of the objectives of
5 the Program.
6

7 **Section 10. Authorization of Program Documents.** The Executive
8 Director and the other officers of the Agency are hereby authorized and directed to
9 execute all documents they deem necessary or appropriate in connection with the
10 Program, including, but not limited to, regulatory agreements, loan agreements, loan-to-
11 lender documents, servicing agreements, developer agreements, financing agreements,
12 investment agreements, agreements to enter into escrow and forward purchase
13 agreements, escrow and forward purchase agreements, refunding agreements and
14 continuing disclosure agreements, in each case with such other parties as the Executive
15 Director may select in furtherance of the objectives of the Program.
16

17 The Executive Director and the other officers of the Agency are hereby
18 authorized to enter into, for and in the name and on behalf of the Agency, one or more
19 mortgage sale agreements with such purchasers as the Executive Director may select in
20 accordance with the objectives of the Program. Any such sale of Loans may be on
21 either a current or a forward purchase basis.
22

23 **Section 11. Authorization of Short-Term Credit Facilities.** In
24 addition, the Executive Director and the other officers of the Agency are hereby
25 authorized to enter into, for and in the name and on behalf of the Agency, one or more
26 short-term credit facilities for the purposes of (i) financing the purchase of Loans on an
27 interim basis, prior to the financing of such Loans with Bonds, whether issued or to be
28 issued and (ii) financing expenditures of the Agency incident to, and necessary or
29 convenient to, the issuance of Bonds, including, but not limited to, Agency expenditures
30 to pay costs of issuance, capitalized interest, redemption price of prior bonds of the
31 Agency, costs relating to credit or liquidity support, costs relating to investment
32 products, or net payments and expenses relating to interest rate hedges and other
33 financial products. Any such short-term credit facility may be from any appropriate
34 source, including, but not limited to, the Pooled Money Investment Account pursuant to
35 Government Code Section 16312; provided, however, that the aggregate outstanding
36 principal amount of short-term credit facilities from the Pooled Money Investment
37 Account authorized under this resolution, Resolution No. 05-01 (the multifamily
38 financing resolution adopted at the same meeting) or Resolution No. 05-02 (the single
39 family financing resolution adopted at the same meeting) may not at any time exceed
40 \$400,000,000 (separate and apart from the amount of Bonds authorized by Section 1 of
41 this resolution).
42

43 The Executive Director and the other officers of the Agency are hereby
44 authorized to use available Agency moneys (other than and in addition to the proceeds
45 of bonds) to make or purchase Loans to be financed by bonds (including bonds

1 authorized by prior resolutions of this Board) in anticipation of draws on a credit
2 facility, the issuance of Bonds or the availability of Bond proceeds for such purposes.

3
4 **Section 12. Authorization of Long-Term Credit Facilities.** The
5 Executive Director and the other officers of the Agency are hereby authorized to enter
6 into, for and in the name and on behalf of the Agency, one or more long-term credit
7 facilities for the purposes of financing the making or purchase of Loans. As determined
8 by the officer of the Agency executing any such credit facility, the Agency's payment
9 obligations under such credit facility may be secured by a pledge of any such loans or
10 assets and may be general obligations of the Agency; provided that loans and assets
11 financed from proceeds of any such credit facility are not required to have scheduled or
12 expected payments sufficient to produce amounts sufficient to satisfy the obligations of
13 the Agency under such credit facility when due. Any such credit facility may be from
14 any appropriate source, including, but not limited to, Fannie Mae. The aggregate
15 outstanding principal amount of such credit facilities authorized under this resolution,
16 Resolution No. 05-01 (the multifamily financing resolution adopted at the same
17 meeting) or Resolution No. 05-02 (the single family financing resolution adopted at the
18 same meeting) may not at any time exceed \$300,000,000 (separate and apart from the
19 amount of Bonds authorized by Section 1 of this resolution), and no such credit facility
20 shall have a term in excess of twenty (20) years or bear interest at a stated rate in excess
21 of fifteen percent (15%) per annum (or in the case of any such credit facility pursuant to
22 which interest accrues at a variable rate, a maximum floating interest rate of twenty-five
23 percent (25%) per annum). Each such credit facility may be executed, acknowledged
24 and delivered with terms not inconsistent with the requirements of this paragraph as the
25 officer or officers executing the same approve upon consultation with the Agency's
26 legal counsel, such approval to be conclusively evidenced by the execution and delivery
27 thereof.

28
29 **Section 13. Ratification of Prior Actions.** All actions previously taken
30 by the officers of the Agency in connection with the implementation of the Program, the
31 issuance of the Bonds, the issuance of any prior bonds (the "Prior Bonds"), the
32 execution and delivery of related financial agreements and related program agreements
33 and the implementation of any credit facilities as described above are hereby approved
34 and ratified.

35
36 **Section 14. Authorization of Related Actions and Agreements.** The
37 Treasurer, the Executive Director and the officers of the Agency, or the duly authorized
38 deputies thereof, are hereby authorized and directed, jointly and severally, to do any and
39 all things and to execute and deliver any and all agreements and documents which they
40 deem necessary or advisable in order to consummate the issuance, sale, delivery,
41 remarketing, conversion and administration of Bonds and Prior Bonds and otherwise to
42 effectuate the purposes of this resolution, including any amendment or supplement to
43 any agreement or document relating to Bonds or Prior Bonds in any manner that would
44 be authorized under this resolution if such agreement or document related to Bonds
45 authorized by this resolution. Such agreements may include, but are not limited to,
46 remarketing agreements, tender agreements or similar agreements regarding any put

1 option for Bonds or Prior Bonds, broker-dealer agreements, market agent agreements,
2 auction agent agreements or other agreements necessary or desirable in connection with
3 the issuance of Bonds in, or the conversion of Bonds or Prior Bonds to, an auction rate
4 mode or an indexed rate mode, agreements for the investment of moneys relating to the
5 Bonds or Prior Bonds, reimbursement agreements relating to any credit or liquidity
6 enhancement or put option provided for the Bonds or the Prior Bonds, continuing
7 disclosure agreements and agreements for necessary services provided in the course of
8 the issuance of the bonds, including but not limited to, agreements with bond
9 underwriters and placement agents, bond trustees, bond counsel and financial advisors
10 and contracts for consulting services or information services relating to the financial
11 management of the Agency, including advisors or consultants on interest rate swaps,
12 cash flow management, and similar matters, and contracts for financial printing and
13 similar services. The Agency's reimbursement obligation under any such
14 reimbursement agreement may be a special, limited obligation or a general obligation
15 and may, subject to the rights of the Bondholders, be secured by a pledge of the same
16 revenues and assets that may be pledged to secure Bonds.

17

18 This resolution shall constitute full, separate, complete and additional
19 authority for the execution and delivery of all agreements and instruments described in
20 this resolution, without regard to any limitation in the Agency's regulations and without
21 regard to any other resolution of the Board that does not expressly amend and limit this
22 resolution.

23

24 **Section 15. Additional Delegation.** All actions by the Executive
25 Director approved or authorized by this resolution may be taken by the Chief Deputy
26 Director of the Agency, the Director of Financing of the Agency, the Comptroller of the
27 Agency or any other person specifically authorized in writing by the Executive
28 Director.

29

30 **Section 16. Resolution to Constitute Authorization For Purposes of**
31 **Validation Statutes.** This resolution shall constitute authorization of the Bonds for
32 purposes of California Government Code Section 17700 and California Code of Civil
33 Procedure Title 10, Chapter 9 (Section 860 et seq.). As a result, under California Code
34 of Civil Procedure Section 863, any action by any interested person to challenge the
35 validity of any Bonds issued hereunder must be brought within 60 days of the adoption
36 hereof.

SECRETARY'S CERTIFICATE

I, Thomas C. Hughes, Secretary of the Board of Directors of the California Housing Finance Agency, hereby certify that the foregoing is a full, true, and correct copy of Resolution No. 05-03 duly adopted at a regular meeting of the Board of Directors of the California Housing Finance Agency duly called and held on the 13th day of January, 2005, of which meeting all said directors had due notice; and that at said meeting said resolution was adopted by the following vote:

AYES: ANGELIDES (by Weir); CAREY; DUNN (by Friedman); McPEAK (by Augustine); MORRIS; SHINE; COURSON

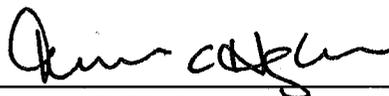
NOES: NONE

ABSTENTIONS: NONE

ABSENT: CZUKER

IN WITNESS WHEREOF, I have executed this certificate and affixed the seal of the Board of Directors of the California Housing Finance Agency hereto this 13th day of January, 2005.

[SEAL]



Thomas C. Hughes
Secretary of the Board of Directors of the
California Housing Finance Agency